Lean Leads the Way in a Low-Cost Environment

September 17, 2015
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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. 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…

Maximize Bakken Value Delivery
- Execute ‘Lean’ manufacturing strategy
- Deliver first quartile performance
- Expand & infill acreage position
- Exploit infrastructure advantage

Leverage Capability
- Leverage Bakken capability to Utica and other plays
- Strengthen technical advantage
- Build relationships with preferred partners

Grow Portfolio
- Capture new growth opportunities
- Consolidate as opportunities arise

Continual improvement unlocks additional opportunities
Hess in North Dakota
Leading position in the core of the Middle Bakken…

30+ Stage Wells Since 2012

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

- Quality Business Plans
- Clear Dashboards
- Effective Operating Rhythm
- Structured Problem Solving

Value Stream Management

Standard Processes

Well Scoping
Well Planning
Site Construction
Drilling
Hydraulic Fracturing
Flowback
Handover to Operations

Repeatability
Scalability
Standardization

Leadership Behaviors and People Development
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

60% Improvement

Drilling and Completions Cost ($MM)

58% Improvement

Utica Well Delivery

Drilling Performance: Spud-to-Spud Days

72% Improvement

Drilling Cost ($M/foot)

52% Improvement

Completions Cost ($M/stage)

57% Improvement

Bakken Lean practices accelerate Utica learning curve
Standard Processes—Followed to reduce activity and cost

Further reduction in unconventional activity levels since Q2, 2015
- Bakken current rig count stands at 7
- Utica reduced to one rig program in June

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

- 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

- **2007**
  - Short production history
  - Arbitrary terminal decline
  - No geology incorporated

- **2012**
  - Linear forecasting
  - Simple single zone geomodels
  - Type curve clusters

- **2015 Breakthrough**
  - Entire petroleum system in geomodels
  - Forecasts validated by simulations
  - Results drive technology & learning plans
  - Focus on standardized workflows

+**2015**
  - Continuously improve workflows
  - Increase accuracy of forecasts with longer term production data
  - Integrate UW breakthroughs
  - Apply EOR Insights

**Homogeneous Geomodels**
Geomodel for 2011 TC: 3 layers in reservoir zone

**DSU Geomodels**

**Curve Fitting Only**
Log Rate vs Time

- Limited early production data
- Response steep decline
- Post-peak production data
- Results in Non-Physics based models
- Traditional C+T

Maximize Value
Completion Design
Well Spacing
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”