



RESOURCE DEVELOPMENT COUNCIL
Growing Alaska Through Responsible Resource Development

ConocoPhillips Alaska: Positioning for the Future

Joe Marushack, President - Alaska

Cautionary Statement & Safe Harbor



Kuparuk



Nabors Rig

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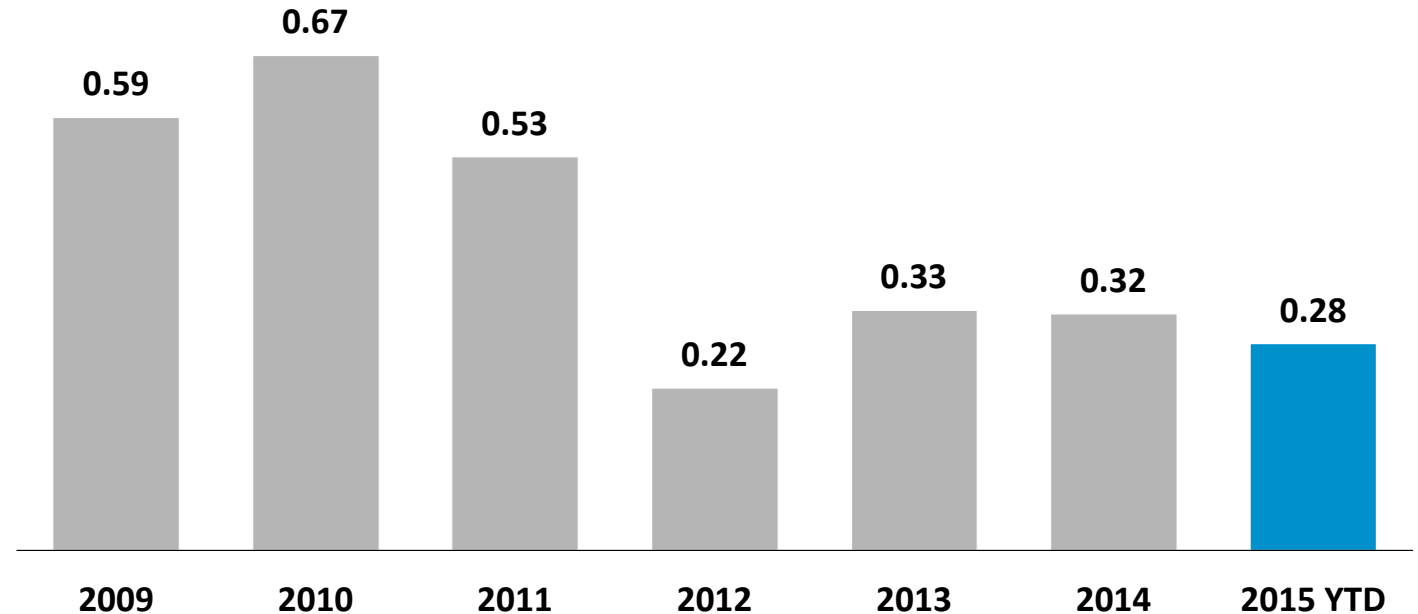
Use of non-GAAP financial information – This presentation may include non-GAAP financial measures, which help facilitate comparison of company operating performance across periods and with peer companies. Any non-GAAP measures included herein will be accompanied by a reconciliation to the nearest corresponding GAAP measure on our website at www.conocophillips.com/nonqaap.

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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**

