

# HESS CORPORATION



**J.P. MORGAN ENERGY EQUITY INVESTOR CONFERENCE**

**JUNE 27, 2017**

# 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.

This presentation includes certain non-GAAP financial measures, including Net Debt. Non-GAAP financial measures such as Net Debt should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the Appendix of this presentation for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with GAAP.



# Positioned for Long Term, Value Driven Growth

## Significant Value-Driven Growth Engines

- **Bakken set to resume growth trajectory**
  - Industry leading position – increase rig count from 2 to 6 in 2017
  - Growth trajectory from ~100 to 175 MBOED
- **North Malay Basin and Stampede add ~35 MBOED by 2018**
- **World-class oil discoveries offshore Guyana**
  - Gross discovered recoverable volumes ~2.0 - 2.5 BBOE
  - Liza Phase 1 sanctioned – 120 MBOD FPSO; first oil by 2020
  - Progressing additional phases of development
- **Significant future exploration potential**

## Focused Portfolio, Balanced for Risk and Leveraged to Oil Prices

- **Positioned for a decade of reserve and production growth**
- **Attractive mix of short and long cycle opportunities**
  - Linked to top quartile operating capabilities
- **Strong leverage to recovery in oil prices**

## Financial Strength and Flexibility

- **Resilient balance sheet and liquidity position**
  - \$2.7 billion of cash & total liquidity of \$7.2 billion
  - 2017 E&P capital & exploratory budget of \$2.25 billion
- **Goal to deliver cash generative growth over cycle**

Increasing production momentum with lower costs and improving returns

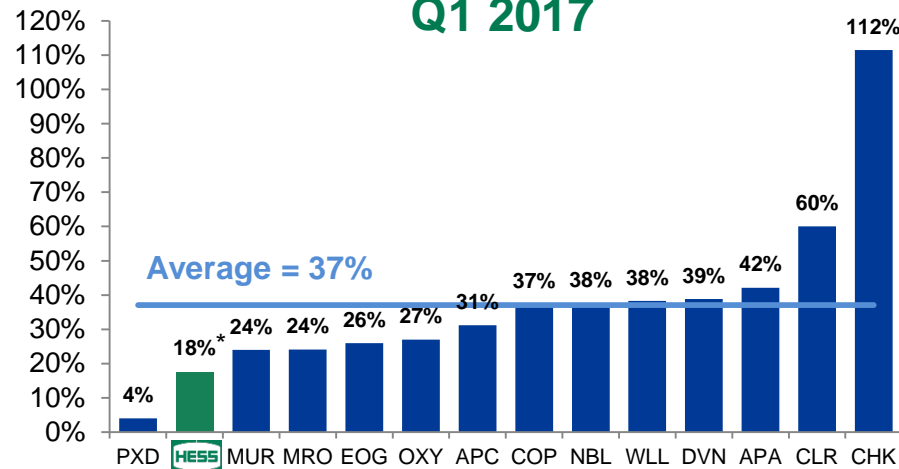
# One of the Strongest Balance Sheets

And liquidity positions among E&P Peers

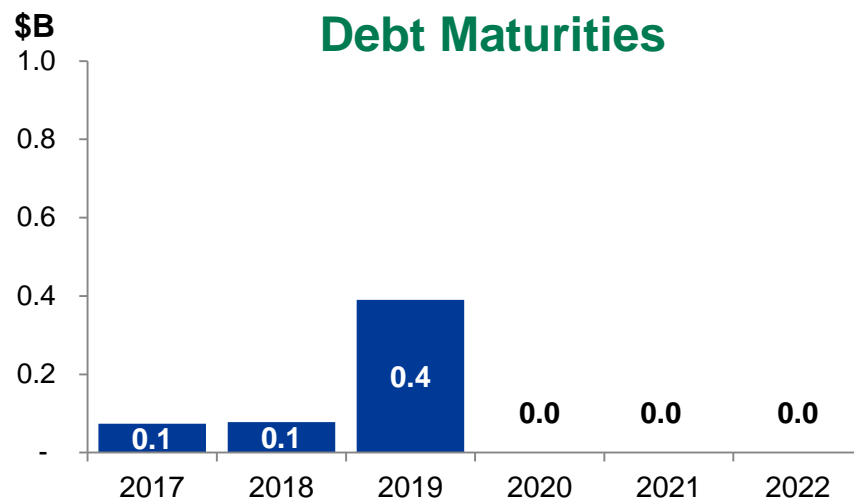


- **\$7.2 B of Liquidity (at 3/31/17)**
  - \$2.7 B Cash
  - \$4.0 B Unused Revolver
  - \$0.5 B Unused Committed Lines
- **Net Debt-to-Capitalization ratio of approximately 18%\***
- **No Significant Near-Term Debt Maturities**
- **2017 E&P Capital & Exploratory Spend of \$2.25 B**
  - ~70% focused on growth projects

## Peer Net Debt-to-Capital Ratio Q1 2017



\*Excluding Hess Infrastructure Partners



Source: Company filings

\* Excludes Hess Infrastructure Partners. See appendix for reconciliation.

