

# HESS CORPORATION



BANK OF AMERICA MERRILL LYNCH GLOBAL ENERGY CONFERENCE  
NOVEMBER 21, 2013

## Forward-Looking Statements and Other Information

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This presentation contains projections and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These projections and statements reflect the company's current views with respect to future events and financial performance.

No assurances can be given, however, that these events will occur or that these projections will be achieved, and actual results could differ materially from those projected as a result of certain risk factors. A discussion of these risk factors is included in the company's periodic reports filed with the Securities and Exchange Commission.

We use certain terms in this presentation relating to reserves other than proved, such as unproved resources. Investors are urged to consider closely the disclosure relating to proved reserves in Hess' Form 10-K, File No. 1-1204, available from Hess Corporation, 1185 Avenue of the Americas, New York, New York 10036 c/o Corporate Secretary and on our website at [www.hess.com](http://www.hess.com). You can also obtain this form from the SEC on the EDGAR system.

# Pure Play E&P – Driving Shareholder Value



- **Focused World Class Portfolio**
  - Visible growth in production of 5%-8% CAGR (2012 Pro Forma – 2017)
  - Long life assets in areas where Hess has proven capability
  - Five key areas represent 78% of reserves and 84% of production
  - Highest leverage to oil prices in peer group; industry leading cash margin
- **Three Pronged Strategy to Drive Growth and Returns While Managing Risk**
  - *Unconventional*: Strong production growth from leading U.S. shale positions
  - *Exploitation*: Lower risk development of discovered resources
  - *Exploration*: Focused exploration supports long term growth
- **Financial Flexibility to Fund Future Growth**
  - Reduced debt and increased cash on balance sheet
  - Significant reduction in capital and exploratory expenditures
  - Expect to be free cash flow positive post 2014
- **Portfolio Reshaping Allows for Increased Cash Returns to Shareholders**
  - Increased annual dividend by 150% to \$1 per share
  - Up to \$4 billion share repurchase funded by asset sales; commenced 3Q13
  - Additional return of capital from monetization of Bakken midstream; expected 2015

Allocate capital to the highest return projects on a risk adjusted basis

# Transformation to Pure Play E&P



What We've Promised	Key Deliverables	
<b>Focused Pure Play E&amp;P</b>	✓	<ul style="list-style-type: none"> <li>• Divested 50% of E&amp;P assets, raising \$5.2 billion</li> <li>• Built leading U.S. shale positions, e.g. Bakken &amp; Utica</li> <li>• Increased production visibility and industry leading cash margins</li> </ul>
<b>Exit Downstream</b>	✓	<ul style="list-style-type: none"> <li>• Closed HOVENSA and Port Reading facilities</li> <li>• Sold Energy Marketing (\$1.2 billion)</li> <li>• Sold Terminals (\$1.75 Billion)</li> <li>• Remaining divestitures underway</li> </ul>
<b>Financial Flexibility to Fund Future Growth</b>	✓	<ul style="list-style-type: none"> <li>• E&amp;P spend cut 17% in 2013; 2014 to be lower</li> <li>• \$150 million annual cost reduction underway</li> <li>• Reduced debt and increased cash on balance sheet</li> </ul>
<b>Increase Cash Returns to Shareholders</b>	✓	<ul style="list-style-type: none"> <li>• Increased annual dividend by 150% to \$1.00/sh</li> <li>• Commenced share repurchase of up to \$4 billion</li> <li>• Additional cash returns planned from monetization of Bakken midstream</li> </ul>

**Delivering on commitments and creating value**

## Progress on 2013 Asset Sales



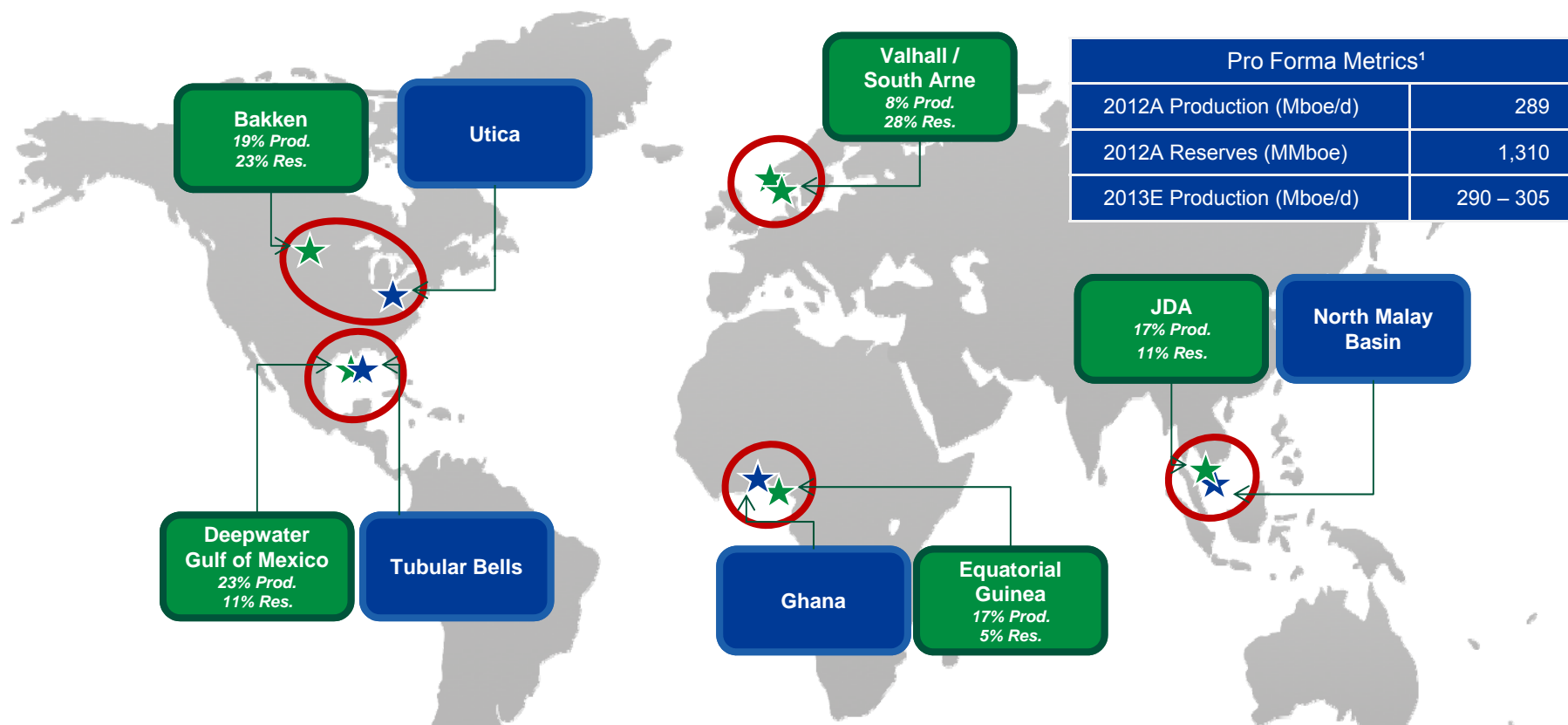
Asset	Terms Agreed Date	Completion Date	After Tax Proceeds (in millions)
Beryl	Oct-2012	Jan-2013	\$440
Azerbaijan (ACG)	Sep-2012	Mar-2013	\$880
Eagle Ford	Mar-2013	May-2013	\$280
Russia (Samara-Nafta)	Apr-2013	May-2013	\$1,900
Energy Marketing	Jul-2013	Nov-2013	\$1,200
Terminal Network	Oct-2013	Est. 4Q13	\$1,750
Energy Trading (Hetco)	In Progress		-
Retail	In Progress		-
Thailand (Sinphuhorm + Pailin)	In Progress		-
Indonesia (Pangkajene + Natuna)	In Progress		-
Bakken Midstream Assets	Preparing for monetization by 2015		-

**2013 YTD: \$6.5 billion**

# E&P Portfolio Focused in Five Areas



Located in Areas Where Hess is Competitively Advantaged



Five Areas Represent 78% of Reserves / 84% of Production



Existing Key Assets



New Growth Assets

<sup>1</sup> Snohvit field, Schiehallion, Bittern, Beryl area, Azerbaijan assets, Russia subsidiary (Samara Nafta), Eagle Ford, Indonesia and Thailand assets assumed sold as of January 1, 2012.



