Safe and Responsible

The new independent ConocoPhillips continues its commitment to HSE

Celebrate!
Employees around the world mark Day One in unique ways

IT Jam
Information Technology ushers in a new era of collaboration

It's Our Time!
On May 1, 2012, ConocoPhillips became an independent exploration and production (E&P) company, solely focused on its core business of finding and producing oil and gas globally. Our vision is to be the E&P company of choice by pioneering a new standard of excellence.
At spirit Magazine, we’re celebrating five years of bringing stories about ConocoPhillips and its people to you. We are proud of our new company, and spirit Magazine will continue its role of keeping you informed.

The spirit of our success lives on.
This is the first issue of spirit Magazine since ConocoPhillips’ repositioning into an independent exploration and production company, and it marks the beginning of a new era for us. As I said often during the repositioning process, when it comes to key values-driven aspects of our business, we are changing very little. On Day One and every day thereafter, our commitment to operate in a safe and responsible manner remains steadfast.

Safety and responsibility, two core SPIRIT values, rightfully take their place as the subject of this issue’s cover story (Page 12). The article describes the critical role of our new Health, Safety and Environment (HSE) organization under the leadership of E&P Executive Vice President Matt Fox and HSE Vice President Mike Ferrow. As Matt so aptly states, ConocoPhillips’ size, scope and geographic scale, combined with its long history of a strong safety culture, positions us to lead the pack in protecting people and the environment. This article represents the beginning of a sustained campaign to build on our safety culture. We’ll do that by supplementing personal safety with an increased technical focus on process safety to eliminate hydrocarbon releases.

Feature articles on our Technology Ventures Group (Page 22) and Information Technology Department (Page 28) reflect some of the exciting ways we are reinvigorating our culture through innovation and collaboration. Both organizations reside within Executive Vice President Al Hirshberg’s Technology and Projects Business Unit. The former is a unique team of talented individuals working together to provide startup companies with direct investment and business development expertise to incubate quality business ideas. Information Technology has taken immediate strides toward ‘quick wins’ under the leadership of Chief Information Officer Mike Pfister, not the least of which began prior to Day One with the 48-hour IT Jam described in this article. Based on a collaborative, social-media approach that has been the hallmark of our Knowledge Sharing group, the Jam engaged some 1,200 IT employees worldwide and resulted in more than 1,400 actionable comments. Clearly, good things are coming from both of these excellent organizations.

Having fun together and giving recognition to people are also a big part of our DNA; you’ll find plenty of evidence in the photo spread showing our worldwide Day One celebrations (Page 4) and the Faces of ConocoPhillips profile of Shauna Noonan (Page 34).

In the months ahead, communication will play a key role in the realization of our vision to pioneer a new standard of excellence. My leadership team is fully committed to our role and will be very active in the process. spirit Magazine is just one of the many effective communication tools at our disposal. I encourage you to read it thoroughly, share it widely and know that the best is yet to come.
Contents

6 | ConocoPhillips in Photos
   Day One celebrations

12 | Safe and responsible | Courtney Timm
   A continued commitment to health, safety
   and environmental excellence

22 | At the energy crossroads | Patrick Currey
   and Jan Hester
   Technology Ventures scouts
   uncharted terrain

30 | IT Jam | Vinnika Johnson
   Online collaboration helps build a
   new strategy

34 | Faces of ConocoPhillips
   Shauna Noonan: Technology expert,
   industry leader and supermom

36 | In the News
   A compilation of recent news from
   around ConocoPhillips’ world

On the Cover | photography by Patrick Currey
San Juan Business Unit Multi-Skill Operator
Chris Huff stands tall in the proper personal
protective equipment (PPE) at a pumping station
in Farmington, N.M.
Hello. I want to compliment the staff of your fine magazine. Beautiful photography and people. And you covered everything an ex-employee would like to see. I was fortunate to work in India, Belgium and the North Sea (Teeside) in addition to Borger and the Idaho Atomic Energy Division during my time with Phillips. Management was good to me, and they gave me a job and let me do it. That is a good memory.

Regards,
Richard Kuehl

When I retired in October 1985 as manager of the Phillips Reprographic Branch, we were always proud of the photography and printing quality of the Phil News. You have not only continued but have expanded that quality with spirit!

F.O. King

Having just read about the 2012 SPIRIT Awards in the "In the News" section of the latest spirit Magazine and the catchy phrase, "Looking Back. Moving Forward," I was reminded that this month marks the 100th year since the unsinkable Titanic sunk. Remind the new CEO to watch out for "bergs."

Duane Tower
LCR Retiree

Editor's note: We welcome your comments, suggestions and contributions. Send them in or call us using the contact information below. Be sure to include suggestions for follow-up articles.

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May 1, 2012, widely referred to as Day One, signified a major milestone in ConocoPhillips’ history. The theme “It’s Time” represented the launch of an exciting, new beginning as an independent exploration and production (E&P) company.

Around the world the momentous occasion was marked with rallies, music and plenty of food. Colleagues gathered together to watch the launch of two new videos, “Meet your Leadership Team” and “It’s Time”. They also received a special email message from new Chairman and CEO Ryan Lance. In his letter, Ryan said that his new leadership team shared a vision of ConocoPhillips “pioneering a new standard of E&P excellence globally.”

On May 1, Ryan and several members of the leadership team were on hand at the company’s
Chairman and CEO Ryan Lance addresses the crowd at the Day One rally accompanied by (from left) Executive Vice Presidents Don Wallette, Commercial, Business Development & Planning, Al Hirshberg, Technology & Projects and Matt Fox, Exploration & Production.

Houston headquarters to introduce themselves to employees and share their thoughts on the future. They all agreed that the company will rise to a new level with the combination of ConocoPhillips’ legacy strengths and its new culture as an independent.

Regardless of the location or the time zone, more than 16,000 ConocoPhillips employees recognized the Day One landmark. In the pages that follow, we take a tour around the world to see how our colleagues celebrated the past and welcomed a new day for ConocoPhillips.

Alaska | Above: Amy Burnett, Renee McCormick and Gina Luckey celebrate with mock margaritas and listen to ConocoPhillips Alaska President Trond-Erik Johansen speak about “It’s Time.”

Left: In Anchorage, employees celebrate with a barbecue buffet luncheon at the Dena’ina Convention Center.
Edson | *Right:* Angela Bartel (left) and Logan Meropoulis celebrate with colleagues during a luncheon held on Day One. Employees from the Niton and Mahaska plants held their event on May 2 to accommodate a turnaround.

Surmont | *Below:* Staff participate in trivia games, join in a steak lunch and listen to leaders speak about the excitement of the next journey with ConocoPhillips.
Calgary | More than 1,200 employees attend a breakfast served by senior leaders.

Below: Smitha Thyagaraj and Angela Stephan join colleagues at the popular venue, Flames Central. An outside marquee marked the special day.

Elmworth | Above: A team lunch marks Day One celebrations at Canada’s Elmworth Deep Basin Field and Gas Gathering Facilities.
Aberdeen | Above and right: Aberdeen employees celebrate Day One – “It’s Time” for afternoon tea.

Below: Members of the U.K. leadership team cut the cakes for afternoon tea. Left to right: Richard Tocher, Bill Boyington, John Warrender, Phil Rorison, ConocoPhillips U.K. President David Chenier, Chris Wilson, ConocoPhillips Europe President Steinar Vaage, Allison Thomson, Robert Anderson and Chris Stevenson.

Norway | Right: Norway colleagues cut the “It’s Time” cake and celebrate the key milestone.
Moscow | *Above:* Employees in the company’s Moscow office commemorate the occasion with a group photo.

Indonesia | *Right:* A surprise flash mob helps recognize a new day in ConocoPhillips.

*Below:* The Indonesia team gathers for a group photo during their Day One celebration.

*Below right:* Special “It’s Time” cupcakes were distributed in custom designed packaging and given to employees to help celebrate the event.
ConocoPhillips in Photos

Caspian | Above: Caspian team members display their “It’s Time” mugs.

Qatar | Above: The Qatar Finance team makes a group collage reflecting the SPIRIT values.

Right: Departing ConocoPhillips Qatar President Erec Isaacson and new President Gary Sykes celebrate Day One.
Australia

Left: Jeffrey Masengi, Dan Kruse, Audra Mulcahy, Steven Wright and Stuart Nunn.

Below: ConocoPhillips Australia-West President Todd Creeger cuts the Day One cake.
Safe and Responsible
A continued commitment to health, safety and environmental excellence

by Courtney Timm

ConocoPhillips’ commitment to safety and the environment has always been a defining characteristic. With a renewed pledge to further strengthen its safety culture and protect its people, assets and the environment, ConocoPhillips is setting high expectations.

San Juan Business Unit Multi-Skill Operator Chris Huff checks pumping stations in Farmington, N.M.
“As we take shape as one of the world’s largest independent exploration and production companies, we have a unique opportunity to shine when it comes to health, safety and environmental performance,” said Matt Fox, executive vice president, Exploration and Production. “Considering our size, scope and geographic scale, combined with our long history of a strong safety culture, I believe ConocoPhillips will lead the pack in protecting people and the environment. This culture of safety is true not just in the field, but in our offices and even our homes.”

