



NORTH SLOPE RENAISSANCE:

Taking Shape

The Alliance

September 12, 2019

SCOTT JEPSEN, VICE PRESIDENT
EXTERNAL AFFAIRS & TRANSPORTATION



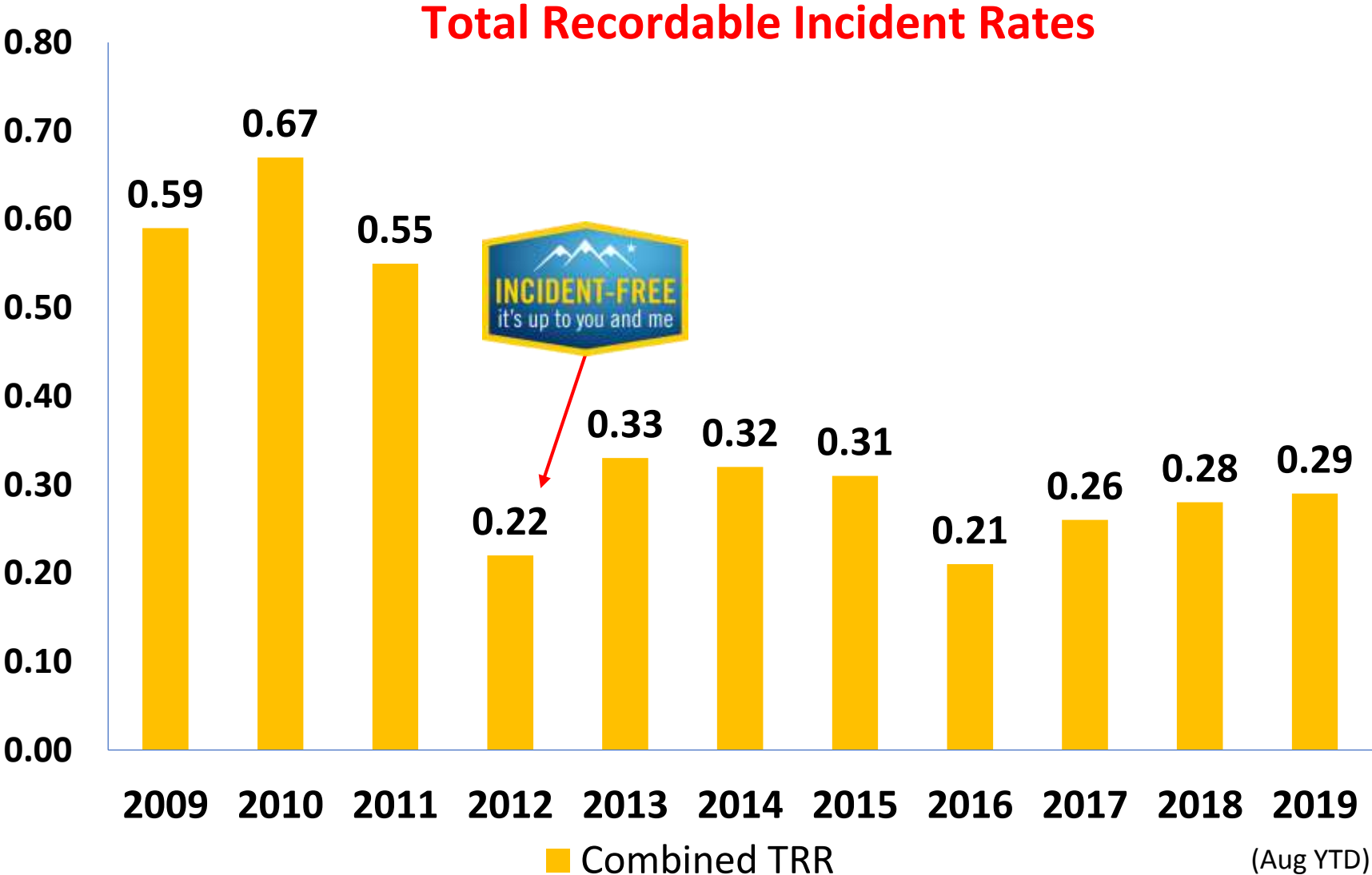
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But First – Safety: Making the Next Step-Change



Advancing Our Culture: Focus On Learning

Greater Mooses Tooth 2 Update

KEY STATISTICS

- 35,000-40,000 BOPD*
- Up to 48 wells
- ~\$1+ billion gross capex
- ~700 winter construction jobs
- First oil planned late 2021



GMT2 pad 2019



New Road to GMT2

SCHEDULE

2019

- Gravel pad and 8-mile gravel road in place
- Prep for year 1 pipeline installation

2020

- Pipeline installation
- Alpine tie-in scope
- Complete module and fabrication
- Begin heavy haul

