

CONOCOPHILLIPS

# spirit

Third Quarter 2011

Creating two  
leading energy  
companies

**2011 Upstream  
Safety Summit**

**Polar Tanker Journal**



## Target Zero.

Together we can reach the target.  
Protect yourself and your co-workers.

  
**ConocoPhillips**  
Exploration and  
Production

# Sharing Insights



**Jim Mulva**  
Chairman and CEO

**Nothing stays the same.** *Business conditions continually change, and the best companies must continually evolve in order to maintain their leadership positions. So it is with our industry and ConocoPhillips.*

*Starting as two regional companies that faced rising competitive pressures as our peers grew through acquisitions and international exposure, in 2002, Conoco and Phillips merged to become the third-largest U.S. integrated company. We have since further expanded our size and capability, achieving global scope while fine-tuning our company to focus on core assets and skills.*

*We can be proud of our success in building ConocoPhillips. And we can be equally proud that we have established an exceptionally sound foundation that makes possible our next evolution – into two strong, independent companies, each focused exclusively on its core business, and each capable of leading its market sector. The historic ConocoPhillips name will continue with the upstream exploration and production (E&P) business, while a new downstream company will incorporate refining, marketing and related businesses under a new name that will be announced in coming months.*

*The compelling business case for this repositioning of ConocoPhillips and a summary of the steps needed to complete the process by mid-2012 are presented in this **spirit** Magazine's cover article, Creating two leading energy companies. A great deal of additional information is available in a number of other ConocoPhillips employee communications vehicles, with much more to come in the days ahead as decisions are made and milestones achieved.*

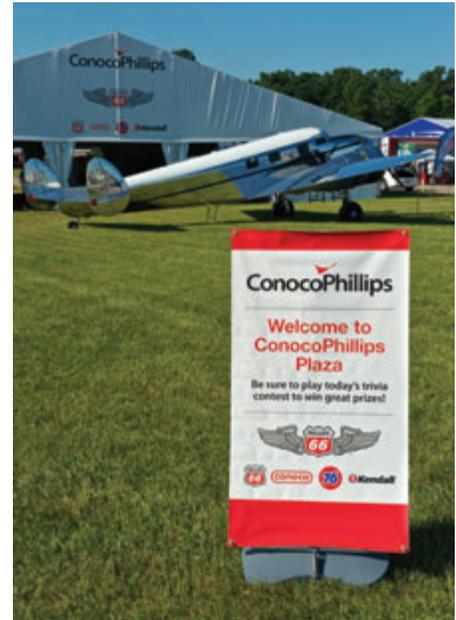
*While the repositioning is, of course, top of mind, maintaining a sharp focus on running our business throughout the transition period is essential. I am proud of the way ConocoPhillips' employees are rising to the occasion, putting aside distractions, and focusing on the key elements of safety and operational excellence. In this issue, you'll find many examples of that dedication to success with articles on our Global Procurement Services organization, the upcoming 2011 Upstream Safety Summit, and E&P efforts to reduce greenhouse gas emissions and operate more efficiently around the world. This is an exciting time for ConocoPhillips, not just because of the big change we are pursuing, but because of the many little things we are doing every day to responsibly deliver energy to the world.*



ConocoPhillips corporate headquarters in Houston, Texas

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ConocoPhillips Plaza at the 2011 EAA AirVenture, one of the world's largest annual air shows, featured a fully restored 1938 Lockheed Electra aircraft once used by the company for executive transportation. (See *ConocoPhillips in Photos*, Pages 4-5.)

**The Cover** | *Design for Creating two leading energy companies by Michelle Gunnett and Danny Bishnow*



# To the Editor

*Our readers respond*

**As a former employee** of Phillips Petroleum Co., I want to express my appreciation in receiving the *spirit Magazine*.

In the 36 years with the company, I loved the various positions I held, and I was a big user of the quality products that were offered.

One of the amazing attributes of the company was that they were never satisfied, and they were always striving to invent new products and to make current products better. You can see the whole history of the company by visiting the Phillips Museum and Woolaroc in Bartlesville.

The people involved in putting this magazine together have carried on the tradition. The quality and print of this magazine outclass any magazine in the world, and it's free; and you are always striving to do better.

Your articles on people and projects around the world make me feel like I'm still associated with the company I love.

Best regards,

**Don Sivils**

Bartlesville, Okla.

**I have been reading** the second-quarter *spirit*.

The article on natural gas was of special interest since I joined Phillips in the Gasoline department in 1951. I spent several years in the Odessa office. I am familiar with Goldsmith-Hobbs-Andrews-Sprayberry-Benedum plants among others in the district. The *spirit* helps keep me updated on activities of ConocoPhillips plus information on people. I especially enjoyed the photo of Greg

Garland, as I was at the Plastic Technical Center when Greg joined Phillips. I have followed his success with the company since.

**Bob Craig**

1951-1986

**I'd like to compliment Nellie Ryan** on her story, *Eagle Ford, Ramping up for the future*, in the latest issue of *spirit Magazine*. The descriptions of the roles, methods, challenges and interdependence of the Land, Right-of-Way, Drilling and Completion, Operations, and Community and Government Relations groups, all overlaid by an emphasis on safety, is really a concise primer on the E&P business. Very well-written and easy to understand.

Besides that, I'm proud of the company for being an industry leader in the Eagle Ford Play and for the great work revitalizing our holdings in the Permian Basin – *The gift that keeps on giving*. Well done!

**Dennis Gregg**

Retired (Conoco)

**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.

Address mail to **spirit Magazine**, ConocoPhillips, MA3132, P.O. Box 2197, Houston, TX 77252-2197; send email to the editor at [ray.scippa@conocophillips.com](mailto:ray.scippa@conocophillips.com), or call 281-293-6169.

**Photo Caption Correction:** In *PD&P Celebrates Safety around the Globe* on Page 62 of the second-quarter *spirit Magazine*, the caption incorrectly referenced Qatar employees. The photo shows Dan Nicodemus, manager, Wood River CORE Project, celebrating 10 million hours without a lost-time injury with fellow employees.



# ConocoPhillips in Photos

**Oshkosh** | *photography by Garth Hannum*

In July, ConocoPhillips was a sponsor of the 2011 [EAA AirVenture](#), one of the world's largest annual air shows. This year, some 541,000 visitors traveled to the otherwise tiny community of Oshkosh, Wis., bringing with them 10,000 aircraft.

For more than 80 years, ConocoPhillips has been an aviation enthusiast with a history of supporting industry innovation and pioneering pilots, primarily by creating fuels that helped modernize the field of aviation.

At this year's event, the company introduced

ConocoPhillips Plaza, the premiere central location for the show. The area included a 10,000-square-foot exhibit tent that featured a unique look at ConocoPhillips' history, a Young Eagles flight simulator, daily trivia contests, free giveaways and a fully restored 1938 Lockheed Model 12 Electra Junior, provided by owner David Marco, that actually belonged to the company in the '30s when it was used for executive transportation. The Lockheed would win the highly coveted Antique Grand Champion award.

The company's 10,000-square-foot exhibit tent, located on ConocoPhillips Plaza, was home to several audience favorites, including (counter-clockwise) daily popsicle giveaways, a trivia game tied to the company's history



and a green-screen photo opportunity that placed audience members in historic photos.





Left: Since 1994, ConocoPhillips has donated \$1 million to the Young Eagles Flight program, which promotes mathematics and science education among our youth. At this year's event, hands-on FAA-certified training was offered to aspiring pilots in the program. At the group's award banquet, Bryan Faria, manager, General Aviation, presented the Phillips 66 Aviation Leadership Award to super volunteers Ginny and Richard Largent.



More than 500,000 visitors to this year's AirVenture were welcomed to the event by the company, which renamed the West Plaza ConocoPhillips Plaza. This premiere location provided perfect sightlines for the daily air show and was host to a plethora of unique, historic aircraft, including "Fifi," a B-29 Superfortress used during World War II.

# Creating two leading energy companies

**ConocoPhillips' historic  
repositioning sets a  
powerful course for the  
future**

*by Ray Scippa, photography by Garth Hannum*

The histories of large, successful organizations are inevitably highlighted by major turning points. ConocoPhillips is no exception. When the company announced on July 14 that it would pursue a plan to reposition its upstream and downstream businesses into two separate publicly traded companies, it was marking one of the most significant milestones in its storied 130-year history.

Not since the 2002 merger of Phillips and Conoco has the company executed a strategic move of this magnitude. During the past decade, ConocoPhillips created peer-group-leading shareholder value by building major-company scale and scope through a combination of acquisitions, organic growth and integration throughout the oil and natural gas value chain. Now, its ongoing focus on value creation is driving the company in a new direction, toward its planned [repositioning](#).

“Our business environment has changed in recent years,” Chairman and CEO Jim Mulva said. “Looking forward over time, we believe that pure-play companies will deliver greater value because the complex, integrated business model is no longer a strategic advantage in gaining resource and market access. As a result, investor preference has shifted to pure-play companies. We have very strong upstream and downstream businesses, so repositioning into two separate companies will be the best way to compete and grow and to attract, retain and develop talent.”

#### A COMPELLING RATIONALE

The rationale for ConocoPhillips’ historic repositioning is a strong one from both the upstream and downstream perspectives. The upstream sector faces intense competition for exploration and development opportunities in the

many resource-rich countries that are determined to maintain close control over their oil and natural gas. As part of this “resource nationalism,” these countries give preferential access to their own national oil companies or those of other countries, with agreements negotiated between governments. Those opportunities offered to publicly owned international oil companies like ConocoPhillips are often of the less attractive fields and may not include a share in ownership of production. Resource-rich countries view international companies as service-providers and assign less value to downstream integration. As an independent pure-play E&P company, ConocoPhillips will be more focused with increased flexibility to respond faster to changing markets and new opportunities, while still offering powerful technical and financial capabilities.



**A ConocoPhillips  
drill site at the Eagle  
Ford Field in Texas**



**Top left: A view of ConocoPhillips' Wood River Refinery in Illinois**

**Top right: Jim Mulva at the July 15 town hall**

As a result of the changing environment, being an integrated company no longer provides a competitive advantage when seeking participation in international resource development megaprojects or when pursuing such emerging opportunities as developing North America's onshore shale trends.

On the downstream side, a market shift is also occurring, with declining demand for gasoline in industrialized nations, rising global demand for diesel fuel and other refined products, and emerging growth markets in a number of developing nations. This shifting downstream business environment now demands a new approach with an organizational structure and operational base that, like the upstream sector, can respond rapidly to changing conditions and new opportunities.

Additionally, investors' preferences are changing. To determine true business value, they seek a

level of strategic focus and financial transparency that is difficult to convey in an integrated company's highly complex business model.

"Repositioning into two separate pure-play companies will provide the transparency investors want," Corporate and Investor Relations Vice President Clayton Reasor said. "It should create a differential value for our shareholders and enable them to weight their portfolios across our businesses as they desire."

The simpler business models will make it easier for investors to assess each company's portfolio and prospects for growth. The transaction is tax-free for U.S. shareholders.

Operationally, both companies will be uniquely positioned as leaders in their segments, with sufficient size and scale to do any project anywhere and to manage risks and anticipate and respond to opportunities. They will be able to focus on core operations and adopt flatter organizational structures with greater management focus on customized strategies that can deliver long-term shareholder value.

Both companies will be better able to make smarter, more-efficient investments as opportunities continually evolve. Similarly, each will have improved ability to attract and retain talent through clearer performance incentives and enhanced career opportunities for employees.

"We expect both companies to focus on core operations, adapt to their environment and deliver long-term shareholder value, just as ConocoPhillips has over the past decade," Mulva said.

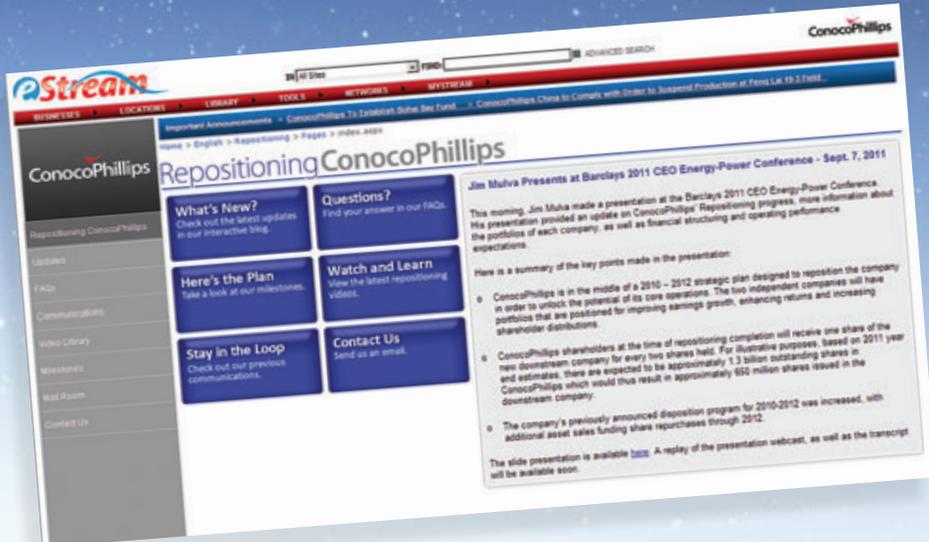
### A TRANSPARENT TRANSITION

The repositioning plan entails a series of steps. Internal efforts include the allocation of downstream and upstream assets and naming of new CEOs and leadership teams for each company. Externally, ConocoPhillips will seek a ruling from the Internal Revenue Service to confirm that

## Repositioning ConocoPhillips

### Milestones





the transaction is tax-free to the company and shareholders for United States federal income tax purposes and also will file a Form 10 registration statement for the downstream company with the Securities and Exchange Commission. After necessary rulings and reviews are complete, the board of directors must give final approval for the transaction, which is expected to be completed in the first half of 2012.

Many details are being carefully worked to complete the repositioning, including areas such as shared services, financial structuring, systems, and compensation and benefits. Once the new CEOs are named, transition teams devoted to work-force planning and organizational development will oversee the staffing process at the direction of management for the two companies. ConocoPhillips is taking a comprehensive and deliberate

approach to this work, with the overall transition team meeting weekly.

Jim Mulva, Gene Batchelder and John Lowe serve as the transition steering committee. Lowe is the lead of the transition team, managing day-to-day efforts in eight key areas. There are numerous subteams working with the eight transition teams.

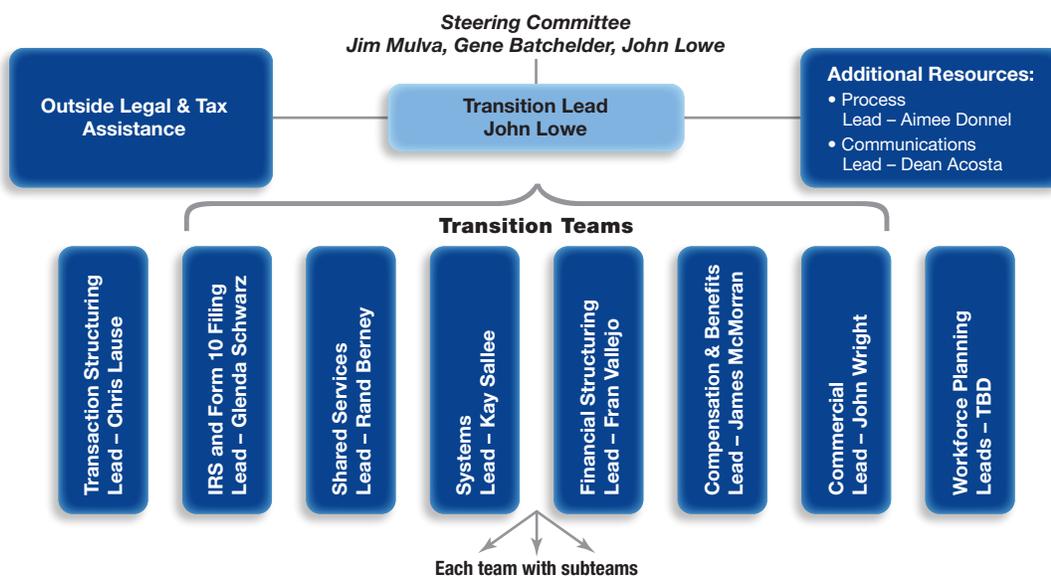
A top priority since the day of the announcement has been providing transparent and timely communication to employees. On July 15, Jim Mulva held a town hall with a standing-room-only audience in Houston and more than 9,500 individuals and groups around the world tuning in to the live webcast. A one-hour replay was viewed more than 9,000 times in the weeks following the event.

“The transition communications team is committed to delivering on the commitment of transparent and timely communications as ConocoPhillips transitions into two leading



Above: (from top) Senior Vice President and Chief Administrative Officer Gene Batchelder and Assistant to the CEO John Lowe

## Transition Team Structure



# IRS ruling and Form 10 filing

## Q&A with Glenda Schwarz

by Aftab Ahmed

Among key milestones in the company's repositioning plans are obtaining a favorable Internal Revenue Service (IRS) ruling and filing a Form 10 with the Securities and Exchange Commission (SEC). To understand the process, we caught up with Glenda Schwarz, vice president and controller. Schwarz is leading the work on the filings for the transition team.



### Glenda, at a high level, can you describe these two submissions and who will receive them?

Both submissions provide the government with company information regarding the repositioning and the companies it will create. The ruling request we submit to the IRS, the federal taxing authority in the United States, will explain the repositioning purpose and structural arrangements. Our Form 10 filing to the SEC, the U.S. agency responsible for enforcing federal securities laws and regulating financial markets, will describe how we will create the new downstream company.

### Why are we making these submissions?

Both submissions are formal steps in the repositioning process. The IRS ruling request seeks confirmation that

the distribution of shares in the new downstream company will not result in any U.S. corporate tax charge to the company or U.S. federal income tax charge to our shareholders. The Form 10 filing is required for the new downstream company's shares to be registered for trading on the New York Stock Exchange (NYSE).

### Can you tell us what type of information is going into these submissions?

The IRS ruling request includes items such as descriptions of the new downstream company's businesses; proof of independent operations between the two companies; explanation of the business purpose for the repositioning; and various details on financial arrangements, such as capital structures, securities, liabilities and post-repositioning business arrangements.

The Form 10 filing is designed to allow investors in the new downstream company to make informed decisions and so is very similar to the annual Form 10-K filing, but with additional details. Examples of these details include descriptions of the business; its securities; various historical financial data on an actual (as reported today) and proforma (just downstream company) basis; and legal exhibits, such as articles of incorporation and company bylaws.

### When do we expect to file these submissions?

There is a lot of detailed work to complete both submissions, but we expect to

make both initial filings before year end. We will supplement these submissions with any new or updated information, as required, during the review process.

### How long does it take for these submissions to be reviewed?

This is difficult to estimate, but typically the IRS and SEC take three to six months to complete their reviews.

### What if there are issues identified during the review process?

We will establish a dialogue with the IRS as it reviews our request and work with its personnel to address any concerns they may have. There is strong precedent for such rulings to receive favorable outcomes, so we do not anticipate any issues to arise that cannot be resolved. For the Form 10 filing, we will follow a similar process, responding to SEC inquiries and submitting revisions to address their comments.

### Is there anything else we should know about the IRS ruling or Form 10 filing?

A team from Controllers, Tax, Legal and various other groups is working hard to prepare these submissions so we can complete the reviews and receive a favorable tax ruling in the first half of 2012. These timelines will largely drive the effective date of the repositioning.

Learn more about the IRS ruling request and Form 10 filing and monitor our progress by going to the repositioning website and clicking Milestones.