# Three Pronged Strategy to Drive Growth and Returns



## Unconventional

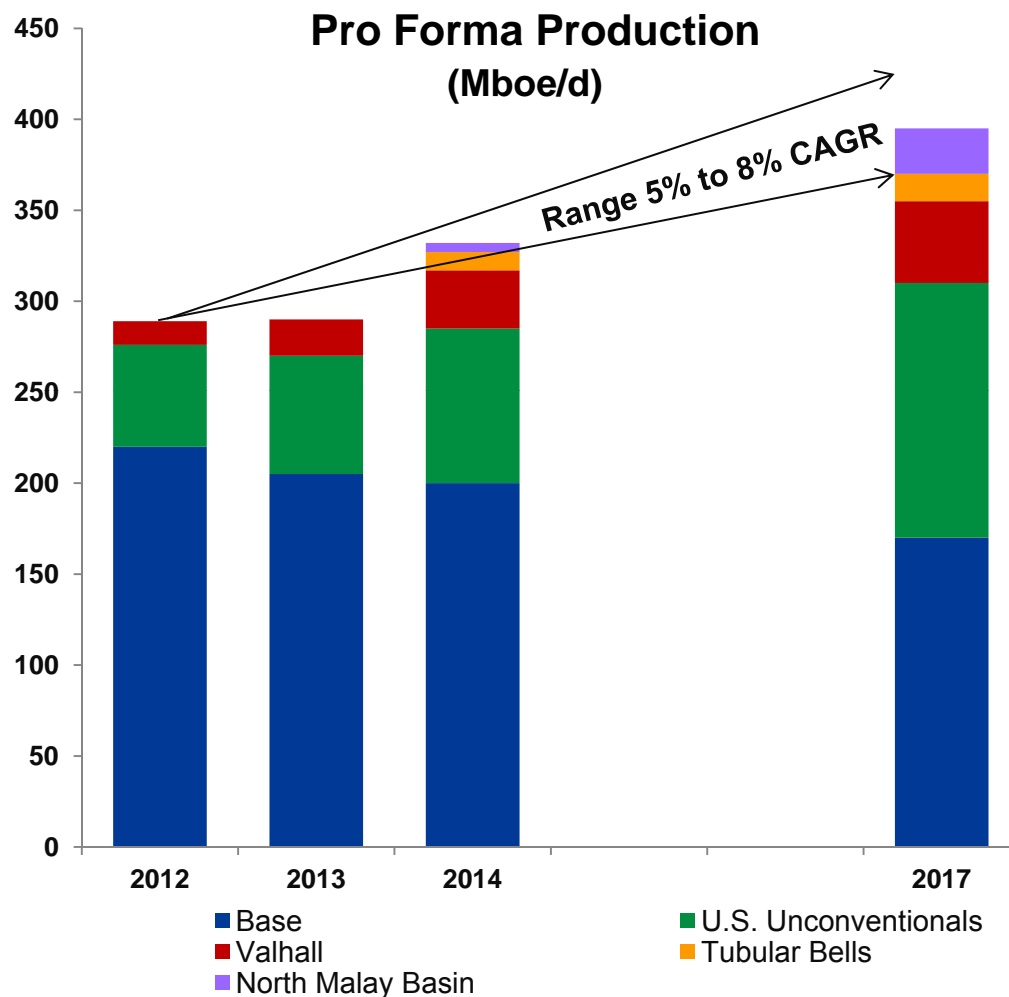
- Bakken free cash positive in 2015
- Large inventory of high return Bakken well locations
- Leading position in emerging Utica

## Exploitation

- High return infill drilling opportunities
- Tubular Bells first oil in 3Q14
- North Malay Basin early production commences 4Q13; full field in 2017

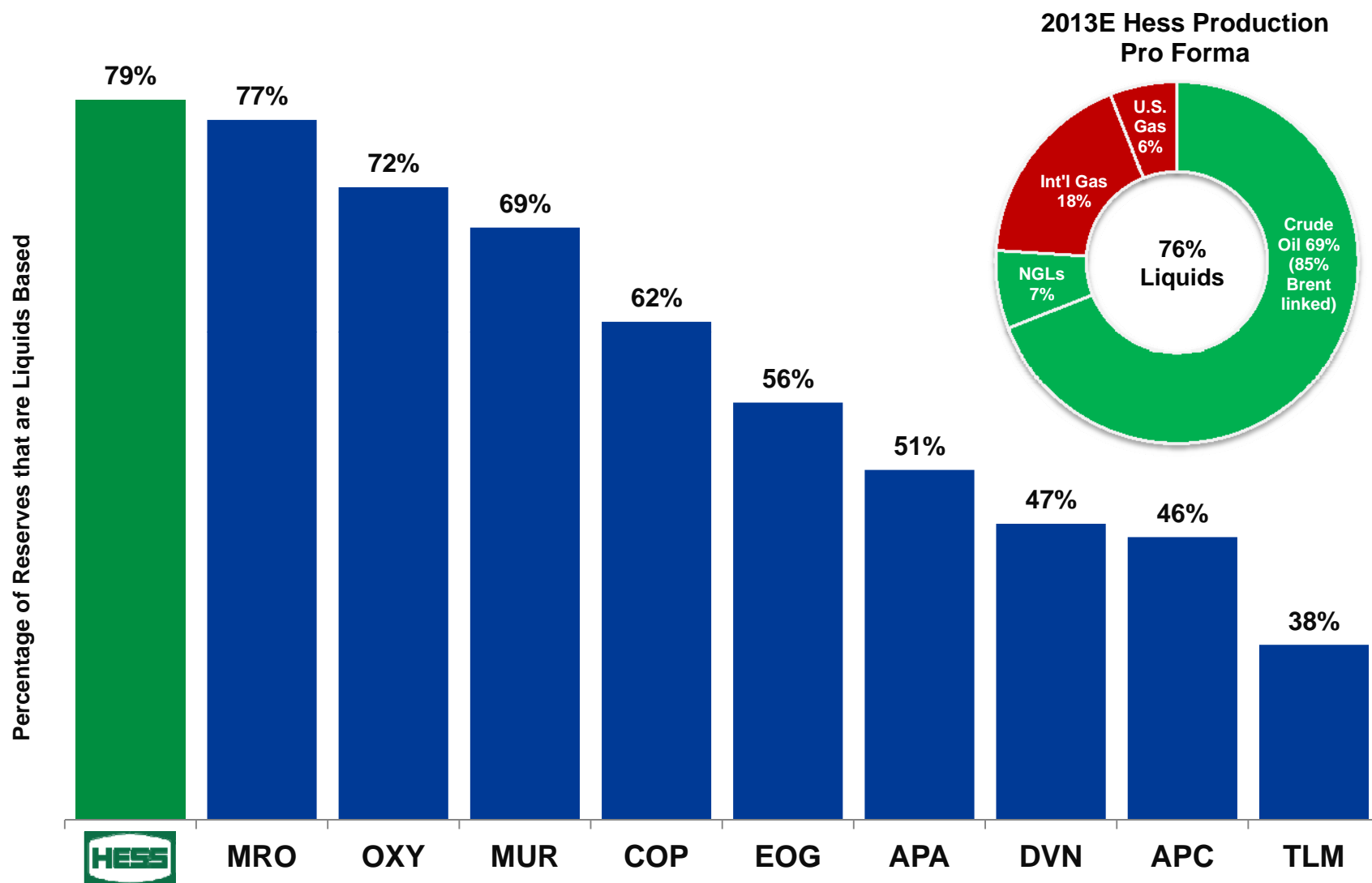
## Exploration

- Reduce risk through partnering
- Geographically focused:
  - Deepwater Gulf of Mexico
  - Offshore West Africa
  - Kurdistan
  - Malaysia