Total Recordable Incident Rate

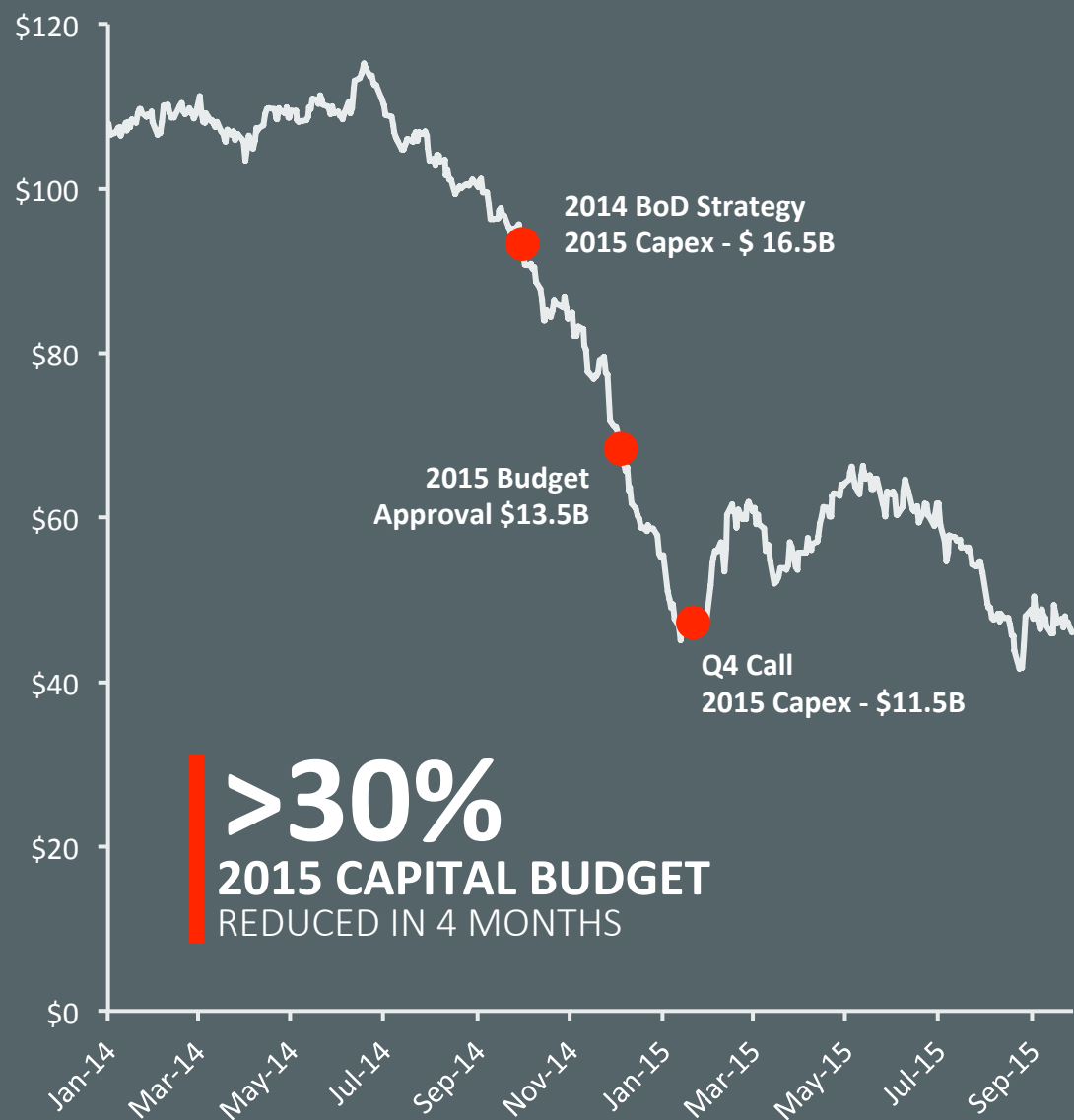


Note: 2015 YTD represents Jan - Oct

Achieved 127 days of incident-free operations – Record Result

ConocoPhillips Leading Through Industry Downturn

Brent Price \$/BBL



