

# HESS CORPORATION



*Lean Leads the Way in a Low-Cost Environment*

September 17, 2015

## Forward-looking statements & other information...

---



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.

# Overview

---



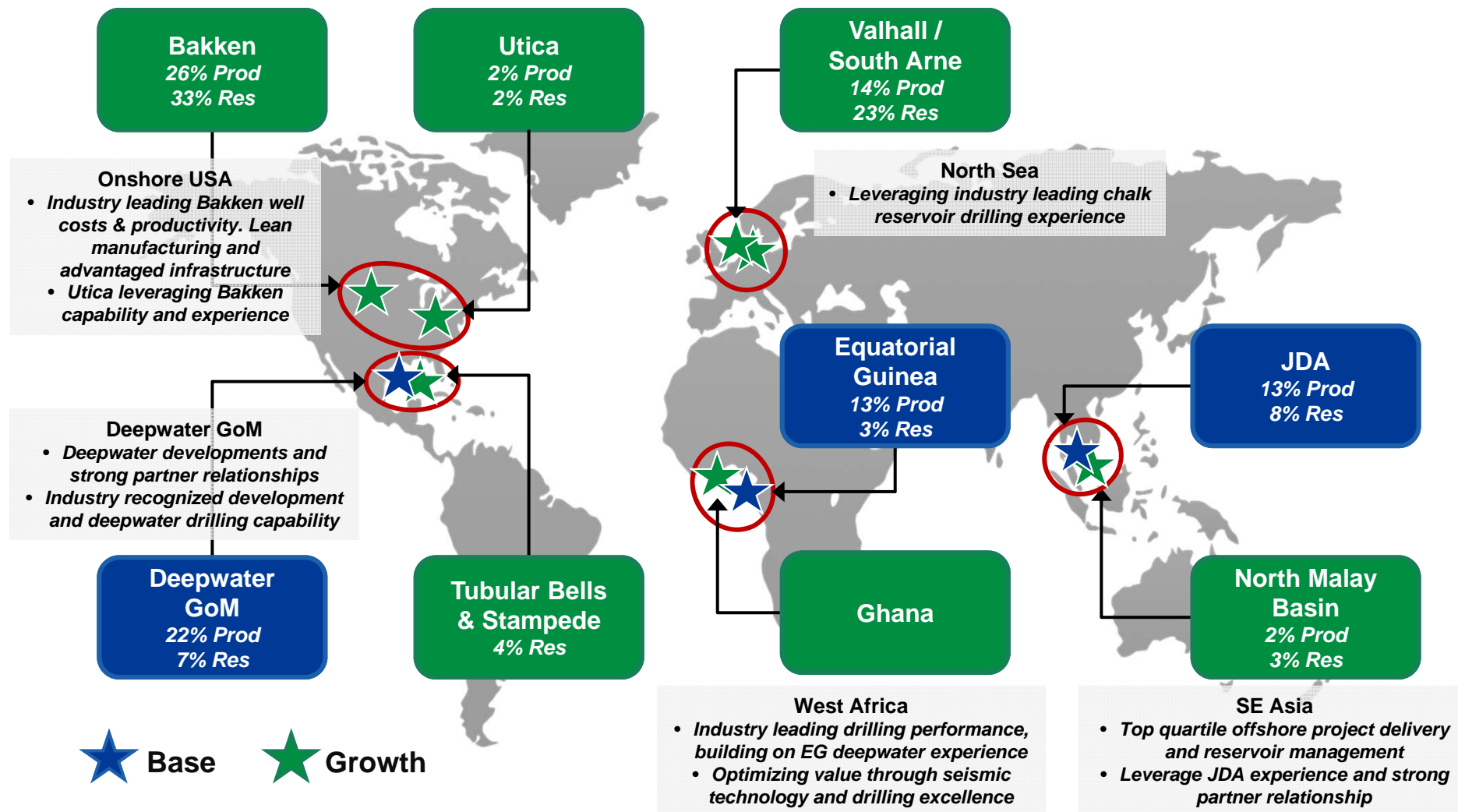
- 1 Hess Global Overview**
- 2 Leveraging Lean to Drive Improvement**
- 3 Hess' Response to Low Price**
- 4 The Journey Continues: Safety, Technology, Efficiency, Value**





