Risk Factors Comparison 2024-02-26 to 2023-02-24 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Our business activities and the value of our securities are subject to significant risks, including the risk factors described below. These risk factors could negatively affect our operations, financial condition, liquidity and results of operations, and as a result, holders and purchasers of our securities could lose part or all of their investments. It is possible that additional risks relating to our securities may be described in a prospectus supplement if we issue securities in the future. **Proposed Chevron Merger Risks 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). Additionally, Hess and Chevron have been engaged in discussions with Exxon Mobil Corporation and China National Offshore Oil Corporation regarding a right of first refusal provision in the joint operating agreement for the Stabroek Block. If these discussions do not result in an acceptable resolution and arbitration (if pursued) does not result in a confirmation that such right of first refusal provision is inapplicable to the Merger, then there would be a failure of a closing condition under the Merger Agreement, in which case the Merger would not close. For additional information, please see the section entitled " The Merger- Stabroek JOA " in Chevron' s preliminary registration statement on Form S- 4 to be filed on February 26, 2024. 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, our stockholders will receive at the effective time of the Merger 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 by- laws. There are differences between the current rights of our stockholders and the rights to which such stockholders will be entitled as Chevron stockholders.
Market and Third- Party Risks Our business and operating results are highly dependent on the market prices of crude oil, NGL and natural gas, which can be very volatile. Our estimated proved reserves, revenue, operating cash flows, operating margins, liquidity, financial condition and future earnings are highly dependent on the benchmark market prices of crude oil, NGL and natural gas, and our associated realized price differentials, which are volatile and influenced by numerous factors beyond our control. The major foreign oil producing countries, including members of OPEC, may exert considerable influence over the supply and price of crude oil and refined petroleum products. Their ability to agree on a common policy on rates of production and other matters may have a significant impact on the oil markets. Other factors include, but are not limited to: worldwide and domestic supplies of and demand for crude oil, NGL and natural gas; political conditions and events (including weather, instability, changes in governments, armed conflict, economic sanctions and outbreaks of infectious diseases, such as COVID-19) around the world and in particular in crude oil or natural gas producing regions; the cost of exploring for, developing and producing crude oil, NGL and natural gas; the price, availability of and demand for alternative fuels or other forms of energy; the effect of energy conservation and environmental protection efforts; and overall economic conditions globally (including inflation, slower growth or recession, higher interest rates, supply chain constraints, and consequences associated with the ongoing invasion of Ukraine by Russia **or the conflict between Israel and Hamas**). The sentiment of commodities trading markets as well as other supply and demand factors may also influence the selling prices of crude oil, NGL and natural gas. Average benchmark prices for ~~2022~~ **2023** were $ ~~94~~ **77** . ~~33~~ **60** per barrel for WTI (**2022: $ 94. 33;** 2021: $ 68. 08 **) and** ~~; 2020:~~ $ ~~39~~ **82** . **18** ~~34) and $ 99. 04~~ per barrel for Brent (**2022: $ 99. 04;** 2021: $ 70. 95 ~~; 2020: $ 43. 21~~). In order to manage the potential volatility of cash flows and credit requirements, we maintain significant bank credit facilities. An inability to access, renew or replace such credit facilities or access other sources of funding as they mature would negatively impact our liquidity. Furthermore, from time to time we have entered into, and may in the future enter into or modify, commodity price hedging arrangements to manage commodity price volatility. These arrangements may limit potential upside from commodity price increases, or expose us to additional risks, such as counterparty credit risk, which could adversely impact our cash flow, liquidity or financial condition. We do not always control decisions made under joint operating agreements and the parties under such agreements may fail to meet their obligations. We conduct many of our E & P operations through joint operating agreements with other parties under which we may not control decisions, either because we do not have a controlling interest or are not operator under the agreement. There is risk that these parties may at any time have economic, business, or legal interests or goals that are inconsistent with ours, and therefore decisions may be made which are not what we believe is in our best interest. Moreover, parties to these agreements may be unable to meet their economic or other obligations and we may be required to