Note: 2012 actual production 406 Mboe/d and 2013 forecast production 340-355 Mboe/d

# Leading Oil-Linked Asset Base



Source: SEC filings, company annual reports, and company press releases

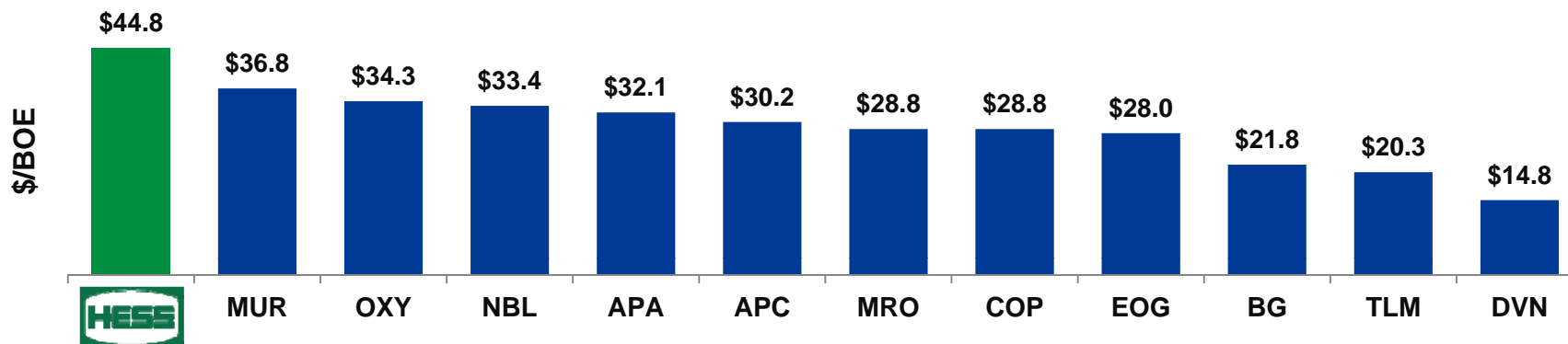
Note: Percentage of reserves that are liquids based for peers calculated as per 2012 year-end SEC filings; Hess pro forma



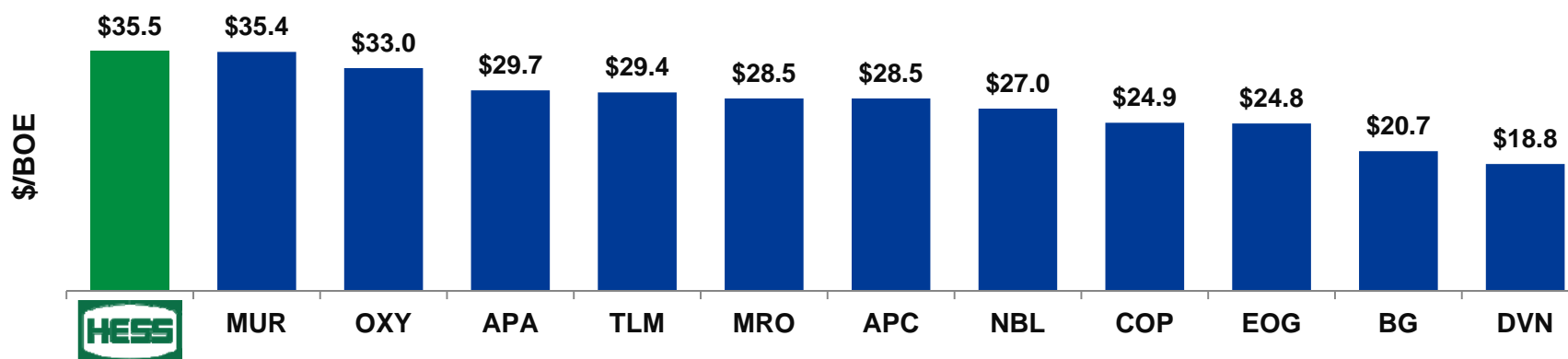
# Industry Leading Cash Margin



2012 Pro Forma



2007 to 2012



Note: E&P Cash Margin = E&P Net Income + DD&A + Exploration Expense

Hess 2012 cash margin is pro forma for asset sales. Actual cash margin was \$40.3; Five-year data are actual

Source: Evaluate Energy, including hedges and oil sands

# Enhanced Financial Flexibility and Increased Cash Returns to Shareholders



## Financial Flexibility to Fund Future Growth

- Paid down \$2.4 billion of short term debt with initial divestiture proceeds
- Increasing cash balance by \$1 billion

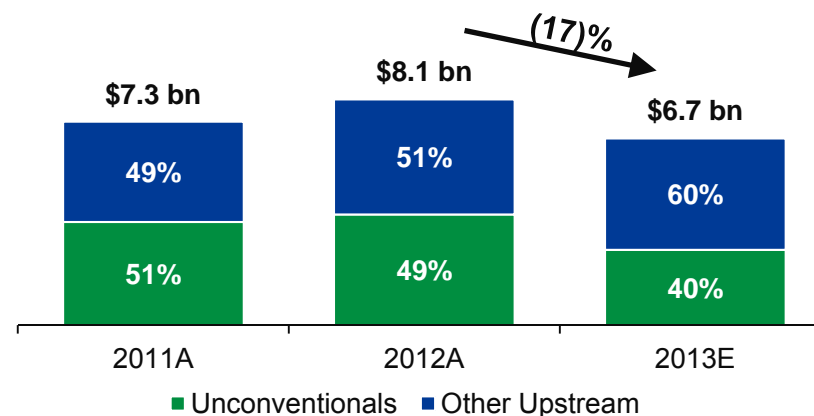
## Portfolio Free Cash Flow Positive Post 2014

- Substantial reductions in capital and exploratory expenditures
- \$150 million cost reduction program underway

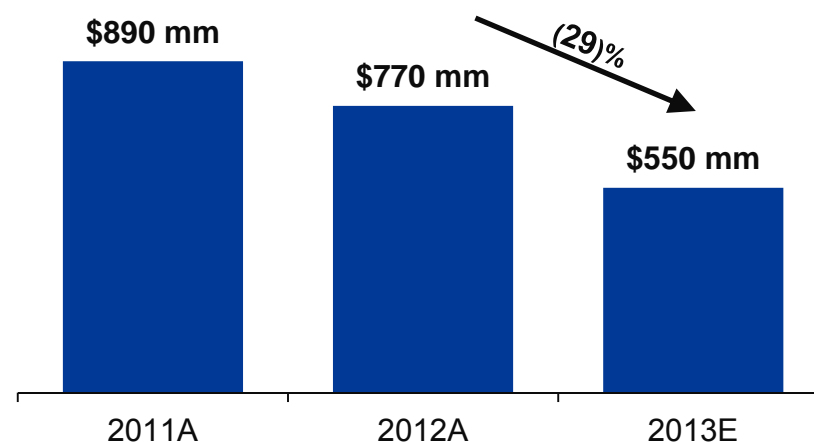
## Increasing Cash Returns to Shareholders

