



2010 - 2011

REPORT TO ALASKANS

 **ConocoPhillips**



10-11

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ConocoPhillips
in Alaska 04

Environment 06

Safety 08

Innovation 10

Community 12

Neighbors 14

Economy 16

DEAR ALASKAN,

When I'm asked what makes ConocoPhillips Alaska's oil and gas company, my answer is simple: it's our people. As you will read in our 2010/2011 Report to Alaskans, our employees donated more than 7,000 volunteer hours to Alaska's nonprofits in the past year. In addition, ConocoPhillips employees raised or donated nearly \$675,000 in support of local charitable organizations, including the United Way—resulting in well over \$1 million in donations with the company's dollar-for-dollar match. These are just two examples of ways that ConocoPhillips employees are touching the lives of people in every corner of the state.

The reason they do it is simple. Approximately nine out of 10 ConocoPhillips Alaska employees call the 49th state home, giving us one of the highest local hire rates in the industry. And we continue to prepare the next generation of employees through our ongoing support of Alaska's vocational and higher education programs. This year, in addition to our annual support of integrated science at the University of Alaska Anchorage (UAA), we announced a new endowment for engineering students at the University of Alaska Fairbanks (UAF). These kinds of efforts pay off for our company—and for Alaska. Currently, more than 100 University of Alaska (UA) graduates are employed at ConocoPhillips.



ConocoPhillips first drilled in Alaska way back in 1952 and we've been here ever since. The history of our company is inseparable from the history of the state. Today we need to focus on the future. We continue to develop technology that will extend the lives of our current fields. We are working with federal agencies and local stakeholders to enhance our opportunities for success both onshore and offshore. We are investing in future generations of Alaskans, providing education and employment opportunities. By working together with the state, our industry can help secure a healthy economy for today—and tomorrow.

Why am I confident about the future? Because I believe in Alaska and I believe in our people.



Trond-Erik Johansen

President

ConocoPhillips Alaska, Inc.

 **ConocoPhillips**





Chris Hunter

Procurement Lead, Materials



Chris came to Alaska in 1986 planning to stay for five years. Twenty-five years later, he's still here and can't imagine living anywhere else.

"In procurement, we have to supply everything the folks working in the field need. It's critical to the health of the company because having dependable, quality supplies affects both the bottom line and safety. My job is to make sure every job proceeds safely, smoothly and at a competitive price."

ConocoPhillips in Alaska

ConocoPhillips has been leading the search for energy in Alaska for more than 50 years. We are committed to responsibly developing Alaska's resources, providing economic opportunity for Alaska, operating at the highest safety standards and being a good neighbor.

Where We Operate

- Kenai Liquefied Natural Gas Plant since 1969
- Tyonek Platform in Cook Inlet since 1969
- Kuparuk River Unit since 1981
- The Beluga River Gas Field since 1986
- The Colville River Unit (Alpine) since 2000
- Alaska headquarters in Anchorage

Other Alaska Assets

- 36% owner in the Prudhoe Bay Unit
- 28% owner Trans Alaska Pipeline System

2010 ConocoPhillips Alaska, Inc. Production

- 230,000 barrels of oil and natural gas liquids per day
- 82 million cubic feet of natural gas per day

Exploration & Development

- Drilled some 50 exploration wells, including more than 20 in NPR-A, since 2000
- Formed the Greater Mooses Tooth Unit, the first unit in NPR-A, in 2008
- Formed the Bear Tooth Unit in NPR-A in 2009
- Pursuing advancement of the CD5 satellite field, the first sustained oil production from the National Petroleum Reserve Alaska
- CD5 represents between 12,000 and 18,000 barrels of oil per day in new production and peak employment of about 400 new jobs during construction

- Released more than a million acres in the NPR-A since 2007
- Hold 98 lease blocks covering approximately 558,000 acres in the Chukchi Sea
- Exploration drilling in the Chukchi Sea targeted for as early as 2013

Community

- More than \$93 million donated to Alaska nonprofits since 2000
- More than 5,000 employee volunteer hours per year on average; more than 7,000 in 2010

Investment & Economy

- Invested more than \$730 million in capital projects in Alaska in 2010, down from \$810 million in 2009 and more than \$1.4 billion in 2008
- Approximately 1,100 direct employees
- Paid more than \$6 billion in taxes to the State of Alaska over three years from 2008 to 2010; additionally, royalties valued at nearly \$3 billion were paid over the same period
- Helping to grow Alaska's Permanent Fund
- Playing a key role in helping to secure the state's economic future



Mary Mae Aschoff
Environmental Coordinator



A UAA basketball scholarship brought Mary Mae Aschoff north from Nebraska, but she quickly fell in love with the Last Frontier. Ten years later, she's still working hard to protect her adopted home.

