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

Form 10-Q

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

For the quarter ended *March 31, 2015*

or

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

For the transition period from __________ to __________

Commission File Number 1-1204

HESS CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction of Incorporation or Organization)

13-4921002
(I.R.S. Employer Identification Number)

1185 AVENUE OF THE AMERICAS, NEW YORK, N.Y.
(Address of Principal Executive Offices)
10036
(Zip Code)

(Registrant's Telephone Number, Including Area Code is (212) 997-8500)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its Corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-Accelerated Filer ☐ (Do not check if a smaller reporting company) Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At March 31, 2015, there were 287,382,013 shares of Common Stock outstanding.

HESS CORPORATION
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (UNAUDITED)

	March 31, 2015	December 31, 2014
	(In millions, except share amounts)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,506	$ 2,444
Accounts receivable		
Trade	1,405	1,642
Other	306	431
Inventories	546	527
Other current assets	560	1,643
Total current assets	4,323	6,687
PROPERTY, PLANT AND EQUIPMENT		
Total — at cost	46,958	46,522
Less: Reserves for depreciation, depletion, amortization and lease impairment	19,750	19,005
Property, plant and equipment — net	27,208	27,517
GOODWILL	1,858	1,858
DEFERRED INCOME TAXES	2,356	2,169
OTHER ASSETS	356	347
TOTAL ASSETS	$ 36,101	$ 38,578
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 681	$ 708
Accrued liabilities	2,427	3,781
Taxes payable	290	294
Short-term debt and current maturities of long-term debt	69	68
Total current liabilities	3,467	4,851
LONG-TERM DEBT	5,911	5,919
DEFERRED INCOME TAXES	1,794	2,009
ASSET RETIREMENT OBLIGATIONS	2,086	2,281
OTHER LIABILITIES AND DEFERRED CREDITS	1,176	1,198
Total liabilities	14,434	16,258
EQUITY		
Hess Corporation stockholders' equity		
Common stock, par value $1.00		
Authorized — 600,000,000 shares		
Issued — 287,382,013 shares at March 31, 2015; 285,834,964 shares at December 31, 2014	287	286
Capital in excess of par value	3,306	3,277
Retained earnings	19,578	20,052
Accumulated other comprehensive income (loss)	(1,504)	(1,410)
Total Hess Corporation stockholders' equity	21,667	22,205
Noncontrolling interests	—	115
Total equity	21,667	22,320
TOTAL LIABILITIES AND EQUITY	$ 36,101	$ 38,578

See accompanying Notes to Consolidated Financial Statements.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED INCOME (UNAUDITED)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(In millions, except per share amounts)	
REVENUES AND NON-OPERATING INCOME		
Sales (excluding excise taxes) and other operating revenues	$ 1,538	$ 2,673
Other, net	12	(81)
Total revenues and non-operating income	1,550	2,592
COSTS AND EXPENSES		
Cost of products sold (excluding items shown separately below)	306	393
Operating costs and expenses	478	466
Production and severance taxes	36	62
Exploration expenses, including dry holes and lease impairment	269	119
General and administrative expenses	147	142
Interest expense	85	81
Depreciation, depletion and amortization	956	726
Total costs and expenses	2,277	1,989
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(727)	603
Provision (benefit) for income taxes	(351)	239
INCOME (LOSS) FROM CONTINUING OPERATIONS	(376)	364
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	(13)	57
NET INCOME (LOSS)	(389)	421
Less: Net income (loss) attributable to noncontrolling interests	—	35
NET INCOME (LOSS) ATTRIBUTABLE TO HESS CORPORATION	$ (389)	$ 386
NET INCOME (LOSS) ATTRIBUTABLE TO HESS CORPORATION PER SHARE		
BASIC:		
Continuing operations	$ (1.32)	$ 1.14
Discontinued operations	(0.05)	0.07
NET INCOME (LOSS) PER SHARE	$ (1.37)	$ 1.21
DILUTED:		
Continuing operations	$ (1.32)	$ 1.13
Discontinued operations	(0.05)	0.07
NET INCOME (LOSS) PER SHARE	$ (1.37)	$ 1.20
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (DILUTED)	283.5	322.6
COMMON STOCK DIVIDENDS PER SHARE	$ 0.25	$ 0.25

See accompanying Notes to Consolidated Financial Statements.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(In millions)	
NET INCOME (LOSS)	$ (389)	$ 421
OTHER COMPREHENSIVE INCOME (LOSS):		
Derivatives designated as cash flow hedges		
Effect of hedge (gains) losses reclassified to income	—	(5)
Income taxes on effect of hedge (gains) losses reclassified to income	—	2
Net effect of hedge (gains) losses reclassified to income	—	(3)
Change in fair value of cash flow hedges	20	14
Income taxes on change in fair value of cash flow hedges	(7)	(5)
Net change in fair value of cash flow hedges	13	9
Change in derivatives designated as cash flow hedges, after taxes	13	6
Pension and other postretirement plans		
Amortization of net actuarial losses	19	8
Income taxes on amortization of net actuarial losses	(6)	(3)
Net effect of amortization of net actuarial losses	13	5
Change in pension and other postretirement plans, after taxes	13	5
Foreign currency translation adjustment		
Foreign currency translation adjustment	(120)	51
Change in foreign currency translation adjustment	(120)	51
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(94)	62
COMPREHENSIVE INCOME (LOSS)	(483)	483
Less: Comprehensive income (loss) attributable to noncontrolling interests	—	35
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO HESS CORPORATION	$ (483)	$ 448

See accompanying Notes to Consolidated Financial Statements.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED CASH FLOWS (UNAUDITED)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(In millions)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (389)	$ 421
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
(Gains) losses on asset sales, net	—	(10)
Depreciation, depletion and amortization	956	726
Loss from equity affiliates	—	93
Exploratory dry hole costs	169	9
Exploration lease impairment	54	32
Stock compensation expense	26	22
Provision (benefit) for deferred income taxes	(347)	112
(Income) loss from discontinued operations, net of income taxes	13	(57)
Changes in operating assets and liabilities	(109)	(231)
Cash provided by (used in) operating activities - continuing operations	373	1,117
Cash provided by (used in) operating activities - discontinued operations	(11)	41
Net cash provided by (used in) operating activities	362	1,158
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,237)	(1,146)
Proceeds from asset sales	—	1,237
Other, net	(10)	(57)
Cash provided by (used in) investing activities - continuing operations	(1,247)	34
Cash provided by (used in) investing activities - discontinued operations	95	(296)
Net cash provided by (used in) investing activities	(1,152)	(262)
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt with maturities of greater than 90 days		
Repayments	(17)	(333)
Common stock acquired and retired	(67)	(1,043)
Cash dividends paid	(72)	(79)
Employee stock options exercised, including income tax benefits	8	33
Cash provided by (used in) financing activities - continuing operations	(148)	(1,422)
Cash provided by (used in) financing activities - discontinued operations	—	—
Net cash provided by (used in) financing activities	(148)	(1,422)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(938)	(526)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,444	1,814
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 1,506	$ 1,288

See accompanying Notes to Consolidated Financial Statements.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED EQUITY (UNAUDITED)

	Common Stock	Capital in Excess of Par	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Hess Stockholders' Equity	Noncontrolling Interests	Total Equity
				(In millions)			
BALANCE AT JANUARY 1, 2015	$ 286	$ 3,277	$ 20,052	$ (1,410)	$ 22,205	$ 115	$ 22,320
Net income (loss)			(389)		(389)	—	(389)
Other comprehensive income (loss)				(94)	(94)	—	(94)
Comprehensive income (loss)					(483)	—	(483)
Activity related to restricted common stock awards, net	1	18	—	—	19	—	19
Employee stock options, including income tax benefits	—	9	—	—	9	—	9
Performance share units	—	5	—	—	5	—	5
Cash dividends declared	—	—	(72)	—	(72)	—	(72)
Common stock acquired and retired	—	(3)	(13)	—	(16)	—	(16)
Noncontrolling interests, net	—	—	—	—	—	(115)	(115)
BALANCE AT MARCH 31, 2015	$ 287	$ 3,306	$ 19,578	$ (1,504)	$ 21,667	$ —	$ 21,667
BALANCE AT JANUARY 1, 2014	$ 325	$ 3,498	$ 21,235	$ (338)	$ 24,720	$ 64	$ 24,784
Net income (loss)			386		386	35	421
Other comprehensive income (loss)				62	62	—	62
Comprehensive income (loss)					448	35	483
Activity related to restricted common stock awards, net	1	14	—	—	15	—	15
Employee stock options, including income tax benefits	1	34	—	—	35	—	35
Performance share units	—	3	—	—	3	—	3
Cash dividends declared	—	—	(79)	—	(79)	—	(79)
Common stock acquired and retired	(13)	(136)	(849)	—	(998)	—	(998)
Noncontrolling interests, net	—	—	—	—	—	(1)	(1)
BALANCE AT MARCH 31, 2014	$ 314	$ 3,413	$ 20,693	$ (276)	$ 24,144	$ 98	$ 24,242

See accompanying Notes to Consolidated Financial Statements.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

The financial statements included in this report reflect all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the Corporation's consolidated financial position at March 31, 2015 and December 31, 2014 and the consolidated results of operations and cash flows for the three months ended March 31, 2015 and 2014. The unaudited results of operations for the interim periods reported are not necessarily indicative of results to be expected for the full year.

The financial statements were prepared in accordance with the requirements of the Securities and Exchange Commission (SEC) for interim reporting. As permitted under those rules, certain notes or other financial information that are normally required by U.S. generally accepted accounting principles (GAAP) have been condensed or omitted from these interim financial statements. These statements, therefore, should be read in conjunction with the consolidated financial statements and related notes included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2014.

The statements of consolidated income and consolidated cash flows for the three months ended March 31, 2014, have been recast to reflect the Corporation's retail business which was sold in September 2014, and its energy trading joint venture, HETCO, which was sold in February 2015, as discontinued operations. Certain other information in the financial statements and notes has been reclassified to conform to the current period presentation.

New Accounting Pronouncements: In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. The ASU amends the criteria for reporting discontinued operations to include only disposals representing a strategic shift in operations. The ASU also requires expanded disclosures regarding the assets, liabilities, income, and expenses of discontinued operations. This ASU became effective for the Corporation in the first quarter of 2015 and did not have a significant impact on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, as a new Accounting Standards Codification (ASC) Topic ASC 606. This ASU is effective for the Corporation beginning in the first quarter of 2018, with early adoption permitted from the first quarter of 2017. The Corporation is currently assessing the impact of the ASU on its consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, *Amendments to the Consolidation Analysis*, which makes changes to both the variable interest model and the voting model, affecting all reporting entities involved with limited partnerships or similar entities. This ASU is effective for the Corporation beginning in the first quarter of 2016, with early adoption permitted. The Corporation is currently assessing the impact of the ASU on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. This ASU is effective for the Corporation beginning in the first quarter of 2016, with early adoption permitted. The Corporation is currently assessing the impact of the ASU on its consolidated financial statements.

2. Discontinued Operations

The results of operations for the Corporation's divested retail business and energy trading joint venture, HETCO, have been reported as discontinued operations in the Statement of Consolidated Income for all periods presented. The Corporation's interest in HETCO was sold in February 2015 and the retail business was sold in September 2014.

Sales and other operating revenues and Income (loss) from discontinued operations were as follows:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(In millions)	
Sales and other operating revenues	$ 14	$ 3,167
Income (loss) from discontinued operations before income taxes	$ (24)	$ 73
Current tax provision (benefit)	—	—
Deferred tax provision (benefit)	(11)	16
Provision (benefit) for income taxes	(11)	16
Income (loss) from discontinued operations, net of income taxes	$ (13)	$ 57
Less: Net income (loss) attributable to noncontrolling interests	—	35
Income (loss) from discontinued operations attributable to Hess Corporation	$ (13)	$ 22

At December 31, 2014, HETCO assets totaling $1,035 million, which consisted of accounts receivable and other long-lived assets, were reported in Other current assets, and liabilities totaling $797 million, which consisted primarily of accounts payable, were reported in Accrued liabilities in the Consolidated Balance Sheet.

3. Inventories

Inventories consisted of the following:

	March 31, 2015	December 31, 2014
	(In millions)	
Crude oil and natural gas liquids	$ 284	$ 246
Materials and supplies	262	281
Total inventories	$ 546	$ 527

4. Capitalized Exploratory Well Costs

The following table discloses the net changes in capitalized exploratory well costs pending determination of proved reserves for the three months ended March 31, 2015 (in millions):

Balance at January 1	$ 1,416
Additions to capitalized exploratory well costs pending the determination of proved reserves	160
Reclassifications to wells, facilities and equipment based on the determination of proved reserves	(70)
Capitalized exploratory well costs charged to expense	(120)
Balance at March 31, 2015	$ 1,386

Capitalized exploratory well costs charged to expense in the preceding table excludes $49 million of exploratory well costs which were incurred and subsequently expensed in 2015. First quarter 2015 results included an after-tax charge of $67 million ($159 million pre-tax) to write-off a previously capitalized exploration well and related leasehold costs associated with the Dinarta Block in the Kurdistan Region of Iraq following the decision of the Corporation and its partner in March 2015 to cease further drilling activity in the region. Capitalized exploratory well costs greater than one year old after completion of drilling were $1,217 million at March 31, 2015. Approximately 70% of the capitalized well costs in excess of one year relates to Block WA-390-P, offshore Western Australia, where development planning and commercial activities for the Corporation's natural gas discoveries are ongoing. In December 2014, the Corporation executed a non-binding letter of intent with the North West Shelf (NWS), a third party joint venture with existing natural gas processing and liquefaction facilities. Successful execution of binding agreements with NWS is necessary before the Corporation can execute a gas sales agreement and sanction development of the project. Approximately 30% of the capitalized well costs in excess of one year relates to offshore Ghana where the Corporation has drilled seven successful exploration wells. Appraisal plans for the seven wells on the block were submitted to the Ghanaian government in June 2013 for approval. Four of the plans were approved and discussions continue with the government on the three remaining appraisal plans. In the third quarter of 2014, the Corporation completed a three well appraisal program in Ghana. Well results continue to be evaluated and development planning is progressing.