- Annual dividend increased 150% to \$1.00 per share in 3Q13
- Authorized share repurchase program of up to \$4 billion

## Total Upstream Capital and Exploratory Expenditures



## Exploration Spend





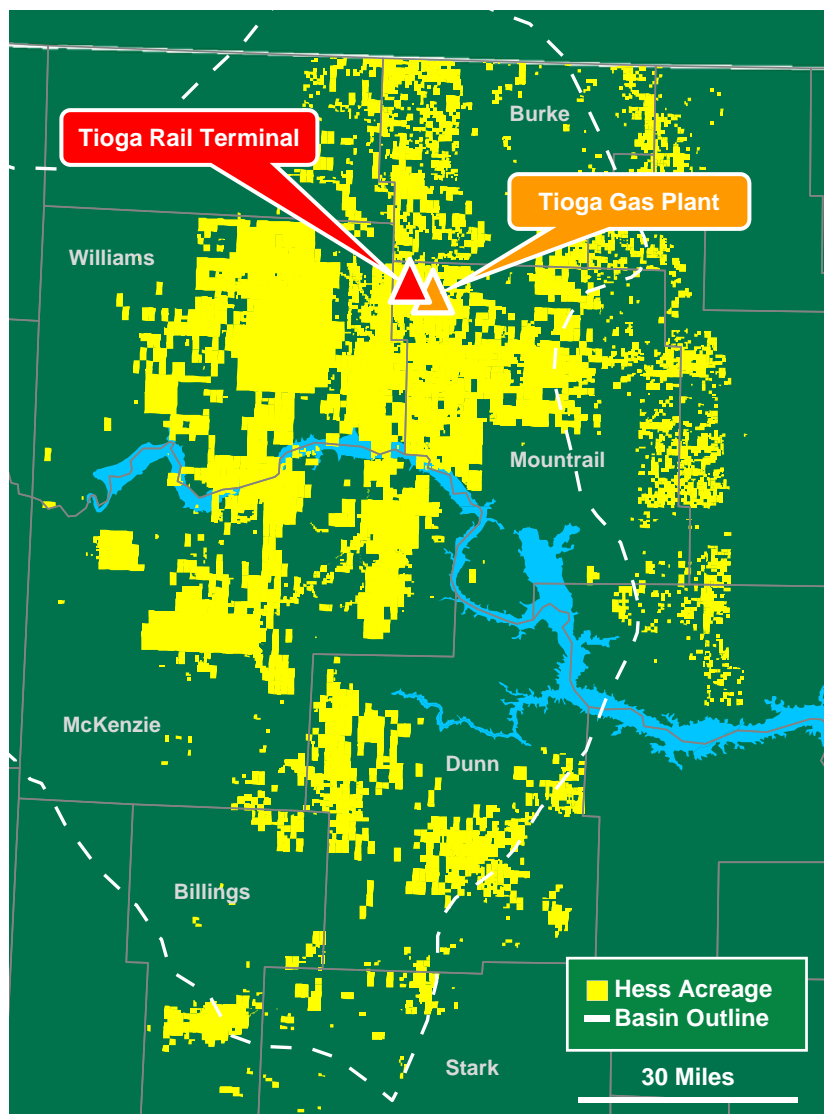
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# ASSET OVERVIEW

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## World Class Position in Bakken Shale



### Strategic / Portfolio Context

- Single biggest contributor to 2013-2017 production growth
- Competitively advantaged – lean manufacturing and infrastructure
- Well cost and productivity heading to industry leading position
- Material upside through infill drilling in Middle Bakken and Three Forks

### Asset Details

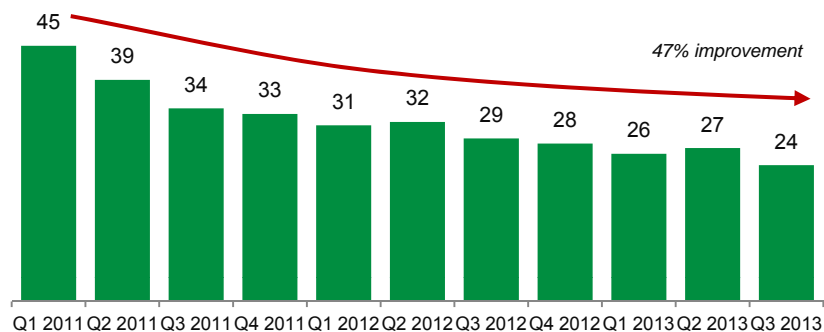
- Hess ~70% W.I., operator
- 640,000 net acres
- 14 rig program in 2013
- Net production forecast is 64-70 Mboe/d in 2013
- Net production goal of ~120 Mboe/d in 2016
- >2,500 operated drilling locations
- 2013 30 Day IPs: 750-850 boe/d
- 2013 EURs: 600,000-650,000 boe
- Estimated recoverable resource >1Bboe



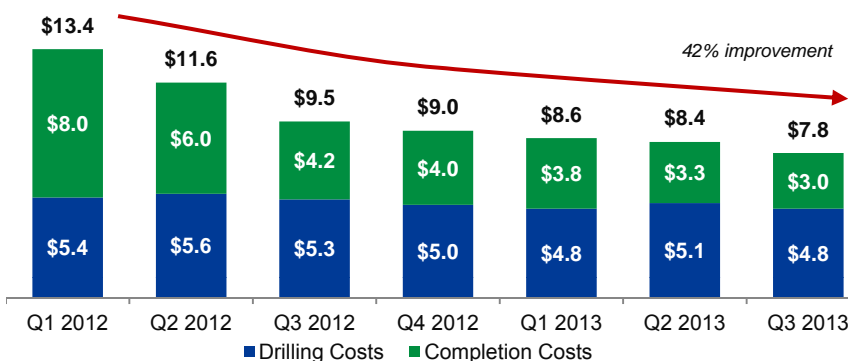
# Driving Performance in the Bakken

## Reducing Well Costs...

Drilling Performance: Spud-to-Spud Days

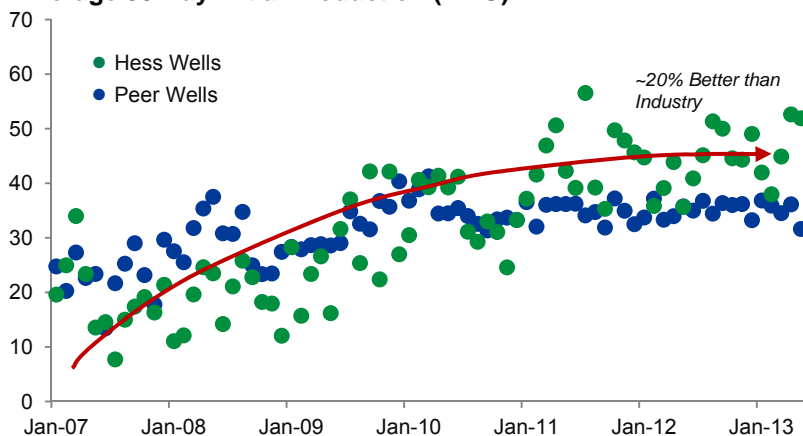


Drilling & Completion Costs (\$mm)