- 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

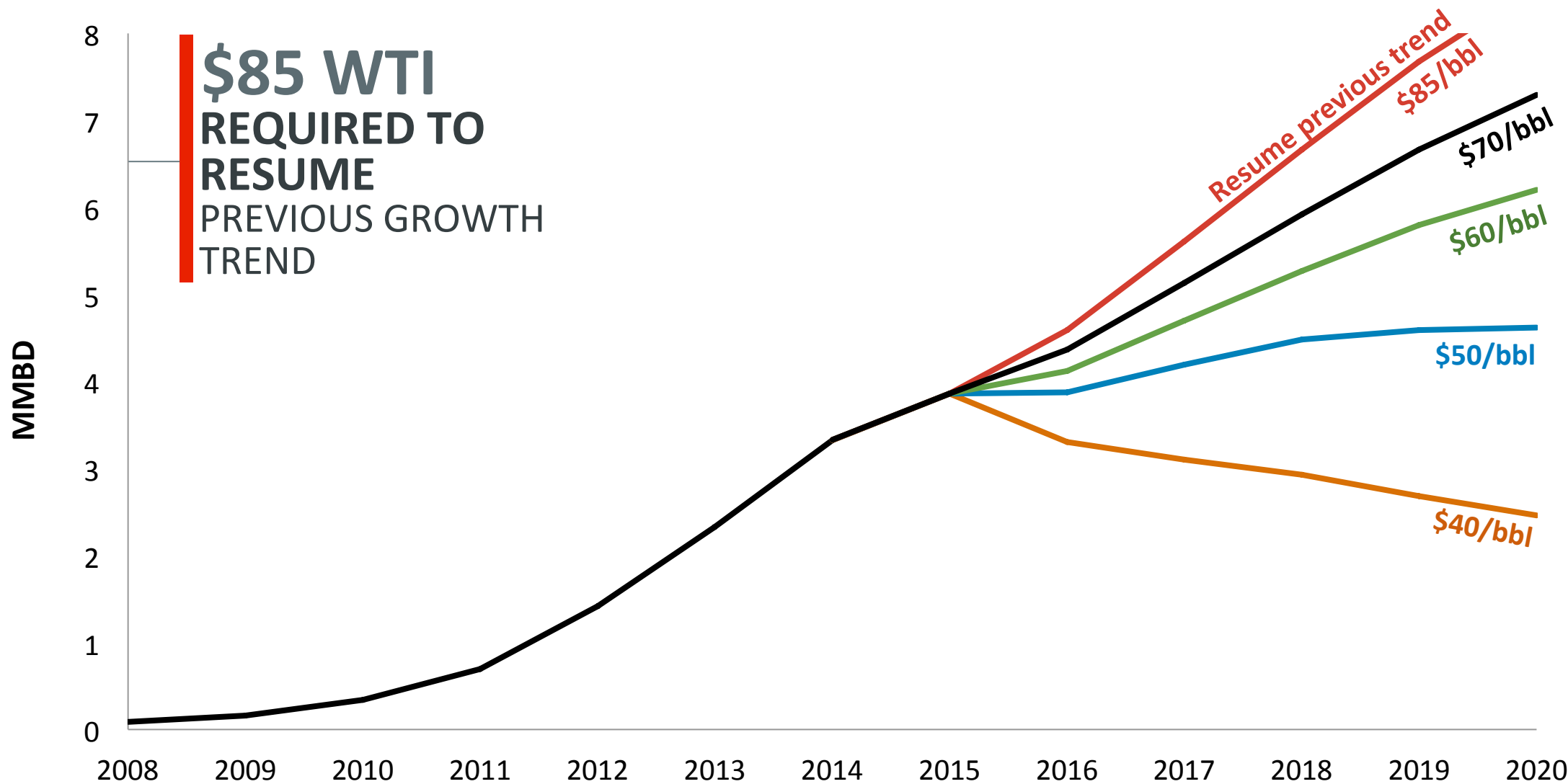
Actions Taken

- **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

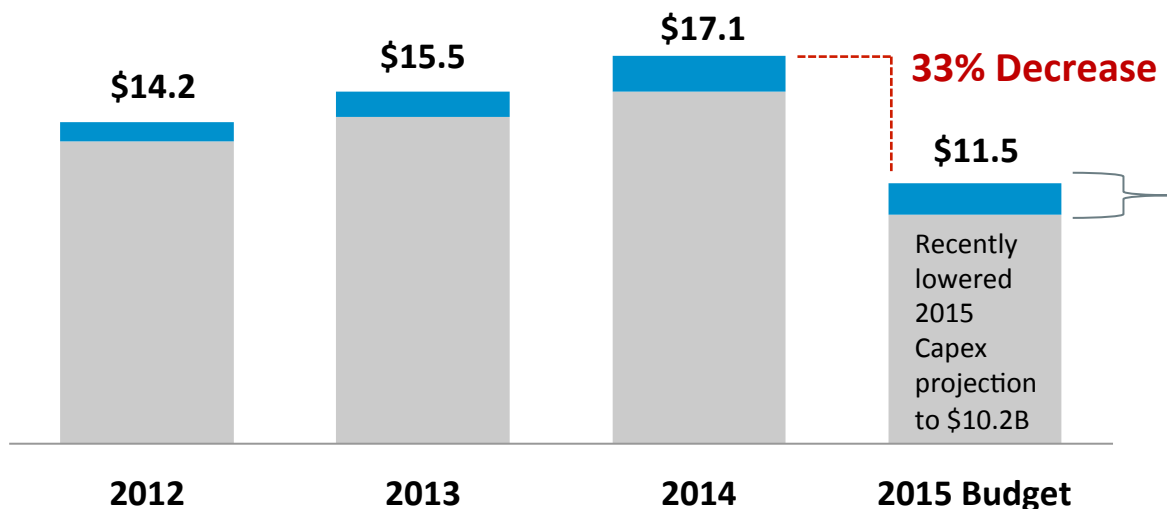