# Focused Resilient Portfolio

Linked by operating capabilities

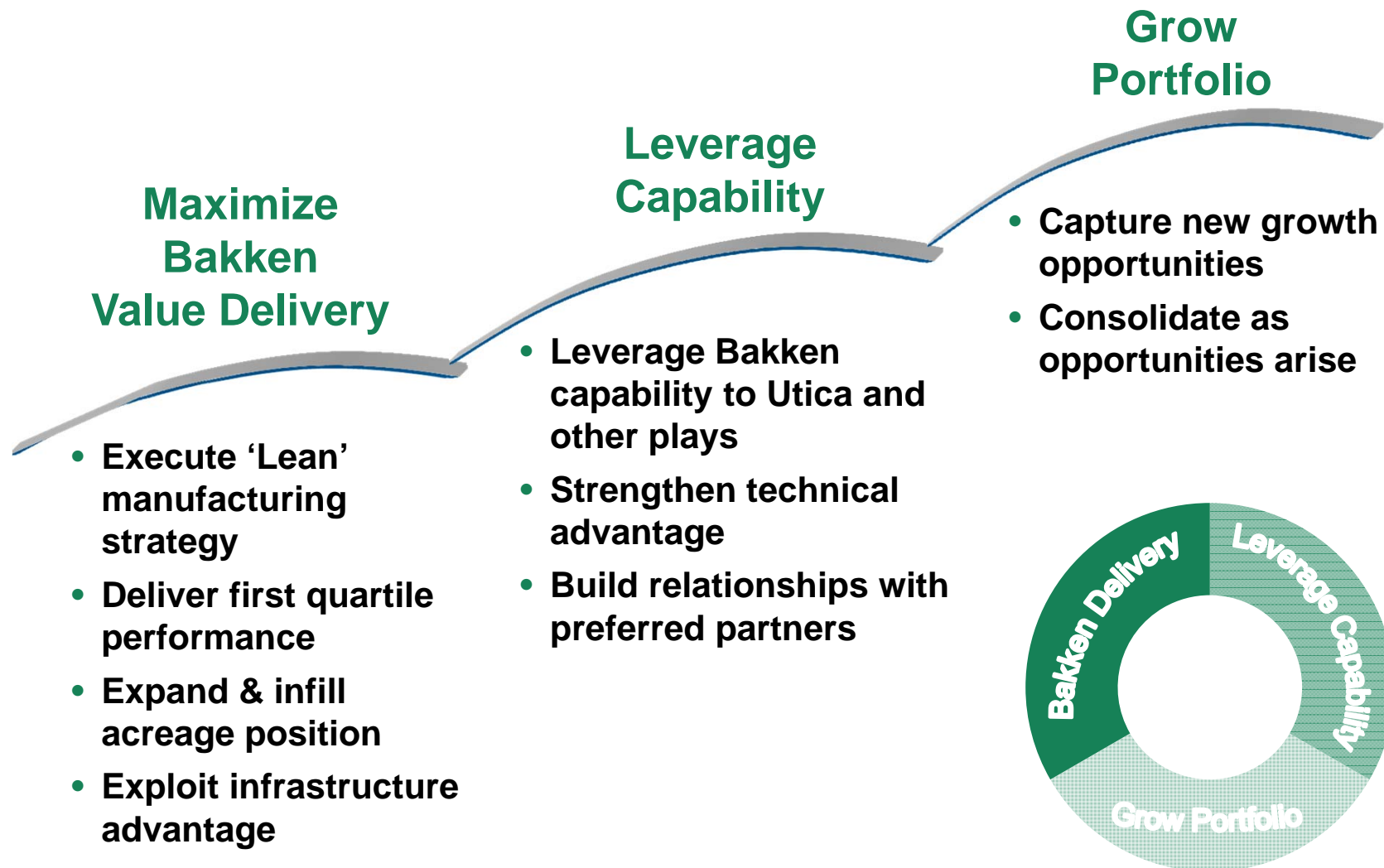


Located in areas where Hess is competitively advantaged

Net Production: 2014 pro-forma, includes Libya.  
Reserves: 2014 Year End Proven, includes Libya

# Unconventional Strategy

Using Lean to drive competitive advantage...