"Protecting the environment is not only my job, it's something the whole company focuses on. I joined ConocoPhillips because I wanted to be an active participant in the company's environmental policy. I am part of Alaska, I am an oil and gas person and I believe I work for the last great American oil company."

Environment

Protecting the natural environment while extracting critical energy is one of ConocoPhillips' highest priorities. By supporting education and outreach efforts, conducting research and adhering to high environmental standards, we work to ensure that our actions today not only provide the energy needed to drive economic growth and social well-being, but also secure a stable and healthy environment for tomorrow.

Onshore Environmental Studies

ConocoPhillips has a wealth of environmental data that has been collected in Alaska over multiple decades. In 2010, the company sponsored or directed more than 25 environmental studies in the state, providing valuable information for continued responsible development. As an ongoing effort, we collect data and document fish and wildlife habitats and movement in relevant areas across the North Slope. We conduct archeological surveys to avoid sites containing historic or cultural artifacts, and we document breakup flooding and lake water recharge each year. ConocoPhillips is committed to using sound science to guide project development and field operations.

Offshore Environmental Studies

ConocoPhillips proudly led an industry group to develop and implement a multi-year ecosystem-level environmental studies program in the Chukchi Sea. The group completed a third year of study in 2010. The program leverages tens of millions of dollars by working cooperatively with other offshore operators; universities; research institutions; local, state and federal governments and local stakeholders. This program is contributing significant information to the understanding of ecosystems in the Arctic Outer Continental Shelf.

Air Quality

ConocoPhillips is moving forward with plans to drill an exploration well in the Chukchi Sea in 2013 using vessels equipped with state-of-the-art air emissions control technology. The voluntary deployment of this stringent control technology will ensure that the emissions from ConocoPhillips' exploration well project will be below EPA major source construction permitting thresholds. The project's ambient air impacts on the onshore communities will also be below the health-based, national ambient air quality standards.

Environmental Remediation

In 2010, Conocophillips reclaimed a historic coastal exploration site near Mikkelsen Bay on the North Slope. On-site gravel and organic soils were used to repair the remote site, eliminating the need to import fill material while establishing an ideal native growing substrate for tundra revegetation.

Tundra Rehabilitation

The goal of ConocoPhillips Alaska's Tundra Rehabilitation program is to establish productive, diverse, and self-sustaining plant life at previously disturbed locations across the North Slope. The program promotes the healthy growth of indigenous plant species using rehabilitation techniques such as seeding, fertilizing, transplanting and tundra sodding. In 2010, ConocoPhillips treated or monitored more than 15 sites, helping to restore the natural habitat and documenting progress.



Rich Nelson

Drilling and Wells Safety Specialist



Not only are Rich and his wife both lifelong Alaskans, but members of Rich's family were early pioneers. They came to the Last Frontier to mine and fish at the turn of the last century, when workplace safety wasn't quite what it is today.

"I have four children and nine grandchildren. They're all going to be entering the workforce someday. It's a top priority for me and for ConocoPhillips to make sure our company is a place where Alaskans can work safely."

Safety

At ConocoPhillips, it is our goal to prevent injuries and eliminate unsafe practices from our activities. We believe that our work is never so urgent or important that we cannot take the time to do it safely and in an environmentally responsible manner. The ConocoPhillips Spirit Values—Safety, People, Integrity, Responsibility, Innovation and Teamwork—inspire all our actions. Achieving continuous improvement in health, safety and environmental performance is integral to our operations, a core value for our company and deeply embedded in our business culture.

Safety Leadership

ConocoPhillips continues to be an industry leader in health, safety and environmental performance. In 2010, ConocoPhillips Alaska had its second best year overall, and we maintained one of the lowest safety incident rates in the oil and gas industry. As an organization, we are working diligently to reach our goal of zero injuries, illnesses and incidents.