Fox went on to say that continuing to build on that culture is critical. ConocoPhillips’ operations can avoid dangerous incidents and protect its people, communities and the environment by supplementing personal safety with an increased technical focus on process safety and the elimination of hydrocarbon releases.

A new HSE organization
A brand new Health, Safety and Environment (HSE) organization has been created to ensure these commitments are carried out. HSE Vice President Mike Ferrow will be visiting the operations and engaging with people over the next few months about how everyone can stay safe on both an individual and technical level, and focus on environmental excellence.

“One of our most important challenges will be to continue improving safety and environmental performance, while keeping major accident prevention foremost in everyone’s minds,” Ferrow said.

The focus of the HSE organization will be assurance and support of operations to deliver world-class health, occupational safety, process safety and environmental performance. The group will work closely with all regions and technical functions to continue integration of efforts toward that goal.

The organization will consist of four groups, each with a distinct focus area. The HSE Governance & Performance group, led by Manager Dale Summerlin, will conduct HSE activities in support of the corporation and the HSE function. This group will include HSE auditing, risk...
management and remediation, industrial hygiene and toxicology, HSE functional excellence, and performance assurance (reporting and analyses of HSE leading and lagging indicators).

Crisis Management & Emergency Response (CM&ER) Manager Josh Soybel will head up the company’s crisis management and emergency response efforts. He also will oversee the coordination of two marine well response entities in which ConocoPhillips has taken a foundational role. (See sidebar on page 20 for more on the CM&ER group.)

The Health & Safety Assurance group, led by Manager Laurie Zotzky, will provide expertise in occupational safety, process safety, occupational health, and management systems to support the businesses and ensure excellence in health and safety performance.

The Environmental Assurance Group, managed by Jennifer Barringer, will provide expertise in environmental matters including water, climate change, permitting, biodiversity, waste management, due diligence, as well as risk and impact assessments to support established businesses and emerging growth areas. This group also will coordinate and advocate corporate positions relative to new environmental regulations. Providing environmental technology support will be a new area of emphasis.

“Our organization is here to work in cooperation with the businesses to help them achieve HSE excellence,” Zotzky said. “As in the past, we will continue to manage policies and standards to drive excellence and meet management expectations. We will continue facilitating functional excellence. The new component is assurance. We will increase engagement with the business units to assure that execution involves risk-appropriate precautions, and we will work with businesses to close gaps to achieve that.”

To be successful long term, HSE leadership recognizes that the company must integrate health, safety, environment and stakeholder engagement throughout the entire life cycle of a project or asset.
“From conducting early due diligence during opportunity development to asset decommissioning or divestment and beyond, HSE and sustainability considerations must be interwoven throughout all activities to eliminate or minimize our exposures,” Barringer said. “These topics should be addressed early, often, and over and over again in everything that we do.”

Employees will hear more in the coming months about how teams are working to fully integrate all aspects of the way ConocoPhillips operates. As an example, Upstream HSE and the Asset & Operating Integrity (A&OI) Functional Excellence Team have been collaborating to improve integration of A&OI requirements in the HSE Management System Standard and the Well Integrity and A&OI Recommended Practices. The intent is to provide the business units clear and consistent standards and guidance to facilitate implementation at the workplace. Another example is including HSE in Operations Excellence Assessments.

“Through this integration, our goal is to ensure that every worker is properly trained and has easy access to simple, understandable procedures that help in performing the task at hand safely, each and every time,” Zotzky said. “We must improve risk understanding and management, and set

Mike Ferrow, vice president, Health, Safety and Environment, has witnessed first-hand how HSE management has changed at ConocoPhillips since he began with the company in London in 1980. Back then, there were no desktop computers, and communication involved talking and sharing hand-written or manually typed reports. “We were less systematic in those days, and work was more individual and less team-based. Over the years, safety has improved as better training, equipment and systems have been introduced. In 1990 the accident rate in Aberdeen was nearly two lost work-day injuries per 200,000 work hours, and last year it was zero recordable injuries in U.K. Upstream, let alone zero lost workdays,” he said.

In his former role as general manager, Engineering and Technical Assurance, U.K. HSE, Mike proudly accepted the U.K. Oil and Gas Industry’s Award for Innovation in Safety on behalf of ConocoPhillips.

“It was a great honor to accept this prestigious award. We knew ConocoPhillips was one of the finalists, but when our name was read out as a winner, it was a very special feeling. Everyone within the U.K. upstream business unit – offshore, onshore, staff or contractor - should justifiably feel that this is as much an award for them, as individuals, as it is for the company. They have all played a critical part in achieving it.”

Attendees at the award ceremony were impressed with the fact that there were no recordable injuries within the business unit’s operations in 2011. When the audience was told of the achievement of 6.5 million work hours without a recordable injury and zero HSE reportable hydrocarbon releases, there was an audible murmur from attendees. What played a part in receiving the award was the business unit’s emphasis on process safety and integrity and the development of an operating management system – including the assurance board process and better ways to assess interrelated risks.
clear expectations. We all have the responsibility to stop unsafe behaviors when we see them. All levels of the organization, including contractors, must share in this commitment.”

Fewer employees and contractors were injured on ConocoPhillips jobs from January through April 2012, compared to the same period last year. Still, with rising temperatures and increased work activity ahead during the summer months, workers are being coached to assess risks carefully as they perform their jobs. Large segments of the operating organization have proven that working at zero injuries is possible. Some parts of the business, however, are still challenged when it comes to contractor safety, especially in areas with increased activity and high-risk operations.
The HSE organization acknowledges that this is one area to focus on for improvement. “This is why I believe safety culture is so critical,” Fox said. “If we all come to work every day and personally take responsibility for no one getting hurt, we will continue to improve on personal safety.”

**AN EMPHASIS ON MAJOR ACCIDENT PREVENTION**

Fox is clear, however, when he talks about what keeps him up at night, and that’s why the company will continue to enhance process safety and major accident prevention. Although some metrics in the oil and natural gas industry have shown improvement for many years, major accidents still occur around the world in the industry. Individual assets and operators must learn from this overall body of major accidents and their precursors.

ConocoPhillips continues to incorporate valuable lessons as a result of the June 2011 incidents at its Peng Lai 19-3 Field in China’s Bohai Bay. Quick response included the design, construction and placement of a containment device, deployment of inflatable booms and well stabilization procedures. The company worked closely with its co-venturer and local authorities to minimize the environmental impact.

The immediate technical causes for such accidents are generally well understood, and
appropriate improvements can usually be implemented by everyone in the industry. A study of accidents over the last 100 years identifies common themes, particularly in the areas of proper assessment of risk, management of change, and the basic control of work. To control these aspects properly, reliably and sustainably requires a clear system of work control commensurate with the risks and consequences of all activities in a business.

With this in mind, ConocoPhillips’ U.K. Business Unit recently carried out a thorough review and overhaul of various management systems to fully comply with corporate standards and U.K. legislation. Following the review, the business created an integrated Operating Management System (OMS) that communicates the “way we do things” and incorporates all necessary processes and controls to deliver a safe, high-performing operation.

Based on this model and work done in several other business units, HSE has a 2012 goal to work with Operations Excellence to explore the development of an Operating Management System Standard for ConocoPhillips. Wider application of an integrated model would clarify and simplify existing company standards, recommended practices and guidance.

One important area for development in major accident prevention strategy is human factors – the interaction of individuals with each other, with facilities and equipment, and with management systems. This interaction can influence behavior at work in a way that affects all parts of the business, but the scale and range of it makes
practical implementation a challenge. Human factors, or human error, have been identified as a major contributor to the recent Macondo explosion, fire and spill in the Gulf of Mexico and the Montara well blowout in the Timor Sea.

‘A recent research study in the U.K. showed that 65 percent of incidents over the last four years can be attributed to human factors, so the benefits for us in focusing on this area were clear – fewer incidents, fewer near misses and a reduced potential for human error and its consequences,’ Ferrow said. “In seeking to prevent major accidents, we aim to control well-understood physical principles that allow for the complications and practicalities
that prevail in the real world.”

ConocoPhillips already has many processes to prevent incidents caused by human factors, but best practices are evolving, so the company must constantly challenge and improve its performance.

“In our operating environment, major hazards are present at all times,” Ferrow said. “So we must maintain a sense of vulnerability and do everything we can to control hazards that could cause harm.”

The final test of any effective management system comes when it is clear whether work is being conducted exactly as designed and intended at all times and in all parts of the business. It’s an easy concept to describe, but the enabling systems to make it happen take leadership, commitment and substantial organizational effort.

“If we get this right, our reward for this investment should be the all-important prize of incident-free operations,” Ferrow said.

“Quite simply, we believe we can achieve our vision for HSE excellence thanks to a world-class workforce that lives by our SPIRIT values and is truly committed to protecting our people, the environment and the communities in which we operate. This combination, strengthened by an increased focus on process safety and major accident prevention, will shape the ConocoPhillips of tomorrow.”


