

The Edge of Opportunity: How Can Alaska Compete?

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Cautionary Statement & Safe Harbor

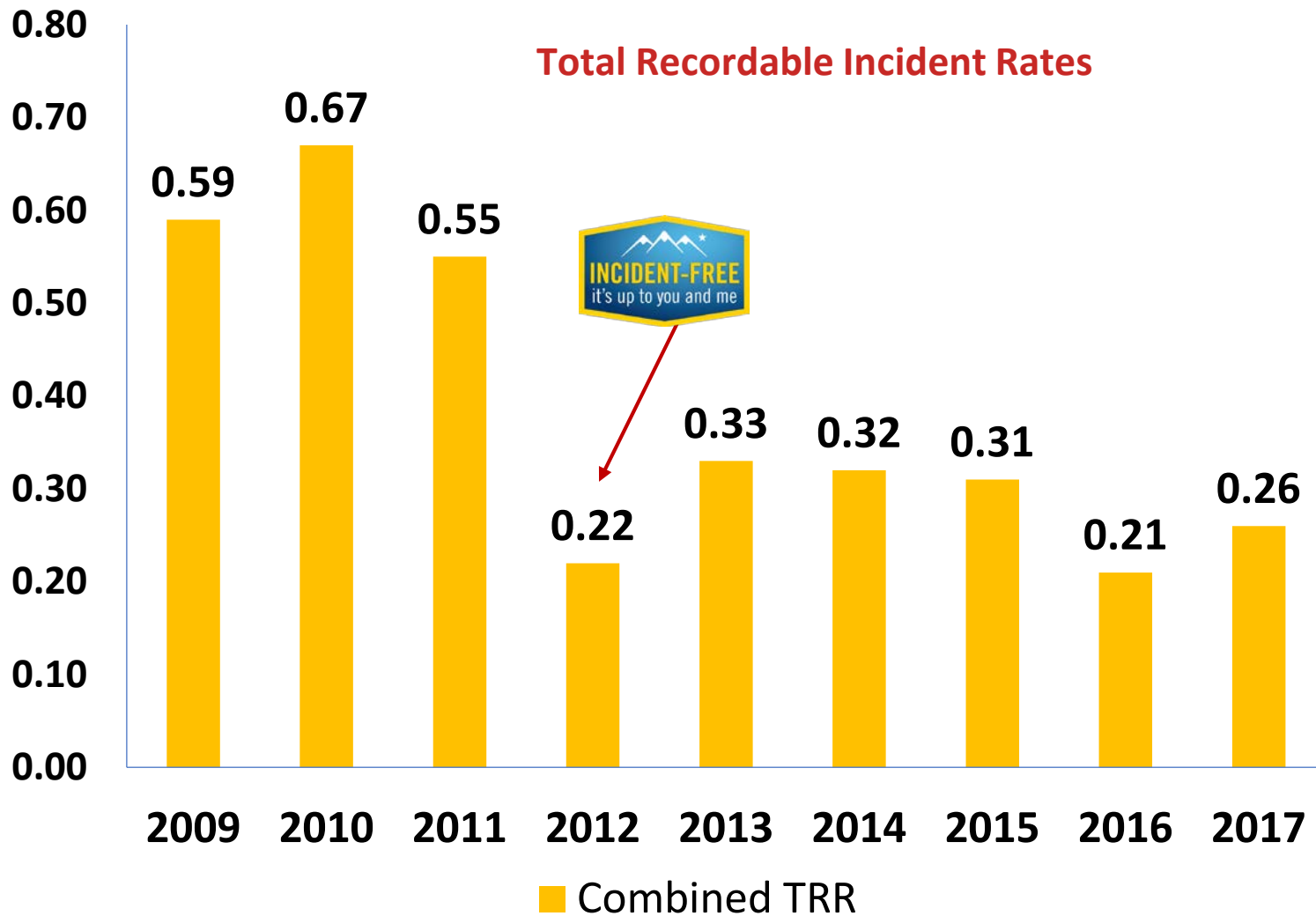


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Making the Next Step-Change



Advancing Our Culture: Focus On Learning

1H NEWS – Announces Startup – Two Months Early

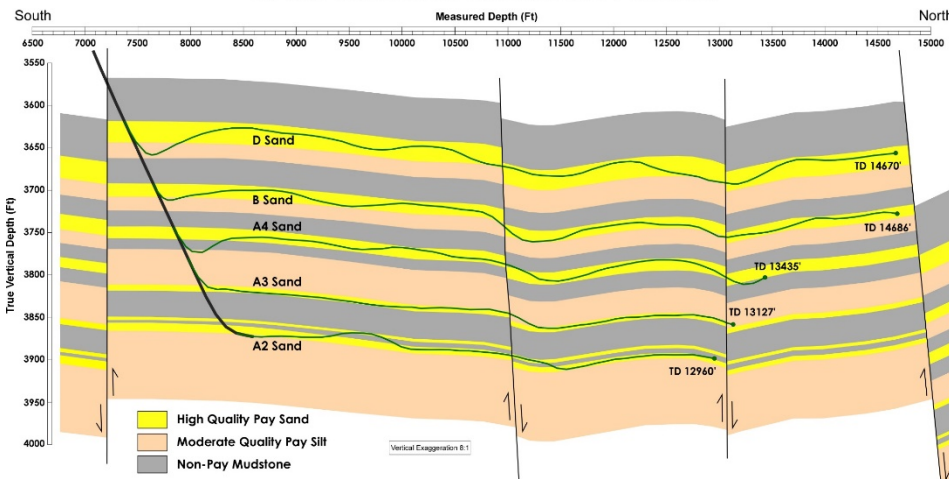


1H-102 West Sak Penta-Lateral Producer

FIRST PRODUCTION NOV. 4!

