REFINITIV

DELTA REPORT

10-Q

HESS CORP

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	805
CHANGES	307
DELETIONS	197
ADDITIONS	301

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-Q

 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June September 30, 2023

or

 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to _________

Commission File Number 1-1204

HESS CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation or Organization)

13-4921002

(I.R.S. Employer Identification Number)

1185 AVENUE OF THE AMERICAS, NEW YORK, NY

(Address of Principal Executive Offices)

10036

(Zip Code)

(Registrant's Telephone Number, Including Area Code is (212) 997-8500)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	*Trading Symbol*	*Name of exchange on which registered*
Common Stock	HES	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ý No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer		Accelerated filer	
Non-accelerated filer		Smaller reporting company	
Emerging growth company			

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No ý

At June 30, 2023 September 30, 2023, there were 307,061,031 307,151,680 shares of Common Stock outstanding.

HESS CORPORATION
Form 10-Q
TABLE OF CONTENTS

Unless the context indicates otherwise, references to "Hess", the "Corporation", "Registrant", "we", "us", "our" and "its" refer to the consolidated business operations of Hess Corporation and its subsidiaries.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (UNAUDITED)

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
		(In millions, except share amounts)			(In millions, except share amounts)	
Assets	**Assets**			**Assets**		
Current Assets:	Current Assets:			Current Assets:		
Cash and cash equivalents	Cash and cash equivalents	$ 2,226	$ 2,486	Cash and cash equivalents	$ 2,018	$ 2,486
Accounts receivable:	Accounts receivable:			Accounts receivable:		
From contracts with customers	From contracts with customers	868	1,041	From contracts with customers	1,286	1,041
Joint venture and other	Joint venture and other	151	121	Joint venture and other	174	121
Inventories	Inventories	278	217	Inventories	333	217
Other current assets	Other current assets	181	66	Other current assets	105	66
Total current assets	Total current assets	3,704	3,931	Total current assets	3,916	3,931
Property, plant and equipment:	Property, plant and equipment:			Property, plant and equipment:		
Total — at cost	Total — at cost	34,073	32,592	Total — at cost	35,223	32,592
Less: Reserves for depreciation, depletion, amortization and lease impairment	Less: Reserves for depreciation, depletion, amortization and lease impairment	18,332	17,494	Less: Reserves for depreciation, depletion, amortization and lease impairment	18,802	17,494
Property, plant and equipment — net	Property, plant and equipment — net	15,741	15,098	Property, plant and equipment — net	16,421	15,098
Operating lease right-of-use assets — net	Operating lease right-of-use assets — net	515	570	Operating lease right-of-use assets — net	481	570

Finance lease right-of-use assets — net	Finance lease right-of-use assets — net	117	126	Finance lease right-of-use assets — net	113	126
Goodwill	Goodwill	360	360	Goodwill	360	360
Deferred income taxes	Deferred income taxes	214	133	Deferred income taxes	291	133
Post-retirement benefit assets	Post-retirement benefit assets	664	648	Post-retirement benefit assets	668	648
Other assets	Other assets	915	829	Other assets	951	829
Total Assets	**Total Assets**	$ 22,230	$ 21,695	**Total Assets**	$ 23,201	$ 21,695
Liabilities	**Liabilities**			**Liabilities**		
Current Liabilities:	Current Liabilities:			Current Liabilities:		
Accounts payable	Accounts payable	$ 350	$ 285	Accounts payable	$ 426	$ 285
Accrued liabilities	Accrued liabilities	1,754	1,840	Accrued liabilities	1,954	1,840
Taxes payable	Taxes payable	69	47	Taxes payable	109	47
Current portion of long-term debt	Current portion of long-term debt	8	3	Current portion of long-term debt	307	3
Current portion of operating and finance lease obligations	Current portion of operating and finance lease obligations	222	221	Current portion of operating and finance lease obligations	200	221
Total current liabilities	Total current liabilities	2,403	2,396	Total current liabilities	2,996	2,396
Long-term debt	Long-term debt	8,459	8,278	Long-term debt	8,241	8,278
Long-term operating lease obligations	Long-term operating lease obligations	407	469	Long-term operating lease obligations	392	469
Long-term finance lease obligations	Long-term finance lease obligations	168	179	Long-term finance lease obligations	163	179
Deferred income taxes	Deferred income taxes	497	418	Deferred income taxes	551	418
Asset retirement obligations	Asset retirement obligations	960	1,034	Asset retirement obligations	1,113	1,034
Other liabilities and deferred credits	Other liabilities and deferred credits	434	425	Other liabilities and deferred credits	446	425
Total Liabilities	Total Liabilities	13,328	13,199	Total Liabilities	13,902	13,199
Equity	**Equity**			**Equity**		
Hess Corporation stockholders’ equity:	Hess Corporation stockholders’ equity:			Hess Corporation stockholders’ equity:		
Common stock, par value $1.00; Authorized — 600,000,000 shares	Common stock, par value $1.00; Authorized — 600,000,000 shares			Common stock, par value $1.00; Authorized — 600,000,000 shares		
Issued 307,061,031 shares (2022: 306,176,864)		307	306			
Issued 307,151,680 shares (2022: 306,176,864)				*Issued 307,151,680 shares (2022: 306,176,864)*	307	306
Capital in excess of par value	Capital in excess of par value	6,442	6,206	Capital in excess of par value	6,477	6,206
Retained earnings	Retained earnings	1,670	1,474	Retained earnings	2,039	1,474
Accumulated other comprehensive income (loss)	Accumulated other comprehensive income (loss)	(147)	(131)	Accumulated other comprehensive income (loss)	(192)	(131)
Total Hess Corporation stockholders’ equity	Total Hess Corporation stockholders’ equity	8,272	7,855	Total Hess Corporation stockholders’ equity	8,631	7,855
Noncontrolling interests	Noncontrolling interests	630	641	Noncontrolling interests	668	641
Total Equity	Total Equity	8,902	8,496	Total Equity	9,299	8,496
Total Liabilities and Equity	**Total Liabilities and Equity**	$ 22,230	$ 21,695	**Total Liabilities and Equity**	$ 23,201	$ 21,695

See accompanying Notes to Consolidated Financial Statements.

PART I - FINANCIAL INFORMATION (CONT'D.)

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED INCOME (UNAUDITED)

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions, except per share amounts)					(In millions, except per share amounts)			
Revenues and Non-Operating Income	**Revenues and Non-Operating Income**					**Revenues and Non-Operating Income**				
Sales and other operating revenues	Sales and other operating revenues	$ 2,289	$ 2,955	$ 4,700	$ 5,268	Sales and other operating revenues	$ 2,800	$ 3,122	$ 7,500	$ 8,390
Gains on asset sales, net	Gains on asset sales, net	—	3	—	25	Gains on asset sales, net	2	—	2	25
Other, net	Other, net	31	30	73	66	Other, net	35	35	108	101
Total revenues and non-operating income	Total revenues and non-operating income	2,320	2,988	4,773	5,359	Total revenues and non-operating income	2,837	3,157	7,610	8,516
Costs and Expenses	**Costs and Expenses**					**Costs and Expenses**				
Marketing, including purchased oil and gas	Marketing, including purchased oil and gas	547	843	1,150	1,525	Marketing, including purchased oil and gas	696	982	1,846	2,507
Operating costs and expenses	Operating costs and expenses	454	356	836	669	Operating costs and expenses	467	398	1,303	1,067
Production and severance taxes	Production and severance taxes	46	67	94	128	Production and severance taxes	61	72	155	200
Exploration expenses, including dry holes and lease impairment	Exploration expenses, including dry holes and lease impairment	99	33	165	76	Exploration expenses, including dry holes and lease impairment	65	58	230	134
General and administrative expenses	General and administrative expenses	108	95	244	205	General and administrative expenses	115	109	359	314
Interest expense	Interest expense	122	121	245	244	Interest expense	117	125	362	369
Depreciation, depletion and amortization	Depreciation, depletion and amortization	497	391	988	728	Depreciation, depletion and amortization	499	471	1,487	1,199
Impairment and other	Impairment and other	82	—	82	—	Impairment and other	—	54	82	54
Total costs and expenses	Total costs and expenses	1,955	1,906	3,804	3,575	Total costs and expenses	2,020	2,269	5,824	5,844
Income Before Income Taxes	**Income Before Income Taxes**	365	1,082	969	1,784	**Income Before Income Taxes**	817	888	1,786	2,672
Provision for income taxes	Provision for income taxes	160	328	336	525	Provision for income taxes	215	282	551	807
Net Income	**Net Income**	205	754	633	1,259	**Net Income**	602	606	1,235	1,865

Less: Net income attributable to noncontrolling interests	Less: Net income attributable to noncontrolling interests	86	87	168	175	Less: Net income attributable to noncontrolling interests	98	91	266	266
Net Income Attributable to Hess Corporation	**Net Income Attributable to Hess Corporation**	$ 119	$ 667	$ 465	$ 1,084	**Net Income Attributable to Hess Corporation**	$ 504	$ 515	$ 969	$ 1,599
Net Income Attributable to Hess Corporation Per Common Share:	**Net Income Attributable to Hess Corporation Per Common Share:**					**Net Income Attributable to Hess Corporation Per Common Share:**				
Basic	**Basic**	$ 0.39	$ 2.15	$ 1.52	$ 3.50	**Basic**	$ 1.65	$ 1.67	$ 3.17	$ 5.18
Diluted	**Diluted**	$ 0.39	$ 2.15	$ 1.51	$ 3.49	**Diluted**	$ 1.64	$ 1.67	$ 3.15	$ 5.16
Weighted Average Number of Common Shares Outstanding:	**Weighted Average Number of Common Shares Outstanding:**					**Weighted Average Number of Common Shares Outstanding:**				
Basic	**Basic**	306.0	309.7	305.7	309.3	**Basic**	306.1	307.6	305.8	308.7
Diluted	**Diluted**	307.5	310.9	307.4	310.6	**Diluted**	307.7	308.9	307.5	310.1
Common Stock Dividends Per Share	**Common Stock Dividends Per Share**	$ 0.4375	$ 0.3750	$ 0.8750	$ 0.7500	**Common Stock Dividends Per Share**	$ 0.4375	$ 0.3750	$ 1.3125	$ 1.1250

See accompanying Notes to Consolidated Financial Statements.

PART I - FINANCIAL INFORMATION (CONT'D.)

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME (UNAUDITED)

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Net Income	**Net Income**	$ 205	$ 754	$ 633	$ 1,259	**Net Income**	$ 602	$ 606	$ 1,235	$ 1,865
Other Comprehensive Income (Loss):	**Other Comprehensive Income (Loss):**					**Other Comprehensive Income (Loss):**				
Derivatives designated as cash flow hedges	**Derivatives designated as cash flow hedges**					**Derivatives designated as cash flow hedges**				
Effect of hedge (gains) losses reclassified to income	Effect of hedge (gains) losses reclassified to income	52	163	86	255	Effect of hedge (gains) losses reclassified to income	52	165	138	420
Income taxes on effect of hedge (gains) losses reclassified to income	Income taxes on effect of hedge (gains) losses reclassified to income	—	—	—	—	Income taxes on effect of hedge (gains) losses reclassified to income	—	—	—	—
Net effect of hedge (gains) losses reclassified to income	Net effect of hedge (gains) losses reclassified to income	52	163	86	255	Net effect of hedge (gains) losses reclassified to income	52	165	138	420
Change in fair value of cash flow hedges	Change in fair value of cash flow hedges	(73)	(39)	(90)	(494)	Change in fair value of cash flow hedges	(97)	(12)	(187)	(506)

Income taxes on change in fair value of cash flow hedges	Income taxes on change in fair value of cash flow hedges	—	—	—	—	Income taxes on change in fair value of cash flow hedges	—	—	—	—
Net change in fair value of cash flow hedges	Net change in fair value of cash flow hedges	(73)	(39)	(90)	(494)	Net change in fair value of cash flow hedges	(97)	(12)	(187)	(506)
Change in derivatives designated as cash flow hedges, after taxes	**Change in derivatives designated as cash flow hedges, after taxes**	(21)	124	(4)	(239)	**Change in derivatives designated as cash flow hedges, after taxes**	(45)	153	(49)	(86)
Pension and other postretirement plans	**Pension and other postretirement plans**					**Pension and other postretirement plans**				
(Increase) reduction in unrecognized actuarial losses	(Increase) reduction in unrecognized actuarial losses	(13)	152	(13)	152	(Increase) reduction in unrecognized actuarial losses	—	—	(13)	152
Income taxes on actuarial changes in plan liabilities	Income taxes on actuarial changes in plan liabilities	—	—	—	—	Income taxes on actuarial changes in plan liabilities	—	—	—	—
(Increase) reduction in unrecognized actuarial losses, net	(Increase) reduction in unrecognized actuarial losses, net	(13)	152	(13)	152	(Increase) reduction in unrecognized actuarial losses, net	—	—	(13)	152
Amortization of net actuarial losses	Amortization of net actuarial losses	1	5	1	8	Amortization of net actuarial losses	—	2	1	10
Income taxes on amortization of net actuarial losses	Income taxes on amortization of net actuarial losses	—	—	—	—	Income taxes on amortization of net actuarial losses	—	—	—	—
Net effect of amortization of net actuarial losses	Net effect of amortization of net actuarial losses	1	5	1	8	Net effect of amortization of net actuarial losses	—	2	1	10
Change in pension and other postretirement plans, after taxes	**Change in pension and other postretirement plans, after taxes**	(12)	157	(12)	160	**Change in pension and other postretirement plans, after taxes**	—	2	(12)	162
Other Comprehensive Income (Loss)	**Other Comprehensive Income (Loss)**	(33)	281	(16)	(79)	**Other Comprehensive Income (Loss)**	(45)	155	(61)	76
Comprehensive Income	**Comprehensive Income**	172	1,035	617	1,180	**Comprehensive Income**	557	761	1,174	1,941
Less: Comprehensive income attributable to noncontrolling interests	Less: Comprehensive income attributable to noncontrolling interests	86	87	168	175	Less: Comprehensive income attributable to noncontrolling interests	98	91	266	266
Comprehensive Income Attributable to Hess Corporation	**Comprehensive Income Attributable to Hess Corporation**	$ 86	$ 948	$ 449	$ 1,005	**Comprehensive Income Attributable to Hess Corporation**	$ 459	$ 670	$ 908	$ 1,675

See accompanying Notes to Consolidated Financial Statements.

PART I - FINANCIAL INFORMATION (CONT'D.)

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED CASH FLOWS (UNAUDITED)

Six Months Ended June 30,	Nine Months Ended September 30,

		2023	2022		2023	2022
		(In millions)			(In millions)	
Cash Flows From Operating Activities	**Cash Flows From Operating Activities**			**Cash Flows From Operating Activities**		
Net income	Net income	$ 633	$ 1,259	Net income	$ 1,235	$ 1,865
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	Adjustments to reconcile net income to net cash provided by (used in) operating activities:			Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
(Gains) losses on asset sales, net	(Gains) losses on asset sales, net	—	(25)	(Gains) losses on asset sales, net	(2)	(25)
Depreciation, depletion and amortization	Depreciation, depletion and amortization	988	728	Depreciation, depletion and amortization	1,487	1,199
Impairment and other	Impairment and other	82	—	Impairment and other	82	54
Exploratory dry hole costs	Exploratory dry hole costs	93	—	Exploratory dry hole costs	97	19
Exploration lease impairment	Exploration lease impairment	13	10	Exploration lease impairment	24	14
Pension settlement loss	Pension settlement loss	—	2	Pension settlement loss	—	2
Stock compensation expense	Stock compensation expense	53	49	Stock compensation expense	69	66
Noncash (gains) losses on commodity derivatives, net	Noncash (gains) losses on commodity derivatives, net	52	218	Noncash (gains) losses on commodity derivatives, net	104	383
Provision for deferred income taxes and other tax accruals	Provision for deferred income taxes and other tax accruals	92	174	Provision for deferred income taxes and other tax accruals	159	243
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:			Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(Increase) decrease in accounts receivable	(14)	(529)	(Increase) decrease in accounts receivable	(455)	(500)
(Increase) decrease in inventories	(Increase) decrease in inventories	(61)	(94)	(Increase) decrease in inventories	(116)	(55)
Increase (decrease) in accounts payable and accrued liabilities	Increase (decrease) in accounts payable and accrued liabilities	(119)	100	Increase (decrease) in accounts payable and accrued liabilities	208	37
Increase (decrease) in taxes payable	Increase (decrease) in taxes payable	22	(387)	Increase (decrease) in taxes payable	62	(361)
Changes in other operating assets and liabilities	Changes in other operating assets and liabilities	(222)	(152)	Changes in other operating assets and liabilities	(356)	(249)
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	1,612	1,353	Net cash provided by (used in) operating activities	2,598	2,692
Cash Flows From Investing Activities	**Cash Flows From Investing Activities**			**Cash Flows From Investing Activities**		
Additions to property, plant and equipment - E&P	Additions to property, plant and equipment - E&P	(1,551)	(1,098)	Additions to property, plant and equipment - E&P	(2,504)	(1,755)
Additions to property, plant and equipment - Midstream	Additions to property, plant and equipment - Midstream	(107)	(111)	Additions to property, plant and equipment - Midstream	(160)	(177)

Proceeds from asset sales, net of cash sold	Proceeds from asset sales, net of cash sold	—	28	Proceeds from asset sales, net of cash sold	3	28
Other, net	Other, net	(4)	—	Other, net	(5)	(4)
Net cash provided by (used in) investing activities	Net cash provided by (used in) investing activities	(1,662)	(1,181)	Net cash provided by (used in) investing activities	(2,666)	(1,908)
Cash Flows From Financing Activities	**Cash Flows From Financing Activities**			**Cash Flows From Financing Activities**		
Net borrowings (repayments) of debt with maturities of 90 days or less	Net borrowings (repayments) of debt with maturities of 90 days or less	180	(13)	Net borrowings (repayments) of debt with maturities of 90 days or less	258	(61)
Debt with maturities of greater than 90 days:	Debt with maturities of greater than 90 days:			Debt with maturities of greater than 90 days:		
Borrowings	Borrowings	—	400	Borrowings	—	420
Repayments	Repayments	—	(510)	Repayments	—	(510)
Cash dividends paid	Cash dividends paid	(271)	(235)	Cash dividends paid	(405)	(350)
Common stock acquired and retired	Common stock acquired and retired	(20)	(190)	Common stock acquired and retired	(20)	(340)
Proceeds from sale of Class A shares of Hess Midstream LP	Proceeds from sale of Class A shares of Hess Midstream LP	167	146	Proceeds from sale of Class A shares of Hess Midstream LP	167	146
Noncontrolling interests, net	Noncontrolling interests, net	(263)	(351)	Noncontrolling interests, net	(399)	(430)
Employee stock options exercised	Employee stock options exercised	4	40	Employee stock options exercised	10	44
Payments on finance lease obligations	Payments on finance lease obligations	(4)	(4)	Payments on finance lease obligations	(7)	(5)
Other, net	Other, net	(3)	(9)	Other, net	(4)	(27)
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	(210)	(726)	Net cash provided by (used in) financing activities	(400)	(1,113)
Net Increase (Decrease) in Cash and Cash Equivalents	**Net Increase (Decrease) in Cash and Cash Equivalents**	(260)	(554)	**Net Increase (Decrease) in Cash and Cash Equivalents**	(468)	(329)
Cash and Cash Equivalents at Beginning of Year	**Cash and Cash Equivalents at Beginning of Year**	2,486	2,713	**Cash and Cash Equivalents at Beginning of Year**	2,486	2,713
Cash and Cash Equivalents at End of Period	**Cash and Cash Equivalents at End of Period**	$ 2,226	$ 2,159	**Cash and Cash Equivalents at End of Period**	$ 2,018	$ 2,384

See accompanying Notes to Consolidated Financial Statements.