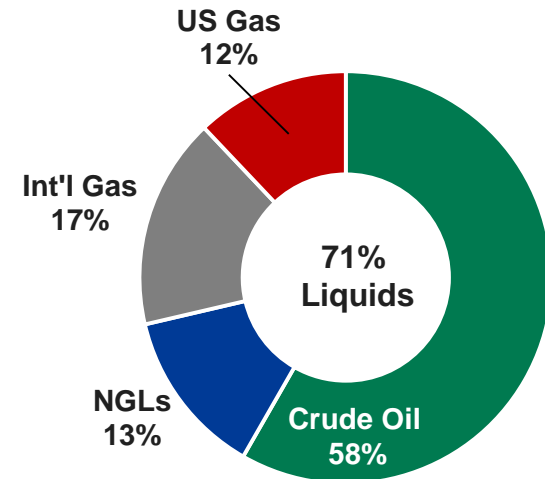
# Focused Resilient Portfolio

Strong leverage to recovery in oil prices

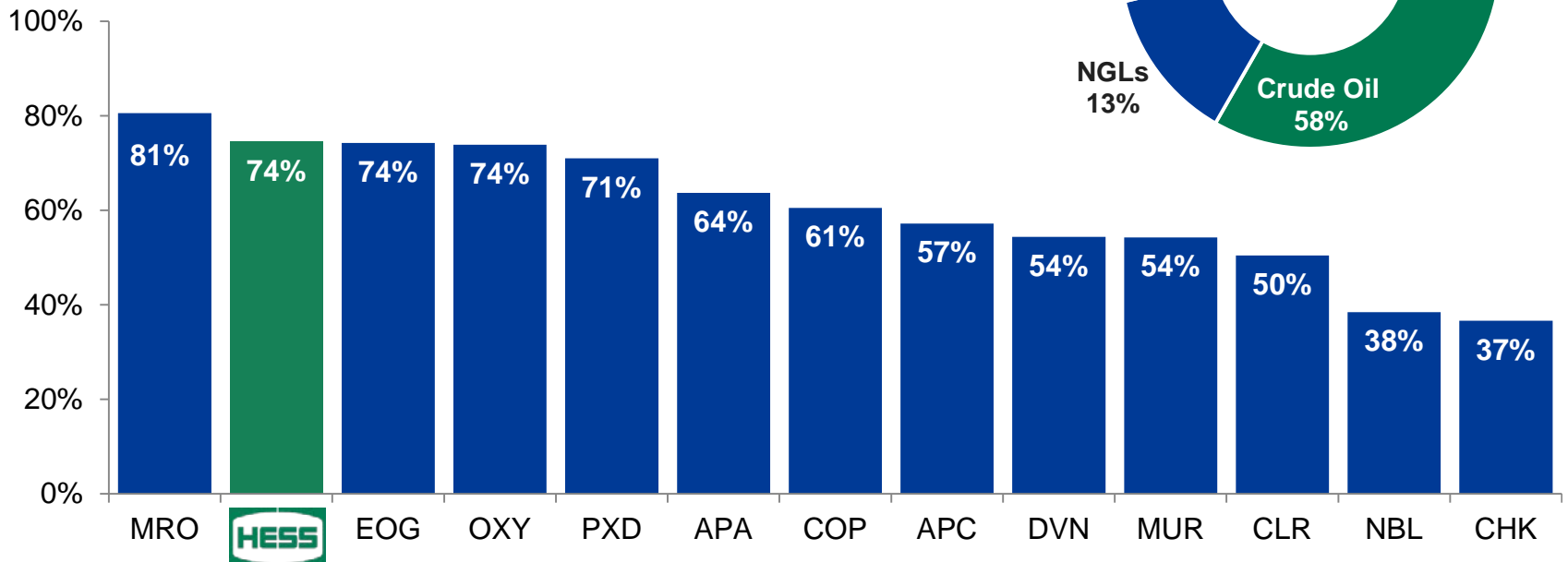


**Each \$1 change in oil prices impacts annual after tax cash flow by approximately \$70 million**

## 2017 Forecast Hess Production



## Liquids % of YE 2016 Reserves

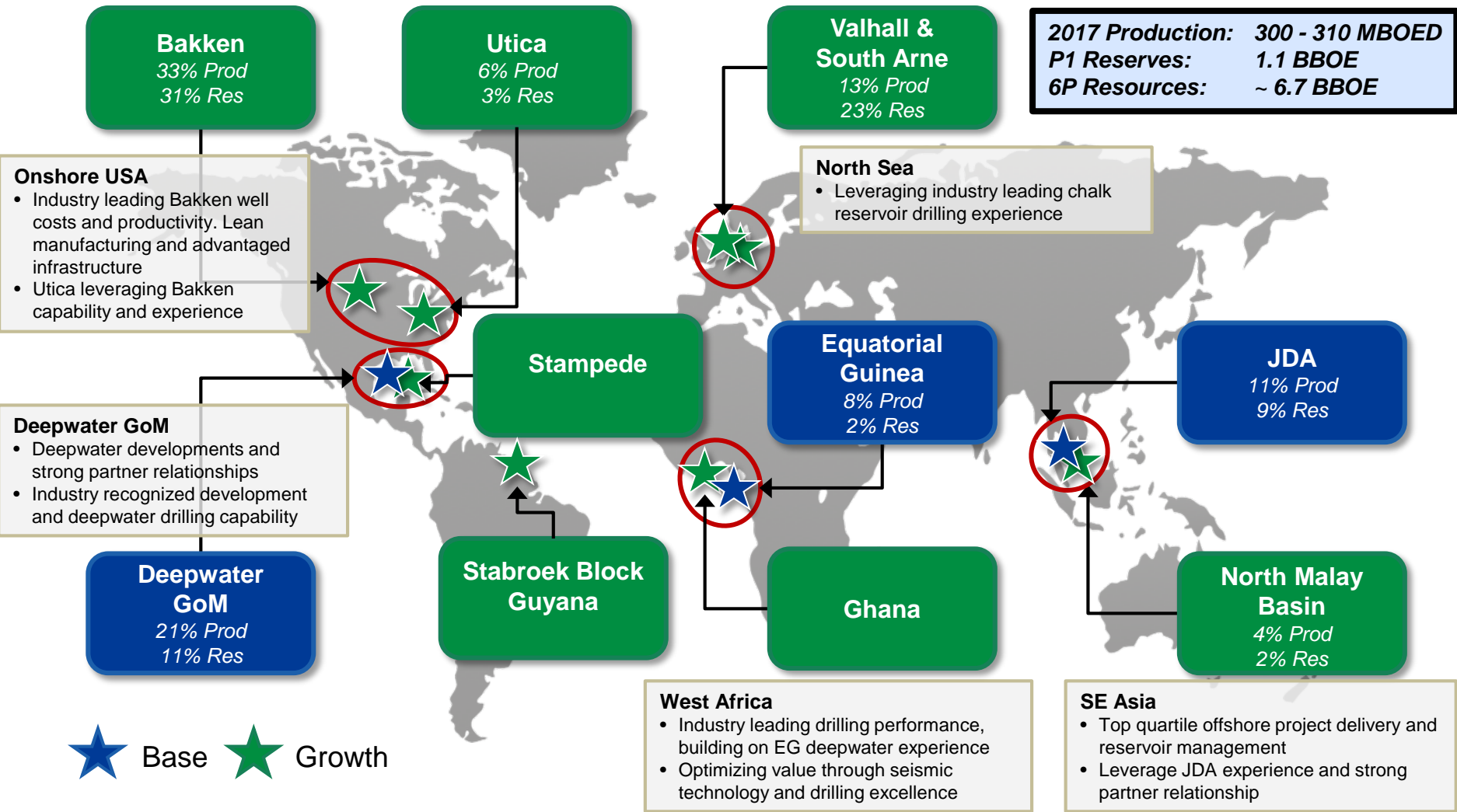


# Focused Resilient Portfolio

Linked by operating capabilities



**2017 Production: 300 - 310 MBOED**  
**P1 Reserves: 1.1 BBOE**  
**6P Resources: ~ 6.7 BBOE**



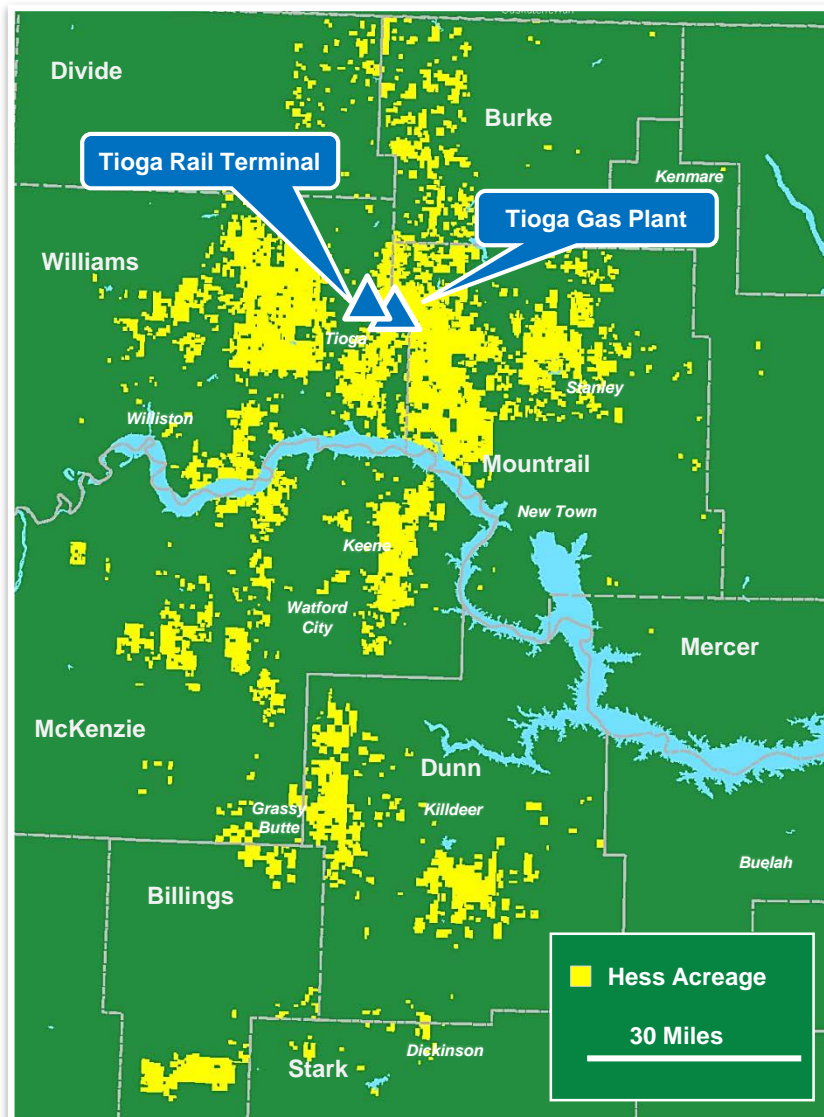
**Located in areas where Hess is competitively advantaged**

Net Production: 2017 assumes zero contribution from Libya

Reserves: 2016 Year End Proven, includes Libya

# One of the Best Positions in the Bakken

Competitively advantaged, utilizing Lean manufacturing process



## • Strategic / Portfolio Context

- Industry leading acreage position in the core of the Middle Bakken and Three Forks
- Focus on efficiencies via Lean Manufacturing principles, to increase DSU value
- Advantaged infrastructure enhances netbacks

