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, 2018*

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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, 2018, there were 308,055,101 shares of Common Stock outstanding.

HESS CORPORATION
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Unless the context indicates otherwise, references to “Hess”, the “Corporation”, “Registrant”, “we”, “us”, “our” and “its” refer to the consolidated business operations of Hess Corporation and its subsidiaries.

Item 1. Financial Statements.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (UNAUDITED)

	March 31, 2018	December 31, 2017
	(In millions, except share amounts)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 3,726	$ 4,847
Accounts receivable:		
From contracts with customers	729	677
Joint venture and other	268	347
Inventories	239	232
Other current assets	52	54
Total current assets	5,014	6,157
Property, plant and equipment:		
Total — at cost	32,906	32,504
Less: Reserves for depreciation, depletion, amortization and lease impairment	16,725	16,312
Property, plant and equipment — net	16,181	16,192
Goodwill	360	360
Deferred income taxes	22	21
Other assets	495	382
Total Assets	$ 22,072	$ 23,112
Liabilities		
Current Liabilities:		
Accounts payable	$ 375	$ 435
Accrued liabilities	1,251	1,337
Taxes payable	82	83
Current maturities of long-term debt	196	580
Total current liabilities	1,904	2,435
Long-term debt	6,372	6,397
Deferred income taxes	425	429
Asset retirement obligations	774	753
Other liabilities and deferred credits	660	744
Total Liabilities	10,135	10,758
Equity		
Hess Corporation stockholders' equity:		
Preferred stock, par value $1.00; Authorized — 20,000,000 shares		
Series A 8% Cumulative Mandatory Convertible; $1,000 per share liquidation preference; Issued — 575,000 shares (2017: 575,000)	1	1
Common stock, par value $1.00; Authorized — 600,000,000 shares		
Issued — 308,055,101 shares (2017: 315,053,615)	308	315
Capital in excess of par value	5,701	5,824
Retained earnings	5,166	5,597
Accumulated other comprehensive income (loss)	(571)	(686)
Total Hess Corporation stockholders' equity	10,605	11,051
Noncontrolling interests	1,332	1,303
Total equity	11,937	12,354
Total Liabilities and Equity	$ 22,072	$ 23,112

See accompanying Notes to Consolidated Financial Statements.

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

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(In millions, except per share amounts)	
Revenues and Non-Operating Income		
Sales and other operating revenues	$ 1,346	$ 1,258
Gains on asset sales, net	7	—
Other, net	37	(4)
Total revenues and non-operating income	1,390	1,254
Costs and Expenses		
Marketing, including purchased oil and gas	358	200
Operating costs and expenses	288	358
Production and severance taxes	39	31
Exploration expenses, including dry holes and lease impairment	40	58
General and administrative expenses	110	95
Interest expense	103	84
Loss on debt extinguishment	27	—
Depreciation, depletion and amortization	417	737
Total costs and expenses	1,382	1,563
Income (Loss) Before Income Taxes	8	(309)
Provision (benefit) for income taxes	73	(13)
Net Income (Loss)	(65)	(296)
Less: Net income (loss) attributable to noncontrolling interests	41	28
Net Income (Loss) Attributable to Hess Corporation	(106)	(324)
Less: Preferred stock dividends	11	12
Net Income (Loss) Attributable to Hess Corporation Common Stockholders	$ (117)	$ (336)
Net Income (Loss) Attributable to Hess Corporation Per Common Share:		
Basic	$ (0.38)	$ (1.07)
Diluted	$ (0.38)	$ (1.07)
Weighted Average Number of Common Shares Outstanding (Diluted)	309.5	313.9
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,	
	2018	2017
	(In millions)	
Net Income (Loss)	$ (65)	$ (296)
Other Comprehensive Income:		
Derivatives designated as cash flow hedges		
Effect of hedge (gains) losses reclassified to income	31	—
Income taxes on effect of hedge (gains) losses reclassified to income	—	—
Net effect of hedge (gains) losses reclassified to income	31	—
Change in fair value of cash flow hedges	(22)	4
Income taxes on change in fair value of cash flow hedges	—	(2)
Net change in fair value of cash flow hedges	(22)	2
Change in derivatives designated as cash flow hedges, after taxes	9	2
Pension and other postretirement plans		
(Increase) reduction in unrecognized actuarial losses	125	7
Income taxes on actuarial changes in plan liabilities	(30)	(3)
(Increase) reduction in unrecognized actuarial losses, net	95	4
Amortization of net actuarial losses	12	17
Income taxes on amortization of net actuarial losses	—	—
Net effect of amortization of net actuarial losses	12	17
Change in pension and other postretirement plans, after taxes	107	21
Foreign currency translation adjustment		
Foreign currency translation adjustment	—	14
Change in foreign currency translation adjustment	—	14
Other Comprehensive Income	116	37
Comprehensive Income (Loss)	51	(259)
Less: Comprehensive income attributable to noncontrolling interests	41	28
Comprehensive Income (Loss) Attributable to Hess Corporation	$ 10	$ (287)

See accompanying Notes to Consolidated Financial Statements.

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

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(In millions)	
Cash Flows From Operating Activities		
Net income (loss)	$ (65)	$ (296)
Adjustments to reconcile to net cash provided by (used in) operating activities		
(Gains) losses on asset sales, net	(7)	—
Depreciation, depletion and amortization	417	737
Exploration lease and other impairment	10	7
Stock compensation expense	13	22
Non-cash (gains) losses on commodity derivatives, net	38	—
Provision (benefit) for deferred income taxes and other tax accruals	(36)	(27)
Loss on debt extinguishment	27	—
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(11)	115
(Increase) decrease in inventories	(7)	(55)
Increase (decrease) in accounts payable and accrued liabilities	(135)	(115)
Increase (decrease) in taxes payable	(1)	6
Changes in other operating assets and liabilities	(33)	(45)
Net cash provided by (used in) operating activities	210	349
Cash Flows From Investing Activities		
Additions to property, plant and equipment - E&P	(363)	(340)
Additions to property, plant and equipment - Midstream	(37)	(50)
Payments for Midstream equity investments	(24)	—
Proceeds from asset sales	6	100
Other, net	(4)	—
Net cash provided by (used in) investing activities	(422)	(290)
Cash Flows From Financing Activities		
Net borrowings (repayments) of debt with maturities of 90 days or less	—	5
Debt with maturities of greater than 90 days		
Borrowings	—	—
Repayments	(434)	(26)
Common stock acquired and retired	(371)	—
Cash dividends paid	(89)	(92)
Noncontrolling interests, net	(12)	—
Other, net	(3)	8
Net cash provided by (used in) financing activities	(909)	(105)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,121)	(46)
Cash and Cash Equivalents at Beginning of Year	4,847	2,732
Cash and Cash Equivalents at End of Period	$ 3,726	$ 2,686

See accompanying Notes to Consolidated Financial Statements.

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

	Mandatory Convertible Preferred Stock	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, 2018	$ 1	$ 315	$ 5,824	$ 5,597	$ (686)	$ 11,051	$ 1,303	$ 12,354
Cumulative effect of adoption of new accounting standards	—	—	—	1	(1)	—	—	—
Net income (loss)	—	—	—	(106)	—	(106)	41	(65)
Other comprehensive income	—	—	—	—	116	116	—	116
Share-based compensation, including income taxes	—	1	12	—	—	13	—	13
Dividends on preferred stock	—	—	—	(11)	—	(11)	—	(11)
Dividends on common stock	—	—	—	(78)	—	(78)	—	(78)
Common stock acquired and retired	—	(8)	(135)	(237)	—	(380)	—	(380)
Noncontrolling interests, net	—	—	—	—	—	—	(12)	(12)
Balance at March 31, 2018	$ 1	$ 308	$ 5,701	$ 5,166	$ (571)	$ 10,605	$ 1,332	$ 11,937
Balance at January 1, 2017	$ 1	$ 317	$ 5,773	$ 10,147	$ (1,704)	$ 14,534	$ 1,057	$ 15,591
Cumulative effect of adoption of new accounting standards	—	—	2	(39)	—	(37)	—	(37)
Net income (loss)	—	—	—	(324)	—	(324)	28	(296)
Other comprehensive income	—	—	—	—	37	37	—	37
Share-based compensation, including income taxes	—	1	29	—	—	30	—	30
Dividends on preferred stock	—	—	—	(12)	—	(12)	—	(12)
Dividends on common stock	—	—	—	(80)	—	(80)	—	(80)
Balance at March 31, 2017	$ 1	$ 318	$ 5,804	$ 9,692	$ (1,667)	$ 14,148	$ 1,085	$ 15,233

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 our consolidated financial position at March 31, 2018 and December 31, 2017, the consolidated results of operations for the three months ended March 31, 2018 and 2017, and consolidated cash flows for the three months ended March 31, 2018 and 2017. 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 generally accepted accounting principles (GAAP) in the United States 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, 2017.

In the first quarter of 2018, we adopted Accounting Standards Codification (ASC) Topic, ASC 606, *Revenue from Contracts with Customers*, using the modified retrospective method. The adoption of this standard did not affect the timing of revenue recognition for our uncompleted contracts at January 1, 2018, and as a result, no cumulative effect adjustment to *Retained earnings* was recognized. *Accounts receivables from contracts with customers* is presented separately in the *Consolidated Balance Sheet* with the prior year balance recast to conform to the current period presentation. In addition, as the adoption of ASC 606 did not affect previous conclusions regarding our involvement as a principal versus agent in contracts with customers, there were no changes in presentation to the *Statement of Consolidated Income*.

In the first quarter of 2018, we adopted Accounting Standards Update (ASU) 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* This ASU prohibits the capitalization of the non-service cost components of net periodic benefit cost in connection with the production or construction of an asset. This provision will be applied prospectively effective January 1, 2018. The provision requiring that non-service cost components of net periodic benefit cost to be presented separately from the service cost component in the *Statements of Consolidated Income* was applied retrospectively. We elected the practical expedient allowing the use of the amounts previously disclosed in the notes to our consolidated financial statements as the basis for applying this provision retrospectively as the capitalization of the non-service cost components of net periodic benefit cost was not material during the comparative periods. This resulted in a reclassification of $2 million of expense for the first quarter of 2017 from *Operating costs and expenses*, and *General and administrative expenses* to *Other, net*.

In the first quarter of 2018, we adopted ASU 2017-12, *Derivatives and Hedging – Targeted Improvements to Accounting for Hedging Activities*. This ASU makes certain targeted improvements to simplify the application of the existing hedge accounting guidance. The adoption of this ASU resulted in an increase to *Retained earnings* and a decrease in *Accumulated other comprehensive income (loss)* of $1 million to remove the cumulative effect of hedging ineffectiveness previously recognized in earnings for contracts designated as hedging instruments that were outstanding at January 1, 2018.

In the first quarter of 2018, we adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*. This ASU requires that the total change in cash and cash equivalents and restricted cash be reflected on the statement of cash flows. A reconciliation to the balance sheet is also required when cash and cash equivalents and restricted cash are not separately presented on the balance sheet, or are presented in more than one line item on the balance sheet. The adoption of this ASU did not have a material impact on our *Consolidated Statements of Cash Flows*.

In the first quarter of 2018, we adopted ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the FASB Emerging Issues Task Force)*. This ASU is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The guidance addresses eight specific classification issues for which current guidance is either unclear or is non-specific. The requirement that fees paid to third-parties and premiums incurred in connection with the repayment of debt be classified as financing cash outflows is among the classification issues addressed by this ASU. The adoption of this ASU did not have a material impact on our *Consolidated Statements of Cash Flows*.