PART I - FINANCIAL INFORMATION (CONT'D.)

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED EQUITY (UNAUDITED)

	Common Stock	Capital in Excess of Par	Retained Earnings	Accumulated Other Comprehensive Loss	Total Hess Stockholders' Equity	Noncontrolling Interests	Total Equity	Common Stock	Capital in Excess of Par	Retained Earnings	Accumulated Other Comprehensive Loss	Total Hess Stockholders' Equity	No
For the Three Months Ended June 30, 2023													

Balance at April 1, 2023		$ 307	$6,254	$ 1,686	$ (114)	$ 8,133	$ 588	$8,721							
For the Three Months Ended September 30, 2023									**For the Three Months Ended September 30, 2023**						
Balance at July 1, 2023									Balance at July 1, 2023	$ 307	$6,442	$ 1,670	$ (147)	$ 8,272	$
Net income	Net income	—	—	119	—	119	86	205	Net income	—	—	504	—	504	
Other comprehensive income (loss)	Other comprehensive income (loss)	—	—	—	(33)	(33)	—	(33)	Other comprehensive income (loss)	—	—	—	(45)	(45)	
Share-based compensation	Share-based compensation	—	19	—	—	19	—	19	Share-based compensation	—	23	—	—	23	
Dividends on common stock	Dividends on common stock	—	—	(135)	—	(135)	—	(135)	Dividends on common stock	—	—	(135)	—	(135)	
Sale of Class A shares of Hess Midstream LP	Sale of Class A shares of Hess Midstream LP	—	158	—	—	158	93	251	Sale of Class A shares of Hess Midstream LP	—	—	—	—	—	
Repurchase of Class B units of Hess Midstream Operations LP	Repurchase of Class B units of Hess Midstream Operations LP	—	11	—	—	11	(55)	(44)	Repurchase of Class B units of Hess Midstream Operations LP	—	12	—	—	12	
Noncontrolling interests, net	Noncontrolling interests, net	—	—	—	—	—	(82)	(82)	Noncontrolling interests, net	—	—	—	—	—	
Balance at June 30, 2023		$ 307	$6,442	$ 1,670	$ (147)	$ 8,272	$ 630	$8,902							
For the Three Months Ended June 30, 2022															
Balance at April 1, 2022		$ 311	$6,083	$ 680	$ (766)	$ 6,308	$ 740	$7,048							
Balance at September 30, 2023									Balance at September 30, 2023	$ 307	$6,477	$ 2,039	$ (192)	$ 8,631	$
For the Three Months Ended September 30, 2022									**For the Three Months Ended September 30, 2022**						
Balance at July 1, 2022									Balance at July 1, 2022	$ 310	$6,236	$ 1,075	$ (485)	$ 7,136	$
Net income	Net income	—	—	667	—	667	87	754	Net income	—	—	515	—	515	
Other comprehensive income (loss)	Other comprehensive income (loss)	—	—	—	281	281	—	281	Other comprehensive income (loss)	—	—	—	155	155	
Share-based compensation	Share-based compensation	1	24	—	—	25	—	25	Share-based compensation	—	20	—	—	20	
Dividends on common stock	Dividends on common stock	—	—	(117)	—	(117)	—	(117)	Dividends on common stock	—	—	(117)	—	(117)	
Sale of Class A shares of Hess Midstream LP		—	130	—	—	130	88	218							
Repurchase of Class B units of Hess Midstream Operations LP		—	32	—	—	32	(215)	(183)							
Common stock acquired and retired	Common stock acquired and retired	(2)	(33)	(155)	—	(190)	—	(190)	Common stock acquired and retired	(2)	(29)	(119)	—	(150)	
Noncontrolling interests, net	Noncontrolling interests, net	—	—	—	—	—	(78)	(78)	Noncontrolling interests, net	—	—	—	—	—	
Balance at June 30, 2022		$ 310	$6,236	$ 1,075	$ (485)	$ 7,136	$ 622	$7,758							

For the Six Months Ended June 30, 2023															
Balance at September 30, 2022									Balance at September 30, 2022	$ 308	$6,227	$ 1,354	$ (330)	$ 7,559	$
For the Nine Months Ended September 30, 2023									**For the Nine Months Ended September 30, 2023**						
Balance at January 1, 2023	Balance at January 1, 2023	$ 306	$6,206	$ 1,474	$ (131)	$ 7,855	$ 641	$8,496	Balance at January 1, 2023	$ 306	$6,206	$ 1,474	$ (131)	$ 7,855	$
Net income	Net income	—	—	465	—	465	168	633	Net income	—	—	969	—	969	
Other comprehensive income (loss)	Other comprehensive income (loss)	—	—	—	(16)	(16)	—	(16)	Other comprehensive income (loss)	—	—	—	(61)	(61)	
Share-based compensation	Share-based compensation	1	59	—	—	60	—	60	Share-based compensation	1	82	—	—	83	
Dividends on common stock	Dividends on common stock	—	—	(269)	—	(269)	—	(269)	Dividends on common stock	—	—	(404)	—	(404)	
Sale of Class A shares of Hess Midstream LP	Sale of Class A shares of Hess Midstream LP	—	158	—	—	158	93	251	Sale of Class A shares of Hess Midstream LP	—	158	—	—	158	
Repurchase of Class B units of Hess Midstream Operations LP	Repurchase of Class B units of Hess Midstream Operations LP	—	19	—	—	19	(109)	(90)	Repurchase of Class B units of Hess Midstream Operations LP	—	31	—	—	31	
Noncontrolling interests, net	Noncontrolling interests, net	—	—	—	—	—	(163)	(163)	Noncontrolling interests, net	—	—	—	—	—	
Balance at June 30, 2023		$ 307	$6,442	$ 1,670	$ (147)	$ 8,272	$ 630	$8,902							
For the Six Months Ended June 30, 2022															
Balance at September 30, 2023									Balance at September 30, 2023	$ 307	$6,477	$ 2,039	$ (192)	$ 8,631	$
For the Nine Months Ended September 30, 2022									**For the Nine Months Ended September 30, 2022**						
Balance at January 1, 2022	Balance at January 1, 2022	$ 310	$6,017	$ 379	$ (406)	$ 6,300	$ 726	$7,026	Balance at January 1, 2022	$ 310	$6,017	$ 379	$ (406)	$ 6,300	$
Net income	Net income	—	—	1,084	—	1,084	175	1,259	Net income	—	—	1,599	—	1,599	
Other comprehensive income (loss)	Other comprehensive income (loss)	—	—	—	(79)	(79)	—	(79)	Other comprehensive income (loss)	—	—	—	76	76	
Share-based compensation	Share-based compensation	2	90	—	—	92	—	92	Share-based compensation	2	110	—	—	112	
Dividends on common stock	Dividends on common stock	—	—	(233)	—	(233)	—	(233)	Dividends on common stock	—	—	(350)	—	(350)	
Sale of Class A shares of Hess Midstream LP	Sale of Class A shares of Hess Midstream LP	—	130	—	—	130	88	218	Sale of Class A shares of Hess Midstream LP	—	130	—	—	130	
Repurchase of Class B units of Hess Midstream Operations LP	Repurchase of Class B units of Hess Midstream Operations LP	—	32	—	—	32	(215)	(183)	Repurchase of Class B units of Hess Midstream Operations LP	—	32	—	—	32	

Common stock acquired and retired	Common stock acquired and retired	(2)	(33)	(155)		(190)	—	(190)	Common stock acquired and retired	(4)	(62)	(274)		(340)	
Noncontrolling interests, net	Noncontrolling interests, net	—	—	—	—	—	(152)	(152)	Noncontrolling interests, net	—	—	—	—	—	
Balance at June 30, 2022		$ 310	$6,236	$ 1,075	$ (485)	$ 7,136	$ 622	$7,758							
Balance at September 30, 2022									Balance at September 30, 2022	$ 308	$6,227	$ 1,354	$ (330)	$ 7,559	$

See accompanying Notes to Consolidated Financial Statements.

PART I - FINANCIAL INFORMATION (CONT'D.)

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

The financial statements included in this report reflect all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of our consolidated financial position at June 30, 2023 September 30, 2023 and December 31, 2022, the consolidated results of operations for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022, and consolidated cash flows for the six nine months ended June 30, 2023 September 30, 2023 and 2022. The unaudited results of operations for the interim periods reported are not necessarily indicative of results to be expected for the full year.

The financial statements were prepared in accordance with the requirements of the Securities and Exchange Commission (SEC) for interim reporting. As permitted under those rules, certain notes or other financial information that are normally required by generally accepted accounting principles (GAAP) in the United States have been condensed or omitted from these interim financial statements. These statements, therefore, should be read in conjunction with the consolidated financial statements and related notes included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2022.

2. Inventories

Inventories consisted of the following:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
		(In millions)			(In millions)	
Crude oil and natural gas liquids	Crude oil and natural gas liquids	$ 84	$ 63	Crude oil and natural gas liquids	$ 81	$ 63
Materials and supplies	Materials and supplies	194	154	Materials and supplies	252	154
Total Inventories	Total Inventories	$ 278	$ 217	Total Inventories	$ 333	$ 217

3. Property, Plant and Equipment

Capitalized Exploratory Well Costs:

The following table discloses the net changes in capitalized exploratory well costs pending determination of proved reserves during the six nine months ended June 30, 2023 September 30, 2023 (in millions):

Balance at January 1, 2023	$ 886
Additions to capitalized exploratory well costs pending the determination of proved reserves	128 192
Reclassifications to wells, facilities and equipment based on the determination of proved reserves	(78) (133)
Capitalized exploratory well costs charged to expense	(6)
Balance at June 30, 2023 September 30, 2023	$ 930 939

In the first six nine months, additions to capitalized exploratory well costs pending determination of proved reserves primarily related to wells drilled on the Stabroek Block (Hess 30%), offshore Guyana, and the Pickerel-1 exploration well (Hess 100%) in the Gulf of Mexico on Mississippi Canyon Block 727. Reclassifications to wells, facilities and equipment based on the determination of proved reserves resulted from the sanction of the Uaru Field development project, the fifth sanctioned project on the Stabroek Block. Block, and the Pickerel-1 exploration well in the Gulf of Mexico. At June 30, 2023 September 30, 2023, 32 35 exploration and appraisal wells on the Stabroek Block, with a total cost of $738 $777 million, were capitalized pending determination of proved reserves. The preceding table excludes well costs of $87 million $91 million that were incurred and expensed during the first six nine months of 2023.

At June 30, 2023 September 30, 2023, exploratory well costs capitalized for greater than one year following completion of drilling of $653 million $714 million was comprised of the following:

Guyana: Approximately 85% 86% of the capitalized well costs in excess of one year relate to successful exploration wells where hydrocarbons were encountered on the Stabroek Block. In October 2023, the operator submitted a plan for the Whiptail development project, the sixth development project on the Stabroek Block, to the Government of Guyana for approval. The operator also plans further appraisal drilling on the block and is conducting pre-development planning for additional phases of development.

U.S.: Approximately 8% of the capitalized well costs in excess of one year relate to the Huron-1 exploration well (Hess 40%) located on Green Canyon Block 69 in the Gulf of Mexico, where oil bearing reservoirs were encountered. Well results are being evaluated and planning for appraisal activities is underway.

Joint Development Area (JDA): Approximately 6% 5% of the capitalized well costs in excess of one year relate to the JDA (Hess 50%) in the Gulf of Thailand, where hydrocarbons were encountered in three successful exploration wells drilled in the western part of Block A-18. The operator has submitted a development plan concept to the regulator to facilitate ongoing

PART I - FINANCIAL INFORMATION (CONT'D.)

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

commercial negotiations for an extension of the existing gas sales contract to include development of the western part of the block.

Malaysia: Approximately 1% of the capitalized well costs in excess of one year relate to the North Malay Basin (Hess 50%), offshore Peninsular Malaysia, where hydrocarbons were encountered in one successful exploration well. Pre-development studies are ongoing.

4. Hess Midstream LP

At June 30, 2023 September 30, 2023, Hess Midstream LP (Hess Midstream), a variable interest entity that is fully consolidated by Hess Corporation, had liabilities totaling $3,201 million $3,293 million (December 31, 2022: $3,027 million) that are on a nonrecourse basis to Hess Corporation, while Hess Midstream assets available to settle the obligations of Hess Midstream included cash and cash equivalents totaling $3 million (December 31, 2022: $3 million), property, plant and equipment with a carrying value of $3,188 million $3,208 million (December 31, 2022: $3,173 million) and an equity-method investment in the Little Missouri 4 (LM4) gas processing plant of $93 million $91 million (December 31, 2022: $94 million). Hess Corporation owns an approximate 38% interest in Hess Midstream LP, on a consolidated basis, at June 30, 2023 September 30, 2023.

LM4 is a 200 million standard cubic feet per day gas processing plant located south of the Missouri River in McKenzie County, North Dakota, that was constructed as part of a 50/50 joint venture between Hess Midstream and Targa Resources Corp. Hess Midstream has a natural gas processing agreement with LM4 under which it pays a processing fee and reimburses LM4 for its proportionate share of electricity costs. The processing fees included in *Operating costs and expenses* in the *Statement of Consolidated Income* for the three and six nine months ended June 30, 2023 September 30, 2023 were $6 million $7 million and $11 million $18 million respectively, compared with $4 million $7 million and $9 million $16 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively.

In June 2023, During the nine months ended September 30, 2023, Hess Midstream Operations LP (HESM Opco), a consolidated subsidiary of Hess Midstream LP, repurchased an aggregate of approximately 3.4 10.3 million HESM Opco Class B units held by a subsidiary in multiple transactions from affiliates of Hess Corporation and an affiliate of Global Infrastructure Partners (GIP) for $100 million, which was total proceeds of $300 million. The unit repurchases were financed by borrowings under HESM Opco's revolving credit facility. The transaction unit repurchases, in aggregate, resulted in an increase in *Capital in excess of par* and a decrease in *Noncontrolling interests* of $11 $31 million, and an increase in deferred tax assets and *Noncontrolling interests* of $6 $16 million resulting from a change adjustments in the difference between the carrying value and tax basis of Hess Midstream LP's investment in HESM Opco. Opco without corresponding adjustments in the tax basis. The $50 million aggregate proceeds paid to GIP of $150 million reduced *Noncontrolling interests*.

In May 2023, During the nine months ended September 30, 2023, Hess Midstream LP completed an multiple underwritten public equity offering offerings of an aggregate of approximately 12.8 million 24.3 million Hess Midstream LP Class A shares held by a subsidiary affiliates of Hess Corporation and GIP. Hess Corporation received an affiliate of GIP. We received net proceeds aggregate of $167 million of net proceeds from the public offering. The transaction these transactions. These transactions, in aggregate, resulted in an increase in *Capital in excess of par* and *Noncontrolling interests* of $158 million $158 million and $93 million, $175 million, respectively. The aggregate increase to *Noncontrolling interests* of $93 million $175 million is comprised of $9 million resulting from the change changes in ownership interest interests and $84 $166 million from an increase increases to deferred tax assets resulting from a change step-ups in the difference between the carrying value and tax basis of Hess Midstream LP's investment in HESM Opco.

In March 2023, During the nine months ended September 30, 2022, HESM Opco repurchased approximately 3.6 13.6 million HESM Opco Class B units held by a subsidiary affiliates of Hess Corporation and an affiliate of GIP for $100 million, which was financed by HESM Opco's revolving credit facility. The transaction resulted in an increase in *Capital in excess of par* and a decrease in *Noncontrolling interests* of $8 million, and an increase in deferred tax assets and *Noncontrolling interests* of $4 million resulting from a change in the difference between the carrying value and tax basis of Hess Midstream LP's investment in HESM Opco. The $50 million paid to GIP reduced *Noncontrolling interests*.

In April 2022, Hess Midstream LP completed an underwritten public equity offering of approximately 10.2 million Hess Midstream LP Class A shares held by a subsidiary of Hess Corporation and an affiliate of GIP. We received net proceeds of $146 million from the public offering. The transaction resulted in an increase in *Capital in excess of par* and *Noncontrolling interests* of $130 million and $88 million, respectively. The increase to *Noncontrolling interests* of $88 million is comprised of $16 million resulting from the change in ownership interest and $72 million from an increase to deferred tax assets resulting from a change in the difference between the carrying value and tax basis of Hess Midstream LP's investment in HESM Opco.

Concurrent with the April 2022 public offering, HESM Opco repurchased approximately 13.6 million HESM Opco Class B units held by a subsidiary of Hess Corporation and an affiliate of GIP for $400 million. million in a single transaction. HESM Opco issued $400 million in aggregate principal amount of 5.500% fixed-rate senior unsecured notes due 2030 in a private offering to repay borrowings under its revolving credit facility used to finance the repurchase. The transaction resulted in an increase in *Capital in excess of par* and a decrease in *Noncontrolling interests* of $32 million, and an increase in deferred tax assets and *Noncontrolling interests* of $17 million resulting from a change an adjustment in the difference between the carrying value and tax basis of Hess Midstream LP's investment in HESM Opco. Opco without a corresponding adjustment in the tax basis. The $200 million paid to GIP reduced *Noncontrolling interests*.