Left: Principal Consultant Deena Clayton participates in a polio vaccine campaign in Luanda, Angola.

Far left: MWC’s interim containment system subsea capping stack is about 30 feet tall, 14 feet wide and weighs 100 tons. It can operate in water depths of up to 10,000 feet.

spirit Magazine 21
On the Texas-New Mexico state line, the sun’s early golden rays glisten across a shimmering brine pond onto a non-descript, square metal building. The structure looks a bit out of place deep in the heart of the Permian Basin. “We affectionately call it ‘the black box’,” said Technology Ventures Engineering Coordinator Ryan Lisowski, about the Compressed Air Energy Storage (CAES) pilot project building in Gaines County, Texas. “The secret sauce is inside,” he added, wryly.

Indeed, if the “secret sauce” works as planned it could be a game changer for the future of wind-energy storage in West Texas and beyond. The CAES project was brought into existence through ConocoPhillips’ Technology Ventures Group. The goal of the group is to seed and develop a range of external technology.
technologies to complement ConocoPhillips’ own internal technology development efforts.

The in-house venture capital group provides direct investment and business development expertise to small startups with the intention of incubating quality business ideas in the energy space. The unique team is led by Technology Ventures Manager Rich Germain, part futurist, part conductor, overall outside-the-box thinker and pure pragmatist grounded by real-world market economics. ‘As we’ve moved forward in the past year, we’ve realized that our investments in smaller companies with innovative technologies can add value to ConocoPhillips because we can use the investment to create a greater collaboration with the company,’ Germain said. Essentially, the buy-in gives ConocoPhillips a front-row seat into the world of new energy technologies.

The group has an impressive dossier. Its members’ technical credentials include: construction management, and petroleum, chemical, electrical, mechanical and civil engineering. Most team members are equally equipped with MBA’s from first-tier business schools: Rice University and the University of Chicago, to name a few. During the past year, they have analyzed more than
300 business plans and cherry-picked more than a dozen promising investment opportunities. The group doesn’t simply chase rainbows, but has a rigorous vetting process.

“Our chief technology officer (CTO) feels very strongly that we, as an organization that spends a lot of money on world-class R&D, simply cannot invent everything we need,” said Germain. “That’s the nature of R&D. You want exposure to a broad range of ideas. So we attempt to leverage our efforts by making some investments externally with other companies. It’s a balance we believe will bring high value to ConocoPhillips.”

“Indeed, we don’t expect to invent everything in-house,” said ConocoPhillips CTO Ram Shenoy. “The range of scientific disciplines and technologies that can have an impact on our operations is simply too broad for us to have an internal R&D activity to cover everything. Creative minds in other institutions – small companies, universities, national labs – are at this very moment imagining new approaches to addressing the energy challenges we face. Technology Ventures is a mechanism to intelligently access such innovation, playing a significant role in turning their imagination into reality, and helping us drive our own profitable growth by delivering and deploying such innovation into our operations.”

**SEARCHING FOR WINNING IDEAS**

Technology Ventures doesn’t know who the winners are yet, but by investing in a number of companies with promising innovations, they’re hedging their bets. Some of the efforts funded to date have involved compressed air energy storage, microbial enhanced conversion of coal to natural gas, and designer ceramic proppants developed for use in hydraulic fracturing to improve production in liquid-rich shale plays. The group is now exploring the development of projects that create markets for LNG supply for use as transportation fuel, which uses a mature technology, but involves establishing a new market that could benefit ConocoPhillips given its strong position in natural gas in North America. And the group continues identifying promising E&P technology companies that need both capital and strategic collaboration. “We’re not trying to be the first to initiate the idea or the R&D, but our advantage comes by being the first in deployment. While competitors are scratching their heads saying: ‘what is it?’; ‘how does it work?’; ‘what’s the risk?’, we’re looking to be well down the risk curve and starting to deploy the most promising technologies,” Germain said.

“Traditional venture capital is focused purely on generating financial returns,” said Investments Manager George Coyle. “They make a small bet. They make a return. But they can’t really benefit from the commercialized technology. Technology Ventures has a different mindset. We invest capital for the same equity shares to get the same financial returns, but our primary focus is delivering technology to our operations. We are aligned with...”
them. We are not doing this in isolation.”

ConocoPhillips buys small pieces of the companies, providing capital to develop their technologies. The startups gain from ConocoPhillips’ considerable position in the energy industry, and its ability to provide and manage scale-up opportunities for their technologies. In short, ConocoPhillips can be a customer, an investor, and a strategic partner. In exchange, the company gets what amounts to a “first look” at new technologies. It also gains the opportunity to be an early customer or adopter. Ideally, ConocoPhillips would own part of the company for a period of time, three to five years, then sell ownership and make a return on investment. The real return is getting the company’s existing assets to perform better by adopting new technologies. “Small investments now can have big payoffs for us in the future,” Germain said.

The team’s philosophy is straightforward: make an investment and bring the technology closer to successful deployment. Now it’s no longer a third-party relationship. It’s a matter of proving it out together.

“A lot of people will ask: ‘what’s the end game?’; ‘what’s the long-term?’; ‘what does ConocoPhillips get?’ This is a bit different than traditional R&D, which places a lot of emphasis on intellectual property (IP). We think the use and deployment of IP is where significant value can be created. For example, technologies that might significantly increase our coalbed methane reserves or improve our ability for enhanced oil recovery can add real value, whether or not we’ve invented it,” Germain said. “Getting in early with a company that becomes successful is an added bonus, where our equity investment can provide a nice return.”

Whether it’s exclusive to ConocoPhillips

Oxane Materials, Inc. is an energy-focused nanoproducts company

In late 2002, Chris Coker, president of Oxane Materials, Inc., and two professors from Houston-based Rice University’s Richard E. Smalley Institute for Nanoscale Science and Technology launched a venture to commercialize the institution’s nanotechnology research. ConocoPhillips provided early seed capital to Oxane in late 2004 to help the company build its original lab and hire a team of professionals with specialized expertise.

“Since then we’ve been working to develop, manufacture and directly market advanced ceramic proppants,” Coker said. Proppants are particles that, after liquids are injected under high pressure to create microfissures in rock, are then injected to prevent the microfissures from closing. This enables production of gas. Oxane’s nano-scale ceramic balls weigh less and can reach farther into the earth than current technology. “Our product enables the gas to flow more deeply and uniformly. It’s highly conductive, so you get more, and you get it quicker.”

Coker credits Technology Ventures’ George Coyle for reinvigorating the relationship between Oxane and ConocoPhillips. ConocoPhillips led the current financing round and introduced Oxane leadership to key individuals throughout the organization. “Also, we are honored and fortunate to have George serving on our board.”

Coker and his team at Oxane look forward to providing ConocoPhillips with products in drilling trends where their materials can contribute in a meaningful way, such as Eagle Ford, the Permian and the Duvernay.
doesn’t seem to be the burning issue. The important question to answer is, can the team add value to the company soon or down the road, and make it meaningful?

“The market is pretty good at finding and incubating new technologies,” said Technology Ventures’ Donald Vereide, director, project development. “That’s what capitalism is all about. There are a lot of companies out there working on all kinds of things. Venture capital is another tool in the toolbox that allows us to get a close-up look at what they’re doing, evaluate their technologies and, hopefully, become early adopters of the good technology.”

Harnessing the wind

General Compression was one of the first projects that Technology Ventures thought merited taking from the lab into the field. Their technology involves a first-of-its-kind compressed air energy storage capability. General Compression has successfully created a near-isothermal compressor/expander system which is extremely efficient and only emits atmospheric air. They had built their test unit in a small warehouse in Boston. But, because the technology is very different than what has been around for 30 years, it needed to be scaled up and to show it could compete in the market, which the existing technologies have been unable to do.

“Electricity is one of the last forms of energy that we have trouble storing. It has limited shelf life,” said Technology Ventures’ Michael Bowring, director, business and project development.

Wind energy is only available when the wind is there: it’s seasonal, and it also depends on the time of day. But demand for electrical energy is fairly consistent and predictable throughout the day.

“Our generation has come to expect that electricity will always be there. But if a light switch is flipped on and nothing happens, or if traffic signals suddenly go dark, all of us would face a real-world problem,” Bowring said. “Essentially, we’re proposing to take the renewable energy and store it, making it available on demand, depending on the needs of the load center.”

When the wind is blowing but the grid doesn’t need it, the energy will be converted into compressed air and stored in large underground salt caverns. When the demand picks up, the process is reversed, and the compressed air will drive the same turbine to generate electricity. It begins to smooth out peaks and valleys to better align with actual consumption.
Salt formations in West Texas can be 300- to 400-feet thick running into Oklahoma and extending in varying degrees all the way to the Michigan peninsula. The good thing about the Texas/Oklahoma salt formation is that it coincides with wind, making this storage project a natural fit. The “sweet spot” for both wind power and energy storage ranges throughout the midcontinent.