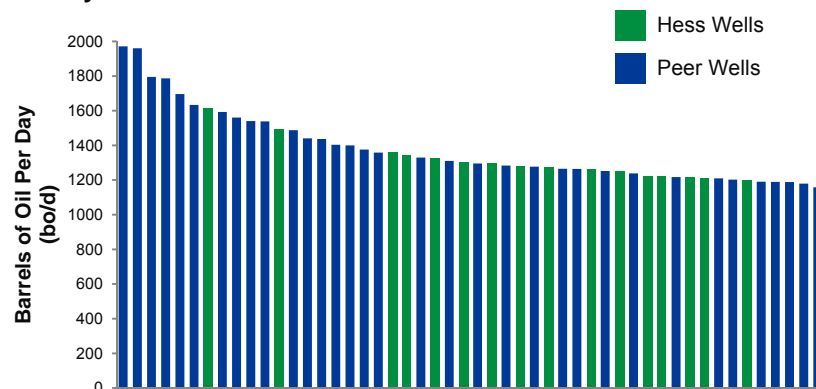


## ...While Optimizing Well Productivity

Average 90-Day Initial Production (MBO)



30-Day Initial Production Rate



Hess Completed 16 of the Top 50 Wells in the Bakken since 2012



## Significant Value Uplift From Bakken Infrastructure



### ▪ Strategic / Portfolio Context

- Flexibility to access highest value markets
- Maximize value per boe
- Intend to monetize by 2015; maintain operatorship and controlling interest

### ▪ Asset Details

#### • Tioga Rail Terminal

- 54 Mb/d capacity; expandable to 120 Mb/d
- 9 crude oil train sets of 104 cars each
- 240 Mbbls crude oil storage
- 12 Mb/d NGL loading capacity

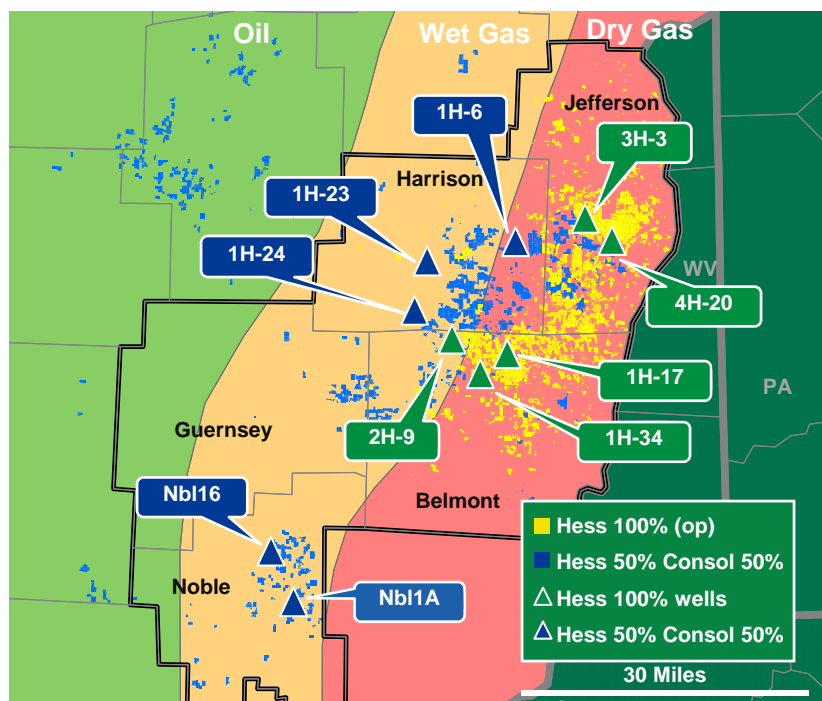
#### • Tioga Gas Plant

- Expansion from 110 Mmcf/d to 250 Mmcf/d
- Increased NGL fractionation
- Ethane sold under long-term contract

#### • Field Compression, Pipeline and Gathering Systems



# Core Position in Emerging Ohio Utica Shale Play



## Strategic / Portfolio Context

- Offers material growth potential 2015+
- JV acreage in wet gas sweet spot
- Leverages Bakken capability
- Focus on appraising wet gas acreage; holding dry gas acreage

## Asset Details

### Hess acreage

- 100% W.I.
- 84% N.R.I.
- ~95,000 net acres
- ~5 wells planned in 2013

### JV acreage

- 50% W.I.
- 98% gross N.R.I.
- ~65,000 net acres
- ~20 wells planned in 2013

Operator	Well No	County	Well Result (24 Hr Test)
Hess	NAC 3H-3	Jefferson	1,833 boe/d, 0% Liquids
Hess	4H-20	Jefferson	1,250 boe/d, 0% Liquids
Hess	1H-34	Belmont	2,985 boe/d, 29% Liquids
Hess	2H-9	Belmont	2,242 boe/d, 42% Liquids
Hess	1H-17	Belmont	3,421 boe/d, 21% Liquids
Hess	1H-6	Harrison	1,432 boe/d, 20% Liquids
Hess	1H-23	Harrison	2,251 boe/d, 57% Liquids
Hess	1H-24	Harrison	2,519 boe/d, 52% Liquids
CNX	Nbl1A	Noble	1,950 boe/d, 39% Liquids
CNX	Nbl16	Noble	3,604 boe/d, 61% Liquids

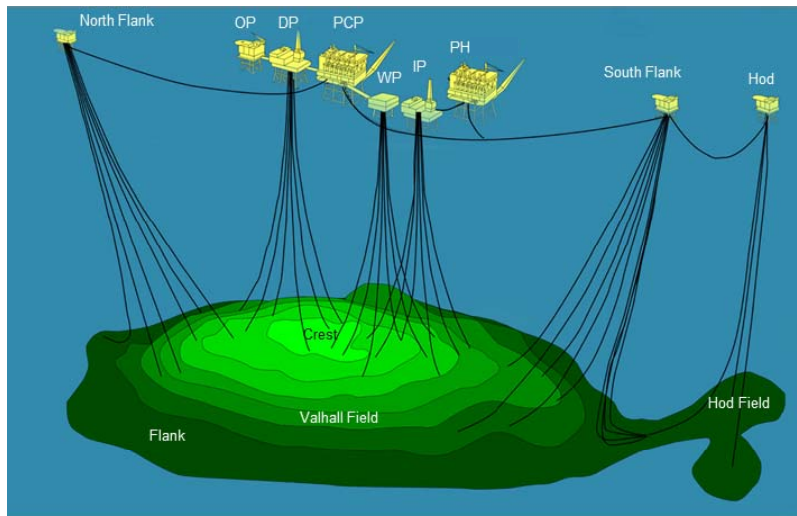




# Valhall – Multi-Year Drilling Opportunities



Valhall Complex – Norwegian North Sea



## ■ Strategic / Portfolio Context

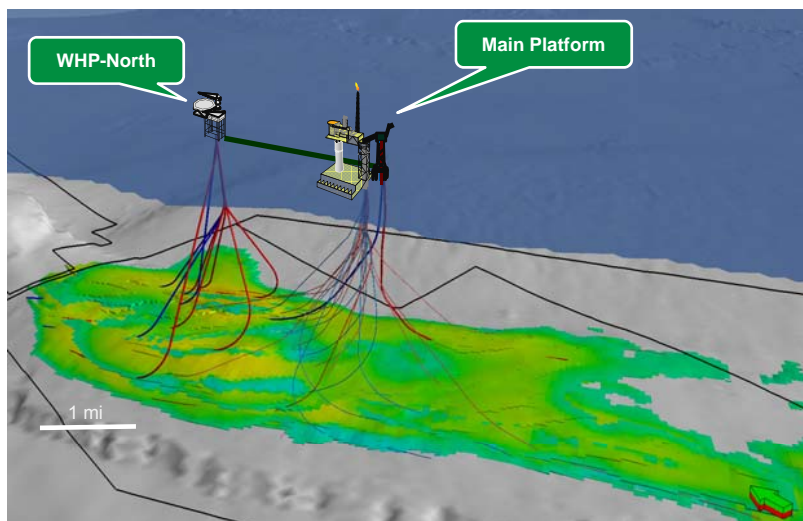
- Long life, material asset; 3.2 Bboe originally in place (gross)
- Key forward contributor to reserves, production and cash flow
- Leverages chalk reservoir experience and capability