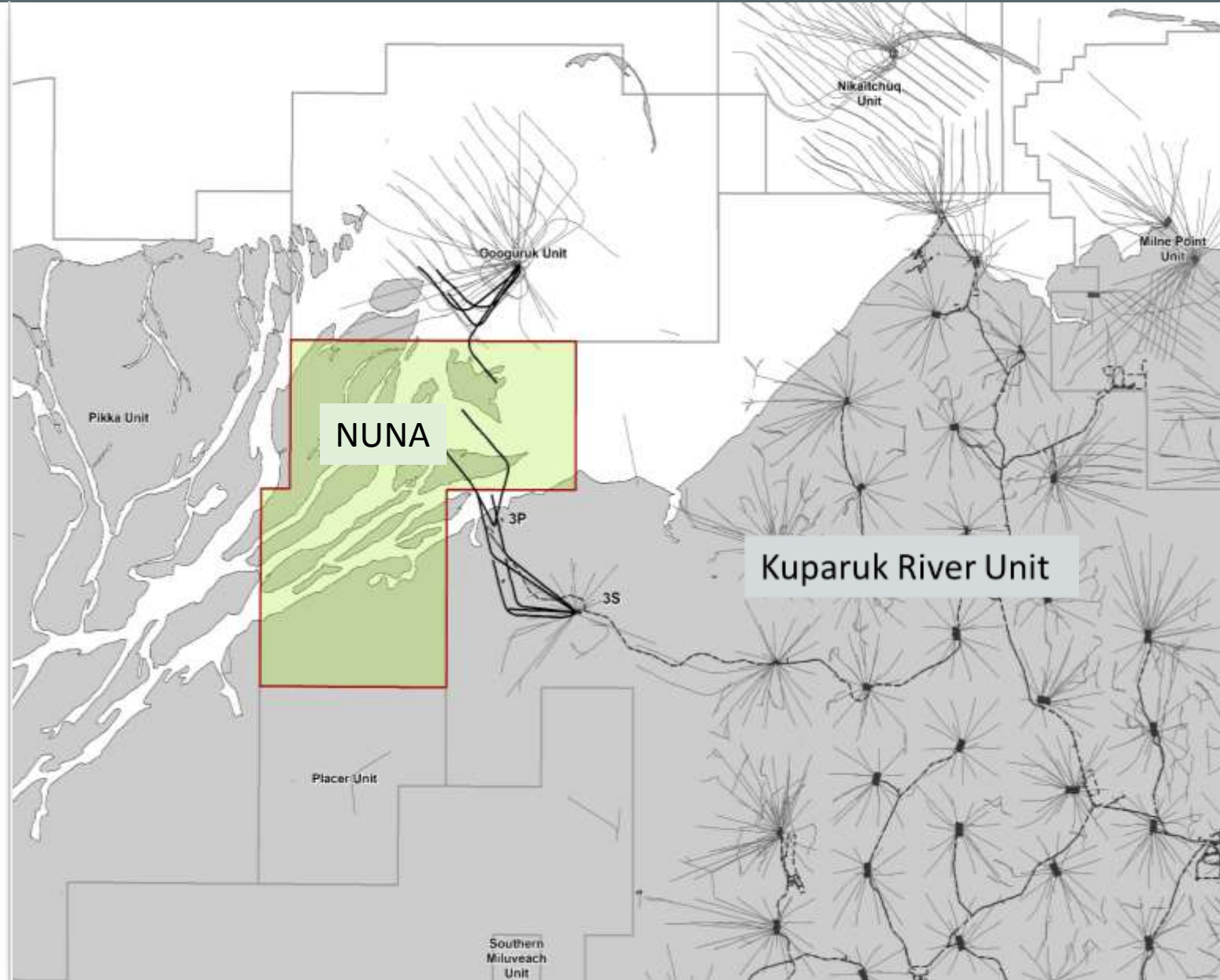
2021

- Year 2 pipeline installation, GMT1-GMT2
- Install modules and pipe racks
- Powerline
- Drilling begins
- Commission and startup GMT2

Nuna Project

KEY STATISTICS

- Purchased from Caelus - \$100MM
- KRU expanded, plan to process through Kuparuk facilities
- Utilizing existing drill sites
- ~400 winter construction jobs over a single winter construction season
- First oil planned 2022



Extended Reach Drilling Rig - Largest Mobile Land Rig in North America

- 9.5 million pounds
- Announced 2016 – Arrives at the North Slope 4Q 2019 from Nisku, Canada, in 267 truck loads
- Begins drilling Fiord West in the Colville River Unit 2Q 2020 - ***Est. 20,000 BOPD gross at peak***
- Extends ability to access resources and minimize footprint
- From a 14-acre pad, able to develop 154 sq. miles of reservoir versus 55 sq. miles today