To conform with the *Statement of Consolidated Income* presentation in our December 31, 2017 Form 10-K, we have revised the presentation of Sales and other operating revenues and Marketing, including purchased oil and gas for the three months ended March 31, 2017 associated with the recovery of certain natural gas processing costs from third parties, by reducing each by $19 million. This revision did not impact net income, our *Consolidated Balance Sheet*, *Statement of Consolidated Comprehensive Income*, *Statement of Consolidated Cash Flows*, nor *Statement of Consolidated*

Equity. Amounts reported as Sales and other operating revenue and Marketing, including purchased oil and gas (formerly Costs of products sold) in our March 31, 2017 Form 10-Q were $1,277 million and $219 million, respectively.

New Accounting Pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases*, as a new Accounting Standards Codification (ASC) Topic, ASC 842. The new standard will require assets and liabilities to be reported on the *Consolidated Balance Sheet* for all leases with lease terms greater than one year, including leases currently treated as operating leases under the existing standard. This ASU is effective for us beginning in the first quarter of 2019, with early adoption permitted. We have developed and are executing a project plan for the implementation of ASC 842 in the first quarter of 2019. We are progressing our assessment of existing leases and evaluating our disclosure processes with reference to the requirements of the standard. We continue to assess the impact of the ASU on our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses*. This ASU makes changes to the impairment model for trade receivables, net investments in leases, debt securities, loans and certain other instruments. The standard requires the use of a forward-looking "expected loss" model compared to the current "incurred loss" model. This ASU is effective for us beginning in the first quarter of 2020, with early adoption permitted beginning in the first quarter of 2019. We are currently assessing the impact of the ASU on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other – Simplifying the Test for Goodwill Impairment*. This ASU modifies the concept of goodwill impairment from a condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of the reporting unit exceeds its fair value. Thus, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value. The impairment charge would be limited by the amount of goodwill allocated to the reporting unit. This ASU removes the requirement to determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if the reporting unit had been acquired in a business combination. This ASU is effective for us beginning in the first quarter of 2020, with early adoption permitted. We are currently assessing the impact of the ASU on our consolidated financial statements.

2. Revenue

In the first quarter of 2018, revenue from contracts with customers on a disaggregated basis was as follows:

	Exploration and Production					Midstream	Eliminations	Total
	United States	Europe	Africa	Asia	E&P Total			
Revenues from sales of our net production volumes:								
Crude oil revenue	$ 593	$ 33	$ 99	$ 43	$ 768	$ —	$ —	$ 768
Natural gas liquids revenue	71	—	—	—	71	—	—	71
Natural gas revenue	39	3	8	128	178	—	—	178
Revenue from sale of third-party purchased volumes	325	—	24	14	363	—	—	363
Intercompany revenue	—	—	—	—	—	167	(167)	—
Total revenues from contracts with customers	1,028	36	131	185	1,380	167	(167)	1,380
Other operating revenue (a)	(34)	—	—	—	(34)	—	—	(34)
Total sales and other operating revenues	$ 994	$ 36	$ 131	$ 185	$ 1,346	$ 167	$ (167)	$ 1,346

(a) Includes gains (losses) on commodity derivatives.

Exploration and Production

The E&P segment recognizes revenue from the sale of crude oil, natural gas liquids (NGLs), and natural gas as performance obligations under contracts with customers are satisfied. Our responsibilities to deliver each unit of quantity of crude oil, NGL, and natural gas under these contracts represent separate, distinct performance obligations. These performance obligations are satisfied at the point in time control of each unit of quantity transfers to the customer. Pricing is determined subsequent to contract inception, but prior to the transfer of control or shortly thereafter if required per contractual terms, with reference to a particular market or pricing index, plus or minus adjustments reflecting quality or location differentials. As a result, the entire transaction price at contract inception is variable. We do not apply a constraint to the transaction price at contract inception.

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

Our responsibility to stand-ready to provide a minimum volume over each commitment period under long-term international gas contracts with take-or-pay provisions represent separate, distinct performance obligations. Shortfall payments received from customers that occur when volumes purchased are below the minimum volume commitment under contracts with customer make-up rights are deferred upon receipt as a contract liability. Revenue is recognized at the earlier of when we deliver the make-up volumes in subsequent periods or when it becomes remote that the customer will exercise their make-up rights. Price discounts owed against future deliveries of international natural gas due to delivery of natural gas volumes below minimum volume commitments are recognized as reductions to revenue in the commitment period when the shortfall occurs.

Certain crude oil, NGL, and natural gas volumes are purchased by Hess from third-parties, including working interest partners and royalty owners in certain Hess-operated properties, before they are sold to customers. Where control over the crude oil, NGLs, or natural gas transfers to Hess before the volumes are transferred to the customer, revenue and the associated cost of purchased volumes are presented on a gross basis in the *Statement of Consolidated Income*. Where control of crude oil, NGLs, or natural gas is not transferred to Hess, revenue is presented net of the associated cost of purchased volumes.

Contract types

The following is a summary of contract types for our E&P segment:

Crude oil, natural gas liquids, and natural gas – U.S.: Contracts with customers for the sale of U.S. crude oil, NGLs, and natural gas primarily include those contracts that involve the short-term sale of volumes during a specified period, and those contracts that automatically renew on a periodic basis until either party cancels. We have certain long-term contracts with customers for the sale of U.S. natural gas and NGLs that have remaining durations of less than ten years. Contracts may specify a fixed volume for delivery subject to tolerance thresholds, or may specify a percentage of production to be delivered from a particular location. Pricing is determined with reference to a particular market or pricing index, plus or minus adjustments reflecting quality or location differentials, prior to transfer of control.

Crude oil – International: Contracts with customers for the sale of international crude oil involve the short-term sale of volumes during a specified period. These contracts specify a fixed volume for delivery subject to tolerance thresholds. Pricing is determined with reference to a particular market or pricing index, plus or minus adjustments reflecting quality or location differentials, shortly after control of the volumes transfers to the customer.

Natural Gas – International: Contracts with customers for the sale of natural gas are in the form of natural gas sales agreements with government entities that have durations that are aligned with the durations of production sharing contracts or other contractual arrangements with host governments. Pricing is determined, prior to the recognition of revenue, using contractual formulas that are based on the price of alternative fuels as obtained from price indices, and other factors. These contracts also specify a minimum volume we are obligated to make available during specified periods within the contract term, and may specify minimum volumes the customer is obligated to purchase during specified periods within the contract term. If we do not deliver the volume properly nominated by the customer, the customer is entitled to a price discount on future volumes equivalent to the shortfall delivery. Under certain international natural gas sales agreements, if the customer purchases natural gas volumes below the minimum volume commitment, the customer is required to pay us for the shortfall volumes and may receive make-up volumes in subsequent periods at no additional cost.

Revenue from sale of third-party purchased volumes: Crude oil, NGLs, and natural gas are purchased by Hess from third-parties, including working interest partners and royalty owners in certain Hess-operated properties, before they are sold to customers. The types of contracts with customers for the sale of third-party purchased volumes are the same as those described above.

Contract Balances

Our right to receive or collect payment from the customer is aligned with the timing of revenue recognition except in situations when we receive shortfall payments under contracts with take-or-pay provisions with customer make-up rights. Shortfall payments received from customers under contracts with take-or-pay provisions with customer make-up rights are deferred upon receipt and reflected as a contract liability. At March 31, 2018 and December 31, 2017, there were no contract assets or contract liabilities. In the three months ended March 31, 2018, there were no credit losses on receivables with customers.

Transaction Price Allocated to Remaining Performance Obligations

At March 31, 2018, the transaction price allocated to our unsatisfied performance obligations on uncompleted contracts was entirely variable. We have elected under the provisions of *ASC 606* the exemption from disclosure of revenue recognizable in future periods as these performance obligations are satisfied.

Sales-based Taxes

We exclude sales-based taxes that are collected from customers from the transaction price in our contracts with customers. Accordingly, revenue from contracts with customers is net of sales-based taxes that are collected from customers and remitted to taxing authorities.

Midstream

Our Midstream segment provides gathering, compression, processing, fractionation, storage, terminaling, loading and transportation services.

The Midstream segment has multiple long-term, fee-based commercial agreements with a marketing subsidiary of Hess, each with an initial ten-year term that can be extended for an additional ten-year term at the unilateral right of our Midstream segment. These contracts have minimum volumes the customer is obligated to provide each calendar quarter. The minimum volume commitments are subject to fluctuation based on nominations covering substantially all of our E&P segment's production and projected third-party volumes that will be purchased in the Bakken. As the minimum volume commitments are subject to fluctuation, and as these contracts contain fee inflation escalators and fee recalculation mechanisms, substantially all of the transaction price at contract inception is variable.

The Midstream segment's responsibilities to provide each of the above services for each year under each of the commercial agreements are considered separate, distinct performance obligations. Revenue is recognized for each performance obligation under these commercial agreements over-time as services are rendered using the output method. The Midstream segment has elected the practical expedient under the provisions of *ASC 606* to recognize revenue in the amount it is entitled to invoice. If the commercial agreements have take-or-pay provisions, the Midstream segment's responsibility to stand-ready to service a minimum volume over each quarterly commitment period represent separate, distinct performance obligations. Shortfall payments received under take-or-pay provisions are recognized as revenue in the calendar quarter the shortfall occurs as the customer does not have make-up rights beyond the calendar quarter end of the quarterly commitment period. All revenues, receivables, and contract balances arising from the commercial agreements between the Midstream segment and the Hess marketing subsidiary that is the counterparty to the commercial agreements are eliminated upon consolidation.

3. Debt

In the first quarter of 2018, we paid $415 million to redeem $350 million principal amount of 8.125% notes due 2019 with a carrying value of $349 million at December 31, 2017, and to purchase other notes with a carrying value of $38 million at December 31, 2017. Concurrent with the redemption of the 2019 notes, we terminated interest rate swaps with a notional amount of $350 million. First quarter 2018 results included a pre-tax charge of $27 million ($27 million after income taxes) for the loss on extinguishment of the redeemed and purchased notes.

4. Inventories

Inventories consisted of the following:

	March 31, 2018	December 31, 2017
	(In millions)	
Crude oil and natural gas liquids	$ 64	$ 59
Materials and supplies	175	173
Total Inventories	$ 239	$ 232

5. Capitalized Exploratory Well Costs

The following table discloses the net changes in capitalized exploratory well costs pending determination of proved reserves during the three months ended March 31, 2018 (in millions):

Balance at January 1, 2018	$	304
Additions to capitalized exploratory well costs pending the determination of proved reserves		42
Balance at March 31, 2018	$	346

Capitalized exploratory well costs capitalized for greater than one year following completion of drilling were $211 million at March 31, 2018 and primarily related to:

Gulf of Mexico: Approximately 55% of the capitalized well costs in excess of one year relates to the appraisal of the northern portion of the Shenzi Field (Hess 28% participating interest) in the Gulf of Mexico, where hydrocarbons were encountered in the fourth quarter of 2015. The operator is conducting appraisal activities on adjacent acreage and is evaluating plans for development of the northern portion of the Shenzi Field.

Guyana: Approximately 20% of the capitalized well costs in excess of one year primarily relates to the Payara-1 well on the Stabroek Block, offshore Guyana (Hess 30% participating interest), where hydrocarbons were encountered. The operator plans to integrate this discovery into the third phase of development, with first production from this phase planned for late 2023 or early 2024.

JDA: Approximately 15% of the capitalized well costs in excess of one year relates to the JDA in the Gulf of Thailand (Hess 50%) where hydrocarbons were encountered in three successful exploration wells drilled in the western part of Block A-18. The operator is currently conducting subsurface evaluations and pre-development planning to facilitate commercial negotiations with the regulator for an extension of the existing gas sales contract to include development of the western part of the Block.