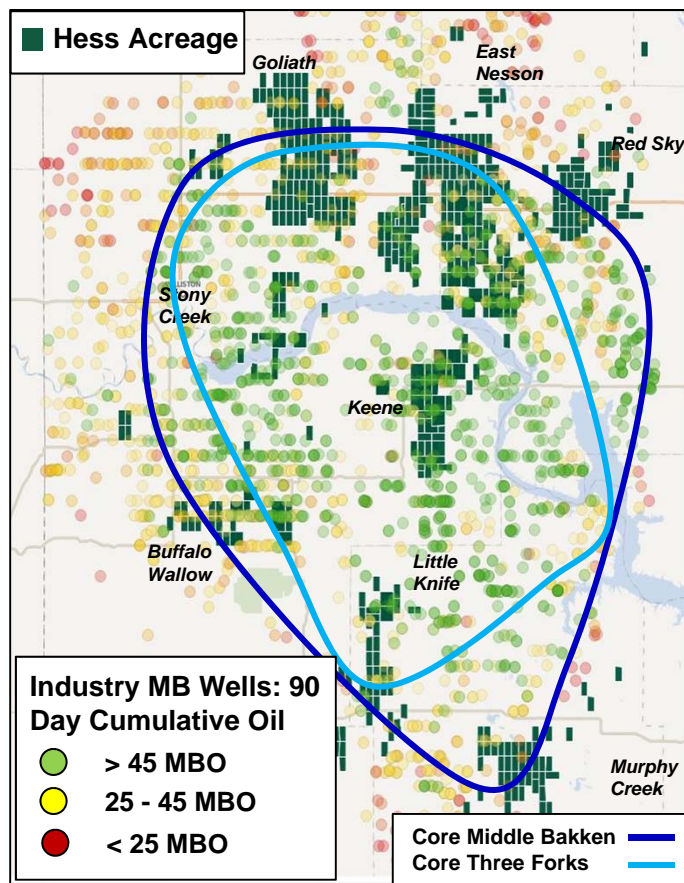
Continual improvement unlocks additional opportunities

# Hess in North Dakota

Leading position in the core of the Middle Bakken...



## 30+ Stage Wells Since 2012



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

## Program Highlights

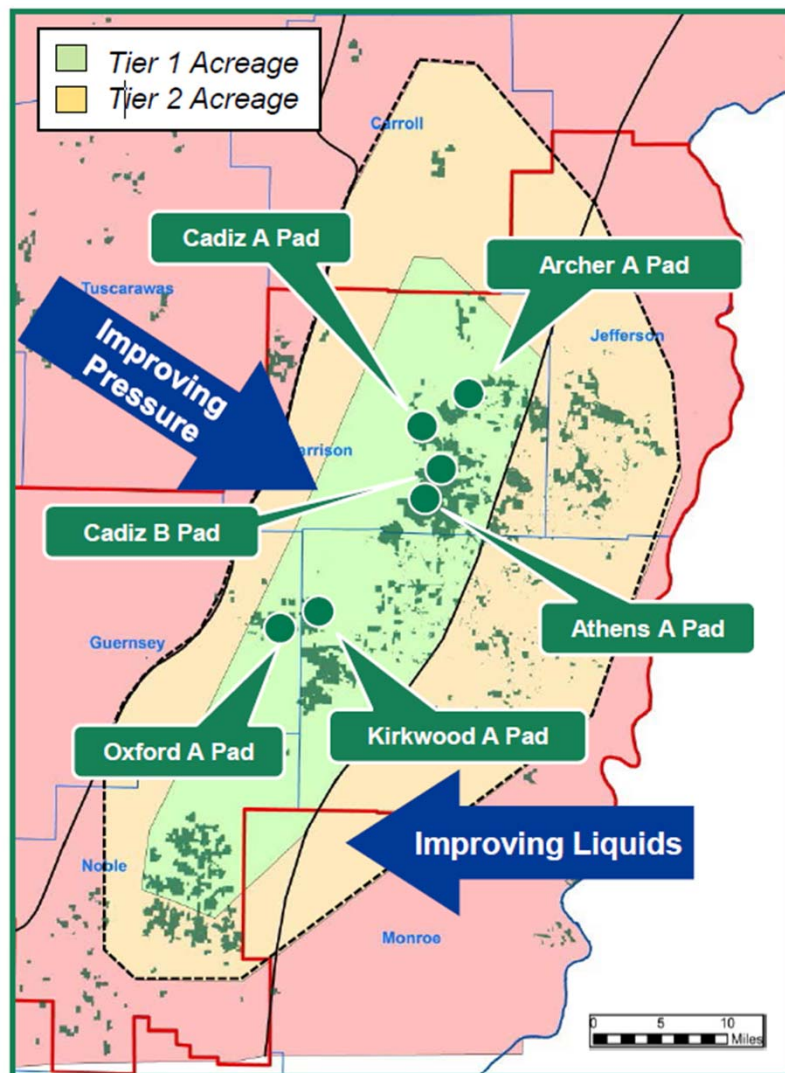
- 605,000 net acres; Hess~ 70% WI, operator
- 2015 net prod. 105-110 Mboe/d
- Average 8 rig program, \$1.7B Capex in 2015
- By YE2015, ~1,200 op & ~1,000 non-op wells



