



# Meet Alaska 2018

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# The Case for Investing in Alaska

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# Cautionary Statement & Safe Harbor



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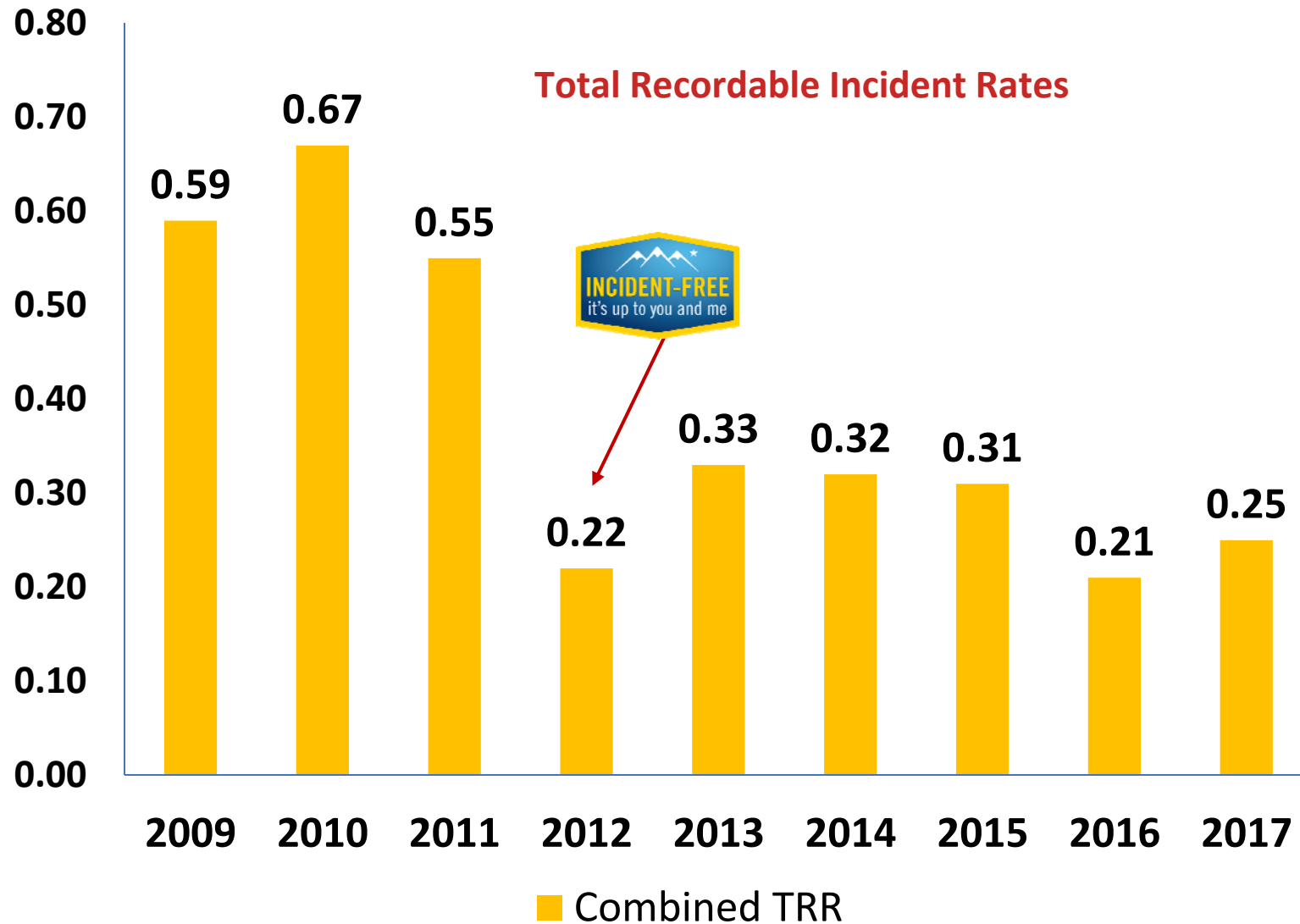
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# It Feels Like Groundhog Day