6. Hess Infrastructure Partners LP

We consolidate the activities of Hess Infrastructure Partners LP (HIP), a 50/50 joint venture between Hess Corporation and Global Infrastructure Partners (GIP), which qualifies as a variable interest entity (VIE) under U.S. GAAP. We have concluded that we are the primary beneficiary of the VIE, as defined in the accounting standards, since we have the power, through our 50% ownership, to direct those activities that most significantly impact the economic performance of HIP.

HIP, which owns Bakken midstream assets, is a component of our Midstream segment. At March 31, 2018, HIP liabilities totaling $1,060 million (December 31, 2017: $1,065 million) are on a nonrecourse basis to Hess Corporation, while HIP assets available to settle the obligations of HIP include cash and cash equivalents totaling $375 million (December 31, 2017: $356 million) and property, plant and equipment with a carrying value of $2,527 million (December 31, 2017: $2,520 million).

7. Severance Costs

In the first quarter of 2018, we recorded severance expense of $46 million, and a reduction to expense of $9 million for stock-based compensation forfeitures, as part of the previously announced cost reduction program. During the first quarter of 2018, we paid severance costs of $21 million. At March 31, 2018, we have accrued severance cost of $31 million (December 31, 2017: $6 million), which we expect to pay in 2018.

8. Retirement Plans

Components of net periodic pension cost consisted of the following:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(In millions)	
Service cost	$ 14	$ 14
Interest cost	23	26
Expected return on plan assets	(49)	(41)
Amortization of unrecognized net actuarial losses	12	17
Curtailment gains	(2)	—
Pension (benefit) expense	$ (2)	$ 16

In 2018, we recorded curtailment gains of $18 million to *Accumulated other comprehensive income (loss)* and $2 million to the *Statement of Consolidated Income* following workforce reductions in the first quarter. In connection with this curtailment, as required under accounting standards, we remeasured our U.S. retirement plans and recorded a total decrease of $125 million in the Corporation's U.S. pension liabilities. This reduction was primarily driven by a change in weighted average discount rates used to measure the liabilities. There was no change to the weighted average expected long-term rate of return on plan assets.

For the full year 2018, we now forecast pension service costs of approximately $45 million, interest cost of approximately $95 million, amortization of unrecognized net actuarial losses of approximately $40 million, and estimated expected return on plan assets of approximately $195 million. Net non-service pension costs included in Other, net in the *Statement of Consolidated Income* for the three months ended March 31, 2018 and 2017, was income of $16 million and expense of $2 million, respectively.

In 2018, we expect to contribute $44 million to our funded pension plans. Through March 31, 2018, we have contributed $14 million to these plans.

9. 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, 2018	Three Months Ended March 31, 2017
	(in millions)	
Net income (loss) attributable to Hess Corporation Common Stockholders:		
Net income (loss)	$ (65)	$ (296)
Less: Net income (loss) attributable to noncontrolling interests	41	28
Less: Preferred stock dividends	11	12
Net income (loss) attributable to Hess Corporation Common Stockholders	$ (117)	$ (336)
Weighted average common shares outstanding:		
Basic	309.5	313.9
Effect of dilutive securities		
Restricted common stock	—	—
Stock options	—	—
Performance share units	—	—
Mandatory convertible preferred stock	—	—
Diluted	309.5	313.9

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The following table summarizes the number of antidilutive shares excluded from the computation of diluted shares:

	Three Months Ended March 31,	
	2018	2017
Restricted common stock	2,922,316	3,126,222
Stock options	5,807,579	6,298,896
Performance share units	623,088	313,004
Common shares upon conversion of Preferred stocks	12,584,974	12,547,650

During the three months ended March 31, 2018, we granted 1,081,923 shares of restricted stock (2017: 1,206,732), 278,003 performance share units (2017: 438,980) and 683,167 stock options (2017: 662,819).

10. Guarantees and Contingencies

We are subject to loss contingencies with respect to various claims, lawsuits and other proceedings. A liability is recognized in our consolidated financial statements when it is probable that a loss has been incurred and the amount can be reasonably estimated. If the risk of loss is probable, but the amount cannot be reasonably estimated or the risk of loss is only reasonably possible, a liability is not accrued; however, we disclose the nature of those contingencies. We cannot predict with certainty if, how or when existing claims, lawsuits and 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 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, including the matters described below, is not expected to have a material adverse effect on our financial condition. However, we could incur judgments, enter into settlements, or revise our opinion regarding the outcome of certain matters, and such developments could have a material adverse effect on our results of operations in the period in which the amounts are accrued and our cash flows in the period in which the amounts are paid.

We, along with many companies that have been or continue to be engaged in refining and marketing of gasoline, have been a party to lawsuits and claims related to the use of methyl tertiary butyl ether (MTBE) in gasoline. A series of similar lawsuits, many involving water utilities or governmental entities, were filed in jurisdictions across the U.S. against producers of MTBE and petroleum refiners who produced gasoline containing MTBE, including us. The principal allegation in all cases was that gasoline containing MTBE is a defective product and that these parties are strictly liable in proportion to their share of the gasoline market for damage to groundwater resources and are required to take remedial action to ameliorate the alleged effects on the environment of releases of MTBE. The majority of the cases asserted against us have been settled. There are four remaining active cases, filed by Pennsylvania, Vermont, Rhode Island, and Maryland. In June 2014, the Commonwealth of Pennsylvania and the State of Vermont each filed independent lawsuits alleging that we and all major oil companies with operations in each respective state, have damaged the groundwater in those states by introducing thereto gasoline with MTBE. The Pennsylvania suit has been removed to Federal court and has been forwarded to the existing MTBE multidistrict litigation pending in the Southern District of New York. The suit filed in Vermont is proceeding there in a state court. In September 2016, the State of Rhode Island also filed a lawsuit alleging that we and other major oil companies damaged the groundwater in Rhode Island by introducing thereto gasoline with MTBE. The suit filed in Rhode Island is proceeding in Federal court. In December 2017, the State of Maryland filed a lawsuit alleging that we and other major oil companies damaged the groundwater in Maryland by introducing thereto gasoline with MTBE. The suit filed in Maryland was filed in state court, but has not been served to date.

In September 2003, we received a directive from the New Jersey Department of Environmental Protection (NJDEP) to remediate contamination in the sediments of the Lower Passaic River. The NJDEP is also seeking natural resource damages. The directive, insofar as it affects us, relates to alleged releases from a petroleum bulk storage terminal in Newark, New Jersey we previously owned. We and over 70 companies entered into an Administrative Order on Consent with the Environmental Protection Agency (EPA) to study the same contamination; this work remains ongoing. We and other parties settled a cost recovery claim by the State of New Jersey and also agreed with EPA to fund remediation of a portion of the site. On March 4, 2016, the EPA issued a Record of Decision (ROD) in respect of the lower eight miles of the Lower Passaic River, selecting a remedy that includes bank-to-bank dredging at an estimated cost of $1.38 billion. The ROD does not address the upper nine miles of the Lower Passaic River or the Newark Bay, which may require additional remedial action. In addition, the federal trustees for natural resources have begun a separate assessment of damages to natural resources in the Passaic River. Given that the EPA has not selected a remedy for the entirety of the Lower Passaic River or the Newark Bay, total remedial costs cannot be reliably estimated at this time. Based on currently known facts and circumstances, we do not believe that this matter will result in a significant liability to us because there are numerous other parties who we expect will share in the cost of remediation and damages and our former terminal did not store or use contaminants which are of the greatest concern in the river sediments and could not have contributed contamination along most of the river's length.

In March 2014, we received an Administrative Order from EPA requiring us and 26 other parties to undertake the Remedial Design for the remedy selected by the EPA for the Gowanus Canal Superfund Site in Brooklyn, New York. The remedy includes dredging of surface sediments and the placement of a cap over the deeper sediments throughout the Canal and in-situ stabilization of certain contaminated sediments that will remain in place below the cap. EPA has estimated that this remedy will cost $506 million; however, the ultimate costs that will be incurred in connection with the design and implementation of the remedy remain uncertain. Our alleged liability derives from our former ownership and operation of a fuel oil terminal and connected ship-building and repair facility adjacent to the Canal. We indicated to EPA that we would comply with the Administrative Order and are currently contributing funding for the Remedial Design based on an interim allocation of costs among the parties. At the same time, we are participating in an allocation process whereby a neutral expert selected by the parties will determine the final shares of the Remedial Design costs to be paid by each of the participants.

On September 28, 2017, we received a general notice letter and offer to settle from the U.S. Environmental Protection Agency relating to Superfund claims for the Ector Drum, Inc. Superfund Site in Odessa, TX. The EPA and Texas Commission on Environmental Quality (TCEQ) took clean-up and response action at the site commencing in 2014 and concluded in December 2015. The site was determined to have improperly stored industrial waste, including drums with oily liquids. The total clean-up cost incurred by the EPA was approximately $3.5 million. We were invited to negotiate a voluntary settlement for our purported share of the clean-up costs. Our share, if any, is undetermined.

From time to time, we are involved in other judicial and administrative proceedings, including proceedings relating to other environmental matters. We 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 the aforementioned proceedings are not expected to have a material adverse effect on our financial condition, results of operations or cash flows.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
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11. Segment Information

The Corporation has two operating segments, Exploration and Production and Midstream. All unallocated costs are reflected under Corporate, Interest and Other. The following table presents operating segment financial data:

	Exploration and Production	Midstream	Corporate, Interest and Other	Eliminations	Total
			(In Millions)		
For the Three Months Ended March 31, 2018					
Sales and Other Operating Revenues - Third-parties	$ 1,346	$ —	$ —	$ —	$ 1,346
Intersegment Revenues	—	167	—	(167)	—
Sales and Other Operating Revenues	$ 1,346	$ 167	$ —	$ (167)	$ 1,346
Net Income (Loss) attributable to Hess Corporation	$ (25)	$ 28	$ (109)	$ —	$ (106)
Depreciation, Depletion and Amortization	385	31	1	—	417
Provision (Benefit) for Income Taxes	95	9	(31)	—	73
Capital Expenditures	354	37	—	—	391
For the Three Months Ended March 31, 2017					
Sales and Other Operating Revenues - Third-parties	$ 1,256	$ 2	$ —	$ —	$ 1,258
Intersegment Revenues	—	147	—	(147)	—
Sales and Other Operating Revenues	$ 1,256	$ 149	$ —	$ (147)	$ 1,258
Net Income (Loss) attributable to Hess Corporation	$ (233)	$ 18	$ (109)	$ —	$ (324)
Depreciation, Depletion and Amortization	703	32	2	—	737
Provision (Benefit) for Income Taxes	(20)	11	(4)	—	(13)
Capital Expenditures	342	28	—	—	370

Identifiable assets by operating segment were as follows:

	March 31, 2018	December 31, 2017
	(In millions)	
Exploration and Production	$ 15,624	$ 15,613
Midstream	3,375	3,329
Corporate, Interest and Other	3,073	4,170
Total	$ 22,072	$ 23,112

12. Financial Risk Management Activities

In the normal course of our business, we are 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. Financial risk management activities include transactions designed to reduce risk in the selling prices of crude oil or natural gas we produced or by reducing our exposure to foreign currency or interest rate movements. Generally, futures, swaps or option strategies may be used to fix the forward selling price of a portion of our crude oil or natural gas production. Forward contracts may also be used to purchase certain currencies in which we conduct the business with the intent of reducing exposure to foreign currency fluctuations. At March 31, 2018, these forward contracts relate to the British Pound. Interest rate swaps may be used to convert interest payments on certain long-term debt from fixed to floating rates.

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We present gross notional amounts of both long and short positions in the table below. These amounts include long and short positions that offset in closed positions and have not reached contractual maturity. Gross notional amounts do not quantify risk or represent assets or liabilities of the Corporation, but are used in the calculation of cash settlements under the contracts.