Progressing Drilling Technology

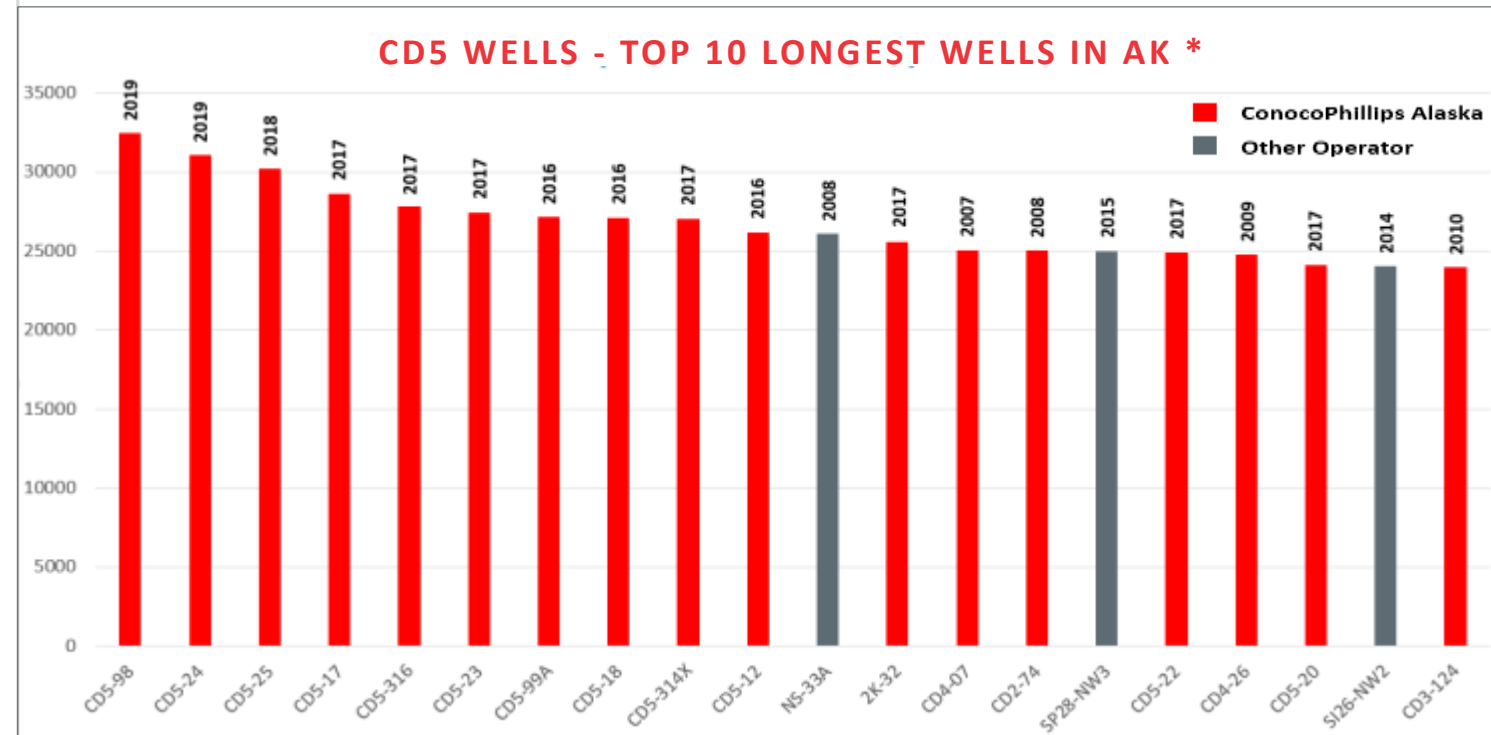
Coiled tubing drilling record well in West Sak

- Drilled longest CTD well to date, 8,183 feet
- A first application of CTD in West Sak



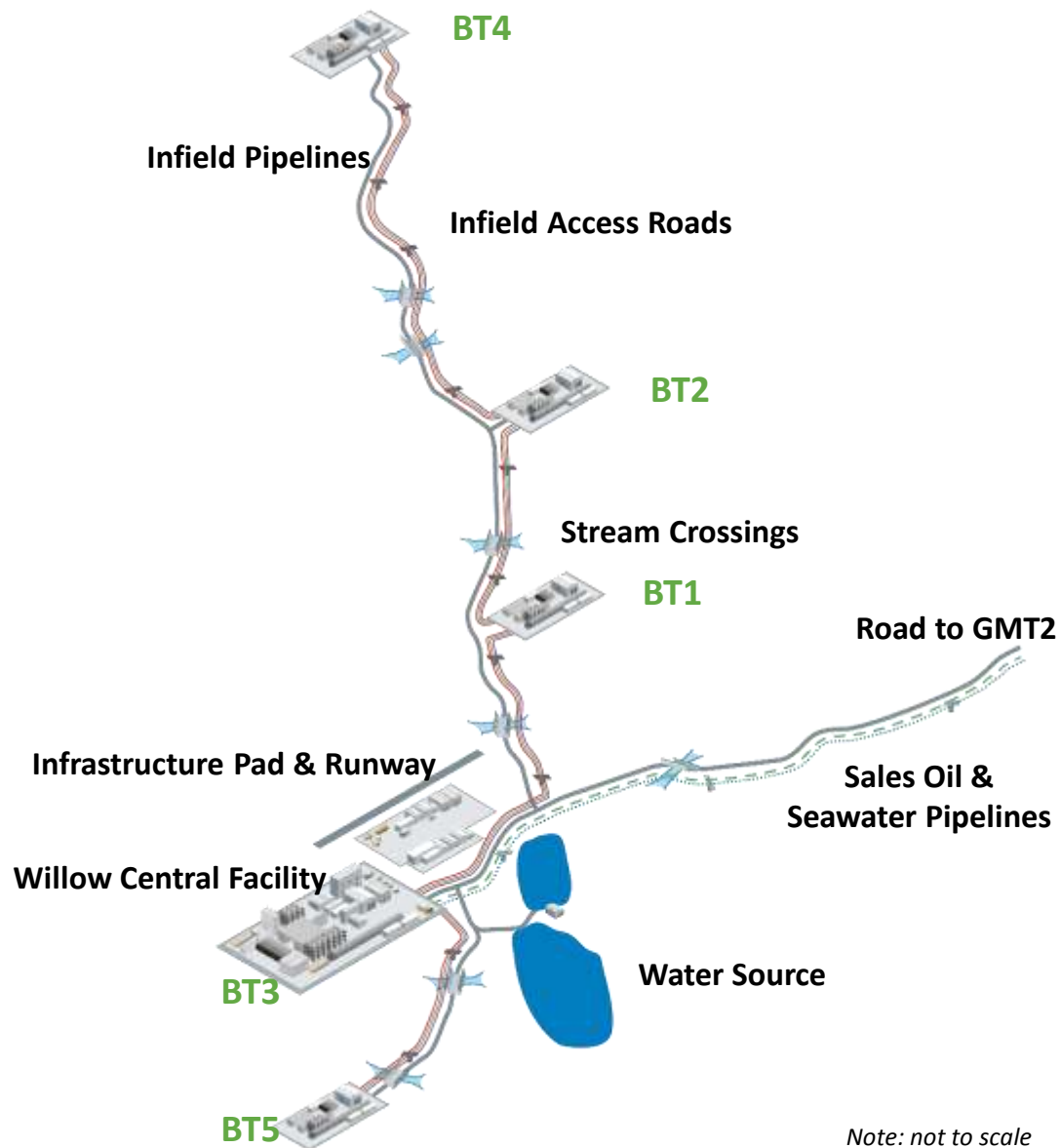
Onshore North American rotary record for combined footage on two laterals

