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Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington D.C. 20006-2803

Re: PCAOB Rulemaking Docket No. 34 – The Auditor’s Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion

Dear Board Members:

Hess Corporation (Hess or the Corporation) appreciates the opportunity to respond to the request for comments from the Public Company Accounting Oversight Board (PCAOB) on the proposed auditing standard, *Auditor’s Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion* (the Proposed Standard). Hess is a leading global independent energy company primarily engaged in the exploration and production of crude oil and natural gas. The Corporation is a registrant with the U.S. Securities and Exchange Commission and is classified as a large accelerated filer.

The primary issue addressed in the Proposed Standard is the requirement for auditors to disclose critical audit matters (CAMs) in an unqualified opinion. We believe the requirements as proposed are unnecessary, will reduce the effectiveness and relevance of other disclosures, and will undermine the reliability of an unqualified opinion despite whatever qualifying language to the contrary is added. The concerns raised by the PCAOB regarding CAMs are largely covered by disclosures already provided by registrants in their annual reports (e.g. critical accounting policies and related sensitivities, risk factors, fair value measurements, contingencies, material known trends in MD&A, and significant or unusual transactions). We believe investors understand the key risks of our business based on the totality of our disclosures and other information available. As a result, the addition of CAMs will unnecessarily increase cost and generate redundant disclosures. We also believe disclosure of audit procedures performed on CAMs is inappropriate as readers will not have enough information to understand the nature of the procedures performed or whether the extent of the procedures performed was adequate. As a result, a reader could make an incorrect conclusion regarding risk in relation to the unqualified opinion.

The Proposed Standard suggests the identification and disclosure of CAMs is meant to be guided on a principles-based framework, which by its nature requires judgment. We note in the proposal that if the auditor’s report were determined to contain errors or misstatements, it is expected the registrant’s SEC filing(s) would need to be amended. We are concerned the PCAOB, in applying its oversight authority, will assess the adequacy of CAM disclosures in an audit opinion and potentially trigger amendments to SEC filings due to differences in judgment regarding relevance of what needs to be disclosed by the auditor. If PCAOB imposed amendments to SEC filings resulting from changes in CAM disclosures is a potential outcome of

adopting the Proposed Standard, we believe the confidence in the pass/fail model for unqualified opinions will be significantly undermined.

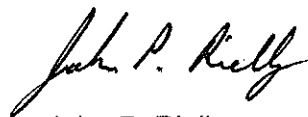
The Proposed Standard also suggests an indirect benefit will be "expanded auditor reporting may serve as a potential means of greater differentiation among accounting firms and engagement partners." This sentiment reinforces our concerns that disclosure of CAMs will undermine the reliability of an unqualified opinion, as well as potentially introduce a risk accounting firms and engagement partners view audit opinions as marketing documents via differentiating disclosures. This tone in the Proposed Standard is inconsistent with what you are trying to accomplish.

We believe the current regulatory framework sufficiently meets the needs of investors with the desired oversight protections in place for ensuring accurate, timely, and relevant information about financial performance, risks, and significant judgments. For the reasons cited above, we do not believe there is sufficient justification for the inclusion of CAMs in an audit opinion, nor do we believe there is clear evidence that this requirement would improve audit quality given the strength of the U.S. regulatory system over SEC registrants and independent registered public accounting firms. Instead, the Corporation believes continued evolution of auditing standards in response to changing market, business, technology, and other changes, as well as open dialogue between auditors, audit committees and management, is a better means to ensure ongoing high quality audits.

Our interpretation of the key objective the PCAOB is trying to achieve with the disclosure of CAMs is to address the information asymmetry between investors and auditors. While we do not agree with the proposal to disclose CAMs, if the PCAOB moves forward with this requirement, we recommend the disclosures be limited to simply identifying CAMs with a cross-reference to the related disclosure within a registrant's filed document, including sections outside the audited financial statements. We believe this recommendation will allow readers to understand the material transactions, disclosures, and judgements that were discussed between the auditor and the audit committee without the cost of developing repetitious disclosures. This more objective approach would also significantly reduce the potential for differences in judgment between auditors and the PCAOB on the adequacy of CAM disclosures.

In the attached appendix, we have provided responses to specific questions on topics other than CAMs included in the request for comments where we have a view. Thank you for the opportunity to provide feedback on this proposal. I would be pleased to discuss our views with you at your convenience.

Sincerely yours,



John P. Rielly
Senior Vice President and
Chief Financial Officer

Responses to Questions in the Proposed Standard

Question 13:

Is the repropoed requirement relating to auditor independence clear? Would this information improve investors' and other financial statement users' understanding of the auditor's independence responsibilities? Why or why not?

Response: We agree with the proposal to add language in the body of the auditor's report to clarify requirements with respect to independence to the company.

Question 18:

Should disclosure of auditor tenure be made on Form AP rather than the auditor's report? Why or why not?

Response: We do not believe auditor tenure is useful information in the auditor's report. We believe including such information in the auditor's report would be an indication the PCAOB views audit tenure as a distinctive factor in determining the quality of an audit. This can lead to baseless conclusions by readers as there is no definitive evidence of linkage between tenure and audit quality. The Proposed Standard states the disclosure of auditor tenure is intended to add to the mix of information that investors can use. Based on that desired objective, our view is auditor tenure, if provided, should be reported on Form AP.

Question 25:

Would the repropoed requirements for a specific order of certain sections in the auditor's report and for section titles make the auditor's report easier to use? Should the standard allow more or less flexibility in the presentation of the auditor's report?

Response: We agree with the proposal to require the "Opinion on the Financial Statements" section be the first section of the auditor's report immediately followed by the "Basis for Opinion" section, as well as, the requirement to use titles for all sections of the auditor's report.