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## NEWS RELEASE

Oct. 31, 2013

### **Third-Quarter 2013 Alaska Earnings Review Investment Costs and Production Estimates for New North Slope Projects Released**

ANCHORAGE, Alaska – In connection with ConocoPhillips' third-quarter 2013 earnings announced earlier today, ConocoPhillips Alaska, Inc. (COPA) reported the following 2013 Alaska earnings facts.

As reported in the earnings supplemental information, COPA had adjusted earnings of \$494 million in the third-quarter of 2013. This amount is down from adjusted earnings of \$585 million in the second-quarter of 2013. Third-quarter 2013 production was approximately twenty thousand barrels of oil equivalent per day lower than the prior quarter due primarily to planned downtime, seasonality and normal field decline. During the third-quarter of 2013, COPA incurred an estimated \$900 million in obligations to Alaska and the federal government. Of this amount, an estimated \$652 million was due to Alaska in the form of severance taxes, royalties, property taxes and state income tax.

"As we have reported historically, under the ACES production tax regime we pay almost twice as much in taxes and royalties as we keep," said Bob Heinrich, vice president, Finance, COPA. "The recent oil tax change passed by the Legislature with SB21, the 'More Alaska Production Act,' improves the business climate in Alaska. As a result of these improvements, we are now looking forward to increasing our North Slope investment."

Earlier this year after passage of SB21, the company announced the addition of another rig at the Kuparuk River Unit on the North Slope. The additional rig has already brought on new production of approximately 1,600 barrels of oil per day (BOPD). The rig supports about 100 direct jobs.

In addition, COPA also recently announced plans to pursue two new projects on the North Slope. The two projects, Greater Moose's Tooth #1 (GMT1) in the National Petroleum Reserve-Alaska (NPR-A) and Drill Site 2S in the Kuparuk River Unit, could add approximately 38,000 BOPD gross to North Slope production by 2018 at a cost of about \$1.5 billion gross.

GMT1 would create approximately 400 jobs and several hundred more in support positions during the construction period. The estimated cost of the project is approximately \$900 million gross. Oil would be processed through the existing Alpine facilities. Construction could begin in 2016 and continue in 2017, with first oil expected in late 2017. Estimated peak production is 30,000 BOPD gross. Permit applications for GMT1 were filed in July. Internal and co-owner approval for the project is targeted for late 2014.

Kuparuk Drill Site 2S, to be located on the southwest flank of the Kuparuk River Field, will create approximately 230 jobs during construction. Production from Drill Site 2S will be processed through the Kuparuk River Unit facilities. The estimated cost of the project is approximately \$600 million gross. Estimated peak production is 8,000 BOPD gross, with first oil anticipated in late 2015. COPA will lay gravel for Drill Site 2S during the first quarter of 2014 in order to be ready for facility construction in late 2014 followed by drilling in mid-2015. The company plans to seek internal and co-owner approval for wells and facilities in late 2014.

"The likelihood of these projects moving ahead is greatly improved by the passage of SB21," said Trond-Erik Johansen, president of ConocoPhillips Alaska. "New projects like these will create jobs for Alaskans and Alaska businesses, add new revenue for the state and put more oil down TAPS. I expect that we will have more new production investments to announce in the future."

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COPA also reported the following regarding earnings:

Third-Quarter 2013

- COPA estimated taxes and royalties due to Alaska and federal income tax = \$0.9 billion
  - COPA estimated taxes and royalties due to Alaska = \$0.65 billion
  - COPA estimated federal taxes = \$0.25 billion
- COPA approximate adjusted earnings = \$0.5 billion

Year-to-Date 2013 –

- COPA estimated taxes and royalties due to Alaska and federal income tax = \$3.1 billion
  - COPA estimated taxes and royalties due to Alaska = \$2.2 billion
  - COPA estimated federal taxes = \$0.9 billion
- COPA adjusted earnings = \$1.6 billion

Since 2007, COPA has paid just under \$30 billion in taxes and royalties to the State of Alaska and the federal government. Of that amount, nearly \$23 billion went directly to the State.

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ConocoPhillips has been leading the search for energy in Alaska for more than 50 years. The company is committed to responsibly developing Alaska's resources, providing economic opportunity for Alaska, operating at the highest safety standards and being good stewards of our communities. For more information, visit [www.conocophillipsalaska.com](http://www.conocophillipsalaska.com).

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**CAUTIONARY STATEMENT FOR THE PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

*This news release contains forward-looking statements. Forward-looking statements relate to future events and anticipated results of operations, business strategies, and other aspects of our operations or operating results. In many cases you can identify forward-looking statements by terminology such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and other similar words. However, the absence of these words does not mean that the statements are not forward-looking. Where, in any forward-looking statement, the company expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that such expectation or belief will result or be achieved. The actual results of operations can and will be affected by a variety of risks and other matters including, but not limited to, changes in commodity prices; changes in expected levels of oil and gas reserves or production; operating hazards, drilling risks, unsuccessful exploratory activities; difficulties in developing new products and manufacturing processes; unexpected cost increases; international monetary conditions; potential liability for remedial actions under existing or future environmental regulations; potential liability resulting from pending or future litigation; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; and general domestic and international economic and political conditions; as well as changes in tax, environmental and other laws applicable to our business. Other factors that could cause actual results to differ materially from those described in the forward-looking statements include other economic, business, competitive and/or regulatory factors affecting our business generally as set forth in our filings with the Securities and Exchange Commission. Unless legally required, ConocoPhillips undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.*