- In July, CD5-98 record well
 - Total combined footage for a well and laterals – 47,828 feet, onshore North American record
 - Longest single well – 32,468 feet, Alaska record
- CD5-25 longest lateral onshore North American record, 21,748 feet, May 2018
- The top 10 longest wells in Alaska were drilled at CD5



* Based on public AOGCC data

Willow Draft EIS Open for Comment



WILLOW DESCRIPTION

- **Location:** 30 miles west of Alpine
- **Scope:** Central Processing Facility with up to 5 drillsites. Seawater from Kuparuk. New gravel mine west of Nuiqsut. Module transfer point offshore near Atigaru Pt.
- **Resource:** Est. 400-750 MMBOE
- **Est. cost:** \$4B - \$6B
- **Production:** Est. peak rate greater than 100,000 BOPD; First oil 2025/26
- **New Revenue:** Significant revenue for the State, North Slope Borough and federal government. BLM est. \$10B over the life of the project.

DRAFT EIS

- Draft EIS published August 29
- Public comment period closes October 29
- **Anchorage public hearing tonight, 6-8 p.m., Crowne Plaza Hotel-Midtown**
- **ConocoPhillips, BLM aligned on Alternative B as the preferred development alternative, Option 1 preferred for the offshore module transfer**

Exploration - 2020+ Program Focuses on Remaining Potential

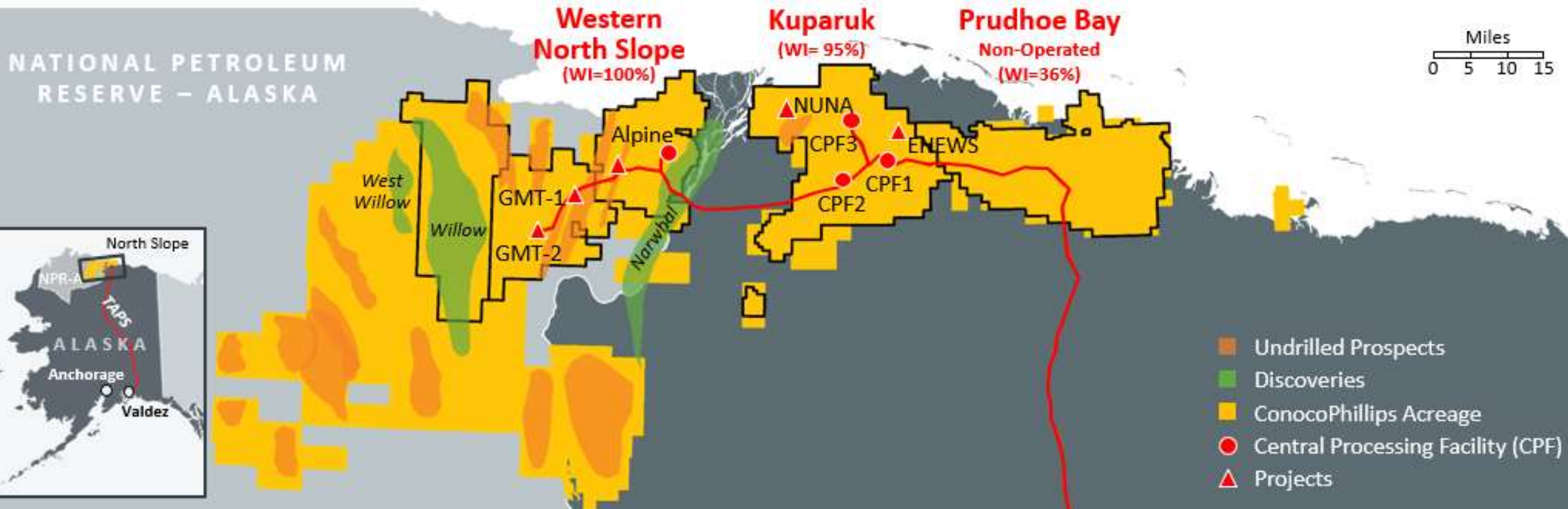
2019 EXPLORATION RECAP

- Eight wells
- Eight well tests
- Two rigs
- 54 miles of ice roads (147 miles total for all work)
- ~400 jobs