## • Asset Details

- ~556,000 net acres; Hess ~75% WI, operator
- 2017 net production 95-105 MBOED
- Growth trajectory to ~175 MBOED
- Net Estimated Ultimate Recovery ~1.7 BBOE
  - 1.5 BBOE yet to produce
- >2,850 future operated drilling locations
- 2017 IP90s: 700 - 750 BOPD
- Plan to increase rig count to 6 by YE 2017
- 2017 Bakken E&P Capex: ~\$675 MM

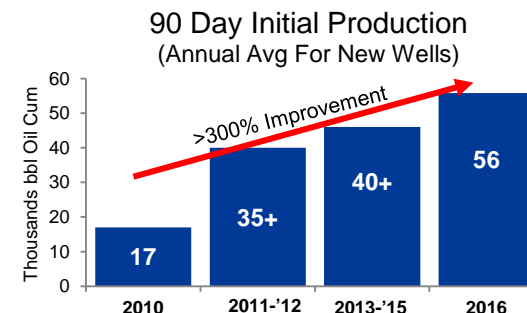
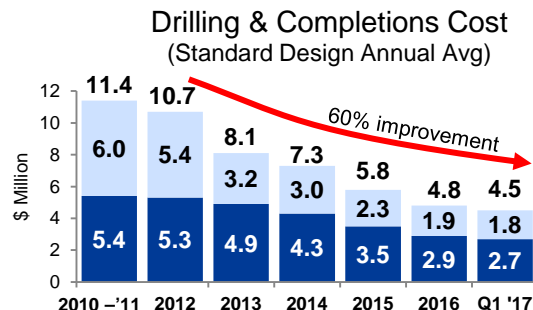
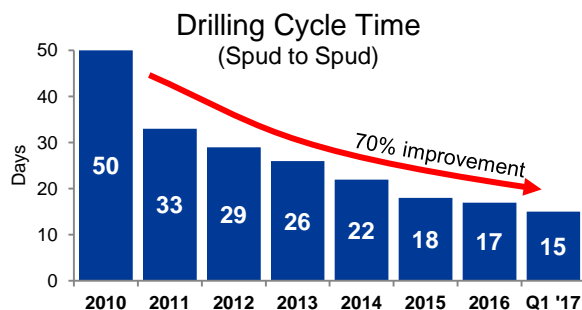
Major contributor to future reserve and production growth

# The Hess Bakken Development Journey

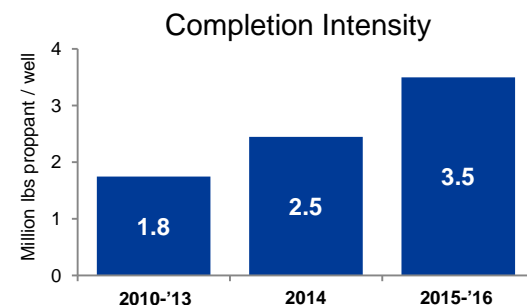
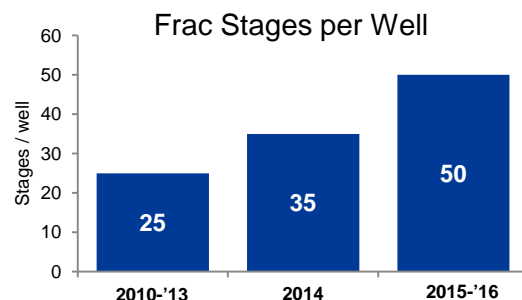
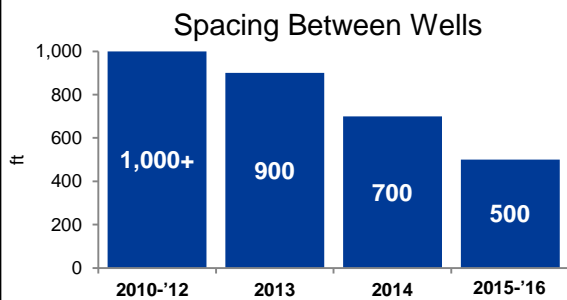
Maximizing DSU Value via Lean Principles and Innovation...



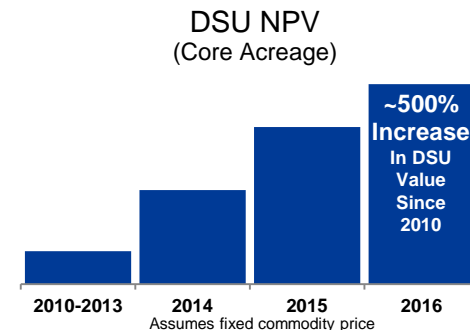
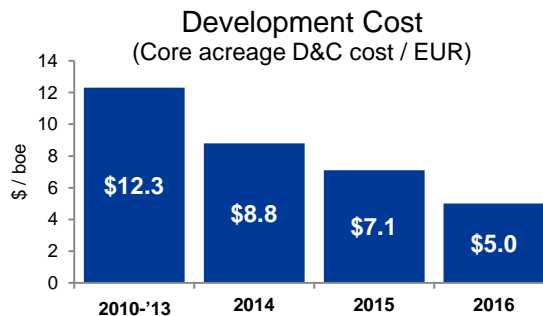
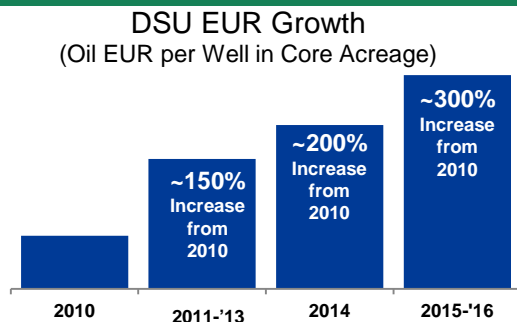
## LEAN PRINCIPLES: Continuous Improvement



## INNOVATION: Optimize the DSU



## STRONG RETURNS: Increased Recovery and Value

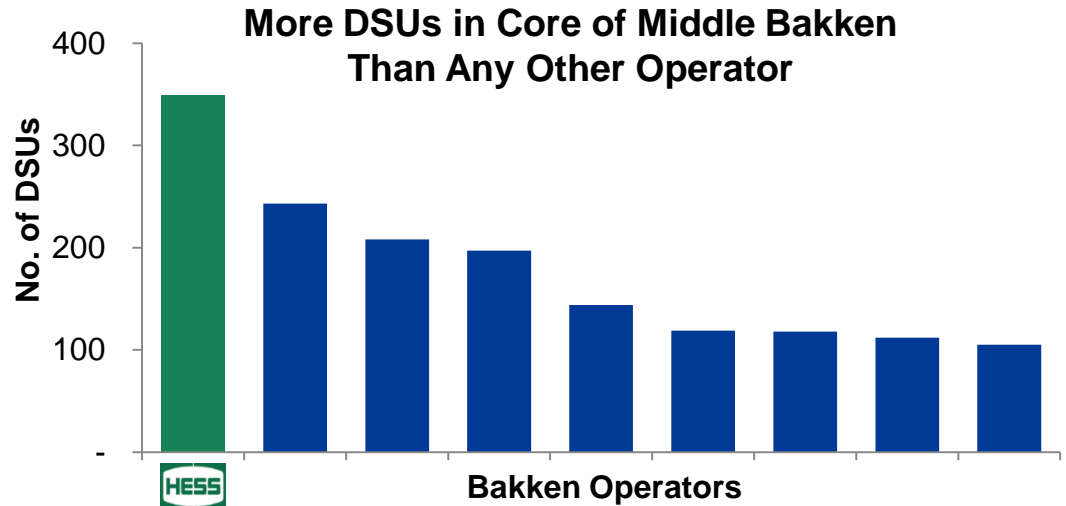
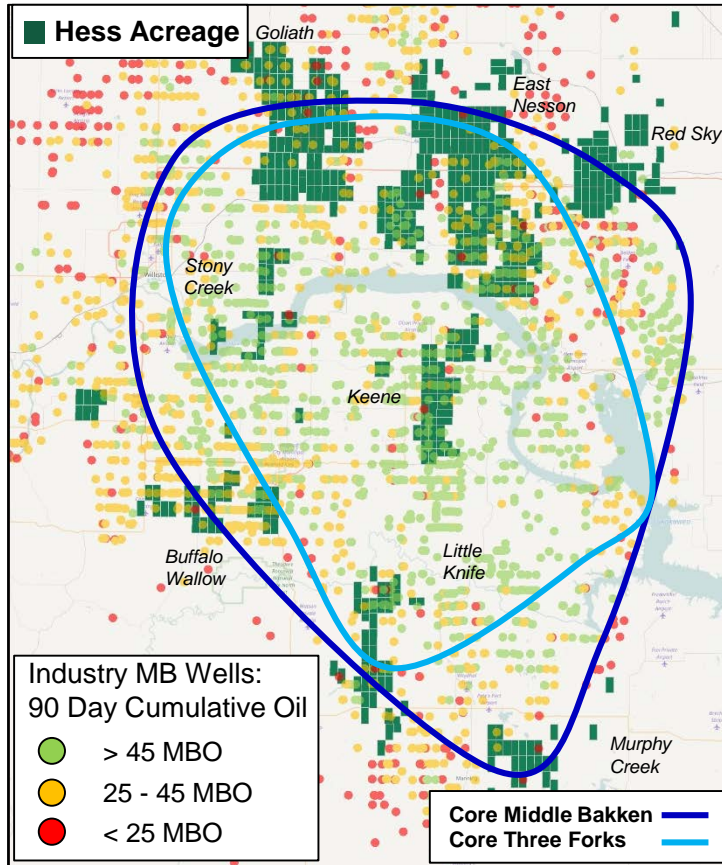