> 80% of Hess wells through 2020 will be in the core of the play

# Hess in Ohio

## Material position in the Utica wet gas window



### Program Highlights

- 45,000 net acres
- Hess 50% WI, 95% gross NRI
- 2015 net prod. 20-25 Mboe/d
- 2 rig program, reduced to 1 rig from June 2015
- 2015 capex \$240 MM
- Net production goal of ~40 mboepd 2020+



Core position in emerging Utica Shale play



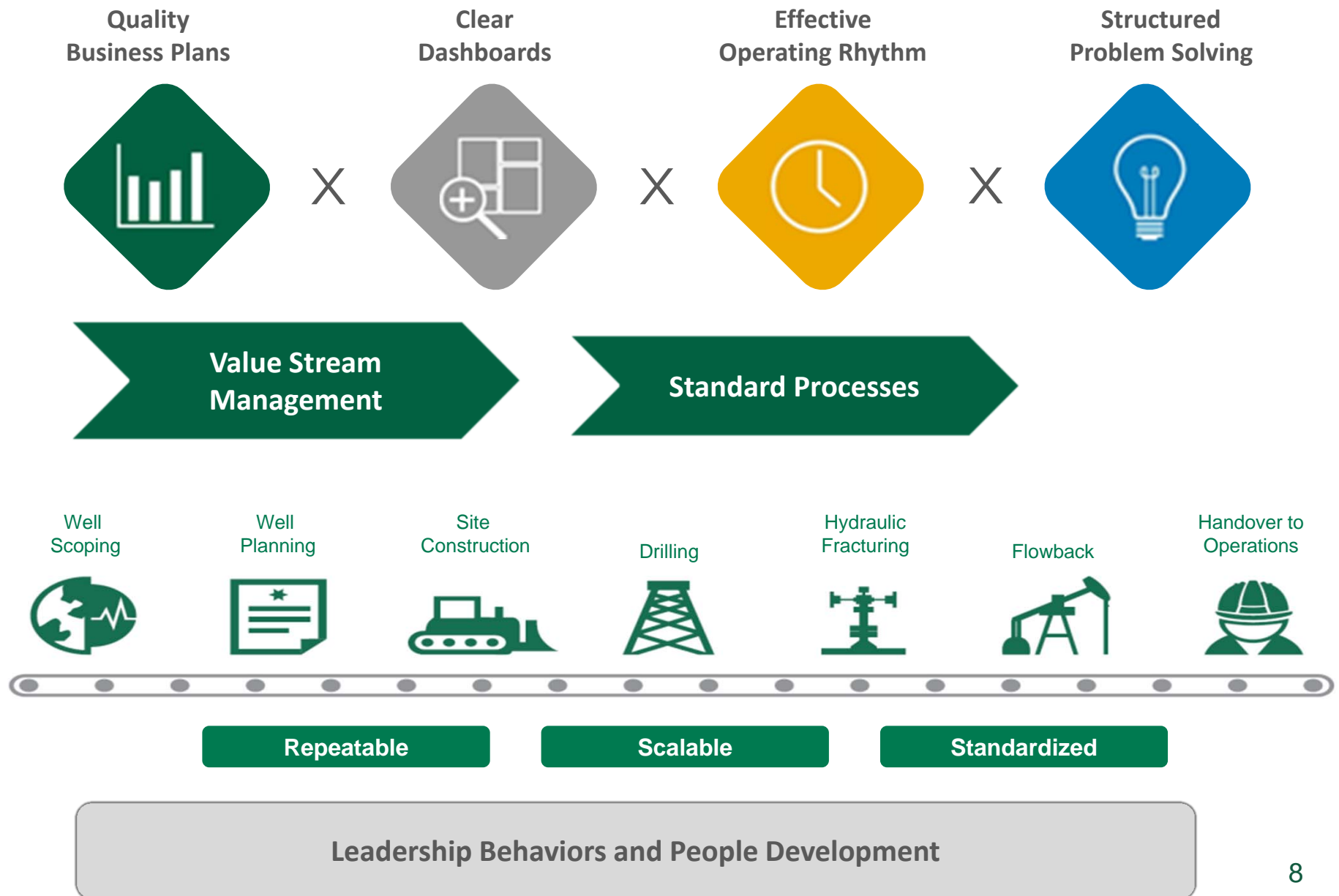
## Hess' Response to Low Price Oil

---

- Focused Sweet Spot Drilling in Bakken and Utica
- Rig Reduction in Unconventional and Cost Savings Initiatives
- Design Optimization
- Continued Focus on Subsurface Characterization
- **Enhancing our Problem Solving Culture using Lean Principles**