fulfill those obligations alone. For example, in June 2021, the U. S. Bankruptcy Court approved the bankruptcy plan for Fieldwood Energy LLC ~~(Fieldwood)~~ which includes transferring abandonment obligations of Fieldwood to us and other predecessors in title of certain of its assets, who are jointly and severally liable for the obligations. See Note 8, Asset Retirement Obligations in the Notes to Consolidated Financial Statements. As a result, actions of our contractual counterparties may adversely affect the value of our investments and result in increased costs or liabilities. Our industry is highly competitive and many of our competitors are larger and have greater resources and more diverse portfolios than we have. The petroleum industry is highly competitive and very capital intensive. We encounter competition from numerous companies, including acquiring rights to explore for crude oil and natural gas. To a lesser extent, we are also in competition with producers of alternative fuels or other forms of energy, including wind, solar and electric power, and in the future, could face increasing competition due to the development and adoption of new technologies. Many competitors, including national oil companies, are larger and have substantially greater resources to acquire and develop oil and gas assets, or may have established strategic relationships in areas we operate, or may be willing to incur a higher level of risk than we are willing to incur. In addition, competition for drilling services, technical expertise and equipment may affect the availability of technical personnel and drilling rigs, resulting in increased capital and operating costs. Many of our competitors have a more diverse portfolio of assets, which may minimize the impact of adverse events occurring at any one location ~~. Our business and operations were and could in the future be adversely~~

~~affected by an epidemic or outbreak of an infectious disease, such as COVID- 19 or other similar public health developments. We face risks related to epidemics, outbreaks or other public health events, or the threat thereof, that are outside of our control, and could significantly disrupt our business and operational plans and adversely affect our business and operating results. For example, COVID- 19 and related actions taken by governments and businesses, including voluntary and mandatory quarantines and travel and other restrictions, significantly impacted economic activity. As a result of COVID- 19, our operations, and those of our business partners, service companies and suppliers, have experienced disruptions, delays or temporary suspensions of operations, temporary inaccessibility or closures of facilities, supply chain issues and workforce impacts from illness, school closures and other community response measures. We also are subject to regulatory changes, litigation risk and possible loss contingencies related to COVID- 19, including with respect to commercial contracts, employee matters and insurance arrangements. Furthermore, there is no certainty that the health and safety measures we implement will be sufficient to mitigate the risks, including infection of key employees and our ability to perform certain functions, posed by COVID- 19, its variants or another epidemic or outbreak of an infectious disease. In addition to the global health concerns, an epidemic or outbreak of an infectious disease could negatively affect the U. S. and global economy and the demand for oil and natural gas. For example, COVID- 19 and concerns regarding the global spread of its variants negatively impacted the domestic and international demand for crude oil and natural gas and contributed to price volatility and adversely affected the demand for and marketability of crude oil, natural gas and NGL. Containment measures implemented to mitigate the spread of COVID- 19 and its variants lead to adoption of certain behavioral changes, such as reduced travel and enhanced work- from- home policies, which resulted in further reductions in demand for and consumption of energy commodities. We may experience decreases in production and proved reserves, additional asset impairments, and other accounting charges if demand for crude oil, natural gas and NGL decreases as a result of a future or worsening outbreak of an infectious disease, such as COVID- 19 and its variants. The extent to which such an occurrence may negatively affect our operating results is uncertain and depends on actions taken by authorities to contain it or treat its impact, all of which are beyond our control~~. Operational and Strategic Risks If we fail to successfully increase our reserves, our future crude oil and natural gas production will be adversely impacted. We own or have access to a finite amount of oil and gas reserves, which will be depleted over time. Replacement of oil and gas production and reserves, including proved undeveloped reserves, is subject to successful exploration drilling, development activities, and enhanced recovery programs. Therefore, future oil and gas production is dependent on technical success in finding and developing additional hydrocarbon reserves. Exploration activity involves the interpretation of seismic and other geological and geophysical data, which does not always successfully predict the