“The deployment of this technology will be market-focused,” Bowring said. “For example, the price of energy – electrical power energy – is more expensive in densely populated urban centers (New York, Los Angeles, Houston), as the energy travels farther from its source. Generating facilities could be built closer, but the reality remains: who will allow a combined-cycled, gas-fired generator in downtown Houston? Texas is building high-voltage transmission lines as we speak, attempting to harness its abundant West Texas wind, so the possibility of wind energy storage takes on real significance.

“The market is demanding energy storage now, and we have in-house technology, especially the subsurface technology.” Managing a high-pressure cavern 2,000-3,000 feet below the earth’s surface falls right into ConocoPhillips’ wheelhouse. The company has geologists who understand gas and hydrocarbon liquids caverns, and they were able to leverage that in-house expertise.

The team was able to locate a natural gas liquids cavern that had been put in service more than 30 years ago by Phillips Petroleum but currently was unused. They cleaned out the trace hydrocarbons to repurpose the cavern for air. The same geology that works for hydrocarbons works well with air. You need surrounding salt or rock that is permeable and that can be pressurized without leaking. The site had great infrastructure. It’s the first compressed air energy storage project permitted in Texas and the first time a hydrocarbon cavern has been repurposed for storing air. It’s the only energy-storage facility of its kind in the world built in the last 30 years. And ConocoPhillips was responsible for making it happen.

Like Henry Ford building the Model A prototype, the first one always tends to be the most expensive. The task is to springboard the pilot project into a mass-producible product, and with the support of its technology partner, General Compression, that’s just what the group is hoping to achieve with the Gaines project. ConocoPhillips has an ownership interest in the company, but ultimately hopes to create commercial investment opportunities with the technology.

**Placing ConocoPhillips at the Crossroads**

“The good news is that today’s technology challenges bring entrepreneurs with creative ideas to
“Technology Ventures Engineering Coordinator Ryan Liskowski notes the pressure of the underground salt cavern.

Investments Manager George Coyle

In Jan. 2011, GE, NRG and Conoco-Phillips entered into a joint venture called Energy Technology Ventures with the goal of funding and collaborating with high-quality emerging energy technology companies. “Together we offer greater value than any of us can individually,” said Kevin Skillern, managing director of venture capital for GE Energy Financial Services.

Two years into the project, Skillern says the team is working extremely well together. “We’ve made 15 investments so far across a range of technologies – five oil and gas production technology companies, five breakthrough solar technology companies, a few communications and enterprise IT ventures and one industrial wastewater treatment company.”

As for the future of Energy Technology Ventures, Skillern looks forward to seeing the partners continue to collaborate in a meaningful way with the best technology companies. “The energy business is transitioning from the traditional model to investing in alternative and unconventional energy sources. These emerging enterprises need capital to grow operations and commercialize their technology, and they need the range of technical and financial expertise we bring to the table. And we believe that the companies we collaborate with will design solutions we can use to help us grow our own assets.”

Above: Technology Ventures Engineering Coordinator Ryan Liskowski notes the pressure of the underground salt cavern. Right: Investments Manager George Coyle

In Jan. 2011, GE, NRG and Conoco-Phillips entered into a joint venture called Energy Technology Ventures with the goal of funding and collaborating with high-quality emerging energy technology companies. “Together we offer greater value than any of us can individually,” said Kevin Skillern, managing director of venture capital for GE Energy Financial Services.

Two years into the project, Skillern says the team is working extremely well together. “We’ve made 15 investments so far across a range of technologies – five oil and gas production technology companies, five breakthrough solar technology companies, a few communications and enterprise IT ventures and one industrial wastewater treatment company.”

As for the future of Energy Technology Ventures, Skillern looks forward to seeing the partners continue to collaborate in a meaningful way with the best technology companies. “The energy business is transitioning from the traditional model to investing in alternative and unconventional energy sources. These emerging enterprises need capital to grow operations and commercialize their technology, and they need the range of technical and financial expertise we bring to the table. And we believe that the companies we collaborate with will design solutions we can use to help us grow our own assets.”

Part of our mandate is to play the role of technology scout,” concluded Germain. “Scouting new technology being developed by external companies feeds our pipeline. We also believe our scouting skills can add value to other groups in our company. The only way to do this is to look at a lot of business plans or to kiss a lot of frogs, as the saying goes. Of the hundreds we’ve reviewed, we’ve seen some very interesting new technologies and significantly raised our profile. If there’s a company raising money and doing good things, chances are that we know a little about them or how to get access to them. A big part of our job involves culling out those that are not as promising – we’d like to avoid the warts if we can!

“The word is spreading about us being in the market for new ideas and investing in those ideas. People know that we mean business and that means the quality of what we’re seeing is constantly improving. We’re on the frontier, and we fully intend to put some of these great ideas to work for ConocoPhillips.”

State of the union: GE venture capital chief on Emerging Technology Ventures
Technology Ventures: The rest of the team

**Jeff Vander Laan**  
**Director, Business Development**  
*Education:* bachelor of science in chemical engineering, Michigan State University.  
*Experience:* technology commercialization. Vander Laan is working to accelerate adoption of LNG as a transportation fuel in the U.S. and evaluating the commercial viability of small-scale gas-to-liquids projects. “Technology Ventures will enable the company to efficiently deploy externally developed technologies to solve internal operational challenges.”

**Dan Fernald**  
**Director, Advanced Technologies**  
*Education:* bachelor of science in petroleum engineering, New Mexico Institute of Mining and Technology, master of science in chemical engineering from New Mexico State University.  
*Experience:* solid fuel gasification, clean fuels technology, polyethylene and K-resin. Fernald provides technology support for venture capital due diligence and is currently focusing on new fuel conversion technologies. “I look forward to maximizing value through IPOs and developing businesses that are sustainable and economically attractive.”

**David Legg**  
**Director, Business Development**  
*Education:* bachelor of science in mechanical engineering, Oklahoma State University.  
*Experience:* technical design, commercial sales, technology business development and licensing. Legg supports internal research and development projects and external partnerships. “The group will be integral to the success of our new company by discovering, developing and enabling new technology innovations.”

**Cyndi Tucker**  
**Director, Business Development**  
*Education:* bachelor of science in economics and master of business administration, Mississippi State University.  
*Experience:* broad company experience, including upstream, downstream, commercial, specialty businesses and service organizations. Tucker provides technological solutions to operational problems. “We’ll work to develop and monetize technology in the areas of oil sands, wells and water opportunities.”

**Zaid Talhouni**  
**Advisor, Investments**  
*Education:* bachelor of science in electrical engineering, George Washington University; master of business administration, Jones School at Rice University.  
*Experience:* technical engineering, commercial business development, downstream economics and financial modeling. Talhouni handles venture capital analysis and due diligence. “I enjoy being in a cutting-edge organization and look forward to our investments pushing the company forward.”

**Chad Gardner**  
**Director, Investments**  
*Education:* bachelor of science in construction management, Brigham Young University; master of business administration, University of Notre Dame.  
*Experience:* financial modeling, developing power projects, mergers and acquisitions, and raising private debt. His primary role is making venture capital investments in companies with technologies applicable to upstream oil and gas. “ConocoPhillips will have the world's best corporate venture capital group, measured on financial performance and positive corporate impact via successful technology transfers.”

**Rick Jefferys**  
**Technology Director**  
*Education:* master of arts in engineering and a doctorate, Cambridge University.  
*Experience:* expertise in clean technology and a first-principles approach to engineering. Jefferys has worked with the group since its inception and splits his time between projects and investing, with a focus on the technology side of both. “We will grow an impressive investment portfolio in both core business-related companies and game changers.”

**Lance Robinson**  
**Director, Business Development**  
*Education:* bachelor of science in engineering, South Dakota School of Mines and Technology; master of business administration, University of Dallas.  
*Experience:* 30 years of work on low-carbon energy and environmental projects for a range of organizations. Robinson leads the development projects for small-scale LNG production as an alternative heavy-duty transportation fuel. “I hope to see ConocoPhillips lead the way to use of lower-carbon, domestically-produced fuels in the U.S.”

**Brett Burris**  
**Development Engineer**  
*Education:* bachelor of science in chemical engineering, Georgia Institute of Technology. Burris is part of the Technology Ventures projects team, and is responsible for technical evaluation and engineering support for a number of new technologies and business opportunities, including biomass torrefaction and small-scale LNG. “I am excited about the opportunity to use the company’s substantial technical resources to accelerate emerging fuel supply technologies into sustainable, financially attractive commercial opportunities for ConocoPhillips.”

**Don Halter**  
**Director, Business Development**  
*Education:* bachelor of arts in economics, State University of New York; master of business administration, Finance, Wharton School, University of Pennsylvania.  
*Experience:* More than 32 years of global energy industry experience with commercial and operating background in crude oil, natural gas, refined products, biofuels, coal, LPG, heavy oil and management consulting. Executive director-elect of the Next Generation Nuclear Plant Industry Alliance, an industry group investigating the use of nuclear process heat for the safe, carbon-free extraction of oil sands resources and other industrial uses.
IT JAM

IT jams its way to creating a new strategy
by Vinnika Johnson

Whether it’s Facebook or YouTube, social media is one of the key ways to connect people across geographical boundaries and provide a platform for sharing interests and input on a wide range of issues and trending topics. Using a similar approach to engage its 1,200 employees globally, IT held its first online “IT Jam” prior to the May 1 launch of ConocoPhillips as an independent exploration and production (E&P) company.