# Hess is Applying a Lean Culture Model to Develop Performance Capability in any Price Environment



# Pulling It All Together: Asset Collaboration Rooms...



- Structured communication, decision-making and barriers removal
- Focus on metrics and activities due in the next 1-2 weeks, linked to a master strategic plan
- Daily “check & adjust” during progress meetings

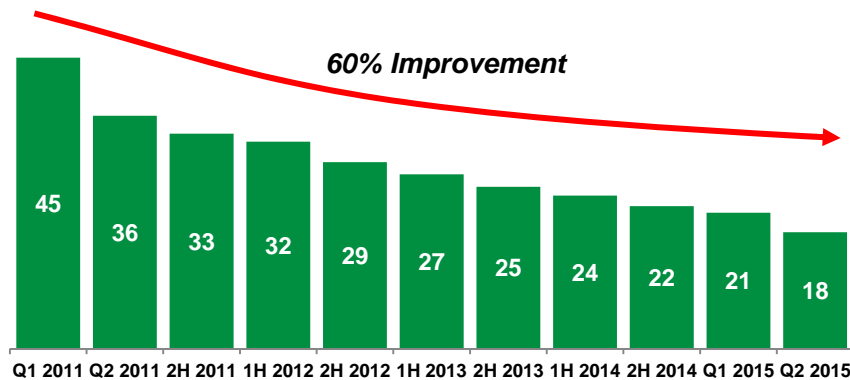
# Lean Delivering Significant Improvements

The drive to first quartile performance...

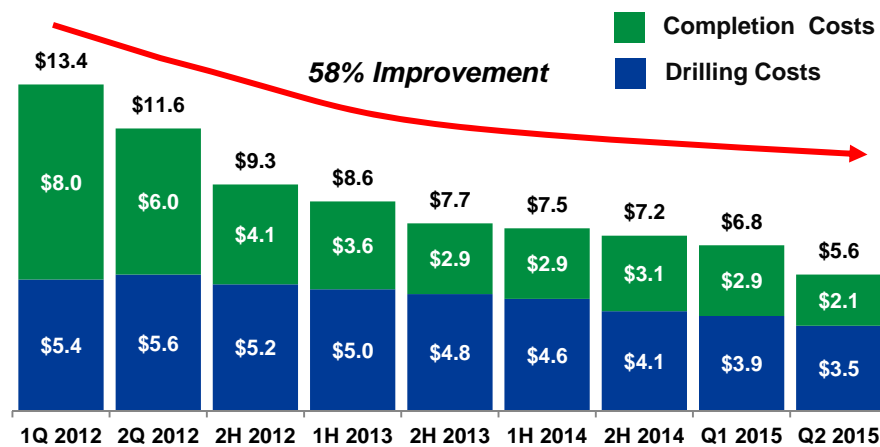


## Bakken Well Delivery

Drilling Performance: Spud-to-Spud Days

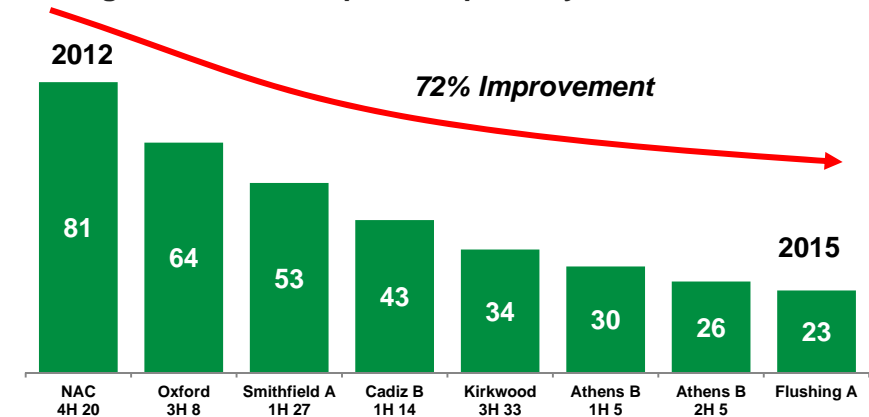


Drilling and Completions Cost (\$MM)