# One of the Best Positions in the Bakken

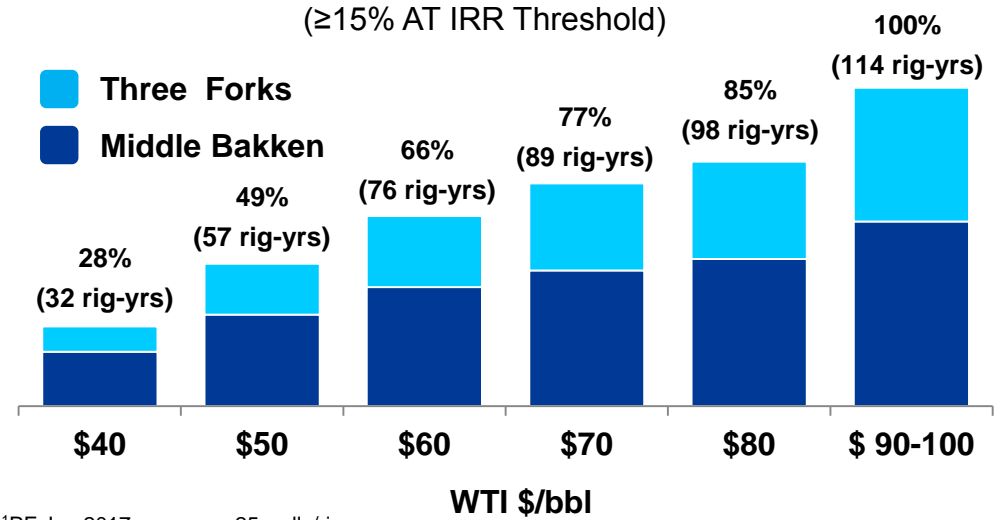
Material position in the core of the play



## 30+ Stage Wells Since 2012



**>2,850 Future Operated Drilling Locations<sup>1</sup>**  
 % of Total Inventory & Implied Rig-Years vs WTI Price (≥15% AT IRR Threshold)



DSU: 1,280 acre Drilling Spacing Unit  
 Source: NDIC and Hess analysis

<sup>1</sup>PF Jan 2017, assumes 25 wells/rig-year

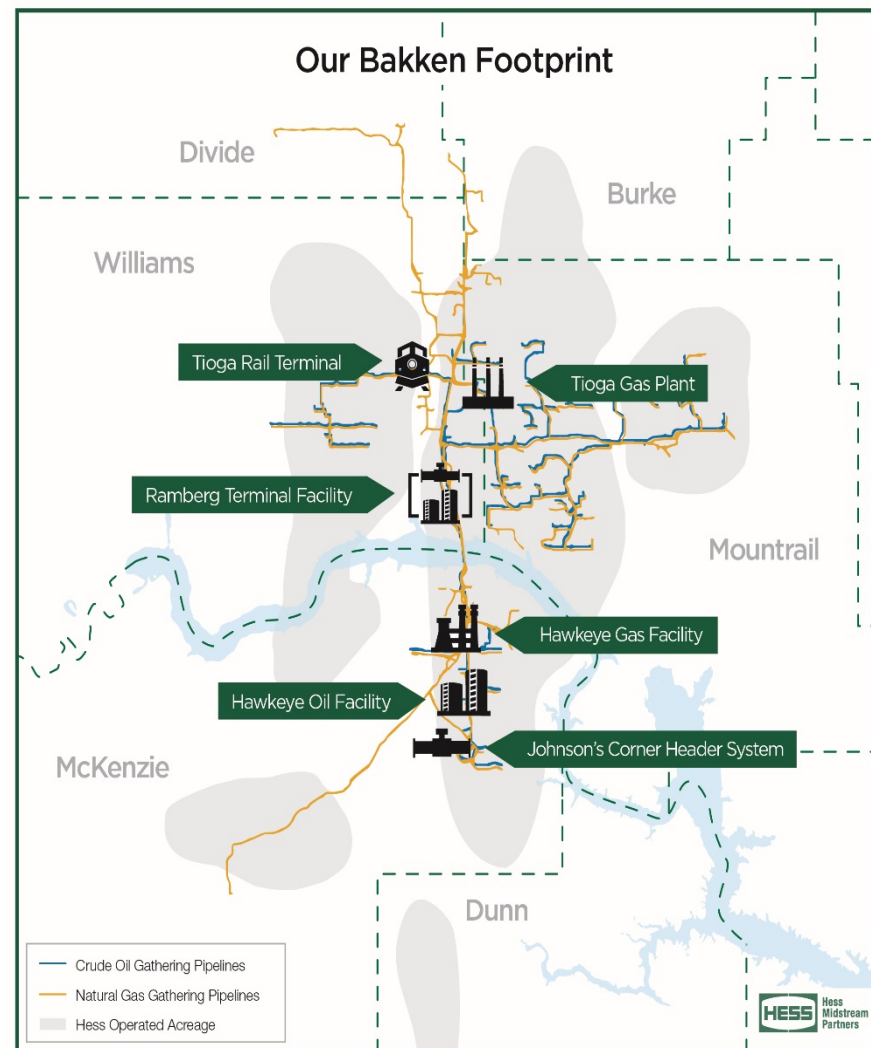
WTI \$/bbl

# Unlocking Value in the Midstream Segment

Successful IPO of HESM with built-in future asset drop-downs



- **Upsized IPO of HESM with proceeds of ~\$175 MM net to Hess Corporation**
- **HESM highlights:**
  - Strategically advantaged asset base
  - 100% fee-based contracts with MVCs, inflation escalators and fee redeterminations
  - Significant embedded growth
  - Premier sponsorship with track record of execution
- **Transaction highlights value while Hess retains operational control**
- **HESM accounts for 20% of the Hess Infrastructure Partners (HIP) JV assets; remaining 80% available for future monetization**



Successful HESM IPO highlights midstream value

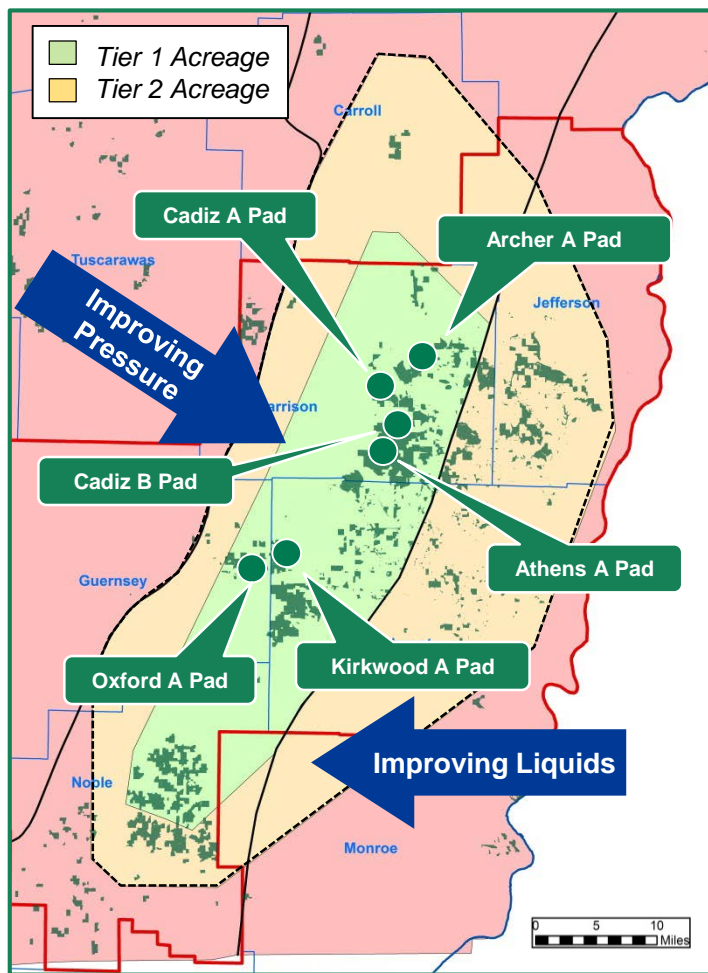
# Utica: Significant Position in Wet Gas Window