- Estimated peak gross production 8,000 BOPD (2018)
- 19-well development, 4 producers
- Expanded existing 1H drilling pad
- About \$400 million to develop
- 150+ peak construction jobs
- Began drilling in August

First rotary penta-lateral well in the state with access to all laterals



Developing the Base: Continued Success with CTD and Rotary Programs

Coiled Tubing Drilling

~22% of Kuparuk Production

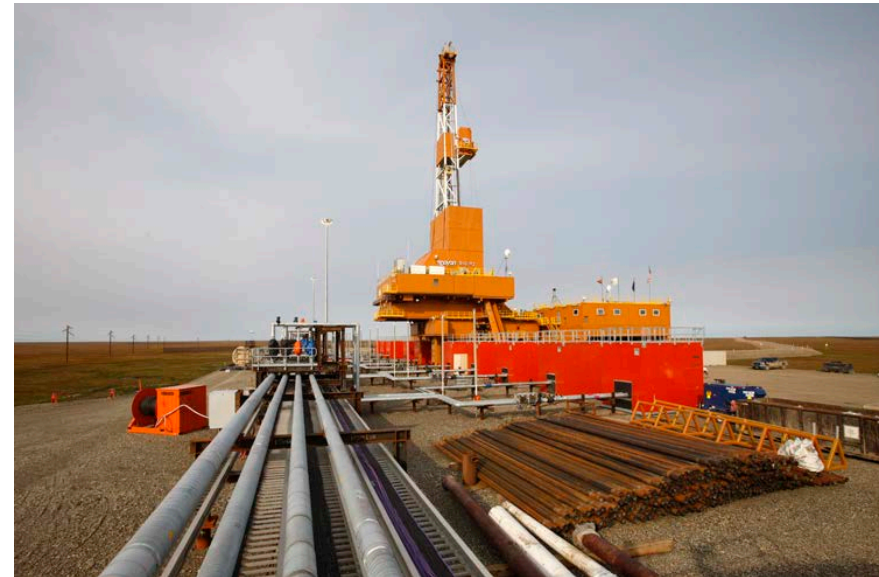
- ~19,000 BOPD
- 130 wells since 2009
- Competitive and material portfolio
- Winter program in WNS began in 2017



Rotary Drilling

Delivering Above Expectations

- Delivered most difficult wells ever drilled
- Drilled the two longest wells in Kuparuk
- Delivered first penta-lat well at West Sak
- Continued to improve project economics



Update on CD5 – Fifth Alpine Drill Site

First Extension of CD5 (CD5X)

- Completed in 2017 winter season
- Increase from 15 to 33 wells
- No footprint expansion
- Currently delivering up to 28,000 BOPD
- Reaching 18,000-28,000-ft with current rig

Second Extension Planned (CD5X2)

- Addition of 10 more well slots
- No footprint expansion
- First oil planned June 2019



Pipeline of Projects on the Western North Slope

GMT1

- ~ 25,000-30,000 BOPD*
- First oil late 2018
- ~700 construction jobs
- ~\$1 billion gross

