

ConocoPhillips Alaska: Investing in Alaska in Changing Times

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Joe Marushack, President



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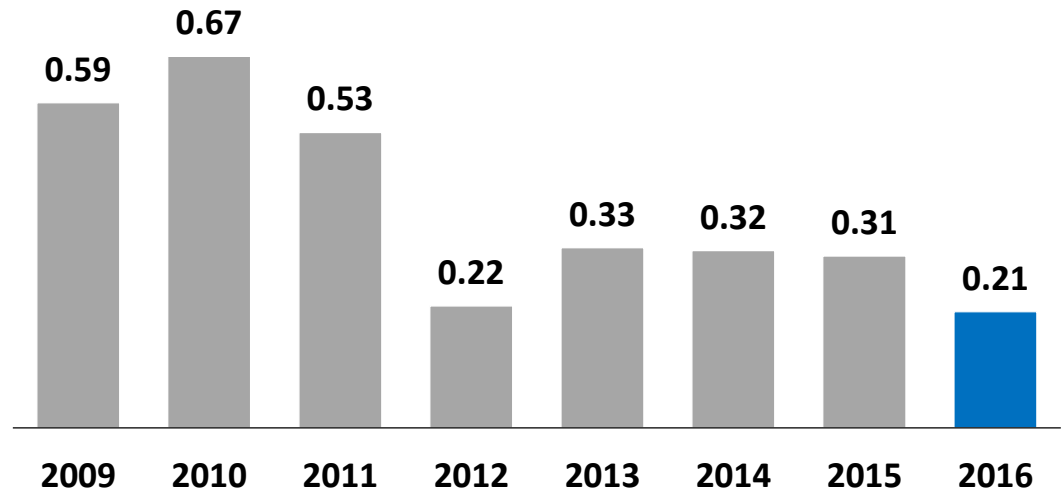
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Achieving an Incident-Free Culture is our commitment!

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

Total Recordable Incident Rate



Note: 2016 YTD represents Jan - Sep

2016 — OUR SAFEST YEAR YET

ConocoPhillips History in Alaska

Kenai Peninsula

- Swanson River, discovered in 1957
- North Cook Inlet Unit, discovered in 1962
- Beluga River Unit, also discovered 1962

North Slope

- Prudhoe discovery well 1968, startup 1977 — now marking 40 years of operation
- Kuparuk discovery well 1969, startup 1981
- Alpine discovery well 1996, startup 2000
- Kuparuk/Prudhoe satellites, 1986-present

Trans Alaska Pipeline System (TAPS)

- Alyeska formed in 1969
- TAPS construction began in 1973
- TAPS startup June 17, 1977 — also entering its 40th year of operation



The Present: Core Fields Focus, Develop New Opportunities, Explore

- Core Fields are Critical: Prudhoe, Kuparuk, Alpine
- Technology Focus
 - Extended reach drilling rig
 - Enhanced oil recovery (EOR)
 - Multi-lateral wells
 - Coiled tubing drilling
 - State-of-the art seismic
- ConocoPhillips Alaska North Slope operations helped increased production during 2016
- Development of NPRA Discoveries in Greater Mooses Tooth Unit
 - GMT1
 - GMT2