Acreage in play sweet spot with high NRI

## JV Acreage

Optimum Mix of Pressure and Liquid Content



## • Strategic / Portfolio Context

- Wells highly productive, high liquids content
- Leveraging Bakken capabilities to maximize efficiency
- Drilling costs per foot reduced by ~75% and completion costs per foot by ~50% since inception

## • Asset Details

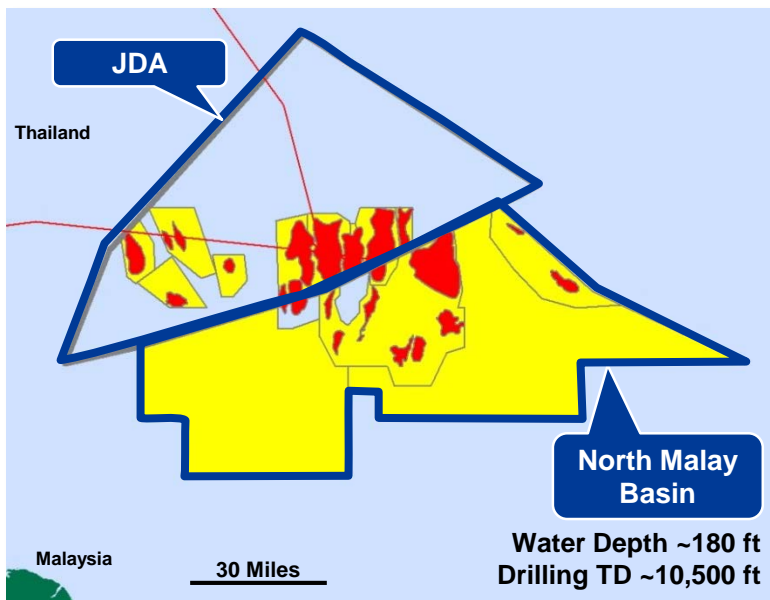
- 50% WI; 95% gross NRI
- 45,000 net acres
- 2017 net production 15-20 MBOED
- Drilling pause until natural gas and NGL price realizations improve
- 2017 capex ~\$25 MM

Core position in prolific Utica Shale play

# Malaysia Gas: North Malay Basin & JDA



## Long term production and cash flow



### • Strategic / Portfolio Context

- Low cost, long life gas reserves with oil linked pricing
- NMB leverages JDA development capabilities and strong Petronas relationship
- Growing pipeline supply/demand gap

### • Asset Details: NMB

- Low risk development of 9 discoveries
- Full Field Development completion 3Q17; net production up to ~165 MMCFED
- 2017 net production ~80 MMCFED
- 2017 capex ~\$275 MM

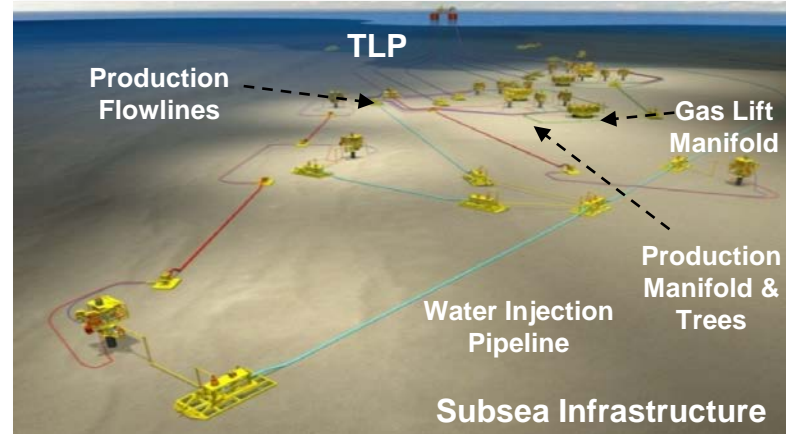
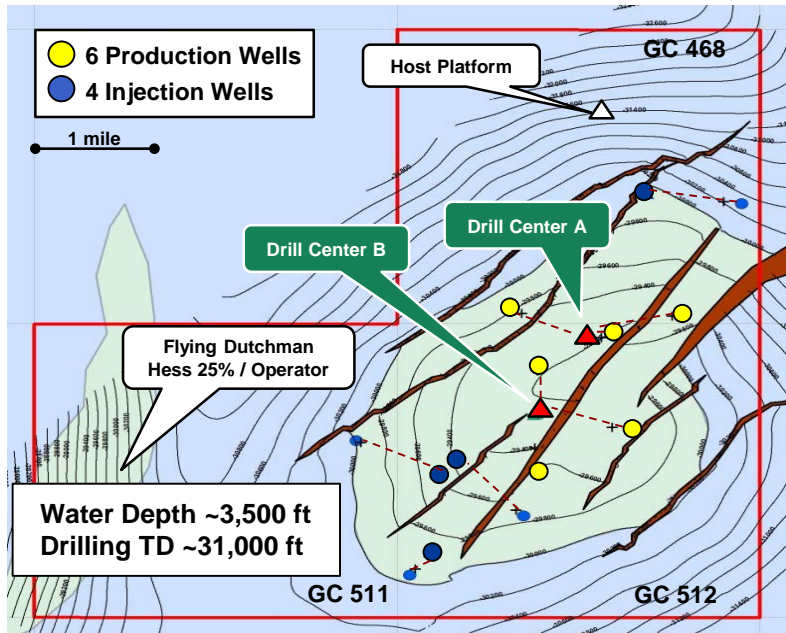
### • Asset Details: JDA

- Stable production; free cash flow
- 2017 net production ~210 MMCFED
- 2017 capex ~\$30 MM



# Deepwater Gulf of Mexico: Stampede

Leverages proven deepwater capability



## • Strategic / Portfolio Context

- Significant contribution to 2018+ growth
- One of the largest undeveloped fields in GoM (300 - 350 MMBOE gross recoverable)

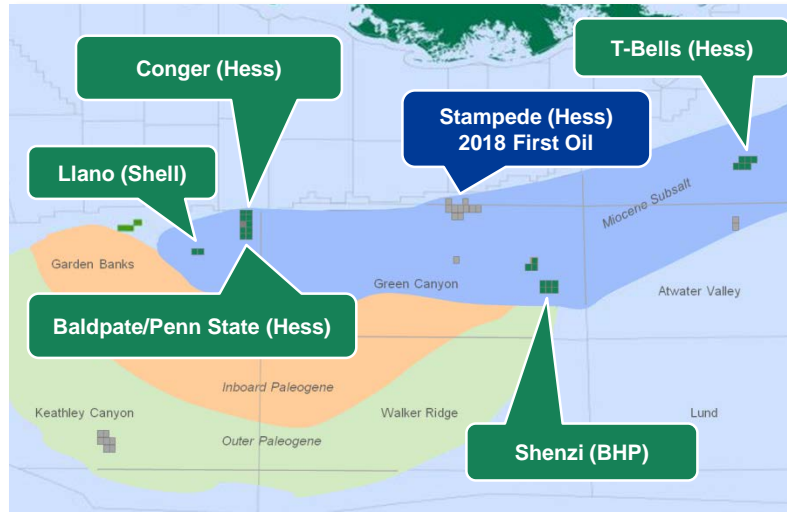
## • Asset Details

- 25% WI, operator
- Commenced drilling in 2016
- Plan to install TLP and topsides on location and complete subsea-installation in 2017
- First oil 2018; net production ~15 MBOED
- Mature captured near field exploitation opportunities
- 2017 capex ~\$425 MM

