

# ConocoPhillips Alaska: North Slope Update

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# Cautionary Statement & Safe Harbor

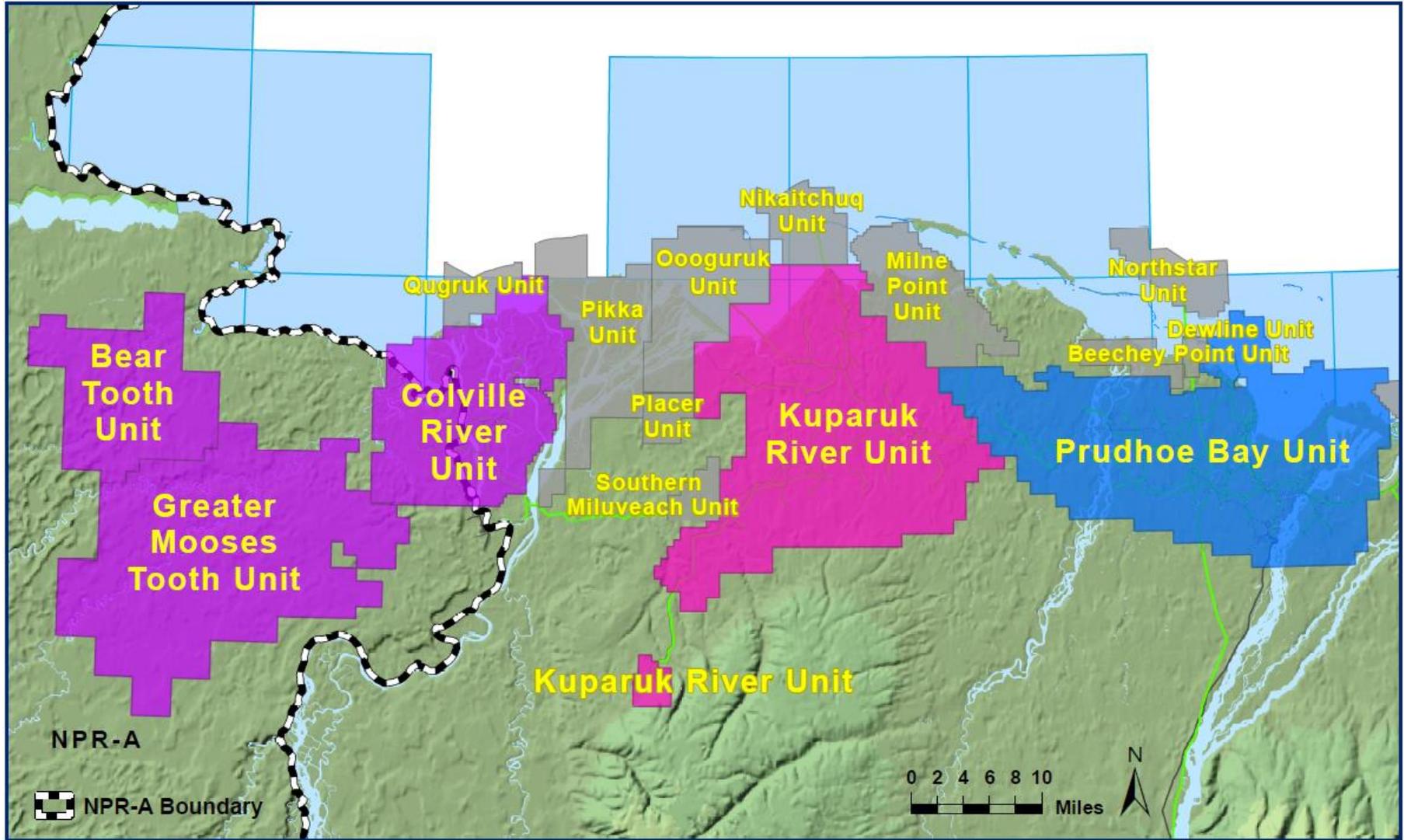


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# ConocoPhillips North Slope Assets