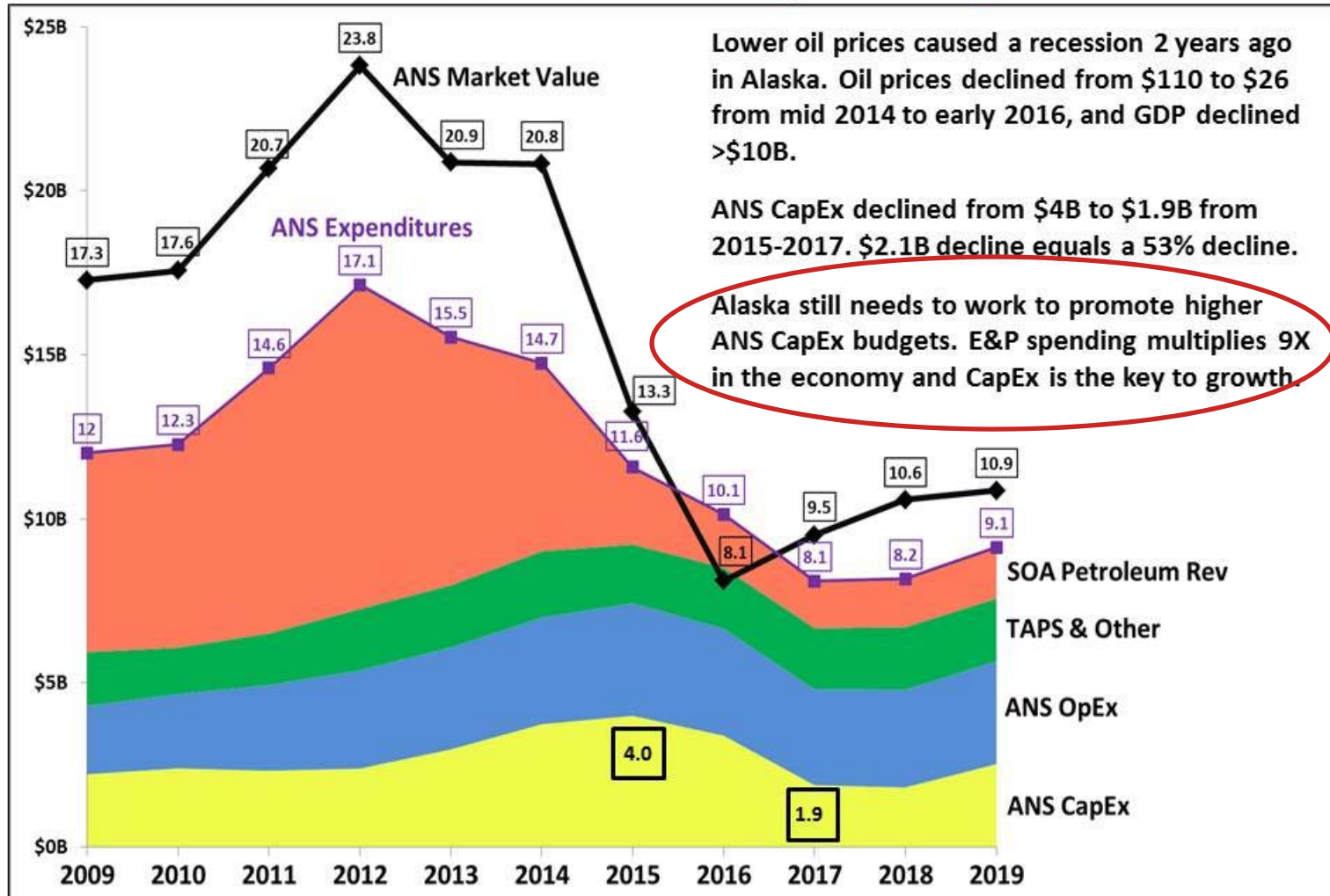
# But First – Safety: Making the Next Step-Change



**Advancing Our Culture: Focus On Learning**

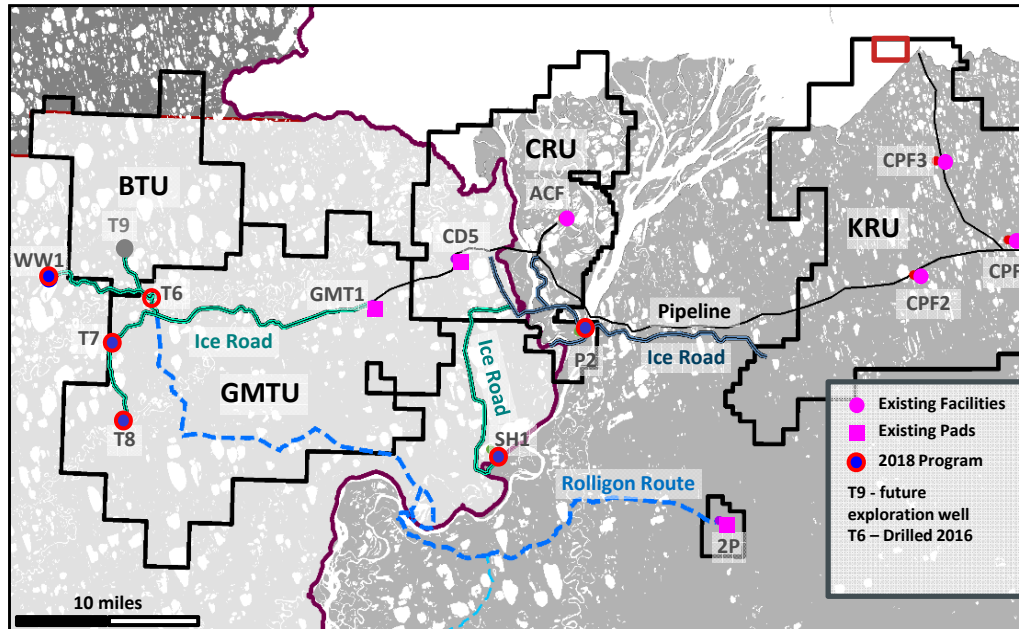
# Wells Fargo RDC Slide – Producers Capital Spending