**Adds ~15 MBOED production and becomes a long term cash generator in 2018**

# Deepwater Gulf of Mexico

Stable production with low cash costs and strong cash flow



## • Strategic / Portfolio Context

- Leverages proven deepwater capability
- Inventory of high return infill drilling opportunities around existing hubs

## • Asset Details

- Commenced water injection and drilled fifth producer at Tubular Bells in 2016
- New Penn State well planned to be brought on line in 2H17
- Stampede development on track for first oil in 2018
- 2017 net production ~65 MBOED
- 2017 capex ~\$165 MM (ex Stampede)

Leveraging proven deepwater capabilities and strong partnerships to deliver profitable growth

# West Africa: Equatorial Guinea

Maximizing value through 4D seismic and drilling excellence

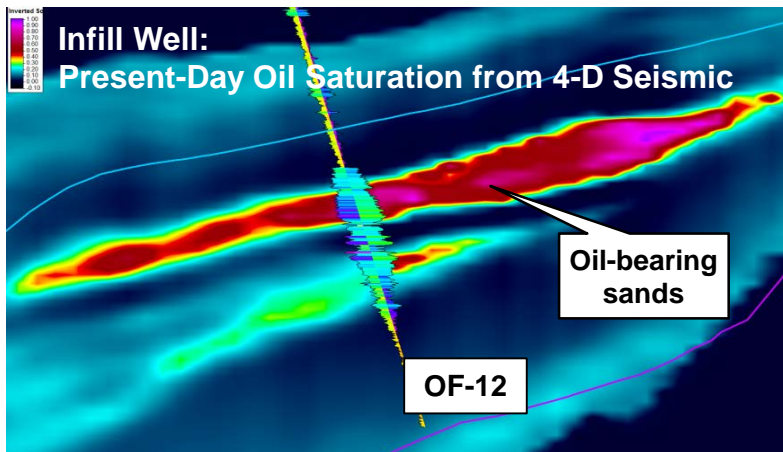


- **Strategic / Portfolio Context**

- Strong cash flow generation
- 4D seismic for continuing identification of high value drilling opportunities to maintain production plateau
- Leverages deepwater capability

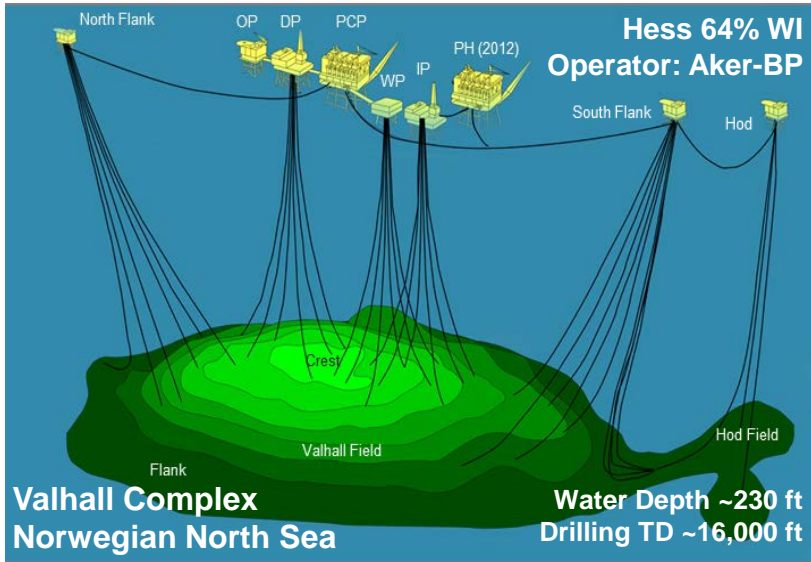
- **Asset Details**

- 85% WI, operator
- 2017 net production ~25 MBOED
- Process new 4D seismic / mature further exploitation opportunities
- No drilling planned in 2017
- 2017 capex ~\$20 MM



# North Sea Chalk: Valhall & South Arne

Long life oil assets with running room

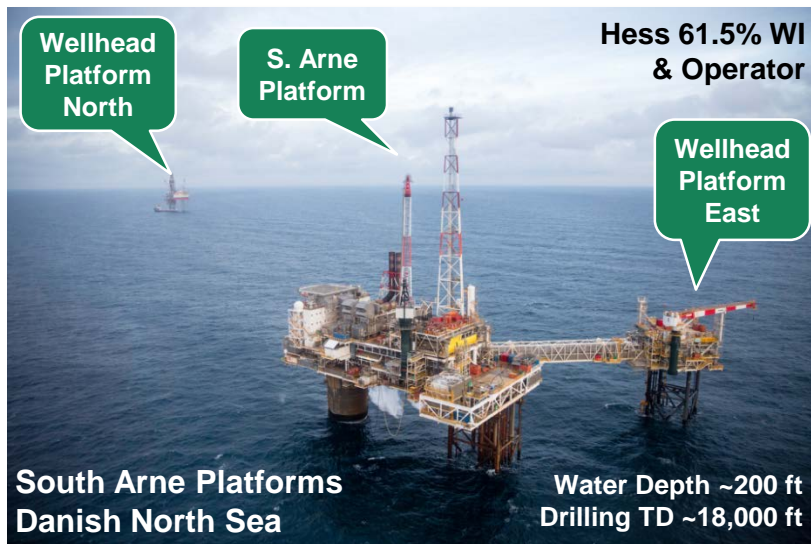


## • Strategic / Portfolio Context

- Underdeveloped chalk reservoirs; significant remaining upside
- Multi year drilling inventory
- Leveraging expertise in horizontal, managed pressure drilling in chalk reservoirs

## • Asset Details: Valhall

- 2017 net production 25 - 30 MBOED
- Resumed drilling from platform rig 1Q17
- 2017 capex ~\$125 MM



## • Asset Details: South Arne

- 2017 net production 10-15 MBOED
- Further infill drilling potential identified with new 4D Ocean Bottom Seismic
- 2017 capex ~\$35 MM

# Significant Value Driven Growth Engines

## Bakken

- 1.5 BBOE remaining net EUR
- >2,850 future drilling locations

## North Malay Basin

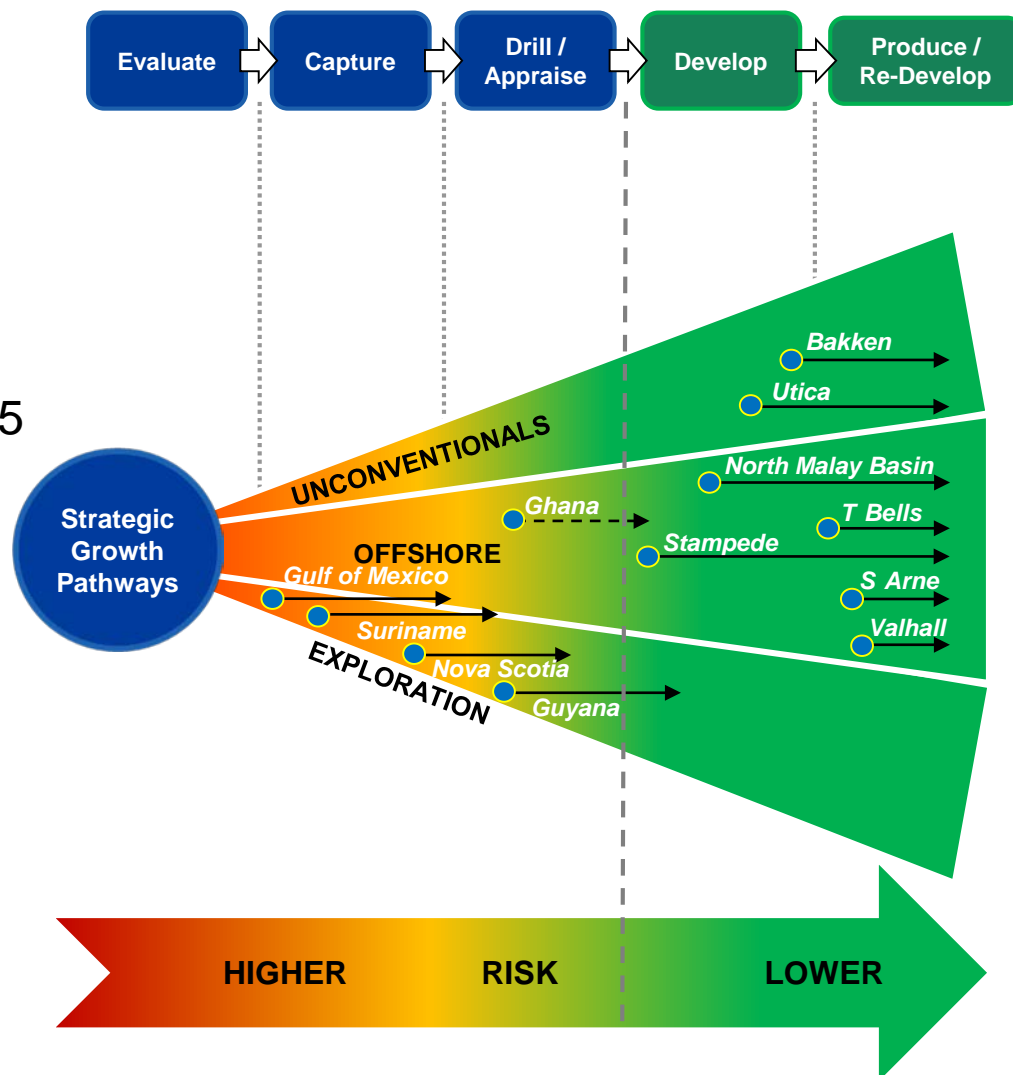
- Full field development underway
- Net production to quadruple to 165 MMCFED by late 2017