External Communications and Media Relations Manager  
Dean Acosta

energy companies," said External Communications and Media Relations Manager Dean Acosta, who serves as the team lead. "Our job is to provide a window into the work of the transition team in a way that stakeholders understand and appreciate."

The internal communications team utilizes existing media, such as *eStream In the Spotlight* and *OnDemand*, the weekly *eSPIRIT News* publication, and *spirit Magazine*. In addition, within a week of the announcement, the team had launched a Repositioning ConocoPhillips intranet website with interactive and multimedia features designed to foster discussion and understanding of the transition process through every milestone.

Meanwhile, maintaining a sharp focus on running the business during the transition remains a priority for the company's operations and communications.

"Of course, change of this magnitude will be distracting," Mulva said. "But ConocoPhillips employees are consummate professionals who have demonstrated their commitment to success time and again. I am confident that we will continue operating in a safe and effective manner throughout the transition."

Mulva, who has led ConocoPhillips as chairman and chief executive officer since the company's inception in 2002, has indicated that he plans to retire upon completion of the repositioning.

# Barclays conference – Repositioning to unlock potential *by Aftab Ahmed*

**O**n Sept. 7, Chairman and CEO Jim Mulva spoke at the Barclays 2011 CEO Energy-Power Conference. His presentation provided an update on repositioning progress and more information about the planned portfolios of the proposed upstream and downstream companies, as well as financial structuring and operating performance expectations.

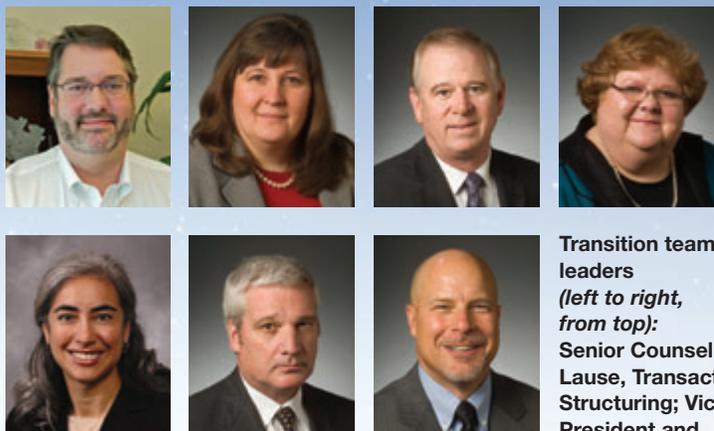
## 2010-2012 – REPOSITIONING TO UNLOCK POTENTIAL

ConocoPhillips is currently in the middle of a three-year strategic plan focused on repositioning the company into two leading independent energy companies. Through its heightened emphasis on portfolio optimization, balance sheet strength, returns enhancement and shareholder distributions, the plan is designed to unlock the potential of the company’s assets and people.

## 2013-2015 – POSITIONED FOR GROWTH

The two independent companies will be structured with portfolios that are well-positioned to enable significant, sustainable growth.

The upstream business will retain the ConocoPhillips name as well as the COP stock ticker symbol. Its portfolio will include an asset base focused in Organization for Economic Cooperation and Development countries that conveys peer-leading size and scale. Production and earnings growth are expected to be achieved from a well-defined pipeline of major development projects, including several high-impact unconventional plays, such as



**Transition team leaders (left to right, from top):**  
**Senior Counsel Chris Lause, Transaction Structuring; Vice President and Controller Glenda Schwarz, IRS and Form 10 Filing; Corporate Shared Services Senior Vice President Rand Berney, Shared Services; IT Shared Services General Manager Kay Sallee, Systems; Vice President and Treasurer Fran Vallejo, Financial Structuring; Global Compensation and Benefits Manager COE James McMorrان, Compensation and Benefits; and Global Supply President John Wright, Commercial**

the Eagle Ford Field and oil sands production projects in Alberta. As the company allocates more capital to production of liquids, its per-unit profit margins are expected to increase over time.

The downstream business will contain a diverse portfolio that includes refining, marketing, transportation, midstream and chemicals assets. It will be financially flexible and is expected to generate strong cash flow that will be used to fund growth opportunities as well as shareholder distributions.

A commitment to growth in dividends and the use of excess cash for share repurchases is a key feature of both companies.

## TRANSACTION STRUCTURING AND FUTURE EXPECTATIONS

Details on the structuring of the transaction were given, as well as the financial structuring of the two independent companies, and expectations outlined for certain key operating and financial performance measures that demonstrate the unlocking of potential the repositioning will allow.

Finally, Mulva confirmed that the company remains on track to announce the two companies’ leadership, as well as submit the IRS ruling request and Form 10 filing, before the year end.

If you have not already done so, view the replay of this presentation, available on the Repositioning website under Video Library. ■

### Why invest in ConocoPhillips

#### New ConocoPhillips

- Capability to do any project globally
- Strong, talented, driven leadership team
- Strong diversified OECD asset position
- Unique combination of production and margin growth and shareholder distributions
- “A” credit rating with substantial financial flexibility
- Potential for higher market multiples with production and EPS/CFPS growth

#### Downstream Company

- Unique diversified integrated portfolio
- Strong, talented, driven leadership team
- Significant net cash flow and profitable investment opportunities
- “BBB” credit rating / low-cost debt
- Unique balance of investment opportunities, returns growth and shareholder distributions

**Repositioning provides opportunity to capture ~\$20 B in shareholder value**

**Unlocking the potential of two unique leading energy companies**

# Global Procurement

A large industrial yard at night, filled with numerous red hydraulic fracturing trucks and equipment. The scene is illuminated by bright overhead lights, creating a high-contrast environment. In the foreground, a large white truck with a tall, vertical hydraulic fracturing rig is prominent. The rig is connected to a network of red pipes and hoses. In the background, many other red trucks are parked in rows, some with their headlights on. The overall atmosphere is one of a busy, large-scale industrial operation.

Eagle Ford  
frac crew  
photo courtesy  
of Halliburton

# Services: Making buying decisions easy

*by Sharon R. Rode, photography by Garth Hannum*

**Q**uestion: Who do you turn to for full-service market analysis, pricing review, cost modeling, purchasing and delivery of a vital resource, be it piping, catalyst or services?  
Answer: Global Procurement Services.

ConocoPhillips' Procurement organization touches almost all purchasing decisions for the company, including sourcing, delivery, handling and price fluctuations. Using economic analysis methods, such as cost-benefit or cost-utility analysis, and a thorough understanding of the supply market, it helps business units (BUs) make everyday buying decisions.

### CATEGORY MANAGEMENT

Category Management, a function within Procurement, looks at what the company spends and where – and helps manage the company’s relationships with its key suppliers. Much as you would for a household budget, they evaluate the company’s budget and cost spend, segmenting it into categories. Those categories include Well Operations (drilling rigs, fluids, directional drilling, stimulation, wellheads and oil country tubular goods (OCTG)); Major Equipment and Materials (turbines, compressors, automation, electric, catalyst, specialty gasses); EPC and services (engineering, construction, maintenance, turnarounds and logistics); and Corporate Services (HR, IT, Aviation, Facilities). A majority of categories are bundled into an annual spend of about \$200 million-\$500 million each and are broadly aligned within industry segments into goods and services groupings.

In order to assure that the company continually derives the greatest value for its purchasing dollar, the Category Management team performs a

detailed spend and market analysis (a comprehensive assessment of what we spend our money on and what is happening in the global supply market) on each category. This includes looking back at historical spend and estimating future spend. At any given moment, the Category team is focused on clearly understanding the business’ needs in order to effectively plan for and source the goods and services required to meet those demands. A critical component of the spend analysis process is market intelligence – reviewing suppliers, understanding their capacity, cost structure, performance history and market share. This information is then consolidated with data on ConocoPhillips’ leverage in that particular market with those specific suppliers. As these factors are determined and the information gathered, a strategy is then developed for the particular category, including specific procurement sourcing strategies.

For example, research may be conducted for the acquisition of turbines with a determination that there is one supplier providing the right type and

**Dirk Faveere,**  
manager,  
Global Category  
Management



*“We build a strategy utilizing sound market intelligence. From there, the strategy determines how we source.”* – Dirk Faveere

*“What will make us a good supply organization is great data – always knowing where we are spending our money and where the company is going (alignment with the business) and the capacity to really understand what is happening in the supply market.” – Peter Nassab*

quality of turbine required. If the decision is made for that specific turbine, the company would, in effect, become a captive customer of that supplier.

“The ultimate aim is to leverage our knowledge and the size of our spend globally, to drive decisions on how we source or who we source with,” said Dirk Faveere, manager, Global Category Management. “We build a strategy utilizing sound market intelligence. From there, the strategy determines how we source.”

Cost models are one of the tools that provide the data we need to develop strong negotiating positions. Cost modeling helps Category managers understand the potential profit margin for a particular product with a particular supplier. The components of a cost model include labor, materials and overhead, other expenses, and profits. Based on that margin, Procurement managers and the business can have a discussion with the supplier around its true costs of goods and services.

An additional key component is the active management of the supplier relationship. Supplier Relationship Management, or SRM, touches on the aspects of performance, delivery, quality, safety, price, service and value. By having a robust SRM program, we will be able to identify optimized solutions in partnership with our suppliers. This is an area of great value to the company and one in which the Category Management team is focusing significant emphasis to build robust guidelines and programs.

As a team, the Category Management group is composed of subject-matter experts in each of the categories, supported by a very strong group of analysts.

Category managers need strong commercial acumen, combined with a good technical understanding of their category, and strong communication and influence skills. These are not always easy to come by.

## THE ANALYSTS

Analyst roles have become increasingly important as the size and complexity of the company’s spend has increased, and the global supply market has become more volatile. “Over the last two years, we’ve significantly improved our analytical capabilities – in part by bringing in people from the finance and MBA talent management teams. The expertise of this group of professionals has



offered us great additional analytical horsepower and has allowed our team to take advantage of the broad array of talent available throughout the company. Improvements have been seen in the quality of our analysis and our ability to touch more of what we’re spending. We’ve also added a career opportunity in Procurement for those who hadn’t thought of it before,” said Peter Nassab, manager, Global Strategic Sourcing and Category Management.

**Peter Nassab,**  
manager,  
Global Strategic  
Sourcing and  
Category  
Management

Building profiles, analysts help provide a holistic and comprehensive view of the company’s suppliers – what they are capable of, what they can deliver, their financial strength and performance. Added to that are various market dynamics – supply and demand, capacity, trends, technology developments, and how many vendors and suppliers are available. This market intelligence is collected by reaching out to associations, groups and services providers and researching available public information. That data is then analyzed to find key indices, providing context for what is driving the cost of goods and services, things like steel, chemicals, transportation and labor costs.

“What will make us a good supply organization is great data – always knowing where we are spending our money and where the company is going (alignment with the business) and the capacity to really understand what is happening in the supply market,” Nassab said.

## GLOBAL WELL OPERATIONS

Of the four categories and \$16 billion tracked by the Category Management team, \$4 billion is spent in Global Well Operations. This group handles the acquisition of all goods and services, such as rigs, casing, cement and fracing supplies, required to drill, complete and deliver wells for ConocoPhillips.

For the Well Operations Category team, it’s an opportunity to interact with drilling projects around the globe, see what is needed on all the job sites and come up with comprehensive sourcing strategies. “Everyone is busy fighting the day-to-day fires of getting a well set up and operational; they may not have time to get up and look over the fence, so to speak. We look over everybody’s fences and see what’s going on all over the globe,” said Donnie Sperry, manager, Global Well Operations Category. “It’s very important that

Hybrid rig casing, Canada



## Efficiency and resources in a highly competitive environment

**A**s high demand for industry services in some Lower 48 areas led to delays and cost increases in completing wells, ConocoPhillips recognized that success in today's oilfield is all about driving efficiencies. In 2010, Global Procurement Systems worked with Lower 48 to structure a commercial agreement that would improve operational efficiencies while aligning with the service company's goals. For the Eagle Ford well stimulation agreements, the contract was structured in a way that incentivized both ConocoPhillips and the service provider to 1) ensure the highest safety standards, 2) maximize the number of well fracturing stages achieved per day (frac efficiency), and 3) achieve a lower per-stage cost at higher efficiencies. The results have included efficiency even higher than originally premised, enabling ConocoPhillips to further increase drilling rig count without the need for additional frac crews. Furthermore, by creating a long-term strategic relationship with the service companies, ConocoPhillips has been able to ensure continuity of supply of the proppant and other key raw materials that are in short supply in the current market.

we function as a global entity. We are able to pull resources from both the Eastern and Western hemispheres. We look at the market and the suppliers – rolling that together in an effort to get better pricing, better deals and terms by leveraging the advantage of our size and capacity demand.”

### PRICING ADJUSTMENTS

Pricing adjustments are ongoing for any number of resources. In the Well Operations Category, one such area is oil country tubular goods. These are the drill pipe, casings and other tubing needed during drilling operations. Quarterly meetings are held to review adjustments in the cost of the raw products, and formulas are consulted to see when a price adjustment is necessary.

A comprehensive agreement negotiated by ConocoPhillips' Procurement organization allows for the purchase of tubular goods at a certain price. This agreement is one of the company's largest and most mature global contracts. It has been proven that reaching such master agreements

provides more leverage and pricing power than fractured (independent) agreements.

A recent example is the Eagle Ford program. With the significant drilling activity in that region, a focused effort was put into developing contracts that would assure the company had ongoing access to dedicated well-fracturing crews. Leveraging its knowledge of the business and the company's strong supplier relationships, the Well Operations team worked with the Americas business unit to secure supply at a price it deemed reasonable when some players in the industry weren't able to access this service for any price.

### FROM DRILL SIDE TO SUPPLY SIDE

With a career spanning 31 years, 27 in Drilling operations, Sperry refers to himself as a career driller. Starting with Amoco Production in 1980, he spent 17 years drilling all over the world. Following that, he went to work for Burlington Resources in its Farmington, N.M., location, remaining through the acquisition until 2009.

*“It’s very important that we function as a global entity. We are able to pull resources from both the Eastern and Western hemispheres.” – Donnie Sperry*

Despite his love for New Mexico and red and green chilies, Sperry came to Houston and the Procurement organization for a change of pace and to see the work from another point of view.

“The technology in the industry is ever evolving,” Sperry said. “The capabilities to drill today are light-years from where we started. I’ve been in the industry and was exposed to horizontal drilling early in my career. I’ve sat on a rig and tested experimental versions of rotary steerable drilling systems. So to see where we were and where we are now, it’s just incredible how we continue to advance technology. Not only that, but the easy stuff has been drilled. Everything we chase now is a lot harder to get, which just means more advances in the industry.”

Since moving from the drill side to the supply side, Sperry has seen some incredible processes and skills that he would have given anything for as a drilling manager, including the enhanced market information, cost models and levers for negotiating. These are tools he wants to provide to his

former peers to help them and show them what Procurement and his Well Operations Category team can deliver. With a team and services that have grown in the past few years, there is a growing realization that Category Management can be the basis of incremental value for the company going forward. Sperry is proud of the diversity of his team – eight Category leads, with a host of Category Management, technical and relationship skills, and four dedicated analysts.

Sperry ultimately returns to the concepts of teamwork and working together. “A big portion of my time is spent on building bridges and understanding. When I was out in the field, I didn’t always understand the value of a Procurement- or Category-based strategy, or what they were trying to do, but I remained flexible and open to new possibilities and found they helped me in securing value for my budget and necessary equipment for the right cost. In the end, it is about all of us working together toward building the value of the company.”

**Donnie Sperry,**  
manager, Global  
Well Operations  
Category





## PARTNERSHIP

Though a core part of their role, Procurement and Well Operations specifically recognize there is concern on the part of the business units when it comes to reshaping customer relations and supplier deals. Some BU representatives build relationships with companies and suppliers who have been there for them, providing excellent customer service, and with whom they enjoy doing business. At times, the strategies proposed by Procurement suggest following a different path. Procurement realizes they have the impetus to drill down to the data, basing decision-making on the facts, while also understanding that the term “total cost of ownership” involves the current relationship and service levels, recognizing the potential for changes in service delivery with a new supplier.

“Our aim is to leverage our knowledge, size and intelligence. That means we have to work very

closely with the business units. And our aim is that when the BU wants to source something, for them to pick up the phone and see how they can leverage our services and our knowledge to assist them for the benefit of the company,” Faveere said.

“In spite of what the data says, we realize that the ultimate decision rests with the business. Our job is to deliver strong commercial sourcing strategies underpinned by facts and analysis, but at the end of the day, the decision belongs to the BU, and we will always respect and support it,” Nassab said.

“I’ve been in the group only a short while, but I am very proud of what the team has already accomplished and have no doubt that we will continue to add tremendous value to the company – value beyond cost savings. We are mindful of being a support function to the business. Our goal is to become a trusted partner. We realize that we’ll only get there if we consistently perform well, and we are committed to doing so, every day.” ■

**Above: Stacks of oil country tubular goods ready to be utilized in the drilling process**

**Above left: A wellhead at Eagle Ford, Texas**

# Targeting zero incidents – virtually

*2011 Upstream Safety Summit  
targeting zero incidents through  
a virtual conference*

*by Rosie Hoefling,  
photography by Rich Ostrem*

**T**he 2011 Upstream Safety Summit will engage over 2,000 attendees – participating in safety discussions from the comfort of their own workplace environment. For the second year, the summit will be facilitated through an online, virtual format with participants tuning in from around the world through advances in communication technologies.

A collaborative effort among Upstream HSE, Drilling and Production, and IT, the summit will be held Oct. 24-28, with sessions repeated each day to accommodate different time zones.

The summit's goal is to promote leading practices focusing on achieving target zero, or zero incidents, illnesses and injuries – a goal that was thoroughly discussed in the early planning phases.

“One of the Safety Summit Planning Team's priorities is making sure the event helps the organization achieve its goal of zero. We don't want any safety incidents at all, but how do we achieve that?” said Pete Miller, manager, Operations Excellence, and 2011 summit planning team member.

For Miller and the planning committee, the answer to this question lies within a theory developed at DuPont: the Bradley Curve, an idea that focuses on the development of an organization over time.

According to Miller, the theory postulates that there are four stages of organizational development – reactivity, dependence, independence and, finally, interdependence.

“The reactive stage is characterized by organizations that focus only on compliance types of goals. Reactive organizations tend to delegate safety, with minimal management involvement. Typically, you see the highest injury rates within these types of organizations,” he said. “In the dependent stage, you begin to see a greater shift to management commitment, rules and procedures, and supervisory controls. As the organization moves into the third stage, independence, the focus shifts to personal knowledge and an individual commitment to safety.”

As an organization matures, the goal is to move to the final stage of maturity on the Bradley Curve, interdependence, and that's where everyone truly works as an integrated team. This final stage is characterized by care for one another and organizational pride.



**Right: Pete Miller, manager, Operations Excellence and 2011 summit planning team member**

**Below: Marilyn Hornung, manager, Wells Excellence, and 2010 summit planning team member accepts the summit's 2010 SPIRIT of Performance Award. Looking on are team members (from left) Josh Soybel and Rachel Sissenwein and E&P Americas Senior Vice President Greg Garland.**

"As an organization, you watch out for each other. In addition to taking accountability for your own safety, each individual personally takes responsibility for those around them as well," said Miller. "I make sure that you're safe, and you make sure I'm safe. We all work together to make sure that we drive that kind of safety environment, to make sure that we all stay safe and go home safe."

Based on this concept, the planning committee developed key content areas for the conference that correlate with each of the four stages to ideally create an organization that is empowered to work together to achieve target zero.

### CONTENT THAT STRIVES FOR ZERO

With a different focus area each day, the three-day conference will begin with a discussion on safety leadership and what it takes to make zero possible.

"The topics we have listed for this day include talking about empowerment," Miller said. "We want to have executive management talk about their message on leadership and what it takes to make zero happen at ConocoPhillips."