GMT2

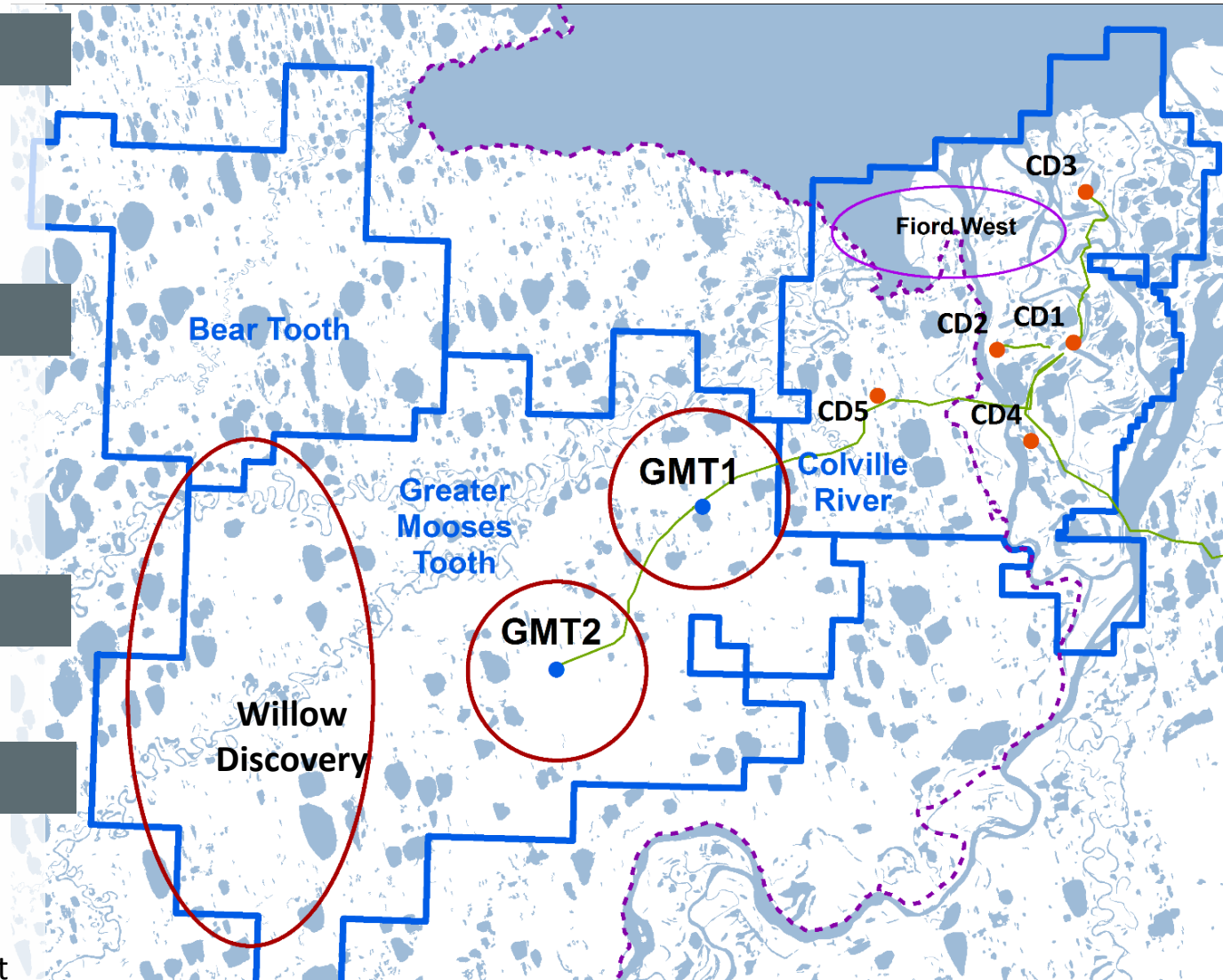
- 25,000-30,000 BOPD*
- First oil planned late 2021
- ~700 construction jobs
- ~\$1.5 billion gross

Fiord West

- 20,000 BOPD*
- First oil planned Aug 2021

Willow

- 100,000 BOPD*
- First oil possible as soon as 2023
- Multi-billion dollar investment
- Potential for hundreds of direct jobs



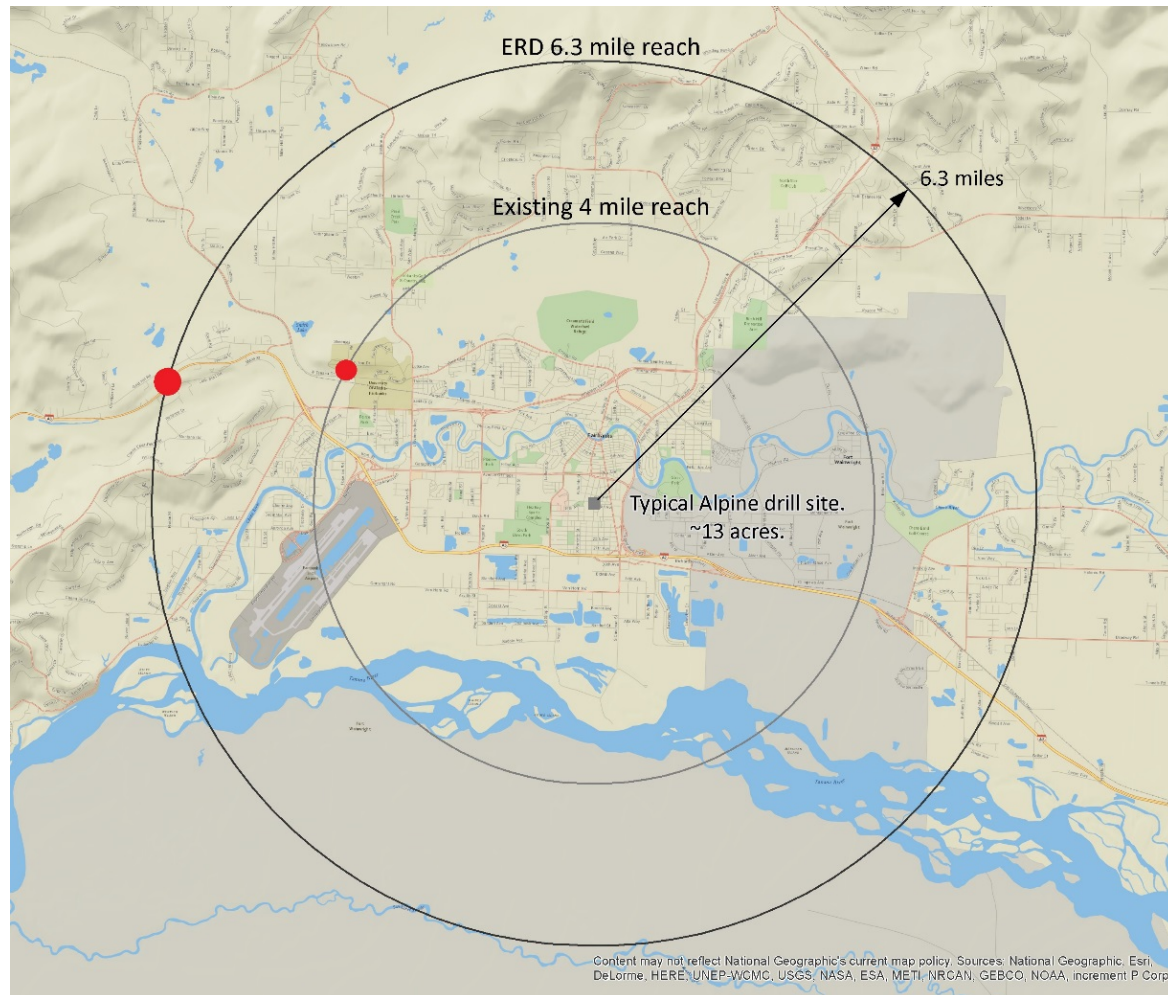
Fiord West, Estimated Production 20,000 BOPD

