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Hess Corporation

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Introduction

Few American companies embody the spirit of resilience, vision, and adaptation as clearly as Hess Corporation. From its singular beginnings on the streets of New Jersey to its emergence as an international energy powerhouse, Hess's story is one of continuous reinvention and bold ambition. Over the course of more than nine decades, the company has navigated tumultuous global markets, technological revolutions, and shifting energy paradigms, always finding new ways to thrive and deliver value.

Founded in 1933 by the indefatigable Leon Hess, the company started as a one-man oil delivery operation. Through sheer determination and insight, Hess grew his business during some of the toughest years in American history, seizing every opportunity that arose from hardship and crisis. From the Great Depression to World War II, his eye for logistics and efficiency laid the groundwork for a trusted regional name. By mid-century, Hess's entrepreneurial courage fueled expansion into storage terminals, shipping, refining, and eventually, retail gasoline distribution—a foundation that would support extraordinary corporate growth in the coming decades.

Hess's journey did not occur in isolation. The Amerada Hess merger in 1968 represented not just a union of assets, but a fusion of different cultures and expertise in exploration and production. This alliance accelerated the company's global reach while cementing its status among the giants of American industry. Under successive leadership, especially the enduring guidance of Leon's son, John B. Hess, the company weathered oil shocks, regulatory changes, and the fast-forward march of science and technology.

Central to the Hess story is its relentless capacity for transformation. The company's dramatic pivot in the early 21st century—from an integrated oil giant to a focused exploration and production enterprise—showcased both strategic agility and a prescient understanding of the evolving energy landscape. By divesting its downstream businesses and betting on transformative opportunities like Guyana's Stabroek Block and North Dakota's Bakken Shale, Hess once again positioned itself at the forefront of the industry.

Yet, this is more than a tale of balance sheets, boardroom decisions, and barrels of oil. It is the account of a corporate citizen committed to sustainability, social responsibility, and ethical leadership. From pioneering STEM education programs and supporting community health initiatives, to investing hundreds of millions in emission reductions and rainforest protections, Hess's legacy is inseparable from its sense of duty to society and the environment.

This book offers a comprehensive history of Hess Corporation: its early struggles and meteoric ascent, its landmark deals and toughest trials, its people and its principles, and ultimately, its integration into Chevron. As the company closes one chapter and begins another, the story of Hess presents enduring lessons—not only for students of business or energy, but for anyone who believes in the power of vision, adaptability, and integrity.

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CHAPTER ONE: The Origins: Leon Hess and the Birth of an Enterprise

The year 1933 was, for many Americans, the nadir of the Great Depression, a time when economic hope seemed as scarce as steady work. Yet, it was in this climate of profound uncertainty that a nineteen-year-old Leon Hess, fueled by an entrepreneurial fire and an uncommon resolve, laid the groundwork for what would become a global energy company. Born in Asbury Park, New Jersey, in 1914, Hess came of age in an era that demanded grit and ingenuity, qualities he possessed in abundance. His father, Mores Hess, a Lithuanian immigrant who had worked as a kosher butcher before venturing into oil delivery, had seen his own fuel business succumb to the harsh economic realities of the time. This personal experience with hardship likely instilled in young Leon a deep understanding of perseverance and the unforgiving nature of the marketplace.

With his father's business bankrupt, Leon Hess reorganized the company, demonstrating a boldness that would become his trademark. Unable to afford college after graduating from Asbury Park High School in 1931, he opted for a more direct path to commerce. His initial capital was modest: a second-hand, 615-gallon oil delivery truck purchased in 1933. From this single vehicle, Hess began his residential fuel oil delivery service, working tirelessly, often seven days a week, to serve homes in and around Asbury Park, New Jersey. It was a humble start, a testament to his sheer determination in an unforgiving economic landscape.

Hess's early success stemmed from his keen observation of the evolving energy market. He recognized a significant shift: large power companies were increasingly transitioning from coal to oil as their primary fuel source. This foresight prompted him to expand his operations beyond residential heating oil to include post-refinery residual fuel oil, a product that refiners sometimes considered waste. By 1937, just four years after starting his venture, his fleet had grown to six trucks, a substantial expansion in a struggling economy.

The pivotal year of 1938 saw another strategic move: Leon Hess purchased his first oil storage terminal in Perth Amboy, New Jersey. This was a critical step, as the facility included capabilities to unload barges, significantly enhancing his capacity for distribution and storage. This move allowed him to acquire fuel in larger quantities, streamlining his supply chain and increasing efficiency. His innovative approach also involved aggressively underbidding competitors for federal oil contracts, a tactic that underscored his competitive spirit and astute business acumen.

Hess's burgeoning enterprise would soon face a national challenge that would further sharpen his logistical skills. With the advent of World War II, he served in the U.S. Army Transportation Corps, rising to the rank of major. He played a crucial role in supplying fuel to General George S. Patton's Third Army, a demanding task that relied on impeccable organization and a deep understanding of supply chains. This wartime experience, while far removed from civilian business, undoubtedly honed his already impressive abilities in logistics and fuel management, providing invaluable lessons he would later apply to his expanding company. His contribution to fueling Patton's rapid advances across Europe was unheralded but vital.

Following his military service, Leon Hess returned to his business with a heightened sense of purpose and refined expertise. The post-war economic boom provided fertile ground for expansion, and Hess was ready to seize the opportunities. He continued to innovate, building centralized storage systems to compete more effectively with the larger, established petroleum companies. This strategy allowed him to make significant inroads into a market traditionally dominated by industry giants.

The company's growth continued apace. By 1948, Hess purchased its first ship, a 10,000-ton oil tanker, marking a significant step in expanding its distribution capabilities beyond land-based transport. This move solidified his control over the supply chain, from acquisition to delivery, a hallmark of his vertically integrated approach. The late 1950s saw another major milestone with the opening of the company's first refinery in Port Reading, New Jersey, in 1957. This was a crucial step towards becoming a more comprehensive energy company, moving beyond simply delivering refined products to producing them.

The economic climate of the mid-1950s was favorable, and robust post-war growth propelled the company to impressive financial heights. By 1955, Hess's annual sales had soared to over \$100 million, a remarkable achievement for a business that began with a single truck just over two decades prior. This growth underscored Leon Hess's keen business sense and his ability to scale operations effectively. The company's reach also extended directly to consumers with the opening of its first Hess-operated gas station in New Jersey in 1960. This marked the beginning of a direct retail presence that would become a familiar sight for motorists across the East Coast.

A significant corporate restructuring occurred in 1962 when Hess Oil and Chemical Company was formed following a merger with a chemical company. This new entity then went public, a momentous step that provided capital for further expansion and solidified the company's position as a major player in the energy sector. The early 1960s also saw Leon Hess embark on what he considered his proudest business achievement: the construction of a large refinery on Saint Croix in the U.S. Virgin Islands. This facility, built in 1965 and completed in 1967, was, at the time, one of the largest oil refineries in the world. Its strategic location and immense capacity were a

testament to Hess's bold vision and his ambition to build an energy empire.

The foundation was now firmly laid for a more extensive transformation. In 1966, Leon Hess made a significant move by acquiring a 10% stake in Amerada Petroleum Corporation for \$100 million. This investment signaled his intent to integrate exploration and production capabilities into his already robust refining and marketing operations. The stage was set for a merger that would redefine the company and propel it onto the global energy stage, transforming it from a regional power into a major international entity. The seeds of a complex and multifaceted energy corporation, born from a teenager's single truck and unwavering determination, had firmly taken root and were now ready to blossom.

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