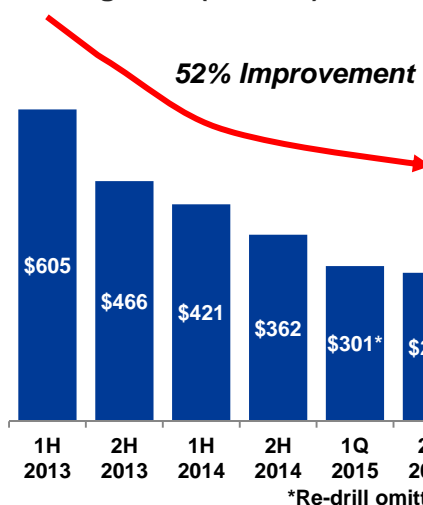


## Utica Well Delivery

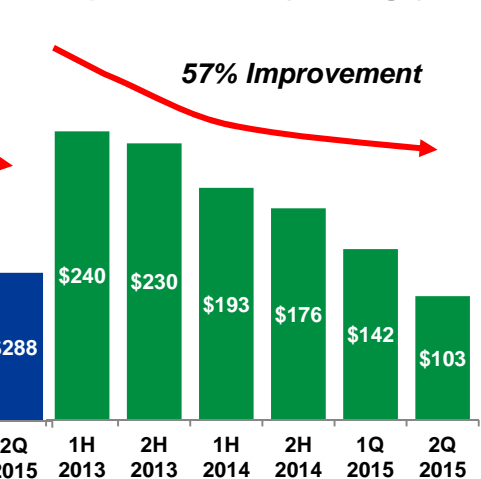
Drilling Performance: Spud-to-Spud Days



Drilling Cost (\$M/foot)



Completions Cost (\$M/stage)



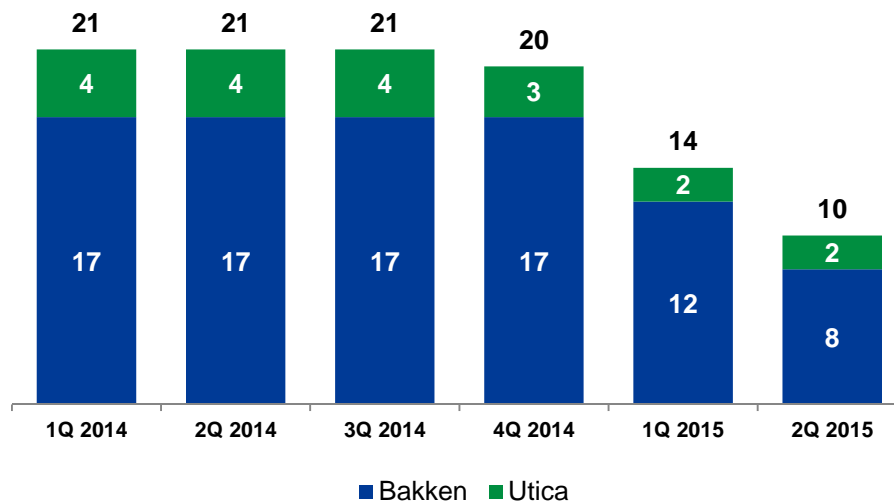
Bakken Lean practices accelerate Utica learning curve

# Standard Processes—

Followed to reduce activity and cost



## Bakken and Utica Rig Count

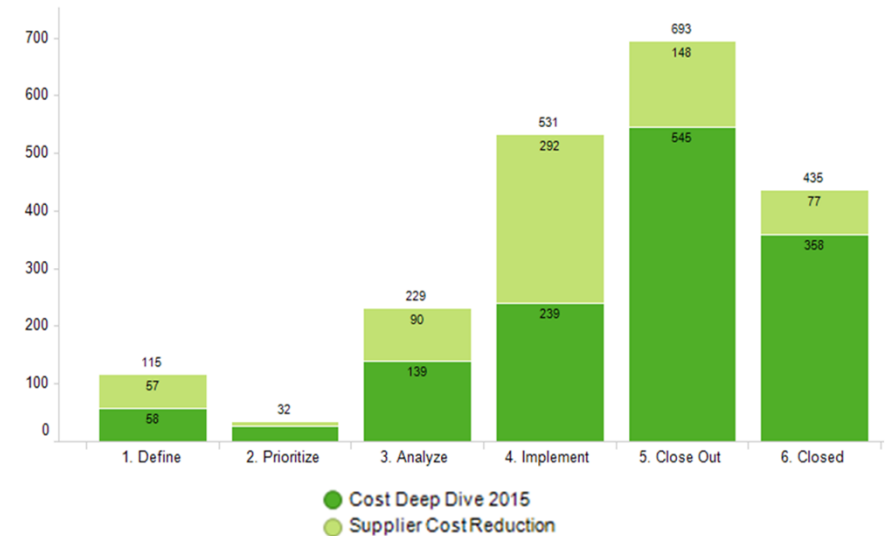


## Further reduction in unconventional activity levels since Q2, 2015

- Bakken current rig count stands at 7
- Utica reduced to one rig program in June