The gross notional amounts of outstanding financial risk management derivative contracts related to West Texas Intermediate (WTI) instruments were as follows:

	March 31, 2018	December 31, 2017
Instrument type	Puts	Collars
Effective date	Apr. 1, 2018	Jan. 1, 2018
End date	Dec. 31, 2018	Dec. 31, 2018
Crude oil volumes (millions of barrels)	31.6	42.0
Ceiling price	N/A	$ 65
Floor price	$ 50	$ 50

At December 31, 2017, we had WTI crude oil price collars with an average monthly floor price of $50 per barrel and an average monthly ceiling price of $65 per barrel with a notional amount of 115,000 bopd for the full year 2018. In the first quarter of 2018, we bought back the WTI $65 call options within the crude oil price collars for the period of May 1, 2018 through December 31, 2018. As a result, during this period we are able to realize average monthly WTI selling prices above $65 per barrel on the crude oil price collars covering the notional amount of 115,000 bopd. The put options within our crude oil collar contracts remain outstanding with a WTI average monthly floor price of $50 per barrel covering a notional amount of 115,000 bopd through December 31, 2018.

The gross notional amounts of outstanding financial risk management derivative contracts, excluding commodity contracts, were as follows:

	March 31, 2018	December 31, 2017
	(In millions)	
Foreign exchange	$ 31	$ 52
Interest rate swaps	$ 100	$ 450

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
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The table below reflects the gross and net fair values of the risk management derivative instruments, all of which are based on Level 2 inputs:

	Assets	Liabilities
	(In millions)	
March 31, 2018		
Derivative Contracts Designated as Hedging Instruments		
Commodity - Accounts receivable	$ 10	$ —
Interest rate - Other liabilities and deferred credits (noncurrent)	—	(4)
Total derivative contracts designated as hedging instruments	10	(4)
Derivative Contracts Not Designated as Hedging Instruments		
Commodity - Accounts receivable	3	—
Total derivative contracts not designated as hedging instruments	3	—
Gross fair value of derivative contracts	13	(4)
Net Fair Value of Derivative Contracts	$ 13	$ (4)
December 31, 2017		
Derivative Contracts Designated as Hedging Instruments		
Commodity - Accounts payable	$ —	$ (7)
Interest rate - Other assets (noncurrent) and Accounts payable	—	(4)
Total derivative contracts designated as hedging instruments	—	(11)
Derivative Contracts Not Designated as Hedging Instruments		
Commodity - Accounts payable	—	(2)
Foreign exchange	1	—
Total derivative contracts not designated as hedging instruments	1	(2)
Gross fair value of derivative contracts	1	(13)
Net Fair Value of Derivative Contracts	$ 1	$ (13)

Derivative contracts designated as hedging instruments:

Crude oil collars: Crude oil price hedging contracts decreased Sales and other operating revenues by $30 million in the first quarter of 2018 and decreased Sales and other operating revenues by $1 million in the first quarter of 2017. At March 31, 2018, after-tax deferred losses in *Accumulated other comprehensive income (loss)* related to outstanding hedged crude oil collars were $120 million, of which all will be reclassified into earnings during the remainder of 2018 as the hedged crude oil sales are recognized in earnings.

Interest rate swaps designated as fair value hedges: At March 31, 2018 and December 31, 2017, we had interest rate swaps with gross notional amounts totaling $100 million and $450 million, respectively, which were designated as fair value hedges and relate to debt where we have converted interest payments on certain long-term debt from fixed to floating rates. Changes in the fair value of interest rate swaps and the hedged fixed-rate debt are recorded in *Interest expense* in the *Statement of Consolidated Income*. In the first quarter of 2018, the change in fair value of interest rate swaps was an increase in the liability of $3 million (2017 Q1: an increase in the liability of $1 million) with a corresponding adjustment in the carrying value of the hedged fixed-rate debt. In the first quarter of 2018, we paid $3 million to terminate interest rate swaps with a gross notional amount of $350 million. See *Note 3, Debt*.

Derivative contracts not designated as hedging instruments:

Crude oil collars: In the first quarter of 2018, noncash adjustments to crude oil price hedging contracts, which were de-designated as cash flow hedges in the fourth quarter of 2017, decreased Sales and other operating revenues by $8 million. At March 31, 2018, after-tax deferred losses in *Accumulated other comprehensive income (loss)* in connection with the de-designation, were $11 million, of which all will be reclassified into earnings during the remainder of 2018 as the originally hedged crude oil sales are recognized in earnings.

Foreign exchange: Foreign exchange gains which are reported in *Other, net* in Revenues and non-operating income in the *Statement of Consolidated Income* were $4 million in the first quarter of 2018 (2017 Q1: loss of $1 million). A component of foreign exchange gain (loss) is the result of foreign exchange derivative contracts that are not designated as hedges which amounted to a gain of $2 million in the first quarter of 2018 (2017 Q1: loss of less than $1 million).

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
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Fair Value Measurement: We have other short-term financial instruments, primarily cash equivalents, accounts receivable and accounts payable, for which the carrying value approximated fair value at March 31, 2018. Total long-term debt with a carrying value of $6,568 million at March 31, 2018, had a fair value of $7,058 million based on Level 2 inputs.

13. Subsequent Event

In April 2018, we entered into an accelerated share repurchase program (ASR) with a financial institution to repurchase $500 million of our common stock as part of our $1.5 billion share repurchase program. Under the terms of the ASR, we paid $500 million in cash to the financial institution and received an initial delivery of approximately 8 million shares of our common stock with final settlement expected to be completed during the second quarter.

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 engaged in exploration, development, production, transportation, purchase and sale of crude oil, natural gas liquids, and natural gas with production operations located primarily in the United States (U.S.), Denmark, the Malaysia/Thailand Joint Development Area (JDA) and Malaysia. We conduct exploration activities primarily offshore Guyana, Suriname, Canada and in the Gulf of Mexico, including at the Stabroek Block, offshore Guyana, where we have participated in seven significant crude oil discoveries and sanctioned the first phase of a multi-phase development project at the Liza Field.

Our Midstream operating segment provides fee-based services, including gathering, compressing and processing natural gas and fractionating natural gas liquids (NGLs); gathering, terminaling, loading and transporting crude oil and NGLs; and storing and terminaling propane, primarily in the Bakken and Three Forks Shale plays in the Williston Basin area of North Dakota.

First Quarter Highlights and Outlook

In the first quarter of 2018, the Corporation increased its share repurchase program by $1.0 billion to a total of $1.5 billion, which is expected to be completed by year-end. During the first quarter, we repurchased approximately 8 million common shares for $380 million completing the initial $500 million program. In April, we commenced a $500 million accelerated share repurchase, which is expected to be completed in the second quarter, as part of our $1.5 billion share repurchase program. During the first quarter, we also retired $390 million principal amount of debt, including our 8.125% notes due 2019, in connection with our previously announced $500 million debt reduction initiative.

We forecast net production, excluding Libya, to average between 245,000 barrels of oil equivalent per day (boepd) and 255,000 boepd in 2018, and to average between 235,000 boepd and 245,000 boepd in the second quarter of 2018. We expect net production to ramp up over the remainder of the year, driven by the restart of production from our Gulf of Mexico assets associated with the third-party operated Enchilada platform, increased drilling activity in the Bakken, and a ramp up in production at the Stampede Field.

Net cash provided by operating activities was $210 million in the first quarter of 2018, compared to $349 million in the first quarter of 2017, which includes uses of working capital of $187 million and $94 million, respectively. Capital expenditures were $391 million in the first quarter of 2018 and $370 million in the prior-year quarter. Based on current forward strip crude oil prices for 2018, we forecast a reduced net operating cash flow deficit (including capital expenditures) in 2018 compared with 2017. We expect to fund our remaining 2018 net operating cash flow deficit (including capital expenditures), retire the remaining $110 million in debt principal under our $500 million debt reduction initiative, and repurchase the remaining $1.0 billion of common stock under our $1.5 billion stock repurchase program with cash and cash equivalents existing at March 31, 2018, which was $3.4 billion, excluding Midstream.

First Quarter Results

In the first quarter of 2018, we incurred a net loss of $106 million, compared to a net loss of $324 million in the first quarter of 2017. Excluding items affecting comparability of earnings between periods on pages 26 to 28, the adjusted net loss for the first quarter of 2018 was $72 million. The improved adjusted first quarter 2018 results reflect higher realized crude oil selling prices, lower operating costs and depreciation, depletion and amortization expense, partially offset by lower production volumes, primarily due to asset sales.

Exploration and Production Results

In the first quarter of 2018, E&P had a net loss of $25 million, compared with a net loss of $233 million in the first quarter of 2017. Excluding items affecting comparability of earnings between periods, the adjusted net income for the first quarter of 2018 was $12 million. Total net production, excluding assets sold and Libya, averaged 233,000 boepd in the first quarter of 2018, compared to 241,000 boepd in the first quarter of 2017. The average realized crude oil selling price, including hedging, was $59.32 per barrel, up from $48.58 in the first quarter of 2017. The average realized natural gas liquids selling price in the first quarter of 2018 was $21.11 per barrel, up from $18.71 in the prior-year quarter, while the average realized natural gas selling price was $3.86 per thousand cubic feet (mcf), up from $3.20 in the first quarter of 2017.

Overview (continued)

The following is an update of our ongoing E&P activities:

Producing E&P assets:

- In North Dakota, net production from the Bakken oil shale play averaged 111,000 boepd for the first quarter of 2018 (2017 Q1: 99,000 boepd) due to increased drilling activity and improved well performance. In the first quarter of 2018, we operated an average of four rigs, drilled 23 wells, and brought 13 new wells on production. For full year 2018, we forecast net production to be in the range of 115,000 boepd and 120,000 boepd, and we expect to drill approximately 120 wells and bring 95 wells online.
- In the Gulf of Mexico, net production for the first quarter of 2018 averaged 41,000 boepd (2017 Q1: 66,000 boepd). The decrease in production reflects the ongoing shutdown of the third-party operated Enchilada platform from the fourth quarter of 2017. Production at the Baldpate, Llano and Penn State Fields recommenced during the first quarter, while we expect production to re-start at the Conger Field by the end of the third quarter of 2018.

  At the Stampede development (Hess operated - 25%), first production commenced in the first quarter of 2018 and is expected to ramp up gradually throughout 2018. We expect to achieve peak production rates during 2019 as we complete additional wells.

  Net production in the Gulf of Mexico is expected to average between 45,000 boepd and 50,000 boepd in the second quarter. By the fourth quarter, with all Enchilada impacted fields back online and the continued ramp up at Stampede, we forecast net production in the Gulf of Mexico to average approximately 65,000 boepd.
- At North Malay Basin (Hess operated - 50%), in the Gulf of Thailand, first production of natural gas from the full-field development commenced in July 2017 and net production averaged 132 million cubic feet per day (mmcfd) for the first quarter of 2018, with production being impacted by downtime for planned maintenance of condensate export equipment.

Other E&P assets:

- At the Stabroek Block (Hess - 30%), operated by Esso Exploration and Production Guyana Limited, the operator announced a seventh oil discovery from the Pacora-1 well that encountered approximately 65 feet of high-quality, oil-bearing sandstone reservoir, and is located approximately four miles west of the Payara-1 well. The operator plans to integrate this discovery into the third phase of the development, with first production planned for late 2023 or early 2024.

  The operator also completed drilling at the Liza-5 well with the Stena Carron drillship, and is conducting a series of production tests before drilling commences at the Longtail-1 prospect, located approximately four miles northwest of the Turbot-1 discovery. In the second quarter, the operator completed drilling of the Sorubim-1 well, which failed to encounter commercial quantities of hydrocarbons. The cost of this well to Hess is expected to be less than $10 million. The operator will use the Noble Bob Douglas to begin drilling the first of 17 planned development wells associated with Liza Phase 1.