During the nine months ended September 30, 2022, Hess Midstream LP completed a single underwritten public equity offering of approximately 10.2 million Hess Midstream LP Class A shares held by affiliates of Hess Corporation and GIP. Hess Corporation received net proceeds of $146 million from the transaction. The transaction resulted in an increase in *Capital in excess of par* and *Noncontrolling interests* of $130 million and $88 million, respectively. The increase to *Noncontrolling interests* of $88 million is comprised of $16 million resulting from the change in ownership interests and $72 million from an increase to deferred tax assets resulting from a step-up in the tax basis of Hess Midstream LP's investment in HESM Opco.

During the three months ended September 30, 2023, HESM Opco repurchased approximately 3.3 million HESM Opco Class B units held by affiliates of Hess Corporation and GIP for $100 million in a single transaction, which was financed by HESM Opco's revolving credit facility. The transaction resulted in an increase in *Capital in excess of par* and a decrease in *Noncontrolling interests* of $12 million, and an increase in deferred tax assets and *Noncontrolling interests* of $6 million resulting from an adjustment in the carrying value of Hess Midstream LP's investment in HESM Opco without a corresponding adjustment in the tax basis. The $50 million paid to GIP reduced *Noncontrolling interests*.

During the three months ended September 30, 2023, Hess Midstream LP completed a single underwritten public equity offering of 11.5 million Hess Midstream LP Class A shares held by an affiliate of GIP. Hess Corporation did not receive any proceeds from this public equity offering. The transaction resulted in an increase in *Noncontrolling interests* and deferred tax assets of $82 million resulting from a step-up in the tax basis of Hess Midstream LP's investment in HESM Opco.

5. Accrued Liabilities

Accrued Liabilities consisted of the following:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
		(In millions)			(In millions)	
Accrued capital expenditures	Accrued capital expenditures	$ 589	$ 499	Accrued capital expenditures	$ 596	$ 499
Accrued operating and marketing expenditures	Accrued operating and marketing expenditures	400	522	Accrued operating and marketing expenditures	554	522
Current portion of asset retirement obligations	Current portion of asset retirement obligations	241	207	Current portion of asset retirement obligations	186	207
Accrued payments to royalty and working interest owners	Accrued payments to royalty and working interest owners	179	201	Accrued payments to royalty and working interest owners	234	201
Accrued interest on debt	Accrued interest on debt	144	143	Accrued interest on debt	111	143
Accrued compensation and benefits	Accrued compensation and benefits	76	132	Accrued compensation and benefits	140	132
Other accruals	Other accruals	125	136	Other accruals	133	136
Total Accrued Liabilities	**Total Accrued Liabilities**	$ 1,754	$ 1,840	**Total Accrued Liabilities**	$ 1,954	$ 1,840

6. Revenue

Revenue from contracts with customers on a disaggregated basis was as follows (in millions):

		Exploration and Production					Midstream	Eliminations	Total		Exploration and Production					Midstream	Eliminations	
		United States	Guyana	Malaysia and JDA	Other (a)	E&P Total					United States	Guyana	Malaysia and JDA	Other (a)	E&P Total			
Three Months Ended June 30, 2023																		
Three Months Ended September 30, 2023										**Three Months Ended September 30, 2023**								
Sales of net production volumes:	Sales of net production volumes:									Sales of net production volumes:								
Crude oil revenue	Crude oil revenue	$ 710	$ 787	$ 24	$ —	$1,521	$ —	$ —	$1,521	Crude oil revenue	$ 861	$ 896	$ 36	$ —	$1,793	$ —	$ —	$
Natural gas liquids revenue	Natural gas liquids revenue	112	—	—	—	112	—	—	112	Natural gas liquids revenue	133	—	—	—	133	—	—	
Natural gas revenue	Natural gas revenue	38	—	182	—	220	—	—	220	Natural gas revenue	44	—	223	—	267	—	—	
Sales of purchased oil and gas	Sales of purchased oil and gas	469	15	—	—	484	—	—	484	Sales of purchased oil and gas	640	20	—	—	660	—	—	
Intercompany revenue	Intercompany revenue	—	—	—	—	—	322	(322)	—	Intercompany revenue	—	—	—	—	—	361	(361)	
Total sales (b)	Total sales (b)	1,329	802	206	—	2,337	322	(322)	2,337	Total sales (b)	1,678	916	259	—	2,853	361	(361)	
Other operating revenues (c)	Other operating revenues (c)	(30)	(20)	—	—	(50)	2	—	(48)	Other operating revenues (c)	(27)	(17)	(11)	—	(55)	2	—	
Total sales and other operating revenues	**Total sales and other operating revenues**	**$1,299**	**$ 782**	**$ 206**	**$ —**	**$2,287**	**$ 324**	**$ (322)**	**$2,289**	**revenues**	**$1,651**	**$ 899**	**$ 248**	**$ —**	**$2,798**	**$ 363**	**$ (361)**	**$**
Three Months Ended June 30, 2022																		
Three Months Ended September 30, 2022										**Three Months Ended September 30, 2022**								
Sales of net production volumes:	Sales of net production volumes:									Sales of net production volumes:								
Crude oil revenue	Crude oil revenue	$ 895	$ 681	$ 37	$170	$1,783	$ —	$ —	$1,783	Crude oil revenue	$ 895	$ 838	$ 34	$ 97	$1,864	$ —	$ —	$
Natural gas liquids revenue	Natural gas liquids revenue	173	—	—	—	173	—	—	173	Natural gas liquids revenue	191	—	—	—	191	—	—	
Natural gas revenue	Natural gas revenue	126	—	215	5	346	—	—	346	Natural gas revenue	145	—	150	6	301	—	—	
Sales of purchased oil and gas	Sales of purchased oil and gas	761	18	—	36	815	—	—	815	Sales of purchased oil and gas	889	20	—	22	931	—	—	
Intercompany revenue	Intercompany revenue	—	—	—	—	—	314	(314)	—	Intercompany revenue	—	—	—	—	—	335	(335)	
Total sales (b)	Total sales (b)	1,955	699	252	211	3,117	314	(314)	3,117	Total sales (b)	2,120	858	184	125	3,287	335	(335)	
Other operating revenues (c)	Other operating revenues (c)	(95)	(52)	—	(15)	(162)	—	—	(162)	Other operating revenues (c)	(98)	(59)	—	(8)	(165)	—	—	

Total sales and other operating revenues	**Total sales and other operating revenues**	**$1,860**	**$ 647**	**$ 252**	**$196**	**$2,955**	**$ 314**	**$ (314)**	**$2,955**	**Total sales and other operating revenues**	**$2,022**	**$ 799**	**$ 184**	**$117**	**$3,122**	**$ 335**	**$ (335)**	**$**
Six Months Ended June 30, 2023																		
Nine Months Ended September 30, 2023										**Nine Months Ended September 30, 2023**								
Sales of net production volumes:	Sales of net production volumes:									Sales of net production volumes:								
Crude oil revenue	Crude oil revenue	$1,379	$1,612	$ 53	$ —	$3,044	$ —	$ —	$3,044	Crude oil revenue	$2,240	$2,508	$ 89	$ —	$4,837	$ —	$ —	$
Natural gas liquids revenue	Natural gas liquids revenue	253	—	—	—	253	—	—	253	Natural gas liquids revenue	386	—	—	—	386	—	—	
Natural gas revenue	Natural gas revenue	92	—	362	—	454	—	—	454	Natural gas revenue	136	—	585	—	721	—	—	
Sales of purchased oil and gas	Sales of purchased oil and gas	996	32	—	—	1,028	—	—	1,028	Sales of purchased oil and gas	1,636	52	—	—	1,688	—	—	
Intercompany revenue	Intercompany revenue	—	—	—	—	—	625	(625)	—	Intercompany revenue	—	—	—	—	—	986	(986)	
Total sales (b)	Total sales (b)	2,720	1,644	415	—	4,779	625	(625)	4,779	Total sales (b)	4,398	2,560	674	—	7,632	986	(986)	
Other operating revenues (c)	Other operating revenues (c)	(56)	(27)	—	—	(83)	4	—	(79)	Other operating revenues (c)	(83)	(44)	(11)	—	(138)	6	—	
Total sales and other operating revenues	**Total sales and other operating revenues**	**$2,664**	**$1,617**	**$ 415**	**$ —**	**$4,696**	**$ 629**	**$ (625)**	**$4,700**	**Total sales and other operating revenues**	**$4,315**	**$2,516**	**$ 663**	**$ —**	**$7,494**	**$ 992**	**$ (986)**	**$**
Six Months Ended June 30, 2022																		
Nine Months Ended September 30, 2022										**Nine Months Ended September 30, 2022**								
Sales of net production volumes:	Sales of net production volumes:									Sales of net production volumes:								
Crude oil revenue	Crude oil revenue	$1,731	$ 907	$ 68	$316	$3,022	$ —	$ —	$3,022	Crude oil revenue	$2,626	$1,745	$ 102	$413	$4,886	$ —	$ —	$
Natural gas liquids revenue	Natural gas liquids revenue	354	—	—	—	354	—	—	354	Natural gas liquids revenue	545	—	—	—	545	—	—	
Natural gas revenue	Natural gas revenue	211	—	405	10	626	—	—	626	Natural gas revenue	356	—	555	16	927	—	—	
Sales of purchased oil and gas	Sales of purchased oil and gas	1,421	22	—	71	1,514	—	—	1,514	Sales of purchased oil and gas	2,310	42	—	93	2,445	—	—	
Intercompany revenue	Intercompany revenue	—	—	—	—	—	626	(626)	—	Intercompany revenue	—	—	—	—	—	961	(961)	
Total sales (b)	Total sales (b)	3,717	929	473	397	5,516	626	(626)	5,516	Total sales (b)	5,837	1,787	657	522	8,803	961	(961)	
Other operating revenues (c)	Other operating revenues (c)	(153)	(67)	—	(28)	(248)	—	—	(248)	Other operating revenues (c)	(251)	(126)	—	(36)	(413)	—	—	

Total sales and other operating revenues	**Total sales and other operating revenues**	**$3,564**	**$ 862**	**$ 473**	**$369**	**$5,268**	**$ 626**	**$ (626)**	**$5,268**	**Total sales and other operating revenues**	**$5,586**	**$1,661**	**$ 657**	**$486**	**$8,390**	**$ 961**	**$ (961) $**

(a) Other includes our interest in the Waha Concession in Libya, which was sold in November 2022.

(b) Guyana crude oil revenue includes $88 million $112 million and $196 million $308 million of revenue from non-customers for the three and six nine months ended June 30, 2023 September 30, 2023, respectively. There was no revenue from non-customers respectively, compared to $56 million for both the three and six nine months ended June 30, 2022 September 30, 2022.

(c) Other operating revenues are not a component of revenues from contracts with customers, and primarily includes gains (losses) on commodity derivatives.

There have been no significant changes to contracts with customers or the composition thereof during the six nine months ended June 30, 2023 September 30, 2023. Generally, we receive payments from customers on a monthly basis, shortly after the physical delivery of the crude oil, natural gas liquids, or natural gas. At June 30, 2023 September 30, 2023, contract liabilities of $27 $11 million (December 31, 2022: $24 million) were primarily due to a take-or-pay deficiency payment received in the fourth quarter of 2021 that is subject to a make-up period expiring in December 2023. At June 30, 2023 and December 31, 2022 During the nine months ended September 30, 2023, there contract liabilities of $13 million were no contract assets.

recognized to *Sales and other operating revenues*. At September 30, 2023 and December 31, 2022, there were no contract assets.

7. Impairment and Other

In the second quarter of 2023, we recognized a pre-tax charge of $82 million ($82 million after income taxes) that resulted from revisions to estimated costs to abandon certain wells, pipelines and production facilities in the West Delta Field in the Gulf of Mexico. These abandonment obligations were assigned to us as a former owner after they were discharged from Fieldwood Energy LLC as part of its approved bankruptcy plan in 2021.

In the third quarter of 2022, we recognized a pre-tax charge of $28 million ($28 million after income taxes) that resulted from updates to our estimated abandonment liabilities for non-producing properties in the Gulf of Mexico and $26 million ($26 million after income taxes) to fully impair the net book value of our interests in the Penn State Field in the Gulf of Mexico due to a mechanical issue on the field's remaining production well.

8. Retirement Plans

Components of net periodic benefit cost consisted of the following:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Service cost	Service cost	$ 10	$ 12	$ 19	$ 25	Service cost	$ 9	$ 11	$ 28	$ 36
Interest cost (a)	Interest cost (a)	25	17	50	33	Interest cost (a)	25	19	75	52
Expected return on plan assets (a)	Expected return on plan assets (a)	(40)	(52)	(79)	(105)	Expected return on plan assets (a)	(39)	(47)	(118)	(152)
Amortization of unrecognized net actuarial losses (a)	Amortization of unrecognized net actuarial losses (a)	1	3	1	6	Amortization of unrecognized net actuarial losses (a)	—	2	1	8
Settlement loss (a)	Settlement loss (a)	—	2	$ —	$ 2	Settlement loss (a)	—	—	—	2
Net periodic benefit cost (income) (a)	Net periodic benefit cost (income) (a)	$ (4)	$ (18)	$ (9)	$ (39)	Net periodic benefit cost (income) (a)	$ (5)	$ (15)	$ (14)	$ (54)

(a) Net non-service cost, which is included in Other, net in the Statement of Consolidated Income, was income of $14 million and $28 million $42 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, compared with income of $30 million $26 million and $64 million $90 million for the three and six nine months ended June 30, 2022. September 30, 2022, respectively.

In the second quarter of 2022, the Hess Corporation Employees' Pension Plan purchased a single premium annuity contract at a cost of $166 million using assets of the plan to settle and transfer certain of its obligations to a third party. This partial settlement resulted in a noncash settlement loss of $13 million to recognize unamortized actuarial losses.

In the second quarter of 2022, the HOVENSA Legacy Employees' Pension Plan paid lump sums to certain participants totaling $20 million, and purchased a single premium annuity contract at a cost of $80 million, to settle the plan's projected benefit obligation in connection with terminating the plan. The settlement transactions resulted in a noncash settlement gain of $11 million to recognize unamortized actuarial gains. The assets remaining after settlement of the plan's projected benefit obligation of $15 million were transferred to the Hess Corporation Employees' Pension Plan in December 2022.

In 2023, we expect to contribute approximately $2 million to our funded pension plans.

9. Weighted Average Common Shares

The Net income and weighted average number of common shares used in the basic and diluted earnings per share computations were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(In millions)			
Net income attributable to Hess Corporation:				
Net income	$ 205	$ 754	$ 633	$ 1,259
Less: Net income attributable to noncontrolling interests	86	87	168	175
Net income attributable to Hess Corporation	$ 119	$ 667	$ 465	$ 1,084
Weighted average number of common shares outstanding:				
Basic	306.0	309.7	305.7	309.3
Effect of dilutive securities				
Restricted common stock	0.3	0.6	0.5	0.6
Stock options	0.7	0.6	0.7	0.6
Performance share units	0.5	—	0.5	0.1
Diluted	307.5	310.9	307.4	310.6

PART I - FINANCIAL INFORMATION (CONT'D.)

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions)			
Net income attributable to Hess Corporation:				
Net income	$ 602	$ 606	$ 1,235	$ 1,865
Less: Net income attributable to noncontrolling interests	98	91	266	266
Net income attributable to Hess Corporation	$ 504	$ 515	$ 969	$ 1,599
Weighted average number of common shares outstanding:				
Basic	306.1	307.6	305.8	308.7
Effect of dilutive securities				
Restricted common stock	0.4	0.6	0.5	0.7
Stock options	0.7	0.5	0.7	0.6
Performance share units	0.5	0.2	0.5	0.1
Diluted	307.7	308.9	307.5	310.1

The following table summarizes the number of antidilutive shares excluded from the computation of diluted shares:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Restricted common stock	Restricted common stock	1,789	—	61,489	48	Restricted common stock	—	623	40,993	240
Stock options	Stock options	189,479	269,748	121,226	172,581	Stock options	189,479	269,748	143,977	204,970

Performance share units	Performance share units	—	29,668	—	30,510	Performance share units	—	—	—	20,340

During the six nine months ended June 30, 2023 September 30, 2023, we granted 451,226 463,209 shares of restricted stock (2022: 565,318) 586,287), 130,272 performance share units (2022: 178,008) and 189,479 stock options (2022: 269,748).

10. Guarantees and Contingencies

We are subject to loss contingencies with respect to various claims, lawsuits and other proceedings. A liability is recognized in our consolidated financial statements when it is probable that a loss has been incurred and the amount can be reasonably estimated. If the risk of loss is probable, but the amount cannot be reasonably estimated or the risk of loss is only reasonably possible, a liability is not accrued; however, we disclose the nature of those contingencies. We cannot predict with certainty if, how or when existing claims, lawsuits and proceedings will be resolved or what the eventual relief, if any, may be, particularly for proceedings that are in their early stages of development or where plaintiffs seek indeterminate damages.

We, along with many companies that have been or continue to be engaged in refining and marketing of gasoline, have been a party to lawsuits and claims related to the use of methyl tertiary butyl ether (MTBE) in gasoline. A series of similar lawsuits, many involving water utilities or governmental entities, were filed in jurisdictions across the United States against producers of MTBE and petroleum refiners who produced gasoline containing MTBE, including us. The principal allegation in all cases was that gasoline containing MTBE was a defective product and that these producers and refiners are strictly liable in proportion to their share of the gasoline market for damage to groundwater resources and are required to take remedial action to ameliorate the alleged effects on the environment of releases of MTBE. The majority of the cases asserted against us have been settled. There are two remaining active cases, filed by Pennsylvania and Maryland. In June 2014, the Commonwealth of Pennsylvania filed a lawsuit alleging that we and all major oil companies with operations in Pennsylvania, have damaged the groundwater by introducing thereto gasoline with MTBE. The Pennsylvania suit has been forwarded to the existing MTBE multidistrict litigation pending in the Southern District of New York. In December 2017, the State of Maryland filed a lawsuit alleging that we and other major oil companies damaged the groundwater in Maryland by introducing thereto gasoline with MTBE. The suit, filed in Maryland state court, was served on us in January 2018 and has been removed to federal court by the defendants.