Medium-Term U.S. Tight Oil Response to Oil Prices



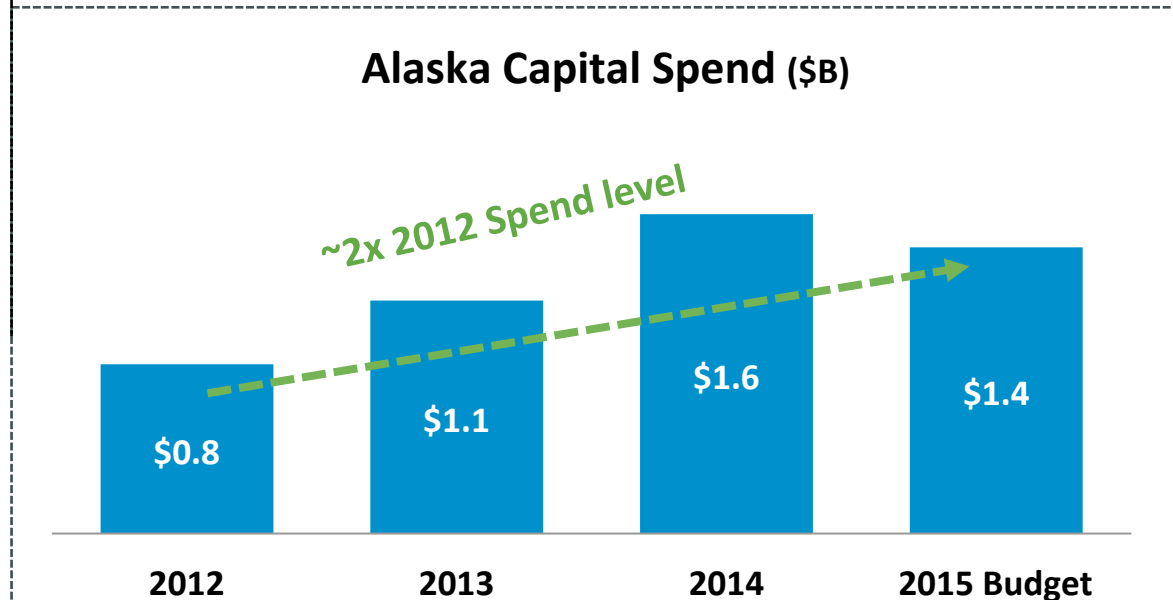
Source: ConocoPhillips, based on point forward economics and 100% reinvestment of free operating cash flow.
Annual averages modeled for top 8 tight oil formations.