Core Field Infrastructure Enables New Entrants, Development of New Fields

ERD Rig: Minimizing Footprint Through Technology

Alaska North Slope Reduced Footprint *

65 Acre
Gravel Pad
(1970)**



12 Acre
Gravel Pad
(2016)**



12 Acre
Gravel Pad
(Future ERD)**



Drilling Area
Accessible
from Pads

~ 3 sq. miles

~ 55 sq. miles

~ 125 sq. miles

* Assumes similar reservoir depth

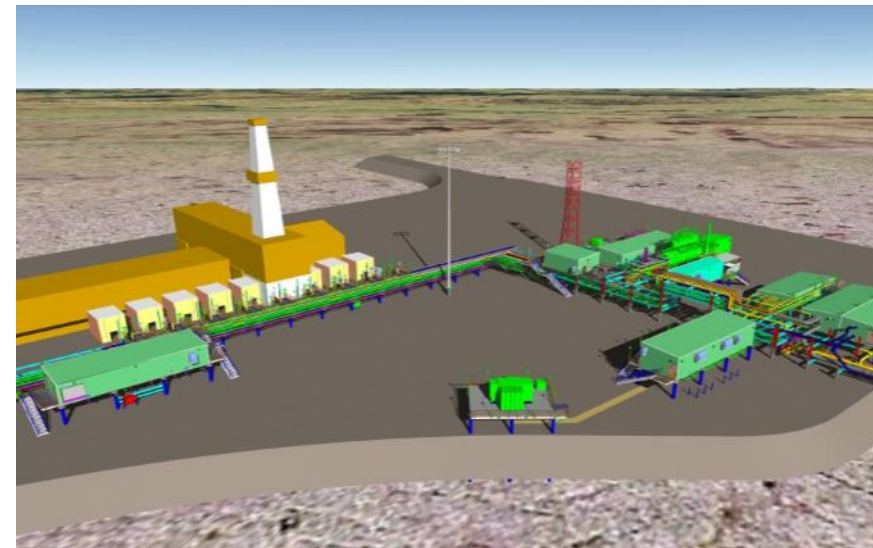
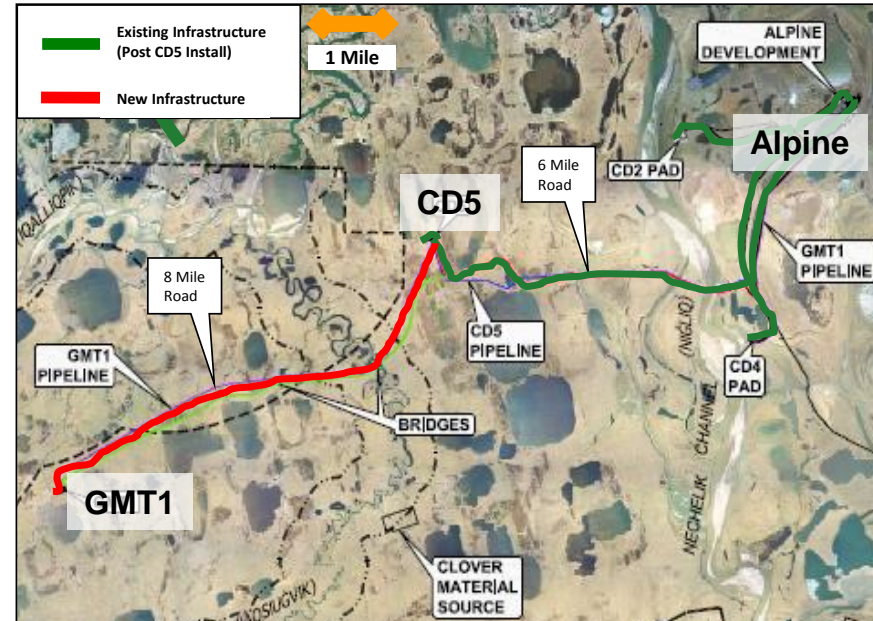
** 1970 Drilling Radius ~ 5,000 ft vs 2016 Drilling Radius ~ 22,000 ft vs Future Extended Reach Drilling (ERD) drilling radius ~ 33,000 ft



New ERD TV Ad

Greater Mooses Tooth 1 (GMT1) and GMT2

- GMT1 – Construction started this winter
 - 8-mile gravel road with 2 bridges
 - 11.8 acre gravel well pad, potential for 33 wells
 - Peak Est. NS Employment: ~700 positions
 - Targeting first oil late 2018
 - Total cost approximately \$900 MM gross
 - Peak production 30,000 BOPD gross
 - Construction began last month
- GMT2 – Permitting underway
 - 8-mile gravel road and 14-acre pad
 - 33-well development
 - FEL2 Engineering in progress
 - Peak est. NS Employment: ~700 positions
 - Permitting process underway
 - Planning first oil 4Q 2020/2021
 - \$1B+ to develop
 - Est. peak production 25-30,000 BOPD gross



ConocoPhillips Historical Exploration Activity in NPR-A

- **Wells Drilled by ConocoPhillips:**

- 2000 – 3 wells: Spark 1, Rendezvous A, Clover
- 2001 – 5 wells: Lookout 1, Rendezvous 2, Moose's Tooth C. Participated with BP in Trailblazer A & H.
- 2002 – 3 wells: Hunter A, Lookout 2, Mitre 1
- 2003 – 1 well: Puviaq 1
- 2004 – 3 wells: Scout 1, Carbon 1, Spark 4
- 2005 – 2 wells: Kokoda 1 and 5
- 2007 – 2 wells: Intrepid, Noatak
- 2008 – 1 well: Spark DD
- 2009 – 2 wells: Grandview, Pioneer
- 2013 – 2 wells: Cassin 1 and 6
- 2014 – 2 wells: Rendezvous 3 and Flat Top
- **2016 – 3 wells: Tinmiaq 2 and 6, Hyperion**