Fiord West

- Pending permits and funding decision
- Up to 32 new well slots
- Expansion of gravel and facilities at CD2
- First oil planned August 2021

Extended Reach Drilling (ERD) Rig

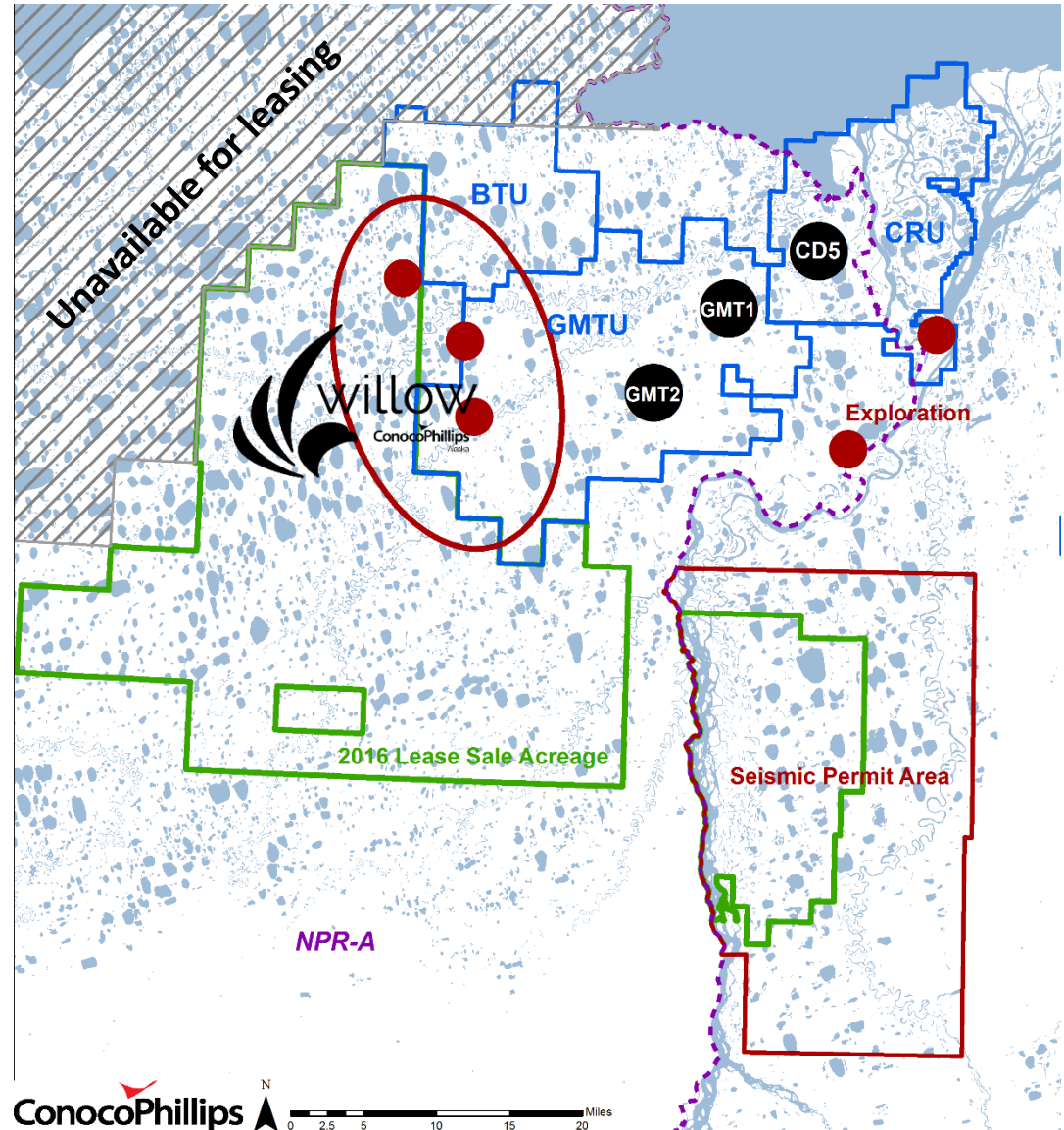
- Initially targeting Fiord West
- Drill 33,000-plus feet
- Scheduled to begin drilling in 2020



Reach from downtown to Ursa Major Distilling!