  Development activities for Liza Phase 1, which include a Floating production, storage and offloading vessel (FPSO) with a gross capacity of 120,000 bopd, are on schedule and first production is expected by 2020. Planning continues for a second phase of development, that is expected to include a larger FPSO with a gross capacity of approximately 220,000 bopd, with first production planned by mid-2022.

Consolidated Results of Operations

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

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(In millions, except per share amounts)	
Net Income (Loss) Attributable to Hess Corporation:		
Exploration and Production	$ (25)	$ (233)
Midstream	28	18
Corporate, Interest and Other	(109)	(109)
Total	$ (106)	$ (324)
Net Income (Loss) Attributable to Hess Corporation Per Common Share - Diluted (a)	$ (0.38)	$ (1.07)

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

Items Affecting Comparability of Earnings Between Periods

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:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(In millions)	
Exploration and Production	$ (37)	$ —
Midstream	—	—
Corporate, Interest and Other	3	—
Total Items Affecting Comparability of Earnings Between Periods, After-Tax	$ (34)	$ —

The items in the table above are explained on pages 26 to 28.

Reconciliations of GAAP and non-GAAP measures

The following table reconciles reported net income (loss) attributable to Hess Corporation and adjusted net income (loss) attributable to Hess Corporation:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(In millions)	
Net income (loss) attributable to Hess Corporation	$ (106)	$ (324)
Less: Total items affecting comparability of earnings between periods, after-tax	(34)	—
Adjusted Net Income (Loss) Attributable to Hess Corporation	$ (72)	$ (324)

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

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.

Consolidated Results of Operations (continued)

Comparison of Results

Exploration and Production

Following is a summarized income statement of our E&P operations:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(In millions)	
Revenues and Non-Operating Income		
Sales and other operating revenues	$ 1,346	$ 1,256
Gains on asset sales, net	2	—
Other, net	15	(5)
Total revenues and non-operating income	1,363	1,251
Costs and Expenses		
Marketing, including purchased oil and gas	374	223
Operating costs and expenses	247	308
Production and severance taxes	39	31
Midstream tariffs	151	124
Exploration expenses, including dry holes and lease impairment	40	58
General and administrative expenses	57	57
Depreciation, depletion and amortization	385	703
Total costs and expenses	1,293	1,504
Results of Operations Before Income Taxes	70	(253)
Provision (benefit) for income taxes	95	(20)
Net Income (Loss) Attributable to Hess Corporation	$ (25)	$ (233)

Consolidated Results of Operations (continued)

Excluding the E&P Items affecting comparability of earnings between periods detailed on page 26, the changes in E&P earnings are primarily attributable to changes in selling prices, production and sales volumes, marketing expenses, cash operating costs, Midstream tariffs, depreciation, depletion and amortization, exploration expenses and income taxes, as discussed below.

Selling Prices: Higher realized selling prices improved after-tax results by approximately $120 million in the first quarter of 2018, compared to the first quarter of 2017. Average selling prices were as follows:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Average Selling Prices (a)		
Crude Oil - Per Barrel (Including Hedging)		
United States		
Onshore	$ 56.40	$ 46.47
Offshore	59.14	47.18
Total United States	57.23	46.74
Europe	67.37	54.04
Africa	66.27	51.25
Asia	67.69	54.70
Worldwide	59.32	48.58
Crude Oil - Per Barrel (Excluding Hedging)		
United States		
Onshore	$ 59.61	$ 46.47
Offshore	62.31	47.18
Total United States	60.43	46.74
Europe	67.37	54.18
Africa	66.27	51.37
Asia	67.69	54.70
Worldwide	61.82	48.61
Natural Gas Liquids - Per Barrel		
United States		
Onshore	$ 20.78	$ 18.07
Offshore	24.28	20.55
Total United States	21.11	18.43
Europe	—	28.06
Worldwide	21.11	18.71
Natural Gas - Per Mcf		
United States		
Onshore	$ 2.47	$ 2.32
Offshore	2.08	2.40
Total United States	2.38	2.35
Europe	3.44	3.99
Asia and other	4.63	4.01
Worldwide	3.86	3.20

(a) Selling prices in the United States are adjusted for certain processing and distribution fees included in Marketing expenses. Excluding these fees Worldwide selling prices for the first quarter of 2018 would be $62.46 per barrel for crude oil (including hedging), $64.96 per barrel for crude oil (excluding hedging), $21.33 per barrel for natural gas liquids and $3.93 per mcf for natural gas.

In the first quarter of 2018, the decrease in Sales and other operating revenues from crude oil price collars was $38 million ($38 million after income taxes).

At December 31, 2017, we had West Texas Intermediate (WTI) crude oil price collars with an average monthly floor price of $50 per barrel and an average monthly ceiling price of $65 per barrel with a notional amount of 115,000 bopd for the full year 2018. In the first quarter of 2018, we bought back the WTI $65 call options within the crude oil price collars for the period of May 1, 2018 through December 31, 2018. As a result, during this period we are able to realize average monthly WTI selling prices above $65 per barrel on the crude oil price collars covering the notional amount of 115,000 bopd. The put options within our crude oil collar contracts remain outstanding with a WTI average monthly floor price of $50 per barrel covering a notional amount of 115,000 bopd through December 31, 2018.

Consolidated Results of Operations (continued)

Production Volumes: Our daily worldwide net production was as follows:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(In thousands)	
Crude Oil - Barrels		
United States		
Bakken	72	67
Other Onshore (b)	1	8
Total Onshore	73	75
Offshore	31	47
Total United States	104	122
Europe (c)	6	31
Africa (d) (e)	20	35
Asia	4	2
Worldwide	134	190
Natural Gas Liquids - Barrels		
United States		
Bakken	28	23
Other Onshore (b)	5	10
Total Onshore	33	33
Offshore	4	6
Total United States	37	39
Europe (c)	—	1
Worldwide	37	40
Natural Gas - Mcf		
United States		
Bakken	66	53
Other Onshore	65	106
Total Onshore	131	159
Offshore	37	75
Total United States	168	234
Europe (c)	10	38
Asia and other (e)	326	212
Worldwide	504	484
Barrels of Oil Equivalent (a)	255	311
Crude oil and natural gas liquids as a share of total production	67%	74%

(a) 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 23.

(b) We sold our Permian assets in August 2017. Net production averaged 8,000 boepd in the first quarter of 2017.

(c) We sold our Norway assets in December 2017. Net production averaged 27,000 boepd in the first quarter of 2017.

(d) We sold our Equatorial Guinea assets in November 2017. Net production averaged 31,000 boepd in the first quarter of 2017.

(e) Production from Libya recommenced in the fourth quarter of 2016. Net production from Libya averaged 22,000 boepd in the first quarter of 2018 and 4,000 boepd in the first quarter of 2017.

We forecast production for the year to be in the range of 245,000 boepd to 255,000 boepd excluding Libya.

United States: Bakken net production was higher in the first quarter of 2018, compared to the first quarter of 2017, primarily due to increased drilling activity and improved well performance. Excluding Bakken, net U.S. onshore total production was lower in the first quarter of 2018, compared to the first quarter of 2017, due to natural decline in the Utica shale play and the sale of our Permian assets in August 2017. U.S. offshore oil production was lower in the first quarter of 2018, compared to the first quarter of 2017, primarily due to the ongoing shutdown at the third-party operated Enchilada platform from the fourth quarter of 2017.

Consolidated Results of Operations (continued)

International: Net production was lower in the first quarter of 2018, compared to the first quarter of 2017, primarily due to the sale of our assets in Equatorial Guinea and Norway, partially offset by higher production from the North Malay Basin full-field development that commenced production in July 2017.

Sales Volumes: The impact of lower sales volumes, primarily due to asset sales, decreased after-tax results by approximately $145 million in the first quarter of 2018, compared to the first quarter of 2017. Worldwide sales volumes from Hess net production, excluding sales volumes of crude oil, natural gas liquids and natural gas purchased from third-parties, were as follows:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(In thousands)	
Crude oil - barrels	11,811	15,744
Natural gas liquids - barrels	3,308	3,623
Natural gas - mcf	45,392	43,544
Barrels of Oil Equivalent (a)	22,684	26,624
Crude oil - barrels per day	131	175
Natural gas liquids - barrels per day	37	40
Natural gas - mcf per day	504	484
Barrels of Oil Equivalent Per Day (a)	252	296

(a) *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 23. Sales volumes of crude oil, natural gas liquids, and natural gas purchased from third parties are not included in the sales volumes reported.*

Marketing, including purchased oil and gas: This expense category is mainly comprised of costs to purchase crude oil, natural gas liquids and natural gas from our partners in Hess operated wells or other third-parties, primarily in the U.S., and associated transportation costs for U.S. marketing activities. The increase in the first quarter of 2018, compared to the first quarter of 2017, primarily reflects the impact of higher benchmark crude oil prices on the cost of purchased volumes.

Cash Operating Costs: Cash operating costs, consisting of operating costs and expenses, production and severance taxes and E&P general and administrative expenses, were lower in the first quarter of 2018 on an absolute and per-unit basis, compared to the first quarter of 2017, primarily due to increased low-cost production from North Malay Basin and sales of higher cost assets in 2017.

Depreciation, Depletion and Amortization: Depreciation, depletion and amortization (DD&A) expenses were lower in the first quarter of 2018 on an absolute and per-unit basis, compared to the first quarter of 2017, primarily due to asset sales, a lower DD&A rate at the Bakken due to year-end 2017 proved reserve additions, and the impact of prior-year asset impairments.

Unit Costs: Unit cost per barrel of oil equivalent (boe) information is based on total E&P production volumes and excludes items affecting comparability of earnings as disclosed below. Actual and forecast unit costs per boe are as follows:

	Actual: Three Months Ended March 31, 2018	Actual: Three Months Ended March 31, 2017	Forecast range (a): Three Months Ended June 30, 2018	Forecast range (a): Twelve Months Ended December 31, 2018
Cash operating costs	$ 13.46	$ 14.16	$14.50 — $15.50	$13.00 — $14.00
DD&A	16.77	25.10	17.50 — 18.50	18.00 — 19.00
Total Production Unit Costs	$ 30.23	$ 39.26	$32.00 — $34.00	$31.00 — $33.00

(a) *Forecast information excludes any contribution from Libya and items affecting comparability of earnings.*

Consolidated Results of Operations (continued)

Exploration Expenses: Exploration expenses were as follows:

	Three Months Ended March 31,	
	2018	2017
	(In millions)	
Exploration lease and other impairment	$ 10	$ 7
Geological and geophysical expense and exploration overhead	30	51
	$ 40	$ 58

Exploration expenses, excluding dry hole expense, are estimated to be in the range of $60 million to $70 million in the second quarter of 2018 and $190 million to $210 million for the full year of 2018.

Income Taxes: E&P income tax expense increased in the first quarter of 2018, compared to the prior-year quarter, primarily due to higher Libya production. Excluding items affecting comparability of earnings between periods and Libyan operations, the effective income tax rate for E&P operations in the first quarter of 2018 was not meaningful as results on a pre-tax basis were essentially break-even, while the E&P effective rate on the same basis was a benefit of 13% in the first quarter of 2017. Excluding items affecting comparability of earnings between periods and Libyan operations, the E&P effective income tax rate is expected to be a benefit in the range of 0% to 4% in the second quarter of 2018, and a benefit in the range of 0% to 4% for the full year of 2018.