Lookout #1 @ Exploration



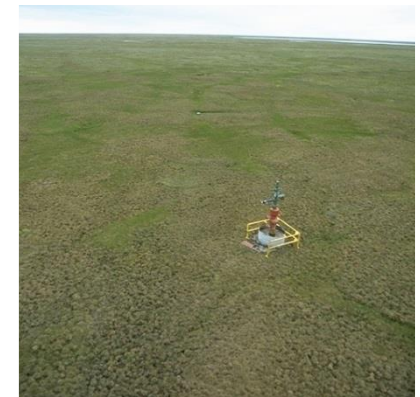
Lookout #1 in Summer



Rendezvous #2 @ Exploration



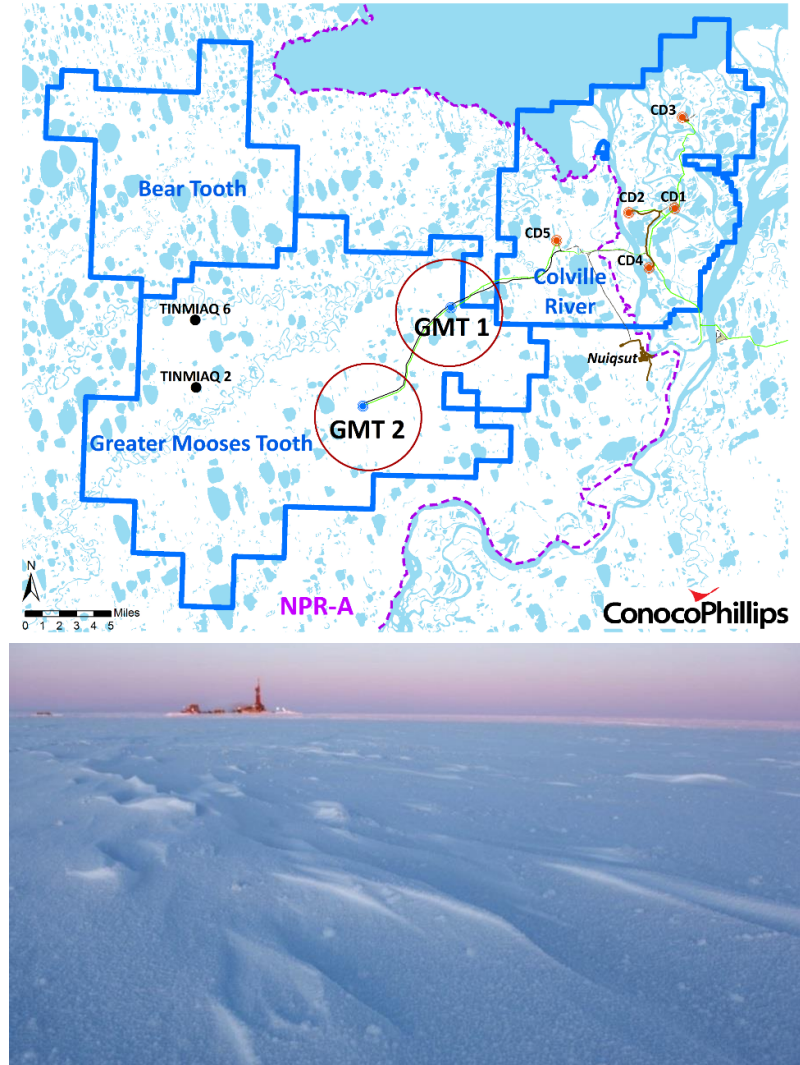
Rendezvous #2 in Summer



ConocoPhillips: most active explorer on the North Slope since 2000