Within an hour of the jam’s official start, employees had posted more than 100 responses on the online discussion forum in reply to questions created by the IT Leadership Team. Using the company’s knowledge-sharing functionality from its Ask & Discuss discussion forum, employees readily shared their thoughts related to the organization and its future.

The online collaborative session offered employees a 48-hour period to ask questions and exchange ideas and perspectives on five broad themes: IT leadership and communication, IT people development, responsiveness to the business, IT functional excellence, and technology refresh and innovation.

“I applaud the leadership team for initiating a culture of openness to share ideas and have our voices heard through the IT Jam 2012.”
– IT Jam participant

WHY JAM?

“We knew with the repositioning approaching this would be a golden opportunity to hear from employees and learn how our IT function can become more responsive to our business needs,” said ConocoPhillips CIO Mike Pfister. “The jam allowed our staff to feel included in laying the foundation for a new strategy to guide the IT function.”

By the end of the first day, the online forum received about 900 responses. During the jam, moderators were assigned to monitor questions.
and encourage discussions and participation from employees to spur more activity.

“The ease of collaborating virtually enabled us to tap into the collective knowledge of our global IT staff,” said Knowledge Sharing Director Dan Ranta. “We could have used another mechanism such as a survey or town hall, but this method proved to be effective for receiving open and honest feedback in a very efficient global manner. The response was far better than we ever imagined!”

**Moving Forward**

By the time the jam session ended, more than 1,400 responses had been received from around the world. Members of the IT team have worked diligently to analyze and summarize the data to identify key trends. From rich discussions on leadership, branding and technology tools, to thought-provoking questions on how to retain and recruit top talent, the IT organization is well on its way to jamming to a new beat that taps into the expertise and voice of its employees.

*Below: The IT Jam Analysis Team analyzes and discusses comments collected during the jam.*
Unlocking innovation:  
Chief Information Officer Mike Pfister champions collaborative approach

by Janice Leonard

The IT Jam was developed to engage IT employees in creating different strategies to support ConocoPhillips as an independent exploration and production (E&P) company. Held three weeks before the repositioning, the jam signals a more collaborative approach that Chief Information Officer Mike Pfister and the new management team plan to expand upon.

Pfister joined ConocoPhillips in February with more than 25 years experience in the energy industry. He came close to joining the company on two previous occasions. The first was in 2000 when Phillips Petroleum purchased ARCO Alaska, and the second was four years later. This year, the third time was a charm when family commitments kept him in his native Texas.

“I am so excited to join ConocoPhillips at the moment when our company is ready to unlock the innovation technology can enable,” he said.

Because much of IT was fully engaged in systems separation, led by Phillips 66 CIO Kay Sallee, Pfister used his first months on the job to gather customer perspectives about IT’s service delivery model. He did that by talking with the new ConocoPhillips leaders and meeting with business partners and managers in Alaska, Canada and several U.S. Lower 48 locations.

What he heard was that IT’s successful strategies to leverage resources had worked, but with ConocoPhillips’ new focus, those strategies needed to be modified by enabling new technologies and services. In particular, technologies that have become pervasive in the consumer world hold much promise in business. With many of the company’s personal computers operating on 11-year-old technology, the time is right for a significant overhaul.

“We have an opportunity to rethink the way we deliver information technologies,” Pfister said, “and a challenge to be more responsive in how we fund and resource business opportunities.”

Customers reported they want to hear “yes” more often when asking for help. To say yes, IT will need to focus on establishing the funding models that will allow the business units and functions to make those investments. In addition, IT personnel recommended adjusting the work distribution between the Bartlesville center and the IT resources embedded in the business units. To do that well, IT is committed to reengineering the way these talented groups work together.

Pfister’s visits and the feedback from the IT Jam clarified how important using a collaborative process will be in planning future strategies. There are gaps that need to be addressed, and Pfister believes IT should be a leader in collaborative behaviors. Judging by the enthusiasm and participation in the IT Jam, there is no shortage of ideas for his team to act upon.

“But it takes more than technology to achieve success,” Pfister said. “It takes leadership and commitment by the people involved and a company culture that recognizes and rewards collaboration.”

What’s ahead for IT? One top priority is swiftly and efficiently completing transition work related to the spinoff. Another is establishing service delivery with the appropriate tools from the consumer model.

“I am excited about the opportunity to redesign the way we deliver IT services and encourage innovation by providing more choice and flexibility,” Pfister said. “This is especially true now that ConocoPhillips is competing with a different set of peers. With the company’s new management comes a change in management styles. It is just the beginning, and already IT has 1,400 ways to make it better.”

Post IT Jam analysis reveals new opportunities

The first online IT Jam demonstrated high leadership statistics and active participation from employees globally, but then a bigger task awaited. It was time to sort through the more than 1,400 comments received to determine the next steps for implementing changes.

An IT Jam Analysis Team, representing the various IT groups, worked swiftly and cohesively to analyze the extensive comments, with the outcome of providing actionable recommendations to the IT Leadership Team. The entire process – from analysis to recommendations – was completed within a week.

“With the quality work completed by the analysis team, we were able to see a roadmap of achievable goals emerging for now and well into the future,” said ConocoPhillips CIO Mike Pfister. “These goals support the overall development of the IT strategy, and it is possible because of the ideas from our IT workforce.”

The analysis process

One of the first tasks for the analysis team was to consolidate similar issues that appeared repeatedly during the 48-hour online discussion. For example, one of the recurring topics from employees focused on key steps to improve IT’s responsiveness to the business.

“An emerging theme in the new ConocoPhillips is collaboration,” one IT Jam participant shared. “This [the IT Jam] is an excellent example of how we as an IT organization can begin to think differently in how we operate and collaborate more globally as a function.”

The Jam Analysis Team narrowed the responses down to five broad themes:
- IT leadership and communication
- Responsive to the business
- Technology refresh and innovation
- IT people development
- IT functional excellence

The team then determined key issues within those strategic focus areas, built hypotheses and identified recommendations for each.

Key action items included creating more IT integration with each company business, removing roadblocks to project execution, and creating a more collaborative, global workplace environment.

High-impact opportunities

“Recommendations create high-impact opportunities for the organization based on time, complexity and do-ability,” said team member Dan Ranta. “The analysis process allowed us to take a deep dive into the data to share how these recommendations can be implemented across IT globally.”

More than 100 recommendations were proposed to the IT Leadership Team as a result of the jam analysis. These actionable initiatives provide key input for IT’s 1,000-day transformation roadmap. In addition, the analysis team identified quick wins, or short-term goals, that are expected to begin yielding positive results in less than three months.

Ready, set and go! IT is ready to embark on a path of transformation to become a responsible and resourceful function, delivering consistent and global business results. Already achieving a few quick wins, even greater success is certainly on the horizon for IT.
We’re now part of IT at the new ConocoPhillips with the same purpose: offering value-based, world-class knowledge-sharing solutions and services, companywide.

Visit eStream and select “Knowledge Sharing” under “Networks”.

solutions

• Award-winning knowledge-sharing framework
• Global networks focused on continuous business improvement
• Ask & Discuss forums
• Knowledge libraries
• OneWiki

transformational services

• Collaborative jams
• Visioning strategy sessions
• Turning strategy into action
Shauna Noonan

Technology expert, industry leader and supermom

by Jan Hester

It’s Thursday afternoon, and Shauna Noonan is anticipating a weekend camping trip with her Girl Scout troop. The weather forecast looks dicey, but she remains unruffled. This time, she notes, the lodgings include cabins and flushable toilets. “Tried the tent-and-latrine approach with the troop a few years ago, but the girls mutinied.”

Newly promoted to wells technology supervisor in the Houston Drilling and Completion Technology organization, Shauna oozes enthusiasm from every pore – for her work, her family and her community. Shauna is known in the industry for her artificial lift expertise and came to ConocoPhillips largely because of the company’s commitment to developing and expanding the technology.

“The company is also a leader in completion and stimulation technology, which is why I am excited to venture into that area in my new role.”

She also recently was selected to serve a three-year term on the Society of Petroleum Engineers (SPE) International Board of Directors, a prestigious position typically reserved for more senior professionals.

“Shauna more than deserves this recognition,” said Matt Fox, executive vice president, Exploration and Production. “It speaks volumes for her expertise and reputation within the industry, and ConocoPhillips will bask in the reflected glory!”

As SPE’s technical director for production and operations, she will work to ensure the discipline is well represented in SPE’s global activities. “This is a major commitment for ConocoPhillips, as well as for me,” said Shauna. “It’s an amazing opportunity at this stage of my career, and I couldn’t do it without the company’s support for SPE.”

To help the charities she’s involved in, Shauna actively participates in the ConocoPhillips volunteer grant and contribution matching programs. “It makes me proud to work for a company that supports its local community.”