Other discussions will include key successes needed to reach target zero, personal safety leadership and leadership expectations.

Summit discussions on day two will feature topics on safety culture, specifically, risk tolerance, safety behaviors, hazard recognition and planning for safety, as well as process and contractor safety.

The conference will conclude on day three by focusing on lessons learned.

"On the third day, we want to really start talking about leveraging knowledge," Miller said. "How do we keep from making the same mistakes? If we find out things that work in a certain area, how do we leverage that global knowledge, and how do we better understand what things could actually go wrong and mitigate these risks to prevent injuries?"



In addition to these topic areas, there will be additional content elements featured in the Upstream Safety Summit.

Miller said the planning team is lining up several presentations, from both internal and external guest speakers, addressing key safety topics and discussing leading safety practices. Miller also stated that a call for abstracts was sent out in early June and that an overwhelming response of more than 100 submissions was received.

Panel discussions and comments from country presidents are also being planned to provide multiple perspectives during the summit.

“We are including expert external speakers who can elaborate on our topics. By engaging experts in the industry, authors of books and renowned speakers, we generate more interest and enthusiasm,” Miller said. “That is the key to making this whole thing work well – good content and good speakers.”

#### CREATING A VIRTUAL WORLD

In addition to maintaining engaging content materials, the 2011 Upstream Safety Summit will offer its participants several virtual resources to enhance their experience, according to Bob Hester, director of data storage enterprise content management, Global Data Storage Services, and 2011 summit planning team member.

“Our responsibility around this event is really coming up with the technology solution in order to connect all of these people and give them a very rich experience from a conference collaboration standpoint,” Hester said.

Using some tools ConocoPhillips already has in place and some newly acquired resources from Cisco Event Center, the summit will offer three new virtual components that were not integrated into last year’s summit.



*Left: Upstream team members in Malaysia participate in the 2010 Upstream Safety Summit.*



**Right:**  
Indonesia HSE  
Manager Faisal,  
a 2011 summit  
planning team  
member

**Below left:**  
Bob Hester, director  
of data storage  
enterprise content  
management,  
Global Data Storage  
Services, and 2011  
summit planning  
team member

**Below right:**  
Employees  
in Indonesia  
participate in the  
2010 virtual summit.

The first resource features the opportunity for attendees to participate in the summit’s virtual exhibit hall.

“Outside of the core three hours where people are presenting content to the broader audience, you will also have the opportunity to go in through a Web interface and actually see pre-recorded presentations with voice-overs of different subjects that people have submitted,” Hester said.

“Presenters will also be available online through a chat feature to answer questions, make other comments and interact with those who have questions around the presentations.”

Hester said the final tool set in place will include a virtual networking lounge. Reminiscent of coffee-room discussions, the lounge will be set up for individuals to continue their conversations even after mainstream presentations have concluded.

“Think about when you are actually at a conference and you have those discussions as people get their coffee,” he said. “We’ll have these chat areas where people can have that same type of informal interaction to help connect with their peers virtually.”

With additional resources in place, these tools will only further enhance the benefits to hosting this conference in its virtual form.

“The virtual world truly engages the larger population and helps us cross some of the language barriers and challenges,” said Faisal, manager, Indonesia HSE, and 2011 planning team member.





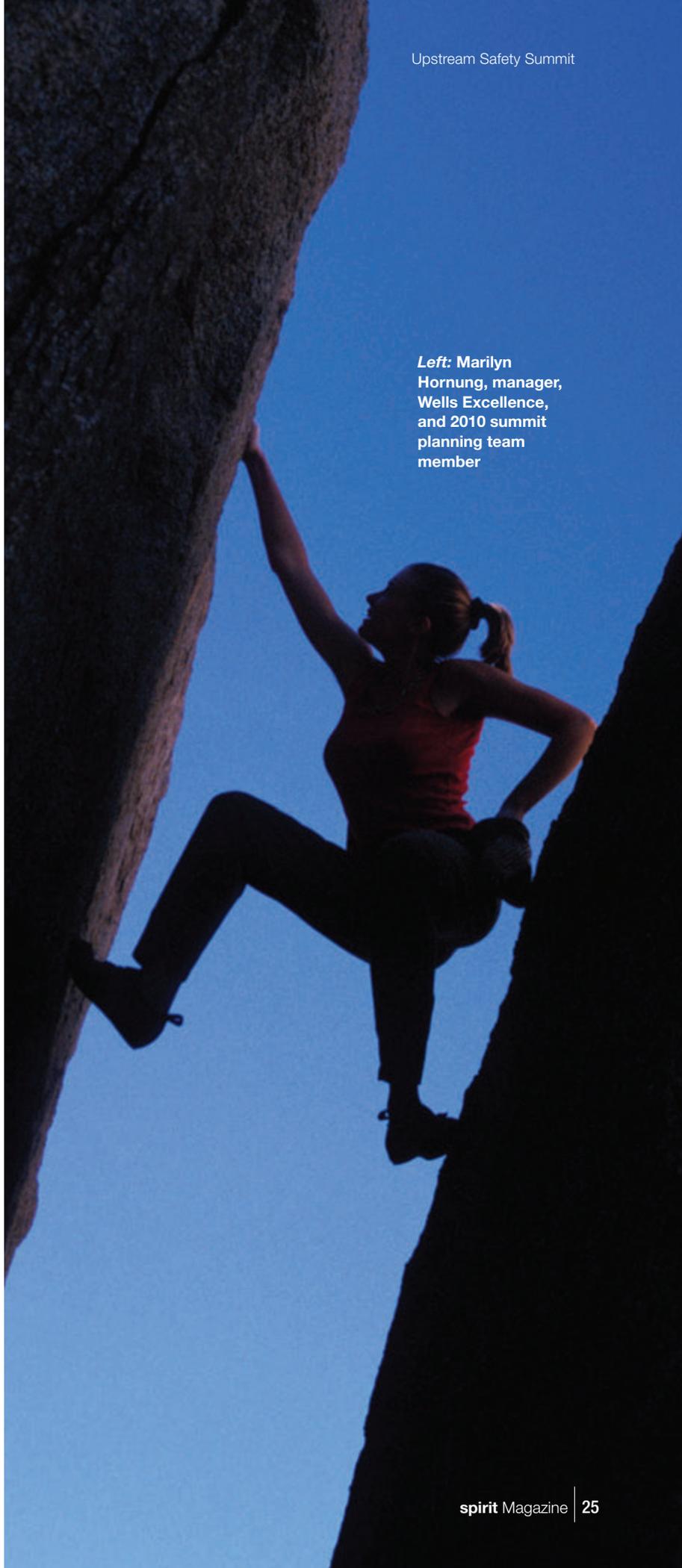
### BUILDING ON A SUMMIT OF SUCCESS

The virtual foundation for the upcoming safety summit was established by the success of the 2010 Upstream Safety Summit – a SPIRIT Award winner in the People and Safety category.

“The SPIRIT Award for the members of the team was just the icing on the cake,” said Marilyn Hornung, manager, Wells Excellence, and 2010 summit planning team member. “The next day, as we all were kind of unwinding from the conference, most people felt like it was the best thing they had ever done professionally. The SPIRIT Award was the external recognition, but the internal recognition for individuals was there at the beginning.”

The focus of the 2010 summit was to sustain safety performance improvement from 2009 while developing content that catered to the recently enlarged virtual audience. According to Hornung, last year’s conference averaged 1,500 participants from over 100 different locations.

The outcome from these past summit efforts included a 20 percent improvement in the total



*Left:* Marilyn Hornung, manager, Wells Excellence, and 2010 summit planning team member

2011 Upstream Safety Summit Planning Team



SUMMIT READY



**Above and below:** The 2010 virtual safety summit brought employees together in conference rooms around the world, with an average of 1,500 participants daily. The 2011 summit hopes to nearly double that number.

recordable rate of incidents for 2010, compared to 2009.

Hornung said one of the biggest benefits to hosting the summit virtually is the motivation it provides people to think more innovatively due to the break from the traditional face-to-face conference format.

“It presses you to try and do things differently, and with that, it’s not just keeping safety fresh for people who are participating,” she said. “A lot of times, it can stimulate a much different approach to what you’re trying to bring about.”

With the new applications added to this year’s conference, Hornung said it will only enhance the way participants can communicate and the lessons they will learn from attending.

“When it becomes more of a two-way street, things begin to develop differently. I think you have a lot more potential for real leverage, and you begin to see things happen more dynamically, see where they are going and build on that,” she said.

“Participation in the 2011 Upstream Safety Summit will prove to be a unique experience with several benefits for attendees,” said Deena Clayton, principal consultant, upstream HSE, and summit planning team member.

According to Clayton, the opportunity to engage in global conversations is one aspect participants should anticipate getting out of the conference.

“The benefit in a virtual summit is to have people from around the world actively communicating and participating,” she said. “Last year, we had people connect to the conference from work sites in every corner of the globe – from offshore platforms and drilling rigs to operations offices, field camps and corporate boardrooms. I expect we will have similar participation this year. So the idea is that you can be anywhere around the world, as long as you have Internet and phone, and be able to hook into it.”

The Upstream Safety Summit will also be an

**Another virtual event**  
 The **2011 Subsurface Symposium** is a global knowledge-sharing event planned from Nov. 29-Dec. 9, 2011, for more than 1,500 geologists, geophysicists, reservoir engineers and allied disciplines within ConocoPhillips. Like the Upstream Safety Summit, its unique approach to global conferencing uses virtual technologies adapted for interactivity with local gatherings to emulate a global conference. More than 250 talks will be selected from over 450 abstracts submitted by 375 authors around the world. Keynote and technical speakers will attend from anywhere on the globe, via virtual links, and will interact live with the Americas, Europe and AsiaPacific communities.





## 2011 Guest Speakers

### Day 1 – Leading to Interdependence

Robert Kryzwicki  
DuPont Sustainable Solutions  
*“Bradley Curve & DuPont Safety Perception Survey”*

### Day 2 – Safety Culture

Dr. Bruce G. Staley  
Safety Management Consultants (UK) Ltd.  
*“Safety Culture and an Empowered Workforce”*

### Day 3 – Global Lessons Learned

Dr. Karlene H. Roberts  
University of California – Berkeley  
*“High Reliability Organizations and High Performance”*

opportunity to engage with contractors and consultants. “Since these individuals make up a large component of the ConocoPhillips workforce, lines of distinction cannot be made when it comes to safety,” Clayton said.

Overall, the conference will engage several voices, empower employees and leverage safety knowledge, but Clayton said these objectives won’t be possible if employees do not work together to achieve them.

“Even though everyone works in different places

in the world – different activities, different environments – many of our challenges in safety are similar,” Clayton said. “To be able to learn, share and understand, as part of a global team that’s helping to address those challenges, I think is a huge benefit.

“If we all work together, we can get there. That’s a little bit of the interdependence of DuPont’s Bradley Curve theme – if everyone’s working on their own, we’ll never get there; but if everyone’s working together, we will.” ■

**Far left: Deena Clayton, principal consultant, Upstream HSE and summit planning team member**

Join us for the  
**2011 Upstream Safety Summit Virtual Conference**  
Oct. 24-28

To participate or find out more, visit the **2011 Safety Summit** intranet site at <http://upstream.conocophillips.net/EN/hse/Pages/UpstreamSafetySummit.aspx>.

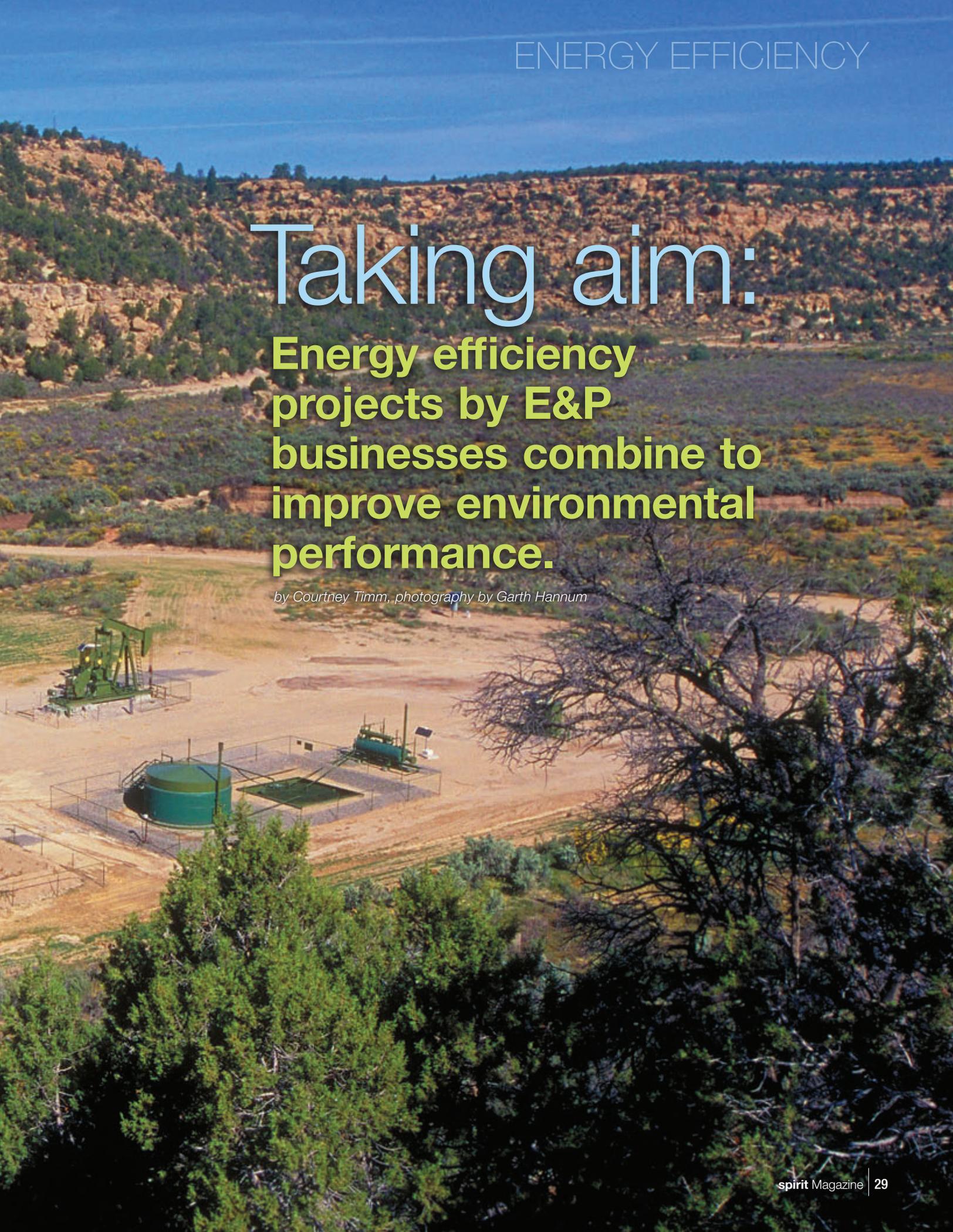


A ConocoPhillips well site in the San Juan Basin of New Mexico, with typical natural gas compressor and tank battery facilities

# Taking aim:

**Energy efficiency projects by E&P businesses combine to improve environmental performance.**

*by Courtney Timm, photography by Garth Hannum*





**Above: Rismal Adriansyah, manager, Block B Western Hub Field**

**Below right: Elmworth waste-heat exchanger, Western Canada Gas**

ConocoPhillips' Exploration and Production (E&P) business units around the world are working to make operations more energy efficient by implementing improvement projects to produce natural gas more efficiently with less impact on the environment. This focus on efficiency is intended to reduce energy use, conserve resources, yield cost savings and extend asset life through projects that reduce natural gas flaring, venting and process losses.

In 2010 alone, E&P completed a number of these projects that altogether saved more than 3 billion cubic feet (BCF) of natural gas and reduced greenhouse gas emissions by more than 980,000 tonnes of carbon dioxide equivalent.

"We feel strongly that we can operate efficiently while also reducing our impact on the environment," said Bobby Nolen, general manager, Upstream Health, Safety and Environment (HSE). "Key to this success is identifying cost-effective projects and sharing information across the company."

Production Operations teams, along with Facilities Engineering groups and HSE staff, have been successful in identifying and developing these

opportunities. Upstream HSE plays a key role by collaborating with business units, functional groups and industry peers to share knowledge and promote best practices within the company.

Also key to this success are Greenhouse Gas (GHG) Emissions Reductions Guidelines developed by E&P Facilities Engineering. These proactively support business units in their efforts to improve energy conservation, raise efficiency and develop designs to minimize current and future emissions. The guidelines provide a reference resource that can help identify viable emissions-reduction projects or actions.

"After an extensive review of potential best practices and technologies, we selected those that would increase upstream's knowledge of emissions sources and provide a resource that can be utilized to identify viable projects in both existing operations and new investments," said Nurul Ali, senior process engineer, Facilities Engineering.

The review excluded large and yet-unproven GHG reduction technologies, such as carbon sequestration, and focused on practices that could potentially be implemented by a business unit as part of an E&P project. Although some technologies identified could, if implemented, noticeably improve energy efficiency and conservation at a single site, the majority only provide incremental improvement. However, when applied over multiple sites, the total reduction can be significant.

A key factor in multiplying success is sharing information across the company. In May, Facilities Engineering and Upstream HSE hosted a webinar showcasing energy-efficiency and GHG reduction projects that have been implemented successfully. Business units shared information and best practices that can be replicated elsewhere in the company's global operations to enhance E&P's overall energy efficiency.





**Belida Platform,  
Indonesia**

## INDONESIA

In 2007, the Belida Operations team initiated a flaring-reduction process. The group's efforts resulted in total flaring reduction of 2.3 billion standard cubic feet (scf), increasing gas sales revenue by an estimated \$27 million through 2010. The process also dramatically reduced GHG emissions from 361,000 tonnes in 2007 to only 14,000 tonnes in 2010. The Belida team accomplished these savings through a strong Operations Excellence philosophy that focused on operating conditions and process improvements. These efforts are continuing with additional flaring reductions planned in 2011.

"Belida Operations had identified flaring as a concern," said Rismal Adriansyah, manager, Block

B Western Hub Field. "We saw opportunities for value creation through improved operating performance, the recovery of flared gas for use as fuel or sales gas, and a reduction in environmental impact in terms of GHG emissions from flares."

The team began by identifying the sources of flare gas and then developed plans to reduce or eliminate it, where possible. Results were achieved by fine-tuning facility operating conditions and reducing gas lost through control valves. Further reductions were achieved through gas lift optimization, valve inspection with special tools and minor facility modifications to reroute gas back through the processing system.

The team continues to manage planned

## EPA Natural Gas STAR program

Natural Gas STAR is a voluntary partnership between the U.S. Environmental Protection Agency (EPA) and oil and gas companies that encourages the member companies to adopt proven, cost-effective technologies and practices that improve operational efficiency and reduce methane emissions. Several ConocoPhillips upstream business units, including Alaska, Canada and Lower 48, have been active participants through implementation

of methane gas-saving projects and sharing information and results with other members.

Each year, the EPA recognizes the efforts and achievements of outstanding Natural Gas STAR partners. Recognition is based on methane emissions reductions achieved; implementation of a variety of technologies and practices; and support of program activities, initiatives and outreach.

As testament to our efforts, ConocoPhillips' Lower 48 Business

Unit was recognized as Production Partner of the Year in 2002 and earned the 10-year Continuing Excellence Award in 2009. ConocoPhillips Canada was recognized as International Partner of the Year in 2008.

The Natural Gas STAR program provides guidance to industry partners in identifying and prioritizing cost-effective ways to reduce methane emissions from oil and natural gas operations.



