ConocoPhillips Alaska: Positioning for the Future

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Achieving an Incident-Free Culture is a core value for ConocoPhillips

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

Achieved 127 days of incident-free operations – Record Result

Note: 2015 YTD represents Jan - Oct
ConocoPhillips Leading Through Industry Downturn

• Scenario planning used to assess low price/high output possibility
• Tidal Wave considered – more extreme than anticipated
• Action – COP reduced “long” exposure; focus on conventional/unconventional opportunities
• Alaska investment influenced by state/federal policies
Actions Taken

• Established Margin Improvement Team to improve how we operate
• Partnering with suppliers and other stakeholders to find additional efficiencies
• Workforce rationalization

*COP is positioning to deal with price volatility*
ConocoPhillips’ Capital Program Spend

ConocoPhillips Capital Spend ($B)

2012 2013 2014 2015 Budget

$14.2 $15.5 $17.1 $11.5

33% Decrease

Recently lowered 2015 Capex projection to $10.2B

Alaska Capital Spend ($B)

2012 2013 2014 2015 Budget

$0.8 $1.1 $1.6 $1.4

~2x 2012 Spend level

Alaska Development projects ~$3 billion gross and 40,000-50,000 BOPD gross by 2018
More Drilling Rigs Since SB21 Passed
Greater Kuparuk Area Projects: Drill Site 2S and 1H NEWS

DS-2S

Multi-phase meter

1H NEWS
Alpine Drill Site CD5

Project Status

• Total gross cost approximately $1.1 B
• Peak gross production ~16,000 BOPD (2016)
• 6-mile gravel road with 4 bridges, 11.7 acre gravel pad, and drillsite facilities
• 15-well development with potential for up to 33 wells
• First oil achieved October 27, 2015
CD5 Nigliq Channel Bridge - Video
Greater Mooses Tooth 1 (GMT1) – Funding Approved

- First drill site in Greater Mooses Tooth Unit – roaded development approved
- Project scope
  - Potential for up to 33 well MWAG development
  - Connected to CD5 via 7.7 mile road and 2 bridges
  - Capital cost ~$900 MM gross
- Summary
- Schedule
  - Engineering 2015 - 2016
  - Begin fabrication 2016
  - Construction 2016-2018
  - Start drilling 2Q 2018
  - Est. first production December 2018
- Peak est. NS employment: ~700 positions
- Peak production: ~30 MBOPD gross (2019)
Upcoming NPRA Projects: GMT2 and Exploration
AKLNG Update

Project Status

- Pre-FEED technical work progressing well
- Commercial and fiscal negotiations underway
- Current market creates economic headwinds
AKLNG - Near Term Focus

The majority of LNG plants and proposed projects would not be profitable with current LNG prices.

Key Elements to Project Viability

- Continue Pre-Feed Work
  - Focus on reducing cost of project
- Address State specific questions
- Align on commercial agreements
- Provide project clarity to legislature
- Address enabling legislation

Critical to finalize agreements necessary for State to address fiscal/participation legislation

Information based on Wood Mackenzie’s LNG Cost Model
How Do We Keep Up Investment Momentum?

• **Stable investment climate**
  • Tax policy impacts investment decisions
  • Rational, factual discussions on State fiscal challenges

• **Alignment – everyone pulling in same direction**
  • Producers, labor, contractors, Native corps, public
  • State and Producers work in collaborative manner

• **Stay the course on AKLNG**
  • Participation by the State as an equity owner
  • Close out commercial and fiscal agreements in 2016

• **Federal engagement**

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**Current Environment Requires Vision, Courage, Consistency**

.....and a Shared Vision