A Girl Guide for six years in her native Canada, Shauna is a staunch supporter of the Girl Scouts of America and has been a troop leader with the same group of girls for the past four years. “The program focuses on helping young girls develop leadership and team-building skills,” said Shauna. “Working with the troop has helped me personally and professionally. Honestly, if I can get 10 pre-teen girls to stay focused on a given project, I can do anything.”

Shauna’s family dedicates much of its leisure time to Irish dance. She and her husband have two daughters, ages 10 and 12, who are championship-level dancers with the non-profit McTeggart Irish Dancers of South Texas organization. The girls have participated in competitions and performances throughout the U.S. and even Ireland. Shauna served as president of the group for several years and remains a trustee.

With both parents traveling for work, life is hectic in the Noonan household. “We try to make sure we’re not traveling at the same time, and we use an online family planner and calendar to stay organized.”

What is Shauna’s secret to achieving a favorable work-life balance? “I realized my home doesn’t need to look like a magazine feature, I don’t have to cook everything from scratch, I don’t have to spend months planning birthday parties, and it’s OK to read reports and SPE papers while sitting through my girls’ dance classes.”
In the News

ConocoPhillips Global Onshore Well Management Principles

At ConocoPhillips, we play a key role in helping to meet the world’s growing energy demands. Our SPIRIT values (Safety, People, Integrity, Responsibility, Innovation and Teamwork) guide our actions to deliver energy safely and responsibly to the world. We recognize there are environmental and social impacts associated with oil and natural gas exploration, development and production. To address those impacts and make responsible business decisions, we follow a set of Global Onshore Well Management Principles. Well management includes all activities throughout the entire life cycle of a well, beginning with initial site selection and ending with permanent well closure.

Our Onshore Well Management Principles incorporate established industry standards and are designed to meet or exceed regulatory requirements. These principles demand diligent focus on every activity, from community consultations about exploration to final site restoration. Our principles guide how we protect and respect people and the environment.

ConocoPhillips is committed to our Onshore Well Management Principles at every site we operate around the globe. We encourage our co-venturers to honor these principles where ConocoPhillips is not the operating company. In rare instances, regional variations, such as geology, surface features and seasonal climate, require us to make responsible design or operational modifications from our standard practices to suit local conditions. Robust protocols are in place to document, review and approve such modifications. Our goal is to maintain high performance standards by following these four Global Onshore Well Management Principles.

Our principles guide how we protect and respect people and the environment.
ConocoPhillips applies technology and designs facilities to reduce our land impact and works diligently to restore former production sites in an environmentally responsible way. We:

- Use horizontal and directional well technology when compatible with reservoir characteristics and strive to drill multiple wells from a single pad to minimize surface equipment, roads and other infrastructure required to develop a given area.
- Restore land surrounding our operations in compliance with all regulations and contractual obligations.
- Consider stakeholder preferences for land management and seek to protect habitats for local species and promote healthy ecosystems with guidance from land management agencies.

ConocoPhillips operates in a manner that protects air quality and reduces emissions. We:

- Evaluate and implement techniques to capture gases emitted during well completion (green completions).
- Flare gases that are not able to be captured during completion, unless safety, environmental or other conditions require the gases to be vented.
- Strive to implement technologies and use equipment that reduces emissions during production operations.
- Monitor emissions from our facilities with sensory observation (sight, sound, smell) and/or infrared technology to detect equipment leaks and repair/replace equipment as necessary.
- Volunteer to participate in industry and government initiatives aimed at reducing air emissions from well operations.
ConocoPhillips highlights repositioning into a new class of investment at annual meeting of stockholders

ConocoPhillips is nearing the completion of its three-year repositioning plan designed to deliver long-term value. The repositioning plan to optimize the company’s portfolio was initiated in 2010 and has delivered enhanced total shareholder returns.

“We have delivered peer-leading total shareholder returns over the course of our repositioning plan,” said ConocoPhillips Chairman and Chief Executive Officer Ryan Lance at the company’s May 9 annual meeting of stockholders. “During this period we have increased our dividend rate by 32 percent and repurchased $17 billion of our shares. We have divested more than $21 billion of nonstrategic assets, which resulted in improved financial returns and cash returns on capital employed. In addition, our portfolio is more closely focused on assets that can drive long-term growth.”

Consistent with the repositioning plan, the company completed the spinoff of its downstream businesses to its stockholders on April 30, 2012. In conjunction with this spinoff, ConocoPhillips stockholders received one share of Phillips 66 common stock for every two shares held of ConocoPhillips common stock. Following the spinoff of Phillips 66, ConocoPhillips has emerged as the world’s largest independent exploration and production (E&P) company, based on proved reserves and production of liquids and natural gas.

“ConocoPhillips is truly unique as an independent E&P company, and we intend to pioneer a new standard in E&P excellence globally,” Lance said. “Our hallmarks are safety, disciplined financial management and a drive for unparalleled operational excellence and performance. Our size, scope and capability, combined with the focus and culture of an independent, will enable us to pursue opportunities and take actions to create value for all our stakeholders.”

Over the next five years, ConocoPhillips plans to execute a disciplined capital program of approximately $15 billion per annum, supporting the company’s reserve replacement target of more than 100 percent. From 2013 forward, the company expects to generate 3 to 5 percent annual production and margin growth from major development projects already underway in the onshore United States, Canadian heavy oil sands, United Kingdom and Norwegian North Sea, Malaysia and Australia. ConocoPhillips also will maintain its commitment to shareholders by offering a sector-leading dividend and targeting annual increases in distributions.

“By putting new focus and discipline into the ConocoPhillips legacy, we believe we can create a new class of investment that can perform like no other E&P company,” Lance added. “We expect to offer investors stable, relatively low-risk distributions with attractive growth and returns. In the current environment, we believe this is a compelling value proposition for any industry.”

Water sustainability center receives grant

Qatar Foundation’s Qatar National Research Fund selected the ConocoPhillips Global Water Sustainability Center to receive a grant for its innovative bio-treatment of petrochemical water with membrane bioreactors. The highly competitive fund supports priority academic and research projects in the fields of science, engineering, medical, agricultural, social and human studies. Submissions for the grant included 670 proposals from 37 national and private institutions in Qatar. Only 2 percent of the grants were awarded to private companies.

Located in Qatar Science & Technology Park, the Global Water Sustainability Center examines ways of treating and recycling byproduct water from oil and gas production and refining operations, as well as other projects related to industrial and municipal water sustainability.
It’s who you know: Employees team up to help Gulf Coast birds

This spring a handful of ConocoPhillips employees banded together to help protect a bevy of beach-nesting bird species impacted by the 2010 Deepwater Horizon oil spill. As breeding season approached for colonies of waterbirds who nest on small islands in Galveston Bay, human interference again threatened the fragile process.

In Texas and Louisiana, much of the nesting habitat for colonial waterbirds is on bay islands rather than mainland beaches. Birds that use these islands are particularly vulnerable to disturbance from recreational boaters and fishermen. “When boats come too close to the shore they can flush adult birds off their nests and away from their eggs and chicks, putting them at risk from predators and overheating,” said Dr. Sue Heath, avian conservation biologist for the Gulf Coast Bird Observatory. “Just spooking an adult bird can result in eggs falling to the ground and being crushed.”

The GCBO, a conservation group based in Lake Jackson, Texas, teamed up with the American Bird Conservancy and partner organizations to increase public awareness of beach-nesting birds. Of particular concern were least terns and black skimmers, species heavily impacted by the spill. Thousands perished, and many more were unable to breed during the beach cleanup that followed. While not directly affected by the oil spill, Galveston Bay is home to some of the most vulnerable and impacted species.

As part of the public education campaign, GCBO planned to erect a series of signs to alert boaters and fishermen approaching these islands during breeding season. Sucker rods make perfect beach signposts because they’re fiber-glass and won’t rust.

The GCBO team needed sucker rods, and with breeding season looming they needed them quickly.

Here’s where the plot thickens. GCBO founding board member and ConocoPhillips retiree Stephen Gast, who left the company in 2011 after 37 years of service, reached out to long-time friend Bobby Nolen, manager of reserves compliance and reporting. Nolen forwarded the request to Terri King, former operations manager of the Gulf Coast Business Unit and now general manager of the San Juan Business Unit. Terri passed the message along to Lower 48 Chief Completion Engineer Marc Shannon, who had recently transferred from the Mid Continent Business Unit. Shannon knew that if anyone could track down spare rods, it would be Gary Lovett, operations superintendent for the West Texas Permian Basin.

The ultimate hero was Tom Evans, operations supervisor for West Texas Permian Goldsmith, who located 15 sucker rods in Odessa and arranged to have them cut into 45 eight-foot lengths. Brandon Webb, president of 3S Construction LLC, volunteered to transport the rods to their Houston-area destination, free of charge.

Amazingly, the turnaround time for this labyrinthine process was only two weeks, and the new signposts arrived in time for breeding season. When asked what magic element made the disparate pieces come together so smoothly, Lovett says it was simple: “Collaboration by a network of people who knew one another.” And that’s the spirit of ConocoPhillips.