2018 Could Be a Leveraging Exploration Year

- Up to 5 exploration wells
 - Four in NPRA, one on State/ASRC acreage
 - Seven bottom hole locations
- ~250 square mile seismic program
- 731,768 gross acres in acquired late 2016
 - 595,571 acres federal
 - 136,197 acres state
- 95,358 gross acres in Dec. 2017 sale
 - 79,998 acres federal
 - 15,360 acres state



Largest Exploration Program Since 2002

What has Enabled ConocoPhillips AK Investments?

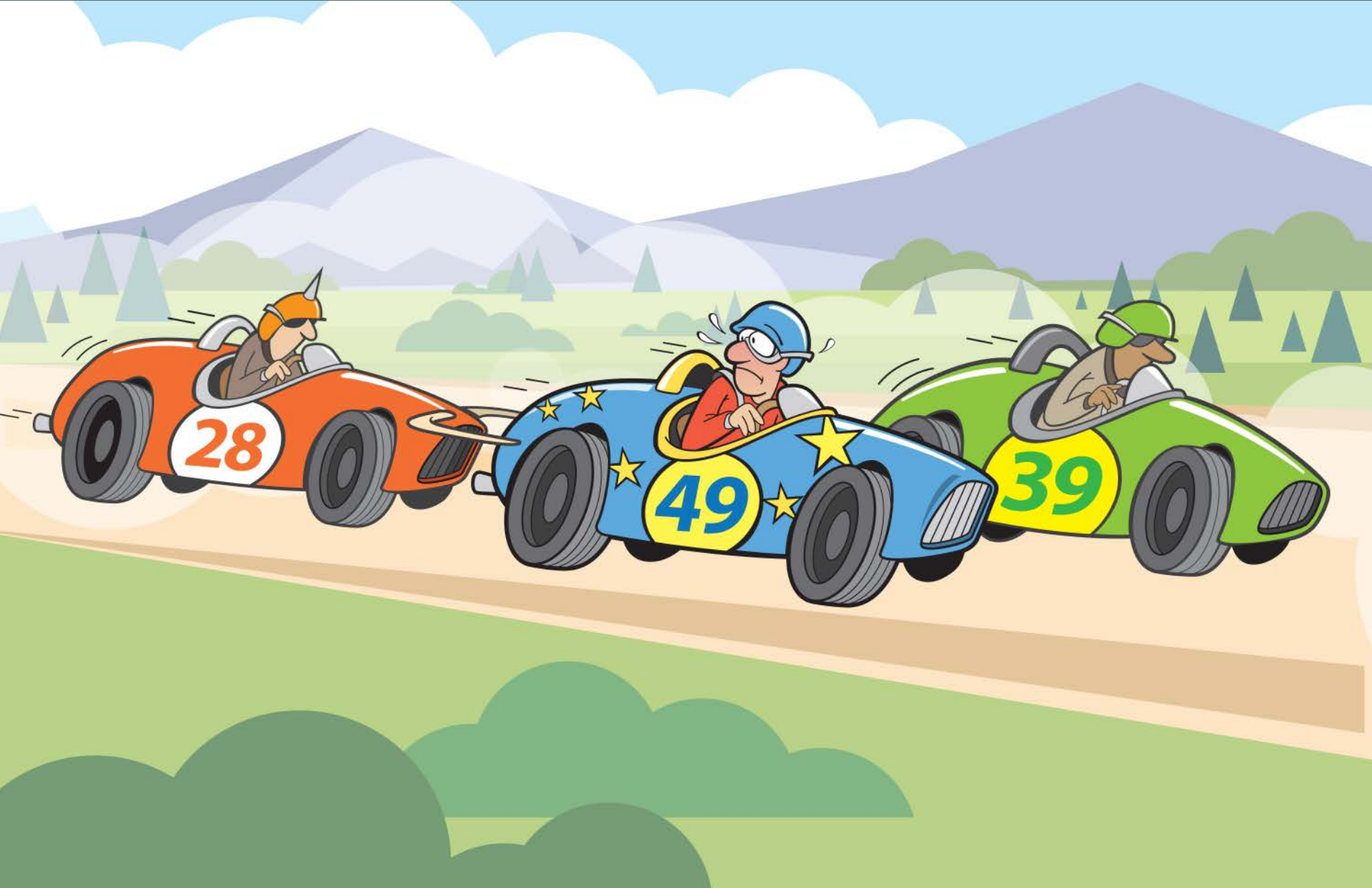
External factors working against us:

- Dramatic drop in oil prices
- New, low cost oil coming from the domestic unconventional plays
- State budget deficit with *potential* for significant state tax increases on the oil industry

What is working for us?