Response Preparedness

In 2010, ConocoPhillips had over 450 trained volunteers in Alaska who were prepared to respond in the event of an incident or natural disaster. In 2010, our responder training program focused on education and hands-on instruction in oil spill, aircraft and natural disaster response. Emergency response drills provided true-to-life response practice and the opportunity to work with Alaska Clean Seas, Cook Inlet Spill Prevention & Response, Inc., Alaska Department of Environmental Conservation and the United States Coast Guard.

New Safety Initiatives

In 2010, the company kicked off a number of new North Slope safety programs and initiatives to further the safety culture of our workforce. Some of the most notable programs were: an impact-glove requirement to minimize hand injuries; a traction-device requirement to minimize

slipping injuries during the winter; and a “When to go to the Clinic” standard to prevent minor injuries from becoming worse due to lack of prompt medical attention.

Voluntary Protection Program

ConocoPhillips has five facilities in Alaska participating in the Voluntary Protection Program, a federal Occupational Safety and Health Administration initiative that encourages companies to exceed minimum health and safety regulations. ConocoPhillips was instrumental in coordinating a successful Region X Voluntary Protection Program Participants Association Conference in Anchorage in 2010. The conference focused on advancing health and safety in the workplace and was attended by almost 300 participants from Alaska, Oregon, Washington and Idaho.

Arctic Response Conference

In April 2010, ConocoPhillips was pleased to host “Oil in Ice,” an international SINTEF conference in Anchorage, to discuss oil spill response in arctic and ice-covered waters. SINTEF member organizations presented findings to over 150 attendees from multiple international and domestic companies, organizations and agencies. SINTEF is a multi-million-dollar joint industry research and development program based in Scandinavia.



James Ohlinger
Coiled Tubing Drilling Engineer



Growing up with a father who worked for the Alaska Department of Fish and Game and a mother who worked in the school system, James was given such a thorough knowledge of Alaska that he was able to work as a tour guide while he studied at UAF. Today, he puts his thirteen years of experience in Alaska's oil fields to work, increasing ConocoPhillips' production and developing reserves that were once considered at risk.

"With what the state and ConocoPhillips have to offer, I can't see any reason to leave Alaska. I plan to make it my home well into my sourdough days."

Innovation

ConocoPhillips is known worldwide for its technological expertise in areas like exploration and production, reservoir management and 3D seismic technology. ConocoPhillips conducts ongoing research designed to improve production of today's conventional fuels while leveraging the company's expertise in new ways. The company is not only substantially increasing its research and development efforts on technologies that complement its existing businesses, but also on alternative and renewable energy sources and environmental preservation. From pipeline maintenance to accessing resources in the challenging conditions on Alaska's North Slope, ConocoPhillips is dedicated to developing energy solutions for today and tomorrow to benefit all Alaskans.

Alpine 3D/4D Seismic Survey

ConocoPhillips conducted a new 3D seismic survey designed to improve subsurface geologic imaging and help expand development drilling opportunities for the Alpine Field and surrounding satellites. While final analysis has not been completed, results of the survey are also believed to provide 4D (time-lapse) information on internal reservoir dynamics which will assist engineers in managing field recovery processes.

Custom Drilling Rig

The custom coiled tubing drilling (CTD) rig continued to help maximize oil recovery at Kuparuk in its second year of operations. CTD involves the use of a continuous string of tubing spooled off a reel into an existing wellbore. The flexible tubing is used instead of pipe to deliver and control drill bits and other tools in the reservoir. A single "window" drilled in the side of an existing well casing allows drilling of up to seven separate 1,500 to 3,000 foot horizontal wellbores reaching previously inaccessible oil.

Gas Hydrates

ConocoPhillips, in cooperation with the U.S. Department of Energy, is working on the first field trial of a promising technology that may allow production of natural gas from methane hydrates. Methane hydrates are mixtures of gas and water that form ice-like solids at temperatures

above the freezing point of water. Many experts believe that methane hydrates hold significant potential to supply clean fossil fuel. At present, a technology does not exist to economically produce methane from hydrates. This trial is an important first step in analyzing a production technology with potential both to produce this resource and to sequester carbon dioxide in the process.