The enactment of U.S. federal tax reform, commonly referred to as the U.S. Tax Cuts and Jobs Act ("Act"), provided for broad changes to the taxation of both domestic and foreign operations. The financial statement impact of the Act was provisionally accounted for in the period ending December 31, 2017 and there have been no changes to such accounting to date. The provisions of the Act, including its extensive transition rules, are complex and interpretive guidance continues to develop. Final application of the Act to our operations and financial results may differ from that for which we have provisionally provided. Changes could arise as regulatory and interpretive action continues to clarify aspects of the Act and as changes are made to estimates that the Corporation has utilized in calculating the transition impacts.

Items Affecting Comparability of Earnings Between Periods:

In the first quarter of 2018, we recorded a net after-tax severance charge of $37 million related to the previously disclosed cost reduction program. The pre-tax amounts are reported in *Operating costs and expenses* ($19 million), *Exploration expenses, including dry holes and lease impairment* ($3 million) and *General and administrative expenses* ($15 million), in the *Statement of Consolidated Income*.

Consolidated Results of Operations (continued)

Midstream

Following is a summarized income statement of our Midstream operations:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(In millions)	
Revenues and Non-Operating Income		
Sales and other operating revenues	$ 167	$ 149
Other, net	1	—
Total revenues and non-operating income	$ 168	$ 149
Costs and Expenses		
Operating costs and expenses	41	50
General and administrative expenses	3	5
Depreciation, depletion and amortization	31	32
Interest expense	15	5
Total costs and expenses	90	92
Results of Operations Before Income Taxes	78	57
Provision (benefit) for income taxes (a)	9	11
Net income (loss)	69	46
Less: Net income (loss) attributable to noncontrolling interests (b)	41	28
Net Income (Loss) Attributable to Hess Corporation	$ 28	$ 18

(a) The provision for income taxes in the Midstream segment is presented before consolidating its operations with other U.S. activities of the Company and prior to evaluating realizability of net U.S. deferred taxes. An offsetting impact is presented in the E&P segment.
(b) The noncontrolling interests' share of income is not subject to tax and, therefore, is a pre-tax amount.

Total revenues and non-operating income for the first quarter of 2018 increased, compared to the first quarter of 2017, primarily due to higher throughput volumes and tariff rates, partially offset by prior year activity associated with our former Permian assets that were sold in August 2017.

Operating costs and expenses for the first quarter of 2018 decreased, compared to the first quarter of 2017, primarily due to the prior year reflecting activity in the Permian. The increase in interest expense in the first quarter of 2018, compared with the first quarter of 2017, reflects higher borrowings by Hess Infrastructure Partners L.P. (HIP) relative to the prior year following HIP's issuance of fixed-rate notes in the fourth quarter of 2017.

Net income attributable to Hess Corporation from the Midstream segment is estimated to be approximately $30 million in the second quarter of 2018 and $105 million to $115 million for the full year of 2018.

Corporate, Interest and Other

The following table summarizes Corporate, Interest and Other expenses:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(In millions)	
Corporate and other expenses (excluding items affecting comparability)	$ 25	$ 34
Interest expense	92	96
Less: Capitalized interest	(4)	(17)
Interest expense, net	88	79
Corporate, Interest and Other expenses before income taxes	113	113
Provision (benefit) for income taxes	(1)	(4)
Net Corporate, Interest and Other expenses after income taxes	112	109
Items affecting comparability of earnings between periods, after-tax	(3)	—
Total Corporate, Interest and Other Expenses After Income Taxes	$ 109	$ 109

Corporate and other expenses were lower in the first quarter of 2018, compared with the first quarter of 2017, primarily due to higher interest income and lower employee compensation costs in the first quarter of 2018. Capitalized interest was lower in the first quarter of 2018, compared with the first quarter of 2017, primarily due to the Stampede Field that commenced first production in January 2018.

Consolidated Results of Operations (continued)

Second quarter 2018 corporate expenses, are expected to be in the range of $25 million to $30 million, and interest expense is expected to be in the range of $85 million to $90 million. We estimate corporate expenses for full year 2018 to be in the range of $105 million to $115 million, and interest expense to be in the range of $345 million to $355 million.

Items Affecting Comparability of Earnings Between Periods:

In the first quarter of 2018, we incurred pre-tax charges of $27 million ($27 million after income taxes) relating to the premium paid for the retirement of debt. In addition, as required under accounting standards' intraperiod allocation rules, we recognized a noncash income tax benefit of $30 million to offset a noncash income tax expense recognized in other comprehensive income, resulting from a reduction in our pension liabilities.

Other Items Potentially Affecting Future Results

Our future results may be impacted by a variety of factors, including but not limited to, volatility in the selling prices of crude oil, natural gas liquids and natural gas, reserve and production changes, asset sales, impairment charges and exploration expenses, industry cost inflation and/or deflation, changes in foreign exchange rates and income tax rates, changes in deferred tax asset valuation allowances, the effects of weather, political risk, environmental risk and catastrophic risk. For a more comprehensive description of the risks that may affect our business, see Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017.

Liquidity and Capital Resources

The following table sets forth certain relevant measures of our liquidity and capital resources:

	March 31, 2018	December 31, 2017
	(In millions, except ratio)	
Cash and cash equivalents (a)	$ 3,726	$ 4,847
Current maturities of long-term debt	196	580
Total debt (b)	6,568	6,977
Total equity	11,937	12,354
Debt to capitalization ratio (c)	35.5%	36.1%

(a) Includes $375 million of cash attributable to HIP, our 50/50 Midstream joint venture, at March 31, 2018 (December 31, 2017: $356 million)
(b) Includes $981 million of debt outstanding at March 31, 2018 from HIP that is non-recourse to Hess Corporation (December 31, 2017: $980 million).
(c) Total debt as a percentage of the sum of total debt plus equity.

Cash Flows

The following table summarizes our cash flows:

	Three Months Ended, March 31, 2018	2017
	(In millions)	
Net cash provided by (used in):		
Operating activities	$ 210	$ 349
Investing activities	(422)	(290)
Financing activities	(909)	(105)
Net Increase (Decrease) in Cash and Cash Equivalents	$ (1,121)	$ (46)

Operating activities: Net cash provided by operating activities was $210 million in the first quarter of 2018, compared to $349 million in the first quarter of 2017. The decrease in 2018 operating cash flows primarily reflects lower production volumes, primarily due to asset sales, partially offset by higher benchmark crude oil prices, and lower operating costs. Changes in working capital were a use of cash of $187 million in the first quarter of 2018, and a use of cash of $94 million in the first quarter of 2017. Changes in working capital during 2018 primarily related to a reduction in accounts payable and accrued liabilities, premiums paid on commodity contracts, and the timing of interest payments.

Liquidity and Capital Resources (continued)

Investing activities: Cash outflows from investing activities increased in the first quarter of 2018 due to higher Additions to property, plant and equipment, compared to the same period in 2017. The increase primarily reflects increased drilling activity in the Bakken and ongoing Liza Phase 1 development, partially offset by the impact of prior year expenditures associated with the Gulf of Mexico, Malaysia and exploration activities. Proceeds from asset sales totaled $100 million in the first quarter of 2017 and primarily related to the sale of our non-core acreage, onshore United States. The following table reconciles capital expenditures incurred on an accrual basis to Additions to property, plant and equipment:

	Three Months Ended, March 31	
	2018	2017
	(In millions)	
Capital expenditures incurred - E&P	$ (354)	$ (342)
Increase (decrease) in related liabilities	(9)	2
Additions to property, plant and equipment - E&P	$ (363)	$ (340)
Capital expenditures incurred - Midstream	$ (37)	$ (28)
Increase (decrease) in related liabilities	—	(22)
Additions to property, plant and equipment - Midstream	$ (37)	$ (50)

Financing activities: In the first quarter of 2018, net debt repayments totaled $434 million (2017 Q1: $21 million), including the redemption of 8.125% notes due 2019, and we cash settled the repurchase of $371 million of common stock (2017 Q1: $- million). In addition, we paid common and preferred stock dividends totaling $89 million in the first quarter of 2018, compared to $92 million in the first quarter of 2017.

Future Capital Requirements and Resources

Excluding our Midstream segment, we ended the quarter with approximately $3.4 billion in cash and cash equivalents, total liquidity including available committed credit facilities of approximately $7.7 billion and no significant near-term debt maturities.

Net cash provided by operating activities was $210 million in the first quarter of 2018, compared to $349 million in the first quarter of 2017, which includes uses of working capital of $187 million and $94 million, respectively. Capital expenditures were $391 million in the first quarter of 2018 and $370 million in the prior-year quarter. Based on current forward strip crude oil prices for 2018, we forecast a reduced net operating cash flow deficit (including capital expenditures) in 2018 compared with 2017. We expect to fund our remaining 2018 net operating cash flow deficit (including capital expenditures), retire the remaining $110 million in debt principal under our $500 million debt reduction initiative, and repurchase the remaining $1.0 billion of common stock under our $1.5 billion stock repurchase program with cash and cash equivalents existing at March 31, 2018.

The table below summarizes the capacity, usage and available capacity of our borrowings and letter of credit facilities at March 31, 2018:

	Expiration Date	Capacity	Borrowings	Letters of Credit Issued	Total Used	Available Capacity
				(In millions)		
Revolving credit facility - Hess Corporation (a)	January 2021	$ 4,000	$ —	$ —	$ —	$ 4,000
Revolving credit facility - HIP (b)	November 2022	600	—	—	—	600
Revolving credit facility - Hess Midstream Partners LP (HESM) (c)	March 2021	300	—	—	—	300
Committed lines	Various (d)	370	—	29	29	341
Uncommitted lines	Various (d)	272	—	272	272	—
Total		$ 5,542	$ —	$ 301	$ 301	$ 5,241

(a) *In January 2020, the capacity reduces to $3.7 billion.*
(b) *This facility may only be utilized by HIP and is non-recourse to Hess Corporation.*
(c) *This facility may only be utilized by HESM and is non-recourse to Hess Corporation.*
(d) *Committed and uncommitted lines have expiration dates through 2019 and 2018, respectively.*

Liquidity and Capital Resources (continued)

Hess Corporation's $4.0 billion syndicated revolving credit facility expires in January 2021, with commitments of $3.7 billion available for the final year. Borrowings on the facility will generally bear interest at 1.30% above the London Interbank Offered Rate (LIBOR). The interest rate will be higher if our credit rating is lowered. The facility contains a financial covenant that limits the amount of the total borrowings on the last day of each fiscal quarter to 60% of the Corporation's total capitalization, defined as total debt plus stockholders' equity. As of March 31, 2018, Hess Corporation had no outstanding borrowings under this facility and was in compliance with this financial covenant.

We also have a shelf registration under which we may issue additional debt securities, warrants, common stock or preferred stock.

HIP has $800 million of senior secured syndicated credit facilities, consisting of a $600 million 5-year revolving credit facility and a drawn $200 million 5-year Term Loan A facility. The revolving credit facility can be used for borrowings and letters of credit to fund the joint venture's operating activities and capital expenditures. Borrowings under the 5-year Term Loan A facility will generally bear interest at LIBOR plus an applicable margin ranging from 1.55% to 2.50%, while the applicable margin for the 5-year syndicated revolving credit facility ranges from 1.275% to 2.000%. The interest rate is subject to adjustment based on HIP's leverage ratio, which is calculated as total debt to Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). If HIP obtains an investment grade credit rating, as defined in the amended credit agreement, pricing levels will be based on the credit ratings in effect from time to time. The credit facilities contain financial covenants that generally require a leverage ratio of no more than 5.0 to 1.0 for the prior four fiscal quarters and an interest coverage ratio, which is calculated as EBITDA to cash interest expense, of no less than 2.25 to 1.0 for the prior four fiscal quarters. The credit agreement includes a secured leverage ratio test not to exceed 3.75 to 1.00 for so long as the facilities remain secured. HIP was in compliance with these financial covenants at March 31, 2018. Outstanding borrowings under this credit facility are non-recourse to Hess Corporation. At March 31, 2018, HIP's revolving credit facility was undrawn and borrowings under the Term Loan A facility amounted to $200 million, excluding deferred issuance costs. The credit facilities are secured by first priority perfected liens on substantially all of HIP's and certain of its wholly-owned subsidiaries' directly owned assets, including its equity interests in certain subsidiaries, subject to customary exclusions.