## Stampede

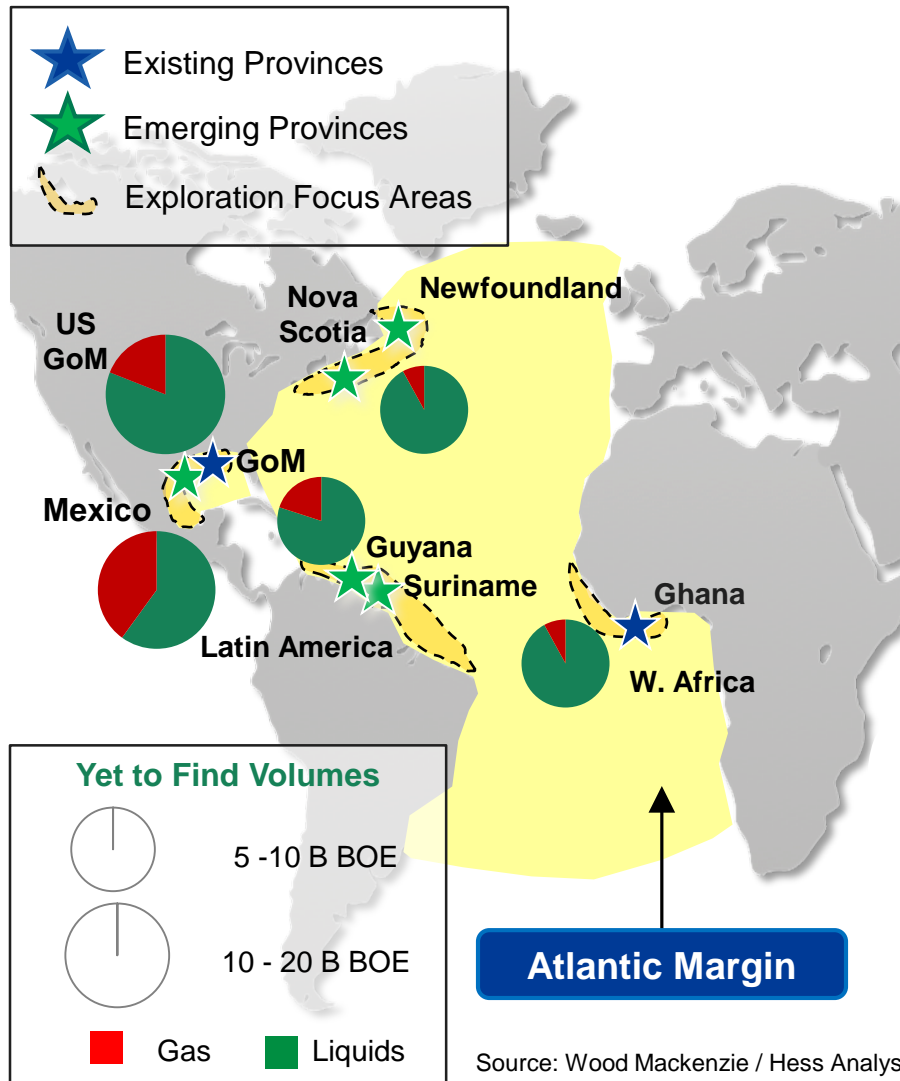
- First oil targeted in 2018
- Net production ~15 MBOED

## Guyana

- World class oil discovery offshore Guyana
- One of largest discoveries in the past decade; ~2.0-2.5 BBOE gross



# Exploration Drives Long Term Growth & Value



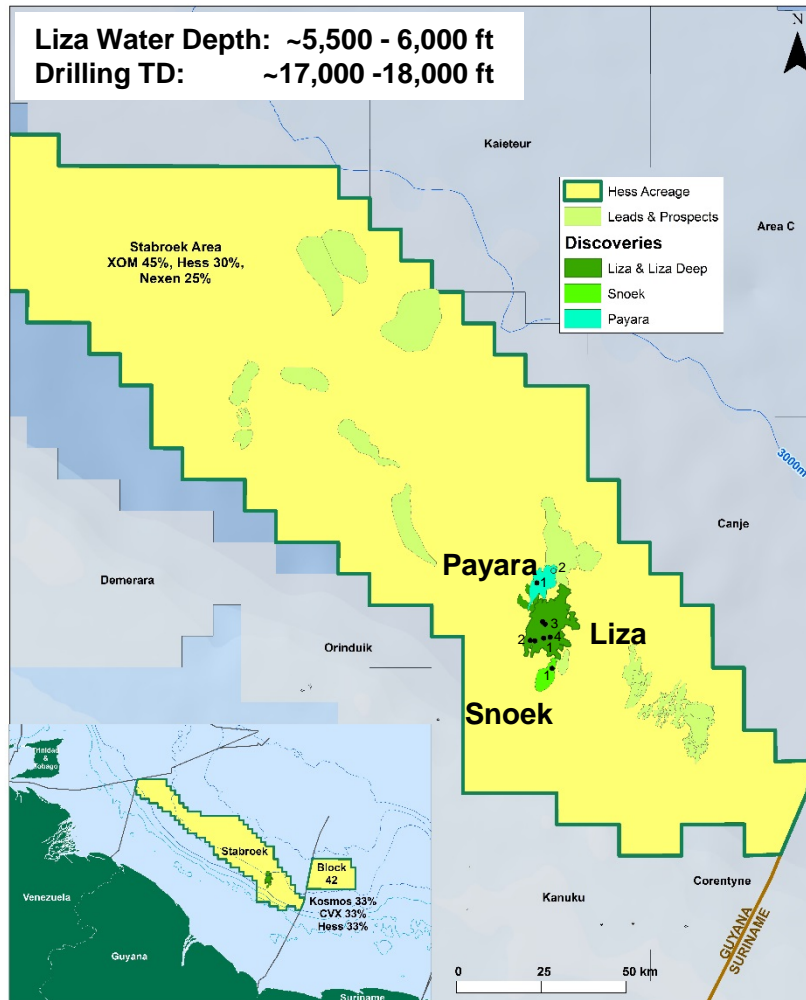
- **Focused strategy to deliver material long term value**
- **Exploration themes:**
  - **Focused:** In basins we understand and that leverage our capabilities
  - **Balanced:** Between both proven and emerging areas
  - **Impactful:** Materiality and running room
  - **Value driven:** Through working interest management, liquids rich areas and attractive fiscal terms
- **Goals**
  - Add 600 - 700 MMBOE resources over 5 years
  - Achieve <\$20 / BOE F&D cost