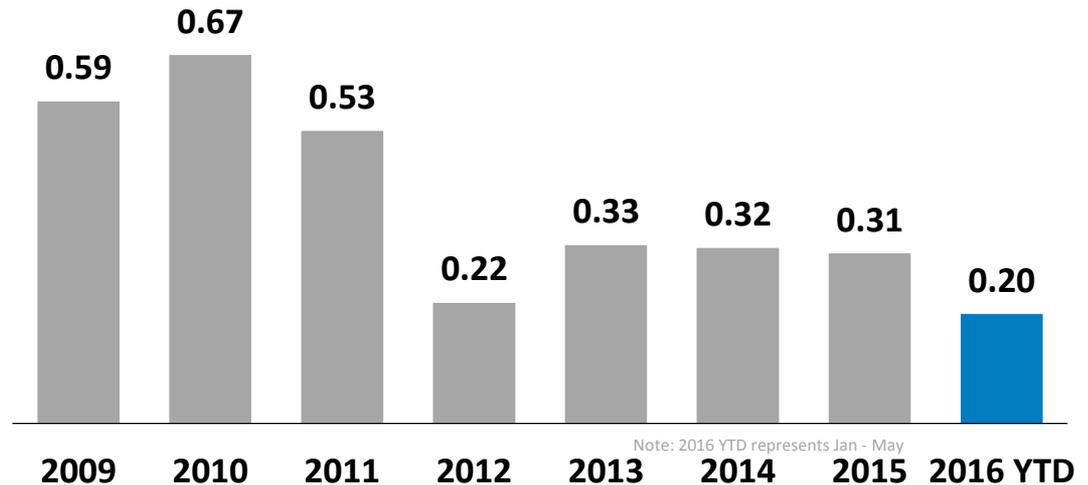
## ConocoPhillips Operated Assets

- Western North Slope ("WNS") – 78% WI
- Kuparuk – 52-55% WI
- Prudhoe – 36% WI
- Non-COP Units
- Point Thomson Unit (not shown) - 5%