- Have worked with suppliers and contractors to reduce costs
- Increased operational efficiencies
- Technology and innovation
- Production optimization
- Intense internal efforts to reduce costs
- Existing infrastructure
- Doing Business Better culture
- Four years of relatively unchanged, competitive production tax framework (SB21) on large producers

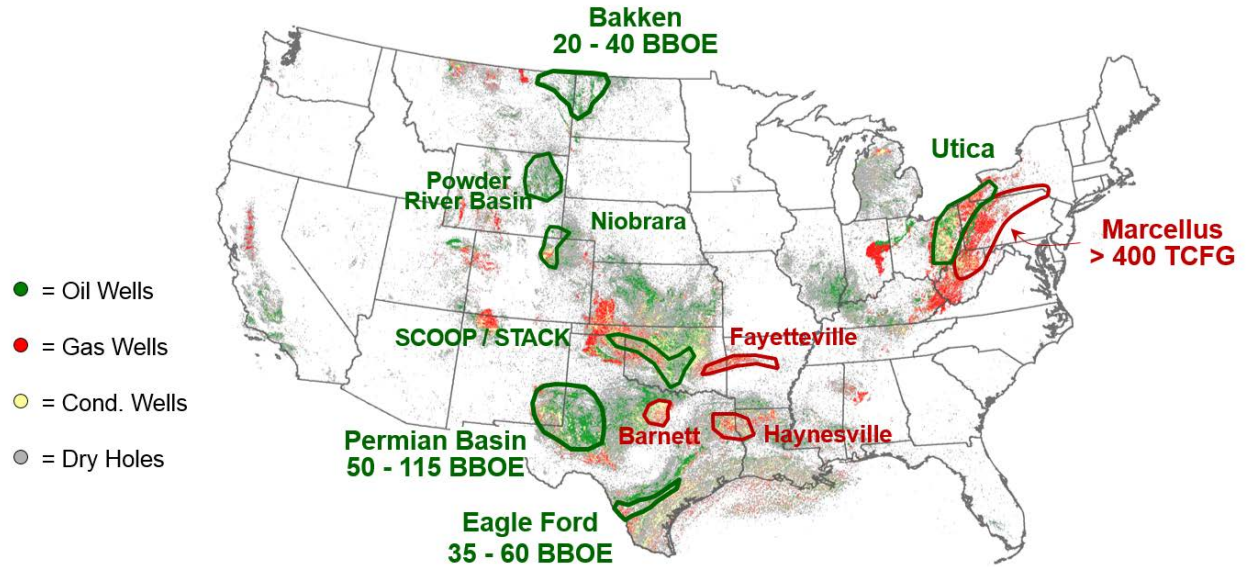
Reality Check: Everyone has Been Driving Hard to Get Ahead



Significant Investment Competition

Oil Price Lower for Longer:

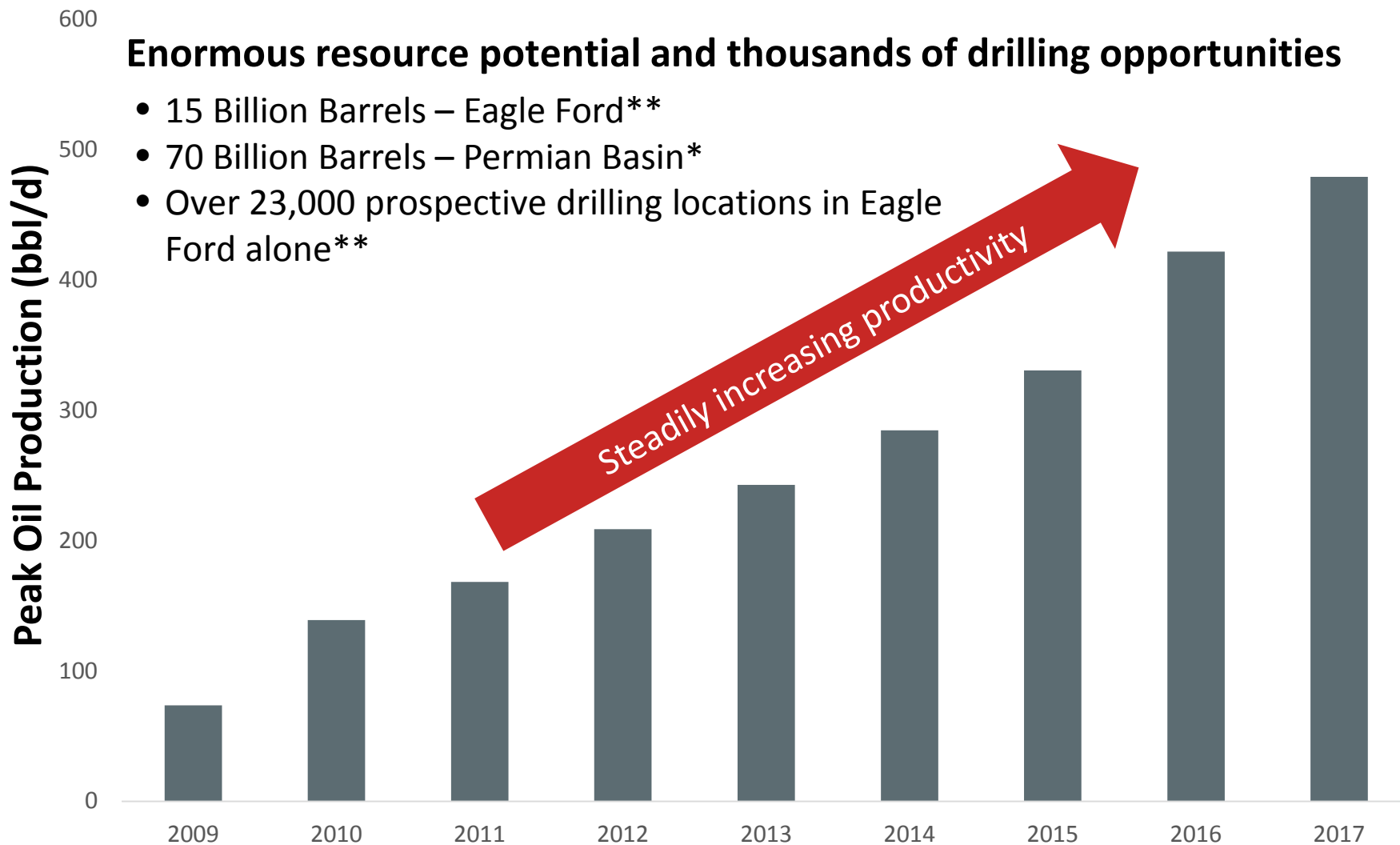
- **Not something we can control**
- Less capital available for investment
- Capital goes to lowest cost-of-supply projects
- Many L48 projects are cheaper, closer to market and easier to permit
- Stable fiscal policies