5. Debt

In January 2015, the Corporation entered into a new $4 billion syndicated revolving credit facility that expires in January 2020. The new facility, which replaced a $4 billion facility that was scheduled to expire in April 2016, can be used for borrowings and letters of credit. Based on the Corporation's credit rating as of March 31, 2015, borrowings on the facility will generally bear interest at 1.075% above the London Interbank Offered Rate with the facility fee amounting to 0.175% per annum. The interest rate and facility fee are subject to adjustment if the Corporation's credit rating changes. The restrictions on the amount of total borrowings and secured debt are substantially similar to the previous facility. At March 31, 2015, there were no borrowings outstanding or letters of credit issued against the syndicated revolving credit facility.

6. Exit and Severance Costs

During the three months ended March 31, 2015 and 2014, the Corporation recorded exit related costs of $6 million and $20 million, respectively. In addition, the Corporation incurred severance totaling $33 million in the first quarter of 2014, primarily related to the Corporation's divestiture program announced in March 2013. During the first quarter of 2015, payments for accrued severance costs amounted to $28 million.

7. Retirement Plans

Components of net periodic pension cost consisted of the following:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(In millions)	
Service cost	$ 17	$ 12
Interest cost	26	25
Expected return on plan assets	(42)	(40)
Amortization of unrecognized net actuarial losses	19	8
Pension expense	$ 20	$ 5

In 2015, the Corporation expects to contribute approximately $55 million to its funded pension plans. Through March 31, 2015, the Corporation contributed approximately $13 million of this amount.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

8. Weighted Average Common Shares

The net income (loss) and weighted average number of common shares used in the basic and diluted earnings per share computations were as follows:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(In millions, except per share amounts)	
Net income (loss) from continuing operations attributable to Hess Corporation	$ (376)	$ 364
Income (loss) from discontinued operations, net of income taxes	(13)	57
Less: Net income (loss) attributable to noncontrolling interests	—	35
Net income (loss) from discontinued operations attributable to Hess Corporation	(13)	22
Net income (loss) attributable to Hess Corporation	$ (389)	$ 386
Weighted average common shares outstanding:		
Basic	283.5	318.1
Effect of dilutive securities		
Restricted common stock	—	1.5
Stock options	—	1.8
Performance share units	—	1.2
Diluted	283.5	322.6
Net income (loss) attributable to Hess Corporation per share:		
Basic:		
Continuing operations	$ (1.32)	$ 1.14
Discontinued operations	(0.05)	0.07
Net income (loss) per share	$ (1.37)	$ 1.21
Diluted:		
Continuing operations	$ (1.32)	$ 1.13
Discontinued operations	(0.05)	0.07
Net income (loss) per share	$ (1.37)	$ 1.20

The Corporation granted 1,118,043 shares of restricted stock, 362,873 performance share units (PSUs) and 521,773 stock options in the first quarter of 2015 and 1,016,801 shares of restricted stock, 292,662 PSUs and 162,911 stock options for the same period in 2014. For the three months ended March 31, 2015, the Corporation excluded 6,790,531 stock options, 2,876,887 restricted stock awards and 1,139,268 performance stock units from calculating diluted shares as those are anti-dilutive when using if converted method. The weighted average common shares used in the diluted earnings per share calculations for the three months ended March 31, 2014 exclude the effect of 3,371,122 stock options and 292,662 performance stock units, because their effect would be anti-dilutive.

The Corporation is permitted to repurchase up to $6.5 billion of outstanding common shares under a board authorized plan. As of March 31, 2015, the inception-to-date shares repurchased under the plan was 62.9 million shares at a cost of approximately $5.3 billion.

9. Guarantees and Contingencies

The Corporation is subject to loss contingencies with respect to various claims, lawsuits and other proceedings. The Corporation cannot predict with certainty if, how or when such claims, lawsuits and proceedings will be resolved or what the eventual relief, if any, may be. Numerous issues may need to be resolved, including through lengthy discovery, conciliation and/or arbitration proceedings, or litigation before a loss or range of loss can be reasonably estimated. Subject to the foregoing, in management's opinion, based upon currently known facts and circumstances, the outcome of such lawsuits, claims and proceedings is not expected to have a material adverse effect on the financial condition of the Corporation. However, the Corporation could incur judgments, enter into settlements or revise its opinion regarding the outcome of certain matters, and such developments could have a material adverse effect on its results of operations in the period in which the amounts are accrued and its cash flows in the period in which the amounts are paid.

In July 2004, HOVENSA LLC (HOVENSA), a 50/50 joint venture between the Corporation's subsidiary, Hess Oil Virgin Islands Corp. (HOVIC), and a subsidiary of Petroleos de Venezuela S.A. (PDVSA), and HOVIC each received a letter from the Commissioner of the Virgin Islands Department of Planning and Natural Resources and Natural Resources Trustees, advising of the Trustee's intention to bring suit against HOVIC and HOVENSA under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). The letter alleges that HOVIC and HOVENSA are potentially responsible for damages to natural resources arising from releases of hazardous substances from the HOVENSA refinery, which had been operated by HOVIC until October 1998. An action was filed on May 5, 2005 in the District Court of the Virgin Islands against HOVENSA, HOVIC and other companies that operated industrial facilities on the south shore of St. Croix asserting that the defendants are liable under CERCLA and territorial statutory and common law for damages to natural resources. In 2014 HOVIC, HOVENSA and the government of the U.S. Virgin Islands entered into a settlement agreement pursuant to which HOVENSA paid $3.5 million and agreed to pay the government of the U.S. Virgin Islands an additional $40 million no later than December 31, 2014. HOVENSA was unable to make this additional payment because the U.S. Virgin Islands legislature did not approve a proposed operating agreement required to complete a proposed sale of HOVENSA, which would have provided funds to make the settlement payment. Under the terms of the settlement agreement, the U.S. Virgin Islands government was granted a first lien on HOVENSA's assets to secure the settlement payment, and in January 2015 the government commenced a foreclosure action to enforce this lien. HOVENSA intends to defend this action and is also actively pursuing a sale of its terminal assets to satisfy its obligations, including its obligations to the government; however, it is possible that any such sale may not be completed before HOVENSA exhausts its available funds to continue current activities and it may be required to commence bankruptcy proceedings. The Registrant does not believe the resolution of the foreclosure proceeding or a HOVENSA bankruptcy will have a material adverse effect on its financial condition.

In February 2015, the Pension Benefit Guaranty Corporation (PBGC) issued a notice of determination to terminate the HOVENSA pension plan. HOVENSA had been in negotiations with the PBGC to make additional contributions to the plan with proceeds from a proposed sale of HOVENSA, which was not completed for the reasons described above. The Registrant does not believe that the resolution of this matter will have a material adverse effect on its financial condition.

The Corporation is from time to time involved in other judicial and administrative proceedings, including proceedings relating to other environmental matters. The Corporation cannot predict with certainty if, how or when such proceedings will be resolved or what the eventual relief, if any, may be, particularly for proceedings that are in their early stages of development or where plaintiffs seek indeterminate damages. Numerous issues may need to be resolved, including through potentially lengthy discovery and determination of important factual matters before a loss or range of loss can be reasonably estimated for any proceeding. Subject to the foregoing, in management's opinion, based upon currently known facts and circumstances, the outcome of such proceedings is not expected to have a material adverse effect on the financial condition, results of operations or cash flows of the Corporation.

10. Segment Information

The Corporation has completed its transition to a pure play Exploration and Production (E&P) company. The results of operations for its retail, energy marketing, terminal and refining businesses as well as the energy trading joint venture, HETCO, have been classified as discontinued operations. The Corporation currently has one operating segment, E&P, and other unallocated costs reflected under Corporate, Interest and Other.

The Corporation's results by segment were as follows:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(In millions)	
Sales and other operating revenues:		
Exploration and Production	$ 1,538	$ 2,673
Corporate, Interest and Other	—	—
Total	$ 1,538	$ 2,673
Net income (loss) attributable to Hess Corporation:		
Exploration and Production	$ (286)	$ 508
Corporate, Interest and Other	(90)	(144)
Income (loss) from continuing operations	(376)	364
Discontinued operations	(13)	22
Total	$ (389)	$ 386

Identifiable assets by operating segment were as follows:

	March 31, 2015	December 31, 2014
	(In millions)	
Exploration and Production	$ 35,981	$ 36,512
Corporate, Interest and Other	21	908
Continuing operations	36,002	37,420
Discontinued operations	99	1,158
Total	$ 36,101	$ 38,578

11. Financial Risk Management

In the normal course of its business, the Corporation is exposed to commodity risks related to changes in the prices of crude oil and natural gas as well as changes in interest rates and foreign currency values. In the disclosures that follow, corporate risk management activities refer to the mitigation of these risks through hedging activities. The Corporation was also exposed to commodity price risks primarily related to crude oil, natural gas, refined petroleum products and electricity, as well as foreign currency values from a 50% voting interest in a consolidated energy trading joint venture up until the sale of the Corporation's interest in the joint venture in February 2015.

Corporate Financial Risk Management Activities: Financial risk management activities include transactions designed to reduce risk in the selling prices of crude oil or natural gas produced by the Corporation or to reduce exposure to foreign currency or interest rate movements. Generally, futures, swaps or option strategies may be used to fix or reduce volatility in the forward selling price of a portion of the Corporation's crude oil or natural gas production. Forward contracts may also be used to purchase certain currencies in which the Corporation does business with the intent of reducing exposure to foreign currency fluctuations. These forward contracts comprise various currencies, primarily the British Pound and Danish Krone. Interest rate swaps may be used to convert interest payments on certain long-term debt from fixed to floating rates.

The gross volumes of Corporate risk management derivative contracts outstanding were as follows:

	March 31, 2015	December 31, 2014
Commodity, primarily crude oil (millions of barrels)	16	—
Foreign exchange (millions of USD *)	$ 862	$ 1,189
Interest rate swaps (millions of USD)	$ 1,300	$ 1,300

* *Denominated in U.S. dollars (USD).*

In the first quarter of 2015, the Corporation entered into Brent crude oil collars to hedge 50,000 barrels of oil per day for the ten months from March 2015 to December 2015 at a cost of $38 million. Under the terms of these contracts, the floor price to be received by the Corporation is $60 per barrel and the ceiling price it may receive is $80 per barrel. All Brent crude oil collars have been designated as cash flow hedges.

At March 31, 2015, the after-tax deferred gains in Accumulated other comprehensive income (loss) related to Brent crude oil collars were $12 million, which will be reclassified into earnings during 2015, as the hedged crude oil sales are recognized in earnings. There was no hedge ineffectiveness for the three months ended March 31, 2015 and a loss of approximately $1 million for the three months ended March 31, 2014 under the 2014 hedge program. The Corporation recorded within Sales and other operating revenues a pre-tax gain of $12 million for the three months ended March 31, 2015, associated with changes in the time value of Brent crude oil collars.

At March 31, 2015 and December 31, 2014, the Corporation had interest rate swaps with gross notional amounts of $1,300 million. During the first quarter of 2015, the Corporation settled existing interest rate swaps and received cash of $41 million. Simultaneously, the Corporation entered into new interest rate swap arrangements. All interest rate swaps have been designated as fair value hedges. The Corporation recorded an increase of approximately $10 million for the three months ended March 31, 2015 and an increase of approximately $1 million (excluding accrued interest) for the three months ended March 31, 2014, in the fair value of interest rate swaps. These items, excluding accrued interest, offset changes in the carrying value of the hedged fixed-rate debt.

Total foreign exchange gains reported in Other, net in Revenues and non-operating income in the Statement of Consolidated Income totaled $15 million pre-tax in the first quarter of 2015 compared with a loss of $6 million pre-tax in the first quarter of 2014. Gains or losses on foreign exchange derivative contracts not designated as hedges, which are a component of total foreign exchange gains and losses, amounted to gains of $98 million in the first quarter of 2015 and was nil in the first quarter of 2014.