Extended Reach Drilling

ConocoPhillips teams in Alaska have maximized the extended reach drilling capabilities of ConocoPhillips worldwide. Our current technology allows us to consistently access new reservoirs up to five miles from the drilling rig. Longer wells can reach reserves that would otherwise require more gravel pads and surface facilities for development, thus lowering the cost and decreasing our environmental footprint.

Pipeline Management

ConocoPhillips uses a multi-layered approach to prevent, mitigate and detect corrosion on its extensive North Slope pipeline network. The combination of good design practices, effective mitigation, and monitoring and inspection programs provides a comprehensive approach to managing the risks associated with both internal and external corrosion.



Mary Gibbs

Philanthropy & Community
Services Director



ConocoPhillips

In 1970, Mary came to Alaska for adventure with her husband and 18-month-old son. Neither she nor her husband had a job or knew anyone in the state. After forty-one years and two more children, she is deeply rooted and emotionally attached to Alaska. Twenty-eight years at ConocoPhillips have put her in touch with our community in ways she never imagined.

"After spending more than 25 years in accounting, my role in philanthropy has provided new challenges and big rewards. I'm honored to represent ConocoPhillips at public events and collaborate with nonprofits on projects that benefit both our company and our community."

Community

ConocoPhillips and its employees are committed to building relationships and working together with community leaders to enhance the quality of life in the communities where we live and work. Since 2000, the company has given more than \$93 million to hundreds of Alaska-based nonprofits across the state, funding programs that support education, social services, the arts, civic and youth groups and the environment. In addition, employees have given an average of over 5,000 volunteer hours each year. In 2010, ConocoPhillips donated more than \$6.4 million to 285 nonprofits around the state.

Touching Lives Statewide

From Soldotna to Barrow, ConocoPhillips is invested in helping people throughout Alaska. The company's support of the marketing campaign for "Pick. Click. Give." helped raise over \$1 million from more than 9,500 Alaskans. The Anchorage Museum "Star Wars" Exhibit, the Animal Infirmary at the Alaska Zoo, the Kenai Peninsula Food Bank warehouse expansion and both the Nuiqsut and Soldotna community playgrounds are also examples of projects that touched the lives of many Alaskans.

Employee Involvement

ConocoPhillips encourages its employees to be involved in the communities where they live and work. In 2010, our employees volunteered well over 7,000 hours, which resulted in donations of over \$100,000 for 107 nonprofit organizations. The employee-driven United Way Campaign raised over \$1 million for United Way organizations statewide. Employees also participated in numerous cycling, running and other nonprofit fundraising events and made personal donations to local charities that were eligible for additional corporate donations.

Education and Youth

In 2010, ConocoPhillips provided more than \$4.2 million to support educational programs in Alaska. This included \$1.5 million to UAA for the ConocoPhillips Integrated Science & Engineering Building and \$2.2 million for the Science & Engineering Endowment. In addition,

ConocoPhillips funded Ilisagvik College, Alaska Pacific University and scholarships for Alaskans seeking training to prepare them for jobs on the North Slope.

Environment

In 2010, ConocoPhillips contributed over \$100,000 as part of its Spirit of Conservation Program, which restores, enhances and provides access to key fish and wildlife habitats. This program funded such projects as Mat-Su Basin Salmon Habitat Restoration and the Campbell Creek Estuary Conservation Project.

In-Kind Donations

From in-house graphics support and printing, to atrium and office support donations, ConocoPhillips contributes significantly to community and nonprofit events through in-kind contributions.

Major Sponsorships

ConocoPhillips was a major sponsor of numerous community events, including the Mount Marathon Race in Seward, Mayor's Marathon, the Fireweed 400 Bicycle Race and the ConocoPhillips Besh Cup. We also proudly sponsored the Fairbanks Heart Walk, the Inuit Circumpolar Conference and the Anchorage Concert Association's presentation of "The Nutcracker" ballet, which included a free community performance for more than 1800 patrons of local nonprofit organizations.



Iviqaggsrak —
Hazel Munoz

Community Relations Representative



ConocoPhillips

Hazel is uniquely qualified for her job. She grew up in the state's northeasternmost village, Kaktovik, and earned an MBA from Alaska Pacific University. She brings a background in education, communication and human resources to her role as one of our company's North Slope community liaisons.