presence of commercial quantities of hydrocarbons. Drilling risks include unexpected adverse conditions, irregularities in pressure or formations, equipment failure, blowouts and weather interruptions. Future developments may be affected by unforeseen reservoir conditions, which negatively affect recovery factors or flow rates. Similar risks may be encountered in the production of oil and gas on properties acquired from others. In addition, replacing reserves and developing future production are also influenced by the price of crude oil and natural gas and costs of drilling and development activities. Lower crude oil and natural gas prices may reduce capital available for our exploration and development activities, render certain development projects uneconomic or delay their completion, and result in negative revisions to existing reserves while increasing drilling and development costs could negatively affect expected economic returns. There are inherent uncertainties in estimating quantities of proved reserves and discounted future net cash flows, and actual quantities may be lower than estimated. Numerous uncertainties exist in estimating quantities of proved reserves and future net revenues from those reserves. Actual future production, oil and gas prices, revenues, taxes, capital expenditures, operating expenses, and quantities of recoverable oil and gas reserves may vary substantially from those assumed in the estimates and could materially affect the estimated quantities of our proved reserves and the related future net revenues. In addition, reserve estimates may be subject to downward or upward changes based on production performance, purchases or sales of properties, results of future development, changes in prevailing oil and gas prices, production sharing contracts, which may decrease reserves as crude oil and natural gas prices increase, and other factors. Catastrophic and other events, whether naturally occurring or man- made, may materially affect our operations and financial condition. Our oil and gas operations are subject to numerous risks and hazards inherent to operating in the crude oil and natural gas industry, including catastrophic events, which may damage or destroy assets, interrupt operations, result in personal injury and have other significant adverse effects. These events include unexpected drilling conditions, pressure conditions or irregularities in reservoir formations, equipment malfunctions or failures, derailments, fires, explosions, blowouts, oil releases, power outages, cratering, pipeline interruptions and ruptures, severe weather, such as hurricanes, floods, freezes and heat waves or droughts, geological events, shortages in availability of skilled labor, cyber- attacks or health measures related to outbreaks of infectious diseases, such as COVID- 19. We maintain insurance coverage against many, but not all, potential losses and liabilities in amounts we deem prudent, including for property and casualty losses. Some forms of insurance may be unavailable in the future or be available only on terms that are deemed economically unacceptable. Moreover, there can be no assurance that such insurance will adequately protect us against liability from all potential consequences and damages. For example, we are self- insured against physical damage to property and liability related to windstorms. In **2023 and** 2022, there was no significant hurricane- related downtime whereas in 2021, hurricane ~~–~~related downtime reduced net production by 4, 000 boepd and hurricane related maintenance and repair costs were approximately $ 7 million. In addition, the frequency and severity of weather conditions and other meteorological phenomena, including storms, droughts, extreme temperatures, and changes in temperature and precipitation patterns that impact our business activities, may also be impacted by the effects of climate change. Energy needs could increase or decrease as a result of extreme weather conditions depending on the duration and magnitude of any such climate change. Increased energy use due to weather changes may require us to invest in order to serve increased demand or create operational challenges. A decrease in energy use due to weather changes may affect our financial condition through decreased revenues. To the extent the frequency of extreme weather events increases, this could adversely impact our business, results of operations and financial condition.

Significant time delays between the estimated and actual occurrence of critical events associated with development projects may result in material negative economic consequences. As part of our business, we are involved in large development projects, the completion of which may be delayed beyond what was originally planned. Such examples include, but are not limited to, delays in receiving necessary approvals from project members or regulatory or other government agencies, timely access to necessary equipment, services or resources, availability of necessary personnel, construction delays, unfavorable weather conditions, equipment failures, and outbreaks of infectious diseases, such as COVID- 19. These delays could impact our future results of operations and cash flows. An inability to secure personnel, drilling rigs, equipment, supplies and other