75%
of Prospect Inventory
Untested

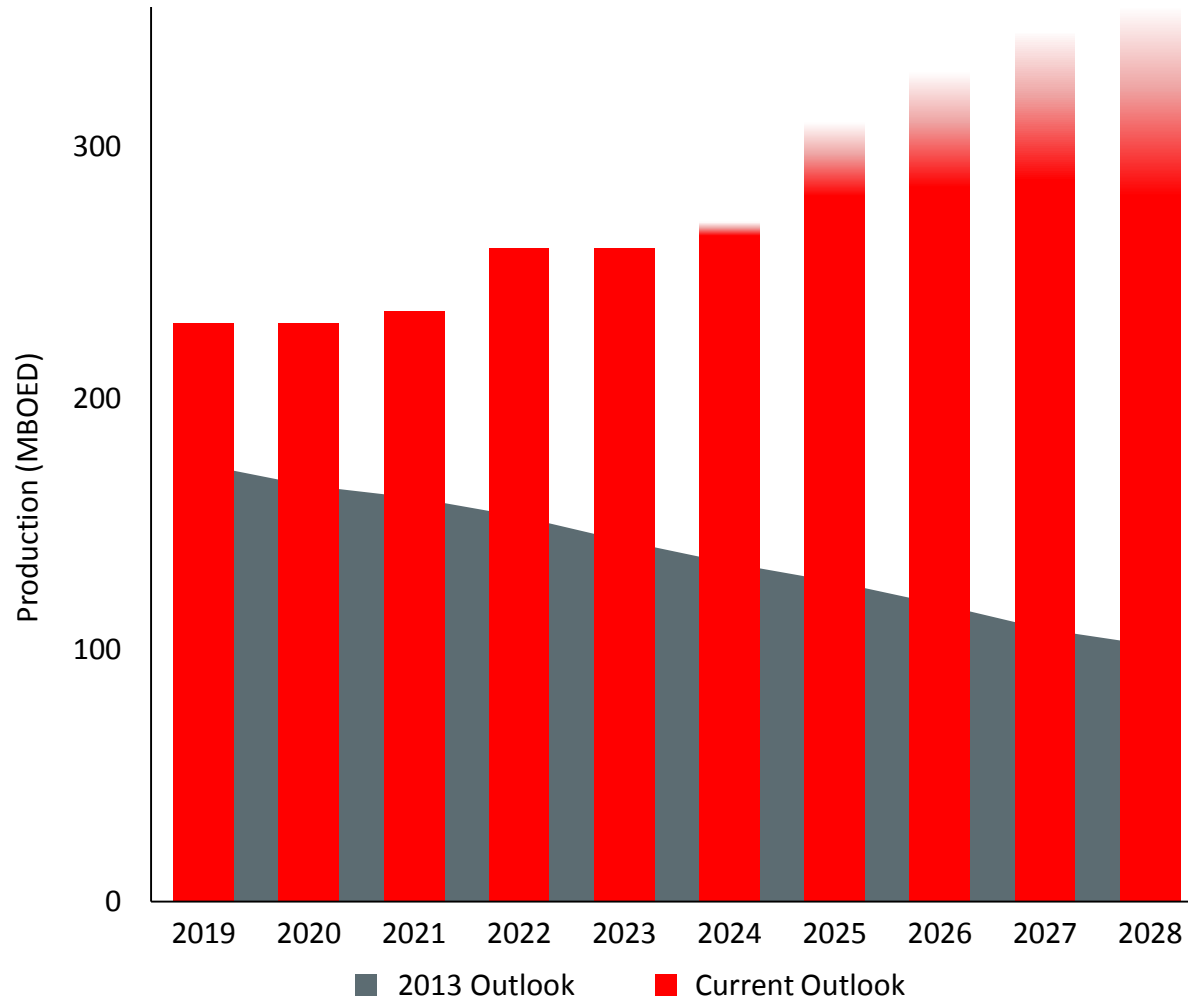
2020 EXPLORATION PLANS

- Plan - up to seven wells
- 3D seismic over Narwhal
- Production tests
- ~74 miles of ice roads for exploration, 165 miles total