"It's very rewarding to be in a position where I can positively shape progress in both the indigenous community and corporate America, which includes working with young adults for job readiness. I believe in ConocoPhillips' commitment to benefiting neighboring communities and I'm proud to be part of the process."

Neighbors

ConocoPhillips respects the rich culture of Alaska Native peoples and actively seeks to learn from their traditions. The company works diligently to build inclusive, honest and respectful relationships with our North Slope neighbors who live in closest proximity to the majority of our operations. We strive to ensure open lines of communication through community meetings, updates to local governments and tribal councils and one-on-one conversations with community members. We are committed to building a strong and visible presence while creating opportunities for Alaska residents.

Community Support

ConocoPhillips is committed to supporting the people and organizations of Alaska's Native communities. In 2001, we provided grant funding in support of organizational programs such as KBRW's public radio programming in Barrow, Alaska Native Science and Engineering Program's summer internships, First Alaskans' Elders & Youth Conference and Koahnic Broadcasting Corporation's national broadcast.

Ilisagvik College

In 2010, ConocoPhillips continued to demonstrate its support for educating and training North Slope residents with the establishment of a \$10,000 vocational education scholarship with Ilisagvik College. This scholarship, combined with ConocoPhillips' annual support, enables Ilisagvik College to deliver the classes and training needed to create and support both the current and next generation of skilled and technical workers on the North Slope.

Nuiqsut Playground

Our Alpine team made construction of a functional playground for the children of Nuiqsut the focus of their Day of Caring project. The Arctic Slope Community Foundation accepted and administered the funds from ConocoPhillips to be used for this project. ConocoPhillips worked with volunteer contractors, including Kuukpik LCMF, ASRC Energy Services, Nanuq Inc., Kuukpik Carlile and NANA WorleyParsons. Nuiqsut celebrated the project with a grand opening ceremony in July 2010.

Float Coats – Encouraging Water Safety

In 2010, ConocoPhillips participated in Alaska Native Tribal Health Consortium's launch of the white float coat program to promote water safety in the Arctic. ConocoPhillips sponsored the initial pilot project that provided six volunteer whaling crews with custom white flotation jackets that were culturally appropriate and warm enough to use in extreme conditions. The white float coats are now in demand.

Cooperating in the Chukchi Sea

In 2010, ConocoPhillips conducted 16 meetings in northern Alaska communities that provided updates on our proposed offshore exploration plans and received input from residents. Local Iñupiat Marine Mammal Observers helped locate and identify marine mammal and bird species. And a communication station in the Village of Wainwright informed residents of vessel locations in an effort to avoid interference with subsistence hunting.

Alpine Local Hire

ConocoPhillips is committed to providing training and employment opportunities to local residents on the North Slope. Programs include: incentives to contractors for local hire; Career Quest, a program targeting high school students at the Trapper Creek School in Nuiqsut; intern/shadow opportunities at the Colville River Unit (Alpine field); and hiring of subsistence representatives and ice road monitors. These programs resulted in record levels of success in 2010, with more residents involved than ever before.



Christina Twogood
Intern



Born and raised in Fairbanks, Christina is a senior at UAF majoring in petroleum engineering. As an intern working at ConocoPhillips in Anchorage, she receives invaluable experience working on water injectivity and reservoir planning for the Kuparuk oil field on Alaska's North Slope, the second largest oil field in North America.

"I love it here. I'm getting hands-on training that I just can't get in the classroom. And this is a great company. When I graduate, my goal is to stay and work in Alaska."

Economy

ConocoPhillips and its predecessor companies have been contributing to the Alaska economy for more than 50 years. We are proud to be part of an industry that has moved more than 15 billion barrels of oil, created thousands of jobs, supported communities and developed technologies that have unlocked additional resources on the North Slope. According to the Institute of Social and Economic Research, Alaska's oldest public policy research organization, one in three jobs in Alaska is supported by the oil and gas industry.

We understand the importance of investing in Alaska and we know our industry's future depends on Alaskans today. We are committed to providing jobs for Alaskans and we actively recruit Alaskans for all of our open positions. In the past five years, we have hired over 275 new employees, only 21 of whom were non-residents. We currently employ about 1,100 people in Alaska and 87 percent of those employees call Alaska home.

