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## Hess Corporation Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. (Operator instructions) Your first question comes from the line of Mark Flannery representing Credit Suisse First Boston. Please proceed.

#### Mark Flannery – Credit Suisse First Boston

Thanks. I have got two questions very loosely related. Firstly on CapEx, you mentioned that you will make some appropriate adjustments to the 2009 CapEx, I suspect you are not going to give me a number for 2009, but can you help us think about that, what does that mean in terms of how you are approaching the '09 capital budget either in terms of lower oil price expectation or just how should we think about that? My second question is on press reports regarding new refinery and solutions.

#### John Rielly

Okay Mark I will start with your first question and you are right, we are still in the middle of our 2009 budget process and we will give everyone an update on our January conference call going over our fourth quarter earnings and set up our budget for next year but there is no question that the global financial crisis has clearly impacted the performance of the economy and has led to significant decreases in commodity prices. So, as a result, we are looking at a lower price environment going into 2009 and as a result we will be reducing our 2009 capital and exploratory program to live within our means, but having said that we will still be focusing on the growth projects that we have. We are in a fortunate position that Shenzi, the project – we will be starting our production in 2009 and will be completing that project. Pangkah oil that will be completing here, through the end of this year and into mid 2009 and start up on production, we will obviously be completing that. JDA Phase 2 actually is complete on our end; we are just waiting for the buyers to complete the hook-up of the gas pipeline. So, we do have some of our growth projects, they will be funded as part of our program. So we have flexibility in our portfolio to maintain growth maybe at the lower end of our ranges here going forward but we do have that flexibility in the program and what we will do is go through our normal process. We are ranking all our discretionary projects as they rank according to economic returns. We will pick the highest ranked projects and there will be some then that we either maybe need to pull out more depending on what happens in prices in 2009 or could bring back in as we see what happens with commodity prices. Then, as for your next question, I will turn it to John Hess.

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