In March 2014, we received an Administrative Order from the EPA requiring us and 26 other parties to undertake the Remedial Design for the remedy selected by the EPA for the Gowanus Canal Superfund Site in Brooklyn, New York. Our alleged liability derives from our former ownership and operation of a fuel oil terminal and connected shipbuilding and repair facility adjacent to the Canal. The remedy selected by the EPA includes dredging of surface sediments and the placement of a cap over the deeper sediments throughout the Canal and in-situ stabilization of certain contaminated sediments that will remain in place below the cap. The EPA's original estimate was that this remedy would cost $506 million; however, the ultimate costs that will be incurred in connection with the design and implementation of the remedy remain uncertain. We have complied with the EPA's March 2014 Administrative Order and contributed funding for the Remedial Design based on an allocation of costs among the parties determined by a third-party expert. In January 2020, we received an additional Administrative Order from the EPA requiring us and several other parties to begin Remedial Action along the uppermost portion of the Canal. We intend to comply with this Administrative Order. The remediation work began in the fourth quarter of 2020. Based on currently known facts and circumstances, we do not believe that this matter will result in a significant liability to us, and the costs will continue to be allocated amongst the parties, as they were for the Remedial Design.

From time to time, we are involved in other judicial and administrative proceedings relating to environmental matters. We periodically receive notices from the EPA that we are a "potential responsible party" under the Superfund legislation with respect to various waste disposal sites. Under this legislation, all potentially responsible parties may be jointly and severally liable. For any site for which we have received such a notice, the EPA's claims or assertions of liability against us relating to these sites have not been fully developed, or the EPA's claims have been settled or a settlement is under consideration, in all cases for amounts that are not material. Beginning in 2017, certain states, municipalities and private associations in California, Delaware, Maryland, Rhode Island and South Carolina separately filed lawsuits against oil, gas and coal producers, including us, for alleged damages purportedly caused by climate change. These proceedings include claims for monetary damages and injunctive relief. Beginning in 2013, various parishes in Louisiana filed suit against approximately 100 oil and gas companies, including us, alleging that the companies' operations and activities in certain fields violated the State and Local Coastal Resource Management Act of 1978, as amended, and caused

PART I - FINANCIAL INFORMATION (CONT'D.)

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

contamination, subsidence and other environmental damages to land and water bodies located in the coastal zone of Louisiana. The plaintiffs seek, among other things, the payment of the costs necessary to clear, re-vegetate and otherwise restore the allegedly impacted areas. The ultimate impact of such climate and other aforementioned environmental proceedings, and of any related proceedings by private parties, on our business or accounts cannot be predicted at this time due to the large number of other potentially responsible parties and the speculative nature of clean-up cost estimates.

Hess Corporation and its subsidiary HONX, Inc. have been named as defendants in various personal injury claims alleging exposure to asbestos and/or other alleged toxic substances while working at a former refinery (owned and operated by subsidiaries or related entities) located in St. Croix, U.S. Virgin Islands. On April 28, 2022, HONX, Inc. initiated a Chapter 11 § 524G process in the United States Bankruptcy Court for the Southern District of Texas, Houston Division, to resolve these asbestos-related claims. In February 2023, Hess, HONX, Inc., the Unsecured Creditors' Committee, and counsel representing claimants, reached a mediated resolution of the matter, contingent upon final approvals of all parties and confirmation by the Bankruptcy Court. As of June 30, 2023 September 30, 2023, we have a provision of $116 million for the amounts expected to be funded to the § 524G trust established for the settlement of claims, based on the mediated resolution.

We are also involved in other judicial and administrative proceedings from time to time in addition to the matters described above, including claims related to post-production deductions from royalty and working interest payments. We may also be exposed to future decommissioning liabilities for divested assets in the event the current or future owners of facilities previously owned by us are determined to be unable to perform such actions, whether due to bankruptcy or otherwise. We cannot predict with certainty if, how or when such proceedings will be resolved or what the eventual relief, if any, may be, particularly for proceedings that are in their early stages of development or where plaintiffs seek indeterminate damages. Numerous issues may need to be resolved, including through potentially lengthy discovery and determination of important factual matters before a loss or range of loss can be reasonably estimated for any proceeding.

Subject to the foregoing, in management's opinion, based upon currently known facts and circumstances, the outcome of lawsuits, claims and proceedings, including the matters disclosed above, is not expected to have a material adverse effect on our financial condition, results of operations or cash flows. However, we could incur judgments, enter into settlements, or revise our opinion regarding the outcome of certain matters, and such developments could have a material adverse effect on our results of operations in the period in which the amounts are accrued and our cash flows in the period in which the amounts are paid.

11. Segment Information

We currently have two operating segments, Exploration and Production and Midstream. All unallocated costs are reflected under Corporate, Interest and Other. The following table presents operating segment financial data:

		Exploration and Production	Midstream	Corporate, Interest and Other	Eliminations	Total		Exploration and Production	Midstream	Corporate, Interest and Other	Eliminations	Total
				(In millions)						(In millions)		
For the Three Months Ended June 30, 2023												
For the Three Months Ended September 30, 2023							**For the Three Months Ended September 30, 2023**					
Sales and other operating revenues							Sales and other operating revenues	$ 2,798	$ 2	$ —	$ —	$ 2,800
Intersegment revenues							Intersegment revenues	—	361	—	(361)	—
Total sales and other operating revenues							Total sales and other operating revenues	$ 2,798	$ 363	$ —	$ (361)	$ 2,800
Net income (loss) attributable to Hess Corporation							Net income (loss) attributable to Hess Corporation	$ 529	$ 66	$ (91)	$ —	$ 504
Depreciation, depletion and amortization							Depreciation, depletion and amortization	451	48	—	—	499
Provision for income taxes							Provision for income taxes	203	12	—	—	215
Capital expenditures							Capital expenditures	948	65	—	—	1,013
For the Three Months Ended September 30, 2022							**For the Three Months Ended September 30, 2022**					
Sales and other operating revenues	Sales and other operating revenues	$ 2,287	$ 2	$ —	$ —	$ 2,289	Sales and other operating revenues	$ 3,122	$ —	$ —	$ —	$ 3,122
Intersegment revenues	Intersegment revenues	—	322	—	(322)	—	Intersegment revenues	—	335	—	(335)	—

Total sales and other operating revenues	Total sales and other operating revenues	$ 2,287	$ 324	$ —	$ (322)	$ 2,289	Total sales and other operating revenues	$ 3,122	$ 335	$ —	$ (335)	$ 3,122
Net income (loss) attributable to Hess Corporation	Net income (loss) attributable to Hess Corporation	$ 155	$ 62	$ (98)	$ —	$ 119	Net income (loss) attributable to Hess Corporation	$ 572	$ 68	$ (125)	$ —	$ 515
Depreciation, depletion and amortization	Depreciation, depletion and amortization	450	47	—	—	497	Depreciation, depletion and amortization	425	46	—	—	471
Impairment and other	Impairment and other	82	—	—	—	82	Impairment and other	54	—	—	—	54
Provision for income taxes	Provision for income taxes	152	8	—	—	160	Provision for income taxes	275	7	—	—	282
Capital expenditures	Capital expenditures	904	52	—	—	956	Capital expenditures	666	60	—	—	726
For the Three Months Ended June 30, 2022												
Sales and other operating revenues		$ 2,955	$ —	$ —	$ —	$ 2,955						
Intersegment revenues		—	314	—	(314)	—						
Total sales and other operating revenues		$ 2,955	$ 314	$ —	$ (314)	$ 2,955						
Net income (loss) attributable to Hess Corporation		$ 723	$ 65	$ (121)	$ —	$ 667						
Depreciation, depletion and amortization		345	44	2	—	391						
Provision for income taxes		321	7	—	—	328						
Capital expenditures		593	72	—	—	665						
For the Six Months Ended June 30, 2023												
For the Nine Months Ended September 30, 2023							**For the Nine Months Ended September 30, 2023**					
Sales and other operating revenues	Sales and other operating revenues	$ 4,696	$ 4	$ —	$ —	$ 4,700	Sales and other operating revenues	$ 7,494	$ 6	$ —	$ —	$ 7,500
Intersegment revenues	Intersegment revenues	—	625	—	(625)	—	Intersegment revenues	—	986	—	(986)	—
Total sales and other operating revenues	Total sales and other operating revenues	$ 4,696	$ 629	$ —	$ (625)	$ 4,700	Total sales and other operating revenues	$ 7,494	$ 992	$ —	$ (986)	$ 7,500
Net income (loss) attributable to Hess Corporation	Net income (loss) attributable to Hess Corporation	$ 560	$ 123	$ (218)	$ —	$ 465	Net income (loss) attributable to Hess Corporation	$ 1,089	$ 189	$ (309)	$ —	$ 969
Depreciation, depletion and amortization	Depreciation, depletion and amortization	893	94	1	—	988	Depreciation, depletion and amortization	1,344	142	1	—	1,487
Impairment and other	Impairment and other	82	—	—	—	82	Impairment and other	82	—	—	—	82

Provision for income taxes	Provision for income taxes	322	14	—	—	336	Provision for income taxes	525	26	—	—	551
Capital expenditures	Capital expenditures	1,639	109	—	—	1,748	Capital expenditures	2,587	174	—	—	2,761
For the Six Months Ended June 30, 2022												
For the Nine Months Ended September 30, 2022							**For the Nine Months Ended September 30, 2022**					
Sales and other operating revenues	Sales and other operating revenues	$ 5,268	$ —	$ —	$ —	$ 5,268	Sales and other operating revenues	$ 8,390	$ —	$ —	$ —	$ 8,390
Intersegment revenues	Intersegment revenues	—	626	—	(626)	—	Intersegment revenues	—	961	—	(961)	—
Total sales and other operating revenues	Total sales and other operating revenues	$ 5,268	$ 626	$ —	$ (626)	$ 5,268	Total sales and other operating revenues	$ 8,390	$ 961	$ —	$ (961)	$ 8,390
Net income (loss) attributable to Hess Corporation	Net income (loss) attributable to Hess Corporation	$ 1,183	$ 137	$ (236)	$ —	$ 1,084	Net income (loss) attributable to Hess Corporation	$ 1,755	$ 205	$ (361)	$ —	$ 1,599
Depreciation, depletion and amortization	Depreciation, depletion and amortization	637	89	2	—	728	Depreciation, depletion and amortization	1,062	135	2	—	1,199
Impairment and other							Impairment and other	54	—	—	—	54
Provision for income taxes	Provision for income taxes	513	12	—	—	525	Provision for income taxes	788	19	—	—	807
Capital expenditures	Capital expenditures	1,136	109	—	—	1,245	Capital expenditures	1,802	169	—	—	1,971

Corporate, Interest and Other had interest income of $21 million $21 million and $41 million $62 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, compared to $3 million $10 million and $13 million for both the three and six nine months ended June 30, 2022 September 30, 2022. Interest income is included in *Other, net* in the *Statement of Consolidated Income*.

Identifiable assets by operating segment were as follows:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
		(In millions)			(In millions)	
Exploration and Production	Exploration and Production	$ 15,792	$ 15,022	Exploration and Production	$ 16,745	$ 15,022
Midstream	Midstream	3,864	3,775	Midstream	3,971	3,775
Corporate, Interest and Other	Corporate, Interest and Other	2,574	2,898	Corporate, Interest and Other	2,485	2,898
Total	Total	$ 22,230	$ 21,695	Total	$ 23,201	$ 21,695

12. Financial Risk Management Activities

In the normal course of our business, we are exposed to commodity risks related to changes in the prices of crude oil and natural gas, as well as changes in interest rates and foreign currency values. Financial risk management activities include transactions designed to reduce risk in the selling prices of crude oil or natural gas we produce or reduce our exposure to foreign currency or interest rate movements. Generally, futures, swaps or option strategies may be used to fix the forward selling price, or establish a floor price or a range banded with a floor and ceiling price, for a portion of our crude oil or natural gas production. Forward contracts or swaps may also be used to purchase certain currencies in which we conduct business with the intent of reducing exposure to foreign currency fluctuations. At June 30, 2023September 30, 2023, these instruments relate to the British Pound and Malaysian Ringgit. Interest rate swaps may be used to convert interest payments on certain long-term debt from fixed to floating rates.

The notional amounts of outstanding financial risk management derivative contracts were as follows:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
		(In millions)			(In millions)	
Commodity - crude oil hedge contracts (millions of barrels)	Commodity - crude oil hedge contracts (millions of barrels)	23.9	—	Commodity - crude oil hedge contracts (millions of barrels)	12.0	—
Foreign exchange forwards / swaps	Foreign exchange forwards / swaps	$ 236	$ 177	Foreign exchange forwards / swaps	$ 214	$ 177
Interest rate swaps	Interest rate swaps	$ 100	$ 100	Interest rate swaps	$ 100	$ 100

In the first quarter of 2023, we hedged 80,000 barrels of oil per day (bopd) with WTI put options with an average monthly floor price of $70 per barrel, and 50,000 bopd with Brent put options with an average monthly floor price of $75 per barrel, for the remainder of 2023.

The table below reflects the fair values of risk management derivative instruments.

		Assets	Liabilities		Assets	Liabilities
		(In millions)			(In millions)	
June 30, 2023						
September 30, 2023				**September 30, 2023**		
Derivative Contracts Designated as Hedging Instruments:	Derivative Contracts Designated as Hedging Instruments:			Derivative Contracts Designated as Hedging Instruments:		
Crude oil put options	Crude oil put options	$ 100	$ —	Crude oil put options	$ 3	$ —
Interest rate swaps	Interest rate swaps	—	(3)	Interest rate swaps	—	(3)
Total derivative contracts designated as hedging instruments	Total derivative contracts designated as hedging instruments	100	(3)	Total derivative contracts designated as hedging instruments	3	(3)
Derivative Contracts Not Designated as Hedging Instruments:	Derivative Contracts Not Designated as Hedging Instruments:			Derivative Contracts Not Designated as Hedging Instruments:		
Foreign exchange forwards and swaps	Foreign exchange forwards and swaps	—	—	Foreign exchange forwards and swaps	6	—
Total derivative contracts not designated as hedging instruments	Total derivative contracts not designated as hedging instruments	—	—	Total derivative contracts not designated as hedging instruments	6	—
Gross fair value of derivative contracts	Gross fair value of derivative contracts	100	(3)	Gross fair value of derivative contracts	9	(3)
Gross amounts offset in the Consolidated Balance Sheet	Gross amounts offset in the Consolidated Balance Sheet	—	—	Gross amounts offset in the Consolidated Balance Sheet	—	—
Net Amounts Presented in the Consolidated Balance Sheet	Net Amounts Presented in the Consolidated Balance Sheet	$ 100	$ (3)	Net Amounts Presented in the Consolidated Balance Sheet	$ 9	$ (3)
December 31, 2022	**December 31, 2022**			**December 31, 2022**		

Derivative Contracts Designated as Hedging Instruments:	Derivative Contracts Designated as Hedging Instruments:			Derivative Contracts Designated as Hedging Instruments:		
Interest rate swaps	Interest rate swaps	$ —	$ (4)	Interest rate swaps	$ —	$ (4)
Total derivative contracts designated as hedging instruments	Total derivative contracts designated as hedging instruments	—	(4)	Total derivative contracts designated as hedging instruments	—	(4)
Derivative Contracts Not Designated as Hedging Instruments:	Derivative Contracts Not Designated as Hedging Instruments:			Derivative Contracts Not Designated as Hedging Instruments:		
Foreign exchange forwards and swaps	Foreign exchange forwards and swaps	—	(2)	Foreign exchange forwards and swaps	—	(2)
Total derivative contracts not designated as hedging instruments	Total derivative contracts not designated as hedging instruments	—	(2)	Total derivative contracts not designated as hedging instruments	—	(2)
Gross fair value of derivative contracts	Gross fair value of derivative contracts	—	(6)	Gross fair value of derivative contracts	—	(6)
Gross amounts offset in the Consolidated Balance Sheet	Gross amounts offset in the Consolidated Balance Sheet	—	—	Gross amounts offset in the Consolidated Balance Sheet	—	—
Net Amounts Presented in the Consolidated Balance Sheet	Net Amounts Presented in the Consolidated Balance Sheet	$ —	$ (6)	Net Amounts Presented in the Consolidated Balance Sheet	$ —	$ (6)

The fair value of our crude oil hedge contracts is presented within *Other current assets* in our *Consolidated Balance Sheet*. The fair value of our interest rate swaps is presented within *Accrued liabilities* and *Other liabilities and deferred credits* in our *Consolidated Balance Sheet*. at September 30, 2023 and December 31, 2022, respectively. The fair value of our foreign exchange forwards and swaps is presented within *Other current assets* and *Accrued liabilities* in our *Consolidated Balance Sheet*. at September 30, 2023 and December 31, 2022, respectively. All fair values in the table above are based on Level 2 inputs.

Derivative contracts designated as hedging instruments:

Crude oil derivatives designated as cash flow hedges: Crude oil hedging contracts decreased *Sales and other operating revenues* by $52 million and $86 million $138 million in the three and six nine months ended June 30, 2023 September 30, 2023, respectively. In the three and six nine months ended June 30, 2022 September 30, 2022, crude oil hedging contracts decreased *Sales and other operating revenues* by $163 million $165 million and $255 million $420 million, respectively. At June 30, 2023 September 30, 2023, pre-tax deferred losses in *Accumulated other comprehensive income (loss)* related to outstanding crude oil hedging contracts were $4 $49 million ($4 49 million after income taxes), all of which will be reclassified into earnings during the remainder of 2023 as the hedged crude oil sales are recognized in earnings.

Derivative contracts not designated as hedging instruments:

Foreign exchange: Foreign exchange gains and losses, which are reported in *Other, net* in Revenues and non-operating income in the *Statement of Consolidated Income,* were losses of $2 million and nil in the three and six nine months ended June 30, 2023 September 30, 2023, respectively, compared with losses of $3 million $2 million and $5 million in both the three and six nine months ended June 30, 2022. September 30, 2022, respectively. A component of foreign exchange gains and losses is the result of foreign exchange derivative contracts that are not designated as hedges, which amounted to net losses gains of nil $8 million and $2 million $6 million in the three and six nine months ended June 30, 2023 September 30, 2023, respectively, compared with net gains of $10 million $12 million and $14 million $26 million in the three and six nine months ended June 30, 2022 September 30, 2022, respectively.

Fair Value Measurement:

At June 30, 2023 September 30, 2023, our total long-term debt, which was substantially comprised of fixed-rate debt instruments, had a carrying value of $8,467 $8,548 million and a fair value of $8,374 $8,242 million based on Level 2 inputs in the fair value measurement hierarchy. We also have short-term financial instruments, primarily cash equivalents, accounts receivable and accounts payable, for which the carrying value approximated fair value at June 30, 2023 September 30, 2023 and December 31, 2022.

