ConocoPhillips Alaska: Investing in Alaska in Changing Times

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Joe Marushack, President
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Safety

Achieving an Incident-Free Culture is our commitment!

The collective efforts of our contractors have helped us achieve a significant change in safety performance

Total Recordable Incident Rate


0.59 0.67 0.53 0.22 0.33 0.32 0.31 0.21

2016 — OUR SAFEST YEAR YET

Note: 2016 YTD represents Jan - Sep
ConocoPhillips History in Alaska

Kenai Peninsula
- Swanson River, discovered in 1957
- North Cook Inlet Unit, discovered in 1962
- Beluga River Unit, also discovered 1962

North Slope
- Prudhoe discovery well 1968, startup 1977 — now marking 40 years of operation
- Kuparuk discovery well 1969, startup 1981
- Alpine discovery well 1996, startup 2000
- Kuparuk/Prudhoe satellites, 1986-present

Trans Alaska Pipeline System (TAPS)
- Alyeska formed in 1969
- TAPS construction began in 1973
- TAPS startup June 17, 1977— also entering its 40th year of operation
The Present: Core Fields Focus, Develop New Opportunities, Explore

- Core Fields are Critical: Prudhoe, Kuparuk, Alpine

- Technology Focus
  - Extended reach drilling rig
  - Enhanced oil recovery (EOR)
  - Multi-lateral wells
  - Coiled tubing drilling
  - State-of-the art seismic

- ConocoPhillips Alaska North Slope operations helped increased production during 2016

- Development of NPRA Discoveries in Greater Mooses Tooth Unit
  - GMT1
  - GMT2

Core Field Infrastructure Enables New Entrants, Development of New Fields
ERD Rig: Minimizing Footprint Through Technology

Alaska North Slope Reduced Footprint *

65 Acre Gravel Pad (1970)**
Drilling Area Accessible from Pads
~ 3 sq. miles

12 Acre Gravel Pad (2016)**
~ 55 sq. miles

12 Acre Gravel Pad (Future ERD)**
~ 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
Greater Mooses Tooth 1 (GMT1) and GMT2

- **GMT1** – Construction started this winter
  - 8-mile gravel road with 2 bridges
  - 11.8 acre gravel well pad, potential for 33 wells
  - Peak Est. NS Employment: ~700 positions
  - Targeting first oil late 2018
  - Total cost approximately $900 MM gross
  - Peak production 30,000 BOPD gross
  - Construction began last month

- **GMT2** – Permitting underway
  - 8-mile gravel road and 14-acre pad
  - 33-well development
  - FEL2 Engineering in progress
  - Peak est. NS Employment: ~700 positions
  - Permitting process underway
  - Planning first oil 4Q 2020/2021
  - $1B+ to develop
  - Est. peak production 25-30,000 BOPD gross
ConocoPhillips Historical Exploration Activity in NPR-A

- **Wells Drilled by ConocoPhillips:**
  - 2000 – 3 wells: Spark 1, Rendezvous A, Clover
  - 2001 – 5 wells: Lookout 1, Rendezvous 2, Moose's Tooth C. Participated with BP in Trailblazer A & H.
  - 2002 – 3 wells: Hunter A, Lookout 2, Mitre 1
  - 2003 – 1 well: Puviaq 1
  - 2004 – 3 wells: Scout 1, Carbon 1, Spark 4
  - 2005 – 2 wells: Kokoda 1 and 5
  - 2007 – 2 wells: Intrepid, Noatak
  - 2008 – 1 well: Spark DD
  - 2009 – 2 wells: Grandview, Pioneer
  - 2013 – 2 wells: Cassin 1 and 6
  - 2014 – 2 wells: Rendezvous 3 and Flat Top
  - **2016 – 3 wells: Tinmiaq 2 and 6, Hyperion**

ConocoPhillips: most active explorer on the North Slope since 2000
The Future: Announcing Willow — New Discovery in NPRA

- Estimated **300 million barrels** gross recoverable resource
- 2 wells ~28 miles west of Alpine
- Tiŋmiaq 2 interval tested at ~3200 bopd
- Light oil

**Anticipated production up to 100,000 BOPD**
New ConocoPhillips Acreage on North Slope
Unconventional North American Fields are Alaska’s Competition

Map shows wells drilled in U.S. Lower 48 states since start of 20th century; well locations from U.S. Geological Survey; resource estimates based upon publically available sources and ConocoPhillips estimates.
## What Does the North Slope Require for the Next 40 Years?

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<thead>
<tr>
<th>What is Required</th>
<th>The Challenges/Obstacles</th>
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<tr>
<td>1. Continued capital investment; COP ~$1B/year</td>
<td>No increase in taxes; stable tax system</td>
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<td>2. Continued development of core fields</td>
<td>Working interest owner alignment</td>
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<td>3. Access to land</td>
<td>Availability of federal lands</td>
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<td>4. Lower costs</td>
<td>Unnecessary federal regulations, federal permitting delays, high cost structure of North Slope</td>
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<td>5. Alignment with key stakeholders</td>
<td>Competing interests</td>
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<td>6. New discoveries</td>
<td>Need multiple players exploring</td>
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<td>7. Retain capable Alaskan workforce</td>
<td>Keep enough investment to maintain health of contracting community and jobs for Alaskans</td>
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Working together, we can manage these challenges