Hess Midstream Partners LP (the "Partnership") has a $300 million 4-year senior secured syndicated revolving credit facility through March 2021 that can be used for borrowings and letters of credit to fund operating activities and capital expenditures of the Partnership. Borrowings on the credit facility will generally bear interest at LIBOR plus an applicable margin of 1.275%. The interest rate is subject to adjustment based on the Partnership's leverage ratio, which is calculated as total debt to EBITDA. If the Partnership obtains credit ratings, pricing levels will be based on the credit ratings in effect from time to time. The Partnership is subject to customary covenants in the credit agreement, including financial covenants that generally require a leverage ratio of no more than 4.5 to 1.0 for the prior four fiscal quarters. The credit facility is secured by first priority perfected liens on substantially all directly owned assets of the Partnership and its wholly-owned subsidiaries, including equity interests in subsidiaries, subject to certain customary exclusions. Outstanding borrowings under this credit facility are non-recourse to Hess Corporation. At March 31, 2018, this facility was undrawn.

Market Risk Disclosures

We are 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 12, Financial Risk Management Activities*, in the *Notes to Consolidated Financial Statements*.

Financial Risk Management Activities

We have outstanding foreign exchange contracts with notional amounts totaling $31 million at March 31, 2018 that are used to reduce our exposure to fluctuating foreign exchange rates for various currencies. The change in fair value of foreign exchange contracts from a 10% strengthening of the U.S. Dollar exchange rate is estimated to be a loss of approximately $5 million at March 31, 2018.

At March 31, 2018, our outstanding long-term debt of $6,568 million, including current maturities, had a fair value of $7,058 million. A 15% increase or decrease in the rate of interest would decrease or increase the fair value of debt by approximately $500 million or $560 million, respectively.

At March 31, 2018, we have outstanding West Texas Intermediate (WTI) crude oil collar contracts. See *Note 12, Financial Risk Management Activities* in the *Notes to Consolidated Financial Statements*. As of March 31, 2018, an assumed 10% increase in the forward WTI crude oil prices used in determining the fair value of our crude oil collars would reduce the fair value of these derivatives instruments by approximately $15 million, while an assumed 10% decrease in the same WTI crude oil prices would increase the fair value of these derivative instruments by approximately $35 million.

Forward-looking Information

Certain sections in this Quarterly Report on Form 10-Q, including information incorporated by reference herein, contain "forward-looking" statements, as defined under the Private Securities Litigation Reform Act of 1995. Generally, the words "anticipate," "estimate," "expect," "forecast," "guidance," "could," "may," "should," "believe," "intend," "project," "plan," "predict," "will," "target" and similar expressions identify forward-looking statements, which generally are not historical in nature. Forward-looking statements related to our operations and financial conditions are based on our current understanding, assessments, estimates and projections. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our current projections or expectations. As and when made, we believe that these forward-looking statements are reasonable. However, caution should be taken not to place undue reliance on any such forward-looking statements since such statements speak only as of the date when made and there can be no assurance that such forward-looking statements will occur. We are not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Risk factors that could materially impact future actual results are discussed in *Item 1A. Risk Factors* in our Annual Report on Form 10-K and in our other filings with the SEC.

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, 2018, 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, 2018.

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, 2018 that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

Item 1. Legal Proceedings.

Information regarding legal proceedings is contained in *Note 10, Guarantees and Contingencies* in the *Notes to Consolidated Financial Statements* and is incorporated herein by reference.

Item 2. Share Repurchase Activities.

Our common share repurchases activities for the three months ended March 31, 2018, were as follows:

Period	Total Number of Shares Purchased (a) (b)	Average Price Paid per Share (a)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (c)	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (d) (In millions)
January	607,771	$ 52.30	607,771	$ 998
February	3,670,578	45.76	3,670,578	830
March	3,748,598	48.57	3,708,888	1,650
Total	8,026,947	$ 47.57	7,987,237	

(a) Repurchased in open-market transactions. The average price paid per share was inclusive of transaction fees.
(b) Includes 39,710 common shares repurchased in March, all of which were subsequently granted to Directors in accordance with the Non-Employee Directors' Stock Award Plan.
(c) Since initiation of the buyback program in August 2013, total shares repurchased through March 31, 2018 amounted to 74.7 million at a total cost of $5.8 billion including transaction fees.
(d) In March 2013, we announced that our Board of Directors approved a stock repurchase program that authorized the purchase of common stock up to a value of $4.0 billion. In May 2014, the share repurchase program was increased to $6.5 billion and in March 2018, it was increased further to $7.5 billion.

PART II – OTHER INFORMATION

Item 6. Exhibits.

a. Exhibits

10(1)	Form of Restricted Stock Award Agreement under the 2017 Long-Term Incentive Plan.
10(2)	Form of Stock Option Award Agreement under the 2017 Long-Term Incentive Plan.
10(3)	Form of Performance Award Agreement for three-year period ending December 31, 2020 under the 2017 Long-Term Incentive Plan.
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.

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 1, 2018

Exhibit 10(1)

RESTRICTED STOCK AWARD AGREEMENT
Pursuant to the
HESS CORPORATION
2017 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 2017 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 applicable Vesting Date (as defined below) or an earlier date as set forth in this Agreement 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. **Period of Restriction.** Except to the extent otherwise provided in the Plan or this Agreement, one-third of the Restricted Shares and any accumulated dividends or distributions related to such Restricted Shares will vest and cease to be subject to restrictions on each of the first three anniversaries of the Grant Date (each, a “Vesting Date”), provided that you remain continuously employed by the Corporation or a Subsidiary until the applicable Vesting Date.

3. **Restricted Stock**. Restricted Shares will be issued in book-entry form in your name and deposited with an agent designated by the Committee, as transfer agent (the "Transfer Agent Agent"). Prior to the issuance and deposit of the Restricted Shares with the Transfer 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 Transfer Agent pursuant to an agreement (the "Transfer Agent Agreement") between the Transfer Agent and the Corporation. You authorize the Transfer Agent Agreement to transfer shares and otherwise act in accordance with instructions of the Corporation. You will furnish the Transfer 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 applicable Vesting Date , Restricted Shares will be issued to you on a noncertificated basis unless 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.

4. **Rights as a Stockholder.** While the Restricted Shares are held by the Transfer 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 Transfer Agent Agreement and this Agreement. From and after the date on which the Restricted Shares are issued in your name and deposited with the Transfer Agent, cash dividends and other distributions made or paid with respect to the Restricted Shares will be held by the Corporation or an escrow agent, in the discretion of the Corporation, 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 3) at the time and to the extent pro tanto that the Restricted Shares become non-forfeitable and are delivered to you by the Transfer 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 Transfer Agent subject to the same restrictions, terms and conditions as apply to the related Restricted Shares.

5. **Termination and Forfeiture.**

5.1 If (i) your employment with the Corporation or any Subsidiary terminates prior to the final Vesting Date by reason of your death, permanent total disability or "Full Retirement" (as defined below) , the Transfer Agent will, as promptly as practicable, deliver to you, or your account at the Administrator referred to in Section 3 (in the case of permanent total disability or your Full 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, in each case, that have not previously been delivered to you. The existence and date of permanent total disability will be determined by the Committee and its determination shall be final and conclusive. Notwithstanding anything in this Section 5.1 to the contrary, in the event that the Corporation determines that there are any amounts required to be withheld on account of you becoming eligible for Full Retirement, a sufficient number of Restricted Shares shall vest and be available to be sold by the Administrator in accordance with Section 8 here to satisfy any withholding tax obligation.

5.2 If your employment with the Corporation or any Subsidiary terminates prior to the final Vesting Date for any reason other than your death, permanent total disability or Full Retirement, all of the Restricted Shares and any rights thereto, awarded to you hereunder, all accumulated dividends in respect thereof, in each case that have not previously become vested in accordance with Section 2, will be forfeited by you and returned by the Transfer Agent to the Corporation and you will have no further rights with respect thereto.

5.3 Notwithstanding Section 5.2 above, if (i) your employment with the Corporation or any Subsidiary terminates prior to the final Vesting Date by reason of your "Early Retirement" (as defined below), 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 3, on a specified date a certificate representing a proportionate number of the Restricted Shares awarded to you hereunder that have not previously become vested in accordance with Section 2 based on the number of calendar days elapsed (as of the date of such Early Retirement) since the previous Vesting Date under Section 2 (or the Grant Date in the case of such Early Retirement prior to the first Vesting Date) until the final Vesting Date (the "Remaining Restricted Period"), together with a proportionate amount of the accumulated dividends in respect thereof that have not previously become vested in accordance with Section 2 also based on the number of calendar days elapsed (as of the date of such Early Retirement) in the Remaining Restricted Period. For purposes of this Agreement, "Early Retirement" means voluntary retirement after attaining at least age 55 with at least ten years of continuous service with the Corporation of any Subsidiary prior to the date of such retirement.

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

5.4.1 If, following termination of your employment with the Corporation or any Subsidiary due to Early Retirement, as described in Section 5.3 above, where the Committee has previously determined that you shall receive a proportionate number of the Restricted Shares in accordance with Section 5.3, 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 5.3 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 5.3 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 5.4 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 5.4 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 5.4 to the contrary, upon the occurrence of a Change of Control, the foregoing provisions of this Section 5.4 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 5.4.

5.4.2 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.

6. **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.

7. **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.

8. **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 a Vesting Date or other 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 3.

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.

9. **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.

10. **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.

11. **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.

12. **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:

12.1 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.

12.2 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.

13. **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.

14. **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.

15. **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.

16. **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.

17. **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.

18. **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:

18.1 Administering and maintaining your records;

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

18.3 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

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

Acknowledged and Agreed to:

____

STOCK OPTION AGREEMENT

pursuant to the

HESS CORPORATION
2017 LONG-TERM INCENTIVE PLAN

*** * * * ***

Optionee:	First and Last Name
Grant Date:	Grant Date
Number of Shares of Common Stock Subject to such Option:	# of shares
Per Share Exercise Price of Option:	Grant Price

*** * * * ***

THIS STOCK OPTION 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 Optionee specified above, pursuant to the Hess Corporation 2017 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 stock option provided for herein to the Optionee 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:

1. **<u>Incorporation By Reference; Document Receipt</u>.** 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 option hereunder), all of which terms and provisions are made a part of and incorporated in this Agreement as if each were expressly set forth <u>mutatis mutandis</u> herein. Any capitalized term not defined in this Agreement will have the same meaning as is ascribed thereto under the Plan. The Optionee hereby acknowledges receipt of a prospectus describing the Plan and the Awards thereunder and that the Optionee 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 will control.

2. **<u>Grant of Options</u>.** As of the Grant Date specified above, the Corporation hereby grants to the Optionee non-qualified stock options (each, an “Option” and collectively, the “Options”) to acquire from the Corporation at the Per Share Exercise Price specified above for such Option the aggregate number of shares of the Common Stock of the Corporation specified above for such Option (the “Option Shares”). The Options are not to be treated as (and are not intended to qualify as) incentive stock options within the meaning of Section 422 of Code.

3. **No Rights as Stockholder or to Cash Payments Equivalent to Dividends.** Prior to the acquisition of the Option Shares upon the exercise of any Option, neither the Optionee nor any other person will become the beneficial owner of the Option Shares underlying the Option, nor have any rights as a stockholder with respect to any such Option Shares and will not be entitled to receive a cash payment or other distribution with respect to such Option Shares.

