

# 1Q15 Conference Call

April 30, 2015

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# Jeff Sheets

EVP, Finance and CFO

# 1Q15 Highlights

## Operational

- 5% year-over-year production growth<sup>1</sup>
- First production at Eldfisk II, Bayu Undan Phase III and the Brodgar H3 well
- Advancing 5 major projects toward startup by year end

## Financial

- \$222MM adjusted loss; (\$0.18) adjusted EPS
- \$2.1B CFO<sup>2</sup>; \$2.7B ending cash
- Progress underway on \$1B operating cost reduction

## Strategic

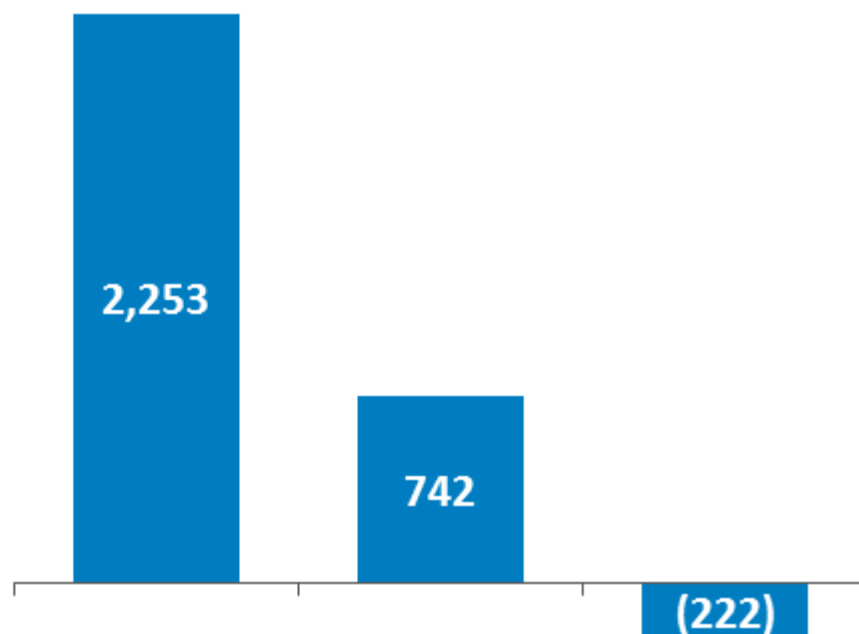
- Announced three-year operating plan
- Implementing reduced capital plan
- On track for 2-3% production growth

<sup>1</sup> Production from continuing operations, adjusted for Libya, downtime and dispositions.

<sup>2</sup> Cash from continuing operations (CFO), excluding working capital increase of \$0.25B, is \$2.1B and cash provided by continuing operations is \$1.87B.

# 1Q15 Performance – Adjusted Earnings

**Adjusted Earnings (\$MM)**



	1Q14	4Q14	1Q15
<b>Adjusted EPS (\$)</b>	<b>\$1.81</b>	<b>\$0.60</b>	<b>(\$0.18)</b>

	1Q14	4Q14	1Q15
<b>Average Realized Price (\$/BOE)</b>	<b>\$71.21</b>	<b>\$52.88</b>	<b>\$36.96</b>

## Highlights

- Strong operational performance; year-over-year production growth of 5%
- 12% year-over-year lower operating costs, adjusted for restructuring costs
- Earnings negatively impacted by realized prices and dry hole expense