Fair Value Measurements: The following table provides information about the effect of netting arrangements on the presentation of the Corporation's physical and financial derivative assets and (liabilities) that are measured at fair value, with the effect of single counterparty multilateral netting being included in column (v):

	Gross Amounts	Gross Amounts Offset in the Consolidated Balance Sheet: Physical Derivative and Financial Instruments	Gross Amounts Offset in the Consolidated Balance Sheet: Cash Collateral	Net Amounts Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet	Net Amounts
	(i)	(ii)	(iii)	(iv)=(i)+(ii)+(iii)	(v)	(vi)=(iv)+(v)
	(In millions)					
March 31, 2015						
Assets						
Derivative contracts						
Commodity	$ 81	$ (12)	$ —	$ 69	$ —	$ 69
Interest rate and other	38	(1)	—	37	—	37
Counterparty netting	—	(1)	—	(1)	—	(1)
Total derivative contracts	$ 119	$ (14)	$ —	$ 105	$ —	$ 105
Liabilities						
Derivative contracts						
Commodity	$ (15)	$ 12	$ —	$ (3)	$ —	$ (3)
Other	(3)	1	—	(2)	—	(2)
Counterparty netting	—	1	—	1	—	1
Total derivative contracts	$ (18)	$ 14	$ —	$ (4)	$ —	$ (4)

The net assets and liabilities that were offset in the Consolidated Balance Sheet as reflected in column (iv) of the table above were included in Accounts receivable – Trade and Accounts payable, respectively.

The table below reflects the gross and net fair values of risk management derivative instruments:

	Accounts Receivable	Accounts Payable
	(In millions)	
March 31, 2015		
Derivative contracts designated as hedging instruments		
Commodity	$ 69	$ —
Interest rate and other	4	(1)
Total derivative contracts designated as hedging instruments	73	(1)
Derivative contracts not designated as hedging instruments		
Commodity	12	(15)
Foreign exchange	34	(2)
Total derivative contracts not designated as hedging instruments	46	(17)
Gross fair value of derivative contracts	119	(18)
Master netting arrangements	(14)	14
Net fair value of derivative contracts	$ 105	$ (4)

As at March 31, 2015, Level 1 items comprised $3 million of Derivative liabilities. Level 2 items comprised Derivative liabilities of $1 million and Derivative assets of $105 million, which included commodity contracts of $69 million and interest rate and other items of $36 million. The Corporation did not have Level 3 instruments at March 31, 2015. For all other short-term financial instruments, primarily cash equivalents and accounts receivable and payable, carrying value approximated their fair value at March 31, 2015. Total Long-term debt of $5,980 million at March 31, 2015, had a fair value of $6,938 million based on Level 2 inputs.

Discontinued Operations - Trading Activities: In the first quarter of 2015, the Corporation sold its interest in the energy trading joint venture. Pursuant to the terms of the sale, the successor entity is permitted to continue to utilize the Corporation's guarantees issued in favor of existing counterparties until November 12, 2015, provided that new trades are for a period of one year or less, comply with certain credit requirements, and net exposures remain within value at risk limits previously applied by the Corporation. The Corporation has the right to seek reimbursement from the successor entity upon any counterparty draw on the applicable guarantee from the Corporation. The fair value of the guarantee recorded by the Corporation amounted to $11 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

Hess Corporation is a global Exploration and Production (E&P) company that develops, produces, purchases, transports and sells crude oil, natural gas liquids, and natural gas with production operations primarily in the United States (U.S.), Denmark, Equatorial Guinea, the Joint Development Area of Malaysia/Thailand (JDA), Malaysia, and Norway.

First Quarter Results

The Corporation reported a net loss of $389 million in the first quarter of 2015, compared with net income of $386 million in the first quarter of 2014. Excluding items affecting comparability of earnings between periods on page 18, adjusted net losses were $279 million in the first quarter of 2015 down from adjusted net income of $446 million in the first quarter of 2014, primarily due to the decline in realized selling prices, which reduced first quarter 2015 results by approximately $700 million after-tax.

First Quarter Response to Low Oil Prices

During the first quarter, the Corporation conducted an extensive company-wide review of its cost base. As a result of our efforts to date, we have lowered full year 2015 guidance for capital and exploratory expenditures by $300 million to $4.4 billion, and reduced our full year 2015 guidance for cash operating costs by approximately $250 million, or $2.00 per barrel of oil equivalent down to a forecasted range of $17.50 to $18.50 per barrel. Of the $550 million of initial savings we have identified, approximately $50 million results from a reduction in activity level, $250 million from self-elected cost reductions and $250 million from supply chain savings. In addition, the Corporation significantly reduced share repurchases in the first quarter of 2015 to $16 million.

Based on current strip crude oil prices, the Corporation forecasts a significant net loss and net cash flow deficit in 2015. The Corporation expects to fund its 2015 net cash flow deficit with existing cash on hand and, if necessary, borrowings under its long-term syndicated revolving credit facility. The Corporation plans to preserve its financial flexibility and to improve its cash flow by pursuing further cost reductions and supply chain savings, significantly moderating stock repurchases compared with 2014, and depending on where crude oil prices trend, potentially further reducing its planned capital program. In addition, should needs dictate, the Corporation may also access other sources of liquidity by utilizing existing uncommitted credit facilities, issuing debt and equity securities, and/or pursuing further asset sales.

Exploration and Production

E&P incurred a net loss of $286 million in the first quarter of 2015 compared with net income of $508 million in the first quarter of 2014. Excluding items affecting comparability of earning between periods, the adjusted net loss was $193 million in the first quarter of 2015 compared to adjusted net income of $514 million in 2014. In the first quarter of 2015, the Corporation's average worldwide crude oil selling price, including the effect of hedging, was $44.78 per barrel down from $99.17 per barrel in the first quarter of 2014. The average worldwide natural gas liquids selling price was $14.91 per barrel in the first quarter of 2015, down from $44.28 per barrel in the year-ago quarter while the average worldwide natural gas selling price was $4.74 per thousand cubic feet (mcf) in the first quarter of 2015 compared with $7.03 per mcf in the first quarter a year-ago. Worldwide crude oil and natural gas production was 361,000 barrels of oil equivalent per day (boepd) in the first quarter of 2015, compared with 318,000 boepd in the same period of 2014. Pro forma production, which excludes production from assets sold as well as any contribution from Libya, was 361,000 boepd and 294,000 boepd in the first quarter of 2015 and 2014, respectively.

The Corporation expects production to average between 355,000 boepd and 365,000 boepd for the second quarter of 2015 excluding Libya. The Corporation's full year 2015 production forecast is expected to be between 350,000 boepd and 360,000 boepd excluding Libya.

Overview (continued)

The following is an update of E&P activities:

- In North Dakota, net production from the Bakken oil shale play increased to an average of 108,000 boepd for the first quarter of 2015 compared with 63,000 boepd in the prior year quarter due to continued drilling activities and the first quarter 2014 shut-down of the Tioga gas plant to complete the expansion project. The Corporation brought 70 gross operated wells on production in the first quarter of 2015 with drilling and completion costs per operated well averaging $6.8 million, a reduction of 9% from the first quarter of 2014. The average number of Bakken operated rigs was 12 in the first quarter of 2015. The Corporation plans to operate 8 rigs for the remainder of 2015 and expects Bakken production to average between 95,000 boepd and 105,000 boepd during 2015.

- In the Utica shale, net production from the wet gas acreage amounted to 17,000 boepd in the first quarter of 2015, compared to 2,000 boepd in the prior year quarter. In addition, five wells were drilled, four wells were completed and four wells were brought on production across the Corporation's joint venture acreage in the first quarter of 2015. The Corporation and its joint venture partner are currently operating a total of two rigs but plan to release one rig by June 2015. As a result of this reduction, the Corporation anticipates drilling 15 to 20 wells in 2015.

- In the Gulf of Mexico, first quarter net production from Tubular Bells was 18,000 boepd and is forecast to be in the range of 30,000 boepd to 35,000 boepd for 2015 with the continued initial ramp up of production, the resolution of first quarter 2015 mechanical issues and a fourth production well scheduled to be brought online late in the second quarter of 2015. At the Corporation's Sicily prospect, the operator has completed exploration drilling and logging of the well and results are being evaluated.

- At the Valhall Field in Norway, net production averaged 30,000 boepd during the first quarter of 2015, which included a maintenance shut-down, compared with 37,000 boepd in the year-ago quarter. The operator has suspended drilling operations on one rig in the field until 2016 to reduce spend. Net production for 2015 is estimated to be in the range of 30,000 boepd to 35,000 boepd.

- In Equatorial Guinea, the Corporation plans to defer the remaining portion of an infill drilling program at the Okume Field beginning in the second quarter to reduce spend and allow time to evaluate newly acquired 4D seismic.

- In Guyana, the operator commenced drilling of the Liza-1 well and anticipates that the well will reach target depth by the second quarter of 2015.

- In the Kurdistan region of Iraq, the Corporation suspended drilling at the Shireen 1 exploration well due to mechanical issues. Based on well results to date and given the current oil price environment, the Corporation and its partner agreed in March to abandon the well, relinquish the Dinarta Block, and to exit operations in the region.

- In Libya, production was shut-in for the first quarter of 2015 due to continued civil unrest in the country.

Results of Operations

The after-tax income (loss) by major operating activity is summarized below:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(In millions, except per share amounts)	
Net income (loss) attributable to Hess Corporation:		
Exploration and Production	$ (286)	$ 508
Corporate, Interest and Other	(90)	(144)
Income (loss) from continuing operations	(376)	364
Discontinued operations	(13)	22
Total	$ (389)	$ 386
Net income (loss) attributable to Hess Corporation per share - Diluted:		
Continuing operations	$ (1.32)	$ 1.13
Discontinued operations	(0.05)	0.07
Net income (loss) attributable to Hess Corporation per share - Diluted	$ (1.37)	$ 1.20

Items Affecting Comparability of Earnings Between Periods

The following table summarizes, on an after-tax basis, items of income (expense) that are included in net income (loss) and affect comparability of earnings between periods. The items in the table below are explained and the pre-tax amounts are shown on pages 23 to 24.

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(In millions)	
Exploration and Production	$ (93)	$ (6)
Corporate, Interest and Other	(4)	(60)
Discontinued operations	(13)	6
Total items affecting comparability of earnings between periods	$ (110)	$ (60)

In the following discussion and elsewhere in this report, the financial effects of certain transactions are disclosed on an after-tax basis. Management reviews segment earnings on an after-tax basis and uses after-tax amounts in its review of variances in segment earnings. Management believes that after-tax amounts are a preferable method of explaining variances in earnings, since they show the entire effect of a transaction rather than only the pre-tax amount. After-tax amounts are determined by applying the income tax rate in each tax jurisdiction to pre-tax amounts.

Results of Operations (continued)

Comparison of Results

Exploration and Production

Following is a summarized income statement of the Corporation's E&P operations:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(In millions)	
Revenues and non-operating Income		
Sales and other operating revenues	$ 1,538	$ 2,673
Other, net	11	4
Total revenues and non-operating income	1,549	2,677
Costs and Expenses		
Cost of products sold (excluding items shown separate below)	306	393
Operating costs and expenses	478	466
Production and severance taxes	36	62
Exploration expenses, including dry holes and lease impairment	269	119
General and administrative expenses	88	80
Depreciation, depletion and amortization	953	721
Total costs and expenses	2,130	1,841
Results of operations before income taxes	(581)	836
Provision (benefit) for income taxes	(295)	328
Net income (loss) attributable to Hess Corporation	$ (286)	$ 508

Excluding the E&P items affecting comparability of earnings between periods in the table on page 23, the changes in E&P earnings are primarily attributable to changes in selling prices, production and sales volumes, cash operating costs, depreciation, depletion and amortization, exploration expenses and income taxes, as well as the impact of asset sales as described below.

Results of Operations (continued)

Selling Prices: Average realized crude oil selling prices were 55% lower in the first quarter of 2015, compared to 2014 primarily due to declines in the benchmark prices for Brent and West Texas Intermediary (WTI) crude oil. In addition, realized selling prices for natural gas liquids declined by approximately 65%.

The Corporation's average selling prices were as follows:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Crude oil - per barrel (including hedging)		
United States		
Onshore	$ 38.28	$ 88.04
Offshore	43.55	99.34
Total United States	40.14	92.94
Europe	53.31	109.17
Africa	52.93	108.40
Asia	48.44	102.29
Worldwide	44.78	99.17
Crude oil - per barrel (excluding hedging)		
United States		
Onshore	$ 38.28	$ 88.04
Offshore	43.55	99.34
Total United States	40.14	92.94
Europe	53.17	108.74
Africa	52.82	107.92
Asia	48.44	102.29
Worldwide	44.74	99.00
Natural gas liquids - per barrel		
United States		
Onshore	$ 14.22	$ 53.46
Offshore	15.71	34.07
Total United States	14.47	41.54
Europe	27.58	63.83
Worldwide	14.91	44.28
Natural gas - per mcf		
United States		
Onshore	$ 2.07	$ 6.10
Offshore	2.31	4.37
Total United States	2.15	4.96
Europe	7.95	11.48
Asia and other	5.95	7.23
Worldwide	4.74	7.03

In the first quarter of 2015, the Corporation entered into Brent crude oil collars to hedge 50,000 barrels of oil per day (bopd) from March 2015 to December 2015. Under the terms of these contracts, the floor price to be received by the Corporation is $60 per barrel and the ceiling price it may receive is $80 per barrel.

Realized and unrealized gains from crude oil price collars increased Sales and other operating revenues for the three months ended March 31, 2015 by $17 million ($11 million after income taxes). Realized and unrealized gains in the first quarter of 2014 amounted to $9 million ($5 million after income taxes).