## E&P Cost Reduction

# Opps - By Stage



## Standard process to review Cost Base

- Collaborated with contractor base to develop cost saving ideas
- Ideas are reviewed and tracked to completion
- 10-30% cost savings

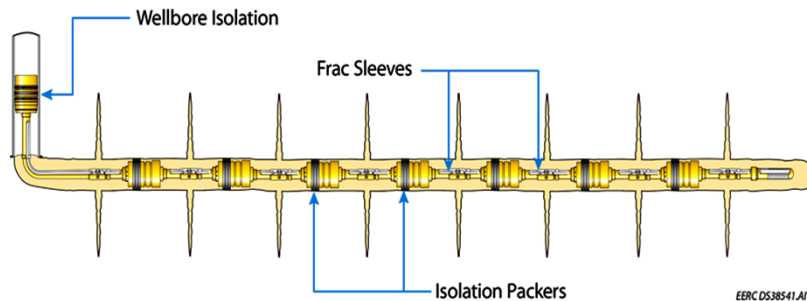
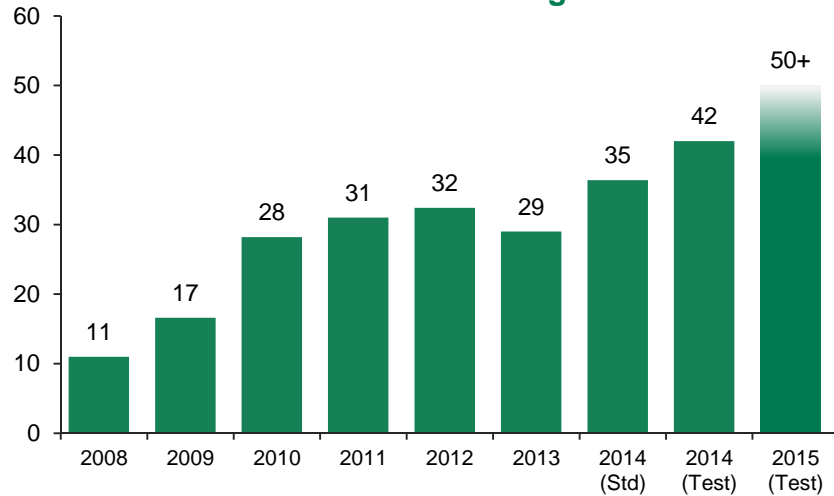


# Technology

Driving increased well productivity...