**Berland waste-heat exchanger, Western Canada Gas**

shutdowns and reduce unplanned shutdown events by improving reliability of gas compressors, which will avoid flaring from re-startup activities. The flaring level at Belida is monitored continuously to provide feedback for review. The team ensures follow-up actions are taken in response to any anomaly so that reductions are sustained.

“By using focused flaring key performance indicators across all our offshore operations, we continue to optimize and tune all our systems to reduce the volumes of gas flared,” Adriansyah said. “We’re working to maintain safe and steady operating conditions, which helps reduce flaring volumes and yields significant business and environmental benefits.”

### LOWER 48’S SAN JUAN BUSINESS UNIT

A gas recovery completions process is reaping both environmental and business rewards in

Lower 48’s San Juan Business Unit (SJBU).

In 2007, San Juan piloted a process that recovers natural gas produced during initial well cleanup and flow testing. The recovery equipment cleans up and, if necessary, compresses the gas stream, enabling it to flow into the sales pipeline. The conventional process involved venting or flaring this gas.

A successful pilot program led the SJBU to add the recovery equipment to its completion rig fleet. Currently, seven completion rigs have the specialized equipment, which travels from well to well. To date, 237 wells have been completed utilizing the recovery process, accounting for gas sales of 2.7 BCF. An additional benefit of the process is reduced flowback time after the well is hydraulically fractured, or fraced. The wells are now flowed back after frac for only 36 hours, compared to four to five days.

In addition to the success of such “green



“We work closely with our industry partners and provincial and federal regulators to share learnings and implement new practices to improve overall industry efficiency.” – *Paul Slobodnik*

completions,” San Juan also has achieved operational improvement through optimizing compression. With 10,000 wells and 2,200 natural gas compressors, the San Juan Operations team recognized an opportunity to downsize compression and optimize the fleet.

“Three years ago, it became apparent that we had to develop a repeatable, multifunctional process to evaluate and optimize our underutilized base fleet of compressors,” said Thomas Jacques, supervisor, Compression Engineering and Quality Assurance Engineering. This is the result of the area’s gradually depleting reservoirs. “The compressors were right-sized for the conditions at one time, but with depleting reservoirs, they are no longer efficient.”

The Compressor Optimization Program identified many high-value opportunities through a utilization analysis. As a result of equipment modifications in 2009 and 2010, operating expenditures were reduced by \$2.694 million net, about \$224,000 a month. Fuel gas reductions saved 4.47 million cubic feet per day (MMCFD). Total compressor capacity was reduced by 27,000 horsepower, which also yielded a reduction in

greenhouse gas emissions of 106,617 tonnes. Additional improvements were also achieved, such as bringing compressor sites up to current standards, upgrading automation and replacing piping.

### WESTERN CANADA GAS

Western Canada Gas (WCG) Production Operations delivered improvements through a variety of projects and optimization activities, including the installation of technology that uses an advanced air-to-fuel ratio control system to convert rich-burn engines to operate on a lean-burn combustion basis. In 2010, 50,000 horsepower in compressor capacity was converted, resulting in an overall fuel gas savings of 1.07 MMCFD and GHG emissions reductions of 19,400 tonnes per year.

Through 2010, total energy-efficiency efforts have saved 3.85 MMCFD of fuel gas worth about \$6.3 million. In addition to economic and environmental benefits, WCG is realizing other intangible advantages.

“We work closely with our industry partners and provincial and federal regulators to share

**The San Juan Compression Engineering group (from left): Compression Engineer Chris Marley, Compression Engineer Bob Swingle, Supervisor of Compression Engineering Tom Jacques and Senior Facilities Engineer Dusty Mars**



**WCG's Operations Energy Efficiency team is dedicated to coordinating energy-efficiency and emissions reduction efforts within WCG operations. The team is able to leverage knowledge-sharing opportunities from the various WCG operating areas, along with internal and external peer groups, in order to successfully execute a large number of projects economically and consistently. The WCG Operations Energy Efficiency group (from left): Engineering Intern Jane Leung, Team Lead Paul Slobodnik, Operations Engineer Andrea Zabloski and Operations Engineer Sean Hiebert**

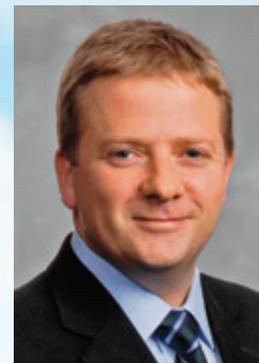
learnings and implement new practices to improve overall industry efficiency,” said Paul Slobodnik, team lead, Operations Energy Efficiency. “As a result, we were successful in an application to receive \$7 million through an industry and government fund aimed at developing technologies to reduce GHG emissions in Alberta.”

Waste-heat recovery has lowered fuel use by recovering energy in the form of heat from the exhaust of large, natural gas-powered engines. At the Berland Gas Plant, engineers recognized that installation of a waste-heat exchanger would

allow recovered heat to be utilized within the plant’s heat medium system, saving approximately 75,000 cubic feet of fuel gas per day, which equates to a GHG emissions reduction of 1,360 tonnes per year.

At the Elmworth Gas Plant, a waste-heat exchanger project on a much larger scale conducted on internal combustion engines totaling 15,000 horsepower saves 1.6 MMCFD of fuel gas and reduces GHG emissions by 30,000 tonnes per year. It will also generate 750 kilowatts of electricity. Additional heat recovery projects are currently





**Above: Australia  
Darwin Area Manager  
Dominic Macklon**

**Above left: Darwin  
LNG Plant, Australia**

being evaluated across WCG.

“Power prices are on the rise, and we need to explore projects of this type in order to provide sustainability, operating-cost certainty and risk reduction,” said Sean Hiebert, operations engineer.

Other successful energy-efficiency projects and technologies employed by WCG include plant and compressor consolidation, combustion air control on incinerators and fired heaters, flare optimization, vent gas capture, facility solar conversions, and instrument optimization.

## AUSTRALIA

The Australia Business Unit (ABU) engaged climate-change consultants to help design and facilitate a workshop for Darwin LNG Plant personnel to identify GHG emissions reduction opportunities and test assumptions of the plant’s basis of design. The workshop was an important action identified in the ABU’s Climate Change Action Plan.

“This workshop created a great opportunity for our operations, engineering and environmental personnel to utilize their knowledge and experience in finding opportunities for emissions reductions that are directly relevant to our plant,” Darwin Area Manager Dominic Macklon said. “Although the plant is relatively new and has inherent emissions-reduction features in the design, the

ABU has a strong focus on achieving further reductions, lessening our environmental footprint and reducing costs that would be imposed beginning mid-2012 by Australia’s proposed tax on carbon emissions.”

The GHG Emissions Reductions Guidelines were reviewed and integrated into the Darwin workshop content. Opportunities identified for further consideration and assessment were associated with fugitive emissions, direct-fired heaters, acid gas removal and thermal incineration, stationary gas turbines, centrifugal compressors, and flaring and liquid hydrocarbon storage. A post-workshop report detailing the outcomes and opportunities identified, along with a high-level qualitative cost and emissions-saving ranking, was provided to the Operations team.

As BUs find new ways to make operations more energy efficient, they are sharing their learnings as part of their commitment to further reduce ConocoPhillips’ environmental footprint.

“Whether ideas for energy-efficiency projects come from climate-change consultants or from engineers who work in the field every day, ideas are becoming actions, and the results are adding up,” Nolen said. “E&P businesses are demonstrating respect and care for the environment, while also ensuring efficient and competitive operations.” ■

# Creating jobs and reducing greenhouse gas emissions Down Under

ConocoPhillips Australia employees recently met indigenous traditional owners in West Arnhem Land in regional Northern Australia to review a sustainability program that has created jobs and reduced greenhouse gas (GHG) emissions.

The West Arnhem Land Fire Abatement (WALFA) project is part of a 17-year collaborative partnership among the ConocoPhillips-operated Darwin LNG Plant, the Northern Territory (NT) government, Bushfires NT and traditional owners in West Arnhem Land – and the project is proving more successful than first imagined.

The project uses strategic fire management techniques conducted by indigenous workers to reduce the extent of uncontrolled wildfires. As a result of these efforts on 28,282 square kilometers of forest and grasslands, WALFA has averted an impressive 774,000 tonnes of greenhouse gas emissions in its first five years.

Unchecked savannah wildfires contribute up to 40 percent of the NT's total greenhouse gas emissions. WALFA is now recognized by indigenous people and the government as a major success in reducing long-term greenhouse gas emissions, protecting fauna and flora, providing revenue and employment opportunities, and preserving the cultural and heritage values of indigenous communities.

Steve Sutton from Bushfires NT is impressed with traditional owners' deep knowledge of

the land. "When you talk to them in their own language, they have a very subtle, nuanced and complete understanding of the impacts of fire. The detail of that knowledge really does blow me away," he said.

West Arnhem Land Traditional Owner Terrah Guymula, who is involved in WALFA, said, "The most important thing with this program is it gets us back to our land ... we stay here, and there is work for young people, to work to have money."

ConocoPhillips' Darwin LNG facility, a signatory to the agreement, is also reaping the benefits of the project. ConocoPhillips offsets Darwin LNG's annual GHG emissions by approximately 10 percent courtesy of the WALFA project. The company may also benefit from the introduction of the Australian government's new carbon tax.

"In terms of true sustainability, WALFA is a real win-win situation for the environment, through its emissions reductions and social and economic benefits for the indigenous people. Importantly, WALFA has created indigenous jobs, providing role models and better career paths for aboriginal children, and has also supported the transfer of indigenous knowledge between generations as elders work with young people," said Todd Creeger, president, ConocoPhillips Australia-West.

"We've voluntarily participated in reducing our own emissions," Creeger said. "When you start putting a price on carbon, then it becomes a financial incentive as well."

WALFA has also attracted considerable interest and publicity for ConocoPhillips with ABC's July 4 "7.30 Report" in the NT, covering the project's success. Creeger; Norman Scott, environmental specialist at Darwin Operations Centre; and Karl Fenessey, global director, Water and Biodiversity, visited West Arnhem Land to see the project in action. The visit included the Hon. Mark Dreyfus, parliamentary secretary for Climate Change, and members of the NT government, including Bushfires NT, Natural Resources and Environment, and traditional owners from West Arnhem Land.

Scott spoke about the success of the visit. "Hearing the federal parliamentary secretary talk so enthusiastically about the WALFA project and

**The Hon. Mark Dreyfus (foreground) with Steve Sutton (Bushfires NT) and Todd Creeger preparing fire breaks at the site visit**





**Left:** West Arnhem Land indigenous rangers undertaking controlled burning as part of the sustainability program at WALFA

**Below:** Todd Creeger (left) with the Hon. Mark Dreyfus (right) and a traditional owner at the WALFA project in the Northern Territory

how significant it is to the traditional owners was a real highlight,” Scott said.

The credibility of the savannah burning concept was proven through 10 years of extensive and independent scientific research, fieldwork and analysis to initially establish the WALFA project.

In August 2007, the WALFA project won the IAG Eureka Prize for Innovative Solutions to Climate Change, presented by the Australian Museum. The project is believed to be the first of its kind in the world, and ConocoPhillips is very proud to be involved.

The extraordinary success of WALFA continues to excite and enthuse those involved, as well as others who have observed the project closely. It is an admirable example of how modern technologies and ancient indigenous cultural practices can benefit communities, the country, the environment and the company.



To view the ABC story on the WALFA project, visit <http://www.abc.net.au/news/2011-07-01/fire-burning/2779874>.

Journal from the open sea



Dale Embry, principal modeling engineer, and daughter Annalee take a trip of a lifetime onboard the *Polar Resolution*.

photos by Dale and Annalee Embry

*Editor's note: Dale Embry won a trip on a Conoco-Phillips Polar Tanker through the 2010 United Way eWay Auction. He and his daughter Annalee took their trip in the summer of 2011. The following are excerpts and photos from their travel journals while aboard the Polar Resolution.*

*Sunday, May 15, 2011 — the day before departure*

I spent the day packing and finishing things at work before we head off. We are taking three bags, two for me and one for Annalee, plus backpacks and camera.

*Monday, May 16, 2011  
— a slight delay*

Just got a note from Nick Piro, Marine coordinator, notifying us that the *Polar Enterprise* (the boat we were originally scheduled to board) has been delayed in Anacortes, Wash., and will not arrive in Tacoma until tomorrow at 17:00. I was warned that these ships had unpredictable schedules. We decided to take advantage of the extra time in Washington by visiting the Olympic Peninsula. We drove through Tacoma then up to Port Angeles and out to Hurricane Ridge in [Olympic National Park](#). The drive up [Hurricane Ridge](#) was gorgeous.

**The *Polar Resolution* approaches the Port of Valdez east of Anchorage, Alaska.**

Everything on the ship has to be self-contained — they have onboard generators for electricity and their own water treatment plant.

**Far right:** Jennifer Pitts, a utility on the ship, steers the ship through the **Strait of Juan de Fuca**. Pitts is part of a seafarer family — she is the daughter of a Polar employee.

Tuesday, May 17, 2011  
— Oh no!

Well, this has been quite a day!

I got up this morning feeling pretty good about how things have worked out so far. The beautiful beaches along **Crescent Lake** relaxed me as I got ready for the trip back to Tacoma to meet the ship. Then ...

Oh no! We just got a call from Janice Mansfield, senior staffing representative, telling us we missed the boat! The note I received from Nick said the ship would not arrive until tomorrow — meaning Monday. Oops ...

After we told Janice where we were and what happened, she said she would try to work it out for us to get on another ship. Our lodge had poor cellphone service and no Wi-Fi, so we decided to head to the nearest town of any size — **Forks, Wash.** Unbeknownst to me, the town of Forks was the setting for the **“Twilight” books!** Apparently, coming to Forks is the thing to do for hardcore fans of the series. There were signs up about it everywhere in town, and one of the hotels advertised, “Edward did not sleep here.”

We decided to make the best of our time and head on toward the **Hoh Rain Forest**. While we were in the ranger’s station at the rain forest, we saw Jim Thompson, environmental technology specialist, and his wife. Jim works three doors down from me at the Houston campus! What a



coincidence! They had a good laugh about our tra-  
vails. Jim’s brother-in-law told Annalee she should  
say, “My dad missed the boat,” when anything  
goes wrong.

While we were on the Spring trail, we also ran  
into a ConocoPhillips retiree couple from Bartles-  
ville. He retired about four years ago from GIS,  
and they were also enjoying the wildlife.

Thursday, May 19, 2011  
— change of plans

Karen called at 6:43 a.m. to say the *Polar Adventure*  
wasn’t scheduled to dock in Valdez, Alaska, until

**Jeremy Nichols,**  
the ship’s second  
engineer, holds  
the very expensive  
centrifuge plate,  
which is part of the  
fuel separator. The  
separator splits  
the fuel into three  
parts: water to be  
treated, fuel for the  
engine and sludge  
used to power the  
incinerator.





June 26, so she was putting us on the *Polar Resolution*, scheduled to dock on the 24th.

After getting the news about the change of plans, Mike Whitlock, chief engineer, called around 7 a.m. and offered to have breakfast with us. We had a pleasant meal and learned a lot about his role. Mike is a chief engineer on the *Polar Resolution*. This is his downtime, but he was up in Ferndale, Wash., to do some electrical training for the ship. Mike explained to us how they get fresh water on the ship. They use the waste heat off the engine to distill sea water. Everything on the ship has to be self-contained – they have onboard generators for electricity and their own water treatment plant. As a chief engineer, he is in charge of these and all other mechanical systems.

Once onboard, we were welcomed by two of the ABs, Butch and Dan. AB is ship talk for general crew member. It is a licensed position that requires a lot of specialized knowledge about seafaring. Nick gave us a few pointers about life onboard a ship as he escorted us to the captain's office. His main advice was to watch for tripping hazards, and step over rather than step up when going through hatches or you'll bang your head. Good advice. Our rooms are quite nice – each room has a full-sized bed, TV, DVD player, chair and desk. Unlike older ships, the beds face port to starboard so when the ship rocks side-to-side you don't roll out of bed. All of the doors and drawers lock so they will stay in place during rough seas. I certainly hope that won't be an issue on our trip.

*Friday, May 20, 2011 – Can we clone the chef?*

It was a busy day onboard the *Polar Resolution*. The ship finished unloading around 06:00, and we undocked around 09:00 when the local pilot boarded our ship. The pilot guided us from Anacortes through the very busy Strait of Juan de Fuca. Since the strait is the main way into

Seattle, Wash., and Vancouver, Canada, from the Pacific Ocean, there was a lot of traffic. After a couple of hours, we were through the heavy traffic. Cruising through the strait was quite interesting. We got some great views of the Cascades and even passed a private island.

After lunch, we got a more detailed tour and safety orientation from the third mate, James. This is when we found out that our official position on the ship is supernumerary, meaning an extra person with no assigned duties. James fitted us with our PPE (personal protective equipment), gave us our bunk cards, which list our emergency muster points and lifeboat assignments, and showed us around the rest of the deck operations.

On a side note, the food onboard is outstanding! For dinner, I had osso buco (veal shanks), and Annalee had fresh fried oysters with an oyster shooter on the side. The steward, Alex, used to be a chef for a country club in Oregon but decided to become a steward so he could spend more time with his family. We feel fortunate to be aboard the same ship as he, and the rest of the

**Above:** Some sophisticated tools and monitoring devices that track the ship's every nautical mile

**Above left:** Julia Gidovlenko, second mate, plots the ship's position and calculates its speed manually as required every hour while at sea.

**Below:** Annalee helps restart the *Polar Resolution* engines under the supervision of Tony Maggiora, engineer first assistant.

**Bottom:** A frozen lake on the way to Denali





**Above:** Fred Cleare, an AB aboard the ship, steers the *Polar Resolution* on its journey from Bellingham to Anacortes.

**Above right:** Dale and Annalee Embry learn how to chart the journey and plot their destination.

**Below:** Weekly fire drill begins with three blasts from the ship's horn signaling a fire. The cadet and captain shoot a canon of foam 20 feet off the boat.

crew agrees! At the weekly safety meeting, someone even asked if we could clone him.

*Saturday, May 21, 2011  
— on constant alert*

While we were sleeping, the captain shut off the port side engine to save power. This meant that we are only traveling at 10 to 12 knots rather than the usual 15 to 16 knots, but it saves fuel because there is less drag. The ships were not originally designed for this, but the process was developed by Polar Tankers a few years ago in order to cut fuel consumption and extend the life of the engines.

At 10:20, we had the weekly fire drill and simulated fire. This was quite exciting. The captain had

us report to the bridge so we could see the crew in action. The drill started off when James, the third mate, and the cadet sounded the fire alarm – three short rings from the alarm bell inside the crew quarters. The cadet and captain turned on the foam sprayers as the crew put on their gear. Once the foam sprayer got going, it shot a canon of foam 20 feet off the boat. The simulated fire was on the pipes they use to transfer oil on and off the ship. Two groups of crew members lined up on either side with fire hoses and sprayed seawater. Each week, the simulated fire is in a different spot on the ship, so the crew is prepared for anything that might come up.

Next, we had an abandon ship drill. Annalee and I stopped by our cabins to get our life vests, life suits and hardhats then headed to the upper deck with the rest of the crew. When the alarm of seven short rings and one long ring was sounded, we went to our lifeboats.