required services or to retain key employees may result in material negative economic consequences. We are dependent on oilfield service companies for items including drilling rigs, equipment, supplies and skilled labor. The availability and cost of drilling rigs, equipment, supplies and skilled labor will fluctuate over time given the cyclical nature of the E & P industry. Concerns over global economic conditions, inflation, supply chain disruptions, labor shortages, and other factors, each of which are beyond our control, contribute to increased economic uncertainty for us and our suppliers. As a result, we may encounter difficulties in obtaining required services or could face an increase in cost, which may impact our ability to run our operations and deliver projects on time with the potential for material negative economic consequences. In addition, difficulty in recruiting and retaining adequate numbers of experienced technical personnel could negatively impact our ability to deliver on our strategic goals. Our future success also depends upon the continued service of key members of our senior management team, who play an important role in developing and implementing our strategy. An inability to recruit and retain adequate numbers of experienced technical and professional personnel in the necessary locations or the loss or departure of key members of senior management may prevent us from executing our strategy in full or ~~,~~ in part, which could negatively impact our business. Disruption, failure or ~~cyber security~~ **cybersecurity** ~~breaches~~ **attacks** affecting or targeting **information technology** ~~computer, telecommunications systems,~~ and infrastructure used by the Corporation or our business partners may materially impact our business and operations. Computers and telecommunication systems are an integral part of our exploration, development and production activities and the activities of our business partners. We **rely on computer systems, hardware, software, technology infrastructure and online sites and networks for both internal and external operations that are critical to our business (collectively, Digital Systems). Some of our Digital Systems are managed and owned by us, but we rely on third parties for a range of Digital Systems and related products and services, including but not limited to cloud computing services. We** use these **Digital** ~~systems~~ **Systems** to **communicate,** analyze and store **proprietary,** financial and operating data **as well as data about employees,** ~~and to communicate within our corporation and with outside~~ business partners **and other third parties (collectively, Confidential Information)**. Our reliance on technology has increased due to **our** ~~the increased~~ use of remote communications and ~~other~~ **hybrid** work- from- home ~~practices in response~~ **arrangements, which increase cybersecurity risks due** to ~~COVID~~ **the challenges associated with managing remote computing assets and security vulnerabilities that are present in many non** - ~~19~~ **corporate and home networks**. Technical system flaws, power loss **and** ~~, cyber security~~ **cybersecurity** risks, including cyber or phishing- attacks, unauthorized access, malicious software, data privacy breaches by employees or others with authorized access, ransomware, and other ~~cyber security~~ **cybersecurity** issues **,** could compromise our **Digital** ~~computer and telecommunications systems~~ **Systems** or those of our business partners and result in disruptions to our business operations or the access, disclosure or loss of our **Confidential** ~~data and proprietary information~~ **Information and communications**. In addition, computers control oil and gas production, processing equipment, and distribution systems globally and are necessary to deliver our production to market. A disruption, failure or a cyber breach of these operating systems, or of the networks and infrastructure on which they rely, could damage critical production, distribution and / or storage assets, delay or prevent delivery to markets, and make it difficult or impossible to accurately account for production and settle transactions. As a result, any such disruption, failure or cyber breach and any resulting investigation or remediation costs **, reputational harm**, litigation or regulatory action could have a material adverse impact on our cash flows and results of operations, reputation and competitiveness. We routinely experience attempts by external parties to penetrate and attack our **Digital** ~~networks and systems~~ **Systems**. Although such attempts to date have not resulted in any material breaches, disruptions, financial loss, or loss of business- critical information, our systems and procedures for protecting against such attacks and mitigating such risks may prove to be insufficient in the future ~~and such attacks could have~~ **. Threat actors are becoming increasingly adept in using techniques** ~~an~~ **and tools** ~~adverse impact on our business and operations~~, including **artificial intelligence** ~~damage to our reputation and competitiveness~~, ~~remediation costs~~ **that circumvent security controls**, ~~litigation or regulatory actions~~ **evade detection and remove forensic evidence**. **As** ~~In