ConocoPhillips' Capital Program Spend

ConocoPhillips Capital Spend (\$B)



Alaska Capital Spend (\$B)



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



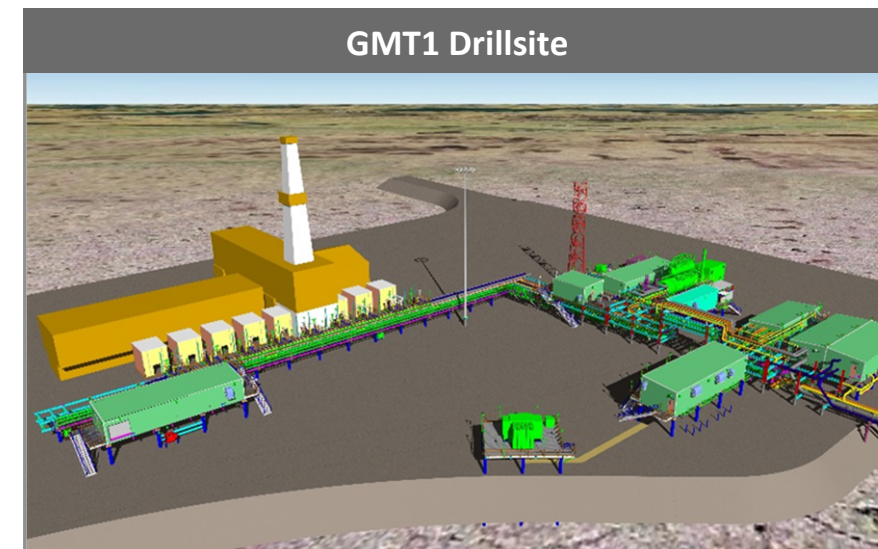
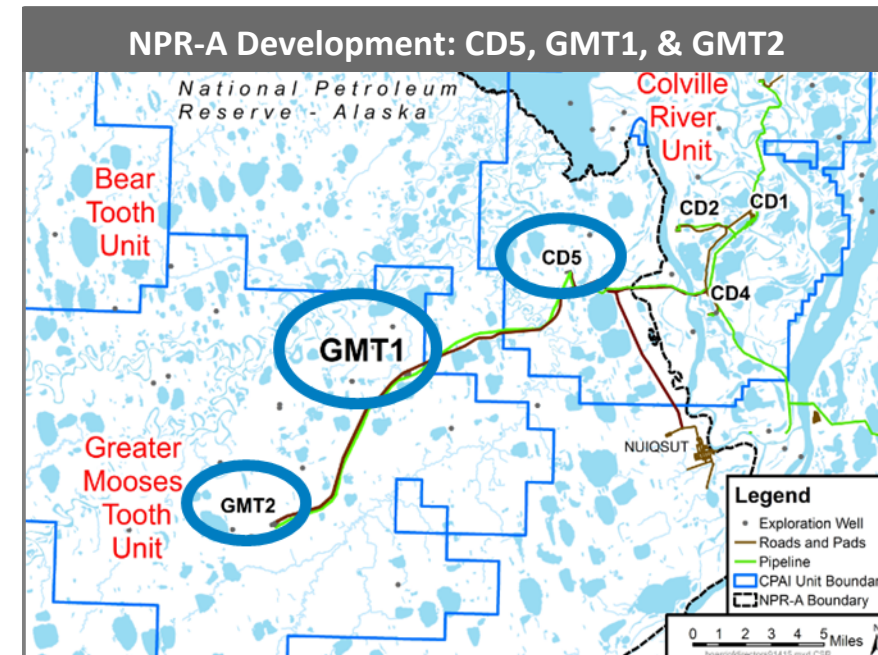
Project Status