Current Outlook: Strong Future

ConocoPhillips' Alaska Outlook¹ 2013 vs. Current

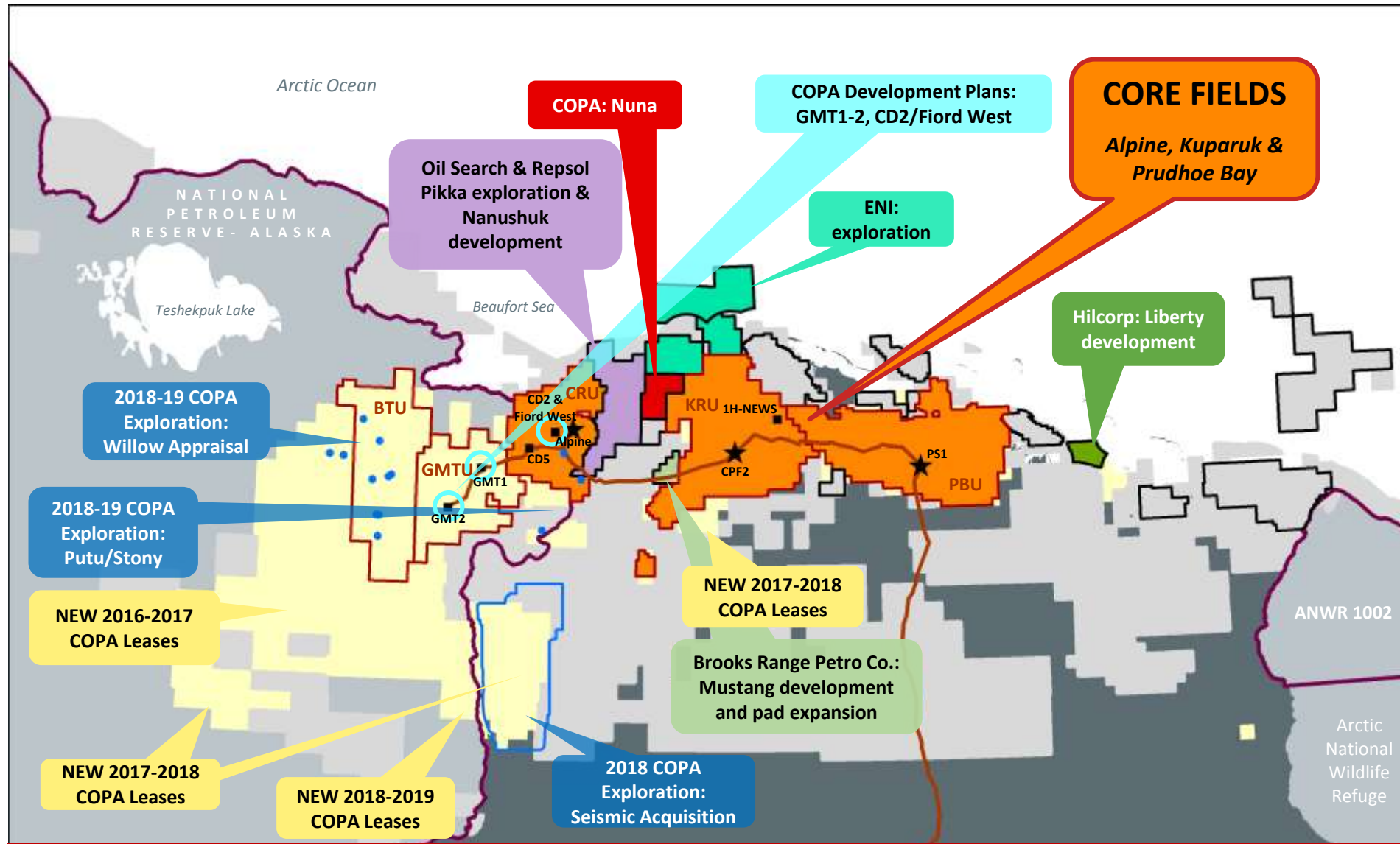


¹ As of 2Q 2018, assumes a stable and competitive fiscal framework.

DRIVERS OF TRANSFORMATION

- Senate Bill 21 improved fiscal framework
- Technological advancements and innovations target new and bypassed resources
- Comprehensive effort to capture value from legacy fields and infrastructure
- Renewed focus on exploration yields early success
- Company-wide focus on lowering cost of supply has made Alaska competitive within the portfolio

North Slope Renaissance – In Jeopardy?



Hundreds of Thousands of New Barrels/Day and more than ~\$13 Billion in Capital

Tax Initiative – A Serious Threat to Future Investment

INITIATIVE MAKES KEY CHANGES TO SB21

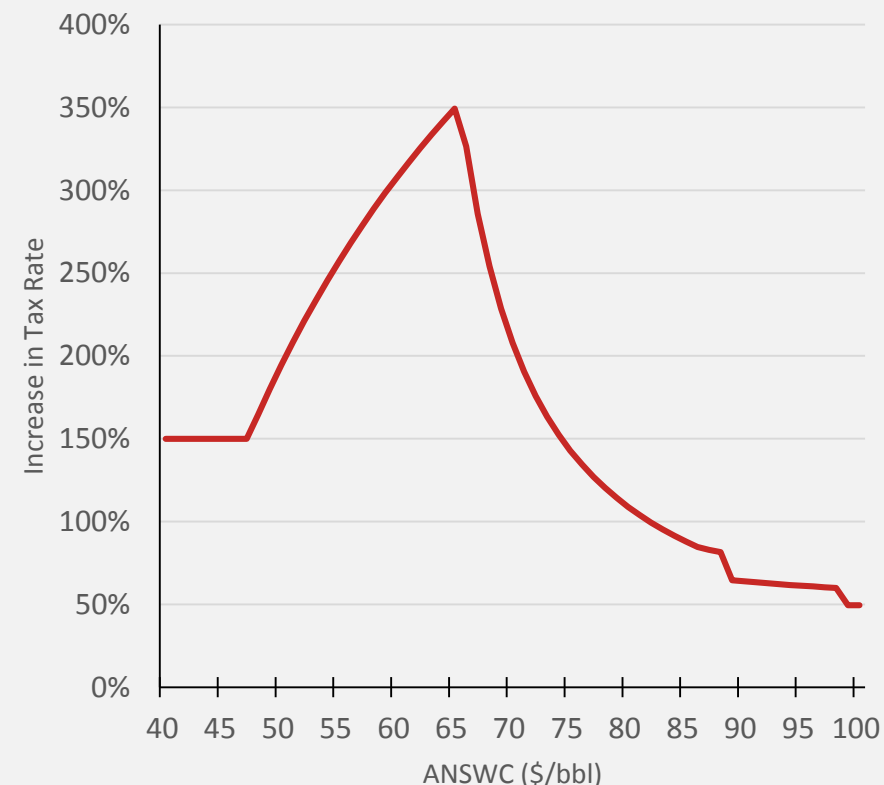
Targets Prudhoe Bay, Kuparuk River and Colville River Units:

- Increases the minimum tax on the gross value (revenue less transportation costs)
 - More than doubles the minimum tax rate from 4% to 10%
 - Escalates 10% tax rate by 1% for each \$5 over \$50/bbl, capped at 15%
- Increases tax on the net value (revenue less transportation less opex & capex)
 - Adds a progressivity factor to the 35% tax rate on net value above \$50/bbl
 - Eliminates the per barrel credit
- All opex, capex detail to be made public – anti-competitive concerns
- Monthly vs yearly tax – significant compliance issue

Puts planned investment for new field development and drilling in targeted units at risk – Nuna, ENEWS, Ipad, Putu, all subject to higher tax rate

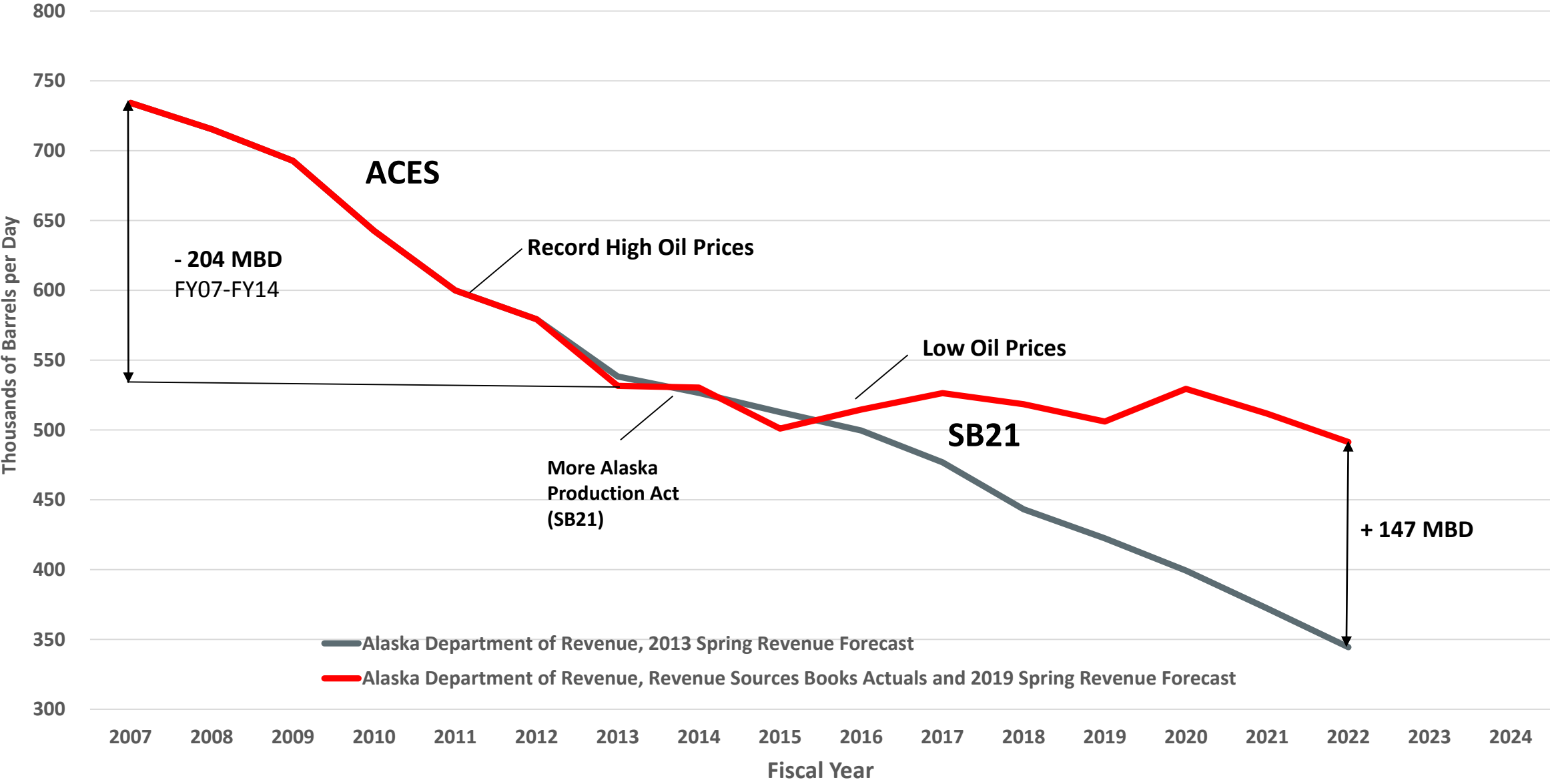
Jobs, long term revenue, capital investment and production at risk