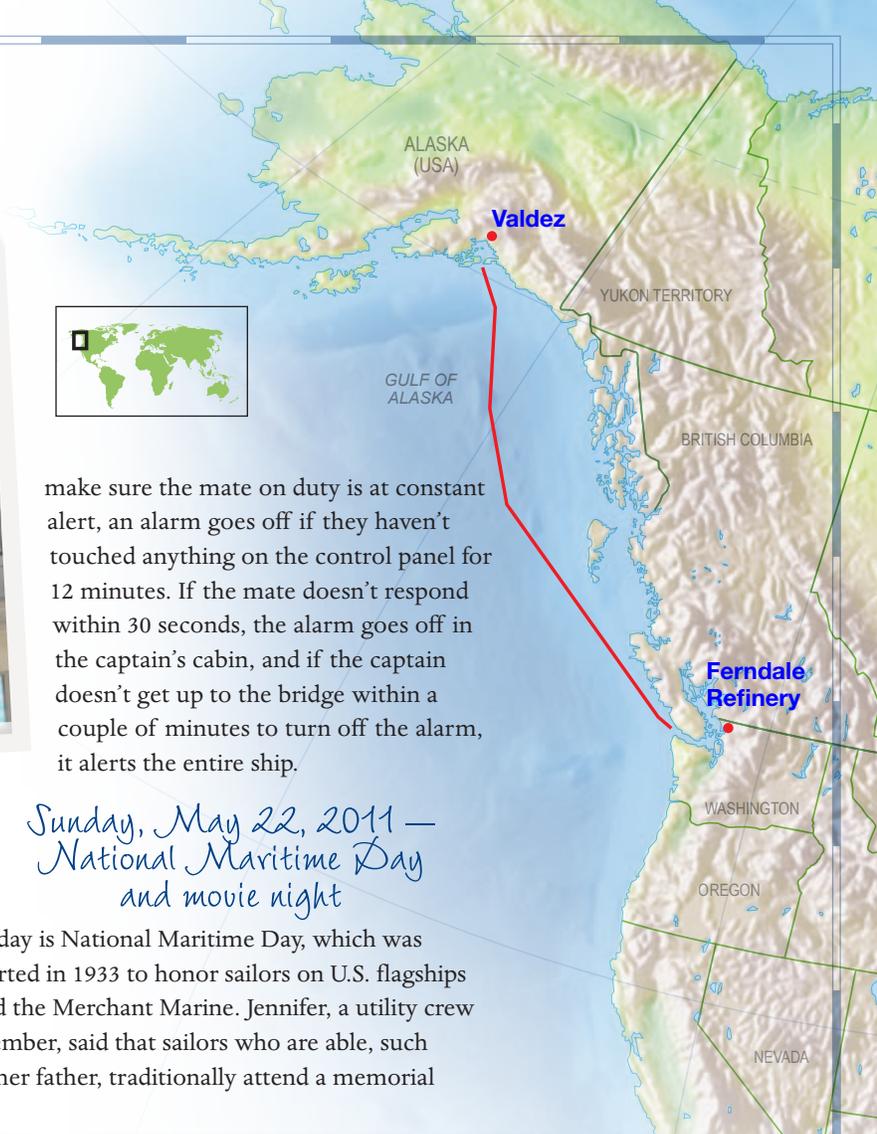
We then had the weekly safety meeting where we were formally introduced to the crew. The captain had us stand up and introduce ourselves. I told them the story about how we bid on and won this trip and how we missed our first boat. The boatswain made sure the crew knew that our excuse wouldn't work for them. After that, I talked a little bit about my job. Annalee was surprised to see so many people interested in what I do.

Even when the ship is on autopilot, there are a lot of required activities for the captain or mate in charge. Every hour, they plot the ship's location by hand onto a paper map of the area





and use the distance between the locations to calculate the ship's average speed. When they are within 12 miles of land, they must do this even more frequently. Every three hours or so, they send a weather report for their current location to the [National Weather Service](#). Finally, they report back once a day to Houston and the U.S. Coast Guard with their current location, speed and estimated time of arrival at port. Just to



make sure the mate on duty is at constant alert, an alarm goes off if they haven't touched anything on the control panel for 12 minutes. If the mate doesn't respond within 30 seconds, the alarm goes off in the captain's cabin, and if the captain doesn't get up to the bridge within a couple of minutes to turn off the alarm, it alerts the entire ship.

*Sunday, May 22, 2011 —  
National Maritime Day  
and movie night*

Today is National Maritime Day, which was started in 1933 to honor sailors on U.S. flagships and the Merchant Marine. Jennifer, a utility crew member, said that sailors who are able, such as her father, traditionally attend a memorial



Dale Embry won the chance to take a "cruise" on a Polar Tankers ship via an eWay auction pledge for the Houston United Way campaign.

*Top left:* Captain Nelson Bourgon (*right*), the ship's master, and Dale Shults, the local pilot, on the journey from Bellingham to Anacortes. Shults is a Puget Sound ship's pilot.

**While on a recent vacation, Pipeline Measurement Coordinator Ken Lancy was lucky enough to catch the *Polar Resolution* as it sailed under the Golden Gate Bridge.**

*photograph by Ken Lancy*



## A NEW MASTER AT THE HELM

In August, George McShea, president, Polar Tankers, and manager, Marine, retired from ConocoPhillips, leaving a true legacy for the Polar organization and a profound impact on the Transportation organization.

“What I appreciate most about George is the impact and turnaround for us in Polar Tankers that he oversaw,” said Debbie Adams, president, Transportation. “As Polar faced some challenges a few years ago, George came in and really helped engage the group and get things back to the level of excellence that I know the whole Polar organization was committed to. His leadership made a huge difference in getting the organization where it needed to be.”

McShea graduated from the [United States Merchant Marine Academy at Kings Point, N.Y.](#), and

has more than 40 years in the industry.

Stepping into the captain's shoes is Chris Bulera, former manager, Fleet Operations.

“I am very excited and truly looking forward to this opportunity,” Bulera said. “Polar's success has been attributed to our people, their integrity, strength, commitment and professionalism. As we go forward, it is my goal that we will continue to raise the bar on safety and environmental expectations, focusing on operational excellence, and continue to bring value back to the company.”

ConocoPhillips' impressive Polar Tankers fleet carries Alaska North Slope crude oil from Valdez, Alaska, to U.S. West Coast refineries in Puget Sound, San Francisco Bay and Los Angeles/Long Beach.

Many of the marine employees live in the ports to which the ships sail, so they have a special interest in protecting the waters where they work, live and enjoy the pristine natural resources. The five vessels operated by Polar Tankers are among the most modern ships operating in the world today. They are completely double-hulled with fully redundant operating and navigation systems, twin engine rooms – each capable of propelling the vessel at its full carrying capacity. The double hull is three meters in thickness, versus the mandated two meters, for extra protection for the environment.

**Polar Tankers President George McShea (retired, left) and his successor, Chris Bulera**





**Above:** The ship's engineers meet each morning to discuss the day's tasks and priorities.

**Bottom left:** Tony Maggiora, engineer first assistant, opens access to the engine crankcase to check for signs of premature or uneven wear.

**Below:** Debbie Weiss, messperson, peels carrots for the night's meal.

**Bottom: (from left)** Steward Crew Members Chris Baker and Alex Kuruss take a break from cooking to pose with Annalee and Dale.

service for fallen workers. Her father is head of the unlicensed crew union at the company, so for her, being at sea is a family tradition. Several of the crew members we met have children or family members who also work on a ship.

After breakfast today, we met with the steward, Alex, and the rest of the kitchen crew. When we entered the kitchen, Alex was roasting some Cornish game hens; Chris, the cook, was baking some fresh bread for slider buns; and Debbie was peeling carrots. After talking with them in the kitchen, the steward gave us a tour of the refrigerators and freezers. They can only stock up about once every three weeks, so keeping a good supply of fresh food is an issue. Alex said lettuce was especially problematic because it has a very short shelf life. Another issue they deal with while cooking on a tanker is the waves. Chris said he can't make deserts that have to set up, like cheesecake, in the winter months, and all of the grills have bars to prevent food from sliding off. The quality of the food is even more impressive when you consider what they're up against.

Later in the morning, we went down to the engine room for a crankshaft inspection of the

engine at rest. During an inspection at sea, they can't go into the engine for a thorough inspection in case the clutch accidentally engages, but they are able to open up the doors and look for scarring that indicates early wear. It's hard to believe this engine is considered small for a marine engine; a single piston is bigger than me and over one story tall! Tomorrow, they plan to inspect the timing chain.

After dinner, it was Sunday movie night – a Polar Tankers tradition.

*Monday, May 23, 2011  
— spells and whales*

We started off our day bright and early by attending the engine crew's 06:00 morning meeting, where they went over work assignments for the day. Crew scheduling can change when we are close to port, and it is such a busy time, they want as many people as possible to be available. The assignments for today are to put on the last new mooring line and to scrape and repaint railing on the deck. They really like the new kind of mooring, because there is no whiplash if a line snaps. Whiplash from a snapped line is very dangerous; many a sailor has lost a leg from snapped lines.

After the morning meeting, we went to breakfast and the 08:00 meeting for the mates and ABs who work on the bridge. There, the captain discussed safety issues associated with



Many people say, "Safety is our top priority," but out here, they really mean it!



**Above:** Jesse Merrill, an engineer on the *Polar Resolution*, explains the mechanical workings of the tanker.

repainting the railing. Many people say, "Safety is our top priority," but out here, they really mean it! After the meeting, Julia brought Annalee some old course maps. They will make great decoration for her new apartment and a great memento of our Polar Tankers tour.

As we have turned progressively northward, the ocean swells have been a bit higher and our turns have put more of the force of the swells broadside. This has meant that we have experienced more rolling as we go toward Valdez. Some of the crew told us about some winter tours where the swells get really large. During the storms, they put their mattresses between the bed frames and walls to make their beds into "tacos." This keeps them in place when seas are rolling. I am certainly glad that I came during the calmer season!

The big excitement for the evening came at

20:30. James pointed out some whales two points on port bow. After that sighting, we continued to see whales out port

side for quite a while. When I got lucky, I could see them blowing water. It was exciting to see them out and about.

*Tuesday, May 24, 2011  
— anchors aweigh*

This morning we got up at around 04:00 so we could watch the ship pull into Knowles Bay, Alaska, in [Prince William Sound](#) and drop anchor at the captain's favorite fishing spot. As the flow of oil from the North Slope has diminished, Valdez has cut the number of loading docks down to just one full-time and one part-time dock. This means there can get to be a bit of a backup for docks.

When we got to our spot in the bay, we went out to the bow of the ship to see Julia, Tim and Andrew drop and set the starboard anchor. Even though everything is set up for automated operation, there are a lot of things to monitor. There are interlocks and backup systems that are used to make sure the right amount of chain is released and that the release is controlled. When Julia released the chain to be lowered, there was a lot of loud clanging and banging and a big cloud of rust and mud. It was pretty exciting to see the chain drop and head toward the bottom of the sea.



Annalee with a moose antler at [Denali National Park](#)

**Right:** Preparing to anchor the ship takes a lot of close observation, though the task is automated.





**Left:** All ships navigating through treacherous or high-traffic waters are required to bring a locally certified pilot onboard.

**Far left:** Even with all the modern communications technology available on the ship, the crew still maintains a set of signal flags for emergency communication with other ships.

**Below:** Chuck Rowland, the first mate, shows off the two large fish he caught while onboard the *Polar Resolution*.



for the anchor so they would be sure to stop the hoisting at the right time. Andrew, the cadet, ran the hoist and locked the anchor in place. Then, he lowered the “at anchor” flag.

We then headed through Prince William Sound. As we were getting ready to enter Valdez Narrows, the local pilot, Vernon, joined the ship. The Narrows is a very treacherous spot because the ship must be kept within a 1,000-foot-wide shipping lane or risk running aground. Once we were through, we could see the bright lights of the city, the dock and the local refinery. We finally docked around 03:00. It was time to hit the hay and to get ready for departure.

*Wednesday, May 25, 2011  
— goodbyes*

We went out to check on the fishing. The captain had already caught one small flounder and hoped to catch several big halibut before we pulled anchor. We got to fish with the captain and several other crew members on their breaks. In total, the ship caught three halibut, a good-sized cod and the flounder. There aren't many jobs around where you can go halibut fishing during work breaks!

At 20:00, we were ready to pull the anchor, a much slower process than dropping. As the anchor comes up, they wash the mud and crud off the chain to minimize the amount of waste that gets put in the chain locker. They look for the markers at each shot so they can tell how much chain is still in the water. We also had a lookout

After breakfast, we went around to say our goodbyes to our hosts aboard the *Polar Resolution*. Unfortunately, we did not get a chance to say goodbye to everyone since some were sleeping and others were busy with their jobs on deck.

It was such an honor to tour the *Polar Resolution* and spend time getting to know the crew. We were so impressed by everyone's knowledge, friendliness and pride in what they do. This was definitely a trip to remember. ■





# Leadership development at ConocoPhillips takes a **LEAP** forward

*by Jennifer Sefton*

**E**ffective leaders are a critical component of ConocoPhillips' success as a company. They not only drive financial and business results but also inspire, motivate, and help retain people and build culture. As such, the Leadership and Development Center of Excellence designed and delivered a new leadership development program in 2011 as an investment in these key resources.



# LEAP PROGRAM



The LEAP 2011 class comprised 35 participants from all lines of business and staff functions. Pictured are representatives of business units from Australia, the U.K., Norway, Canada, the U.S., China and Vietnam.



The LEAP (Leadership Execution Action Performance) Program is aimed at the company's middle manager population, offering 35 individuals from across the company an opportunity to immerse themselves in leadership over an intense nine-day period. Nominated by the business units, in partnership with Human Resources (HR), these participants learn from key internal experts, senior executives and world-class external faculty from a variety of business schools. In addition, they have the opportunity to network and build relationships with peers from across the organization.

The key objective of LEAP is to build exceptional leaders capable of executing

ConocoPhillips' business strategy through an engaged and high-performing workforce. The LEAP Program is differentiated by its strong focus on developing leadership skills and capabilities and concentrates on three key areas:

- Leading the business: Developing wide-ranging business acumen and the ability to translate and communicate strategy to others.
- Leading others: Learning to build high-performance teams and lead change.
- Leading self: Building self-awareness and encouraging leaders to focus on their strengths, gaps and critical leadership transitions.

## Feedback from satisfied LEAP participants



LEAP provided a fantastic environment to reflect on our leadership development, especially with regard to leading the business, leading others and leading ourselves. I highly recommend LEAP to anyone who is interested in a game-changing leadership experience. One area I brought back to my team was the importance of constructive debate. The program renewed my passion for encouraging open debate in service of delivering a more complete assessment of available alternatives.

– Jane Gasdaska, manager, Planning and Optimization



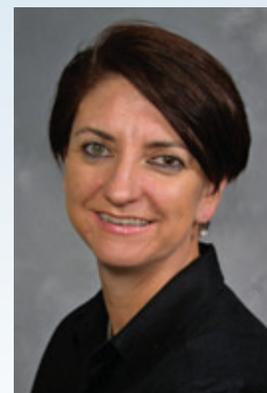
LEAP is a phenomenal opportunity to step away from the business and focus on improving your leadership for a week. I was honored and excited to be selected, and the program far exceeded my expectations. I was able to take away many tips and techniques that I implemented immediately with great success.

– Scott McRee, manager, Supply and Exchange, U.S.



Personally, I was able to develop a deeper understanding of my leadership style by spending time evaluating my strengths and weaknesses and also hearing other leaders' experiences. A key component now is to focus on what we learned and apply it.

– Nick Olds, senior vice president, Oil Sands, Canada



**Above:** Rosie Mackenzie, manager, Leadership and Development

**Top:** Carin Knickel, vice president, Human Resources, shares a leadership lesson with the participants.

**“By receiving feedback prior to attending LEAP, the participants can better focus their attention on the elements of the session most applicable to their personal leadership development.” – Jennifer Sefton**

“Due to the global economic downturn, ConocoPhillips did not conduct formal leadership development programs in 2009 and 2010,” said Rosie Mackenzie, manager, Leadership and Development. “However, during this time, the Learning and Development team undertook a best-practices review to prepare for a refocus in 2011 with the goal of identifying the most impactful development approaches and exploring how to integrate them successfully at ConocoPhillips.”

A number of key themes emerged from this review, and many were integrated into the LEAP Program.

#### **ENHANCING THE SELF-AWARENESS OF LEADERS**

In order to be successful, leaders must be aware of and effectively leverage their strengths while also recognizing any weaknesses. Therefore, the LEAP Program encourages participants to enhance their self-awareness via a 360-degree feedback tool

specifically customized for the LEAP Program. The feedback is provided ahead of the session.

To further assist with their development, each participant is assigned a debrief partner with whom they can reflect on feedback provided and discuss ideas. The power of the debrief partner concept is the provision of an extra resource for development, before and following the LEAP Program. For the pilot of the program, senior HR leaders volunteered to assist the participants.

“By receiving feedback prior to attending LEAP, the participants can better focus their attention on the elements of the session most applicable to their personal leadership development,” said Jennifer Sefton, director, Leadership Development. “This, in effect, allows each individual to customize their experience to their own development requirements.”

#### **LEADERS AS TEACHERS**

Actively engaging executives in the development process is a powerful learning tool. Program participants can derive meaningful development from the leadership stories, insights and ideas of executives. This also provides a valuable opportunity for leaders at all levels to dialogue and share ideas around important leadership challenges.

At the LEAP Program, participants had the opportunity to learn from internal senior leaders Jeff Sheets, Al Hirshberg, Willie Chiang, Greg Garland, Carin Knickel and Clayton Reasor. All took time out to share their experiences as leaders, such as their personal strengths and gaps and the various transitions they have navigated

**LEAP Program participants had the chance to work with peers on a range of leadership development topics, including how to create high-performing teams.**



throughout their careers.

“The engagement and participation of company management sends a strong message to our LEAP participants – that the company considers these leaders critical to our success, that we value ongoing learning and development, and that we are committed to the ongoing investment of time and resources for these individuals,” Sefton said.

Carin Knickel, vice president, Human Resources, endorses the Leaders as Teachers concept: “The personal stories shared by the executives helped the participants see the real leader behind the executive title. In doing so, they built an understanding of the key leadership competencies that we value in our company and the culture these leaders are building in their organizations.”

### LEARNING FROM THE REAL WORLD

The LEAP Program design recognizes another innovative way of learning – through leadership experiences. This involves reviewing actions, decisions and impacts from a historical perspective. ConocoPhillips’ Leadership and Development group partnered with [The Conference Board](#), a global business membership and research association, on the pilot of the LEAP Program.

Through this partnership, the participants in the LEAP Program had the opportunity to review the leadership lessons of the manned space flight effort over the 10-year period of the [Apollo program](#). They were also able to review the leadership practices, challenges of innovation, team leadership, crisis and risk-management approaches of the Apollo program and their applicability to their own real-world business challenges. The

aerospace industry has many parallels to the energy industry in terms of safety, innovation, risk and technological breakthrough. This part of the program included a memorable visit to the [Johnson Space Center in Houston](#).

### SUSTAINABILITY OF LEARNING

Sustainability of learning is critical to effective leadership development. Throughout the program, participants were encouraged to reflect on the ideas and concepts that resonated most powerfully for them. They were also guided through the process of finalizing a robust and meaningful Leadership Action Plan, which detailed how they would implement and put into practice their key learnings back in the workplace. One of the program’s outputs is an actionable plan that can be executed to enhance their performance as leaders.

### EVALUATION AND CONTINUOUS IMPROVEMENT

ConocoPhillips is committed to a process of continuous improvement in its leadership development approach. As such, participants are encouraged to evaluate and review each program section and instructor against pre-defined criteria, such as instructor knowledge and ability to respond to the group. This feedback not only provides valuable data to conduct a thorough after-action review and implement improvements, it also provides data with which to more effectively coach the instructors.