Results of Operations (continued)

Production Volumes: The Corporation's crude oil and natural gas production increased to 361,000 boepd in the first quarter of 2015, from 318,000 boepd for the same period in 2014.

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

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(In thousands)	
Operating Data		
Net Production Per Day		
Crude oil - barrels		
United States		
Bakken	79	58
Other Onshore	11	9
Total Onshore	90	67
Offshore	50	51
Total United States	140	118
Europe	36	39
Africa	52	48
Asia	2	5
Worldwide	230	210
Natural gas liquids - barrels		
United States		
Bakken	19	2
Other Onshore	9	2
Total Onshore	28	4
Offshore	6	7
Total United States	34	11
Europe	1	2
Worldwide	35	13
Natural gas - mcf		
United States		
Bakken	58	15
Other Onshore	79	26
Total Onshore	137	41
Offshore	65	78
Total United States	202	119
Europe	36	37
Asia and other	336	415
Worldwide	574	571
Barrels of oil equivalent*	361	318

* *Reflects natural gas production converted on the basis of relative energy content (six mcf equals one barrel). Barrel of oil equivalence does not necessarily result in price equivalence as the equivalent price of natural gas on a barrel of oil equivalent basis has been substantially lower than the corresponding price for crude oil over the recent past. In addition, natural gas liquids do not sell at prices equivalent to crude oil. See the average selling prices in the table on page 20.*

United States: Crude oil and natural gas liquids production was higher in the first quarter of 2015, compared to the corresponding period in 2014, primarily due to higher production from the Bakken oil shale play, as a result of continued drilling activities and constrained first quarter 2014 production due to the temporary shut-down of the Tioga gas plant to

Results of Operations (continued)

complete the expansion project. The increase in natural gas production was attributable to the Bakken and the Utica shale. Offshore production in the first quarter of 2015 was comparable to the year-ago quarter as production from the Tubular Bells Field, which came online in November 2014, was offset by lower production from the Conger and Llano Fields caused by scheduled maintenance activities.

Europe: Production in the first quarter of 2015 was slightly down compared with the same period in 2014, as lower production from the Valhall Field in Norway was largely offset by higher production from the South Arne Field in Denmark. The Valhall Field's first quarter operations were impacted by maintenance activities while production at the South Arne Field benefited from an ongoing drilling program.

Africa: Crude oil production in Africa was higher in the first quarter of 2015 compared to the corresponding period in 2014, primarily due to an infill drilling program at the Okume Field in Equatorial Guinea, which will be suspended in the second quarter of 2015 to reduce spend and allow time to evaluate newly acquired 4D seismic.

Asia and Other: Asset sales in Indonesia and Thailand in 2014 reduced first quarter 2015 natural gas production but was partially offset by higher production at the Joint Development Area of Malaysia/Thailand. Lower crude oil production in the first quarter of 2015 resulted primarily from the sale of Thailand assets.

Sales Volumes: The impact of higher crude oil sales volumes increased after-tax income by approximately $130 million in the first quarter of 2015, compared with the corresponding period in 2014.

The Corporation's worldwide sales volumes were as follows:

	Three Months Ended March 31, 2015	2014
	(In thousands)	
Crude oil - barrels	19,708	17,750
Natural gas liquids - barrels	3,119	1,122
Natural gas - mcf	51,641	51,357
Barrels of oil equivalent*	31,434	27,432
Crude oil - barrels per day	219	197
Natural gas liquids - barrels per day	35	12
Natural gas - mcf per day	574	571
Barrels of oil equivalent per day*	349	305

* *Reflects natural gas production converted on the basis of relative energy content (six mcf equals one barrel). Barrel of oil equivalence does not necessarily result in price equivalence as the equivalent price of natural gas on a barrel of oil equivalent basis has been substantially lower than the corresponding price for crude oil over the recent past. In addition, natural gas liquids do not sell at prices equivalent to crude oil. See the average selling prices in the table on page 20.*

Cost of Products Sold: Cost of products sold is mainly comprised of costs relating to the purchases of crude oil, natural gas liquids and natural gas from the Corporation's partners in Hess operated wells or other third parties. The decrease in Cost of products sold in the first quarter of 2015 compared with the same period in 2014 principally reflects the decline in realized crude oil prices.

Cash Operating Costs: Cash operating costs, consisting of Operating costs and expenses, Production and severance taxes and E&P General and administrative expenses, were down in the first quarter of 2015, compared to the same period in 2014 due to lower production taxes in the Bakken and reduced operating and workover costs in Norway, but were partially offset by operating costs at Tubular Bells which commenced production in the fourth quarter of 2014.

Depreciation, Depletion and Amortization: Depreciation, depletion and amortization (DD&A) expenses were higher in the first quarter of 2015, compared with the prior year period, primarily reflecting higher production volumes from the Bakken, Tubular Bells, Utica, and Okume Fields. The Bakken and Tubular Bells fields each had a higher DD&A rate per barrel than the portfolio average.

Excluding items affecting comparability of earnings between periods, cash operating costs per barrel of oil equivalent (boe) were $17.90 in the first quarter of 2015 compared with $21.11 in the first quarter of 2014 and DD&A costs per boe were $29.36 in the first quarter of 2015 compared with $25.19 in the first quarter of 2014, resulting in total production unit costs of $47.26 and $46.30 per boe in the first quarter of 2015 and 2014, respectively. For the second quarter and full year of 2015, cash operating costs are estimated to be in the range of $17.50 to $18.50 per boe and DD&A expenses are estimated to be in the range of $28.50 to $29.50 per boe resulting in total production unit costs ranging from $46.00 to $48.00 per boe.

Results of Operations (continued)

Income Taxes: Excluding items affecting comparability between periods, the effective income tax rate for E&P operations was a benefit of 50% in the first quarter of 2015 compared to a provision of 39% for the first quarter of 2014. For the full year 2015, the E&P effective income tax rate is expected to be a benefit in the range of 39% to 43% and the second quarter rate is expected to be a benefit in the range of 39% to 43%, assuming no contribution from Libya.

Items Affecting Comparability of Earnings Between Periods: The following table summarizes, on an after-tax basis, income (expense) items that affect comparability of E&P earnings between periods:

	Three Months Ended March 31, 2015	2014
	(In millions)	
Dry hole and related expenses	$ (77)	$ —
Inventory write-off	(16)	—
Employee severance and exit costs	—	(6)
	$ (93)	$ (6)

Exploration expenses in the first quarter of 2015 included a pre-tax charge of $159 million ($67 million after income taxes) to write-off a previously capitalized exploration well and associated leasehold expenses related to the Dinarta Block, in the Kurdistan Region of Iraq following the decision of the Corporation and its partner in March 2015 to abandon the well, relinquish the Dinarta Block, and to exit operations in the region. Exploration expenses also included a pre-tax charge of $16 million ($10 million after income taxes) to write down a foreign exploration project to fair value. During the first quarter of 2015, the Corporation incurred a pre-tax charge of $21 million ($16 million after income taxes) to write off surplus drilling materials in Equatorial Guinea following the decision to suspend the infill drilling program at the Okume Field. During the first quarter of 2014, the Corporation recorded a pre-tax charge of $6 million ($6 million after income taxes), resulting from planned divestitures and the transformation into a more focused pure play E&P company.

The Corporation's future E&P earnings may be impacted by external factors, such as volatility in the selling prices of crude oil, natural gas liquids, and natural gas, reserve and production changes, exploration expenses, industry cost inflation, changes in foreign exchange rates and income tax rates, the effects of weather, political risk, environmental risk and catastrophic risk. For a more comprehensive description of the risks that may affect the Corporation's E&P business, see Item 1A. Risk Factors Related to Our Business and Operations in the Annual Report on Form 10-K for the year ended December 31, 2014.

Corporate, Interest and Other

The following table summarizes corporate, interest and other expenses:

	Three Months Ended March 31, 2015	2014
	(In millions)	
Corporate and other expenses (excluding items affecting comparability)	$ 55	$ 56
Interest expense	95	100
Less: Capitalized interest	(10)	(19)
Interest expense, net	85	81
Corporate, Interest and Other expenses before income taxes	140	137
Provision (benefit) for income taxes	(54)	(53)
Net Corporate, Interest and Other expenses after income taxes	86	84
Items affecting comparability of earnings between periods, after-tax	4	60
Total Corporate, Interest and Other expenses after income taxes	$ 90	$ 144

Corporate and other expenses were comparable in the first quarter of 2015 and 2014. Interest expense, net, increased in the first quarter of 2015 compared with the first quarter of 2014 reflecting lower capitalized interest. Second quarter 2015 Corporate expenses are expected to be in the range of $30 million to $35 million after taxes and interest expense is expected to be in the range of $50 million to $55 million after taxes. Excluding items affecting comparability of earnings, the estimate for corporate expenses for full year 2015 is still expected to be in the range of $120 million to $130 million after taxes and interest expense is still estimated to be in the range of $205 million to $215 million after taxes.

Results of Operations (continued)

Items Affecting Comparability of Earnings Between Periods:

First quarter 2015 expenses included exit costs of $6 million ($4 million after income taxes). During the first quarter of 2014, the corporation incurred a charge of $84 million ($52 million after income taxes) to reduce the carrying value of its investment in the Bayonne Energy Center to fair value. In the first quarter of 2014, the Corporation also recorded pre-tax charges of $12 million ($8 million after income taxes) for employee severance and other exit costs.

Discontinued Operations

The net loss attributable to Hess Corporation from discontinued operations was $13 million in the first quarter of 2015 compared to income of $22 million in the first quarter of 2014. The Corporation sold its interest in the energy trading joint venture in February 2015 and the retail business in September 2014.

Liquidity and Capital Resources

The following table sets forth certain relevant measures of the Corporation's liquidity and capital resources:

	March 31, 2015	December 31, 2014
	(In millions, except ratio)	
Cash and cash equivalents	$ 1,506	$ 2,444
Short-term debt and current maturities of long-term debt	69	68
Total debt	5,980	5,987
Total equity	21,667	22,320
Debt to capitalization ratio*	21.6%	21.2%

* *Total debt as a percentage of the sum of total debt plus equity*

Cash Flows

The following table summarizes the Corporation's cash flows:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(In millions)	
Cash flows from operating activities:		
Cash provided by (used in) operating activities - continuing operations	$ 373	$ 1,117
Cash provided by (used in) operating activities - discontinued operations	(11)	41
Net cash provided by (used in) operating activities	362	1,158
Cash flows from investing activities:		
Capital expenditures	(1,237)	(1,146)
Proceeds from asset sales	—	1,237
Other, net	(10)	(57)
Cash provided by (used in) investing activities - continuing operations	(1,247)	34
Cash provided by (used in) investing activities - discontinued operations	95	(296)
Net cash provided by (used in) investing activities	(1,152)	(262)
Cash flows from financing activities:		
Cash provided by (used in) financing activities - continuing operations	(148)	(1,422)
Cash provided by (used in) financing activities - discontinued operations	—	—
Net cash provided by (used in) financing activities	(148)	(1,422)
Net increase (decrease) in cash and cash equivalents from continuing operations	(1,022)	(271)
Net increase (decrease) in cash and cash equivalents from discontinued operations	84	(255)
Net increase (decrease) in cash and cash equivalents	$ (938)	$ (526)

Operating activities: Net cash provided by operating activities was $362 million in the first quarter of 2015, compared with $1,158 million in the same period of 2014, primarily reflecting the decline in benchmark crude oil prices.

Liquidity and Capital Resources (continued)

Investing activities: Capital expenditures from continuing operations were higher in the first quarter of 2015 compared to the same period in 2014 primarily as a result of increased development activities at the Stampede project in the Gulf of Mexico and the North Malay Basin project and higher exploration drilling in the Gulf of Mexico, Guyana, and Kurdistan. During the first quarter of 2014, the Corporation received proceeds of approximately $650 million from the sale of its interest in the Pangkah Field, offshore Indonesia, and approximately $590 million from the sale of 47,000 acres of its dry gas position in the Utica shale. In January 2014, the Corporation acquired its partners' 56% interest in WilcoHess, a retail gasoline joint venture, for approximately $290 million which is reported in discontinued operations.

Financing activities: In the first quarter of 2015, the Corporation repaid $17 million of debt. The Corporation purchased $16 million of common shares and settled $51 million of common stock purchases from 2014 during the first quarter of 2015 under its Board authorized $6.5 billion repurchase plan, down from approximately $1.0 billion in the first quarter of 2014. Dividends paid were $72 million in the first quarter of 2015 compared to $79 million in the first quarter of 2014. The quarterly dividend rate was $0.25 per common share in each period.

Future Capital Requirements and Resources

The Corporation anticipates investing approximately $4.4 billion in capital and exploratory expenditures during 2015. Based on current strip crude oil prices, the Corporation forecasts in 2015 a significant net loss and net cash flow deficit after funding planned capital expenditures, dismantlement obligations, pension contributions, dividends and share repurchases under its Board authorized plan. The Corporation expects to fund its 2015 net cash flow deficit with existing cash on hand and, if necessary, borrowings under its long-term syndicated revolving credit facility.

Crude oil and natural gas prices are volatile and difficult to predict. In addition, unplanned increases in the Corporation's capital expenditure program could occur. The Corporation plans to preserve its financial flexibility and to improve its cash flow by pursuing further cost reductions and supply chain savings, significantly moderating stock repurchases compared with 2014, and depending on where crude oil prices trend, potentially further reducing its planned capital program. In addition, should needs dictate, the Corporation may also access other sources of liquidity by utilizing existing uncommitted credit facilities, issuing debt and equity securities, and/or pursuing further asset sales.