13. Subsequent Event

As previously announced, on October 22, 2023, the Corporation entered into an Agreement and Plan of Merger (the Merger Agreement) with Chevron Corporation (Chevron) and Yankee Merger Sub Inc., a direct, wholly-owned subsidiary of Chevron (Merger Subsidiary). The Merger Agreement provides that, among other things and subject to the terms and conditions of the Merger Agreement, Merger Subsidiary will be merged with and into Hess, with Hess surviving and continuing as the surviving corporation in the Merger as a direct, wholly-owned subsidiary of Chevron (such transaction, the Merger). Under the terms of the Merger Agreement, if the Merger is completed, at the effective time of the Merger, our stockholders will receive consideration consisting of 1.025 shares of Chevron common stock for each share of our common stock. The transaction is expected to close in the first half of 2024, subject to shareholder and regulatory approvals and other customary closing conditions.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with the unaudited consolidated financial statements and accompanying footnotes for the quarter ended June 30, 2023 September 30, 2023 included under Item 1. Financial Statements of this Form 10-Q and the audited consolidated financial statements and related notes included in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2022. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Part I, Item 1A. 1A Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2022. and in Part II, Item 1A Risk Factors of this Form 10-Q.

Overview

Hess Corporation is a global E&P company engaged in exploration, development, production, transportation, purchase and sale of crude oil, natural gas liquids, and natural gas with production operations located in the United States, Guyana, the Malaysia/Thailand Joint Development Area (JDA) and Malaysia. We conduct exploration activities primarily offshore Guyana, in the U.S. Gulf of Mexico, and offshore Suriname and Canada. At the Stabroek Block (Hess 30%), offshore Guyana, we and our partners have discovered a significant resource base and are executing a multi-phased development of the block. We currently plan to have six floating production, storage and offloading vessels (FPSO) with an aggregate expected production capacity of more than 1.2 million gross bopd on the Stabroek Block by the end of 2027, and the potential for up to ten FPSOs to develop the current discovered recoverable resource base.

Our Midstream operating segment, which is comprised of Hess Corporation's approximate 38% consolidated ownership interest in Hess Midstream LP at June 30, 2023 September 30, 2023, provides fee-based services, including gathering, compressing and processing natural gas and fractionating natural gas liquids (NGL); gathering, terminaling, loading and transporting crude oil and NGL; storing and terminaling propane, and water handling services primarily in the Bakken shale play in the Williston Basin area of North Dakota.

Recent Events and 2023 Outlook

Our E&P capital and exploratory expenditures are forecast to be approximately $4.1 billion for 2023, up from previous guidance of $3.7 billion for 2023. reflecting the decision to purchase the Liza Unity FPSO in the fourth quarter of 2023 instead of the first quarter of 2024. Oil and gas net production in 2023 is forecast to be in the range of 385,000 approximately 390,000 barrels of oil equivalent per day (boepd).

On October 22, 2023, the Corporation entered into an Agreement and Plan of Merger (the Merger Agreement) with Chevron Corporation (Chevron) and Yankee Merger Sub Inc., a direct, wholly-owned subsidiary of Chevron (Merger Subsidiary). The Merger Agreement provides that, among other things and subject to 390,000 boepd. For the remainder terms and conditions of 2023, we have WTI put options the Merger Agreement, Merger Subsidiary will be merged with and into Hess, with Hess surviving and continuing as the surviving corporation in the Merger as a direct, wholly-owned subsidiary of Chevron (such transaction, the Merger). Under the terms of the Merger Agreement, if the Merger is completed, at the effective time of the Merger, our stockholders will receive consideration consisting of 1.025 shares of Chevron common stock for 80,000 bopd with an average monthly floor price each share of $70 per barrel our common stock. The transaction is expected to close in the first half of 2024, subject to shareholder and Brent put options regulatory approvals and other customary closing conditions. See *Part II, Item 1A Risk Factors* for 50,000 bopd with an average monthly floor price a discussion of $75 per barrel. risks related to the Merger.

Second Third Quarter Results

In the second third quarter of 2023, net income was $119 million $504 million, compared with $667 million $515 million in the second third quarter of 2022. Excluding items affecting comparability of earnings between periods detailed on page pages 24 and 26, adjusted net income was $201 million $583 million in the second third quarter of 2023. 2022. The decrease in adjusted after-tax earnings in the second third quarter of 2023 compared with the prior-year quarter was primarily due to lower realized selling prices, partially offset by the net impact of higher production volumes in the second quarter of 2023. volumes.

Exploration and Production Results

In the second third quarter of 2023, E&P had net income of $155 million $529 million, compared with $723 million $572 million in the second third quarter of 2022. Excluding items affecting comparability of earnings between periods, adjusted net income was $237 million $626 million in the second third quarter of 2023. Total net production averaged 387,000 395,000 boepd in the second third quarter 2023, compared with 303,000 351,000 boepd, proforma for asset sold, in the second third quarter of 2022. The average realized crude oil selling price, including hedging, was $71.13 $81.53 per barrel in the second third quarter of 2023, compared with $99.16 $85.32 per barrel in the second third quarter of 2022. The average realized NGL selling price in the second third quarter of 2023 was $17.95 $20.17 per barrel, compared with $40.92 $35.44 per barrel in the prior-year quarter, while the average realized natural gas selling price was $3.82 $4.57 per thousand cubic feet (mcf) in the second third quarter of 2023, compared with $6.45 $5.85 per mcf in the second third quarter of 2022.

Overview (continued)

The following is an update of our ongoing E&P activities:

- In North Dakota, net production from the Bakken averaged 181,000 190,000 boepd for the second third quarter of 2023 (2022 Q2: 140,000 Q3: 166,000 boepd), reflecting increased drilling and completion activity and higher NGL and natural gas volumes received under percentage of proceeds contracts due to lower commodity prices, and higher uptime after weather related shut-ins in the prior-year quarter. prices. NGL and natural gas volumes received under percentage of proceeds contracts were 22,000 19,000 boepd in the second third quarter of 2023, compared with 7,000 11,000 boepd in the second third quarter of 2022, due to lower realized NGL and natural gas prices increasing volumes received as consideration for gas processing fees. We drilled 32 28 wells, completed 28 41 wells, and brought 30 26 new wells online during the second third quarter of 2023. We forecast net production to be approximately 185,000 190,000 boepd for the third fourth quarter and in the range of 175,000 boepd to approximately 180,000 boepd for the full year 2023.

PART I - FINANCIAL INFORMATION (CONT'D.)

Overview (continued)

- In the Gulf of Mexico, net production for the second third quarter of 2023 averaged 32,000 28,000 boepd (2022 Q2: 29,000 Q3: 30,000 boepd) primarily due to an additional well brought online at the Llano Field. .

  In July 2023, the Pickerel-1 exploration well (Hess 100%) located in Mississippi Canyon Block 727 was an oil discovery. The well encountered approximately 90 feet of net pay in high quality, oil bearing, Miocene age reservoir. Planning is underway to tie-back the well to the Tubular Bells production facility with first oil expected in mid-2024.

- At the Stabroek Block (Hess 30%), offshore Guyana, net production from the Liza Destiny and Liza Unity FPSOs totaled 110,000 108,000 bopd for the second third quarter of 2023 (2022 Q2: 67,000 Q3: 98,000 bopd). Net production from Guyana in the second third quarter of 2023 included 13,000 14,000 bopd of tax barrels (2022 Q2: 0 Q3: 7,000 bopd). During the third quarter of 2023, a mechanical issue on the Liza Destiny FPSO reduced production during the quarter. Repairs were completed by the operator in October that resolved the issue, and production is currently in the range of 150,000 gross bopd to 160,000 gross bopd. The Liza Unity FPSO, which commenced production in February 2022, reached its initial expected production capacity of approximately 220,000 gross bopd in July 2022. The Liza Unity FPSO is expected to increase increased its production capacity to approximately 250,000 gross bopd by in the end third quarter of 2023 as a result of production optimization work. In the second third quarter of 2023, we sold nine cargos of crude oil from Guyana compared with six eight cargos in the prior-year quarter. We forecast net production to be approximately 110,000 120,000 bopd for the third fourth quarter and approximately in the range of 110,000 bopd to 115,000 bopd for the full year 2023, which includes tax barrels of approximately 13,000 bopd and 15,000 bopd respectively. for both the fourth quarter and the full year 2023.

  The third development, Payara, which will utilize the Prosperity FPSO with a production capacity of approximately 220,000 gross bopd, remains on track for startup early is expected to start-up in the fourth quarter. November. The fourth development, Yellowtail, which will utilize the ONE GUYANA FPSO, was sanctioned in April 2022 with a production capacity of approximately 250,000 gross bopd and first production expected in 2025. The fifth development, Uaru, which will utilize the Errea Wittu FPSO, was sanctioned in April 2023 with a production capacity of approximately 250,000 gross bopd and first production expected in 2026. The operator submitted the field development plan for the sixth development, Whiptail, to the Government of Guyana in October.

  The expiration successful Lancetfish-2 appraisal well encountered approximately 125 feet of net oil pay in appraisal reservoirs and approximately 65 feet of net oil pay in a new discovery interval. The well was drilled in 5,649 feet of water and is located approximately 4 miles southeast of the Lancetfish-1 discovery well.

  At the Kaieteur Block (Hess 20%), offshore Guyana, we relinquished our participating interest and recognized exploration license for expense of $9 million during the Stabroek Block was extended one year from October 2026 to October 2027, and the end of the first renewal period of the exploration license, which requires the relinquishment of 20% of the acreage not held by discoveries, was extended one year from October 2023 to October 2024, both as a result of force majeure due to the COVID-19 pandemic. quarter.

- In the Gulf of Thailand, net production from Block A-18 of the JDA averaged 37,000 38,000 boepd for the second third quarter of 2023 (2022 Q2: 41,000 Q3: 34,000 boepd), including contribution from unitized acreage in Malaysia. Net production from North Malay Basin, offshore Peninsular Malaysia, averaged 27,000 31,000 boepd for the second third quarter of 2023 (2022 Q2: 26,000 Q3: 23,000 boepd).

- In Canada, offshore Newfoundland (Hess 25%), The increase in production at JDA and North Malay Basin was primarily due to planned maintenance during the operator completed drilling of the Ephesus exploration well in June 2023. The well did not encounter commercial quantities of hydrocarbons and well costs incurred of $36 million were recorded to exploration expense in the second third quarter of 2023. 2022.

The following is an update of significant Midstream activities:

- In June August 2023, Hess Midstream LP completed an underwritten public equity offering of 11.5 million Hess Midstream LP Class A shares held by an affiliate of GIP. We did not receive any proceeds from the public equity offering.

- In September 2023, HESM Opco, a consolidated subsidiary of Hess Midstream LP, repurchased approximately 3.4 3.3 million HESM Opco Class B units held by a subsidiary affiliates of Hess Corporation and an affiliate of GIP for $100 million, financed by HESM Opco's revolving credit facility, of which we received net proceeds of $50 million.

- In May 2023, Hess Midstream LP completed an underwritten public equity offering of approximately 12.8 million Hess Midstream LP Class A shares held by a subsidiary of Hess Corporation and an affiliate of GIP. We received net proceeds of $167 million from the public offering.

  After giving effect to these transactions, Hess Corporation owns an approximate 38% interest in Hess Midstream LP, on a consolidated basis.

PART I - FINANCIAL INFORMATION (CONT'D.)

Consolidated Results of Operations

The after-tax income (loss) by major operating activity is summarized below:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions, except per share amounts)					(In millions, except per share amounts)			
Net Income Attributable to Hess Corporation:	**Net Income Attributable to Hess Corporation:**					**Net Income Attributable to Hess Corporation:**				
Exploration and Production	Exploration and Production	$ 155	$ 723	$ 560	$ 1,183	Exploration and Production	$ 529	$ 572	$ 1,089	$ 1,755
Midstream	Midstream	62	65	123	137	Midstream	66	68	189	205
Corporate, Interest and Other	Corporate, Interest and Other	(98)	(121)	(218)	(236)	Corporate, Interest and Other	(91)	(125)	(309)	(361)
Total	**Total**	$ 119	$ 667	$ 465	$ 1,084	**Total**	$ 504	$ 515	$ 969	$ 1,599
Net Income Attributable to Hess Corporation Per Common Share:	**Net Income Attributable to Hess Corporation Per Common Share:**					**Net Income Attributable to Hess Corporation Per Common Share:**				
Basic	Basic	$ 0.39	$ 2.15	$ 1.52	$ 3.50	Basic	$ 1.65	$ 1.67	$ 3.17	$ 5.18
Diluted	Diluted	$ 0.39	$ 2.15	$ 1.51	$ 3.49	Diluted	$ 1.64	$ 1.67	$ 3.15	$ 5.16

Items Affecting Comparability of Earnings Between Periods

The following table summarizes, on an after-tax basis, items of income (expense) that are included in net income and affect comparability of earnings between periods:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Items Affecting Comparability of Earnings Between Periods, After-Tax:	**Items Affecting Comparability of Earnings Between Periods, After-Tax:**					**Items Affecting Comparability of Earnings Between Periods, After-Tax:**				
Exploration and Production	Exploration and Production	$ (82)	$ —	$ (82)	$ —	Exploration and Production	$ —	$ (54)	$ (82)	$ (54)
Midstream	Midstream	—	—	—	—	Midstream	—	—	—	—
Corporate, Interest and Other	Corporate, Interest and Other	—	—	—	13	Corporate, Interest and Other	—	(14)	—	(1)
Total	**Total**	$ (82)	$ —	$ (82)	$ 13	**Total**	$ —	$ (68)	$ (82)	$ (55)

The items in the table above are explained on pages 24 and 26.

Reconciliations of GAAP and non-GAAP measures

The following table reconciles reported net income attributable to Hess Corporation and adjusted net income attributable to Hess Corporation:

	Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022		2023	2022	2023	2022
	(In millions)					(In millions)			

Adjusted Net Income Attributable to Hess Corporation:	**Adjusted Net Income Attributable to Hess Corporation:**					**Adjusted Net Income Attributable to Hess Corporation:**				
Net income attributable to Hess Corporation	Net income attributable to Hess Corporation	$ 119	$ 667	$ 465	$ 1,084	Net income attributable to Hess Corporation	$ 504	$ 515	$ 969	$ 1,599
Less: Total items affecting comparability of earnings between periods, after-tax	Less: Total items affecting comparability of earnings between periods, after-tax	(82)	—	(82)	13	Less: Total items affecting comparability of earnings between periods, after-tax	—	(68)	(82)	(55)
Adjusted Net Income Attributable to Hess Corporation	**Adjusted Net Income Attributable to Hess Corporation**	$ 201	$ 667	$ 547	$ 1,071	**Adjusted Net Income Attributable to Hess Corporation**	$ 504	$ 583	$ 1,051	$ 1,654

The following table reconciles reported net cash provided by (used in) operating activities and net cash provided by (used in) operating activities before changes in operating assets and liabilities:

		Six Months Ended June 30,			Nine Months Ended September 30,	
		2023	2022		2023	2022
		(In millions)			(In millions)	
Net cash provided by (used in) operating activities before changes in operating assets and liabilities:	**Net cash provided by (used in) operating activities before changes in operating assets and liabilities:**			**Net cash provided by (used in) operating activities before changes in operating assets and liabilities:**		
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	$ 1,612	$ 1,353	Net cash provided by (used in) operating activities	$ 2,598	$ 2,692
Changes in operating assets and liabilities	Changes in operating assets and liabilities	394	1,062	Changes in operating assets and liabilities	657	1,128
Net cash provided by (used in) operating activities before changes in operating assets and liabilities	**Net cash provided by (used in) operating activities before changes in operating assets and liabilities**	$ 2,006	$ 2,415	**Net cash provided by (used in) operating activities before changes in operating assets and liabilities**	$ 3,255	$ 3,820

Consolidated Results of Operations (continued)

Adjusted net income attributable to Hess Corporation is a non-GAAP financial measure, which we define as reported net income attributable to Hess Corporation excluding items identified as affecting comparability of earnings between periods, which are summarized on pages 24 and 26. Management uses adjusted net income to evaluate the Corporation's operating performance and believes that investors' understanding of our performance is enhanced by disclosing this measure, which excludes certain items that management believes are not directly related to ongoing operations and are not indicative of future business trends and operations.

Net cash provided by (used in) operating activities before changes in operating assets and liabilities presented in this report is a non-GAAP measure, which we define as reported net cash provided by (used in) operating activities excluding changes in operating assets and liabilities. Management uses net cash provided by (used in) operating activities before changes in operating assets and liabilities to evaluate the Corporation's ability to internally fund capital expenditures, pay dividends and service debt and believes that investors' understanding of our ability to generate cash to fund these items is enhanced by disclosing this measure, which excludes working capital and other movements that may distort assessment of our performance between periods.

These measures are not, and should not be viewed as, substitutes for U.S. GAAP net income and net cash provided by (used in) operating activities.

In the following discussion and elsewhere in this report, the financial effects of certain transactions are disclosed on an after-tax basis. Management reviews segment earnings on an after-tax basis and uses after-tax amounts in its review of variances in segment earnings. Management believes that after-tax amounts are a preferable method of explaining variances in earnings, since they show the entire effect of a transaction rather than only the pre-tax amount. After-tax amounts are determined by applying the income tax rate in each tax jurisdiction to pre-tax amounts.