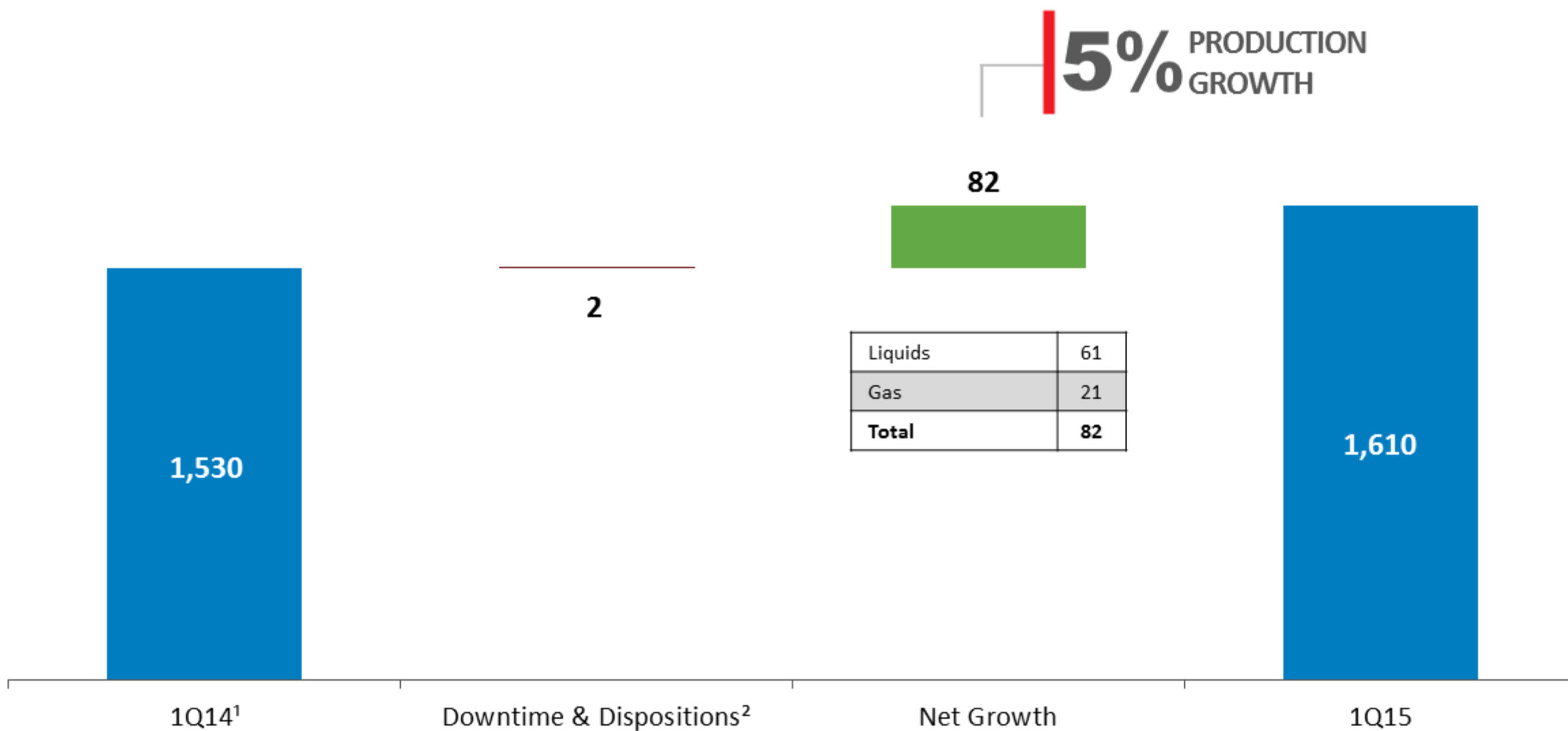
## 1Q15 Adjusted Earnings (\$MM)

Lower 48	(\$389)
Canada	(\$140)
Alaska	\$146
Europe	\$86
Asia Pacific & Middle East	\$396
Other International	(\$93)
Corporate & Other	(\$228)
<b>Total</b>	<b>(\$222)</b>

Production from continuing operations, adjusted for Libya, downtime and dispositions.

1Q15 operating cost of \$2.1B, a 7 percent year-over-year decrease compared with 1Q14 operating costs of \$2.3B. 12 percent operating cost reduction includes \$104MM pre-tax adjustment for restructuring costs.