addition, as~~ technologies evolve and ~~cyber~~ **these** ~~security~~ **cybersecurity** attacks become more sophisticated, we may incur significant costs to upgrade or enhance our security measures to protect against such attacks ~~and we~~ **. We** may **also** face difficulties in fully anticipating or implementing adequate preventive measures or mitigating potential harm. Financial Risks We have substantial capital requirements, and we may not be able to obtain needed financing on satisfactory terms. The exploration, development and production of crude oil and natural gas involve substantial costs, which may not be fully funded from operations. All three major credit rating agencies that rate our debt have assigned an investment grade rating. Although currently we do not have any borrowings under our long- term credit facility, a ratings downgrade, rising interest rates, continued weakness in the oil and gas industry or negative outcomes within commodity and financial markets could adversely impact our access to capital markets by increasing the costs of financing, or by impacting our ability to obtain financing on satisfactory terms. In addition, a ratings downgrade may require that we issue letters of credit or provide other forms of collateral under certain contractual requirements. Environmental concerns and other factors have led to lower oil and gas representation in certain key equity market indices and may increase our costs to access the equity capital markets. Any inability to access capital markets could adversely impact our financial adaptability and our ability to execute our strategy. We **may** engage in risk management transactions designed to mitigate commodity price volatility and other risks that may impede our ability to benefit from commodity price increases and can expose us to similar potential counterparty credit risk as amounts due from the sale of hydrocarbons. We may enter into commodity price hedging arrangements to protect us from commodity price declines. These arrangements may, depending on the instruments used and the level of additional hedges involved, limit any potential upside from commodity price increases. As with accounts receivable from the sale of hydrocarbons, we may be exposed to potential economic loss should a counterparty be unable or unwilling to perform their obligations under the terms of a hedging agreement. In addition, we are exposed to risks related to changes in interest rates and foreign currency values, and may engage in hedging activities to mitigate related volatility. Regulatory, Legal and Environmental Risks Our oil and gas operations are subject to environmental risks and environmental, health and safety laws and regulations that can result in significant costs and liabilities. Our oil and gas operations are subject to environmental risks such as oil spills, produced water spills, gas leaks and ruptures and discharges of substances or gases that could expose us to substantial liability for pollution or other environmental damage. Our operations are also subject to numerous U. S. federal, state, local and foreign environmental, health and safety laws and regulations. Non- compliance with these laws and regulations may subject us to administrative, civil or criminal penalties, remedial clean- ups, natural resource damages and other liabilities. In addition, increasingly stringent environmental regulations have resulted and will likely continue to result in higher capital expenditures and operating expenses for us. Similarly, we have material legal obligations to dismantle, remove and abandon production facilities and wells that will occur many years in the future, in most cases. These estimates may be impacted by future changes in regulations, solvency of subsequent owners and partners and other uncertainties. Concerns have been raised in certain jurisdictions where we have operations concerning the safety and environmental impact of the drilling and development of shale oil and gas resources, particularly hydraulic fracturing, water usage, flaring of associated natural gas and air emissions. While we believe that these operations can be conducted safely and with minimal impact on the environment, regulatory bodies are responding to these concerns and may impose moratoriums and new regulations on such drilling operations that would likely have the effect of prohibiting or delaying such operations and increasing their cost. Climate change, sustainability and other ESG initiatives may result in significant operational changes and expenditures, reduced demand for our products and adversely affect our business. We recognize that climate change and sustainability is a growing global environmental concern. Continuing political and social attention to the issue of climate change and sustainability has resulted in both existing and pending international agreements and national, regional or local legislation and regulatory measures to limit GHG emissions. These agreements and measures may require, or could result in future legislation and regulatory measures that require, significant equipment modifications, operational changes, taxes, or purchase of emission credits to reduce emission of GHGs from our operations, which may result in substantial capital expenditures and