The table below summarizes the capacity, usage and available capacity of the Corporation's borrowing and letter of credit facilities at March 31, 2015:

	Expiration Date	Capacity	Borrowings	Letters of Credit Issued	Total Used	Available Capacity
				(In millions)		
Revolving credit facility	January 2020	$ 4,000	$ —	$ —	$ —	$ 4,000
Committed lines	Various *	875	—	25	25	850
Uncommitted lines	Various *	118	—	118	118	—
Total		$ 4,993	$ —	$ 143	$ 143	$ 4,850

* *Committed and uncommitted lines have expiration dates through 2016.*

The Corporation's $143 million in letters of credit outstanding at March 31, 2015 are primarily issued to satisfy performance obligations related to the Corporation's exploration and production activities.

In January 2015, the Corporation entered into a new $4 billion syndicated revolving credit facility that expires in January 2020. The new facility, which replaced a $4 billion facility that was scheduled to expire in April 2016, can be used for borrowings and letters of credit. Based on the Corporation's credit rating as of March 31, 2015, borrowings on the facility will generally bear interest at 1.075% above the London Interbank Offered Rate. A fee of 0.175% per annum is also payable on the amount of the facility. The interest rate and facility fee are subject to adjustment if the Corporation's credit rating changes.

The Corporation's long-term debt agreements, including the revolving credit facility, contain financial covenants that restrict the amount of total borrowings and secured debt. These financial covenants do not currently materially impact the Company's ability to issue indebtedness to fund its future capital requirements.

The Corporation also has a shelf registration under which it may issue additional debt securities, warrants, common stock or preferred stock.

Market Risk Disclosures

The Corporation is exposed in the normal course of business to commodity risks related to changes in the prices of crude oil and natural gas as well as changes in interest rates and foreign currency values. *See Note 11, Financial Risk Management*, in the *Notes to Consolidated Financial Statements*. In the disclosures that follow, risk management activities refer to the mitigation of these risks through hedging activities.

Value at Risk: The Corporation uses value at risk to monitor and control commodity risk within its risk management activities. The value at risk model uses historical simulation and the results represent the potential loss in fair value over one day at a 95% confidence level. The model captures both first and second order sensitivities for options. Results may vary from time to time as hedging levels change in risk management activities. The potential change in fair value based on commodity price risk is presented in the financial risk management activities section below.

Financial Risk Management Activities

In the first quarter of 2015, the Corporation entered into Brent crude oil collars to hedge 50,000 bopd from March 2015 to December 2015. Under the terms of these contracts, the floor price to be received by the Corporation is $60 per barrel and the ceiling price it may receive is $80 per barrel.

The Corporation estimates that the value at risk associated with Brent crude oil collars was $16 million at March 31, 2015. The results may vary from time to time primarily as Brent oil prices or hedge levels change.

The Corporation has outstanding foreign exchange contracts used to reduce its exposure to fluctuating foreign exchange rates for various currencies. The change in fair value of foreign exchange contracts from a 10% weakening of the U.S. Dollar exchange rate is estimated to be a loss of approximately $85 million at March 31, 2015.

The Corporation's outstanding long-term debt of $5,980 million, including current maturities, had a fair value of $6,938 million at March 31, 2015. A 15% decrease in the rate of interest would increase the fair value of debt by approximately $475 million at March 31, 2015. A 15% increase in the rate of interest would decrease the fair value of debt by approximately $420 million at March 31, 2015.

Discontinued Operations – Trading Activities

In the first quarter of 2015, the Corporation sold its interest in the energy trading joint venture, HETCO. Pursuant to the terms of the sale, the successor entity is permitted to continue to utilize the Corporation's guarantees issued in favor of existing counterparties until November 12, 2015, provided that new trades are for a period of one year or less, comply with certain credit requirements, and net exposures remain within value at risk limits previously applied by the Corporation. The Corporation has the right to seek reimbursement from the successor entity upon any counterparty drawing on the applicable guarantee from the Corporation. The fair value of the guarantee recorded by the Corporation amounted to $11 million.

Forward-looking Information

Certain sections of Management's Discussion and Analysis of Financial Condition and Results of Operations, including references to the Corporation's future results of operations and financial position, liquidity and capital resources, capital expenditures, asset sales, oil and gas production, costs and expenses, tax rates, debt repayment, hedging, derivative and market risk disclosures include forward-looking information. These sections typically include statements with words such as "anticipate," "estimate," "expect," "forecast," "guidance," "could," "may," "should," "would" or similar words, indicating that future outcomes are uncertain. Forward-looking disclosures are based on the Corporation's current understanding and assessment of these activities and reasonable assumptions about the future. Actual results may differ from these disclosures because of changes in market conditions, government actions and other factors.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The information required by this item is presented under Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Disclosures."

Item 4. Controls and Procedures.

Based upon their evaluation of the Corporation's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2015, John B. Hess, Chief Executive Officer, and John P. Rielly, Chief Financial Officer, concluded that these disclosure controls and procedures were effective as of March 31, 2015.

There was no change in internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 or 15d-15 in the quarter ended March 31, 2015 that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Information regarding legal proceedings is contained in *Note 9, Guarantees and Contingencies* in the *Notes to Consolidated Financial Statements* and is incorporated herein by reference.

Item 2. Share Repurchase Activities.

The Corporation's share repurchase activities for the three months ended March 31, 2015, were as follows:

2015	Total Number of Shares Purchased (a) (b)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (c) (In millions)
January	116,250	$ 69.65	116,250	$ 1,233
February	88,765	74.64	88,765	1,226
March	46,110	74.45	15,560	1,225
Total for 2015	251,125	$ 72.29	220,575	

(a) Repurchased in open-market transactions. The average price paid per share was inclusive of transaction fees.

(b) Includes 30,550 common shares repurchased at a price of $74.58 per common share on the open market, which were subsequently granted to Directors in accordance with the Non-Employee Directors' Stock Plan.

(c) In March 2013, the Corporation announced a board authorized plan to repurchase up to $4 billion of outstanding common shares. In May 2014, the Corporation increased the repurchase program to $6.5 billion.

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

a. Exhibits

10(1)	Credit Agreement dated as of January 21, 2015 among Hess Corporation, the subsidiaries party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, incorporated by reference to Form 8-K of the Registrant filed on January 27, 2015.
10(2)*	Form of Restricted Stock Award Agreement.
10(3)*	Form of Performance Award Agreement for three-year period ending December 31, 2017.
31(1)	Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)).
31(2)	Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)).
32(1)	Certification required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
32(2)	Certification required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
101(INS)	XBRL Instance Document
101(SCH)	XBRL Schema Document
101(CAL)	XBRL Calculation Linkbase Document
101(LAB)	XBRL Labels Linkbase Document
101(PRE)	XBRL Presentation Linkbase Document
101(DEF)	XBRL Definition Linkbase Document

** These exhibits relate to executive compensation plans and arrangements*

b. Reports on Form 8-K

During the quarter ended March 31, 2015, Registrant filed the following reports on Form 8-K:

(i) Filing dated January 27, 2015 under Items 1.01, 1.02, 2.03 and 9.01 reporting entry into a five-year credit agreement between the Corporation and J.P. Morgan Chase Bank, N.A., as lender and administrative agent and the other lenders party thereto.

(ii) Filing dated January 28, 2015 reporting under Item 2.02 and 9.01, a press release dated January 28, 2015 reporting Results of Operations and Financial Condition, and Financial Statements and Exhibits.

(iii) Filing dated March 3, 2015 reporting under Item 5.02 reporting compensatory arrangements of certain officers.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HESS CORPORATION
(REGISTRANT)

By /s/ John B. Hess
JOHN B. HESS
CHIEF EXECUTIVE OFFICER

By /s/ John P. Rielly
JOHN P. RIELLY
SENIOR VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

Date: May 7, 2015

RESTRICTED STOCK AWARD AGREEMENT
pursuant to the
HESS CORPORATION
2008 LONG-TERM INCENTIVE PLAN

* * * * *

Awardee:	FIRST NAME — LAST NAME
Grant Date:	DATE
Number of Shares of Common Stock Subject to such Award:	# OF RESTRICTED SHARES

* * * * *

THIS RESTRICTED STOCK AWARD AGREEMENT (this "Agreement"), dated as of the Grant Date specified above, is entered into by and between Hess Corporation, a Delaware corporation (the "Corporation"), and the Awardee specified above, pursuant to the Hess Corporation 2008 Long-Term Incentive Plan, as in effect and as amended from time to time (the "Plan"); and

WHEREAS, it has been determined under the Plan that it would be in the best interests of the Corporation to grant the restricted stock award provided for herein to the Awardee as an inducement to remain in the employment of the Corporation (and/or any Subsidiary), and as an incentive for increased effort during such employment;

NOW, THEREFORE, in consideration of the mutual covenants and premises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

The Compensation and Management Development Committee (the "Committee") of the Board of Directors (the "Board") of Hess Corporation has granted to you restricted shares of the Common Stock of the Corporation in accordance with the terms and provisions of the Plan and this agreement (the "Restricted Shares"). The Restricted Shares are restricted for a period commencing on the date of grant and ending on the third anniversary of the Grant Date and are otherwise subject to the terms and conditions set forth herein. If the conditions set forth in the Plan and this agreement are not satisfied, this agreement and the Restricted Shares awarded together with all rights and interests relating thereto, shall be void and of no force or effect.

1. Incorporation By Reference; Document Receipt. This agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly not intended to apply to the grant of Restricted Shares hereunder), all of which terms and provisions are made a part of and incorporated in this agreement as if each were expressly set forth mutatis mutandis herein. Any capitalized term not defined in this agreement will have the same meaning as is ascribed thereto under the Plan. You hereby acknowledge receipt of a prospectus describing the Plan and the Awards thereunder and that you have read it carefully and fully understand its content. In the event of any conflict between the terms of this agreement and the terms of the Plan, the terms of the Plan will control.

2. Restricted Stock. Restricted Shares will be issued in book-entry form in your name and deposited with The Bank of New York or other agent designated by the Committee, as escrow agent (the "Escrow Agent"). Prior to the issuance and deposit of the Restricted Shares with the Escrow Agent, you will have no rights of a shareholder, and you will not be entitled to vote the Restricted Shares or receive any dividends or other distributions, in respect of the Restricted Shares. The Restricted Shares will be held by the Escrow Agent pursuant to an agreement (the "Escrow Agreement") between the Escrow Agent and the Corporation. You authorize the Escrow Agreement to transfer shares and otherwise act in accordance with instructions of the Corporation. You will furnish the Escrow Agent with stock transfer powers or authorizations from time to time, if requested. Except to the extent otherwise provided in the Plan or this agreement, if you remain continuously employed by the Corporation or any Subsidiary until the third anniversary of the Grant Date, the Escrow Agent will, except as provided below, deliver to you shortly thereafter a new share certificate in your name representing the Restricted Shares; *provided*, *however*, that Restricted Shares may nevertheless be evidenced on a noncertificated basis, to the extent not prohibited by applicable law or the rules of any stock exchange. For as long as an account is maintained in your name with a broker, custodian, or other institution retained by the Corporation to assist in the administration of the Plan (the "Administrator"), such Restricted Shares will be deposited into such account.

3. Rights as a Stockholder. While the Restricted Shares are held by the Escrow Agent, you will be the record owner and will have all the rights of a stockholder with respect to the Restricted Shares, including (without limitation) the right to vote, subject to the restrictions provided for in the Plan, the Escrow Agreement and this agreement. From and after the date on which the Restricted Shares are issued in your name and deposited with the Escrow Agent, cash dividends and other distributions made or paid with respect to the Restricted Shares will be held by the Escrow Agent and may (but need not be) reinvested as determined by the Committee, and such dividends and distributions will be paid to you (or your account at the Administrator referred to in Section 2)at the time and to the extent pro tanto that the Restricted Shares become non-forfeitable and are delivered to you by the Escrow Agent. Any new, additional or different securities that you may become entitled to receive with respect to the Restricted Shares under the Plan by virtue of any reinvestment of any cash dividends paid on the Common Stock or any stock dividend, stock split, recapitalization, reorganization, merger, consolidation, split-up, or any similar change affecting the Common Stock, will be delivered to the Escrow Agent subject to the same restrictions, terms and conditions as apply to the related Restricted Shares.

4. Termination and Forfeiture.

4.1 If (i) your employment with the Corporation or any Subsidiary terminates prior to the third anniversary of the Grant Date by reason of your death, permanent total disability or normal retirement under the Corporation's Employees' Pension Plan or any successor plan thereto or any similar plan maintained by a Subsidiary in which you participate, and (ii) at the time of such termination due to normal retirement, as applicable, you shall have completed at least five years of continuous service with the Corporation or any Subsidiary, the Escrow Agent will, as promptly as practicable, deliver to you, or your account at the Administrator referred to in Section 2 (in the case of permanent total disability or your normal retirement), or your beneficiary(ies) (in the case of your death) a certificate representing all of the Restricted Shares awarded to you hereunder and all accumulated dividends on the Restricted Shares. The existence and date of permanent total disability will be determined by the Committee and its determination shall be final and conclusive.