# 1Q15 Production From Continuing Operations

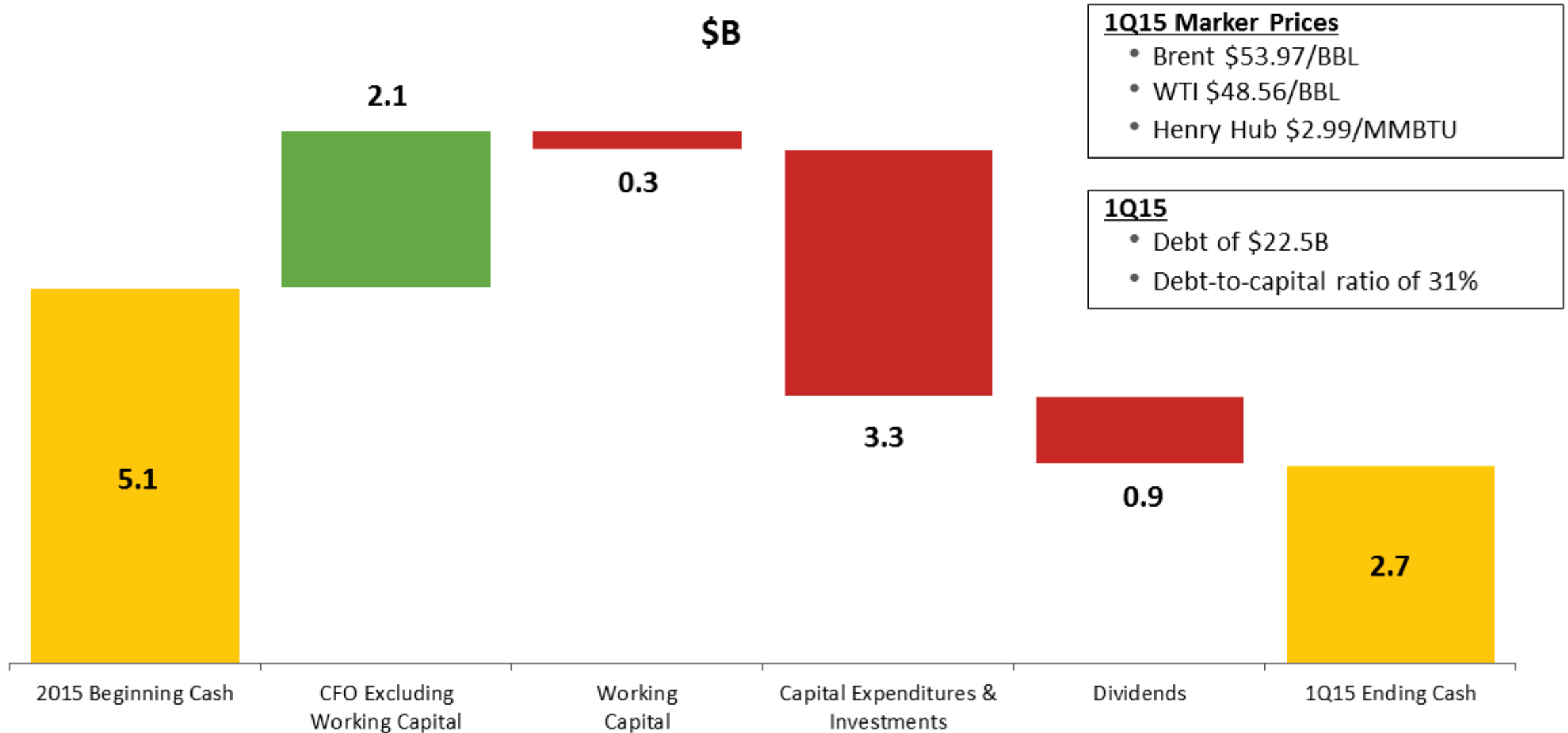


All volumes in MBOED.

<sup>1</sup> Excludes Libya volumes of 2 MBOED in 1Q14.

<sup>2</sup> Dispositions reflect Canada asset sales in 4Q14.

# 1Q15 Performance – Company Cash Flow



# 2015 Guidance Unchanged



- On track for 2 to 3% production growth; 2Q production range of 1,555 – 1,595 MBOED
- Implementing ~\$11.5B capital program
  - Spending decreases through the year
- Operating costs of ~\$9.2B
  - Planned turnaround activity in 2Q/3Q
  - Major project startups in 2H15
- Exploration dry hole and impairment expense of ~\$0.8B
- DD&A of ~\$9.0B
- Corporate segment net loss of ~\$1.0B

Production represents continuing operations, excluding Libya.



# Matt Fox

EVP, Exploration & Production



**CONFIRMED**  
UPPER EAGLE  
FORD POTENTIAL

## Lower 48

- 1Q15 production of 542 MBOED
- Transitioned from 32 operated rigs at year-end 2014 to 15 at the end of April
- Eagle Ford pilot testing continues, with Upper Eagle Ford results exceeding expectations
- Appraisal activity ongoing at Gila and Tiber

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## Canada

- 1Q15 production of 318 MBOED
- Successfully completed western Canada winter drilling program
- Foster Creek Phase F continuing to ramp up
- Surmont 2 construction over 93% complete

# Alaska and Europe



**2 STARTUPS  
IN EUROPE  
IN 1Q15**

Eldfisk

## Alaska

- 1Q15 production of 186 MBOED
- CD5 and Drill Site 2S progressing toward startup in late 4Q15
- 1H NEWS project sanctioned
- Kenai LNG operations resumed in April with exports commencing in May

## Europe

- 1Q15 production of 209 MBOED
- Eldfisk II continuing to ramp up
- Brodgar H3 subsea tie-back achieved first production
- Enochdhu progressing toward startup in 3Q15



# Asia Pacific & Middle East and Other International

## Asia Pacific & Middle East

- 1Q15 production of 351 MBOED
- Gumusut FPS continuing to ramp up
- KBB initiated domestic gas sales, but remains constrained pending third-party pipeline repairs
- First gas achieved at Bayu Undan Phase III
- APLNG startup expected in 3Q15

APLNG



## Other International

- In Angola, Vali-1 spud in April
- Senegal appraisal planning continues
- Libya production remains shut in



**>90%**  
**COMPLETE**  
**APLNG PROJECT**

# What To Watch in 2015

**2-3%**

PRODUCTION  
GROWTH IN 2015

**1,555-1,595**

2Q15 PRODUCTION  
GUIDANCE

**\$1 BILLION**

OPERATING COST  
REDUCTION UNDERWAY

**5 ADDITIONAL**

MAJOR PROJECT  
STARTUPS EXPECTED  
IN 2015

- Major turnaround activity in 2Q/3Q
- Lower 48 production expected to decrease during 2H15
- Major project startups expected at Surmont 2, APLNG, Enochdhu, CD5 and Drill Site 2S
- Spud exploration well Vali-1 in Angola in April, expect to spud Vernaccia and Melmar wells in the Gulf of Mexico in 2Q and 4Q, respectively, and the Cheshire well in Nova Scotia in 4Q
- Appraisal drilling expected to commence offshore Senegal in 4Q; appraisal activity ongoing in the Gulf of Mexico

## Major Turnaround Activity

Area	2Q15	3Q15
Alaska		
Europe		
APME		

Production represents continuing operations, excluding Libya.

# Q&A