compliance, operating, maintenance and remediation costs. For example, the Inflation Reduction Act of 2022 ("IRA ") includes a methane emissions reduction program for petroleum and natural gas systems, which requires the EPA to impose a " waste emissions charge " on excess methane emissions from certain natural gas and oil sources that are required to report under EPA' s Greenhouse Gas Reporting Program beginning January 1, 2024 and also provides significant funding and incentives for research and development of competing low carbon energy production methods. **California recently enacted three climate- related disclosure laws, the Climate Corporate Data Accountability Act, Climate Related Financial Risk Act and Voluntary Carbon Market Disclosures Act, which together will require certain entities doing business in California or taking certain actions in California to report and attain third-party assurance of greenhouse gas emissions information, reporting on climate- related financial risks and reporting regarding the use of voluntary carbon credits and / or carbon reduction claims. Legislation similar to California' s Climate Corporate Data Accountability Act is under consideration in other states.** In addition **to increased costs for compliance** , such legislation, regulations and initiatives could **also** impact demand as our production is sold to third parties that produce petroleum fuels, which through normal end user consumption result in the emission of GHGs. We are prioritizing sustainable energy practices to further reduce our carbon footprint while at the same time remaining a successful operating public company. However, various key stakeholders, including our stockholders, employees, suppliers, customers, local communities and others, may have differing approaches to climate change initiatives. If we do not successfully manage expectations across these varied stakeholder interests, it could erode our stakeholders '**'** trust and thereby affect our reputation. Shareholder activism has been recently increasing in our industry, and stockholders may attempt to effect changes to our business or governance, whether by shareholder proposals, public campaigns, proxy solicitations or otherwise. In addition, certain financial institutions, institutional investors and other sources of capital have begun to limit or eliminate their investment in oil and gas activities due to concerns about climate change, which could make it more difficult to finance our business. We continue to focus on developing our ESG practices, and as voluntary and regulatory ESG disclosure standards and policies continue to evolve, we have expanded and expect to further expand our public disclosures in these areas. Such disclosures may reflect aspirational goals, targets, cost estimates and other expectations and assumptions, including over long timelines, which aspirational goals, targets, cost estimates, and other expectations and assumptions are necessarily uncertain and may not be realized. Failure to realize or timely achieve progress on such aspirational goals, targets, cost estimates, and other expectations or assumptions may adversely impact us. Furthermore, as a result of heightened public awareness and attention to climate change and sustainability as well as continued regulatory initiatives to reduce the use of petroleum fuels, demand for crude oil and other hydrocarbons may be reduced, which may have an adverse effect on our sales volumes, revenues and margins. The imposition and enforcement of stringent GHG emissions reduction requirements could severely and adversely impact the oil and gas industry and therefore significantly reduce the value of our business. Increasing attention to climate change risks and sustainability has resulted in governmental investigations, and public and private litigation, which could increase our costs or otherwise adversely affect our business. For example, 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. Such actions could adversely impact our business by distracting management and other personnel from their primary responsibilities, require us to incur increased costs, and / or result in reputational harm. We are subject to changing laws and regulations and other governmental actions that can significantly and adversely affect our business. Political or regulatory developments and governmental actions, including federal, state, local, territorial and foreign laws and regulations may adversely affect our operations and those of our counterparties with whom we have contracted, which may affect our financial results. These actions could result in tax increases retroactively through tax claims or prospectively through changes to applicable statutory tax rates, modification of the tax base, or imposition of new tax types. For example, **on August 16, 2022 the U. S. enacted** the IRA **, which** includes a 15 % book- income alternative minimum tax on corporations with average adjusted financial statement income over $ 1 billion for any ~~three~~ **3-** year period ending with 2022 or later and a 1 % excise tax on the fair market value of stock that is repurchased by publicly traded U. S. corporations **. The alternative minimum tax and the excise tax are** effective in taxable years beginning after December 31, 2022 **. From time to