## ■ Asset Details

- Hess ~64% W.I.; BP operated
- Field redevelopment completed 1Q13
- Multi-year drilling program commenced in 2013
- 2013 net production forecast is 24-28 Mboe/d
- Net production goal of 40-50 Mboe/d by 2017



## South Arne – High Margin Exploitation Upside



### ■ Strategic / Portfolio Context

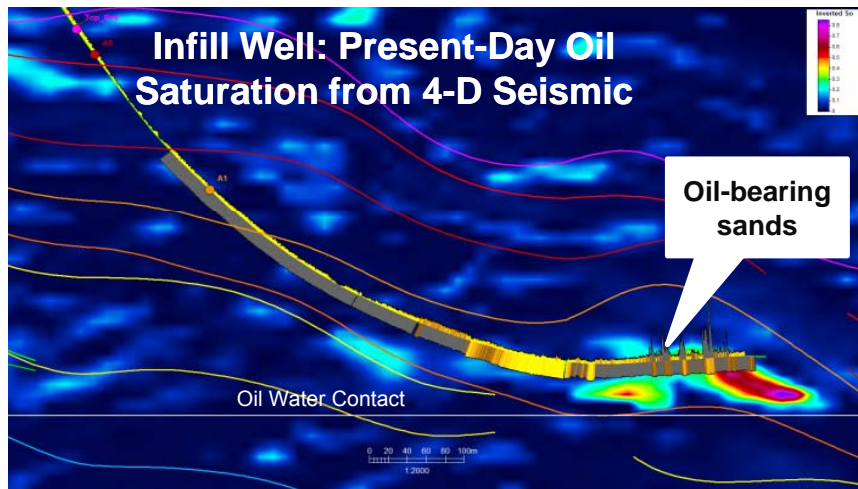
- High margin and free cash flow
- Exploitation upside through infill drilling and near field tie backs
- Leverages chalk reservoir experience and capability

### ■ Asset Details

- Hess ~61% W.I., operator
- Multi-year drilling program commenced in 2013
- 2013 net production forecast is ~9 Mboe/d
- Net production goal of 15-20 Mboe/d by 2017



# Equatorial Guinea Block G – 4-D Seismic Unlocking Value



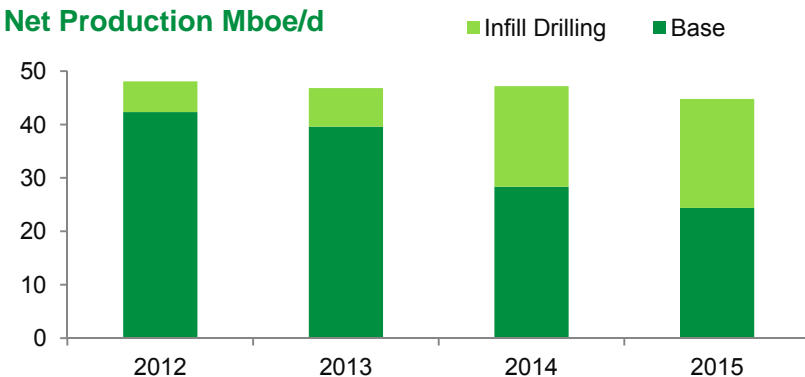
## Strategic / Portfolio Context

- High margin and strong cash flow
- Material contributor to production
- 4D seismic has resulted in additional high value drilling opportunities to maintain production plateau
- Leverages deep water capability

## Asset Details

- Hess 81% W.I., operator
- Net production forecast is 45–50 Mboe/d in 2013-2015

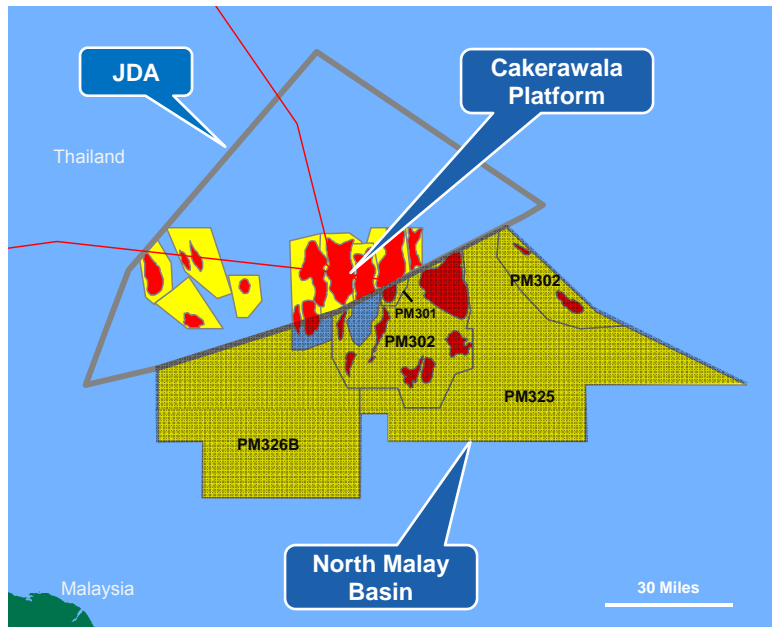
## Net Production Mboe/d







## JDA – Material Production and Free Cash Flow



**Cakerawala Platform**

### ■ Strategic / Portfolio Context

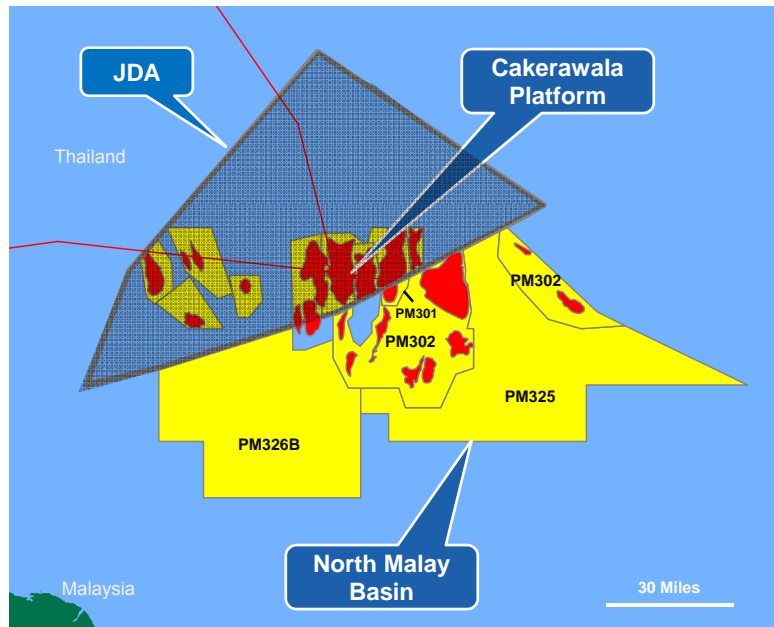
- Low cost, long life gas asset
- Material production and free cash flow
- Exploitation upside
- Leverages offshore development capabilities