Early access to large oil resources at low costs

# Offshore Guyana: Prolific World Class Oil Play



Growing inventory of material oil discoveries on Stabroek Block



## • Strategic / Portfolio Context

- 6.6 million acres ~1,150 GoM blocks
- Liza one of the largest oil discoveries in the last 10 years
- Four oil discoveries to date - Liza, Liza Deep Payara and Snoek
- 2 to 2.5 billion BOE gross discovered recoverable resource
- Exceptional reservoir quality and low development costs
- Multi billion barrel exploration potential

## • Forward Plan

- Drill Payara-2 well - test deeper prospect
- Test significant exploration potential in multiple additional prospects & play types

## • Asset Details

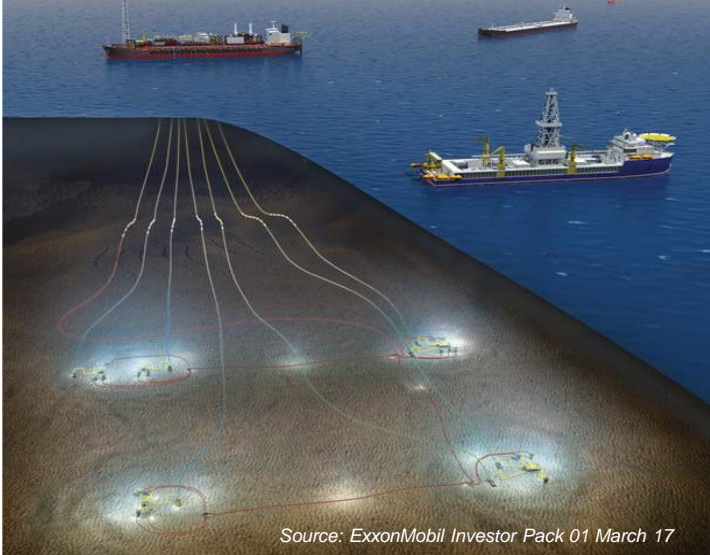
- Hess 30%, Operator ExxonMobil

# Offshore Guyana: Liza Development



First production expected by 2020

Liza Phase 1 - Subsea Development Scheme

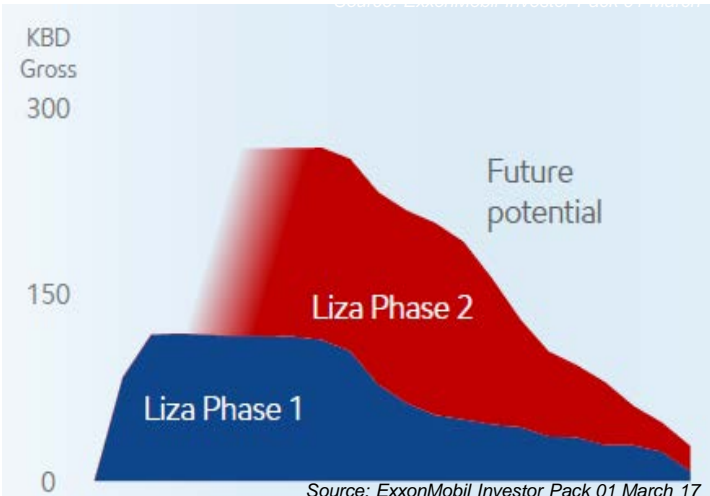


## • Strategic Context

- Massive world class resource
- Exceptional reservoir quality expected to deliver high production rates and EUR per well
- Multi-phase, low cost development in favorable cost environment
- Attractive returns with rapid cash payback

## • Forward Plan

- Execute Phase 1 - develop 450 MMBO for \$3.2 billion; deliver 120 MBOD by 2020 (gross basis)
- Continue Liza appraisal - advance Phase 2+ development planning



Material profitable developments with strong returns at low prices

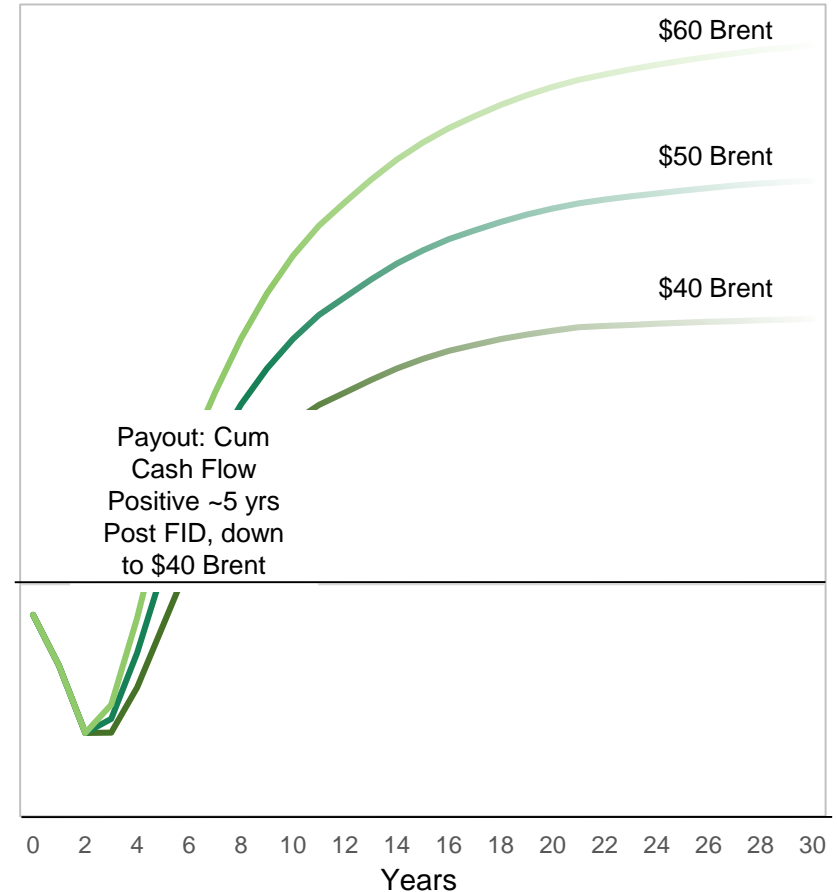
# Offshore Guyana: World Class Opportunity



## Outstanding capital efficiency

	Liza Phase 1 Development <sup>(1)</sup>	Illustrative 50,000 Net Acre Delaware Basin Development <sup>(2)</sup>
Peak Production	120,000 BOED	120,000 BOED
Peak Production Oil	120,000 BOD	78,000 BOD
Initial Investment to Peak Production	3 years	10+ years
Reservoir Quality	Multi Darcy	Micro Darcy
Total Production Wells	8	1,500
Avg. EUR / Production Well	56 MMBO	0.80 MMBOE 0.52 MMBO
Development Capex	\$3.2 Billion	\$10.5 Billion
Unit Development Costs	~\$7/BO	~\$9/BOE ~\$13.5/BO
Cost Environment	Deflating	Inflating
Cost of Supply for 10% IRR	~\$35/bbl	~\$45/bbl

Liza Phase 1 - Cumulative Cash Flow



(1) Figures gross. Leased FPSO. EUR 450 MMBO.

(2) Figures gross. Assumes zero acquisition cost. 1,500 horizontal well locations: 30 risked wells per section. Average forward \$7 MM DC&F cost for ~5,500' laterals (variable by operator). EUR based on Decline Curve Analysis for ~820 horizontal Delaware wells online from Jan 2016 (data source IHS) & assumption of same EUR per well on average for all 1,500 forward Wolfcamp and Bone Spring wells. EUR 1,200 MMBOE, 780 MMBO



- **Significant Value Driven Growth Engines**
- **Focused Portfolio, Balanced for Risk and Leveraged to Oil Prices**
- **Financial Strength and Flexibility**



### Net Debt to Capitalization Ratio

<i>(in millions)</i>	March 31, 2017	
	Hess Consolidated	Hess Pro forma*
Total debt	\$6,785	\$6,054
Less: cash and cash equivalents	\$2,686	\$2,684
<b>Net debt</b>	<b>\$4,099</b>	<b>\$3,370</b>
Total debt	\$6,785	\$6,054
Add: Stockholders' Equity	\$15,233	\$13,063
<b>Capitalization</b>	<b>\$22,018</b>	<b>\$19,117</b>
<b>Net Debt to Capitalization Ratio</b>	<b>19%</b>	<b>18%</b>

\* Excludes Hess Infrastructure Partners.