Cost of Supply Critical to Investment Decisions

Survey; resource estimates based on publicly available sources and ConocoPhillips estimates.

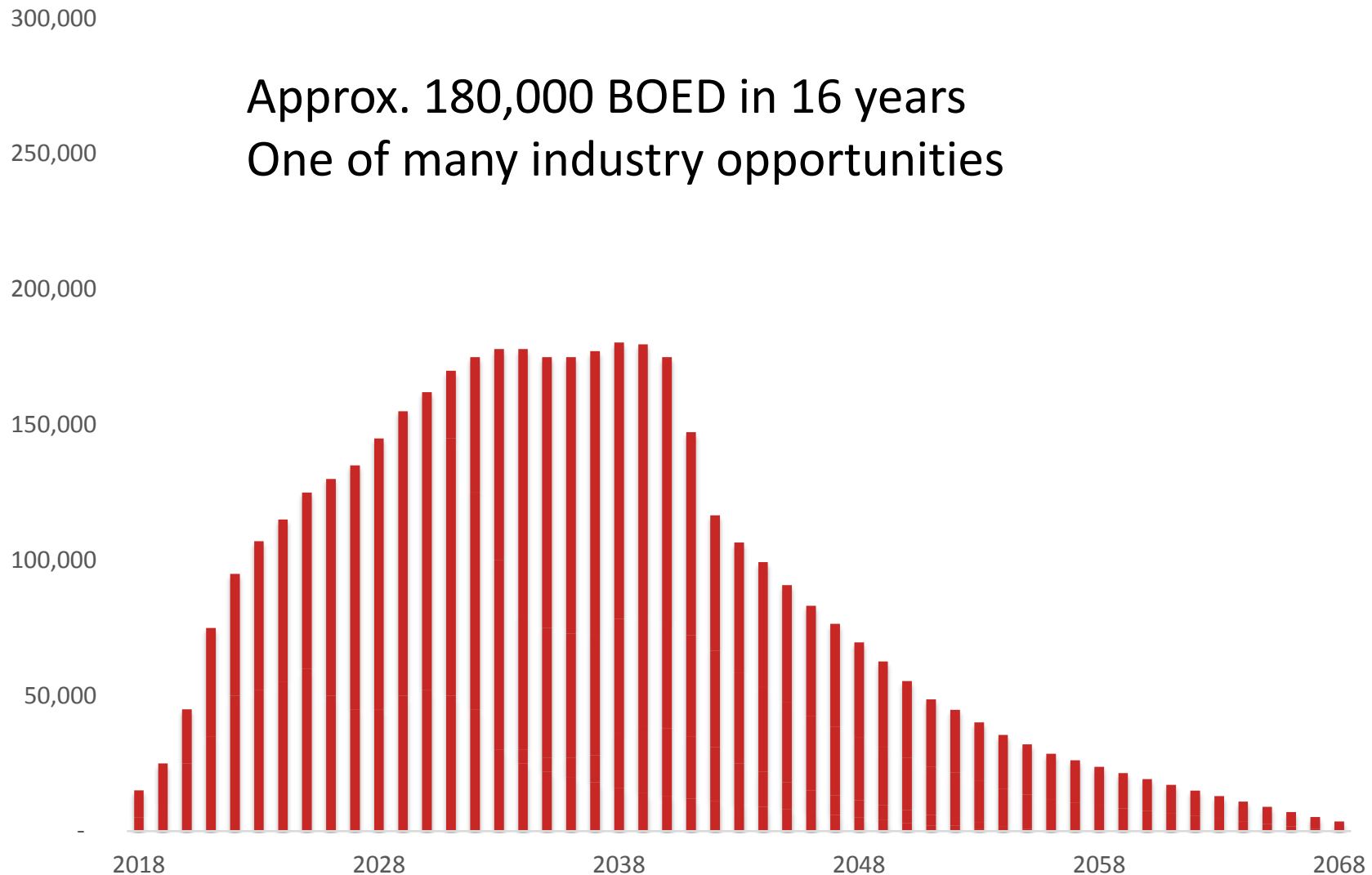
Increasing Unconventional Productivity



Learning Curve Results in Increased Production Rates

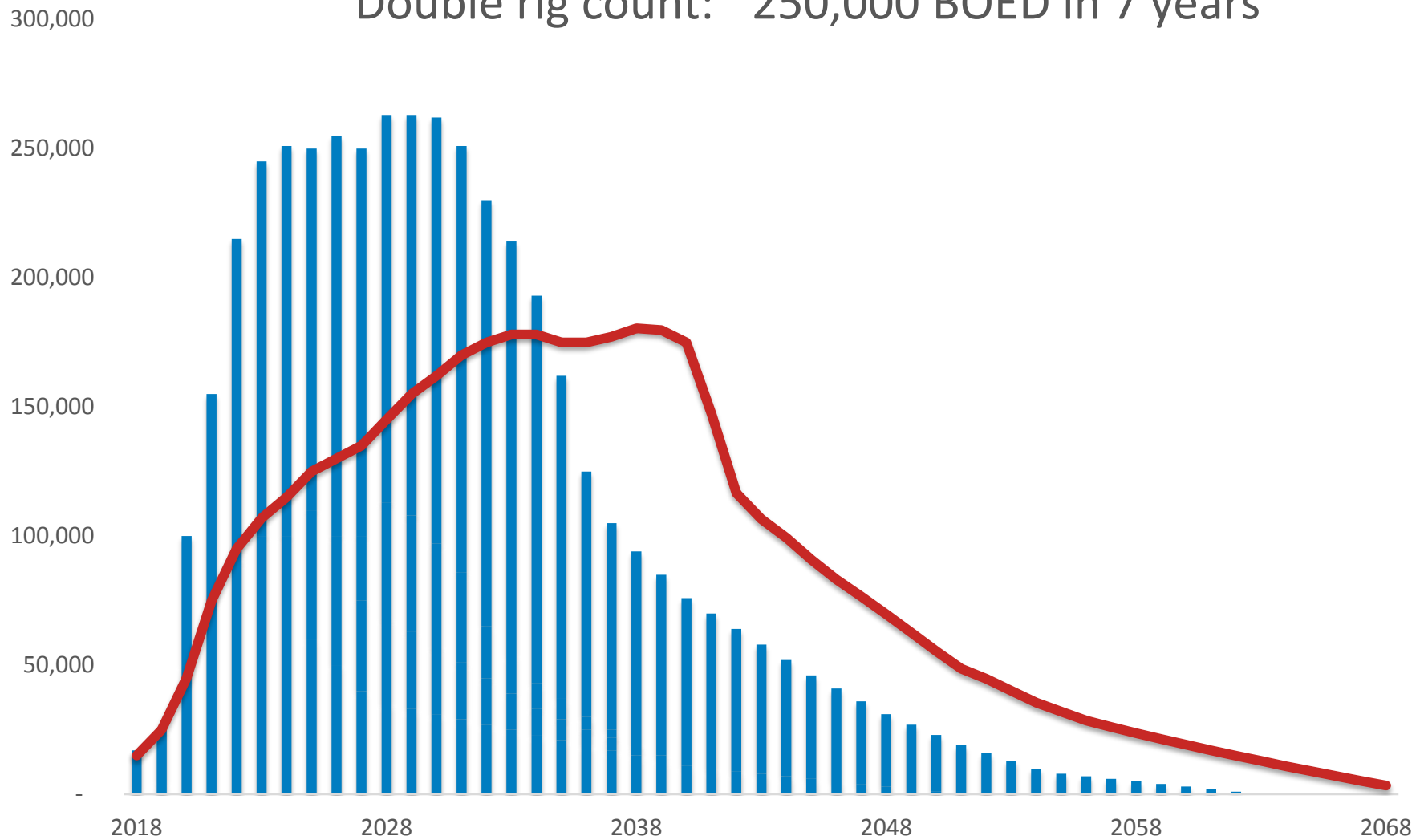
L48 Unconventional Opportunity X

Approx. 180,000 BOED in 16 years
One of many industry opportunities



Opportunity "X" Upside

Double rig count: ~250,000 BOED in 7 years



Alaska – On the Edge of Opportunity



Only the State Can Provide a Stable, Competitive Fiscal Environment