4.2 If your employment with the Corporation or any Subsidiary terminates prior to the third anniversary of the Grant Date for any reason other than your death, permanent total disability or normal retirement under the Corporation's Employees' Pension Plan or any successor plan thereto or any similar plan maintained by a Subsidiary in which you participate, all of the Restricted Shares, and any rights thereto, awarded to you hereunder, all accumulated dividends in respect thereof will be forfeited by you and returned by the Escrow Agent to the Corporation and you will have no further rights with respect thereto.

4.3 Notwithstanding Section 4.2 above, if (i) your employment with the Corporation or any Subsidiary terminates prior to the third anniversary of the Grant Date by reason of your early retirement under the Corporation's Employees' Pension Plan or any successor plan thereto or any similar plan maintained by a Subsidiary in which you participate, and (ii) at the time of such termination, you shall have completed at least five years of continuous service with the Corporation or any Subsidiary, the Committee, in its sole discretion, may (but is not obligated to) determine that it will deliver to you, or your account at the Administrator referred to in Section 2, on a specified date a certificate representing a proportionate number of the Restricted Shares awarded to you hereunder based on the number of calendar days elapsed (as of the date of such early retirement) in the vesting period ending on the third anniversary of the Grant Date, together with a proportionate amount of the accumulated dividends in respect thereof also based on the number of calendar days elapsed (as of the date of such early retirement) in the vesting period ending on the third anniversary of the Grant Date.

4.4 Notwithstanding any other provision of this Agreement to the contrary:

4.4.1 If, following termination of your employment with the Corporation or any Subsidiary due to early retirement, as described in Section 4.3 above, where the Committee has previously determined that you shall receive a proportionate number of the Restricted Shares in accordance with Section 4.3, the Committee determines in its good faith discretion that you shall have engaged in any Prohibited Activity (as hereinafter defined) at any time prior to the third anniversary of the Grant Date, then you shall be obligated to pay or deliver to the Corporation either (at your election): (a) a cash payment in an amount equal to the Fair Market Value of the proportionate number of Restricted Shares determined in accordance with Section 4.3 as of the date of such termination of your employment due to early retirement, reduced by the amount of any income and social security taxes that you previously paid to the Corporation or a Subsidiary in respect of such Shares, or (b) a number of Shares equal to the proportionate number of the Restricted Shares determined in accordance with Section 4.3 in the case of termination of your employment due to early retirement, reduced by a number of Shares with a Fair Market Value on the date of such delivery equal to the amount of such taxes referred to in clause (a) of this sentence. This Section 4.4 shall not constitute the Corporation's exclusive remedy for your engagement in any Prohibited Activity, and the Corporation may seek any additional legal or equitable remedy, including injunctive relief, in any such circumstances. If any provision contained in this Section 4.4 shall be held by any court of competent jurisdiction to be unenforceable, void or invalid, the parties intend that such provision be modified to make it valid and enforceable to the fullest extent permitted by law. If any such provision cannot be modified to be valid and enforceable, such provision shall be severed from this Agreement and the invalidity or unenforceability of such provision shall not affect the validity or enforceability of the remaining provisions. Notwithstanding any other provision of this Section 4.4 to the contrary, upon the occurrence of a Change of Control, the foregoing provisions of this Section 4.4 shall automatically terminate and cease to apply with respect to any Restricted Shares that are outstanding and have not previously been forfeited under this Section 4.4.

4.4.2 For purposes of this Agreement:

(a) "Prohibited Activity" shall mean either Competitive Activity or Interference.

(b) "Competitive Activity" shall mean that you, directly or indirectly, in any manner or capacity, shall be employed by, serve as a director or manager of, act as a consultant to or maintain any material ownership interest in, any E&P Company or M&R Company that competes with the business of the Corporation or any Subsidiary or affiliate thereof in geographical areas in which you are aware that the Corporation or any Subsidiary or affiliate is engaged, or is considering engaging, unless the Committee agrees to such activity of you in writing; provided, however, that your ownership solely as an investor of less than 1% of the outstanding securities of any publicly-traded securities of any E&P Company or M&R Company shall not, by itself, be considered to be Competitive Activity.

(c) "Interference" shall mean that you shall, directly or indirectly, interfere with the relationship between the Company or any Subsidiary or affiliate of the Company and any person (including, without limitation, any business or governmental entity) that to your knowledge is, or was, a client, customer, supplier, licensee or partner of the Company or any Subsidiary, or had any other business relationship with the Company or any Subsidiary.

(d) "E&P Company" shall mean any business which is engaged in the business of exploring for, or developing or producing, crude oil or natural gas.

(e) "M&R Company" shall mean any business which is engaged in the manufacture, generation, purchase, marketing or trading of refined petroleum products, natural gas or electricity.

5. Change of Control. The Restricted Shares awarded to you hereunder are subject to acceleration of vesting and "cash-out" at the discretion of the Committee upon the occurrence of a Change of Control, all as provided in and subject to Section 9 of the Plan.

6. Beneficiary. You may designate the beneficiary or beneficiaries to receive any Restricted Shares or other amounts which may be delivered in respect of this Award after your death. Such designation may be made by you on the enclosed beneficiary designation form and (unless you have waived such right) may be changed by you from time to time by filing a new beneficiary designation form with the Committee. If you do not designate a beneficiary or if no designated beneficiary(ies) survives you, your beneficiary will be the legal representative of your estate.

7. Tax Withholding. No delivery of vested Restricted Shares or payment of any accumulated cash dividends in respect thereof or other amount in respect of this Award will be made unless and until you (or your beneficiary or legal representative) have made appropriate arrangements for the payment of any amounts required to be withheld with respect thereto under all present or future federal, state and local tax laws and regulations and other laws and regulations.

Unless you elect otherwise in writing or are prohibited by law, upon expiration of the applicable restriction period such number of Restricted Shares as shall be necessary to pay such withholding amounts shall be sold by the Administrator on your behalf, and the proceeds thereof shall be delivered to the Corporation for remittance to the appropriate governmental authorities, and the remaining Restricted Shares shall be delivered to you, or your account at the Administrator referred to in Section 2.

Notwithstanding the immediately preceding paragraph, if you make an election pursuant to Section 83(b) of the Code, or the value of any Restricted Shares otherwise becomes includible in your gross income for income tax purposes prior to the expiration of the applicable restriction period, you agree to pay to the Corporation in cash (or make other arrangements, in accordance with Section 12.03 of the Plan, for the satisfaction of) any taxes of any kind required by law to be withheld with respect to such Restricted Shares. If you elect immediate Federal income taxation with respect to all or any portion of the Restricted Shares pursuant to Section 83(b) of the Code, you agree to deliver a copy of such election to the Corporation at the time such election is filed with the Internal Revenue Service.

8. Limitations; Governing Law. Nothing herein or in the Plan will be construed as conferring on you or anyone else the right to continue in the employ of the Corporation or any Subsidiary. The rights and obligations under this agreement and the Award are governed by and construed in accordance with the laws of the State of Delaware, without reference to the principles of conflict of laws thereof.

9. Non-transferability. The Restricted Shares, and any rights and interests with respect thereto, issued under this agreement and the Plan may not, prior to vesting, be sold, exchanged, transferred, assigned or otherwise disposed of in any way by you (or any of your beneficiary(ies)). The Restricted Shares, and any rights and interests with respect thereto, may not, prior to vesting, be pledged, encumbered or otherwise hypothecated in any way by you (or any of your beneficiary(ies)) and will not, prior to vesting, be subject to execution, attachment or similar legal process. Any attempt to sell, exchange, transfer, assign, pledge, encumber or otherwise dispose of or hypothecate in any way any of the Restricted Shares, or the levy of any execution, attachment or similar legal process upon the Restricted Shares, contrary to the terms and provisions of this agreement and/or the Plan will be null and void ab initio and without legal force or effect. Each certificate evidencing the Restricted Shares will bear a legend to this effect.

10. Entire Agreement; Amendment. This agreement (including the Plan which is incorporated herein by reference) contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties hereto relating to such subject matter. The Board has the right, in its sole discretion, to amend, alter, suspend, discontinue or terminate the Plan, and the Committee has the right, in its sole discretion, to amend, alter, suspend, discontinue or terminate one or more of the Awards of Restricted Stock or this agreement from time to time in accordance with and as provided in the Plan; provided, however, that no such amendment, alteration, suspension, discontinuance or termination after initial shareholder approval of the Plan may materially impair your previously accrued rights under this agreement or the Plan without your consent. The Corporation will give you written notice of any such modification or amendment of this agreement as soon as practicable after the adoption thereof. This agreement may also be modified, amended or terminated by a writing signed by you and the Corporation.

11. Notices. Any notice which may be required or permitted under this agreement will be in writing and will be delivered in person, or via facsimile transmission, overnight courier service or certified mail, return receipt requested, postage prepaid, properly addressed as follows:

11.1 If the notice is to the Corporation, to the attention of the Secretary of Hess Corporation, 1185 Avenue of the Americas, New York, New York 10036, or at such other address as the Corporation by notice to you may designate in writing from time to time.

11.2 If the notice is to you, at your address as shown on the Corporation's records, or at such other address as you, by notice to the Corporation, may designate in writing from time to time.

12. Compliance with Laws. The issuance of the Restricted Shares pursuant to this will be subject to, and will comply with, any applicable requirements of federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, the Exchange Act and the respective rules and regulations promulgated thereunder), any applicable rules of any exchange on which the Common Stock is listed (including, without limitation, the rules and regulations of the New York Stock Exchange), and any other law, rule or regulation applicable thereto. The Corporation will not be obligated to issue any of the Common Stock subject to this agreement if such issuance would violate any such requirements and if issued will be deemed void ab initio.

13. Binding Agreement; Further Assurances. This agreement will inure to the benefit of, be binding upon, and be enforceable by the Corporation and its successors and assigns. Each party hereto will do and perform (or will cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this agreement and the Plan and the consummation of the transactions contemplated thereunder.

14. Counterparts; Headings. This agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which will constitute one and the same instrument. The titles and headings of the various sections of this agreement have been inserted for convenience of reference only and will not be deemed to be a part of this agreement.

15. Severability. The invalidity or unenforceability of any provisions of this agreement in any jurisdiction will not affect the validity, legality or enforceability of the remainder of this agreement in such jurisdiction or the validity, legality or enforceability of any provision of this agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder will be enforceable to the fullest extent permitted by law.

16. Terms of Employment. The Plan is a discretionary plan. You hereby acknowledge that neither the Plan nor this agreement forms part of your terms of employment and nothing in the Plan may be construed as imposing on the Corporation or any Subsidiary a contractual obligation to offer participation in the Plan to any employee of the Corporation or any Subsidiary. The Corporation or any Subsidiary is under no obligation to grant further Restricted Shares to you under the Plan. If you cease to be an employee of the Corporation or any Subsidiary for any reason, you shall not be entitled by way of compensation for loss of office or otherwise howsoever to any sum or other benefit to compensate you for the loss of any rights under this agreement or the Plan. You also acknowledge that the Corporation has adopted a policy prohibiting recipients of equity awarded from the Corporation, including the Restricted Shares, from trading in equity derivative instruments to hedge the economic risks of holding Corporation common stock or interests therein. You hereby acknowledge that you will abide by such policy in all respects.

17. Data Protection. By signing this agreement, you consent to the holding and processing of personal data provided by you to the Corporation for all purposes necessary for the operation of the Plan. These include, but are not limited to:

17.1 Administering and maintaining your records;

17.2 Providing information to any registrars, brokers or third party administrators of the Plan; and

17.3 Providing information to future purchasers of the Corporation or the business in which you work.

IN WITNESS WHEREOF, the Corporation has caused this agreement to be executed by its duly authorized officer, and you have also executed this agreement and acknowledged receipt of other related materials including the Plan prospectus, all as of the Grant Date.

Very truly yours,

HESS CORPORATION

/s/ John B. Hess
John B. Hess
Chief Executive Officer

Acknowledged and Agreed to:

____

Exhibit 10(3)

HESS CORPORATION 2008 LONG-TERM INCENTIVE PLAN Performance Award Agreement

Participant: FIRST NAME – LAST NAME Grant
Date: DATE
Number of Performance Shares: # OF PERFORMANCE SHARE UNITS

* * * * *

This PERFORMANCE AWARD AGREEMENT (this "Agreement"), dated as of the Grant Date specified above, is entered into by and between HESS CORPORATION, a Delaware corporation (the "Corporation"), and the Participant specified above, pursuant to the Shareholder Value Program under the Hess Corporation 2008 Long-Term Incentive Plan, as in effect and as amended from time to time (the "Plan").

WHEREAS, it has been determined under the Plan that it would be in the best interests of the Corporation to grant the Performance Award provided for herein to the Participant as an inducement to remain in the employment of the Corporation (and/or any Subsidiary), and as an incentive for improved performance toward corporate goals during such employment;

WHEREAS, pursuant to the provisions of the Plan, the Committee has authorized the grant to the Participant of a Performance Award in accordance with the terms and conditions of this Agreement; and

WHEREAS, the Participant and the Corporation desire to enter into this Agreement to evidence and confirm the grant of such Performance Award on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and premises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows.