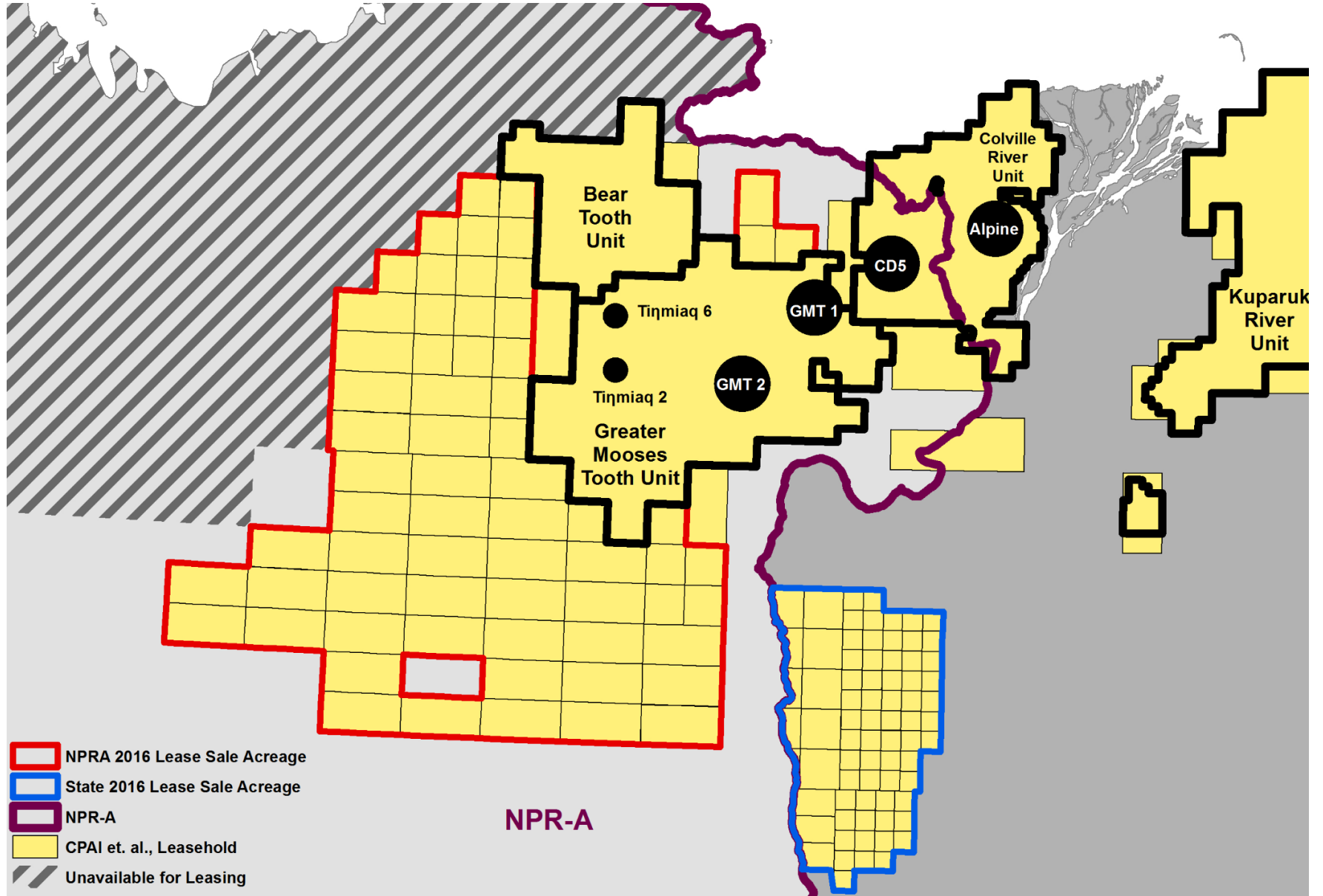
The Future: Announcing Willow — New Discovery in NPRA

- Estimated **300 million barrels** gross recoverable resource
- 2 wells ~28 miles west of Alpine
- Tinmiaq 2 interval tested at ~3200 bopd
- Light oil