- 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

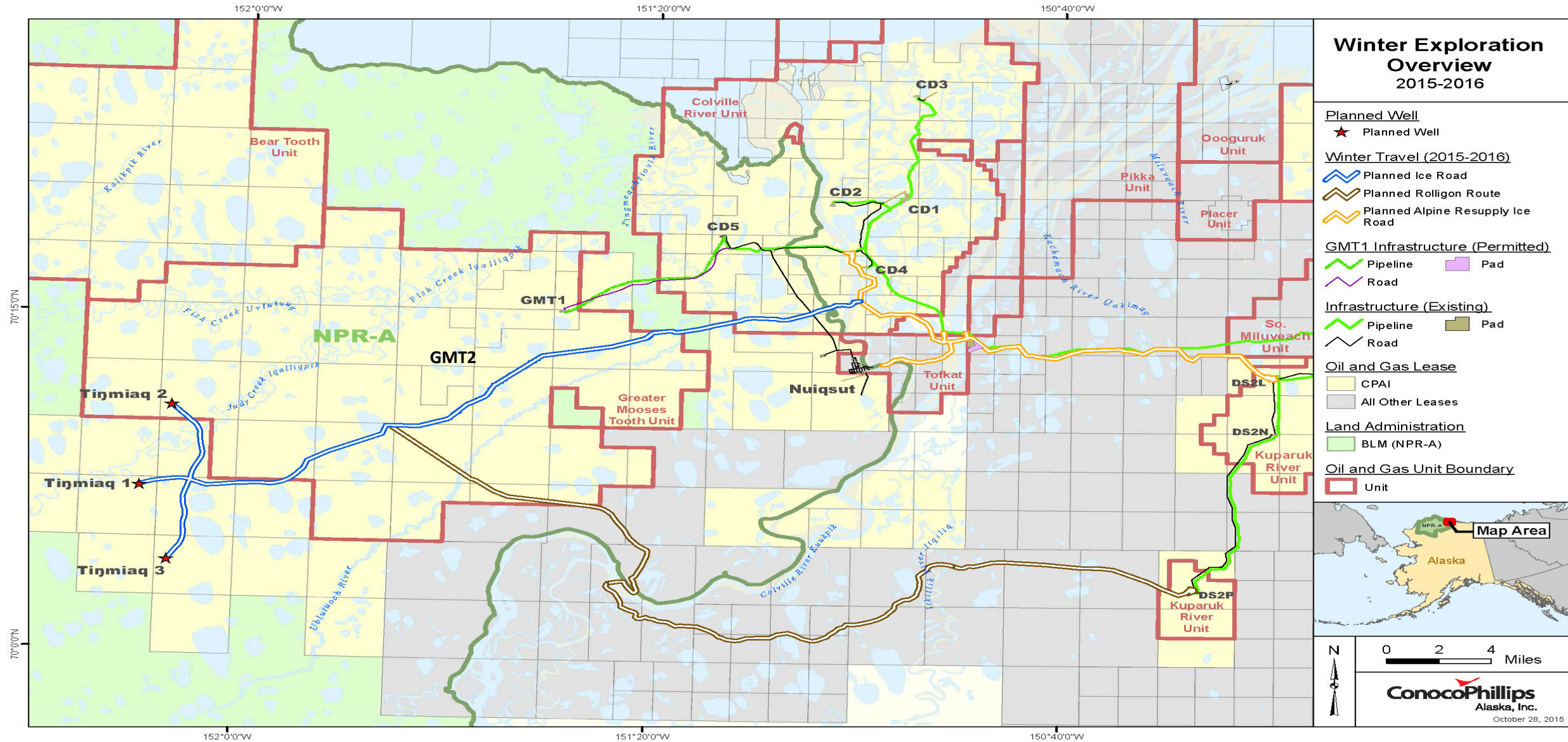


Greater Mooses Tooth 1 (GMT1) – *Funding Approved*

- 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)