Increase in Production Tax Rate for Target Fields
Ballot Initiative vs. Existing Regime*



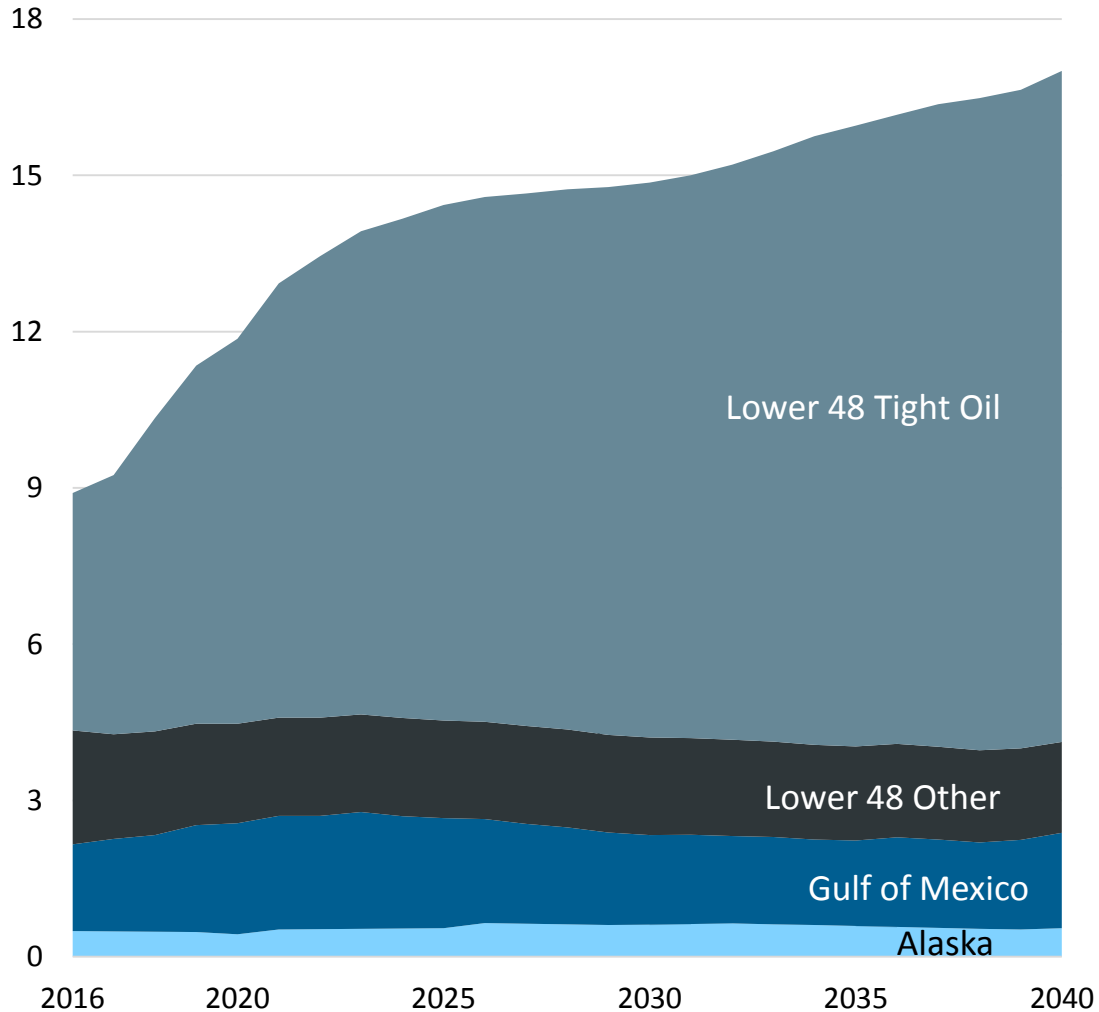
*ConocoPhillips estimate based on the Spring 2019 State of Alaska Revenue Sources Book

How Policy Impacts North Slope Production



Alaska Has Tough Competition

Permian Leads U.S. Growth (MMBD)



TAILWINDS INCREASE PRODUCTION

- Compared to 2010, one rig today adds
 - 373% more production in Permian
 - 480% more production in Bakken
 - 1277% more production in Eagle Ford
- Over 7,000 drilled, uncompleted wells

TEMPORARY HEADWINDS

- Availability of Frac Crews
- Take Away Capacity
- Pipeline and Export Capacity

Summary

- ConocoPhillips continuing to invest in new field development – Nuna a new addition to project portfolio.
- Drilling technology leveraging to success.
- Another year of significant appraisal and exploration drilling planned for 2020.
- Willow Draft EIS out for comment – your support for the COP/BLM preferred Alternative B and Option 1 much appreciated!
- North Slope investment jeopardized by potential tax initiative:
 - Targets the foundational units and their satellite fields on the North Slope.
 - Significant tax increase especially at low oil prices.
 - Complex and difficult to comply; anti-competitive issues (cost data).
 - Ignores the competition Alaska faces from the unconventional plays.
 - Adds to Alaska legacy of unstable fiscal environment.



Caribou at Alpine