1. Incorporation By Reference; Document Receipt. This Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly not intended to apply to the grant of the Performance Award hereunder), all of which terms and provisions are made a part of and incorporated in this Agreement as if each were expressly set forth mutatis mutandis herein. Any capitalized term not defined in this Agreement shall have the same meaning as is ascribed thereto under the Plan. The Participant hereby acknowledges receipt of a prospectus describing the Plan and the Awards thereunder and that he has read it carefully and fully understands its content. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall control.

2. Grant of Performance Award. Pursuant to the provisions of the Plan, the Corporation as of the date set forth above (the "Grant Date") has granted to the Participant, and hereby evidences the grant to the Participant of, subject to the terms and conditions set forth herein and in the Plan, a Performance Award consisting of the number of Performance Shares specified above. A Performance Share is an unfunded and unsecured obligation to deliver up to two Shares (or a portion thereof) or the cash equivalent thereof (determined in accordance with Section 3), subject to the terms and conditions of this Agreement and those of the Plan. References herein to Performance Shares are to the Performance Shares comprising such Performance Award granted pursuant to this Agreement.

3. Payment of Earned Performance Shares. Subject to the provisions of Section 5 and Section 6, after the end of the Performance Cycle described in Section 4(a), the Committee shall certify in writing on the date (the "vesting date") of its first regular meeting following the end of the Performance Cycle whether, and to what extent, the performance goal set forth in Section 4(b) has been achieved and determine and certify in writing the number of Performance Shares earned pursuant to Section 4. The number of such Performance Shares so earned shall be paid by the Corporation as soon as administratively practicable after the vesting date; provided that in no event shall such payment be made later than March 15 of the calendar year that immediately follows the last day of the Performance Cycle. To the extent that the Performance Shares are not earned pursuant to Section 4, such Performance Shares shall be forfeited. Payments hereunder shall be made in Shares, unless the Committee, in its sole discretion, affirmatively determines that such payments shall be made in cash, or a combination of Shares and cash. If a cash payment is made in lieu of delivering Shares, the amount of such payment shall be equal to the Fair Market Value of such Shares as of the trading date immediately prior to the date of such payment, less applicable tax withholdings in accordance with Section 12.03 of the Plan.

4. Vesting Criteria Applicable to Performance Shares.

(a) Performance Cycle. The Performance Cycle for the Performance Award granted pursuant to this Agreement shall commence on January 1, 2015, and shall end on December 31, 2017.

(b) Performance Goal. The performance goal for the Performance Cycle is the total return per Share to the Corporation's shareholders, inclusive of dividends paid, during the Performance Cycle in comparison to the total return per share of common stock, inclusive of dividends paid, during the Performance Cycle achieved by the companies that are listed in Exhibit A attached hereto (such companies, the "Comparison Companies"), as set forth in this Section 4(b). For purposes of this Agreement, such total shareholder return ("Total Shareholder Return") for the Corporation and each of the Comparison Companies shall be measured by dividing (A) the sum of (1) the dividends paid (regardless of whether paid in cash or property) on the common stock of such company during the Performance Cycle, assuming reinvestment of such dividends in such stock (based on the closing price of such stock on the date such dividend is paid), plus (2) the average closing price of a share of such stock on the principal United States exchange on which the stock trades for the 60 trading days immediately prior to and including the last day of the Performance Cycle (appropriately adjusted for any stock dividend, stock split, spin-off, merger or other similar corporate events)(the "Ending Average Value") minus the average closing price of a share of such company's common stock on the principal United States exchange on which the stock trades for the 60 trading days occurring immediately prior to the first day of the Performance Cycle (the "Beginning Average Value") , by (B) the Beginning Average Value. For the avoidance of doubt, it is intended that the foregoing calculation of Total Shareholder Return shall take into account not only the reinvestment of dividends in a share of common stock of the Corporation and any Comparison Company but also capital appreciation or depreciation in the shares deemed acquired by such reinvestment. All determinations under this Section 4 shall be made by the Committee.

(c) Percentage of Performance Shares Earned. Except as provided in Section 6, the Performance Shares shall be earned based on where the Corporation's Total Shareholder Return during the Performance Cycle ranks in comparison to the Total Shareholder Returns of the Comparison Companies during the Performance Cycle. As soon as practicable after the completion of the Performance Cycle, the Total Shareholder Returns of the Corporation and each of the Comparison Companies shall be calculated and ranked from first to last (the "TSR Ranking"). The extent to which Performance Shares shall become earned on the vesting date described in Section 3 shall be based on the TSR Ranking attained by the Corporation. The percentage of Performance Shares earned (the "Percentage of Performance Shares Earned") shall be the percentage set forth in the Percentage of Performance Shares Earned column of the schedule set forth in Exhibit B attached hereto that corresponds to the TSR Ranking attained by the Corporation set forth in the TSR Ranking column of such schedule. The number of Performance Shares earned shall be the product of the number of Performance Shares set forth in Section 2 multiplied by the Percentage of Performance Shares Earned. If at any time during the Performance Cycle, a Comparison Company is acquired, ceases to exist, ceases to be a publicly-traded company, files for bankruptcy, spins off 50% or more of its assets (except as otherwise provided in Exhibit A), or sells all, or substantially all, of its assets, such Comparison Company shall be removed and treated as if it had never been a Comparison Company. The Total Shareholder Returns of the Corporation and the remaining Comparison Companies shall be ranked from first to last, and the Percentage of Performance Shares Earned shall be determined as described in this Section 4(c) based on the Corporation's TSR Ranking among the remaining Comparison Companies: (i) to the extent the number of Comparison Companies plus the Corporation is reduced to 13, 12, 11, 10 or 9, in accordance with the percentage corresponding to Corporation's TSR Ranking as set forth in Exhibit C-1, C-2, C-3, C-4 or C-5 attached hereto, respectively, and (ii) to the extent that the number of Comparison Companies plus the Corporation is reduced to fewer than 9, in accordance with the percentage corresponding to the Corporation's TSR Ranking as set forth in Exhibit C-5, provided that (1) the Committee may use its negative discretion, consistent with Code Section 162(m), to reduce the Percentage of Performance Shares Earned corresponding to such TSR Ranking of the Corporation such that the Percentage of Performance Shares Earned shall be as reasonably commensurate as possible with the Percentage of Performance Shares Earned that would have resulted if the number of Comparison Companies plus the Corporation had been 9, using similar percentile hurdles as exist in C-5, with straight-line interpolation between points, and (2) if the Corporation ranks last among the remaining Comparison Companies, the Percentage of Performance Shares Earned shall be 0%. Notwithstanding the foregoing provisions of this Section 4(c) to the contrary, if the Corporation's Total Shareholder Return during the Performance Cycle is negative, the Percentage of Performance Shares Earned shall not exceed 100%.

5. Termination of Employment. Except as provided in this Section 5, the Participant shall not have any right to any payment hereunder unless the Participant is employed by the Corporation or a Subsidiary on the vesting date pursuant to Section 3.

(a) Death, Permanent Total Disability or Normal Retirement. If (i) the Participant's employment with the Corporation or any Subsidiary terminates prior to the vesting date pursuant to Section 3 by reason of the Participant's death, permanent total disability or normal retirement under the Corporation's Employees' Pension Plan or any successor plan thereto or any similar plan maintained by a Subsidiary in which the Participant participates (such applicable pension plan, the "Pension Plan"), and (ii) at the time of such termination due to normal retirement, as applicable, the Participant shall have completed at least five years of continuous service with the Corporation or any Subsidiary, the Participant shall be entitled to receive the same payment, if any (without pro-ration), in respect of the Performance Shares as would have been payable, and at the same time and subject to the same conditions, had the Participant's employment continued until such vesting date. The existence and date of permanent total disability shall be determined by the Committee and its determination shall be final and conclusive.

(b) Other than Death, Permanent Total Disability or Normal Retirement. If the Participant's employment with the Corporation or any Subsidiary terminates prior to the vesting date pursuant to Section 3 for any reason other than the Participant's death, permanent total disability or normal retirement under the Pension Plan, all of the Performance Shares and the Participant's rights with respect thereto shall be immediately forfeited and cancelled without further action by the Corporation or the Participant as of the date of such termination of employment.

(c) Early Retirement. Notwithstanding Section 5(b), if (i) the Participant's employment with the Corporation or any Subsidiary terminates prior to the vesting date pursuant to Section 3 by reason of the Participant's early retirement under the Pension Plan, and (ii) at the time of such termination, the Participant shall have completed at least five years of continuous service with the Corporation or any Subsidiary, the Committee, in its sole discretion, may (but is not obligated to) determine that the Participant shall be entitled to receive the same payment, if any, in respect of the Performance Shares as would have been payable, and at the same time and subject to the same conditions, had the Participant's employment continued until such vesting date, provided that such payment shall be pro-rated based on the number of calendar days of the Performance Cycle elapsed through the date of such early retirement.

(d) Forfeiture Following Early Retirement. Notwithstanding any other provision of this Agreement to the contrary, if, following termination of the

Participant's employment with the Corporation or any Subsidiary due to early retirement, as described in Section 5(c) where the Committee has previously determined that the Participant shall be entitled to receive any payments in respect of the Performance Shares in accordance with Section 5(c), the Committee determines in its good faith discretion that the Participant shall have engaged in any Prohibited Activity (as hereinafter defined) at any time during the time through the otherwise applicable vesting date with respect to the Performance Cycle, all of the Performance Shares and the Participant's rights with respect thereto shall be immediately forfeited and cancelled without further action by the Corporation or the Participant as of the date on which the Participant shall have first entered into such Prohibited Activity. This Section 5(d) shall not constitute the Corporation's exclusive remedy for the Participant's engagement in any Prohibited Activity, and the Corporation may seek any additional legal or equitable remedy, including injunctive relief, in any such circumstances. If any provision contained in this Section 5(d) shall be held by any court of competent jurisdiction to be unenforceable, void or invalid, the parties intend that such provision be modified to make it valid and enforceable to the fullest extent permitted by law. If any such provision cannot be modified to be valid and enforceable, such provision shall be severed from this Agreement and the invalidity or unenforceability of such provision shall not affect the validity or enforceability of the remaining provisions. Notwithstanding any other provision of this Section 5(d) to the contrary, upon the occurrence of a Change of Control, the foregoing provisions of this Section 5(d) shall automatically terminate and cease to apply with respect to any Performance Shares that are outstanding and have not previously been forfeited under this Section 5(d). For purposes of this Agreement:

(i) "Prohibited Activity" shall mean either Competitive Activity or Interference.

(ii) "Competitive Activity" shall mean that the Participant, directly or indirectly, in any manner or capacity, shall be employed by, serve as a director or manager of, act as a consultant to or maintain any material ownership interest in, any E&P Company or M&R Company that competes with the business of the Corporation or any Subsidiary or affiliate thereof in geographical areas in which the Participant is aware that the Corporation or any Subsidiary or affiliate is engaged, or is considering engaging, unless the Committee agrees to such activity of the Participant in writing; provided, however, that the Participant's ownership solely as an investor of less than 1% of the outstanding securities of any publicly-traded securities of any E&P Company or M&R Company shall not, by itself, be considered to be Competitive Activity.

(iii) "Interference" shall mean that the Participant shall, directly or indirectly, interfere with the relationship between the Corporation or any Subsidiary or affiliate of the Corporation and any person (including, without limitation, any business or governmental entity) that to the Participant's knowledge is, or was, a client, customer, supplier, licensee or partner of the Corporation or any Subsidiary, or had any other business relationship with the Corporation or any Subsidiary.

(iv) "E&P Company" shall mean any business which is engaged in the business of exploring for, or developing or producing, crude oil or natural gas.

(v) "M&R Company" shall mean any business which is engaged in the manufacture, generation, purchase, marketing or trading of refined petroleum products, natural gas or electricity.

6. Change of Control. Notwithstanding anything in Section 3, 4, 5(a) or 5(c) to the contrary, in the event a Change of Control occurs during the Performance Cycle, the Corporation's Total Shareholder Return, TSR Ranking and the Percentage of Performance Shares Earned shall be determined in accordance with Section 4 for the portion of the Performance Cycle that ends on the date immediately prior to the date of the Change of Control. Provided that the Performance Shares have not been forfeited pursuant to Section 5 prior to the date of the Change of Control, the number of the Performance Shares earned shall be the sum of (a) the product of the number of Performance Shares set forth in Section 2, multiplied by a fraction, the numerator of which is the number of calendar days of the Performance Cycle that elapse through the date immediately prior to the date of the Change of Control and the denominator of which is the full number of calendar days during the Performance Cycle, multiplied by the Percentage of Performance Shares Earned, plus (b) the product of the number of Performance Shares set forth in Section 2, multiplied by a fraction, the numerator of which is the number of calendar days remaining in the Performance Cycle on and following the date of the Change of Control and the denominator of which is the full number of calendar days during the Performance Cycle. The amount payable subject to the terms and conditions hereof in respect of such earned Performance Shares shall be equal to the product of such number of earned Performance Shares multiplied by the Change of Control Price, without interest or other additional earnings (such amount, the "CoC Earned Performance Share Amount"). Except as otherwise provided in this Section 6, the CoC Earned Performance Share Amount shall be paid in a cash lump-sum during, and no later than March 15 of, the calendar year that immediately follows the last day of the Performance Cycle. If, following a Change of Control, the Participant's employment with the Corporation or any Subsidiary terminates prior to payment of the CoC Earned Performance Share Amount by reason of (w) termination by the Corporation or such Subsidiary without Cause, (x) resignation by the Participant for Good Reason, (y) the Participant's death or permanent total disability (determined as described in Section 5(a)) or (z) the Participant's normal retirement under the Pension Plan after the Participant shall have completed at least five years of continuous service with the Corporation or any Subsidiary, the Participant shall be entitled to receive payment of the CoC Earned Performance Share Amount in a cash lump-sum not later than 5 business days after the effective date of such termination of employment, provided that if such payment would result in accelerated or additional taxes under Section 409A of the Code then such payment shall be made at the time specified in the immediately preceding sentence as if the Participant's employment had not so terminated. If, following a Change of Control, the Participant's employment with the Corporation or any Subsidiary terminates under any circumstances other than those described in the immediately preceding sentence, then the Participant shall not have any right to any payment in respect of the Performance Shares, whether or not earned.