ConocoPhillips volunteers make a difference at Houston’s Memorial Park

A group of 25 hardy employees celebrated Earth Week on April 26 by repairing erosion damage in Memorial Park, a 1,500-acre green space near downtown Houston. The park lost many of its trees during last summer’s drought, and heavy winter rains took their toll on unprotected soil. Part of the Earth Week effort was led by Jeri Fuller, associate, Global Production Excellence. The entire project was coordinated by Nurul Ali, senior process engineer and David Brewster, engineer, Principal Well Integrity.

The Memorial Park Conservancy welcomed the team with open arms, providing tools, supplies, personal protective equipment and a project supervisor. In a section adjoining a residential area, the group removed obstructions such as tree branches, rocks and vegetation, and spread grass seed. They then anchored straw mats over the area to guard against further erosion and placed straw logs to shield heavy drainage areas.

Next, the team tackled a ravine that was overgrown with non-native plants. “We worked for nearly four hours,” said Brewster. “Everybody had a great time, and we left with a sense of accomplishment, civic duty and gratification.”

Through the ConocoPhillips Employee Volunteer Grant Program, the Conservancy also will receive a $1,000 contribution.
Lion Guardians project wins St Andrews Prize for the Environment

Less than 60 years ago, an estimated 400,000 to 500,000 lions roamed across the African continent. Today, fewer than 30,000 remain in only a fraction of their former range. In Kenya, that number has declined to roughly 1,900, leading one expert to predict that lions could become extinct in the area by 2020. The main reason for the decline is conflict with humans, specifically people who kill lions that attack their livestock or young Kenyan Maasai warriors who kill lions as part of a ritualistic practice. This year’s winner of ConocoPhillips’ St Andrews Prize for the Environment has devised a solution. If successful, the plan would both ensure the survival of the lion and preserve the cultural traditions of the Maasai.

The plan, created by the Lion Guardians project, involves recruiting and hiring young Maasai warriors to become actively engaged in protecting lions. The Lion Guardians organization teaches the warriors to read, write and communicate in Swahili, and also trains them in wildlife management and conflict-mitigation techniques. The warriors’ protective role includes monitoring lion movements, warning pastoralists when lions are in the area, recovering lost livestock, reinforcing protective fencing, and intervening to stop lion hunting parties. Collectively, these efforts lead to a reduction in the loss of livestock, which enhances the livelihoods of the local people and builds tolerance for lions and other carnivores. Most notably, these conflict-mitigation efforts are founded on century-old traditional techniques that are easily understood and accepted by the community.

Dr. Leela Hazzah, director and founder of the Lion Guardians team, accepted the $100,000 winning prize in April at a ceremony at the University of St Andrews. “I am delighted with this win,” said Hazzah. “This money will cover the core costs of the program, which is the backbone of our organization. We will continue to develop and improve the educational, technical and communications elements of each site, ensuring that they have a customized program to fit their specific needs. It will also enable us to scale up the program into new areas where both imperiled carnivores and humans, specifically people who kill lions that attack their livestock or young Kenyan Maasai warriors who kill lions as part of a ritualistic practice. This year’s winner of ConocoPhillips’ St Andrews Prize for the Environment has devised a solution. If successful, the plan would both ensure the survival of the lion and preserve the cultural traditions of the Maasai.

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On March 21, President Barack Obama delivered a speech on his administration’s energy policy near a ConocoPhillips well site on federal land in New Mexico. The White House and the Bureau of Land Management chose the location and directly requested access to the ConocoPhillips well site. Despite the company’s differences with some aspects of the administration’s energy policy, ConocoPhillips put its best foot forward with the help of employees from the Lower 48 Mid-Continent Business Unit, Government Affairs and Investor Relations & Communications. The speech was part of a presidential swing through several energy-producing states. More than 45 members of the media attended the event, providing ConocoPhillips an opportunity to reiterate the company’s own position on energy policy.

“We certainly align with the president on the importance of energy security based on more production at home and the ‘all-of-the-above’ approach to our nation’s energy future,” said Red Cavaney, senior vice president, Government Affairs. “At the same time, it is important to note that the energy industry pays one of the highest effective global tax rates among manufacturing-related industries.”

Above: The ConocoPhillips well site MCA 95 is part of the Maljamar Field on Bureau of Land Management-leased land.

Right: President Barack Obama delivered a speech on his administration’s energy policy near a ConocoPhillips well site on March 21.

indigenous communities would greatly benefit from its expansion.*

Lion Guardians currently employs more than 30 Maasai warriors. Since the program’s inception in 1998, no lions have been killed in response to livestock attacks or as part of Maasai rituals. For the first time in more than a decade, as a sign of the increased stability of the lion population, each adult lioness in Lion Guardians areas has given birth to cubs.

Since the program’s launch, the St Andrews Prize for the Environment has attracted entries on topics as diverse as sustainable development in the Amazon and Central American rainforests, urban re-generation, recycling, health and water issues, and renewable energy.

“By sponsoring the St Andrews Prize for the Environment, ConocoPhillips is creating a path to a more secure and environmentally conscious energy supply for future generations,” said ConocoPhillips UK President David Chenier. “This forum lets us recognize groups and individuals with innovative environmental ideas and gives us the opportunity to focus on developing and sustaining their life-changing projects.”

This year’s runners-up, each presented with a check for $25,000, included Aqua21 and Sanergy. An ozone-based water purification technology, Aqua21 aims to deliver non-chemical, low-carbon and reliable water purification technology to a global market at significantly lower energy and capital costs than established alternatives. Sanergy provides sustainable sanitation for Kenyan urban slums through the construction of small-scale, high-quality sanitation centers and uses the waste to produce organic fertilizer and electricity.

Full details on each of the finalists’ projects can be found at www.thestandrewsprize.com.

A Guardian touches a lioness. When a lion is sedated to fix a radio collar, the Guardians are able to touch the lion safely. A unique bond is born, which the Guardian takes with him for the rest of his life as he continues to protect all the lions in his community.
ConocoPhillips supports Australian spill-response system

ConocoPhillips, along with other industry leaders, announced funding to develop a world-class subsea response solution at a recent Australian Petroleum Production & Exploration Association (APPEA) Conference.

Building on the Australian oil and gas industry’s capacity to rapidly respond to an offshore well incident, the leaders pledged that the Subsea First Response Toolkit (SFRT) would be in place by early 2013.

Stored and maintained in Australia, the SFRT will enable immediate mobilization of specialized tools and equipment at the onset of a subsea well-control event. The toolkit will help teams assess the damage at the sea floor, provide an emergency override and operation of blowout preventers, clear debris around the wellhead in preparation for installing a capping device and ensure that the surface of the sea above the wellhead is safe for ongoing vessel activity.

ConocoPhillips Australia-West President Todd Creeger said it was critical that ConocoPhillips had access to the latest systems, technology and expertise to achieve the highest standards of environmental safety and performance. Federal Minister for Energy and Resources, the Hon. Martin Ferguson AM MP, congratulated Creeger for the initiative.

A consortium of 12 oil and gas companies operating in Australian waters will commit more than $2 million as foundation members, funding the acquisition, maintenance and deployment of the SFRT over the next five years.

Those companies are: ConocoPhillips, Apache, BP, BHP Billiton Petroleum, Chevron, Eni, ExxonMobil, INPEX, PTTEP, Santos, Shell and Woodside.

The global oil and gas industry has also agreed to locate capping stack systems at four locations around the world: Singapore, Brazil, South Africa and Norway.

Australian energy industry leaders, including Australia-West President Todd Creeger (back row, far left) celebrate the pledge to have the Subsea First Response Toolkit in place by early 2013.

Introducing the enhanced ConocoPhillips Employee Discount Program!

Shopping for a laptop? Buying a new cell phone? How about getting a corporate discount on either one or on a service you already use?

All of that and more can be found through the enhanced ConocoPhillips Employee Discount Program! Through this new online site managed by Beneplace, employees, family members and retirees can shop for discounted products and services nationwide. Vendors include florists, theme parks, and auto and electronics store retailers.

The new site makes purchasing and applying discounts a breeze.

Discounts include products and services used every day, with new products added frequently. Seasonal promotions allow participants to save even more money.

Visit www.beneplace.com/conocophillips.

The ConocoPhillips Employee Discount Program is currently available to all U.S.-based ConocoPhillips employees.

Human Resources vice president appointed

In May, Sheila Feldman joined ConocoPhillips as vice president, Human Resources. Feldman’s appointment completes the task of staffing the executive leadership team. Feldman previously served as vice president of Human Resources for Arch Coal and Solutia. She began her career with Gould, Inc. in 1979. Feldman holds a bachelor’s degree in political science and human resources management from the University of Maryland and a master’s degree in public affairs and human resources management from the University of Wisconsin.
New Company. Bigger and better discount program.

The new ConocoPhillips Employee Discount Program provides employees and retirees greater access to money-saving discounts on national products and services used every day.

Managed by Beneplace, the online program currently is available to all U.S.-based ConocoPhillips employees.