Comparison of Results

Exploration and Production

Following is a summarized income statement of our E&P operations:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Revenues and Non-Operating Income	**Revenues and Non-Operating Income**					**Revenues and Non-Operating Income**				
Sales and other operating revenues	Sales and other operating revenues	$ 2,287	$ 2,955	$ 4,696	$ 5,268	Sales and other operating revenues	$ 2,798	$ 3,122	$ 7,494	$ 8,390
Other, net	Other, net	8	26	22	59	Other, net	12	22	34	81
Total revenues and non-operating income	Total revenues and non-operating income	2,295	2,981	4,718	5,327	Total revenues and non-operating income	2,810	3,144	7,528	8,471
Costs and Expenses	**Costs and Expenses**					**Costs and Expenses**				
Marketing, including purchased oil and gas	Marketing, including purchased oil and gas	564	858	1,183	1,561	Marketing, including purchased oil and gas	719	999	1,902	2,560
Operating costs and expenses	Operating costs and expenses	384	291	707	542	Operating costs and expenses	384	322	1,091	864
Production and severance taxes	Production and severance taxes	46	67	94	128	Production and severance taxes	61	72	155	200
Midstream tariffs	Midstream tariffs	302	296	585	583	Midstream tariffs	332	313	917	896
Exploration expenses, including dry holes and lease impairment	Exploration expenses, including dry holes and lease impairment	99	33	165	76	Exploration expenses, including dry holes and lease impairment	65	58	230	134
General and administrative expenses	General and administrative expenses	61	47	127	104	General and administrative expenses	66	54	193	158
Depreciation, depletion and amortization	Depreciation, depletion and amortization	450	345	893	637	Depreciation, depletion and amortization	451	425	1,344	1,062
Impairment and other	Impairment and other	82	—	82	—	Impairment and other	—	54	82	54
Total costs and expenses	Total costs and expenses	1,988	1,937	3,836	3,631	Total costs and expenses	2,078	2,297	5,914	5,928
Results of Operations Before Income Taxes	**Results of Operations Before Income Taxes**	307	1,044	882	1,696	**Results of Operations Before Income Taxes**	732	847	1,614	2,543

Provision for income taxes	Provision for income taxes	152	321	322	513	Provision for income taxes	203	275	525	788
Net Income Attributable to Hess Corporation	**Net Income Attributable to Hess Corporation**	$ 155	$ 723	$ 560	$ 1,183	**Net Income Attributable to Hess Corporation**	$ 529	$ 572	$ 1,089	$ 1,755

Excluding the E&P items affecting comparability of earnings between periods detailed on page 24, the changes in E&P results are primarily attributable to changes in selling prices, production and sales volumes, marketing expenses, cash operating costs, Midstream tariffs, depreciation, depletion and amortization, exploration expenses and income taxes, as discussed below.

PART I - FINANCIAL INFORMATION (CONT'D.)

Consolidated Results of Operations (continued)

Selling Prices: Lower realized selling prices in the second third quarter and first six nine months of 2023 reduced after-tax earnings by approximately $840 $250 million and $1,250 $1,500 million, respectively, compared with the corresponding periods in 2022. Average selling prices were as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Average Selling Prices (a)	**Average Selling Prices (a)**					**Average Selling Prices (a)**				
Crude Oil – Per Barrel (Including Hedging)	**Crude Oil – Per Barrel (Including Hedging)**					**Crude Oil – Per Barrel (Including Hedging)**				
United States	United States					United States				
North Dakota	North Dakota	$ 65.67	$ 93.60	$ 67.05	$ 88.98	North Dakota	$ 76.06	$ 79.04	$ 70.35	$ 85.39
Offshore	Offshore	68.32	95.22	68.22	90.21	Offshore	78.50	78.80	71.55	86.13
Total United States	Total United States	66.24	93.96	67.32	89.25	Total United States	76.56	79.00	70.62	85.56
Guyana	Guyana	75.82	104.19	77.50	100.55	Guyana	86.24	92.02	80.41	96.24
Malaysia and JDA	Malaysia and JDA	68.87	106.21	71.02	97.73	Malaysia and JDA	87.21	85.23	76.84	93.16
Other (b)	Other (b)	—	105.21	—	98.14	Other (b)	—	87.90	—	95.49
Worldwide	Worldwide	71.13	99.16	72.66	93.65	Worldwide	81.53	85.32	75.72	90.30
Crude Oil – Per Barrel (Excluding Hedging)	**Crude Oil – Per Barrel (Excluding Hedging)**					**Crude Oil – Per Barrel (Excluding Hedging)**				
United States	United States					United States				
North Dakota	North Dakota	$ 69.22	$ 106.01	$ 70.41	$ 98.46	North Dakota	$ 79.43	$ 89.80	$ 73.72	$ 95.33
Offshore	Offshore	71.86	107.58	71.55	99.58	Offshore	81.86	89.47	74.89	95.96
Total United States	Total United States	69.79	106.37	70.68	98.70	Total United States	79.92	89.74	73.98	95.47
Guyana	Guyana	77.64	112.57	78.76	109.06	Guyana	88.06	98.91	81.86	103.94
Malaysia and JDA	Malaysia and JDA	68.87	106.21	71.02	97.73	Malaysia and JDA	87.21	85.23	76.84	93.16
Other (b)	Other (b)	—	114.93	—	108.06	Other (b)	—	94.96	—	104.67
Worldwide	Worldwide	73.74	109.51	74.87	102.65	Worldwide	84.07	93.95	78.04	99.14
Natural Gas Liquids – Per Barrel	**Natural Gas Liquids – Per Barrel**					**Natural Gas Liquids – Per Barrel**				
United States	United States					United States				
North Dakota	North Dakota	$ 17.90	$ 40.96	$ 20.99	$ 40.40	North Dakota	$ 20.17	$ 35.41	$ 20.70	$ 38.51
Offshore	Offshore	20.17	39.88	22.20	38.68	Offshore	20.15	36.30	21.52	37.86
Worldwide	Worldwide	17.95	40.92	21.02	40.33	Worldwide	20.17	35.44	20.72	38.48
Natural Gas – Per Mcf	**Natural Gas – Per Mcf**					**Natural Gas – Per Mcf**				
United States	United States					United States				
North Dakota	North Dakota	$ 1.29	$ 6.89	$ 1.83	$ 5.57	North Dakota	$ 1.56	$ 6.67	$ 1.73	$ 5.97
Offshore	Offshore	1.62	7.63	2.03	6.02	Offshore	2.35	8.12	2.12	6.71
Total United States	Total United States	1.35	7.06	1.87	5.67	Total United States	1.69	6.94	1.81	6.13

Malaysia and JDA	Malaysia and JDA	5.56	6.18	5.50	6.00	Malaysia and JDA	6.32	5.07	5.78	5.72
Other (b)	Other (b)	—	5.36	—	5.07	Other (b)	—	7.03	—	5.65
Worldwide	Worldwide	3.82	6.45	4.09	5.87	Worldwide	4.57	5.85	4.26	5.86

(a) Selling prices in the United States and Guyana are adjusted for certain processing and distribution fees included in Marketing expenses. Excluding these fees worldwide selling prices for the second third quarter of 2023 would be $74.48 $84.85 (2022 Q2: $102.80) Q3: $88.87) per barrel for crude oil (including hedging), $77.09 $87.39 (2022 Q2: $113.15) Q3: $97.50) per barrel for crude oil (excluding hedging), $18.35 $20.47 (2022 Q2: $41.36) Q3: $35.97) per barrel for NGLs and $3.95 $4.72 (2022 Q2: $6.55) Q3: $5.98) per mcf for natural gas. Excluding these fees worldwide selling prices for the first six nine months of 2023 would be $76.05 $79.09 (2022: $97.63) $94.12) per barrel for crude oil (including hedging), $78.26 $81.41 (2022: $106.63) $102.96) per barrel for crude oil (excluding hedging), $21.33 $21.03 (2022: $40.65) $38.88) per barrel for NGLs and $4.23 $4.40 (2022: $5.98) per mcf for natural gas.

(b) Other includes our interest in the Waha Concession in Libya, which was sold in November 2022.

Crude oil hedging activities were a net loss of $52 million and $86 $138 million before and after income taxes in the second third quarter and first six nine months of 2023, respectively, and a net loss of $163 million $165 million and $255 million $420 million before and after income taxes in the second third quarter and first six nine months of 2022, respectively. For the remainder of 2023, we have hedged 80,000 bopd with WTI put options with an average monthly floor price of $70 per barrel, and 50,000 bopd with Brent put options with an average monthly floor price of $75 per barrel. We expect noncash premium amortization, which will be reflected in realized selling prices, to reduce our fourth quarter results by $52 million in the third quarter and by $190 million for the full year 2023. .

PART I - FINANCIAL INFORMATION (CONT'D.)

Consolidated Results of Operations (continued)

Production Volumes: Our daily worldwide net production was as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In thousands)					(In thousands)			
Crude Oil – Barrels	**Crude Oil – Barrels**					**Crude Oil – Barrels**				
United States	United States					United States				
North Dakota	North Dakota	79	68	78	73	North Dakota	87	79	81	75
Offshore	Offshore	23	20	23	20	Offshore	21	21	22	20
Total United States	Total United States	102	88	101	93	Total United States	108	100	103	95
Guyana	Guyana	110	67	111	49	Guyana	108	98	110	65
Malaysia and JDA	Malaysia and JDA	4	4	4	3	Malaysia and JDA	5	4	4	4
Other (a)	Other (a)	—	17	—	18	Other (a)	—	15	—	17
Total	Total	216	176	216	163	Total	221	217	217	181
Natural Gas Liquids – Barrels	**Natural Gas Liquids – Barrels**					**Natural Gas Liquids – Barrels**				
United States	United States					United States				
North Dakota	North Dakota	68	47	64	48	North Dakota	70	58	66	51
Offshore	Offshore	1	2	2	2	Offshore	1	2	2	2
Total United States	Total United States	69	49	66	50	Total United States	71	60	68	53
Natural Gas – Mcf	**Natural Gas – Mcf**					**Natural Gas – Mcf**				
United States	United States					United States				
North Dakota	North Dakota	206	147	182	152	North Dakota	195	176	187	160
Offshore	Offshore	45	41	47	41	Offshore	37	41	43	42
Total United States	Total United States	251	188	229	193	Total United States	232	217	230	202

Malaysia and JDA	Malaysia and JDA	359	381	363	373	Malaysia and JDA	383	320	370	355
Other (a)	Other (a)	—	11	—	12	Other (a)	—	10	—	11
Total	Total	610	580	592	578	Total	615	547	600	568
Barrels of Oil Equivalent (b)	**Barrels of Oil Equivalent (b)**	387	322	381	309	**Barrels of Oil Equivalent (b)**	395	368	385	329
Crude oil and natural gas liquids as a share of total production	Crude oil and natural gas liquids as a share of total production	74 %	70 %	74 %	69 %	production	74 %	75 %	74 %	71 %

(a) Other includes our interest in the Waha Concession in Libya, which was sold in November 2022. Net production from Libya was 19,000 17,000 boepd and 20,000 19,000 boped in the second third quarter and first six nine months of 2022, respectively.

(b) Reflects natural gas production converted based on relative energy content (six mcf equals one barrel). Barrel of oil equivalence does not necessarily result in price equivalence as the equivalent price of natural gas on a barrel of oil equivalent basis has been substantially lower than the corresponding price for crude oil over the recent past. In addition, NGLs do not sell at prices equivalent to crude oil. See the average selling prices in the table on page 21.

We forecast net production to be approximately 385,000 410,000 boepd for the third fourth quarter and in the range of 385,000 boepd to approximately 390,000 boepd for the full year 2023.

United States: North Dakota net production was higher in the second third quarter and first six nine months of 2023, compared with the corresponding periods in 2022, reflecting increased drilling and completion activity and higher NGL and natural gas volumes received under percentage of proceeds contracts due to lower commodity prices, and higher uptime after weather related shut-ins in the prior-year quarter. Total offshore net production was higher in the second quarter and first six months of 2023, compared with the corresponding periods in 2022, primarily due to an additional well brought online at the Llano Field. prices.

International: Net production in Guyana was higher in the second third quarter of 2023, compared with the corresponding period in 2022, primarily due to higher tax barrels. During the third quarter of 2023, a mechanical issue on the Liza Destiny FPSO reduced production during the quarter. Repairs were completed by the operator in October that resolved the issue, and production is currently in the range of 150,000 gross bopd to 160,000 gross bopd. Net production in Guyana was higher in the first six nine months of 2023, compared with the corresponding periods period in 2022, primarily due to production ramp up from the Liza Unity FPSO, which commenced production in February 2022 and reached its initial expected production capacity of approximately 220,000 gross bopd in July 2022. The Liza Unity FPSO is expected to increase increased its production capacity to approximately 250,000 gross bopd by in the end third quarter of 2023 as a result of production optimization work. Net production from Guyana included 13,000 bopd and 14,000 bopd of tax barrels in both the second third quarter and first six nine months of 2023, respectively. There were no tax barrels compared with 7,000 bopd and 2,000 bopd in either the second third quarter or and first six nine months of 2022, respectively. Net production at Malaysia and JDA was higher in the third quarter and first nine months of 2023, compared with the corresponding periods in 2022, primarily due to planned maintenance during the third quarter of 2022.

PART I - FINANCIAL INFORMATION (CONT'D.)

Consolidated Results of Operations (continued)

Sales Volumes: Higher sales volumes in the second third quarter and first six nine months of 2023 increased after-tax earnings by approximately $620 million $285 million and $1,210 million, $1,495 million, respectively, compared with the corresponding periods in 2022. Net worldwide sales volumes from Hess net production, which excludes sales volumes of crude oil, NGLs and natural gas purchased from third parties, were as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In thousands)					(In thousands)			
Crude oil – barrels	Crude oil – barrels	19,740	15,763	38,901	28,343	Crude oil – barrels	20,519	19,118	59,420	47,461
Natural gas liquids – barrels	Natural gas liquids – barrels	6,084	4,180	11,845	8,719	Natural gas liquids – barrels	6,500	5,299	18,345	14,018
Natural gas – mcf	Natural gas – mcf	55,548	52,811	107,240	104,709	Natural gas – mcf	56,553	50,343	163,793	155,052
Barrels of Oil Equivalent (a)	**Barrels of Oil Equivalent (a)**	35,082	28,745	68,619	54,514	**Barrels of Oil Equivalent (a)**	36,445	32,807	105,064	87,321
Crude oil – barrels per day	Crude oil – barrels per day	217	173	215	157	Crude oil – barrels per day	223	208	218	174
Natural gas liquids – barrels per day	Natural gas liquids – barrels per day	67	46	65	48	Natural gas liquids – barrels per day	71	58	67	51

Natural gas – mcf per day	Natural gas – mcf per day	610	580	592	578	Natural gas – mcf per day	615	547	600	568
Barrels of Oil Equivalent Per Day (a)	**Barrels of Oil Equivalent Per Day (a)**	386	316	379	301	**Barrels of Oil Equivalent Per Day (a)**	397	357	385	320

(a) Reflects natural gas production converted based on relative energy content (six mcf equals one barrel). Barrel of oil equivalence does not necessarily result in price equivalence as the equivalent price of natural gas on a barrel of oil equivalent basis has been substantially lower than the corresponding price for crude oil over the recent past. In addition, NGLs do not sell at prices equivalent to crude oil. See the average selling prices in the table on page 21.

Marketing, including Purchased Oil and Gas: Marketing expense is mainly comprised of costs to purchase crude oil, NGL and natural gas from our partners in Hess operated wells or other third parties, primarily in the United States, and transportation and other distribution costs for U.S. and Guyana marketing activities. Marketing expense was lower in the second third quarter and first six nine months of 2023, compared with the corresponding periods in 2022, primarily due to lower prices paid for purchased volumes.

Cash Operating Costs: Cash operating costs consist of operating costs and expenses, production and severance taxes and E&P general and administrative expenses. Cash operating costs increased in the second third quarter of 2023 compared with the corresponding period in 2022, primarily due to higher operating costs in Guyana and increased maintenance activity in North Dakota. Cash operating costs increased in the first six nine months of 2023, compared with the corresponding periods period in 2022, primarily due to the production ramp up in Guyana from the Liza Unity FPSO, which commenced production in February 2022, increased maintenance activity in North Dakota, and higher workover costs in the Gulf of Mexico, partially offset by lower production and severance taxes associated with lower crude oil prices. On a per-unit basis, the decrease in cash operating costs, proforma for asset sold, in the second quarter and first six months of 2023, compared with the corresponding periods in 2022, primarily reflects the impact of the higher production volumes. Mexico.

Midstream Tariffs Expense: Tariffs expense in the second third quarter and first six nine months of 2023 increased, compared with the corresponding periods in 2022, primarily due to higher throughput volumes and tariff rates, partially offset by lower fees incurred under minimum volume commitments. We estimate Midstream tariffs expense to be approximately $345 million in the range of $320 million to $330 million in the third fourth quarter and in the range of $1,230 million to $1,250 million approximately $1,260 million for the full year 2023.

Depreciation, Depletion and Amortization (DD&A): DD&A expense and per-unit rates were was higher in the second third quarter and of 2023, compared with the corresponding period in 2022, primarily due to higher production volumes from North Dakota. DD&A expense was higher in the first six nine months of 2023, compared with the corresponding periods period in 2022, primarily due to higher production volumes from Guyana following the start-up of Liza Phase 2 in February 2022. 2022, and Malaysia and JDA.

Unit Costs: Unit cost per boe information is based on total net production volumes. Actual and forecast unit costs per boe are as follows:

		Actual				Forecast range			Actual				Forecast range	
		Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,	Twelve Months Ended December 31,		Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended December 31,	Twelve Months Ended December 31,
		2023	2022	2023	2022	2023	2023		2023	2022	2023	2022	2023	2023
Cash operating costs (a)	Cash operating costs (a)	$ 13.97	$ 13.90	$ 13.48	$ 13.84	$ 14.00 — $ 14.50	$ 13.50 — $ 14.00	Cash operating costs (a)	$ 14.04	$ 13.19	$ 13.67	$ 13.60	$14.00 — $14.50	$13.50 — $14.00
DD&A (b)	DD&A (b)	12.79	11.79	12.97	11.39	12.50 — 13.00	13.00 — 13.50	DD&A (b)	12.40	12.56	12.78	11.83	13.50 — 14.00	13.00 — 13.50
Total Production Unit Costs	**Total Production Unit Costs**	$ 26.76	$ 25.69	$ 26.45	$ 25.23	$ 26.50 — $ 27.50	$ 26.50 — $ 27.50	**Total Production Unit Costs**	$ 26.44	$ 25.75	$ 26.45	$ 25.43	$27.50 — $28.50	$26.50 — $27.50

(a) Cash operating costs per boe, excluding Libya (sold in November of 2022), were $14.56 $13.64 and $14.55 $14.20 in the second third quarter and first six nine months of 2022. 2022, respectively.

(b) DD&A per boe, excluding Libya (sold in November of 2022), was $12.34 $13.03 and $11.96 $12.37 in the second third quarter and first six nine months of 2022. 2022, respectively.

PART I - FINANCIAL INFORMATION (CONT'D.)