7. Dividend Equivalents. With respect to the number of Performance Shares set forth in Section 2, the Participant shall be credited with Dividend Equivalents with respect to each such Performance Share equal to the amount per Share of any ordinary cash dividends declared by the Board with record dates during the period beginning on the first day of the Performance Cycle and ending on the earliest to occur of: (a) the last day of the Performance Cycle; (b) the date of a Change of Control and (c) the date such Performance Share terminates or is forfeited under Section 3 or Section 5. The Corporation shall pay in cash to the Participant an amount equal to the product of (i) sum of the aggregate amount of such Dividend Equivalents credited to the Participant, multiplied by (ii) the Percentage of Performance Shares Earned, such amount to be paid as and when the related Performance Shares are paid in accordance with Section 3 or Section 6, as applicable. Any Dividend Equivalents shall be forfeited as and when the related Performance Shares are forfeited in accordance with Section 3, Section 5 or Section 6.

8. No Rights as a Shareholder. Until shares of Common Stock are issued, if at all, in satisfaction of the Corporation's obligations under this Agreement, in the time and manner specified in Section 3 or 6, the Participant shall have no rights as a shareholder as to the Shares underlying the Performance Shares.

9. Beneficiary. The Participant may designate the beneficiary or beneficiaries to receive any payments which may be made in respect of the Performance Shares after the Participant's death. Any such designation shall be made by the Participant in writing on a beneficiary designation form provided by or on behalf of the Corporation and (unless the Participant has waived such right) may be changed by the Participant from time to time by filing a new beneficiary designation form as provided therein. If the Participant does not designate a beneficiary or if no designated beneficiary survives the Participant, the Participant's beneficiary shall be the legal representative of his estate.

10. Tax Withholding. No payment of Shares or cash in respect of the Performance Shares shall be made unless and until the Participant (or his or her beneficiary or legal representative) shall have made arrangements satisfactory to the Committee for the payment of any amounts required to be withheld with respect thereto under all present or future federal, state, local and non-United States tax laws and regulations and other laws and regulations in accordance with Section 12.03 of the Plan. The Corporation shall have the right to deduct from all amounts paid to the Participant in cash in respect of Performance Shares any such amounts. In the case of any payments of Performance Shares in the form of Shares, unless the Participant elects otherwise in advance in writing or is prohibited by law, upon payment of such Shares, such number of such Shares as shall be necessary to pay such amounts shall be sold by the Corporation or its designee on the Participant's behalf, and the proceeds thereof shall be delivered to the Corporation for remittance to the appropriate governmental authorities. In the event the Committee determines that any amounts are required to be withheld in respect of the Performance Shares prior to payment of such Performance Shares, the Participant shall thereupon pay to the Corporation in cash the full amount so required to be withheld.

11. Limitations; Governing Law. Nothing herein or in the Plan shall be construed as conferring on the Participant or anyone else the right to continue in the employ of the Corporation or any Subsidiary. The rights and obligations under this Agreement are governed by and construed in accordance with the laws of the State of Delaware, without reference to the principles of conflict of laws thereof.

12. Non-transferability. Except as otherwise provided by Section 8, the Performance Shares, and any rights and interests with respect thereto, may not be sold, exchanged, transferred, assigned or otherwise disposed of in any way by the Participant (or the Participant's beneficiary), and may not be pledged or encumbered in any way by the Participant (or the Participant's beneficiary), and shall not be subject to execution, attachment or similar legal process.

13. Entire Agreement; Amendment. This Agreement (including the Plan which is incorporated herein by reference) contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties hereto relating to such subject matter. The Board has the right, in its sole discretion, to amend, alter, suspend, discontinue or terminate the Plan, and the Committee has the right, in its sole discretion, to amend, alter, suspend, discontinue or terminate this Agreement from time to time in accordance with and as provided in the Plan; provided, however, that no such amendment, alteration, suspension, discontinuance or termination of the Plan may materially impair the Participant's previously accrued rights under this Agreement or the Plan without the Participant's consent, except as otherwise provided in Section 11 of the Plan. This Agreement may also be modified, amended or terminated by a writing signed by the Participant and the Corporation.

14. Notices. Any notice which may be required or permitted under this Agreement shall be in writing and shall be delivered in person, or via facsimile transmission, overnight courier service or certified mail, return receipt requested, postage prepaid, properly addressed as follows:

(a) If the notice is to the Corporation, to the attention of the Secretary of Hess Corporation, 1185 Avenue of the Americas, New York, New York 10036, or at such other address as the Corporation by notice to the Participant may designate in writing from time to time.

(b) If the notice is to the Participant, at the Participant's address as shown on the Corporation's records, or at such other address as the Participant, by notice to the Corporation, may designate in writing from time to time.

15. Compliance with Laws. The issuance of any Shares pursuant to this Agreement shall be subject to, and shall comply with, any applicable requirements of federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, as amended, the Exchange Act and the respective rules and regulations promulgated thereunder), any applicable rules of any exchange on which the Common Stock is listed (including, without limitation, the rules

and regulations of the New York Stock Exchange), and any other law, rule or regulation applicable thereto. The Corporation shall not be obligated to issue any of the Common Stock subject to this Agreement if such issuance would violate any such requirements and if issued shall be deemed void ab initio.

16. Binding Agreement; Further Assurances. This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Corporation and its successors and assigns. Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder.

17. Counterparts; Headings. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

18. Severability. The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

19. Terms of Employment. The Plan is a discretionary plan. The Participant hereby acknowledges that neither the Plan nor this Agreement forms part of the Participant’s terms of employment and nothing in the Plan may be construed as imposing on the Corporation or any Subsidiary a contractual obligation to offer participation in the Plan to any employee of the Corporation or any Subsidiary. Neither the Corporation nor any Subsidiary is under any obligation to grant any further Awards to the Participant under the Plan. If the Participant ceases to be an employee of the Corporation or any Subsidiary for any reason, the Participant shall not be entitled by way of compensation for loss of office or otherwise howsoever to any sum or other benefit to compensate the Participant for the loss of any rights under this Agreement or the Plan. The Participant also acknowledges that the Corporation has adopted a policy prohibiting recipients of equity awarded from the Corporation, including the Performance Shares, from trading in equity derivative instruments to hedge the economic risks of holding Corporation common stock or interests therein. The Participant hereby acknowledges that he will abide by such policy in all respects.

20. Data Protection. By signing this Agreement, the Participant hereby consents to the holding and processing of personal data provided by the Participant to the Corporation for all purposes necessary for the operation of the Plan. These include, but are not limited to:

(a) administering and maintaining the Participant’s records;

(b) providing information to any registrars, brokers or third party administrators of the Plan; and

(c) providing information to future purchasers of the Corporation or the business in which the Participant works.

21. Code Section 409A. Payment of the Performance Shares and this Agreement are intended to comply with Section 409A of the Code, and shall be administered and construed in accordance with such intent. Accordingly, the Corporation shall have the authority to take any action, or refrain from taking any action, with respect to this Agreement that it determines is necessary or appropriate to ensure compliance with Code Section 409A (provided that the Corporation shall choose the action that best preserves the value of payments provided to the Participant under this Agreement that is consistent with Code Section 409A). In furtherance, but not in limitation, of the foregoing, notwithstanding any other provisions of this Agreement to the contrary:

(a) in no event may the Participant designate, directly or indirectly, the calendar year of any payment to be made hereunder;

(b) if at the time of the Participant’s separation from service, the Corporation determines that the Participant is a “specified employee” within the meaning of Code Section 409A, payments, if any, hereunder that constitute a “deferral of compensation” under Code Section 409A and that would otherwise become due on account of such separation from service shall be delayed and all such delayed payments shall be paid in full upon the earlier to occur of (i) a date during the thirty-day period commencing six months and one day following such separation from service and (ii) the date of the Participant’s death, provided that such delay shall not apply to any payment that is excepted from coverage by Code Section 409A, such as a payment covered by the short-term deferral exception described in Treasury Regulations Section 1.409A-1(b)(4); and

(c) notwithstanding any other provision of this Agreement to the contrary, a termination or retirement of Participant's employment hereunder shall mean and be interpreted consistent with a “separation from service” within the meaning of Code Section 409A with respect to any payments hereunder that constitute a “deferral of compensation” under Code Section 409A that become due on account of such separation from service.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer, and the Participant has also executed this Agreement and acknowledged receipt of other related materials including the Plan prospectus, all as of the Grant Date.

HESS CORPORATION

/s/ John B. Hess
John B. Hess
Chief Executive Officer

Acknowledged and Agreed to:

____

Comparison Companies

- Anadarko Petroleum Corporation
- Apache Corporation
- Chesapeake Energy Corporation
- ConocoPhillips Company *
- Continental Resources, Inc.
- Devon Energy Corporation
- EOG Resources, Inc.
- Marathon Oil Corporation
- Murphy Oil Corporation
- Noble Energy, Inc.
- Occidental Petroleum Corporation
- Pioneer Natural Resources Co.
- Talisman Energy Inc.

* It is intended that upon any reorganization in which this company is split into a separate exploration and production company and a separate marketing and refining company, the Comparison Companies listed herein shall include such exploration and production company, but not such marketing and refining company, and the readjusted historical common stock prices and dividends of such exploration and production company shall be used for computing the Total Shareholder Return of such company.

Percentage of Performance Shares Earned Schedule

Use this schedule if number of Comparison Companies plus the Corporation is 14:

TSR Ranking	Percentage of Performance Shares Earned
1st	200%
2nd	200%
3rd	180%
4th	160%
5th	140%
6th	120%
7th	100%
8th	83%
9th	67%
10th	50%
11th	0%
12th	0%
13th	0%
14th	0%

Percentage of Performance Shares Earned Schedule

Use this schedule if number of Comparison Companies plus the Corporation is 13:

TSR Ranking	Percentage of Performance Shares Earned
1st	200%
2nd	200%
3rd	175%
4th	150%
5th	125%
6th	100%
7th	88%
8th	75%
9th	63%
10th	50%
11th	0%
12th	0%
13th	0%

Percentage of Performance Shares Earned Schedule

Use this schedule if number of Comparison Companies plus the Corporation is 12:

TSR Ranking	Percentage of Performance Shares Earned
1st	200%
2nd	200%
3rd	175%
4th	150%
5th	125%
6th	100%
7th	83%
8th	66%
9th	50%
10th	0%
11th	0%
12th	0%

Percentage of Performance Shares Earned Schedule

Use this schedule if number of Comparison Companies plus the Corporation is 11:

TSR Ranking	Percentage of Performance Shares Earned
1st	200%
2nd	200%
3rd	175%
4th	150%
5th	100%
6th	83%
7th	67%
8th	50%
9th	0%
10th	0%
11th	0%

Percentage of Performance Shares Earned Schedule

Use this schedule if number of Comparison Companies plus the Corporation is 10:

TSR Ranking	Percentage of Performance Shares Earned
1st	200%
2nd	175%
3rd	150%
4th	125%
5th	100%
6th	75%
7th	50%
8th	0%
9th	0%
10th	0%

Percentage of Performance Shares Earned Schedule

Use this schedule if number of Comparison Companies plus the Corporation is 9:

TSR Ranking	Percentage of Performance Shares Earned
1st	200%
2nd	167%
3rd	133%
4th	100%
5th	83%
6th	67%
7th	50%
8th	0%
9th	0%

CERTIFICATIONS

I, John B. Hess, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hess Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and the internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ John B. Hess
JOHN B. HESS
CHIEF EXECUTIVE OFFICER

Date: May 7, 2015

Exhibit 31(2)

I, John P. Rielly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hess Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and the internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ John P. Rielly
JOHN P. RIELLY
SENIOR VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

Date: May 7, 2015

Exhibit 32(1)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hess Corporation (the "Corporation") on Form 10-Q for the period ending March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John B. Hess, Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By /s/ John B. Hess
JOHN B. HESS
CHIEF EXECUTIVE OFFICER
Date: May 7, 2015

A signed original of this written statement required by Section 906 has been provided to Hess Corporation and will be retained by Hess Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(2)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hess Corporation (the "Corporation") on Form 10-Q for the period ending March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John P. Rielly, Senior Vice President and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By /s/ John P. Rielly
JOHN P. RIELLY
SENIOR VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
Date: May 7, 2015

A signed original of this written statement required by Section 906 has been provided to Hess Corporation and will be retained by Hess Corporation and furnished to the Securities and Exchange Commission or its staff upon request.