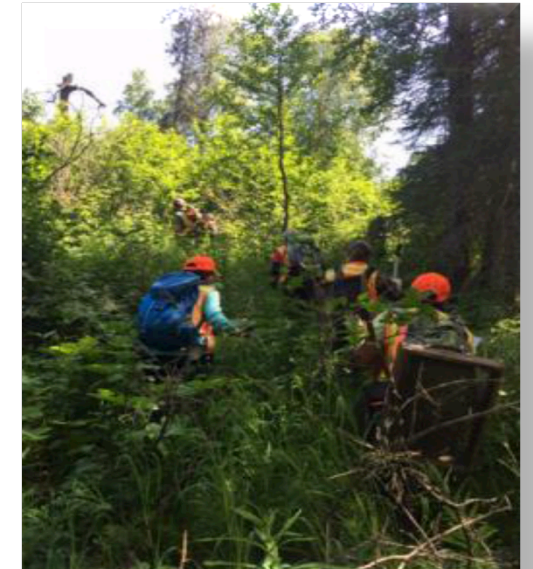
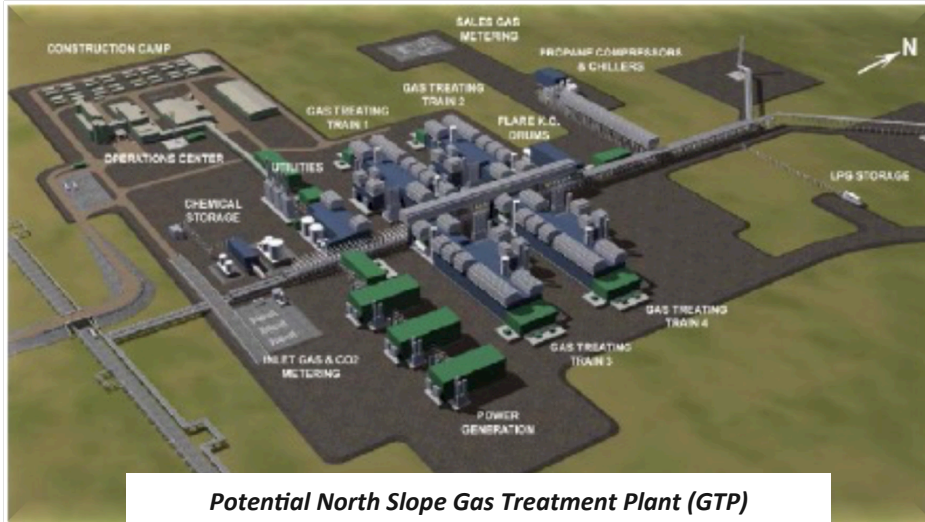


Upcoming NPRA Projects: GMT2 and Exploration

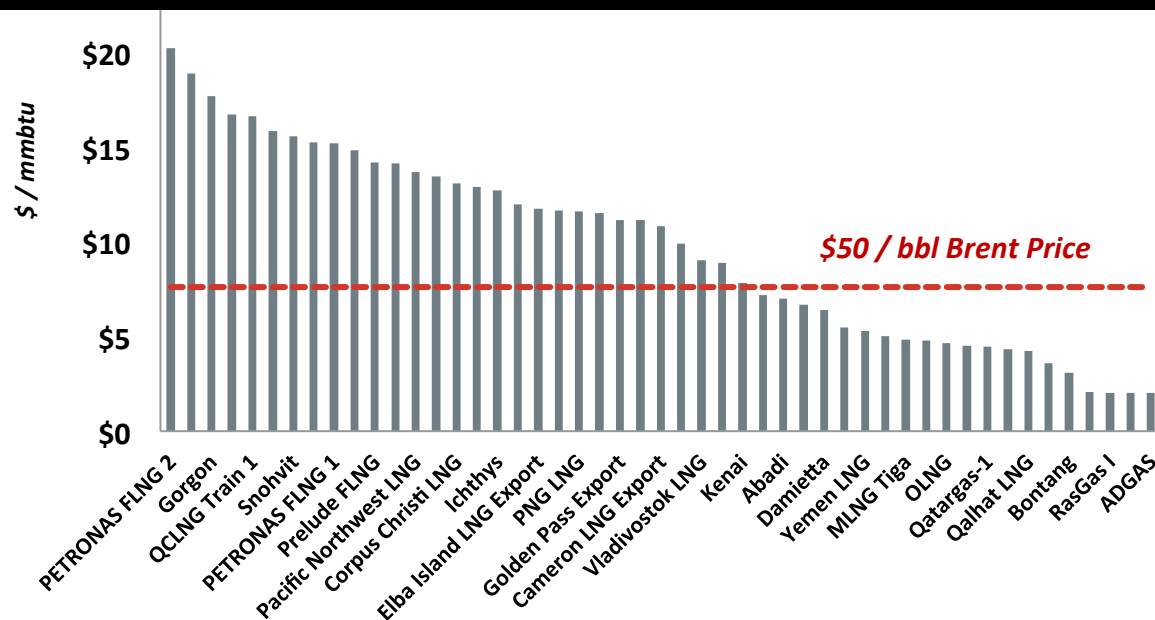


Project Status

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



LNG Operating Plants & Proposed Projects Cost of Service



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

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**

**Current Environment Requires Vision, Courage, Consistency
.....and a Shared Vision**