“We were exceptionally pleased that the program overall scored 4.5 on a five-point scale, which is excellent, particularly for a pilot,”



**“The personal stories shared by the executives helped the participants see the real leader behind the executive title.” – Carin Knickel**

Mackenzie said. “The Leaders as Teachers section, in particular, received very high marks with 4.7 on a five-point scale, demonstrating the power of internal executives actively participating in the

development process.”

The overall purpose of the LEAP Program is to build a cohort of highly capable, well-equipped leaders to ensure future business success. The ongoing challenge for the Leadership and Development group is to continue ensuring close alignment with business strategy, program content, and the organization’s current and future leadership development needs. With that in mind, a further session is scheduled for October, with the ability to offer multiple sessions in 2012, based on business demand. ■

**Jennifer Sefton,  
director, Leadership  
Development,  
setting expectations  
for the nine-day  
LEAP Program**





# Mark Martinez

**Helping the Westernaires ride with pride** text and photography by Patrick Currey

## Faces of ConocoPhillips

**Perched high above Golden, Colo.,** Lookout Mountain, elevation 7,581 feet, is a vanguard of the first spiny uplift of the Rocky Mountains. It offers a commanding view of the Great Plains to the east. West, you can see an occasional teasing glimpse of the majestic snow-capped peaks of the Continental Divide. It's the final resting place of William F. Cody – Buffalo Bill. Not far from the base of the Front Range, a few miles south, is Fort Westernaire, home for over 60 years to the equestrian training of thousands of kids ages 9-19 in the grand traditions of Western-style horsemanship and precision mounted drill. Its deep roots go back to the

colorful spectacle that was Buffalo Bill's Wild West Show.

For ConocoPhillips Pipeline Operator Mark Martinez, spouse Lisa, and their three daughters, Rebecca, 14, Kylie, 13, and Alyssa, 10, the Westernaires is more than a passion; it's become a way of life. Westernaires alumni all agree, the friendships you make riding here are friendships for life. "When you get involved up here, it's a big extended family," Mark said. "You can turn your kids loose and not worry one little bit. Everyone watches out for everyone else."

Mark is qualified for nearly everything at the ConocoPhillips Commerce City Terminal, just north of downtown Denver. "I

can take care of the truck rack, measurements, the tank farm and JP8 loading." Denver is the end of the line for the Borger Pipeline, supplying approximately 32,000-35,000 BPD of clean fuels for Department of Defense contracts and the retail markets of the Denver metro area and the Greater Rocky Mountain Region.

Off duty, Mark has racked up countless volunteer hours as a senior wrangler, senior instructor and Westernaire Posse member. The pay is admittedly lousy, until you consider the intangibles of watching kids grow in confidence, proficiency, courage, loyalty and teamwork. "I teach a Tenderfoot class, entry

*continued on next page*



**Left:** The Westernaires young riders perform under the banner, "The Best Precision Mounted Drill Team at Speed in the World."

**Opposite page:** ConocoPhillips Pipeline Operator Mark Martinez helps ready a horse for a morning trick-riding class.



**Rebecca and Kylie Martinez, center, present colors for the annual Buffalo Bill Days Parade in Golden, Colo.**

level 9-year-old kids, the fundamentals of equitation, how you communicate with the horse,” he said. It’s horsemanship 101 – grooming, putting a saddle on, taking it off and, most of all, safety. At the Westernaires, safety, like at ConocoPhillips, never takes a back seat. Mark assists in the arena for the Trick Class. He also helps manage the paddock during big shows, getting the right horse with the right rider out at the right time. “I’m taking over the Posse for the parades; it’s getting there early and parking trucks and trailers and, that most glamorous equestrian job of all ... picking up horse poo! We pride

ourselves that when we leave the parade, the place is cleaner than when we arrived.”

From 9-year-old Tenderfoot, the ultimate goal is to make the Varsity Red Team, the best of the best, by the senior year of high school. In between, there are hundreds of hours of practice; countless plateaus; written, oral and riding exams on the trail to the elite group. All tallied, there are over a thousand participants and volunteers. Amazingly, the groundskeeper is the only person in the organization drawing a paycheck. In the truest sense, this is a community grassroots outfit not just for the elite few who can afford

to own and board a horse. The Westernaires provide a stable of over 160 horses available to rent, with tack, for \$10 a ride. More than one-third of the stable horses have been adopted from the Bureau of Land Management’s (BLM) Wild Horse and Burro program.

In 1971, Congress passed the Wild Free-Roaming Horses and Burros Act to protect and manage wild horses and burros on public lands. The adopted mustangs are easy to spot by the freeze brand on their necks, detailing specific capture information, including date, location and from which of the four distinct wild herds in Western Colorado

## Mark Martinez (continued from previous page)

the horses originate. To ensure sustainability, the BLM carefully manages this noble Western heritage, culling the herds from the high mountain deserts north of Dinosaur National Monument to the Piceance Basin and dramatic sandstone formations of the Little Book Cliffs, on down south to the arroyos and Pinyon and Juniper mesas and sagebrush scruff of the Four Corners region. Many of the horses have been tied, through genetic testing, to modern-day horses from the Iberian Peninsula – evidence that

blood lines go back to the earliest Spanish explorers.

The Westernaires perform every year to thunderous applause at Denver's own National Western Stock Show, one of the premier rodeos in North America. They've showcased their top-notch riding skills in movies, traveled to dozens of states and Canada, and admit to only one precision drill team their better, the Royal Canadian Mounted Police, with one caveat – "We go faster." In 1997, they performed for the leaders of the

free world at the G8 Summit. At the time, President Clinton said, "The kids and horses were the highlight of Denver."

The kids at the Westernaires more than live up to their motto, Ride with Pride, and each one has their own favorite reason for being involved. Future veterinarian Alyssa said, "I like riding and the responsibility of caring for my horse." For Kylie, it's the social aspect, "I like to meet new people." But leave it to 14-year-old Rebecca to bring it down to its essence – "I like to go fast."

**Below: (from left) Rebecca, Mark, Kylie and Alyssa Martinez with horses, Jet, Cap and Secret, a great-granddaughter to Secretariat**





**Special Olympics**  
WORLD SUMMER GAMES  
ATHENS 2011



# J.R. Cudiamat

**Father glows gold with pride** text and photography by Nellie Betzen

## Faces of ConocoPhillips

**It was an absolutely heart-wrenching moment** – a moment of pure panic, fear and hopelessness. It was the moment when Serafin (J.R.) Cudiamat, operator, ConocoPhillips Carson Bulk Operations, was told by doctors that Angelo, his 1-year-old son, had autism. When asked how he felt at that moment, he said, “I don’t even know where to start. I thought, ‘What will I do?’”

But that moment of shock and disbelief didn’t last long, because both J.R. and his wife, Marilyn, knew that they couldn’t just sit back and watch this happen to their son – they needed to find ways to help him. So, Marilyn started reading medical journals and attending seminars about autism. She did anything she could do to understand the disorder and to help ensure that Angelo had the quality of life he deserved.

Now, 14 years later, Angelo’s life has reached a point where his parents never thought it would – Angelo is an Olympic gold medalist.

“I never thought in my wildest dreams my child would be an Olympian, and a gold medalist at that,” J.R. said proudly as he held back the tears in his eyes.

With a fondness for water since he was a baby, Angelo started swimming with Special

Olympics at age 9 and became quite skilled at freestyle and breast stroke swimming. So good, in fact, that he was chosen to represent Team USA at the 2011 Special Olympics World Summer Games in Athens, Greece. At age 15, Angelo was one of the youngest athletes chosen to participate in the games, and he did more than just participate. Angelo came away with two gold medals, one in the 100-meter freestyle and the other in the 4x50-meter relay. He also earned a fourth-place finish in the 50-meter breast stroke.

J.R., Marilyn and their oldest son, Christopher, all made the trip to Athens to watch Angelo compete. The moments when Angelo won his gold medals were overwhelming for J.R. and his family as they jumped up and down in the stands trying to capture every proud moment on their video camera. Cheers from other Olympic athletes and their families could be heard throughout the stands too because, as J.R. described it, “Everyone cheers for everyone at the Special Olympics. It’s like one big happy family.”

There were 150 countries that participated in the Olympics and more than 7,500 athletes. J.R. described the experience as mind-boggling.

“Having it at the same location as the first modern Olympic Games was quite the sight,” he said. “I felt like a little kid at his first major league baseball game.”

When asked if he was able to do any sightseeing in Greece, J.R. said, “We didn’t do as much sightseeing as we could have because of the hectic schedules of the swimming competitions. I didn’t come halfway around the globe to miss my son swimming because we’re out looking for ruins – old stones,” he said with a chuckle.

Upon returning to the United States, Angelo began his regular swimming workouts with his local coach. He has his eyes set on competing in the 2015 Special Olympics World Summer Games, which could be held in their hometown of Los Angeles.

Watching Angelo progress through the years has instilled a great sense of joy in J.R., and he credits Special Olympics for helping Angelo find his passion and overcome the many challenges associated with autism.



**Above: J.R. shares an embrace with his son, Angelo, who is happily decked out in Team USA gear.**

**Opposite page: J.R. stands proudly with his son's gold medals around his neck.**



# Kay Van Booven

**One hardworking Sew N Sew** text and photography by Karen Sivils

## Faces of ConocoPhillips

### Oklahoma Home Community Education, Inc. (OHCE)

is lucky to have a member like Kay Van Booven. Kay defines Newton's first law of motion – she's always on the move. Don't blink, or you might miss her.

OHCE, is described by Kay as "kinda like 4-H for grown-ups." It's a statewide, county-based service organization comprised of women and men who raise money and use their sewing, cooking and craft-making skills to benefit people in their local communities. Kay is affiliated with the branch in Washington County, where the Conoco-Phillips Bartlesville, Okla., campus is located.

From knitting and crocheting stocking caps for newborns to sewing boo-boo bears for injured children in the hospital and pillowcases for children in the foster care system to funding scholarships for college coeds to sewing Cool Ties for the armed forces, the members of OHCE are busy all year long. Some of their fundraising activities include selling made-from-scratch pie crusts and pie dough balls at Thanksgiving and selling meals they have prepared at the Washington County Fair held in late summer each year in Dewey, Okla., where they also display many of their

craftwork and sewing projects.

Sewing is a skill Kay possesses in spades. When she decided to retire from Phillips in 1993, she already knew what she was going to do when she stopped working. She was going to work some more. Kay had purchased her first industrial embroidery machine a few months before leaving her employer of 27 years, and once her service was done, she immediately trained on the operation of her new toy. "I'm the type of person, I want to refine my craft. The more I know about it, the better I can do it," Kay said. This trait served her well in her years with Phillips, as she started in keypunch at the refinery in Kansas City, Kan., and moved up through the company, which relocated her from her home in Kansas City, Mo., to Bartlesville in 1982. She eventually ended up in Desktop Support, though her jobs were always related to computing.

She appreciates Phillips for the experience she gained in working with computers during her career, because her embroidery machine is computerized. "I'm not afraid of computers, and I'm grateful to Phillips for that." In the infancy of her embroidery company, Sew N Sew, Kay personalized linen items for



individuals and also became the source United Linens turned to for stitching logos onto the uniforms they provide for various companies. But offering services to the general public "takes too much time and keeps you tied down. I like to come and go as I please," she said. She eventually phased out that type of business, and now she only makes personalized gifts for friends and family, but she still does several corporate logo jobs.

Though her company is successful and her community service admirable, Kay is most proud of her 35 years of marriage and her 16 grandchildren. But she still doesn't hesitate to give credit to a company she served for serving her, "People don't realize what a great company Phillips and Conoco-Phillips are to work for. They have a great benefits package for retirees."



**Above:** Kay's sense of humor comes across in her work, as in this embroidered apron.

**Top:** In her early years with Phillips, Kay (far left) was active in the Jane Phillips Society. Here members are learning to make scrub brushes.

**Opposite page:** The embroidery machines help Kay make her volunteer activities with OHCE, affiliated with Oklahoma State University, more productive.

## Natural gas: Playing our part

by Andrea Ferdinand

Natural gas has been a vital U.S. energy resource for a century. Over the last decade, new cutting-edge uses of technologies have revolutionized the gas industry, opening up massive new sources of shale gas production in North America and expanding U.S. supplies. This new reality of abundant, domestic natural gas supplies at lower prices has already made significant, positive impacts on the U.S. economy.

ConocoPhillips is committed to playing its part in the ongoing energy discussion. The company recognizes that there are many solutions that can help meet America's energy needs for several generations into the future. It also recognizes that one solution is available now: natural gas.

As America works to create its energy future, ConocoPhillips believes that natural gas must play a critical part. It is clean, safe, affordable and abundant.

It also has broad uses for businesses, manufacturing and power generation, and it represents the fastest and most cost-effective path to reducing CO<sub>2</sub> emissions.

For all these reasons, continued investment in natural gas is a smart, responsible way to honor the company's commitment to responsibly deliver

energy to the world.

"By staying true to our purpose and aligning with the core principles of our SPIRIT values – Safety, People, Integrity, Responsibility, Innovation and Teamwork – we can leverage these natural gas resources to create a reliable source of energy well into the future," said Chairman and CEO Jim Mulva.

**"It's time to begin a serious conversation about the reality of current U.S. energy needs and focus more urgently on the value of natural gas as more than just a temporary bridge fuel."**

– Jim Mulva

"It's time to begin a serious conversation about the reality of current U.S. energy needs and focus more urgently on the value of natural gas as more than just a temporary bridge fuel. Natural gas is a central part of the answer to the country's long-term energy challenges, and we want to ensure that it competes on a level playing field in policy discussions to come," Mulva said.

ConocoPhillips is taking a proactive stand through a national advertising and public-affairs campaign that spotlights the benefits of natural gas. The campaign aims to provide information to key opinion leaders through advertising, media articles and speeches.

"We also want to ensure awareness among our most important audience – our employees – and arm them with the information necessary to become knowledgeable ambassadors on this topic," said Ann Oglesby, vice president, Communications and Public Affairs. "We encourage employees to visit our new intranet site to learn more about natural gas. Retirees and other interested stakeholders can view our new external natural gas website at [www.PowerInCooperation.com](http://www.PowerInCooperation.com)."

As Americans plan ahead to ensure their economic well-being and politicians plan for a balanced budget and economic recovery, ConocoPhillips is playing its part by discovering and producing a clean, affordable and abundant energy source to power the future.

"At ConocoPhillips, we believe the natural gas story is one that needs to be told," Oglesby said. "In the coming weeks, lawmakers, influencers and key opinion leaders will hear about the benefits of natural gas, and we hope they will join us in our efforts to promote this energy source for today – and tomorrow." ●



A drilling rig at ConocoPhillips' Eagle Ford Field in Texas



**Environmentalism.  
Pragmatism.**

**And the reasons why they need  
not be mutually exclusive when  
discussing energy.**

No matter which side you're on — corporate lobbyist or environmentalist, high school teacher or small business owner — it seems we all agree on the following: our country needs affordable energy, we need to protect our environment, and we need to create jobs. Right now. So how can we make a difference — in real time?

At ConocoPhillips, we're playing our part by helping fuel our economy with one of this country's most abundant resources: natural gas. While many solutions can have a positive impact in the long term, the natural gas we're producing — right now — is helping power industry, providing jobs here in America, and starting us down the road of a sustainable and secure energy future. Natural gas is also a cleaner burning fuel, a positive for our planet while our country continues pursuing alternatives for the long run.

With our commitment to protecting the environment, and our support of sound regulations, natural gas can help our country improve economically and environmentally. At this very moment in time. Isn't that what we're all asking for ... right now?

To find out why natural gas is one of the best answers for America going forward, visit [www.PowerInCooperation.com](http://www.PowerInCooperation.com)

**There's Power in Cooperation.**

**ConocoPhillips**

## Explaining the impact of proposed taxation

In the second issue of 2011 *Energy Answers*, ConocoPhillips explains the impact of proposed tax increases on America's oil and natural gas industry.



### Taxation

The Obama Administration and some members of Congress have proposed significant tax increases on America's oil and natural gas industry. The proposals include some changes that specifically target U.S.-based companies, such as ConocoPhillips, while having little or no impact on non-U.S.-based competitors, even though most of those competitors have significant U.S. operations. These increases would impact our ability to develop badly needed energy resources and create domestic jobs, thus harming the U.S. economy. Although these proposals have, so far, been rejected in Congress, a determined effort to increase industry taxes continues. This issue of *Energy Answers* takes a closer look at the tax issue and its implications.

### The Role of America's Oil and Natural Gas Industry

Our industry plays a vital role in America's continuing prosperity and world leadership.

We contribute:

- 9.2 million direct and indirect U.S. jobs.
- 7.5 percent of U.S. gross domestic product.
- The gasoline, diesel fuel, natural gas, and other energy and petrochemical products that underpin modern life and economic activity.
- Tens of billions of dollars annually in tax revenue to federal, state and local government.

### Industry Tax Facts

- America's oil and natural gas industry pays one of the highest tax rates among U.S. businesses.
- The three U.S. major oil companies paid the highest global effective tax rates of the 20 largest U.S. non-financial companies from 2006 through 2010.
- Tax rates for these three companies exceeded 40 percent, versus the 20-company average of 27 percent.
- The largest U.S. oil and gas companies do not receive special subsidies.
- Like all U.S. businesses, our industry is allowed to claim a credit for foreign taxes paid.
- Unlike others, however, oil and gas companies' foreign tax credits are limited.
- Availability of foreign tax credits is fundamental to the avoidance of double taxation.
- Oil companies are allowed to take domestic manufacturing investment deductions – like all U.S. businesses – but at a lower rate.
  - Enacted in 2004, this deduction encourages U.S. investment and job creation.
  - Since 2004, with the help of the deduction, the industry increased domestic production 15 percent and domestic employment 36 percent.

### ConocoPhillips Tax Facts

ConocoPhillips is already heavily taxed in the United States and all the other countries in which we operate. Among ConocoPhillips' key tax facts:

- U.S. tax rates were:
  - 39 percent effective rate in 2010.
- Foreign tax rates were:
  - 44 percent effective rate in 2010.
- In 2010, ConocoPhillips paid about \$8.3 billion in income taxes.
- We pay higher income tax rates compared to other industries:
  - 46 percent average global effective income tax rate, 2006-2010.
  - Highest tax rate of the 20 largest U.S. non-financial companies.
  - 70 percent of our income comes from outside the U.S., accounting for our foreign tax obligations.



## ENERGY ANSWERS

Continued

- This high rate of income tax does not include the other, non-income taxes we pay in the U.S.:
- These taxes include severance taxes, property and sales/use taxes.
- In 2010, we paid more than \$3 billion in these non-income taxes.
- That figure does not include motor fuel excise and other taxes collected and remitted on product sales.

### Our Position on Proposed Tax Increases

ConocoPhillips opposes punitive tax increases on the domestic oil and natural gas industry because they would negatively impact the United States by:

- Inadvertently eliminating approximately 154,000 U.S. jobs, not only in energy but also in professional and manufacturing occupations.\*
- Limiting funds available for investment in energy and technology.
- Impairing the ability of U.S.-flagged companies to compete with foreign-owned firms.
- Increasing costs that will be passed along to consumers.
- Decreasing U.S. economic activity by \$341 billion from 2011 through 2020.\*
- Lowering government tax revenue by \$84 billion through reduced exploration and development activity.\*
- Worsening long-term U.S. dependence on foreign oil.

\*Source: Mason, Joseph R., *The Regional and National Economic Impact of Repealing the Section 199 Tax Deduction and Dual Capacity Tax Credit for Oil and Gas Producers*, Louisiana State University, September 2010.

