



Hess Announces 2023 E&P Capital and Exploratory Budget

January 24, 2023

More than 80% Allocated to World Class Guyana Developments and Bakken Four Rig Program

NEW YORK--(BUSINESS WIRE)--Jan. 24, 2023-- Hess Corporation (NYSE: HES) today announced a 2023 Exploration & Production capital and exploratory budget of \$3.7 billion, of which more than 80% will be allocated to Guyana and the Bakken.

Net production is forecast to average between 355,000 and 365,000 barrels of oil equivalent per day in 2023. Bakken net production is forecast to average between 165,000 and 170,000 barrels of oil equivalent per day and Guyana net production is forecast to average approximately 100,000 barrels of oil per day in 2023⁽¹⁾.

“Our capital program reflects continued execution of our strategy to invest only in high return, low cost opportunities within our portfolio,” CEO John Hess said. “More than 80% of our 2023 budget is allocated to Guyana, which is positioned to be one of the highest margin, lowest carbon intensity oil developments in the world, and to the Bakken, our largest operated asset where we have a robust inventory of high return future drilling locations.”

Chief Operating Officer Greg Hill said: “In the Bakken, we plan to operate a four rig program, which will enable us to maximize free cash flow generation, optimize our in-basin infrastructure and drive further reductions in our unit cash costs. In Guyana, our focus in 2023 will be on advancing our high value oil developments and continuing an active exploration and appraisal program on the Stabroek Block.”

The \$3.7 billion budget is allocated as follows: \$1.45 billion (39%) for production, \$1.7 billion (46%) for offshore Guyana developments and \$550 million (15%) for exploration and appraisal activities.

Production

- \$1.1 billion to fund a four rig program in the Bakken. The company expects to drill approximately 110 gross operated wells and to bring online approximately 110 wells in 2023. Funds are also included for investment in nonoperated wells.
- \$225 million for production activities at North Malay Basin (Hess 50% and operator) offshore Peninsular Malaysia and the Malaysia/Thailand Joint Development Area (Hess 50%) in the Gulf of Thailand.
- \$125 million for production activities in the Gulf of Mexico, including drilling two tieback wells and seismic acquisition and processing.

Developments

- \$90 million associated with the Liza Phase 1 and Phase 2 developments on the Stabroek Block offshore Guyana (Hess 30%), which are currently operating at a combined gross production capacity of more than 360,000 barrels of oil per day (bopd).
- \$1.21 billion for the developments on the Stabroek Block at Payara, Yellowtail and Uaru. Payara is on track to come online by the end of 2023 with a gross production capacity of approximately 220,000 bopd. Yellowtail is expected to come online in 2025 with a gross production capacity of approximately 250,000 bopd. Uaru is expected to come online at the end of 2026 with a gross production capacity of approximately 250,000 bopd.
- \$150 million for the Gas to Energy project with first gas expected by year end 2024.
- \$250 million primarily for front end engineering and design work for future development phases on the Stabroek Block.

Exploration and Appraisal

- \$550 million to drill approximately 10 exploration and appraisal wells on the Stabroek Block, two wells in the Gulf of Mexico and one well offshore Newfoundland, Canada. Funds are also included for seismic acquisition and processing in Guyana, Suriname and the deepwater Gulf of Mexico.

2023 Estimated Capital and Exploratory Expenditures (\$ Millions)

By Segment:

By Region:

Exploration and Production		Exploration and Production	
Production	\$1,450	United States	\$1,425
Developments	1,700	South America	2,010
Exploration and Appraisal	550	Asia and Other	265
Total	\$3,700		\$3,700

Note: This budget excludes expenditures associated with the Midstream segment.
(1) Production guidance includes Guyana tax barrels of approximately 10,000 bopd.

Hess Corporation is a leading global independent energy company engaged in the exploration and production of crude oil and natural gas. More information on Hess Corporation is available at <http://www.hess.com>.

Cautionary Statements

This release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Words such as “anticipate,” “estimate,” “expect,” “forecast,” “guidance,” “could,” “may,” “should,” “would,” “believe,” “intend,” “project,” “plan,” “predict,” “will,” “target” and similar expressions identify forward-looking statements, which are not historical in nature. Our forward-looking statements may include, without limitation: our future financial and operational results; our business strategy; estimates of our crude oil and natural gas reserves and levels of production; benchmark prices of crude oil, natural gas liquids and natural gas and our associated realized price differentials; our projected budget and capital and exploratory expenditures; expected timing and completion of our development projects; and future economic and market conditions in the oil and gas industry.

Forward-looking statements are based on our current understanding, assessments, estimates and projections of relevant factors and reasonable assumptions about the future. Forward-looking statements are subject to certain known and unknown risks and uncertainties that could cause actual results to differ materially from our historical experience and our current projections or expectations of future results expressed or implied by these forward-looking statements. The following important factors could cause actual results to differ materially from those in our forward-looking statements: fluctuations in market prices of crude oil, natural gas liquids and natural gas and competition in the oil and gas exploration and production industry, reduced demand for our products, including due to perceptions regarding the oil and gas industry, competing or alternative energy products and political conditions and events; potential failures or delays in increasing oil and gas reserves, including as a result of unsuccessful exploration activity, drilling risks and unforeseen reservoir conditions, and in achieving expected production levels; changes in tax, property, contract and other laws, regulations and governmental actions applicable to our business, including legislative and regulatory initiatives regarding environmental concerns, such as measures to limit greenhouse gas emissions and flaring, fracking bans as well as restrictions on oil and gas leases; operational changes and expenditures due to climate change and sustainability related initiatives; disruption or interruption of our operations due to catastrophic events, such as accidents, severe weather, geological events, shortages of skilled labor, cyber-attacks, health measures or climate change; the ability of our contractual counterparties to satisfy their obligations to us, including the operation of joint ventures under which we may not control and exposure to decommissioning liabilities for divested assets in the event the current or future owners are unable to perform; unexpected changes in technical requirements for constructing, modifying or operating exploration and production facilities and/or the inability to timely obtain or maintain necessary permits; availability and costs of employees and other personnel, drilling rigs, equipment, supplies and other required services; any limitations on our access to capital or increase in our cost of capital, including as a result of limitations on investment in oil and gas activities, rising interest rates or negative outcomes within commodity and financial markets; liability resulting from environmental obligations and litigation, including heightened risks associated with being a general partner of Hess Midstream LP; and other factors described in Item 1A—Risk Factors in our Annual Report on Form 10-K and any additional risks described in our other filings with the Securities and Exchange Commission.

As and when made, we believe that our forward-looking statements are reasonable. However, given these risks and uncertainties, 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 and actual results may differ materially from those contained in any forward-looking statement we make. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise.

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