ConocoPhillips Alaska: North Slope Update

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• Safety is at the forefront of everything we do
• All incidents are preventable with adequate planning and risk management
• Safety doesn’t end at work; we believe in taking safety home.
• We are all leaders in safety.
• We learn from injuries and near misses to prevent reoccurrence.
• We do not do anything unless we do it safely.

**Total Recordable Incident Rate**

<table>
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<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016 YTD</th>
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</thead>
<tbody>
<tr>
<td>Rate</td>
<td>0.59</td>
<td>0.67</td>
<td>0.53</td>
<td>0.22</td>
<td>0.33</td>
<td>0.32</td>
<td>0.31</td>
<td>0.20</td>
</tr>
</tbody>
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Note: 2016 YTD represents Jan - May

**Process Safety Focus and Proactive Leadership Behaviors Driving Performance**
Activities Since Tax Reform Passed in 2013

- **Added two rigs to the Kuparuk rig fleet**
  - Investment has decreased production decline in Kuparuk Unit

- **Two new-build rigs delivered**
  - Doyon 142 and Nabors CDR3
  - 5 rigs in Kuparuk/Alpine by 4Q 2016

- **New Drill site at Kuparuk (DS 2S) – on stream October 2015**
  - Estimated 8,000 BOPD gross peak production rate
  - About $475 million gross cost to develop
  - 250+ construction jobs

- **Viscous oil expansion in Kuparuk (1H NEWS)**
  - About 8,000 BOPD gross, 100+ construction jobs
  - About $450 million gross cost to develop
  - Some facility work starting up; first oil in late 2018

- **New development in NPRA (GMT1)**
  - Final investment decision made late 2015
  - About $900 million gross cost to develop; peak gross rate ~30,000 BOPD
  - About 600-700 jobs during the upcoming winter construction season
  - First oil late 2018

- **Permitting underway for GMT2**
  - $1+ billion gross investment
  - Will create 600-700 jobs during construction
  - First oil late 2020

- **Active Exploration Program**
  - Two wells drilled in 2014
  - Acquired GMT1 Seismic – 2015
  - Three wells in 2016 (NPRA), one planned for 2017
Alpine Satellite CD5 – Update

- **CD5 – On stream October 2015**
  - Initial capital cost: $1 billion
  - Peak employment: ~700 jobs
  - First production: October 2015

- Averaging 20,000 BOPD vs. 16,000 BOPD target gross peak rate

- Major fabrication activities in Anchorage and Fairbanks

- Next phase of development approved and underway
  - 18 wells
  - $190 million
Drilling Record Set at CD5

- Alaska records for CD5-12
  - Longest well drilled: 26,196’ MD
  - Longest horizontal lateral: 17,218’ – 100% in zone
New Rig Announcement

- Contracted with Doyon Drilling to build an Extended Reach Drilling (ERD) rig
  - Expected delivery 2020
  - Will be used first at Alpine
- Potential breakthrough addition to North Slope rig fleet
  - ~125 square miles can be developed from a single drill site – almost double current capability
  - Mobile – can be deployed anywhere on the Slope
  - Reduces development footprint, minimizes environmental impact, fewer drilling pads
Minimizing Footprint Through Technology

Alaska North Slope Reduced Footprint *

65 Acre Gravel Pad (1970)**

12 Acre Gravel Pad (2016)**

12 Acre Gravel Pad (Future ERD)**

Drilling Area Accessible from Pads

~ 3 sq. miles

~ 55 sq. miles

~ 125 sq. miles

* Assumes similar reservoir depth

** 1970 Drilling Radius ~ 5,000 ft vs 2016 Drilling Radius ~ 22,000 ft vs Future Extended Reach Drilling (ERD) drilling radius ~ 33,000 ft
Federal Regulatory Concerns

• Reduced access to federal lands
  • NPRA 2012 Integrated Activity Plan
  • Federal OCS Leasing

• New regulatory standards increasing cost and reducing flexibility
  • Arctic OCS standards—increase barriers to development
  • Overlapping regulations, continuous layers of bureaucracy

• Constantly evolving federal policy instead of laws and regulations
  • Potential for overlap
  • Not well defined, subject to interpretation, unable to predict economic impact

• NPR-A projects should go through the permitting process as efficiently and timely as reasonably possible.
  • NPR-A projects should not be burdened with excessive or unsupported mitigation requirements.
Summary

• ConocoPhillips continuing to invest on the North Slope:
  • New rigs
  • Multiple, billion-dollar projects underway or in the permitting stage
  • Continuing exploration

• High North Slope costs are challenging

• Ability to continue to invest at current pace dependent on multiple factors:
  • Oil price
  • Stable fiscal environment
  • Predictable, reasonable federal regulatory environment
  • Access to federal lands

• Continuing efforts to monetize North Slope gas by transitioning to a State-led project