

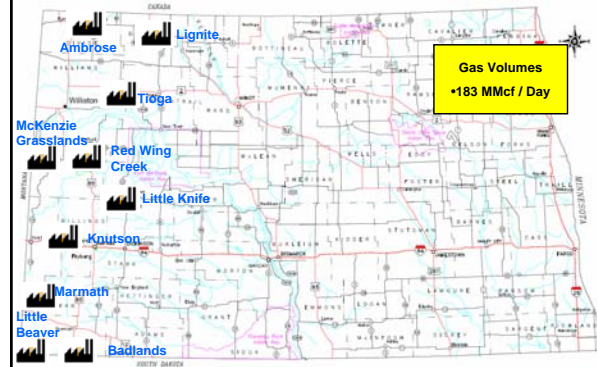
Hess Corporation-Tioga Gas Plant



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North Dakota Gas Plant Locations



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Hess Corporation Worldwide Operations



DENMARK



North Dakota



U.S. DEEPWATER



ALGERIA



MALAYSIA-THAILAND

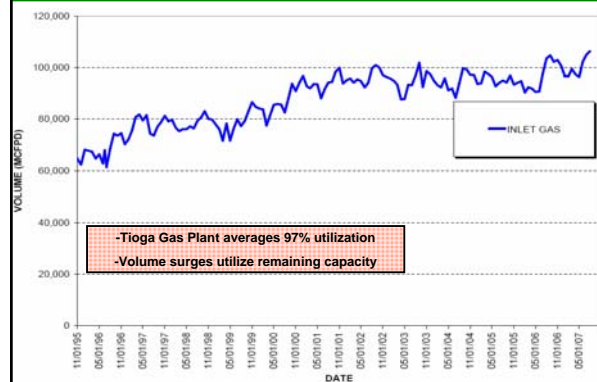


NORWAY

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Hess-Tioga Gas Plant Average Inlet Volumes



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Basics of Gas Processing



- Typically Gas from wells do not meet pipeline specifications, therefore require processing
- What is the decision process to hook up a well?
 - Producer permits, drills and completes well
 - Producer contacts regional gas plants to determine available capacity and commercial terms
 - Processor determines if processing is economically viable
 - Does the plant have capacity?
 - Does gas meet specifications (sour gas, liquids content, inlet pressure, compression requirements, gathering system capacity, etc.)?
 - Distance of pipeline that needs to be installed to gather the gas (\$100,000 - \$200,000 per mile)
 - Additional equipment required, such as Gas measurement meters, Dehydration equipment, etc.
 - Final Commercial Terms

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Gas Infrastructure



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Example Well (Nelson Farms 1-24H)



- Why are some wells not viable for hookup?.....
- NDIC Case # 9574
 - Well produces 30 MCF of gas per day (8 MCF used for Production, 22 MCF remaining)

21 Mile Pipeline + Facilities Cost	= \$2,543,000
Reserves (170,000 MCF @ \$7 MCF)	= \$1,190,000
Value after Operating Expenses	= \$317,000
Net Profit	= -\$2,226,000

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Thank You



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