4. **Exercise of this Option.**

4.1 Unless the exercisability of any Option is accelerated under the terms of the Plan or this Agreement, all Options not theretofore terminated will become exercisable as follows: (i) one-third of the Option Shares (rounded to the nearest whole number of shares) will become exercisable on the first anniversary of the Grant Date (ii) one-third of the Option Shares (rounded to the nearest whole number of shares) will become exercisable on the second anniversary of the Grant Date and (iii) the remainder of the Option Shares will become exercisable on the third anniversary of the Grant Date.

4.2 Unless earlier terminated in accordance with the terms of the Plan or this Agreement, all Options will expire and no longer be exercisable upon the tenth anniversary of the Grant Date (the “Expiration Date”).

4.3 In no event will any Option be exercisable for a fractional share of Common Stock.

4.4 If the Optionee remains employed by the Corporation or any of its Subsidiaries through the Expiration Date, the Options may be exercised to the extent exercisable until the close of trading (generally 4:00 p.m. New York time) on the last trading day falling within the exercise period on the New York Stock Exchange or, if different, the principal stock exchange on which the Common Stock is then listed. Thus if the Expiration Date is not a trading day, then the last day the Stock Options may be exercised is the last trading day preceding the Expiration Date.

5. **Method of Exercise and Payment.** Once exercisable, an Option may be exercised in whole or in part by the Optionee by delivering to the Secretary of the Corporation or his designated agent (who, for so long as the Corporation maintains a “cashless exercise” program and the Optionee exercises and sells Option Shares through such program, shall be the administrator of such program) on any business day (the "Exercise Date") a notice, in such manner and form as may be required by the Corporation, specifying the number of the Option Shares the Optionee then desires to acquire (the "Exercise Notice"). The Exercise Notice will be accompanied by payment of the aggregate Per Share Exercise Price applicable to such Option for such number of the Option Shares to be acquired upon such exercise. Such payment will be made in cash, by personal or certified check, bank draft or money order payable to the order of the Corporation or, if permitted by the Committee (in its sole discretion) and applicable law, rule or regulation, by delivery of, alone or in conjunction with a partial cash or instrument payment, (a) Shares already owned by the Participant for at least six months, or (b) some other form of payment acceptable to the Committee. To the extent permitted by law, the Committee may also allow the Optionee to simultaneously exercise an Option and sell the Shares thereby acquired pursuant to a "cashless exercise" arrangement or program, selected by and approved of in all respects in advance by the Committee. Payment instruments will be received by the Corporation subject to collection. The proceeds received by the Corporation upon the exercise of any Option may be used by the Corporation for general corporate purposes. Any portion of an Option that is exercised may not be exercised again. Upon exercise in accordance with the terms of the Plan and this Agreement, the Option Shares underlying the exercised portion of the Option will be promptly delivered to the Optionee, except that for so long as the Corporation maintains a "cashless exercise" program and the Optionee exercises and sells Option Shares through such program, delivery of the proceeds of such sale shall be made to a brokerage account maintained in the name of the Optionee with the administrator of such program.

6. **<u>Termination and Forfeiture.</u>**

6.1 Unless otherwise determined by the Committee, all Options will terminate in accordance with Sections 6.2, 6.3 and 6.4 below, as the case may be. In any event, all Options will terminate upon the tenth anniversary of the Grant Date.

6.2 Subject to any determination of the Committee pursuant to Section 6.01 of the Plan, if an Optionee's employment with the Corporation or any Subsidiary terminates for any reason (other than by reason of the Optionee's death, disability or "Full Retirement" (as defined below) or "Early Retirement" (as defined below), all Options, to the extent not exercisable on the date of any such termination of employment, will be forfeited and cancelled by the Corporation. The Optionee's rights, if any, to exercise any exercisable portion of any Option will terminate one-hundred-eighty (180) days after the date of any termination of employment (other than by reason of the Optionee's death, disability, or Full or Early Retirement, but not beyond the tenth anniversary of the Grant Date, and thereafter all Options will be forfeited and cancelled by the Corporation. For purposes of this Agreement, "Full Retirement" means voluntary retirement after attaining at least age 65 with at least five years of continuous service with the Corporation or a Subsidiary prior to the date of such retirement. For purposes of this Agreement, "Early retirement" means voluntary retirement after attaining at least age 55 with at least ten years of continuous service with the Corporation or a Subsidiary prior to the date of such retirement.

6.3 If an Optionee's employment with the Corporation or any Subsidiary terminates by reason of the Optionee's death, disability, or Full Retirement, the Optionee (or, in the event of the Optionee's death, the Optionee's estate, designated beneficiary or other legal representative, as the case may be and as determined by the Committee) shall have the right to exercise all Options at any time until the tenth anniversary of the Grant Date. The existence and date of the Optionee's disability shall be determined by the Committee and any such determination shall be conclusive.

6.4 (a) Notwithstanding anything to the contrary in Section 6.2 above, if the Optionee's employment with the Corporation or any Subsidiary terminates by reason of the Optionee's Early Retirement, all Options to the extent exercisable on the date of such Early Retirement shall remain exercisable until the tenth anniversary of the Grant Date.

(b) Notwithstanding anything to the contrary in Section 6.2 above, if the Optionee's employment with the Corporation or any Subsidiary terminates by reason of the Optionee's Early Retirement, the Committee, in its sole discretion, may (but is not obligated to) determine that (i) each Option to the extent not exercisable at the time of any such Early Retirement will become exercisable as to a proportionate number of underlying Option Shares based on the number of calendar days elapsed (as of the date of such Early Retirement) in the vesting period of such Option (or portion thereof), and (ii) each such Option shall remain exercisable until the tenth anniversary of the Grant Date. Except for Options which have become exercisable as described in the prior sentence, any Option to the extent not exercisable at the time of the Optionee's termination of employment by reason of Early Retirement will be forfeited and cancelled by the Corporation.

6.5 For the purposes of determining the dates on which Options may be exercised following a termination of employment or death, disability, Full Retirement or Early Retirement, the Stock Options may be exercised until the close of trading (generally 4:00 p.m. New York time) on the last trading day falling within the exercise period on the New York Stock Exchange or, if different, the principal stock exchange on which the Common Stock is then listed. Thus if the Option would otherwise terminate on a day that is not a trading day, then the last day the Options may be exercised is the last trading day preceding such termination date.

7. **Change of Control.** The Options are subject to acceleration of exercisability 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.

8. **Non-transferability.** The Options, and any rights or interests therein or under this Agreement, may not be sold, exchanged, transferred, assigned or otherwise disposed of in any way at any time by the Optionee (or any beneficiary(ies) of the Optionee), except to an Immediate Family Member or to a trust, partnership or limited liability corporation all of whose beneficiaries, partners or members, as the case may be, are Immediate Family Members, or by testamentary disposition by the Optionee or the laws of descent and distribution or pursuant to Section 16 of this Agreement; provided, however, that to transfer an Option to an Immediate Family Member or to an entity described above, such Immediate Family Member or entity must agree, in a form acceptable to Committee, to be bound by the terms of the Plan and this Agreement. The Options may not be pledged, encumbered or otherwise hypothecated in any way at any time by the Optionee (or any beneficiary(ies) of the Optionee) and will not be subject to execution, attachment or similar legal process. Any attempt to sell, exchange, pledge, transfer, assign, encumber or otherwise dispose of or hypothecate this Option, or the levy of any execution, attachment or similar legal process upon this Option, contrary to the terms of this Agreement and/or the Plan will be null and void and without legal force or effect. During the Optionee's lifetime, the Options may be exercisable only by the Optionee or the Optionee's legal representative, or if transferred to an Immediate Family Member or an entity comprising Immediate Family Members as described above, by such Immediate Family Member or entity.

9. **Entire Agreement; Amendment.** This Agreement (including the Plan 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 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 any or all of the Options 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 the previously accrued rights of the Optionee under this Option without the consent of the Optionee. The Corporation will give written notice to the Optionee 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 both the Corporation and the Optionee.

10. **Notices.** Any notice (other than an Exercise 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:

10.1 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 the Optionee designates in writing from time to time.

10.2 If the notice is to the Optionee, at his or her address as shown on the Corporation's records, or at such other address as the Optionee, by notice to the Corporation, designates in writing from time to time.

11. **Limitations; Governing Law.** Nothing herein or in the Plan will be construed as conferring on the Optionee or anyone else the right to continue in the employ of the Corporation or any Subsidiary. This Agreement will be 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. **Compliance with Laws.** The issuance of this Option (and the Option Shares upon exercise of this Option) pursuant to this Agreement will be subject to, and will comply with, any applicable requirements of any 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), 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 or regulation applicable thereto. The Corporation will not be obligated to issue this Option or any of the Option Shares pursuant to this Agreement if any 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 will execute and deliver all such other agreements, certificates, instruments and documents as any 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. **Beneficiary.** The Optionee may designate the beneficiary or beneficiaries to exercise this Option (or to receive any Option Shares issuable hereunder) after the death of the Optionee. Such designation may be made by the Optionee on the enclosed beneficiary designation form and (unless the Optionee has waived such right) may be changed by the Optionee from time to time by filing a new beneficiary designation form with the Committee. If the Optionee does not designate a beneficiary or if no designated beneficiary(ies) survives the Optionee, the Optionee's beneficiary will be the legal representative of the Optionee's estate.

17. **Tax Withholding.** Neither the exercise of any Option under this Agreement, nor the issuance of any Option Shares thereunder, will be permitted or effected unless and until the Optionee (or the Optionee's beneficiary(ies) or legal representative) has 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 the Optionee otherwise elects or is prohibited by law, if and for so long as the Corporation maintains a cashless exercise program and the Optionee exercises and sells Option Shares through such program, payment of such amounts will be made by deducting such amounts from the proceeds of such sale.

18. **Terms of Employment.** The Plan is a discretionary plan. The Optionee hereby acknowledges that neither the Plan nor this Agreement forms part of his 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 Options to the Optionee under the Plan. If the Optionee ceases to be an employee of the Corporation or any Subsidiary for any reason, he shall not be entitled by way of compensation for loss of office or otherwise howsoever to any sum or other benefit to compensate him for the loss of any rights under this Agreement or the Plan.

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

19.1 Administering and maintaining Optionee records;

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

19.3 Providing information to future purchasers of the Corporation or the business in which the Optionee works.

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.

Hess Corporation

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

Acknowledged and Agreed to:

____

Acceptance Date

Exhibit 10(3)

HESS CORPORATION 2017 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 2017 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, 2018, and shall end on December 31, 2020.

(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 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, or C-4 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-4, provided that (1) the Committee may use negative discretion 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-4, 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 Full 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 "Full Retirement" (as defined below), 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. For purposes of this Agreement, "Full Retirement" shall mean voluntary retirement after attaining at least age 65 with at least five years of continuous service with the Corporation or any Subsidiary prior to the date of such retirement.

(b) Other than Death, Permanent Total Disability or Full 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 Full Retirement, 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/Termination other than Cause. 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" (as defined below) or on account of a termination by the Corporation or a Subsidiary other than for Cause, 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 or termination other than for Cause. For purposes of this Agreement, "Early Retirement" shall mean voluntary retirement after attaining at least age 55 with at least ten years of continuous service with the Corporation or any Subsidiary prior to the date of such retirement.

(d) Forfeiture Following Early Retirement or Termination other than Cause. 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 or a termination other than for Cause, as described in 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 Full Retirement, 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

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

Acknowledged and Agreed to:

____

Your Signature

____

Exhibit A

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.

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%

Exhibit 31(1)

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 1, 2018

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 1, 2018

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, 2018 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 1, 2018

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, 2018 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 1, 2018

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.