Consolidated Results of Operations (continued)

Exploration Expenses: Exploration expenses were as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Exploratory dry hole costs (a)	Exploratory dry hole costs (a)	$ 62	$ —	$ 93	$ —	Exploratory dry hole costs (a)	$ 4	$ 19	$ 97	$ 19
Exploration lease impairment (b)	Exploration lease impairment (b)	8	4	13	10	Exploration lease impairment (b)	11	4	24	14

Geological and geophysical expense and exploration overhead	Geological and geophysical expense and exploration overhead		29		29		59		66	Geological and geophysical expense and exploration overhead		50		35		109		101
Total Exploration Expense	**Total Exploration Expense**	$	99	$	33	$	165	$	76	**Total Exploration Expense**	$	65	$	58	$	230	$	134

(a) *Exploratory dry hole costs in the second quarter of 2023 primarily relates to the Ephesus exploration well, offshore Newfoundland, Canada and the Kokwari-1 exploration well at the Stabroek Block, offshore Guyana. Exploratory dry hole costs in the first six nine months of 2023 primarily relates to the Ephesus exploration well, offshore Newfoundland, Canada and the Kokwari-1 and Fish/Tarpon-1 exploration wells at the Stabroek Block, offshore Guyana. Exploratory dry hole costs in the third quarter and first nine months of 2022 relate primarily to the Banjo-1 exploration well at the Stabroek Block.*

(b) *Exploration lease impairment for the third quarter of 2023 primarily relates to the relinquishment of our participating interest in the Kaieteur Block, offshore Guyana.*

Exploration expenses, excluding dry hole expense, are estimated to be approximately $60 million $50 million in the third fourth quarter and approximately $170 million $180 million for the full year 2023.

Income Taxes: E&P income tax expense was $152 million $203 million and $322 million $525 million in the second third quarter and first six nine months of 2023, respectively, compared with $321 million $275 million and $513 million $788 million in the second third quarter and first six nine months of 2022, respectively. Income tax expense from Libya operations, sold in November 2022, was $177 $104 million and $331 $435 million in the second third quarter and first six nine months of 2022, respectively. The decrease in Libya income tax expense in the first six nine months of 2023, compared with the corresponding period in 2022, was partially offset by higher income tax expense in Guyana as a result of higher pre-tax income.

We are generally not recognizing deferred tax benefit or expense in certain countries, primarily the United States (non-Midstream) and Malaysia, while we maintain valuation allowances against net deferred tax assets in these jurisdictions in accordance with U.S. generally accepted accounting principles. As of June 30, 2023 September 30, 2023, we have a valuation allowance in our *Consolidated Balance Sheet* of $3.4 billion related to the United States and $0.1 billion related to Malaysia. There is a reasonable possibility that if anticipated future earnings come to fruition or are exceeded, and no other unforeseen negative evidence materializes, sufficient positive evidence may become available to support the release of a significant portion of the valuation allowance related to one or both jurisdictions in the near term. This would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period in which the release is recorded.

Excluding items affecting comparability of earnings between periods, E&P income tax expense is expected to be in the range of $170 million to $180 million approximately $225 million for the third fourth quarter and in the range of $670 million to $680 million approximately $750 million for the full year 2023.

Items Affecting Comparability of Earnings Between Periods:

In the second quarter of 2023, we recognized a pre-tax charge of $82 million ($82 million after income taxes) that resulted from revisions to our estimated abandonment obligations in the West Delta Field in the Gulf of Mexico. These abandonment obligations were assigned to us as a former owner after they were discharged from Fieldwood Energy LLC as part of its approved bankruptcy plan in 2021. In the third quarter of 2022, we recognized pre-tax charges of $28 million ($28 million after income taxes) that resulted from updates to our estimated abandonment liabilities for non-producing properties in the Gulf of Mexico and $26 million ($26 million after income taxes) related to the Penn State Field in the Gulf of Mexico. See *Note 7, Impairment and Other* in the *Notes to Consolidated Financial Statements.*

PART I - FINANCIAL INFORMATION (CONT'D.)

Consolidated Results of Operations (continued)

Midstream

Following is a summarized income statement for our Midstream operations:

		Three Months Ended June 30,				**Six Months Ended June 30,**					**Three Months Ended September 30,**				**Nine Months Ended September 30,**			
		2023		**2022**		**2023**		**2022**			**2023**		**2022**		**2023**		**2022**	
		(In millions)									**(In millions)**							
Revenues and Non-Operating Income	**Revenues and Non-Operating Income**									**Revenues and Non-Operating Income**								
Sales and other operating revenues	Sales and other operating revenues	$	324	$	314	$	629	$	626	Sales and other operating revenues	$	363	$	335	$	992	$	961
Other, net	Other, net		2		—		4		1	Other, net		2		3		6		4
Total revenues and non-operating income	Total revenues and non-operating income		326		314		633		627	Total revenues and non-operating income		365		338		998		965

Costs and Expenses	**Costs and Expenses**					**Costs and Expenses**				
Operating costs and expenses	Operating costs and expenses	73	68	136	134	Operating costs and expenses	89	81	225	215
General and administrative expenses	General and administrative expenses	6	5	12	11	General and administrative expenses	6	5	18	16
Interest expense	Interest expense	44	38	86	69	Interest expense	46	40	132	109
Depreciation, depletion and amortization	Depreciation, depletion and amortization	47	44	94	89	Depreciation, depletion and amortization	48	46	142	135
Total costs and expenses	Total costs and expenses	170	155	328	303	Total costs and expenses	189	172	517	475
Results of Operations Before Income Taxes	**Results of Operations Before Income Taxes**	156	159	305	324	**Results of Operations Before Income Taxes**	176	166	481	490
Provision for income taxes	Provision for income taxes	8	7	14	12	Provision for income taxes	12	7	26	19
Net Income	**Net Income**	148	152	291	312	**Net Income**	164	159	455	471
Less: Net income attributable to noncontrolling interests	Less: Net income attributable to noncontrolling interests	86	87	168	175	Less: Net income attributable to noncontrolling interests	98	91	266	266
Net Income Attributable to Hess Corporation	**Net Income Attributable to Hess Corporation**	$ 62	$ 65	$ 123	$ 137	**Net Income Attributable to Hess Corporation**	$ 66	$ 68	$ 189	$ 205

Sales and other operating revenues for the second third quarter and first six nine months of 2023 increased, compared with the corresponding periods in 2022, primarily due to higher throughput volumes and tariff rates, partially offset by lower fees earned from minimum volume commitments. Interest expense Operating costs and expenses for the second third quarter of 2023 increased compared with the prior-year quarter due to higher interest rates on the term loan and revolving credit facilities. Interest expense in the first six nine months of 2023 increased, compared with the corresponding period periods in 2022, primarily due to higher maintenance costs. Interest expense for the $400 million third quarter and first nine months of 5.500% fixed-rate senior unsecured notes issued 2023 increased, compared with the corresponding periods in April 2022, and primarily due to higher interest rates on the term loan credit facilities and higher borrowings on the revolving credit facilities. facility. DD&A expense for the third quarter and first nine months of 2023 increased, compared with the corresponding periods in 2022, primarily due to additional assets placed in service.

Excluding items affecting comparability of earnings, net income attributable to Hess Corporation from the Midstream segment is estimated to be approximately $65 million in the range of $55 million to $60 million in the third fourth quarter and in the range of $240 million to $250 million approximately $255 million for the full year 2023.

Corporate, Interest and Other

The following table summarizes Corporate, Interest and Other expenses:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Corporate and other expenses (excluding items affecting comparability)	Corporate and other expenses (excluding items affecting comparability)	$ 20	$ 38	$ 59	$ 74	Corporate and other expenses (excluding items affecting comparability)	$ 20	$ 26	$ 79	$ 100
Interest expense	Interest expense	88	86	174	178	Interest expense	85	88	259	266
Less: Capitalized interest	Less: Capitalized interest	(10)	(3)	(15)	(3)	Less: Capitalized interest	(14)	(3)	(29)	(6)
Interest expense, net	Interest expense, net	78	83	159	175	Interest expense, net	71	85	230	260

Corporate, Interest and Other expenses before income taxes	Corporate, Interest and Other expenses before income taxes	98	121	218	249	Corporate, Interest and Other expenses before income taxes	91	111	309	360
Provision for income taxes	Provision for income taxes	—	—	—	—	Provision for income taxes	—	—	—	—
Net Corporate, Interest and Other expenses after income taxes	**Net Corporate, Interest and Other expenses after income taxes**	98	121	218	249	**Net Corporate, Interest and Other expenses after income taxes**	91	111	309	360
Items affecting comparability of earnings between periods, after-tax	Items affecting comparability of earnings between periods, after-tax	—	—	—	(13)	Items affecting comparability of earnings between periods, after-tax	—	14	—	1
Total Corporate, Interest and Other expenses after income taxes	**Total Corporate, Interest and Other expenses after income taxes**	$ 98	$ 121	$ 218	$ 236	**Total Corporate, Interest and Other expenses after income taxes**	$ 91	$ 125	$ 309	$ 361

Corporate and other expenses, excluding items affecting comparability, were lower in the second third quarter of 2023 compared with the prior-year quarter, primarily due to higher interest income. Corporate and other expenses, excluding items affecting comparability, were lower in the first six nine months of 2023, compared with the corresponding period periods in 2022, primarily due to higher interest income partially offset by higher legal and professional fees. Interest expense, net was lower in the second third quarter and first six nine months of 2023, compared with the corresponding periods in 2022, primarily due to capitalized interest associated with the Yellowtail and Uaru developments in Guyana.

Consolidated Results of Operations (continued)

developments in Guyana.

Third Fourth quarter 2023 corporate expenses are expected to be approximately $25 $30 million and in the range of approximately $110 million to $120 million for the full year 2023. Interest expense, net is expected to be in the range of $75 million to $80 million approximately $70 million for the third fourth quarter and in the range of approximately $300 million to $310 million for the full year 2023.

Items Affecting Comparability of Earnings Between Periods:

InWe recorded a pre-tax charge of $14 million ($14 million after income taxes) in the third quarter of 2022 and a pre-tax charge of $9 million ($9 million after income taxes) in the first six months quarter of 2022 results for litigation related costs associated with our former downstream business, HONX, Inc., which are included in *General and administrative expenses* in the *Statement of Consolidated Income*.

We recorded a pre-tax gain of $22 million ($22 million after income taxes) in the first quarter of 2022 associated with the sale of real property and a charge of $9 million ($9 million after income taxes) for litigation related costs associated with to our former downstream business.

Other Items Potentially Affecting Future Results

Our future results may be impacted by a variety of factors, including but not limited to, volatility in the selling prices of crude oil, NGLs and natural gas, reserve and production changes, asset sales, impairment charges and exploration expenses, industry cost inflation and/or deflation, changes in foreign exchange rates and income tax rates, changes in deferred tax asset valuation allowances, the effects of weather, crude oil storage capacity, political risk, environmental risk and catastrophic risk. For a more comprehensive description of the risks that may affect our business, see *Part I, Item 1A. 1A Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2022. and in *Part II, Item 1A Risk Factors* of this Form 10-Q.

Liquidity and Capital Resources

The following table sets forth certain relevant measures of our liquidity and capital resources:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
		(In millions, except ratio)			(In millions, except ratio)	
Cash and cash equivalents (a)	Cash and cash equivalents (a)	$ 2,226	$ 2,486	Cash and cash equivalents (a)	$ 2,018	$ 2,486

Current portion of long-term debt	Current portion of long-term debt	8	3	Current portion of long-term debt	307	3
Total debt (b)	Total debt (b)	8,467	8,281	Total debt (b)	8,548	8,281
Total equity	Total equity	8,902	8,496	Total equity	9,299	8,496
Debt to capitalization ratio for debt covenants (c)	Debt to capitalization ratio for debt covenants (c)	35.1 %	36.1 %	Debt to capitalization ratio for debt covenants (c)	34.3 %	36.1 %

(a) Includes $4 million of cash attributable to our Midstream segment at June 30, 2023 September 30, 2023 (December 31, 2022: $4 million) of which $3 million is held by Hess Midstream LP at June 30, 2023 September 30, 2023 (December 31, 2022: $3 million).

(b) At June 30, 2023 September 30, 2023, includes $3,069 $3,148 million of debt outstanding from our Midstream segment (December 31, 2022: $2,886 million) that is non-recourse to Hess Corporation.

(c) Total Consolidated Debt of Hess Corporation (including finance leases and excluding Midstream non-recourse debt) as a percentage of Total Capitalization of Hess Corporation as defined under Hess Corporation's revolving credit facility financial covenants. Total Capitalization excludes the impact of noncash impairment charges and non-controlling interests.

Cash Flows

The following table summarizes our cash flows:

		Six Months Ended June 30, 2023	Six Months Ended June 30, 2022		Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
		(In millions)			(In millions)	
Net cash provided by (used in):	**Net cash provided by (used in):**			**Net cash provided by (used in):**		
Operating activities	Operating activities	$ 1,612	$ 1,353	Operating activities	$ 2,598	$ 2,692
Investing activities	Investing activities	(1,662)	(1,181)	Investing activities	(2,666)	(1,908)
Financing activities	Financing activities	(210)	(726)	Financing activities	(400)	(1,113)
Net Increase (Decrease) in Cash and Cash Equivalents	**Net Increase (Decrease) in Cash and Cash Equivalents**	$ (260)	$ (554)	**Net Increase (Decrease) in Cash and Cash Equivalents**	$ (468)	$ (329)

PART I - FINANCIAL INFORMATION (CONT'D.)

Liquidity and Capital Resources (continued)

Operating activities: Net cash provided by operating activities was $1,612 million $2,598 million in the first six nine months of 2023 (2022: $1,353 million $2,692 million). Net cash provided by operating activities before changes in operating assets and liabilities was $2,006 million $3,255 million in the first six nine months of 2023 (2022: $2,415 million $3,820 million). During the first six nine months of 2023, changes in operating assets and liabilities reduced cash flow from operating activities by $394 million $657 million primarily due to an increase in accounts receivable due to higher crude oil prices, premiums paid for crude oil hedge contracts and payments for abandonment activities. Changes in operating assets and liabilities in the first six nine months of 2022 reduced cash flow from operating activities by $1,062 million $1,128 million reflecting payments of approximately $470 million for accrued Libyan income tax and royalties at December 31, 2021, premiums paid for crude oil hedge contracts and an increase in accounts receivable due to higher crude oil prices.

Investing activities: Additions to property, plant and equipment of $1,658 million $2,664 million in the first six nine months of 2023 were up $449 million $732 million compared with the corresponding period in 2022. The increase is primarily due to development activities in Guyana and higher drilling activity in the Bakken.

The following table reconciles capital expenditures incurred on an accrual basis to Additions to property, plant and equipment:

		Six Months Ended June 30, 2023	Six Months Ended June 30, 2022		Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
		(In millions)			(In millions)	
Additions to property, plant and equipment - E&P:	**Additions to property, plant and equipment - E&P:**			**Additions to property, plant and equipment - E&P:**		
Capital expenditures incurred - E&P	Capital expenditures incurred - E&P	$ (1,639)	$ (1,136)	Capital expenditures incurred - E&P	$ (2,587)	$ (1,802)

Increase (decrease) in related liabilities	Increase (decrease) in related liabilities		88		38	Increase (decrease) in related liabilities		83		47
Additions to property, plant and equipment - E&P	**Additions to property, plant and equipment - E&P**	$	(1,551)	$	(1,098)	**Additions to property, plant and equipment - E&P**	$	(2,504)	$	(1,755)
Additions to property, plant and equipment - Midstream:	**Additions to property, plant and equipment - Midstream:**					**Additions to property, plant and equipment - Midstream:**				
Capital expenditures incurred - Midstream	Capital expenditures incurred - Midstream	$	(109)	$	(109)	Capital expenditures incurred - Midstream	$	(174)	$	(169)
Increase (decrease) in related liabilities	Increase (decrease) in related liabilities		2		(2)	Increase (decrease) in related liabilities		14		(8)
Additions to property, plant and equipment - Midstream	**Additions to property, plant and equipment - Midstream**	$	(107)	$	(111)	**Additions to property, plant and equipment - Midstream**	$	(160)	$	(177)

Financing activities: Common stock dividends paid were $271 million $405 million in the first six nine months of 2023 (2022: $235 million $350 million) reflecting a 17% increase in our declared dividend on common stock. In the first six nine months of 2022, we repurchased $190 million $340 million of common stock and we repaid the remaining $500 million outstanding under our $1.0 billion term loan.

Net borrowings (repayments) of debt with maturities of 90 days or less in the first six nine months of 2023 related to the HESM Opco revolving credit facility, while borrowings in the first six nine months of 2022 resulted from the issuance by HESM Opco of $400 million of 5.500% fixed-rate senior unsecured notes due 2030. The proceeds from these borrowings were used to finance the repurchases of HESM Opco Class B units. In the first six nine months of 2023, we received net proceeds of $167 million from the public offering of Class A shares in Hess Midstream LP (2022: $146 million). Net cash outflows to noncontrolling interests were $263 million $399 million in the first six nine months of 2023 (2022: $351 million $430 million) which included $100 million $150 million paid to GIP for the repurchase by HESM Opco of GIP-owned Class B units (2022: $200 million).

Future Capital Requirements and Resources

At June 30, 2023 September 30, 2023, we had $2.2 billion $2.0 billion in cash and cash equivalents, excluding Midstream, and total liquidity, including available committed credit facilities, of approximately $5.6 billion $5.4 billion. We plan to return up to 75% of our annual adjusted free cash flow (defined as net cash provided by operating activities less capital expenditures and adjusted for debt repayments and net Midstream financing activities) to shareholders through dividend increases and common stock repurchases. In March 2023, we announced a 17% increase in our first quarter dividend on common stock and our Board of Directors approved a new authorization for the repurchase of our common stock in an aggregate amount of up to $1 billion.

Net production in 2023 is forecast to be in the range of 385,000 boepd to approximately 390,000 boepd, and we expect our 2023 E&P capital and exploratory expenditures will be approximately $3.7 billion $4.1 billion. In 2023, 2024, based on current forward strip crude oil prices, we expect cash flow from operating activities and cash and cash equivalents at June 30, 2023 September 30, 2023 will be sufficient to fund any upcoming debt maturities, and our capital investment and capital return programs. Depending on market conditions, we may take any of the following steps, or a combination thereof, to improve our liquidity and financial position: reduce the planned capital program and other cash outlays, including dividends, pursue asset sales, borrow against our committed revolving credit facility, or issue debt or equity securities. These actions are subject to certain limitations under the Merger Agreement. See *Part II, Item 1A Risk Factors* for a discussion of risks related to the Merger.