### ■ Asset Details

- Hess 50% W.I.
- 2013 net production forecast is ~250 MMcfe/d
- Oil linked gas price
- PSC through 2029



## North Malay Basin – Low Risk Oil-Linked Gas Development



### ■ Strategic / Portfolio Context

- Low risk development of 9 discovered gas fields
- Material production and free cash flow 2017+
- Leverages JDA experience and capabilities
- Material exploration upside

### ■ Asset Details

- Hess 50% W.I., operator
- Early production forecast is 40 MMcf/d in 4Q13
- Full field production forecast is 165 MMcf/d 2017+
- Oil linked gas price
- PSC through 2033



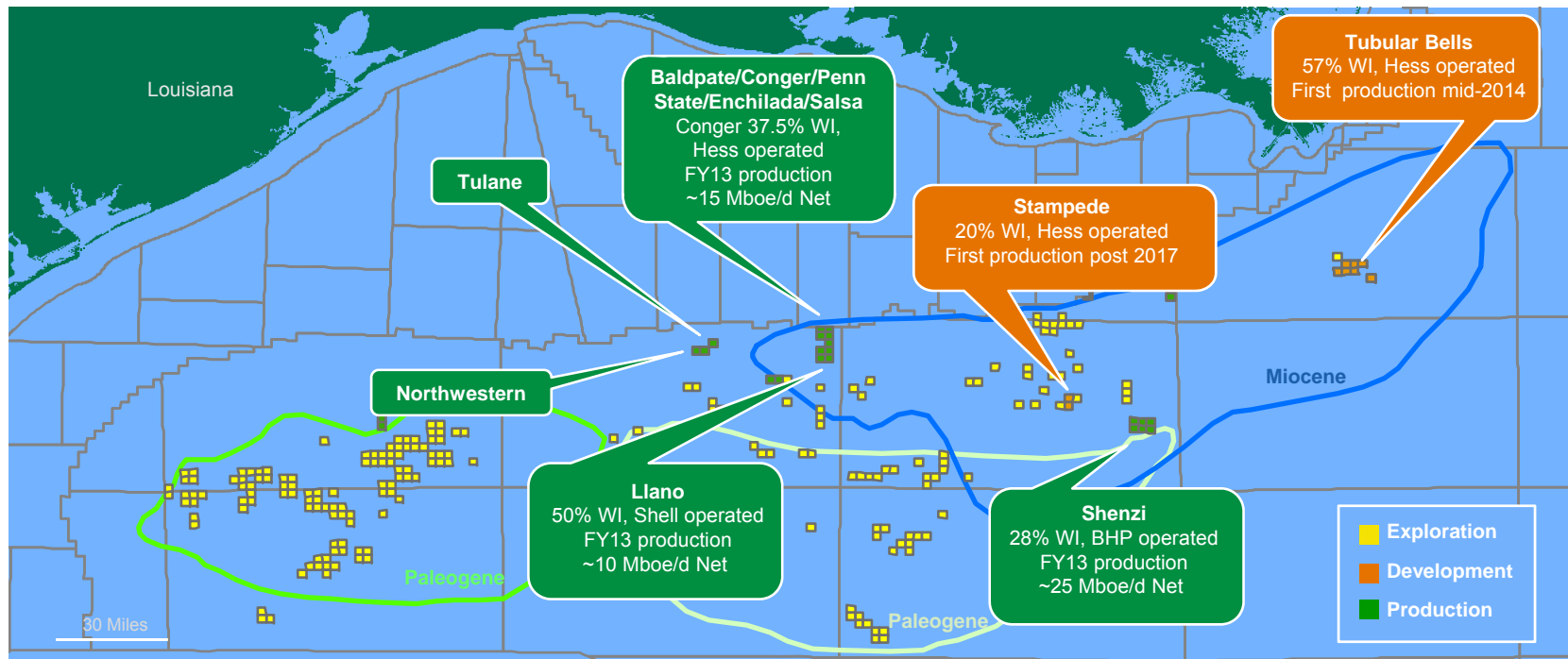
# Deepwater Gulf of Mexico Portfolio

## Strategic / Portfolio Context

- Target to maintain production of ~70 Mboe/d through 2017
- Material, high margin assets with successful exploitation track record
- Leverages proven deepwater capability
- Exploration upside

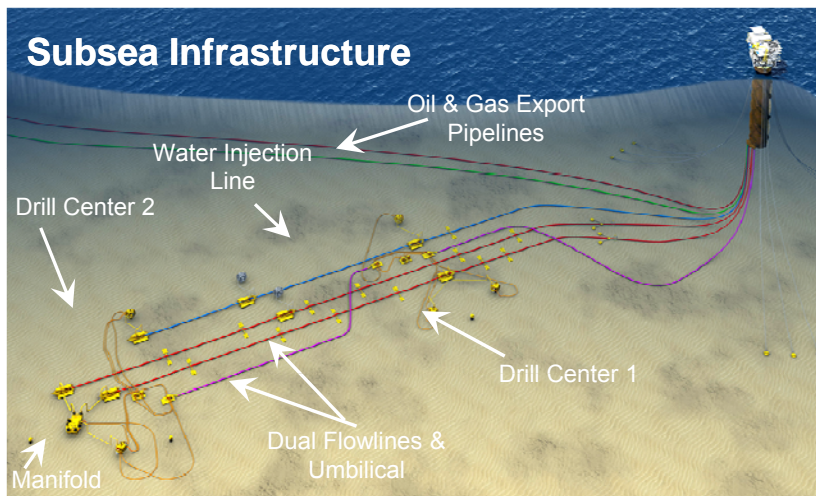
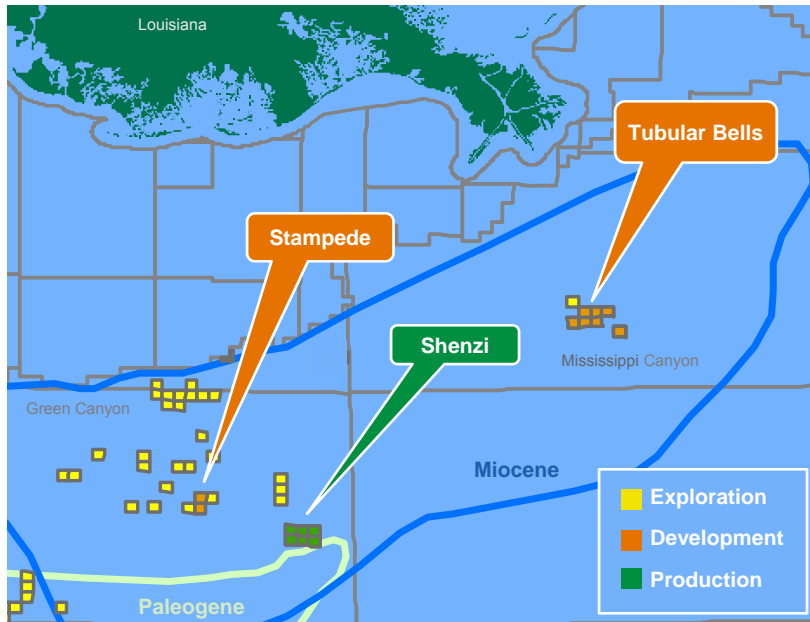
## Asset Details

- Key producing assets: Shenzi, Conger and Llano
- Two major operated developments
  - Tubular Bells first production in 3Q14
  - Stampede sanction decision in 2014
- Large acreage position in Miocene and Paleogene plays