Visit www.beneplace.com/conocophillips
Two names: One membership means an account at ConocoPhillips Credit Union is an account at 66 Federal Credit Union. Whether you are visiting 66 Federal Credit Union in Bartlesville, Oklahoma, or ConocoPhillips Credit Union in Houston, Texas, you have full access to your account.

- Free Mobile and Online Banking
- Free unlimited Bill Pay
- Free Checking
- Auto & Home Loans
- Relocation Services

A Better Way to Bank
Bartlesville, OK  |  www.66fcu.org
Houston, TX  |  www.copcu.org
(800) 897-6991
ConocoPhillips wins third consecutive APPEA Safety Award

ConocoPhillips received the Australian Petroleum Production & Exploration Association (APPEA) award for excellence in safety performance for the third year in a row.

ConocoPhillips was recognized for its innovative safety initiatives and achievements among operating companies which recorded, jointly with their contractors, more than 500,000 working hours for the calendar year.

During 2011, ConocoPhillips embarked upon two major initiatives: safety-leadership coaching that spurred workforce innovation, and asset integrity and process safety visibility and engagement.

ConocoPhillips Australia-West President Todd Creeger said it was an honor to receive the third consecutive APPEA Safety Award, which highlighted the employee and contractor “One Team” approach and partnership in building a true culture of safety across the company’s world-class energy projects.

“ConocoPhillips is focused on creating an incident-free workplace based upon a solid culture of safety - a culture where our ‘One Team’ is committed to the value of safety in the workplace and at home,” Creeger said. “By leading with safety, we are encouraging employees to reach their full potential, attracting new talent and creating a diverse, inclusive work environment.”

According to Steve de Albuquerque, vice president, Health, Safety and Environment, ConocoPhillips Australia-West, the APPEA Safety Award demonstrated the company’s outstanding commitment to safety.

“This award is a reflection of ConocoPhillips’ commitment to providing the safest workplaces in the regions we operate – our Bayu-Undan and Darwin LNG projects, the Australia Pacific LNG Project, our Browse Basin offshore exploration program and our onshore Goldwyer shale project in Western Australia.”

ConocoPhillips provides computer equipment to the Association of Southeast Asian Nations

ConocoPhillips, along with Chevron, recently provided external hard drives and USB flash drives for use in the Association of Southeast Asian Nations (ASEAN) meetings. Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell presented the equipment to Cambodian Foreign Minister Hor Namhong during a meeting in May.

Fact Book available

The ConocoPhillips Spring 2012 Fact Book is now available at www.conocophillips.com. The Fact Book provides an overview of the company’s business segments and operations by country, including asset and project profiles, maps, and financial and operating data.

Daisy Liu, manager, International Government Affairs, Asia Pacific, (second from left) joins U.S. Assistant Secretary of State for East Asia and Pacific Affairs Kurt Campbell (center) and Cambodian Foreign Minister Hor Namhong (second from right) at the ASEAN meeting.
From college to career

by Kathryn Donelson

Formidable competition exists on both sides of the hiring equation — for job seekers and the companies recruiting them. With countless university graduates vying for a finite number of desirable jobs, an “entry-level job” is not guaranteed as it once was. And while ConocoPhillips has access to some of the best and brightest, the company has to compete for that talent.

These days, the more students do upfront to position themselves for a career opportunity, the greater the likelihood they will be considered for available positions.

“Every year employees ask me how they can help their son or daughter with the transition from college to career,” said Barbara Sheedlo, manager, Talent Planning & Acquisition. “With a daughter in high school and a son in college, I can appreciate the challenges. It’s wise for parents to be informed so they can help their kids navigate the process. Keep in mind that things have changed since you were in school!”

Career-bound

Students approaching their senior year ideally have laid some career groundwork. They’ve studied subjects that apply to their target industry. Students seeking a career in the energy industry have several factors working in their favor: the industry is performing well, companies are hiring, and while certain majors are more in demand than others, the industry will always need strong contributors with diverse knowledge and skill sets.

While coursework and a high GPA are a great start, companies also increasingly consider extracurricular factors. How students spend their out-of-classroom time often can distinguish them from the pack. Resumes are now submitted online, and recruiters look at memberships and leadership positions, achievements and accolades, applicable job experience, and the all-important internships. These activities reveal much about the candidate and help recruiters determine the best fit for both the individual and the company.

Finally, students who plan ahead have maintained relationships with potential employers. They take advantage of networking opportunities, college fairs and recruiting events. Working as an intern — spending part of the school year or the summer on-site at a company — remains one of the most effective ways to establish a relationship with a potential employer while gaining valuable professional experience.

Recruiting on the home front

Companies often get a head start on the recruiting process by interviewing candidates on-campus beginning in the early fall of the senior year. In fact, each fall in the U.S., ConocoPhillips recruiters descend upon more than 50 universities to participate in career fairs, deliver presentations and interview student candidates. Preferred majors run the gamut from geology and marketing to chemistry and human resources — and all points in between. ConocoPhillips does the bulk of its university hiring from students who connect with the company during career fairs, college nights or internship applications.

Around the globe, university recruiting looks similar. In Aberdeen, for example, students from all universities may attend centrally located networking sessions. The London team is expanding its methodologies to create more diversity with placement students beyond the historically preferred universities. ConocoPhillips Canada participates in a number of university recruiting activities including career fairs, information sessions and industry networking events. “Our campus recruiting activities have allowed us to build a strong image of the company, interview many top-quality students and, ultimately, hire the best candidates,” said Lauren Bosch, HR advisor, Early Career Development.

Get a leg up on the competition

Be an intern

The internship program provides a key pool from which the company hires. On average in the U.S., close to half of ConocoPhillips interns are offered full-time employment, with about three-fourths of those individuals accepting the offer.

Robust and valuable internships, such as those offered at ConocoPhillips, should include:

• Meaningful, hands-on assignments
• Mentoring
• Networking and learning opportunities
• Community service

Stay engaged

There is much students can do while in school to prepare for a future career. To stay informed about opportunities available to them, they can:

• Visit their university career center early and often!
• Attend their university’s fall career fair (usually in September or October).
• Watch for information regarding upcoming recruiting events.
• Research the websites of the companies they’re interested in and look for an affiliation with their university.
• Network! Talk to professors, peers, friends, family members and career counselors.
• Focus on their studies and make time for outside activities and special-interest groups.

“It’s wise for parents to be informed so they can help their kids navigate the process. Keep in mind that things have changed since you were in school!” — Barbara Sheedlo
The company’s global university recruiting efforts also extend to corporate contributions, scholarship programs through individual universities, as well as dependent scholarships awarded to high school seniors on the basis of academic excellence, financial need, community service and leadership. Students who take advantage of these programs earn valuable financial assistance while forging an early and strong relationship with a potential employer.

**The future is bright**

Today’s economy requires a more strategic approach on the part of many young job seekers, but plenty of opportunities exist for those motivated to seek them out. This holds especially true in organic, innovative industries such as energy. Helping connect kids early and often to potential career paths and companies goes a long way toward getting their foot in the door.

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**Reed Stiles, graduate reservoir engineer**

*Internship years: 2010 and 2011*  
*University of Tulsa*

“I was impressed by the projects assigned to me and the impact and value they added to my time at ConocoPhillips. The mentors and team members from both internships were top notch. They always made time to assist, advise and answer all of my questions. The networking opportunities and friends I made along the way were extremely valuable. Many of my closest friends are employees here because we share the same hard-working spirit and values that make this company great.”

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**Michelle Thoms, geologist**

*Internship year: 2011*  
*Memorial University of Newfoundland*

“The program allows students to become fully integrated into the company and industry. We’re given hands-on projects that allow us to use our knowledge and enhance our technical skills. Throughout the internship we’re given countless opportunities to network with our peers and other employees. Being an intern made for an easy transition as a new grad. I knew I was returning to a company that offered great training and values, but because of my internship, I knew I would be surrounded by knowledgeable and supportive employees. It’s these people who really make a difference in your career, especially when you’re just beginning.”

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**Ben Onukwube, transportation analyst**

*Internship years: 2009 and 2010*  
*University of Arkansas*

“The internship program was my introduction into the corporate world, and it opened my eyes to the scope of my field. Previous exposure to the company through two different internships made coming back to start my career much easier because I knew the area, understood the culture and was able to draw upon some very solid relationships.”
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Same name. Same values. New Day! At ConocoPhillips, our spirit has fueled our success. Now we’re building on our core values of safety, people, integrity, responsibility, innovation and teamwork to create a company like no other. ConocoPhillips is now focused exclusively on exploration and production. As an industry leader, we are pioneering a new standard of excellence. With a world-class workforce of more than 16,000 employees and a legacy of strength, we’re excited about our future. But even as we embark on this new journey, the way we do business, the way we support the communities where we live and work ... our spirit ... that’s staying the same. It’s just part of who we are.

conocophillips.com

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Committed to Excellence

Wherever we operate, we will conduct our business with respect and care for both the local and global environment, and systematically manage risks to drive sustainable business growth.

Strive for environmental excellence!