

**HESS CORPORATION**

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Mr. J. Gordon Seymour  
Public Company Accounting Oversight Board  
1666 K Street, N.W.  
Washington D.C. 20006-2803

Re: Concept Release on Auditor Independence and Audit Firm Rotation (PCAOB Release No. 2011-006, August 16, 2011, PCAOB Rulemaking Docket Matter No. 37)

Dear Mr. Seymour:

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 Concept Release on Auditor Independence and Audit Firm Rotation (the release). Hess is a global integrated energy company primarily engaged in the exploration for and production of crude oil and natural gas, the manufacturing of refined petroleum products and the purchasing, trading and marketing of refined petroleum products, natural gas and electricity. The Corporation is a registrant with the U.S. Securities and Exchange Commission and is classified as a large accelerated filer.

Hess believes that high quality audits of public companies are an essential component of maintaining effective and efficient U.S. capital markets. Auditor independence, objectivity and professional skepticism are vital to a high quality audit. We believe that the reforms instituted by the Sarbanes-Oxley Act of 2002 (SOX) have significantly improved the quality of independent audits and that mandatory audit firm rotation is not necessary. The Corporation believes that the benefits of mandatory audit firm rotation would be outweighed by the resulting risks to audit effectiveness and significant additional cost which is described in more detail below.

Mandatory audit firm rotation would interfere with an audit committee's responsibility for selecting the most appropriate audit firm based on a firm's overall qualifications, including relevant industry expertise and geographic presence. We believe that the level of industry experience varies among the major international audit firms. Mandatory rotation could require a company to select from a group of firms that may have less or possibly even insufficient industry expertise and geographic breadth.


A requirement to rotate audit firms would diminish the accumulation of industry and company specific knowledge and experience. During the first few years following an audit firm rotation, audit quality would be compromised while the new firm is developing the institutional knowledge that is essential for having meaningful and robust discussions with management, especially as it relates to complex industry specific issues. Additionally, the recurring training of new auditors would likely significantly increase the audit fees and internal costs for companies.

This proposal would also complicate and add cost to engagements for non-audit accounting related services that most companies have with the other major international accounting firms that are not their audit firm. For example, certain engagements with the incoming audit firm, such as internal audit and/or SOX testing support, would also need to be transferred to another firm at the same time that the audit is rotated in order for the incoming firm to maintain auditor independence. Similar to the impact of rotating auditors, transitioning firms for these types of engagements would also require incremental training and knowledge transfer that would increase fees and internal costs. In many instances, the major international accounting firms are the most qualified for these engagements due to their superior expertise, greater resources and extensive geographic reach.

For the risks identified and cost considerations described above, we believe that there is not sufficient justification for such a fundamental change without clear evidence that it would improve audit quality. Instead, the Corporation believes that the audit firm inspection process and continued evolution of auditing standards are better means for assuring high quality audits.

Thank you for the opportunity to provide comments on this proposal. I would be pleased to discuss our views with you at your convenience.

Sincerely yours,

  
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John P. Rielly  
Senior Vice President and  
Chief Financial Officer