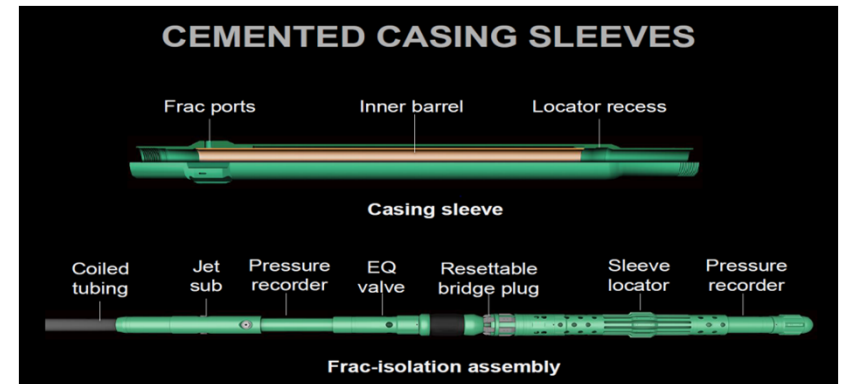
**Bakken: Evolution of Stage Counts**



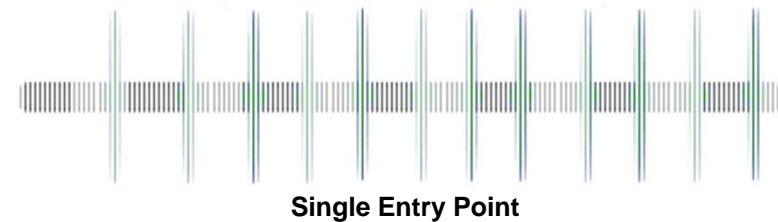
- **Hess Driving Innovation**

- Trials underway to achieve 50+ stages
- 9/8 Pilot spacing Test in Progress

**Utica: Coiled Tubing Frac Trial**



Source: NCS Multistage

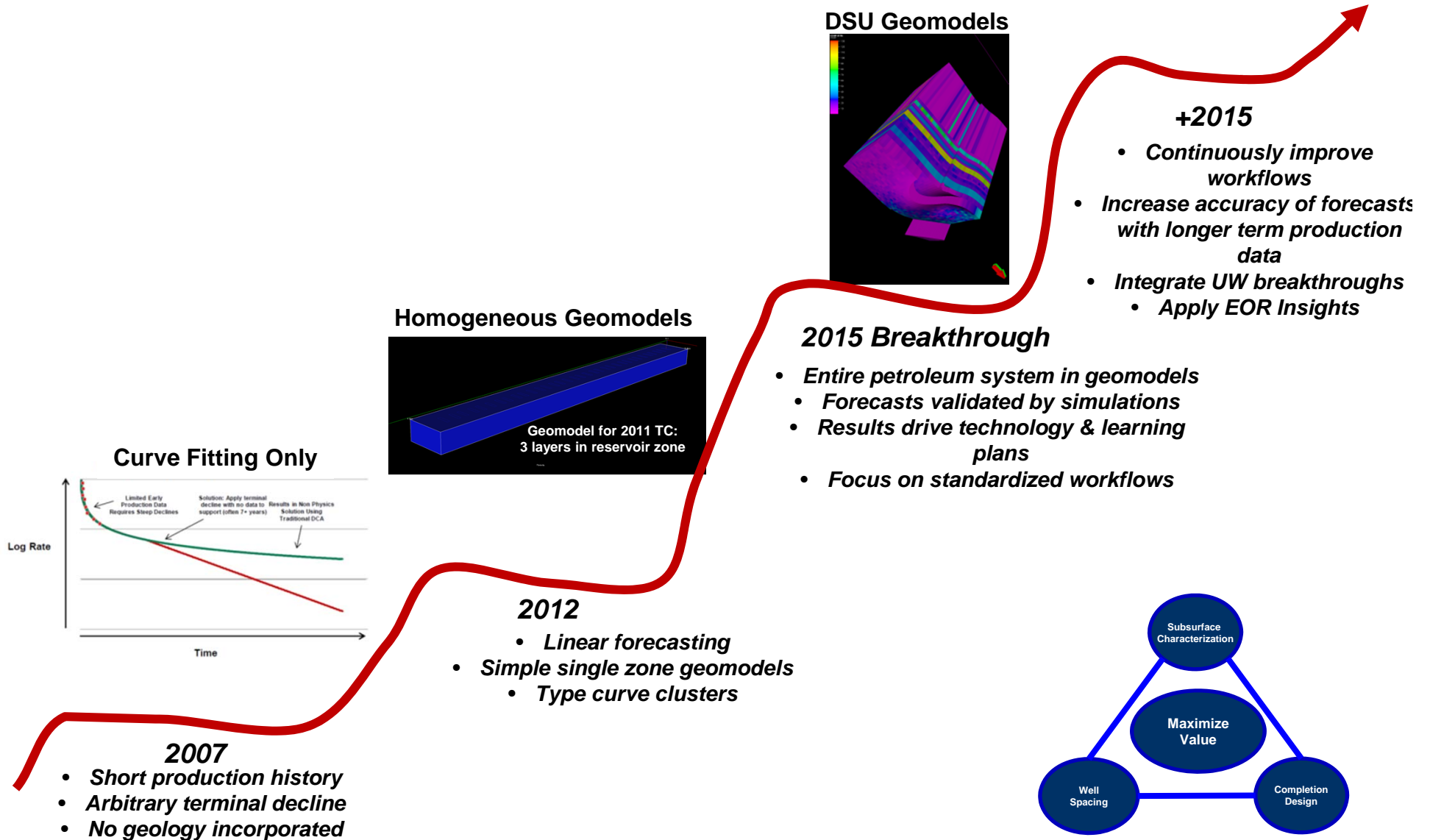


- **Selective and structured experiment with new technology**

- Trial underway for NCS Multistage Frac
- Technology plan in place to continue to test completion advances as well as optimum spacing

# Subsurface Learning Curve:

Vigilant of the rear-view mirror but concentrating on the road ahead



# Summary



- Unconventional leader
- Lean manufacturing key enabler
- Using innovation and technology to enhance value
- Positioned well for low price environment



*"People Make the Difference at Hess"*