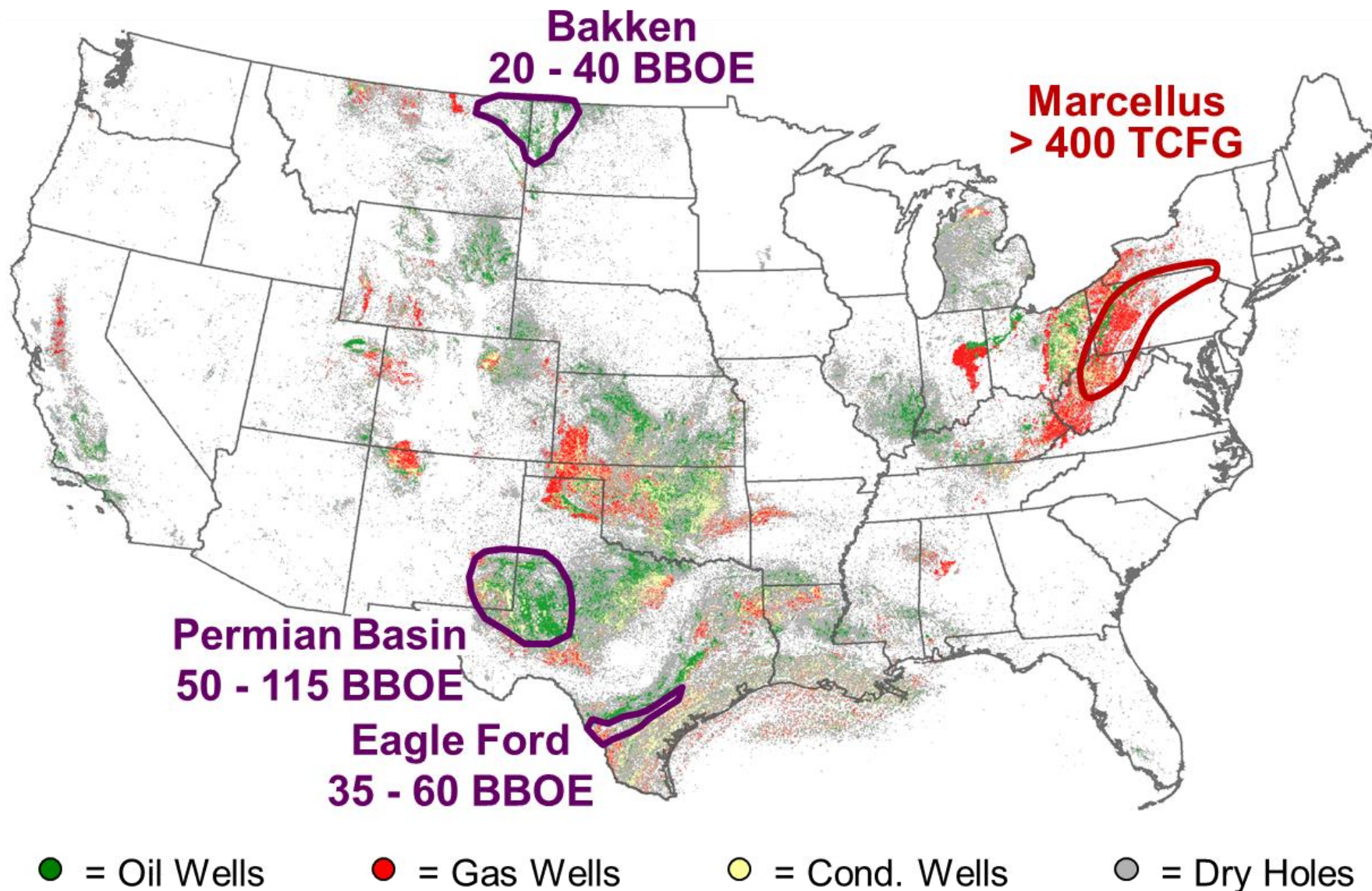


Anticipated production up to 100,000 BOPD

New ConocoPhillips Acreage on North Slope










Unconventional North American Fields are Alaska's Competition



What Does the North Slope Require for the Next 40 Years?

What is Required

1. Continued capital investment; 
COP ~\$1B/year
2. Continued development of core 
fields
3. Access to land 
4. Lower costs 
5. Alignment with key stakeholders 
6. New discoveries 
7. Retain capable Alaskan 
workforce

The Challenges/Obstacles

- No increase in taxes; stable tax system
- Working interest owner alignment
- Availability of federal lands
- Unnecessary federal regulations, federal permitting delays, high cost structure of North Slope
- Competing interests
- Need multiple players exploring
- Keep enough investment to maintain health of contracting community and jobs for Alaskans

Working together, we can manage these challenges