Liquidity and Capital Resources (continued)

The table below summarizes the capacity, usage, and available capacity for borrowings and letters of credit under committed and uncommitted credit facilities at June 30, 2023 September 30, 2023:

		Expiration Date	Capacity	Borrowings	Letters of Credit Issued	Total Used	Available Capacity		Expiration Date	Capacity	Borrowings	Letters of Credit Issued	Total Used	Available Capacity
					(In millions)							(In millions)		
Hess Corporation	**Hess Corporation**							**Hess Corporation**						

Revolving credit facility	Revolving credit facility	July 2027	$ 3,250	$ —	$ —	$ —	$ 3,250	Revolving credit facility	July 2027	$ 3,250	$ —	$ —	$ —	$ 3,250
Committed lines	Committed lines	Various (a)	100	—	2	2	98	Committed lines	Various (a)	100	—	2	2	98
Uncommitted lines	Uncommitted lines	Various (a)	87	—	87	87	—	Uncommitted lines	Various (a)	85	—	85	85	—
Total - Hess Corporation	**Total - Hess Corporation**		$ 3,437	$ —	$ 89	$ 89	$ 3,348	**Total - Hess Corporation**		$ 3,435	$ —	$ 87	$ 87	$ 3,348
Midstream	**Midstream**							**Midstream**						
Revolving credit facility (b)	Revolving credit facility (b)	July 2027	$ 1,000	$ 198	$ —	$ 198	$ 802	Revolving credit facility (b)	July 2027	$ 1,000	$ 276	$ —	$ 276	$ 724
Total - Midstream	**Total - Midstream**		$ 1,000	$ 198	$ —	$ 198	$ 802	**Total - Midstream**		$ 1,000	$ 276	$ —	$ 276	$ 724

(a) Committed and uncommitted lines have expiration dates through 2024.

(b) This credit facility may only be utilized by HESM Opco and is non-recourse to Hess Corporation.

Hess Corporation:

The revolving credit facility can be used for borrowings and letters of credit. Borrowings on the facility will generally bear interest at 1.400% above SOFR, though the interest rate is subject to adjustment based on the credit rating of the Corporation's senior, unsecured, non-credit enhanced long-term debt. The revolving credit facility is subject to customary representations, warranties, customary events of default and covenants, including a financial covenant limiting the ratio of Total Consolidated Debt to Total Capitalization of the Corporation and its consolidated subsidiaries to 65%, and a financial covenant limiting the ratio of secured debt to Consolidated Net Tangible Assets of the Corporation and its consolidated subsidiaries to 15% (as these capitalized terms are defined in the credit agreement for the revolving credit facility). The indentures for the Corporation's fixed-rate senior unsecured notes limit the ratio of secured debt to Consolidated Net Tangible Assets (as that term is defined in the indentures) to 15%. As of June 30, 2023 September 30, 2023, Hess Corporation was in compliance with these financial covenants. At June 30, 2023 September 30, 2023, Hess Corporation had no outstanding borrowings or letters of credit under its revolving credit facility.

All three major credit rating agencies that rate the senior unsecured debt of Hess Corporation have assigned an investment grade credit rating. At June 30, 2023 September 30, 2023, our credit ratings were BBB- with stable outlook at Standard and Poor's, Baa3 with stable outlook at Moody's Investors Service, and BBB- BBB with positive stable outlook at Fitch Ratings. Subsequent to September 30, 2023, all three agencies placed our credit ratings on review for positive action in connection with the Merger.

We have a shelf registration under which we may issue additional debt securities, warrants, common stock or preferred stock.

Midstream:

At June 30, 2023 September 30, 2023, HESM Opco, a consolidated subsidiary of Hess Midstream LP, had $1.4 billion senior secured syndicated credit facilities, consisting of a $1.0 billion revolving credit facility and a $400 million term loan facility. Borrowings under the term loan facility will generally bear interest at SOFR plus an applicable margin ranging from 1.650% to 2.550%, while the applicable margin for the syndicated revolving credit facility ranges from 1.375% to 2.050%. Pricing levels for the facility fee and interest-rate margins are based on HESM Opco's ratio of total debt to EBITDA (as defined in the credit facilities). If HESM Opco obtains an investment grade credit rating, the pricing levels will be based on HESM Opco's credit ratings in effect from time to time. The credit facilities contain covenants that require HESM Opco to maintain a ratio of total debt to EBITDA (as defined in the credit facilities) for the prior four fiscal quarters of not greater than 5.00 to 1.00 as of the last day of each fiscal quarter (5.50 to 1.00 during the specified period following certain acquisitions) and, prior to HESM Opco obtaining an investment grade credit rating, a ratio of secured debt to EBITDA for the prior four fiscal quarters of not greater than 4.00 to 1.00 as of the last day of each fiscal quarter. The credit facilities are secured by first-priority perfected liens on substantially all of the assets of HESM Opco and its direct and indirect wholly owned material domestic subsidiaries, including equity interests directly owned by such entities, subject to certain customary exclusions. At June 30, 2023 September 30, 2023, borrowings of $198 million $276 million were drawn under HESM Opco's revolving credit facility, and borrowings of $400 million, excluding deferred issuance costs, were drawn under HESM Opco's term loan facility. Borrowings under these credit facilities are non-recourse to Hess Corporation.

Market Risk Disclosures

We are exposed in the normal course of business to commodity risks related to changes in the prices of crude oil and natural gas, as well as changes in interest rates and foreign currency values. See *Note 12, Financial Risk Management Activities*, in the *Notes to Consolidated Financial Statements*.

We have outstanding foreign exchange contracts with notional amounts totaling $236 million $214 million at June 30, 2023 September 30, 2023 that are used to reduce our exposure to fluctuating foreign exchange rates for various currencies. The change in fair value of foreign exchange contracts from a 10% strengthening or weakening in the U.S. Dollar exchange rate is estimated to be a gain or loss of approximately $20 million and $25 million $20 million, respectively, at June 30, 2023 September 30, 2023.

At June 30, 2023 September 30, 2023, our long-term debt, which was substantially comprised of fixed-rate instruments, had a carrying value of $8,467 $8,548 million and a fair value of $8,374 $8,242 million. A 15% increase or decrease in interest rates would decrease or increase the fair value of debt by approximately $445 million or $490 million $495 million, respectively, at June 30, 2023 September 30, 2023. Any changes in interest rates do not impact our cash outflows associated with fixed-rate interest payments or settlement of debt principal, unless a debt instrument is repurchased prior to maturity.

At June 30, 2023 September 30, 2023, we have WTI put options with an average monthly floor price of $70 per barrel for 80,000 bopd, and Brent put options with an average monthly floor price of $75 per barrel for 50,000 bopd. As of June 30, 2023 September 30, 2023, an assumed 10% increase in the forward WTI and Brent crude oil prices used in determining the fair value of our put options would reduce the fair value of these derivative instruments by approximately $50 million $2 million, while an assumed 10% decrease in the same crude oil prices would increase the fair value of these derivative instruments by approximately $100 million $7 million.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including information incorporated by reference herein, 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; information about sustainability goals and targets and planned social, safety and environmental policies, programs and initiatives; and future economic and market conditions in the oil and gas industry. industry; and expected benefits, timing and completion of the proposed Merger with Chevron.

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 and other events, such as accidents, severe weather, geological events, shortages of skilled labor, cyber-attacks, public 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;
- risks and uncertainties associated with the proposed Merger with Chevron, including the following:
    - the risk that regulatory approvals are not obtained or are obtained subject to conditions that are not anticipated by Chevron and Hess;
    - potential delays in consummating the potential transaction, including as a result of regulatory approvals;
    - Chevron's ability to integrate Hess' operations in a successful manner and in the expected time period;
    - the possibility that any of the anticipated benefits and projected synergies of the potential transaction will not be realized or will not be realized within the expected time period;
    - the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement;
    - risks that the anticipated tax treatment of the potential transaction is not obtained, or other unforeseen or unknown liabilities;
    - customer, shareholder, regulatory and other stakeholder approvals and support, or unexpected future capital expenditures;

- potential litigation relating to the potential transaction that could be instituted against Chevron and Hess or their respective directors, and the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events;
- the effect of the announcement, pendency or completion of the potential transaction on the parties' business relationships and business generally, and the risks that the potential transaction disrupts current plans and operations of Chevron or Hess and potential difficulties in Hess employee retention as a result of the transaction, as well

as the risk of disruption of Chevron's or Hess' management and business disruption during the pendency of, or following, the potential transaction;

- the receipt of required Chevron Board of Directors' authorizations to implement capital allocation strategies, including future dividend payments, and uncertainties as to whether the potential transaction will be consummated on the anticipated timing or at all, or if consummated, will achieve its anticipated economic benefits, including as a result of risks associated with third party contracts containing material consent, anti-assignment, transfer, other provisions that may be related to the potential transaction which are not waived or otherwise satisfactorily resolved, or changes in commodity prices;
- negative effects of the announcement of the transaction, and the pendency or completion of the proposed acquisition on the market price of Chevron's or Hess' common stock and/or operating results;
- rating agency actions and Chevron's and Hess' ability to access short and long-term debt markets on a timely and affordable basis; and

- other factors described in the section entitled "Risk Factors" in *Part I*, *Item 1A— 1A Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2022 and in *Part II, Item 1A Risk Factors* of this Form 10-Q as well as any additional risks described in our other filings with the SEC.

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.

PART I - FINANCIAL INFORMATION (CONT'D.)

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The information required by this item is presented under Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Disclosures."

Item 4. Controls and Procedures.

Based upon their evaluation of the Corporation's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2023 September 30, 2023, John B. Hess, Chief Executive Officer, and John P. Rielly, Chief Financial Officer, concluded that these disclosure controls and procedures were effective as of June 30, 2023 September 30, 2023.

There was no change in internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 or 15d-15 in the quarter ended June 30, 2023 September 30, 2023 that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Information regarding legal proceedings is contained in *Note 10, Guarantees and Contingencies* in the *Notes to Consolidated Financial Statements* and is incorporated herein by reference.

Item 1A. Risk Factors.

Due to this proposed Merger with Chevron, there have been material changes to the risk factors included under Part I, Item 1A of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2022. For a complete discussion of the Corporation's risk factors, refer to the section entitled "Risk Factors" in *Part I*, *Item 1A Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2022 and the following risk factors:

We will be subject to business uncertainties while the Merger is pending, which could adversely affect our businesses.

Uncertainty about the effect of the Merger on employees and those that do business with us may have an adverse effect to the Corporation. These uncertainties may impair our ability to attract, retain and motivate key personnel until the Merger is completed and for a period of time thereafter, and could cause those that transact with us to seek to change their existing business relationships with us. Employee retention at the Corporation may be challenging during the pendency of the Merger, as employees may experience uncertainty about their roles. In addition, the Merger Agreement restricts us from entering into certain corporate transactions, entering into certain material contracts, making certain changes to our capital budget, incurring certain indebtedness and taking other specified actions without the consent of Chevron, and generally requires us to continue our operations in the ordinary course of business during the pendency of the Merger. These restrictions may prevent us from pursuing attractive business opportunities or adjusting our capital plan prior to the completion of the Merger.

We may become subject to lawsuits relating to the Merger, which could adversely affect our business, financial condition and operating results.

We and/or our respective directors and officers may become subject to lawsuits relating to the Merger. Such litigation is very common in connection with acquisitions of public companies, regardless of the merits of the underlying acquisition. While we will evaluate and defend against any actions vigorously, the costs of the defense of such lawsuits and other effects of such litigation could have an adverse effect on our business, financial condition and operating results.

Completion of the Merger is subject to a number of conditions, and if these conditions are not satisfied or waived, the Merger will not be completed. Failure to complete, or significant delays in completing, the Merger could negatively affect the trading prices of our common stock and our future business and financial results.

Completion of the Merger is subject to satisfaction or waiver of certain closing conditions, including (i) the receipt of the required approval from our stockholders, (ii) the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended applicable to the Merger, (iii) the absence of any order or law prohibiting consummation of the Merger, (iv) the effectiveness of the Registration Statement on Form S-4 to be filed by Chevron pursuant to which the shares of Chevron common stock to be issued in connection with the Merger will be registered with the U.S. Securities and Exchange Commission and (v) the authorization for listing on the New York Stock Exchange of the shares of Chevron common stock to be issued in connection with the Merger. The obligation of each party to consummate the Merger is also conditioned upon the other party having performed in all material respects its obligations under the Merger Agreement and the other party's representations and warranties in the Merger Agreement being true and correct (subject to certain materiality qualifiers). The obligation of Hess to consummate the merger is also subject to the receipt of a tax opinion from legal counsel that the Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. There can be no assurance that the conditions to the completion of the Merger will be satisfied or waived or that the Merger will be completed.

If the Merger is not completed, or if there are significant delays in completing the Merger, the trading prices of our common stock and our future business and financial results could be negatively affected, and we may be subject to several risks, including the following:

- the requirement that we pay Chevron a termination fee of approximately $1.715 billion under certain circumstances provided in the Merger Agreement;
- negative reactions from the financial markets, including declines in the prices of our common stock due to the fact that current prices may reflect a market assumption that the Merger will be completed;
- having to pay certain significant costs relating to the Merger; and
- the attention of our management will have been diverted to the Merger rather than our own operations and pursuit of other opportunities that could have been beneficial to us.

The Merger Agreement limits our ability to pursue alternatives to the Merger.

The Merger Agreement contains provisions that may discourage a third party from submitting a competing proposal that might result in greater value to our stockholders than the Merger, or may result in a potential competing acquirer of the Corporation proposing to pay a lower per share price to acquire us than it might otherwise have proposed to pay. These provisions include a general prohibition on us from soliciting or, subject to certain exceptions relating to the exercise of fiduciary duties by our board of directors, entering into discussions with any third party regarding any competing proposal or offer for a competing transaction.

Because the exchange ratio in the Merger Agreement is fixed and because the market price of Chevron common stock will fluctuate prior to the completion of the Merger, our stockholders cannot be sure of the market value of the Chevron common stock they will receive as consideration in the Merger.

Under the terms of the Merger Agreement, if the Merger is completed, at the effective time of the Merger, our stockholders will receive consideration consisting of 1.025 shares of Chevron common stock for each share of our common stock. The exchange ratio of the Merger consideration is fixed, and under the Merger Agreement there will be no adjustment to the Merger consideration for changes in the market price of Chevron common stock or our common stock prior to the completion of the Merger.

If the Merger is completed, there will be a time lapse between the date of signing of the Merger Agreement and the date on which our stockholders who are entitled to receive the Merger consideration actually receive the Merger consideration. The respective market values of Chevron common stock and our common stock have fluctuated and may continue to fluctuate during this period as a result of a variety of factors, including general market and economic conditions, changes in each company's business, operations and prospects, commodity prices, regulatory considerations, and the market's assessment of Chevron's business and the Merger. Such factors are difficult to predict and in many cases may be beyond the control of Chevron and us. The actual value of the Merger consideration received by our stockholders at the completion of the Merger will depend on the market value of Chevron common stock at that time. This market value may differ, possibly materially, from the market value of Chevron common stock at the time the Merger Agreement was entered into or at any other time.

Shares of Chevron common stock received by our stockholders as a result of the Merger will have different rights from shares of our common stock.

Upon completion of the Merger, our stockholders will no longer be stockholders of Hess, and our stockholders who receive the Merger consideration will become Chevron stockholders, and their rights as Chevron stockholders will be governed by the terms of Chevron's charter and bylaws. There are differences between the current rights of our stockholders and the rights to which such stockholders will be entitled as Chevron stockholders.

Item 2. Share Repurchase Activities.

On March 1, 2023, our Board of Directors approved a new authorization for the repurchase of our common stock in an aggregate amount of up to $1 billion. This new authorization replaced our previous repurchase authorization which was fully utilized at the end of 2022. There were no shares of our common stock repurchased during the second third quarter of 2023. The Merger Agreement provides that, during the periods from the date of the Merger Agreement until the closing of the Merger, we are subject to certain restrictions that, among other things, restrict our ability to repurchase, redeem or retire any capital stock of the Corporation.

Item 5. Other Information.

During the three months ended June 30, 2023 September 30, 2023, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

Exhibits

2(1)†	Agreement and Plan of Merger, dated as of October 22, 2023, among Chevron Corporation, Yankee Merger Sub Inc. and Hess Corporation, incorporated by reference to Exhibit 2.1 of Form 8-K of Registrant filed on October 23, 2023.
3(1)	Amendment to the By-Laws of Hess Corporation as of October 22, 2023, incorporated by reference to Exhibit 3.1 of Form 8-K of Registrant filed on October 23, 2023.
10(1)	Voting and Support Agreement, dated October 22, 2023, by and among Chevron Corporation, Hess Corporation and John B. Hess, incorporated by reference to Exhibit 10.1 of Form 8-K of Registrant filed on October 23, 2023.
31(1)	Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)).
31(2)	Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)).
32(1)#	Certification required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
32(2)#	Certification required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
101(INS)	Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101(SCH)	Inline XBRL Taxonomy Extension Schema Document.
101(CAL)	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101(LAB)	Inline XBRL Taxonomy Extension Label Linkbase Document.
101(PRE)	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101(DEF)	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023, has been formatted in Inline XBRL.

†Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K.

Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HESS CORPORATION

(REGISTRANT)

By /s/ John B. Hess

JOHN B. HESS

CHIEF EXECUTIVE OFFICER

By /s/ John P. Rielly

JOHN P. RIELLY

EXECUTIVE VICE PRESIDENT AND

CHIEF FINANCIAL OFFICER

Date: August 3, 2023 November 2, 2023

Exhibit 31(1)

CERTIFICATIONS

I, John B. Hess, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hess Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ John B. Hess

JOHN B. HESS

CHIEF EXECUTIVE OFFICER

Date: August 3, 2023 November 2, 2023

Exhibit 31(2)

I, John P. Rielly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hess Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ John P. Rielly
JOHN P. RIELLY
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

Date: August 3, 2023 November 2, 2023

Exhibit 32(1)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hess Corporation (the "Corporation") on Form 10-Q for the period ending June 30, 2023 September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John B. Hess, Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By /s/ John B. Hess
JOHN B. HESS
CHIEF EXECUTIVE OFFICER
Date: August 3, 2023 November 2, 2023

A signed original of this written statement required by Section 906 has been provided to Hess Corporation and will be retained by Hess Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(2)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hess Corporation (the "Corporation") on Form 10-Q for the period ending June 30, 2023 September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John P. Rielly, Executive Vice President and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By /s/ John P. Rielly

JOHN P. RIELLY
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
Date: August 3, 2023 November 2, 2023

A signed original of this written statement required by Section 906 has been provided to Hess Corporation and will be retained by Hess Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.