## Tubular Bells – High Margin Asset; On Line 3Q14



### ■ Strategic / Portfolio Context

- Material high margin asset
- Key contributor to production growth and cash flow
- Leverages deepwater capability

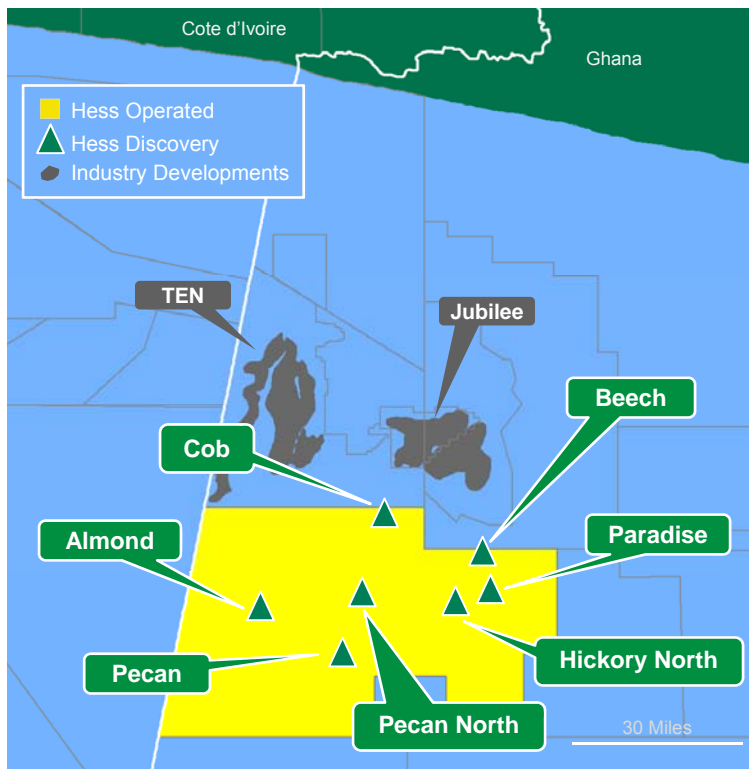
### ■ Asset Details

- Hess 57% W.I., operator
- Water Depth: 4,400 feet
- Subsea wells tied back to third party owned SPAR facility
- First production targeted 3Q14
- Anticipate first year net production rate of ~25 Mboe/d

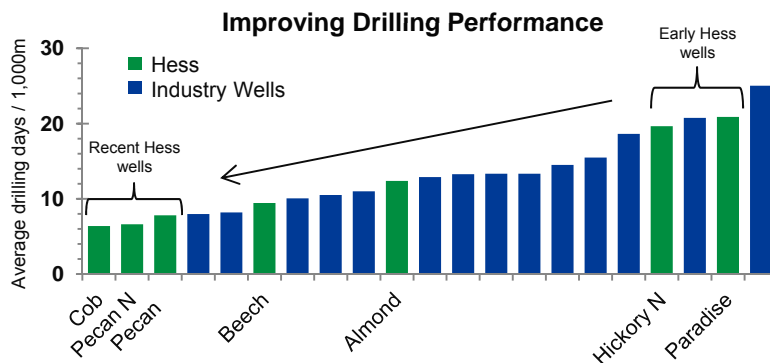




## Ghana – Deep Water Tano Cape Three Points



- Hess 90% W.I., operator
- 7 discoveries material to resource base
- Builds on West African deep water experience
- Industry leading well costs
- Appraisal plans submitted to Government
- Pursuing partnership strategy

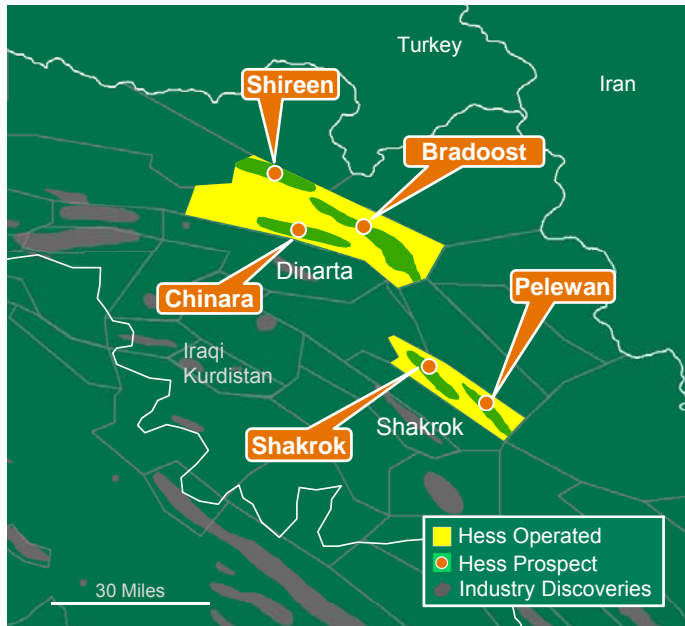


Well Name	Completion Date	Net Pay (ft)	Hydrocarbon	Water Depth (ft)
Paradise-1	Jun-11	415	Oil and gas condensate	6,040
Hickory North-1	Jun-12	98	Gas condensate	6,455
Beech-1	Jul-12	146	Oil	5,623
Almond-1	Oct-12	53	Oil	7,251
Pecan-1	Dec-12	245	Oil	8,245
Cob-1	Jan-13	31	Oil	6,330
Pecan North-1	Feb-13	40	Oil	7,411

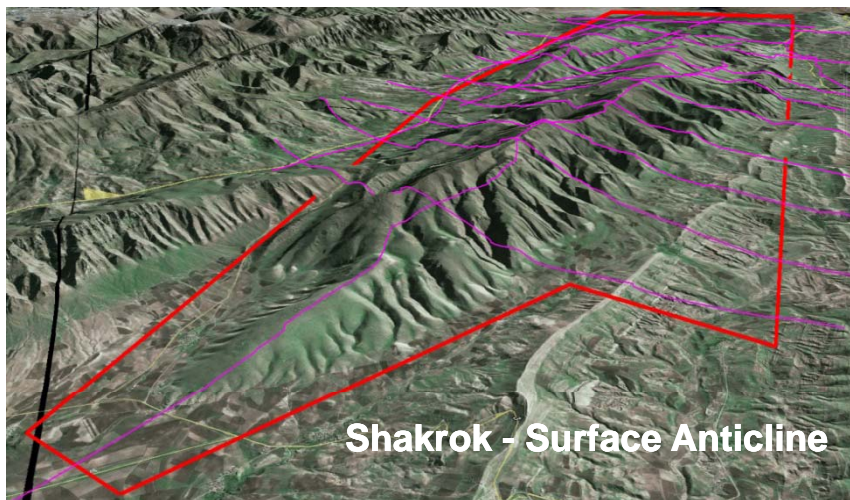
Source: Rushmore (West Africa drilling greater than 1,200 meters WD)



## Kurdistan – Dinarta and Shakrok



- Hess 64% W.I., operator
- Spud first of 2 wells 3Q13 (Shakrok)
- Surface anticlines with oil seeps
- 8 recent nearby discoveries with >200MMboe each
- >425,000 gross acres
- Pursuing partnership strategy



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- **Three Pronged Strategy to Drive Growth and Returns While Managing Risk**
- **Financial Flexibility to Fund Future Growth**
- **Portfolio Reshaping Allows for Increased Cash Returns to Shareholders**

**Allocate capital to highest return projects on a risk adjusted basis**

