Hess Sanctions Payara Development, Offshore Guyana

01.10.2020 | Business Wire

- Development of the Payara Field receives government approval
- Payara on track to startup in 2024, producing up to 220,000 gross barrels of oil per day
- Liza Phase 2 development remains on schedule for first oil by early 2022

Hess Corp. (NYSE: HES) today announced it has made a final investment decision to proceed with development of the Payara Field offshore Guyana after the development plan received approval from the government of Guyana. Payara is the third oil development on the Stabroek Block; gross production capacity from the three developments is expected to reach approximately 560,000 barrels of oil per day in 2024.

Payara will utilize the Prosperity floating production, storage and offloading vessel (FPSO), which will have the capacity to produce up to 220,000 gross barrels of oil per day and will target an estimated resource base of about 600 million barrels of oil equivalent. First oil is expected in 2024. Ten drill centers are planned with a total of 41 wells, including 20 production wells and 21 injection wells.

Hess’ net share of development costs excluding pre-sanction costs and FPSO purchase cost is forecast to be approximately US$1.8 billion. The timing of the FPSO purchase is being evaluated. Hess’ net share of development costs is forecast to be approximately US$250 million in 2021, US$450 million in 2022, US$500 million in 2023, US$300 million in 2024 and US$225 million in 2025.

“We are excited to sanction our third oil development on the Stabroek Block,” CEO John Hess said. “We thank the Government of Guyana for their support and look forward to realizing the full potential of this world class resource.”

The Liza Phase 1 development, with a production capacity of 120,000 gross barrels of oil per day, achieved first oil in late 2019. Liza Phase 2 remains on track to achieve first oil by early 2022. It will produce up to 220,000 gross barrels of oil per day at peak rates using the Liza Unity FPSO, which is under construction in Singapore. Additional development opportunities in the Stabroek Block are being evaluated, including recent discoveries at Yellowtail, Redtail, Mako and Uaru.

Gross discovered recoverable resources for the Stabroek Block are estimated at more than 8 billion barrels of oil equivalent as of January 2020. The 18 discoveries on the block to date have established the potential for at least five FPSOs producing more than 750,000 barrels of oil per day by 2026.

The Stabroek Block is 6.6 million acres. ExxonMobil affiliate Esso Exploration and Production Guyana Limited is operator and holds 45 percent interest in the Stabroek Block. Hess Guyana Exploration Ltd. holds 30 percent interest and CNOOC Petroleum Guyana Limited, a wholly-owned subsidiary of CNOOC Limited, holds 25 percent interest.

# # #

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

Cautionary Statements

This news release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Words such as “anticipate,” “estimate,” “expect,” “forecast,” “guidance,” “could,” “may,” “should,” “would,” “believe,” “intend,” “project,” “plan,” “predict,” “will,” “target” and similar expressions identify forward-looking statements, which are not historical in nature. Our forward-looking statements may include, without limitation, expected number, timing and completion of our development projects and estimates of capital and operating costs for these projects; estimates of our crude oil and natural gas resources and levels of production; and our future financial and operational results. 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: potential failures or delays in achieving expected production levels; inherent uncertainties in estimating quantities of proved reserves and resources; changes in laws, regulations and governmental actions applicable to our business; the ability of our contractual counterparties to satisfy their obligations to us; unexpected changes in technical requirements for exploration and production facilities; potential disruption or interruption of our operations due to catastrophic events, including the global COVID-19 pandemic; and other factors described in Item 1A—Risk Factors in our Annual Report on Form 10-K and any additional risks described in our other filings with the Securities and Exchange Commission. As and when made, we believe that our forward-looking statements are reasonable. However, given these risks and uncertainties, caution should be taken not to place undue reliance on any such forward-looking statements since such statements speak only as of the date when made and there can be no assurance that such forward-looking statements will occur and actual results may differ materially from those contained in any forward-looking statement we make. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise. We use certain terms in this release relating to resources other than proved reserves, such as unproved reserves or resources. Investors are urged to consider closely the oil and gas disclosures in Hess Corp.’s Form 10-K, File No. 1-1204, available from Hess Corp., 1185 Avenue of the Americas, New York, New York 10036 c/o Corporate Secretary and on our website at www.hess.com. You can also obtain this form from the SEC on the EDGAR system.

View source version on businesswire.com: https://www.businesswire.com/news/home/20200930006005/en/

./ContentItem/Format

Hess Sanctions Payara Development, Offshore Guyana

Contact

Investor Contact:
Jay Wilson
(212) 536-8940
jrwilson@hess.com

Media Contact:
Lorrie Hecker
(212) 536-8250
lhecker@hess.com