College Recruiting

ConocoPhillips recruits for interns and full-time hires at UAA, UAF and Kenai Peninsula College. In addition, we recruit Alaskans who attend college outside Alaska. Our efforts have proven successful, with several summer interns from Alaska being placed in positions in Alaska and the Lower 48. In 2010, two of our summer interns were subsequently offered full-time positions with the company.

Alaska Process Industry Careers Consortium (APICC)

ConocoPhillips is committed to supporting APICC through both volunteer and financial support. In 2010, a ConocoPhillips employee served on the APICC board of directors as well as the Needs Assessment Committee. The company also provided \$30,000 toward advancing APICC's objectives to create, connect and enhance the quality of career development, training and educational programs available to prepare Alaskans for future careers.

University of Alaska Process Technology Program

In 2010, ConocoPhillips sponsored four summer interns from the University of Alaska Process Technology

program, resulting in four full-time apprentice hires.

A degree in process technology prepares individuals for employment as operations technicians in the "process industry," which includes, for example, oil and gas, mining and milling and transportation and refining.

These are highly skilled and well-paid positions in Alaska and around the world.

Teacher Industry Externship

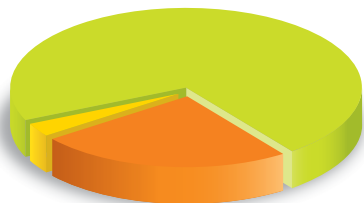
The company also sponsored a Nuiqsut teacher through the Teacher Industry Externship program, placing the teacher at our Alpine facility for the summer of 2010. Teacher industry externships offer educators an opportunity to gain a greater understanding of the business world, the chance to upgrade their skills and knowledge of how academic concepts are used in the workplace and to gain a better understanding of career opportunities available for Alaska's youth.

Alaska Native Science & Engineering Program (ANSEP)

In 2010, ConocoPhillips continued its financial support of ANSEP. The company sponsored student participation in the ANSEP Summer Bridge program and provided two students with paid internships—one in our capital projects organization and another in the drilling and wells department.

Alaska Spend Profile (Goods, Services & Freight)

ConocoPhillips' commitment to supporting Alaska businesses results in local jobs and boosts the overall economy as well. In 2010, 86 percent of all dollars the company spent for goods, services and transportation went to Alaska-based companies.



ALASKA SPEND PROFILE 2010

Goods:	\$236,962,660.82
Services:	\$660,206,630.87
Freight:	\$27,873,303.81
Total:	\$925,042,595.50

Creating Jobs in the Contract Workforce

ConocoPhillips encourages the companies with which we contract to hire locally. While ConocoPhillips works with hundreds of contract companies around the state, the key contractors listed below alone represent more than 4,500 Alaska jobs.

ASRC

Total Workforce: 4,774
Alaska Residents: 2,761 (58%)
Alaska Native: 562 (12%)

Doyon Drilling

Total Workforce: 356
Alaska Residents: 303 (85%)
Alaska Native: 152 (43%)

Doyon Universal Services

Total Workforce: 890
Alaska Residents: 828 (93%)
Alaska Native: 205 (23%)

Halliburton Energy Services

Total Workforce: 403
Alaska Residents: 283 (70%)
Alaska Native: 10 (2.5%)

Kuukpik Arctic Catering

Total Workforce: 65*
Alaska Residents: 57 (88%)
Alaska Native: 4 (6%)
**Statistic applies to ConocoPhillips contract only*

Nabors Alaska Drilling

Total Workforce: 307
Alaska Residents: 255 (83%)
Alaska Native: 52 (17%)

MI Swaco

Total Workforce: 194
Alaska Residents: 170 (88%)
Alaska Native: 7 (4%)



Zoya Thomas
Internal/External Reporting



Originally from Russia, Zoya has been living and working in Alaska with her husband for the last twelve years. We depend on employees like Zoya, one of our 100+ UA grads, to help our company adapt to the constantly changing energy industry.

"ConocoPhillips is a great place to work. The company encourages employee and community involvement and emphasizes corporate responsibility. It's hard to get bored here, as I am always learning something new or working toward development of new solutions for an evolving world."

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