- 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



**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



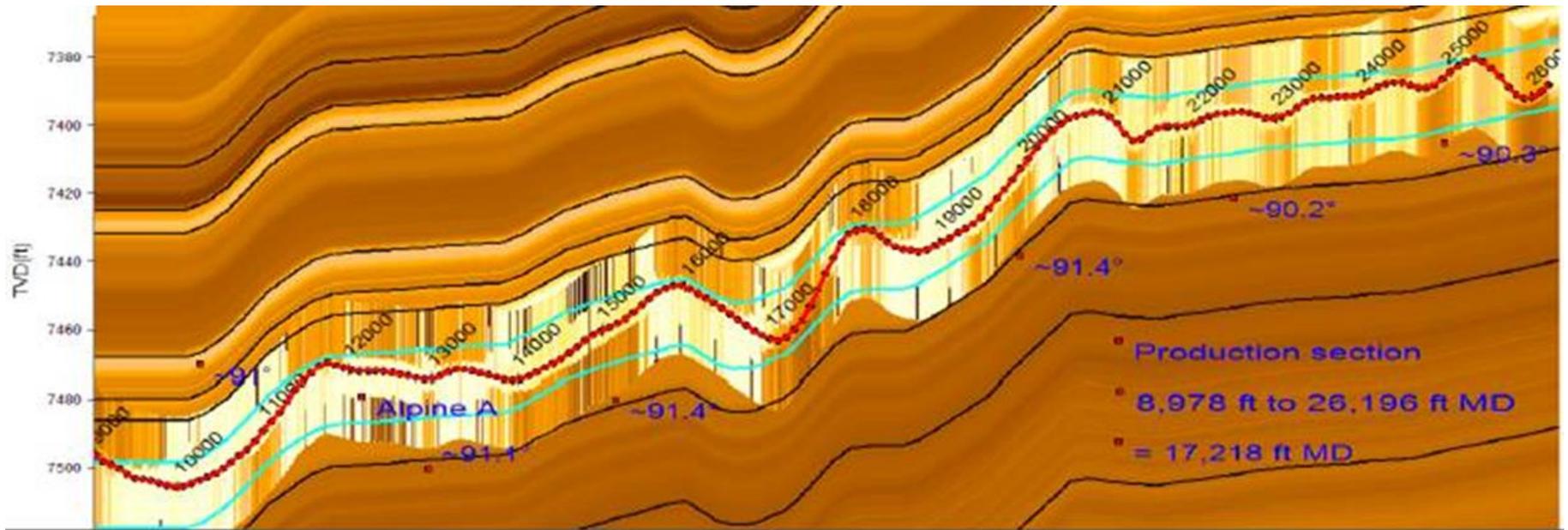
# Alpine Satellite CD5 – Update

- 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



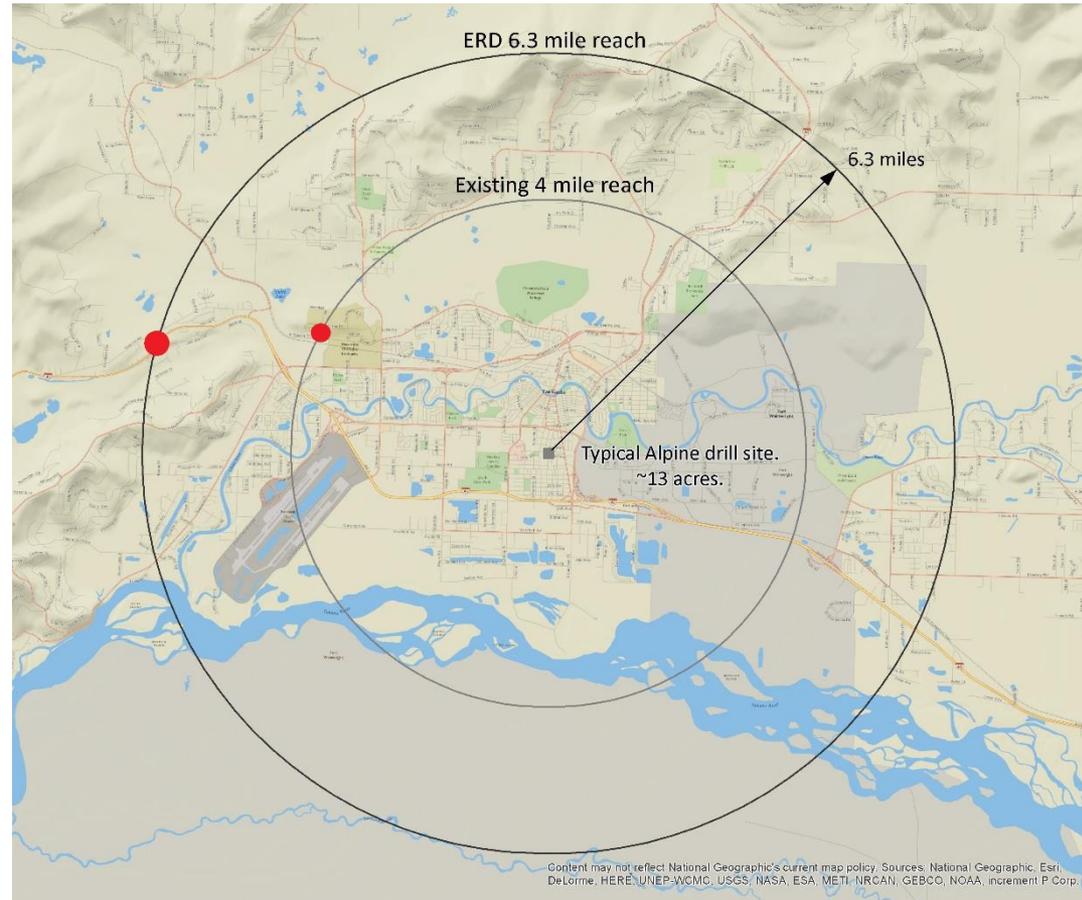
# Drilling Record Set at CD5

- 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)\*\***



**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

# 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