### A Better Path Forward on Taxes

ConocoPhillips recognizes the need for government to optimize revenue collection while preserving the competitiveness of American industry. We support the implementation of sensible tax policy based on fair, broad-based approaches rather than industry- and company-specific proposals. We see value in a simplified and reformed U.S. tax code to create a system that promotes these objectives:

- Encouragement of investment in the United States.
- Improvement in the international competitiveness of domestic companies.
- Efficiency in tax revenue collection.
- Reduction of U.S. corporate tax rates, which currently rank among the world's highest.
- Elimination of U.S. taxation of foreign earnings, consistent with international standards of many other industrialized nations.
- Enactment of stable, nondiscriminatory tax rules that provide equitable treatment for all companies, including those in the energy industry.

### Your Role is Essential

As employees of ConocoPhillips, it is essential that we ensure our message is heard by serving as advocates through:

- Being well-versed on industry tax issues.
- Dispelling myths during discussions with friends, family and neighbors.
- Taking action by contacting elected representatives and asking them to oppose punitive taxation of our industry.
- Learning more about the issues by utilizing such sources as the American Petroleum Institute website, [www.api.org](http://www.api.org), or our internal Act Now for Energy site, [energy.conocophillips.net](http://energy.conocophillips.net).

Additional *Energy Answers* fact sheets on natural gas, alternative energy and other timely topics will be available soon.

## 2011 ConocoPhillips Society of Women Engineers Awards nominees named

The ConocoPhillips Society of Women Engineers (SWE) Coordination Council would like to congratulate and recognize its 2011 SWE Awards nominees. As outstanding women in the engineering field, their exceptional contributions and achievements align with SWE's mission to stimulate women to achieve full potential in careers as engineers and leaders. Their efforts help make the company a strong and productive community.

The nominees are:

### Barbara Todd

*Principal Engineer, PDC Engineering Achievement Award 2011*

Todd was nominated for her accomplished career in engineering, with focus on fluid separations technologies. With 25 years of experience in the industry, professional organizations and educational institutions routinely call upon Todd's leadership and extensive chemical engineering knowledge.



### Rena Armstrong

*Chief Engineer, Technology – Integrated Hydrocracking/FCC Emerging Leader Award 2011*

Armstrong's exceptional technical capabilities as a chemical engineer, along with leadership qualities that enable her to drive projects to success, earned her this nomination. Armstrong's strengths enable her to consistently identify problems or areas needing improvement and proactively initiate actions that benefit everyone involved.



### Shonna Green

*Development Supervisor, Chittim/Waddell Ranch Emerging Leader Award 2011*

Green received this distinction for her demonstrated technical ability, creative

problem solving and focus on exemplary operating efficiencies. Green is recognized in her community for several noteworthy technical achievements, as well as a passion for developing people.



### Shauna Noonan

*Staff Production Engineer, Completions and Production Technology Emerging Leader Award 2011*

Noonan was nominated for her ability to excel in technical and leadership roles through her knowledge and influence in artificial lift and completion technology in the oil and gas industry.

As a natural leader, Noonan also makes use of her skills by bringing awareness of women in engineering to the forefront of her field of study, as well as to the industry as a whole.



### Kendra Lema

*Engagement and Reviews Supervisor, Project Development and Procurement Emerging Leader Award 2011*

Lema consistently demonstrates her ability to drive results through her capability to motivate and lead teams to success. Through her past experiences and achievements, Lema has proven herself as a strong and influential leader and an individual who is highly respected in her discipline.



### Wendy Calvin

*Key Business Developer, Production Assurance Technology Emerging Leader Award 2011*

Calvin's exemplary contributions to the oil and gas industry through her work in engineering and business development

earned her this distinction. Her leadership skills and passion for mentoring young talent are two of many characteristics that have enabled her to achieve success in her career, while also effectively sharing her knowledge with those who represent the future of the industry.



### Jennifer Bennett

*Manager, Research Services, Research and Development Upward Mobility Award 2011*

Bennett was nominated for her strong technical foundation in science and business combined with her effective teamwork and leadership skills, which have enabled her to succeed in increasingly responsible roles throughout her career. As a result, Bennett has made many outstanding contributions to the engineering aspects of Shared Services at ConocoPhillips, as well as continuously enabling the full potential of her colleagues.



### Samar Walther

*Manager, Project Management Services, Project Development and Procurement Upward Mobility Award 2011*

Walther received this honor for her significant contributions to the ConocoPhillips Project Development and Procurement organization, as well as consistently utilizing her exceptional people and management skills to make tremendous contributions to the Project Management community. With more than 22 years of experience in the industry, Walther also regularly takes the opportunity to act as a role model and mentor for others in her field.



## 2010 Nominees



**Helene Harding**  
Vice President,  
North Slope Operations and Development – Alaska  
**Upward Mobility Award**



**MJ Loveland**  
Well Integrity Supervisor, Exploration and Production – Alaska  
**Emerging Leader Award**



**Lisa Roberts**  
Corrosion Engineer, Reliability and Inspection – Wood River Refinery  
**Achievement Award**

## 2012 SPIRIT Awards: Countdown begins

The 2012 SPIRIT of Performance Awards will take place in Houston on Thursday, Feb.

16, representing the historic 10th celebration of these prestigious honors. Since 2002, more than 300 project teams including thousands of employees have been recognized for excellence, while

14 individuals have received Lifetime Achievement Awards for dedicated community service outside of regular job duties. In 2011, eight employees were honored in a new category, the Lifesaver Award, introduced to recognize those who act selflessly to save the life of another person.

Open nominations for the 2012 Individual Lifetime Achievement Awards and Lifesaver Awards begin in September; the team nomination process begins in late October. Nominations in all categories will close Dec. 2. More details on the 2012 SPIRIT of Performance Awards can be found on eStream.



## Walk Across Wales

A team of 20 adventurers plus three support crew from ConocoPhillips Warwick recently embarked on a challenge to walk across Wales in just 18 hours.

“The walk took place June 18 and started on the Welsh coast, following rough track, forest, tarmac, farmland, open moorland and bog for a gruelling 42 miles, finishing just over the border with England, in Shropshire. In addition to covering this ambitious distance in one day, the walkers climbed a total elevation of 8,566 feet, equivalent to climbing the highest mountain in the British Isles, Ben Nevis, twice. The team set off at 4 a.m., and despite wind and rain the majority of the journey, all 20 completed the walk in less than 18 hours.

The walk marked the sixth year the Warwick office has organized a fundraising challenge. The tradition began in 2006 when a team of four employees plus two support crew decided to take on the Three Peaks Challenge, a well-known event in the U.K. that involves climbing the three highest mountains in Scotland, England and Wales in under 24 hours. Since then, employees have attempted the Three Peaks Challenge twice more and twice conquered the Trailwalker, a 100-mile trek along the South Downs.

“Each year, the number of people who want to get involved has grown and grown,” said Helen Evans, IT business partner analyst, GIS Warwick. “I have taken part in every challenge since the start and look forward to it each year. As well as raising lots of money for charity,

it is a great experience, and I have made some good friends over the years. Signing up each year also gives me a good reason to drag myself down to the gym to keep fit so that I am not last up the hill!”

For Tony Conway, marketing manager, Strategy and Business Improvement, the walk took on a special meaning.

“This year, the Walk Across Wales event fell into the hard, scary and meaningful categories, as we were raising money for a hospice that has supported close colleagues who have sadly lost loved ones to cancer,” Conway said. “It was a real privilege to join with people who were walking or supporting in memory of loved ones, and their focus and perseverance got us all through.”

The Rotary Clubs of Llanidloes and Newtown organized the challenge. The team raised more than £6,000 for The Myton Hospices, which care for people across Coventry and Warwickshire with advanced, progressive life-limiting illnesses. As well as personal sponsorship, the team raised money through a variety of events, such as car boot sales, an office tuck shop, car washing, and book and cake sales.

While Warwick employees have participated in similar events in the past, the Walk Across Wales marked the first time every participating employee successfully completed the event. As for next year’s challenge, employees are already brainstorming ideas to top the previous six.

“I am currently trying to persuade everyone that a 73-mile walk across Scotland would be a good idea,” Evans said. ●



**Walkers: Tony Conway, Charlie Croydon, Helen Evans, Mike Hill, Kris Hudson, Lee McCloskey, Jacqui McElfrick, Matt Miller, Daniella Nicholls, Chris Noonan, Sam Payne, Neil Plaskitt, Sara Runciman, Adam J. Russell, Johan Swanepoel, Nick Tait, Chee Thoo, Paul White-smith, David White-smith and Thom Wilkins**

## Facility Optimization network enters the Hall of Honor

by Francesca Hoskins

Most people are familiar with the concept of a Hall of Fame recognizing those who are at the top of their game. That's why the Knowledge Sharing Team introduced the Archimedes Hall of Honor. Archimedes Awards recognize high-achieving networks of excellence (NoEs), and the Hall of Honor is for networks that win Archimedes Network of the Year three times or more. Technically, the first to do so was the Facility Optimization network, having won in 2006, 2008 and 2009.

"It's great to be recognized by the Knowledge Sharing Leadership Team as a Hall of Honor winner," said network sponsor and Facilities Engineering Manager Ray Pugh. "I have no doubt it will help us boost participation and interaction inside and outside the network."

The Hall of Honor was established in 2011, and two other networks, Facilities Integrity and Upstream Rotating Equipment, were recognized at that time as well.

"I was very surprised and very pleased to hear that we had been selected," said Nurul Ali, senior process engineer and leader of Facility Optimization. "I am really happy for the network, and it's important for our community. If we can continue to be considered a Network of the Year, then there must be some demand for our expertise from the business."

With more than 700 members, and

growing, and 11 core team members, Facility Optimization's members are keeping the network successful by collaborating globally with the businesses to identify and prevent potential losses from facilities and finding optimum and value-adding operating practices. Reducing production losses, whether planned or unplanned, from facilities-related activities represents one of the largest single opportunities for increasing production.

### Network of excellence in action

"We want to help the business and take a more active role by looking at the lost production and seeing if there are more opportunities to help rectify it overall," Pugh said.

"I think the network is successful because people have easy access to answers," Ali said.

Facility Optimization has many success stories, one of which entails how the network rallied members to help a joint-venture company that had placed

**"I think the network is successful because people have easy access to answers." – Nurul Ali**

a question on the network's discussion forum regarding the operation of dehydration units in extreme conditions. Key Facility Optimization members set up conference calls in several offices and countries with subject-matter experts, seeking their advice. After structured discussions, they responded with suggested actions.

In another example, members collaborated with the Commissioning and Handover network to create a OneWiki article on leak testing. According to Ali, this pressurized test is performed to prove the integrity of newly made-up or disturbed joints for the introduction of process fluids and to create an auditable testing report. "Many discussion items had been posted on leak testing, so we partnered with the other network to develop an upstream guideline on this subject," he said.

The network is also known for conducting monthly lunch and learns to make sure that employees are aware of what the NoE can do.

"A lot of knowledge sharing from various groups is always helpful," said Jason White, production supervisor in Louisiana and former co-leader. "The global lunch and learns provide information to various business units and also introduce the internal experts."

"Part of the success has been the dedication of the NoE leader to involve a greater number of people for the Ask and Discuss forum and a good portal," Pugh said.

The NoE makes sure that every question posted on its portal is answered in a timely manner; this makes the network stand out and emphasizes that they are truly a network of excellence.

Facility Optimization will retain the title of Hall of Honor honoree for three years. In the meantime, the network continues to be mentioned as a Network of the Year nominee, demonstrating its strong reputation with the business. ●



Facilities Engineering Manager Ray Pugh



Senior Process Engineer Nurul Ali

## OneWiki birthday challenge victors win iPads

Two employees and a former summer intern are receiving the popular iPad® 2 for being winners in two OneWiki summer challenges. The challenges celebrated the one-year anniversary of the launch of ConocoPhillips' Web-based encyclopedia.

Jakarta-based employee Adhitya Fadriansyah correctly answered four questions and independently added content to an article titled ConocoPhillips, while summer intern Justin Boggs and employee John Baker contributed an article on the topic of industrial hygiene.

Fadriansyah, a Business Excellence analyst in Finance, joined ConocoPhillips Indonesia three years ago through the Business Apprenticeship program. His entry, "Our work is never so urgent or important that we cannot take time to do it safely and in an environmentally prudent manner," was inspired by his early training

where he learned that safety has been and always will be a primary company value.

"I feel very proud and lucky to be part of ConocoPhillips and to have won the OneWiki challenge," he said. "Hopefully OneWiki and other knowledge-sharing tools will keep on growing, especially within support functions such as Finance."

The Summer Intern Challenge proved an effective and viable way to gather knowledge for OneWiki.

Justin Boggs, former Safety and Occupational Health intern, and his employee buddy, John Baker from the San Juan Business Unit, were recognized as winners for their article content. Boggs said, "I wanted to pass down valuable information on the topic of industrial hygiene to my team, and the opportunity to win an iPad 2 appealed to me."

The Steering Team was so impressed with the quality of article content added by participating summer interns that they



selected additional winners, including another article from Boggs and Baker.

The Intern Challenge had wide appeal across the enterprise. Articles represented topics relevant to upstream, downstream, IT, HSE and other areas. Participating interns included people from Alaska to Aberdeen. "Employees are integral to the growth of the wiki," said Evita Hollis, OneWiki specialist. "These summer challenges demonstrated how easy it is to contribute knowledge based on your experience. More than 100 employees participated in the Employee Challenge by adding their expertise."

OneWiki is part of Knowledge Sharing and supports the learning and reuse of valuable content, as well as spurring collaboration and the retention of critical knowledge. Additional information about OneWiki is available through *Learning Express* or by visiting the wiki's main page. ●

## High performer sets knowledge-sharing goals

Setting challenging business performance can lead to rewarding experiences, but having an extra incentive is even more rewarding. The Knowledge Sharing Team created an incentive to encourage employees to include knowledge sharing as part of their performance goals. Sustainability Technologies Principal Process Engineer Prakash Karpe not only did this, he encouraged his co-workers to do so as well.

"One of my top three goals each year has been providing mentorship to engineers and scientists," Karpe said. "During these mentoring sessions, I encouraged others to be members of appropriate Networks of Excellence (NoEs) to further their knowledge in various technical fields and become a part of the company's technical community of experts. I emphasized the critical role played by

NoEs in their personal growth and career development."

Karpe himself sees the value of active participation in knowledge-sharing networks. He believes the willingness to share knowledge and answer questions posted by members, as well as nonmembers, builds a sense of community. He added that it offers a fast and effective way to build trusted relationships throughout the company.

"The NoEs have vast and valuable technical information, including best practices, training material, lessons learned and case studies," Karpe said.

By being a subject-matter expert, he is often able to answer questions posted on the NoE portal. For example, personnel at the Melaka Refinery in Malaysia contacted Karpe to review its crude unit upgrade project. The refinery decided to implement

his recommendations, eventually saving several million dollars as a result of his suggestions.



**Prakash Karpe**

When Karpe posts questions, he receives immediate responses from other subject-matter experts.

"Knowledge sharing eliminates a lot of inefficiencies that are typical of reinventing-the-wheel syndrome, and it makes our company competitive," Karpe said.

More than 100 people participated in the knowledge-sharing performance goal incentive. To learn more about the impact of knowledge sharing on performance, enroll in the *Learning Express* modules Knowledge Sharing for Employees. Modules are also available for managers and Human Resources professionals. ●



# Target Zero.

In E&P, we use and maintain systems and controls that safeguard our people and operations by managing risk. We continuously enhance our approach to process safety management.

Always take time to ensure proper operation of equipment and follow operating procedures.



## Rod Bailey's latest painting available for Christmas cards

### All proceeds to help needy families

Rod Bailey, a graphic designer with ConocoPhillips in Bartlesville, was featured in the fourth-quarter 2007 issue of *spirit* Magazine.

The painting was a natural outflow of Rod's passion for the heritage of Conoco and Phillips. "I believe the energy industry is crucial to the success and well-being of our nation and is often underappreciated by many Americans," Rod said. "I am proud to be part of an industry that is providing such an important product.

"The greeting card idea was a result of my ongoing intent to use my talents to help others. By creating this practical product, I can provide a useful item for those who send greeting cards during the holidays and also help the neediest



clients of Concern Inc., a social services agency serving the Washington County, Okla., area. Their normal holiday activity includes the provision of food for families and Christmas gifts for children.

"The significance of such assistance is heightened in our struggling economy

children in our community."

The cost for printing is covered by an anonymous contributor. Thus, all proceeds from these cards

will benefit the

as more and more people need help. When we help those families provide a nice holiday experience for their children, we have done something that will last a lifetime."

For a \$20 donation, contributors get 20 cards with envelopes and the satisfaction of knowing they are helping needy families. The sets of 20 cards with envelopes will be available in the Houston main cafeteria Nov. 1-18, 2011. A donation of \$20 cash (no debit or credit card transactions) will be exchanged for a set of cards. Debit and credit card transactions can be accommodated online at [www.petroarts.com](http://www.petroarts.com). ●

*May peace of mind, health  
and happiness be yours  
this season and throughout  
the new year.*



## New Briefs

### Fact Book available online

The latest edition of the ConocoPhillips Fact Book is now available for viewing online in PDF and interactive format. 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. To view the Fact Book, visit [www.conocophillips.com/EN/about/company\\_reports/ViewReports/11factbook.html](http://www.conocophillips.com/EN/about/company_reports/ViewReports/11factbook.html).

### ConocoPhillips participates in Kazakhstan Offshore Conference

On June 16 and 17, Mike Christensen, general manager, E&P Projects, Europe and Africa, participated in the KazEnergy Oil and Gas Offshore Conference as both a speaker and host. Christensen's presentation on the company's project experience reinforced how ConocoPhillips can help Kazakhstan develop its offshore energy resources.

The KazEnergy Association, operating with 50 member companies in Kazakhstan, is important to ConocoPhillips. It has strong political support and has successfully raised the importance of key oil and gas issues. The introduction of a new offshore conference, in a country historically focused on onshore development, is an example of how KazEnergy is helping address vital industry issues.

### ConocoPhillips makes first investment in the People's Republic of Bangladesh

In June, ConocoPhillips signed a Production Sharing Contract (PSC) with the government of Bangladesh and Petrobangla, covering two blocks in the deepwater area of the Bay of Bengal, representing ConocoPhillips' first investment in the People's Republic of Bangladesh. ConocoPhillips holds 100 percent of the working interest in the PSC.

"ConocoPhillips is pleased to become part of the Bangladesh oil and gas community," said Larry Archibald, senior vice president, Exploration and Business Development. "We fully expect that this contract signing will be the first step in a long and successful relationship among ConocoPhillips, Petrobangla and the



**An outdoor splash park is part of the recently completed Belle Chasse YMCA, which was built following Hurricane Katrina through a \$5 million commitment by ConocoPhillips.**

government of Bangladesh."

The blocks cover a total area of 1.27 million acres and are located in water depth of 3,300-5,000 feet approximately 175 miles from the port city of Chittagong. The area awarded under the PSC is in the Bangladesh portion of the Bay of Bengal, the largest submarine fan geological deposit in the world.

The deepwater area of Bangladesh is virtually unexplored. The company's exploration efforts will begin as soon as possible with the acquisition of a large 2-D seismic survey.

### ConocoPhillips and Realm Energy to jointly explore Paris Basin

ConocoPhillips and Realm Energy International Corporation have entered into an agreement to conduct joint exploration activities in the Paris Basin in France.

Realm Energy has made applications for exploration licenses for 1.65 million acres in the basin. The applications comprise nine separate exploration permits and include all rights to explore for oil and gas in all formations underlying the lands. The time frame for making applications for the licenses has ended.

The agreement provides Realm Energy with a limited carry on exploration expenditures and financial incentives conditional on acreage acquired and activity levels permitted by the government. Realm Energy will be the designated operator for the initial exploration phase;

ConocoPhillips has the option to operate thereafter. The agreement is conditional on the final award to Realm Energy of permits for a portion of the lands in the Paris Basin and government approval of the joint participation of Realm Energy and ConocoPhillips.