time since enactment, the Department of Treasury and the Internal Revenue Service have issued interim guidance related to the alternative minimum tax and intend to issue proposed regulations addressing the alternative minimum tax in the future. We continue to evaluate the effect of the new law and any additional guidance on our future cash flows and financial results, including if we become a taxpayer subject to the alternative minimum tax, which would apply to any taxable years beginning on or after January 1, 2024** . The impact of the excise tax provision will be dependent on the extent of share repurchases made in future periods. We continue to evaluate the corporate alternative minimum tax and its potential impact on our future U. S. tax expense, cash taxes, and effective tax rate, as well as any other impacts the IRA may have on our financial position and results of operations. Additionally, governmental actions could include **limitations on** post- production deductions from royalty payments; limitations or prohibitions on the sales of new oil and gas leases or extensions on existing oil and gas leases; adverse court decisions with respect to the sale of new and existing oil and gas leases **or claims related to working interest payments** ; expropriation or nationalization of property; mandatory government participation, cancellation or amendment of contract rights; imposition of capital controls or blocking of funds; changes in import and export regulations; the imposition of tariffs; and anti- bribery or anti- corruption laws. In recent years, proposals for limitations on access to oil and gas exploration and development opportunities and related litigation have grown in certain areas and may include efforts to reduce access to public and private lands; restriction of exploration and production activities within government- owned and other lands; delaying or canceling permits for drilling or pipeline construction; restrictions or changes to existing pipeline easements; limiting or banning industry techniques such as hydraulic fracturing and / or adding restrictions on the use of water and associated disposal; imposition of set- backs on oil and gas sites; reduction of sulfur content in bunker fuel; delaying or denying air- quality or siting permits; advocating for increased regulations, punitive taxation, or citizen ballot initiatives or moratoriums on industry activity; and the use of social media channels to cause reputational harm. Costs associated with responding to these anti- development efforts or complying with any new legal or regulatory requirements could significantly and adversely affect our business, financial condition and results of operations. Political instability globally and in areas where we operate can adversely affect our business. Political instability and civil unrest have affected and may continue to affect the oil and gas markets generally. Some international areas are politically less stable than other areas and may be subject to civil unrest, conflict, insurgency, corruption, security risks and labor unrest. Political instability in areas where we operate may expose our operations to increased risks, including increased difficulty in obtaining required permits and government approvals, enforcing our agreements in those jurisdictions and potential adverse actions by local government authorities. The invasion of Ukraine by Russia in February 2022 has led to disruption, instability, and volatility in global markets and industries, including the oil and gas markets. The U. S. government and other foreign governments imposed severe economic sanctions and export controls against Russia, certain regions of Ukraine and particular entities and individuals, and may impose additional sanctions and controls. **The recent war between Israel and Hamas, which began in October 2023, has the potential for further disruption of economic markets, particularly if the conflict expands to other parts of the Middle East.** To date, we have not experienced a material impact to operations or the consolidated financial statements as a result of ~~the~~ **these conflicts** ~~invasion of Ukraine~~ ; however, we will continue to monitor for events that could materially impact us or our industry. Furthermore, the threat of terrorism around the world also poses additional risks to our operations and the operations of the oil and gas industry in general. In addition, geographic territorial border disputes may affect our business in certain areas, such as the border dispute between Guyana and Venezuela over a portion of the Stabroek Block. One of our subsidiaries is the general partner of a publicly traded limited partnership, Hess Midstream LP. The responsibilities associated with being a general partner expose us to a broader range of legal liabilities. Our control of Hess Midstream LP bestows upon us additional duties and obligations including, but not limited to, the obligations associated with managing potential conflicts of interests and additional reporting requirements from the Securities and Exchange Commission. These heightened duties expose us to additional potential for legal claims that may have a material negative economic impact on our stockholders. Moreover, these increased duties may lead to an increase in compliance costs.