### YMCA cuts ribbon on world-class facility

**It's complete!** The Belle Chasse YMCA has opened its doors to the community.

ConocoPhillips leadership, Belle Chasse YMCA advisory board members, government officials and community members gathered Aug. 31 to cut the ribbon on a facility made possible by ConocoPhillips \$5 million commitment to rebuild the facility following Hurricane Katrina.

"We are very excited about the opening of this Y," said Rosemary Suess, executive director of the Belle Chasse branch. "A lot of people have worked very hard to make sure this facility is the kind of addition to Plaquemines Parish that the community was hoping for."

The new YMCA is a 21,000-square-foot facility that features activities for all ages, including cardiovascular and strength equipment, an outdoor splash park and lap pool, youth and teen activity centers, senior center, aerobics and spin studios, and a café. Despite several unanticipated construction delays, the branch kicked off its summer camp program and swim lessons in mid-July,

## Joplin donation draws positive response

Earlier this year, ConocoPhillips contributed \$500,000 to the American Red Cross to assist in disaster relief efforts arising from the tornado in Joplin, Mo. In addition, the company matched donations made by its U.S. employees. For several ConocoPhillips employees, the tornado and the company's response hit close to home. Many employees and retirees shared their thoughts.

**I am from Joplin.** I've spent 18 years of my life there; I grew up in the area; and it has been very difficult to see the place that I call home destroyed. Although no family lives in that area, I still have close friends and friends that were adversely affected by the tornado. It has been challenging this last week, wishing I had a way to make a difference. Blood banks in the area won't send blood out of the state.

Seeing the press release announcing that ConocoPhillips was donating money to assist those in my hometown truly made me proud to be working for ConocoPhillips. Although I have only been here for two weeks as an intern, I am beyond impressed, and seeing the support that ConocoPhillips has for its employees and for communities around the world is truly amazing. ConocoPhillips has made an everlasting impact in my mind, and I can never do enough to show

my appreciation for its support for my hometown.

– Michael C. Miller, *Portfolio and Investment intern*

**Just read that the company** is donating to Joplin. That made me feel extremely happy. I grew up in southwest Missouri, and so it hit close to home. I just wanted to say THANK YOU!

– Lori D. Hilt, *operations scheduler*

**Please pass my sincere THANKS** to Mr. Mulva and the rest of the company. Things like this make me proud to be a ConocoPhillips retiree.

– Richard Yeakey

**My wife works for the** Corps of Engineers and has been deployed to Joplin as a debris quality assurance inspector. That means she is out in the debris field supervising cleanup crews and acting as the U.S. government's eyes, making sure the contractors operate safely and according to the operation rules. She called me yesterday and told me she saw a Red Cross van with a ConocoPhillips logo on the side of it driving through the damaged neighborhoods with cold bottled water and food for whoever needed it. For some of these people out there working in the heat, this has been a much needed blessing. I had told her about the company

making a contribution to the relief effort, and she wanted to let me know that it is making a difference for those who are out there in the heat and need it the most.

– Steve Munkirs, *EAI Architecture/Controls Team*

**As a ConocoPhillips employee** whose family was directly affected by the tornado, I am personally grateful for the financial efforts put forward by ConocoPhillips to help the people of Joplin. My father, mother, brother, sister-in-law, uncle and cousin were in St. John's Hospital in Joplin on the fifth floor when the tornado struck. Thank God they all survived, but all were badly hurt by the tornado and the debris that it tossed around. Thanks, ConocoPhillips, for your concern and generosity.

When Hurricane Katrina hit New Orleans, I was working at the company's Alliance Refinery. The people of Joplin opened their arms and gave my family shelter, food, clothing and a place to put my daughter in school (St. Mary's School, which was destroyed by the tornado). The people of Joplin were the gospel in action. I will be ever grateful to the people of Joplin for what they did for me, and I am equally grateful for what ConocoPhillips has done for them.

– David L. Johnson, *inspection data specialist*

## News Briefs *continued*

and full use of the facility by members began in early August.

"We cannot thank ConocoPhillips enough for their generous donation to Plaquemines Parish and the YMCA," said Lisa Works, who chairs the local YMCA board. "Although it has taken some time, we are thrilled with the opportunities that will be available to the community because of this beautiful new state-of-the-art facility."

### ConocoPhillips sanctions Australia Pacific LNG project

ConocoPhillips recently announced approval of the final investment decision for the initial train of a two-train liquefied natural gas (LNG)

9.0-million-tonnes-per-annum project by Australia Pacific LNG™ in Queensland, Australia. Project sanction includes development of the necessary resources from Australia Pacific LNG's 24 trillion cubic feet of coal seam gas resources in the Surat and Bowen basins to supply the first train requirements, installation of a transmission pipeline from the onshore gas fields to the LNG facility on Curtis Island, and infrastructure commitments to support a second train.

### ConocoPhillips acquires Niobrara acreage from Lario Oil & Gas

ConocoPhillips recently entered into an agreement to acquire up to 46,000 net acres of leasehold from Lario Oil & Gas

Company in Arapahoe, Adams, Elbert and Douglas counties of Colorado. This agreement represents a significant investment by ConocoPhillips in this area south and east of the greater Denver metroplex.

"ConocoPhillips is pleased to have this opportunity to participate in the emerging Niobrara exploration and development play," said Larry Archibald, senior vice president, Exploration and Business Development. "Building on the strong relationships developed by Lario, we look forward to working with all local stakeholders as a first step in demonstrating our commitment to act as a steward of this region's natural resources." ●

## ConocoPhillips named Fit-Friendly Company by American Heart Association

ConocoPhillips was recently awarded the Fit-Friendly Company designation by the American Heart Association. Fit-friendly companies are recognized annually as employers that go above and beyond to support their employees' health and wellness.

Those awarded the designation have made it a priority to create a culture of physical activity in the workplace and have demonstrated leadership on wellness issues and concern for the health of their employees.

The program has unique requirements for different levels of recognition, with gold and platinum as the advanced tiers. It also offers Innovation Awards for companies that creatively tackle the challenge of physical inactivity.

ConocoPhillips received the Gold Tier Fit-Friendly Award, as well as the Work-site Innovation Award.

### About the Gold Tier Award

Company evaluation for the Gold Tier Award is based on several factors:

- Providing a smoke-free environment.
- Company efforts to increase employee physical activity, such as walking programs, resources and newsletters, encouraging stretch breaks, well-lit stairwells, walking paths, group exercise options, on-site fitness/recreational facilities, fitness-based incentives, etc.
- Company efforts to implement healthy eating options, such as offering educational material, providing multiple

health food options, offering a minimum of 25 percent healthy vending machine options and discounted healthy meal options.

- Creating a culture of wellness, which includes:
  - ✓ Wellness staff.
  - ✓ Health Risk Assessment offerings.
  - ✓ Health promotions, programs and classes.
  - ✓ The presence of an emergency response plan.
  - ✓ Training for CPR, first aid and automated external defibrillators.

### About the Work-site Innovation Award

The Work-site Innovation Award is presented to companies that identify wellness opportunities, implement effective solutions and provide measurable outcomes to support the success of the program.

ConocoPhillips received the Work-site Innovation Award for the company's efforts to reach out and encourage employees who struggle with health issues due to sedentary lifestyles. Programs to help address this challenge included:

- 90 Days to a Younger You/A Better Weigh.
- Step it Up Walking Challenge.
- Biggest Loser Boot Camp.
- Lean Team Challenge.
- Phoenix Award.



*Cheryl Victoria, Dr. Paul Hodgins, Donna Sullivan, Myra Robinson, Jan Castelli and Rand Berney*

### Why wellness works

Adult Americans spend most of their waking hours at work – many of them while sitting at a desk. This sedentary lifestyle makes individuals vulnerable to health risks associated with inactivity.

Studies suggest that work-site wellness programs bear fruit. Specifically, by promoting a culture of activity, employers can:

- Increase productivity.
- Reduce absenteeism.
- Lower turnover.
- Reduce health care costs.

While encouraging wellness is good for employers, the health benefits for employees outweigh all else. Encouraging good health in the workplace helps employees live healthier, longer lives – and there is nothing more gratifying than that. ●

## Preparing for change

Change impacts all of us at one time or another, yet that doesn't mean we're comfortable or prepared to deal with it when it occurs. In fact, we're often surprised by it.

Given ConocoPhillips' recent announcement that it will reposition into two separate energy companies, it's understandable that employees experience feelings of uncertainty about the future. People want to know how the repositioning plans impact their current roles in the organization, the roles they are expected to play during the transition, and what other changes might be coming

in the next months or year.

The following tips are just some of the ways we can prepare ourselves for the changes ahead of us:

- Conceptualize change as a process, not an event.
- Keep up-to-date with company communications.
- Expect reaction to change (thoughts, feelings and behaviors).
- Identify and challenge unhelpful thoughts, e.g., ask yourself, "What's the evidence that my thoughts are true?"
- Keep routines as much as possible, e.g., adequate sleep, healthy diet, exercise, etc.

- Engage in daily stress-relieving activity, such as family time or a fun hobby.
- Take one step at a time.
- Be open to new possibilities that changes can bring.

If you or a co-worker need help coping with change, our Employee Assistance Program (EAP) is a benefit available at no cost to employees. EAP services are available everywhere ConocoPhillips has operations.

For more resources and related topics, visit [eStream > Library > A to Z resources > E for EAP or C for a Change Management Tool Kit](#). ●



# New directions

As we begin to take new directions in our company, know that support is available should you need it.

Your Employee Assistance Program (EAP) is a benefit plan and service available to you and your family to help navigate any new direction or change. Our EAP provides short-term and solution-focused support. Most issues can be resolved early and at no cost to covered employees and family members.

Before your health and safety become a concern, turn here.

**Global Workplace Solutions** is ConocoPhillips' internal EAP, making available licensed, certified behavioral health professionals to help you manage issues affecting your work. Contact Workplace Solutions at **877-812-7547**.

**Regional – U.S.:** ValueOptions is ConocoPhillips' external EAP plan, offering employees and their families assistance with personal or family challenges and authorizing ongoing mental health or substance abuse treatment. Contact ValueOptions at **866-241-4080**.

**Regional – Non-U.S.:** You can also visit the EAP intranet site on *eStream*. From the *eStream* home page, click on Library > A-Z Resources > E for EAP for a list of all global EAP resources.

  
**ConocoPhillips**

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## Commercial ups the ante with new Trader Selection Process

by Nada Chebib and Kathryn Donelson

Traders at ConocoPhillips buy and sell a range of commodities, including physical gas, power, crude oils and refined products, as well as a variety of paper derivative products, such as swaps, futures and options. Traders play a critical role in the company, and their primary responsibility is to create value through deal-making, risk-taking and optimizing positions. These individuals are externally focused, providing incremental value creation through market knowledge, customer interaction, overall market structure and opportunities in the marketplace.

Traders occupy high-value roles, meaning the opportunity for creating upside value is significant. The job requires strong market networking and problem-solving skills, emotional maturity, self-discipline, and decisiveness in

a high-pressure environment. In high-complexity roles such as this, output variability between superior performers and others is significant – superior performers are 12 times more productive than low performers.

With stakes like that, hiring the right person for the job is essential.

### From pilot program to global application

In 2009, work began on a pilot Commercial Trader Selection Process (TSP). The result of a partnership with key members of the business, as well as support from HR business partners (HRBPs), Talent Management and Recruiting, the U.K.-based pilot program was aimed at ensuring ConocoPhillips selects individuals with the capability for being the

highest-performing traders.

The TSP helps identify top trader candidates using a predictive and valid selection process. ConocoPhillips' TSP is focused on internal candidates with little or no previous experience in trading.

In determining the most-desired competencies in a trader, the pilot team looked at competency profiling through third-party research, internal interviews and focus groups. Thinking skills, interpersonal skills and action skills were found to be most valuable.

Leading the project design, development, testing and implementation, the team conducted five pilots in 2010 – four for internal candidates and one for those applying from outside ConocoPhillips.

The pilot program proved to be a great success. From the five pilots conducted, six internal candidates were placed in junior trading roles and one external candidate was hired as a power trader.

Given its success, the team determined that TSP needed to be part of a bigger process and integrated into training and development, mentoring, and succession planning. The team also found the TSP to be an effective way to globally calibrate standards for trader selection.

"The TSP is a great example of how collaboration works well when you bring together a diverse group of people and a common aim of achieving a step-change," said Nada Chebib, senior HR business partner, Commercial. "We also had extraordinary support from the Commercial Leadership Team, and they challenged us to continuously improve the TSP at each successive stage, while giving us enough space to explore the best ways to build the program. We couldn't have done this without the input of everyone involved."

In early 2011, the pilot results were reviewed with Willie Chiang, senior vice president, RM&T and Commercial, and the Commercial leadership. The TSP team received unanimous support to apply the methodology on a global basis.

"We're very excited about the TSP," said Nick Allen, manager, Gas and Power Trading, U.K. "As we roll it out globally, we're very encouraged by the support it's getting from experienced traders and managers who see it as a significant enhancement to the hiring process." ●



**Left: (Left to right) Nick Allen, management sponsor of the TSP; Al Hardwick, lead trader, Power, Coal and Emissions; and Nada Chebib, senior HR business partner, Commercial**

**Below: TSP candidates participate in trading simulation at Oxford University (U.K.), June 2011.**



# Our Business:

a closer look

Repositioning

Corporate and  
Investor Relations

Exploration and  
Production

Health, Safety  
and Environment

Downstream and  
Commercial

Government  
Affairs

Visit *eStream* > Latest Editions (on the left hand side) to learn more about our business through interviews with our senior leadership.

## ConocoPhillips invests in science and engineering

by Mariana Cavin

In alignment with its commitment to higher education, ConocoPhillips recently presented donations totaling \$2 million to two leading U.S. universities – the University of Houston and the University of Colorado at Boulder. ConocoPhillips gives more than \$15 million annually to universities worldwide. These gifts are in keeping with the company's objective of making investments globally that support corporate strategies and community relations, as well as the recruitment of top, diverse talent in fields such as engineering, geosciences, technology and finance.

### University of Houston

The University of Houston's (UH) Energy Research Park is a state-of-the-art facility that combines the university's pre-eminent energy research and education activities, including the only petroleum engineering program in Houston. In support of the program, ConocoPhillips gave UH \$1 million this year and intends to follow up with proposed future gifts of \$1 million each year in 2012 and 2013. In recognition of the donation, one of the buildings in the UH Energy Research Park was renamed the ConocoPhillips Petroleum Engineering Building.

Carin Knickel, vice president, Human Resources, joined UH President Renu Khator in the official dedication of the building June 28. "We are excited to be able to contribute to the university's vision for a world-class petroleum engineering department," Knickel said, speaking at the ceremony. "We view the new undergraduate engineering program as an excellent opportunity to expand the pool of top-quality and diverse engineering graduates in support of our industry's needs for the future."

### University of Colorado at Boulder

Also in the first half of the year, ConocoPhillips made a contribution of \$1 million to CU-Boulder's Jennie Smoly Caruthers Biotechnology Building, designed to encourage interdisciplinary research between scientists and engineers in fields such as medicine and energy. The company intends to follow up the cash gift with proposed future gifts of \$2.5 million over the next two years, for an anticipated total of \$3.5 million toward



**Above:** Joe Tedesco, dean, Cullen College of Engineering, UH; Chair Carroll Robertson Ray, UH System Board of Regents representative; Carin Knickel, VP, ConocoPhillips Human Resources; Ron Harrell, chairman, UH Petroleum Engineering Advisory Board; Renu Khator, president, UH; Dr. Ramanan Krishnamoorti, chairman, Department of Chemical and Biomolecular Engineering, UH

**Top:** Robert Davis, dean, College of Engineering and Applied Science, CU-Boulder; Carin Knickel, VP, Human Resources, and ConocoPhillips' executive sponsor, CU-Boulder; Philip DiStefano, chancellor, CU-Boulder; Scott McQueen, director, Biofuels, and ConocoPhillips' college partner, College of Engineering and Applied Science, CU-Boulder; Thad Satterfield, supervisor, Recruiting, Training and Functional Development, and ConocoPhillips' college partner, Leeds School of Business, CU-Boulder; David Ikenberry, dean, Leeds School of Business, CU-Boulder

a wing of the building that will house the Department of Chemical and Biological Engineering.

The gifts will bring into one building, named the ConocoPhillips Center for Energy Innovation, select researchers from the two CU-Boulder research

programs it supports – the Colorado Center for Biorefining and Biofuels and the Renewable and Sustainable Energy Institute, each breaking ground on a large number of energy fronts. Researchers will occupy the building when the first phase is complete in late 2011. ●

## On Assignment

**Rosie Hoefling** (*Targeting zero incidents – virtually, Page 20*) joined ConocoPhillips as a 2011 summer intern in Communications and Public Affairs, where she worked on a variety of projects, including research on current communication trends in the energy industry, coordinating the intern blog series and collaborating with other interns on the summer intern DVD tribute. Originally from Wichita, Kan., Rosie is currently a senior at Kansas State University majoring in mass communications, with an emphasis in public relations. She will graduate in May 2012 and hopes to continue to engage others as a specialist in the field of communications.



**Jennifer Sefton** (*Leadership development at ConocoPhillips takes a LEAP forward, Page 48*) is director, Leadership Development, working for the Leadership and Development Center of Excellence as part of the Human Resources organization based in Houston, Texas. She graduated from Aberdeen University with a law degree and a master's in human resource management and is currently pursuing a master's in organizational psychology. Jennifer joined ConocoPhillips in 2001 and, since then, has worked both as an HR business partner and as a Learning and Development advisor. Jennifer has worked in various ConocoPhillips locations, such as Aberdeen and London in the U.K.; Beijing, China; and Houston, Texas.



**Francesca Hoskins** (*Facility Optimization, Page 66*), a summer Communications intern for the Knowledge Sharing group in Houston, is a first-year graduate student at DePaul University majoring in journalism. Her internship projects focused on communication related to OneWiki and included contributing articles to the wiki, writing articles about knowledge sharing and creating a video blog.



**Mariana Cavin** (*People, Partnerships, Progress, Pages 76-77*) is a communications professional with more than 15 years of service in diverse industries. She joined ConocoPhillips as a contractor in May 2011. She combines internal and external communications experience in corporate and agency environments and has led strategic programs in cross-branding, marketing communications, sales support, Web, and international media and analyst relations. She earned her degree in communications from Andres Bello Catholic University in Venezuela. Outside of work, she enjoys reading, scuba diving, photo restoration and dog training. She is fluent in English and Spanish and conversant in Portuguese.



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# Our Business:

a closer look

Repositioning

Corporate and  
Investor Relations

Exploration and  
Production

Health, Safety  
and Environment

Downstream and  
Commercial

Government  
Affairs

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# STAY INFORMED ABOUT U.S. GOVERNMENT POLICIES THAT AFFECT OUR BUSINESS.

U.S. employees, their families, company retirees and business partners can learn about issues affecting ConocoPhillips and our industry by visiting the Act Now section of the company's website at [www.conocophillips.com/actnow](http://www.conocophillips.com/actnow). Resources on the website, such as the Write My Legislator and Register & Vote tools, enable you to make your voice heard. Employees can also become part of the

conversation by following *ThePoliTicker* blog, which can be accessed on the Government Affairs *eStream* site. This interactive medium features content from experts throughout the company and industry on topics such as taxation, natural gas, oil sands, energy security, voter information and more. Contact **RSC:Government Affairs** for additional ways you can make your voice heard!

CONOCOPHILLIPS  
Act Now for Energy

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The PoliTICKER