## Alaska's Oil Recession and Spending



Source: Alaska Department of Revenue: Tax Division, Revenue Sources Book; McDowell Report

# 2018 Exploration – Three-Rig Program



## Willow appraisal and exploration

- 3 wells: T7, T8 and West Willow 1 (WW1)
- 3 potential well tests (T6, T7, T8)
- 37+ miles of ice road and 5 ice pads
- Drilling rig - Doyon 141

## Stony Hill (SH1) exploration

- 1 well: 1 slant + 1 vertical
- 1 potential well test
- 17+ miles of ice road and 1 ice pad
- Drilling rig - Arctic Fox

## Putu (P2) exploration (state land)

- 1 well: 1 slant + 1 vertical
- 1 potential well test
- 1 mile of ice road and 1 ice pad
- Drilling rig - Kuukpik 5

## ConocoPhillips NPRA acreage

- 594,972 gross acres acquired in late 2016
- 79,998 gross acres acquired in late 2017
- 1,000,000+ gross acreage in NPRA

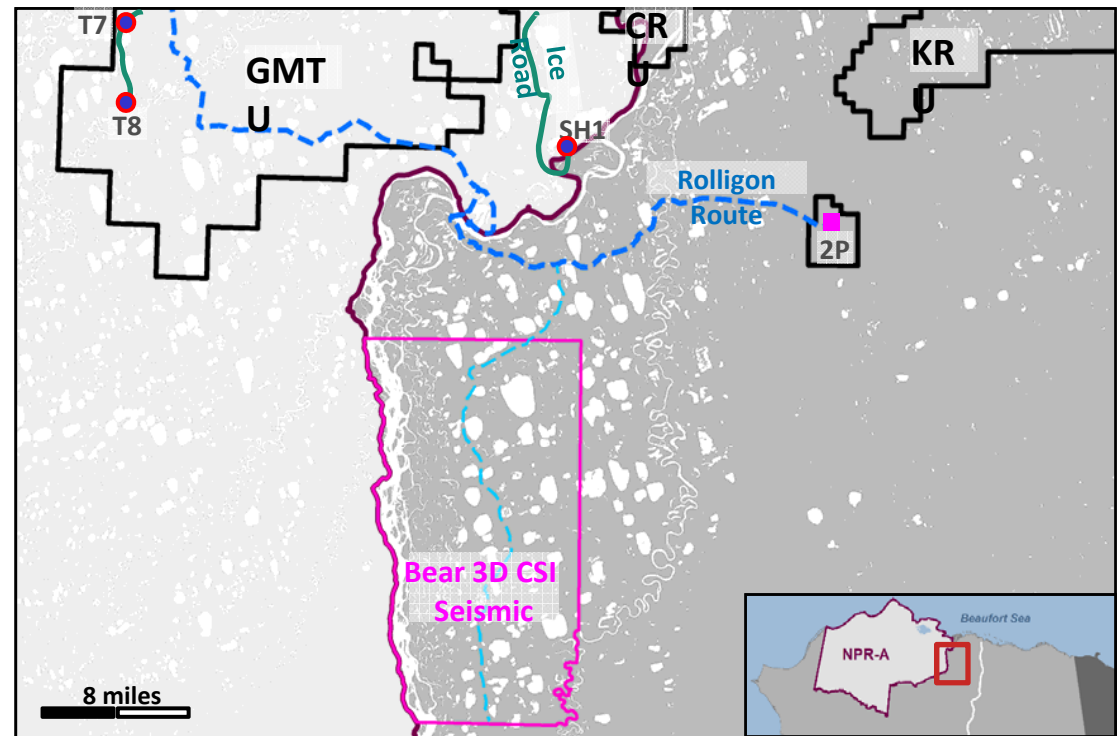
**Largest Exploration Program Since 2002**

# 2018 Seismic Activity



## 2018 Bear 3D seismic program

- Acquire approximately 250 mi<sup>2</sup> of 3D seismic
- Using COP CSI technology with SAExploration
- Program area is on state land south of Kuparuk 2P Pad
- Crew includes 150 man camp





# Update on CD5 – Fifth Alpine Drill Site

## CD5 initial development

- Drillsite to access the western extension of the Alpine reservoir in the NPR-A
- First oil on October 27, 2015
- 700 jobs during two winter construction seasons
- \$1.1 billion gross to develop

## First extension of CD5 (CD5X)

- Completed in 2017 winter season
- Increase from 15 to 33 wells
- No footprint expansion
- Delivering 26,000+ BOPD vs 16,000 original est.
- Reaching 18,000-28,000-ft with current rig
- \$190 million gross

## Second extension planned (CD5X2)

- Addition of 10 more well slots
- No footprint expansion
- First oil planned June 2019
- \$240 million gross



# Pipeline of Projects on the Western North Slope

## GMT1

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

## GMT2

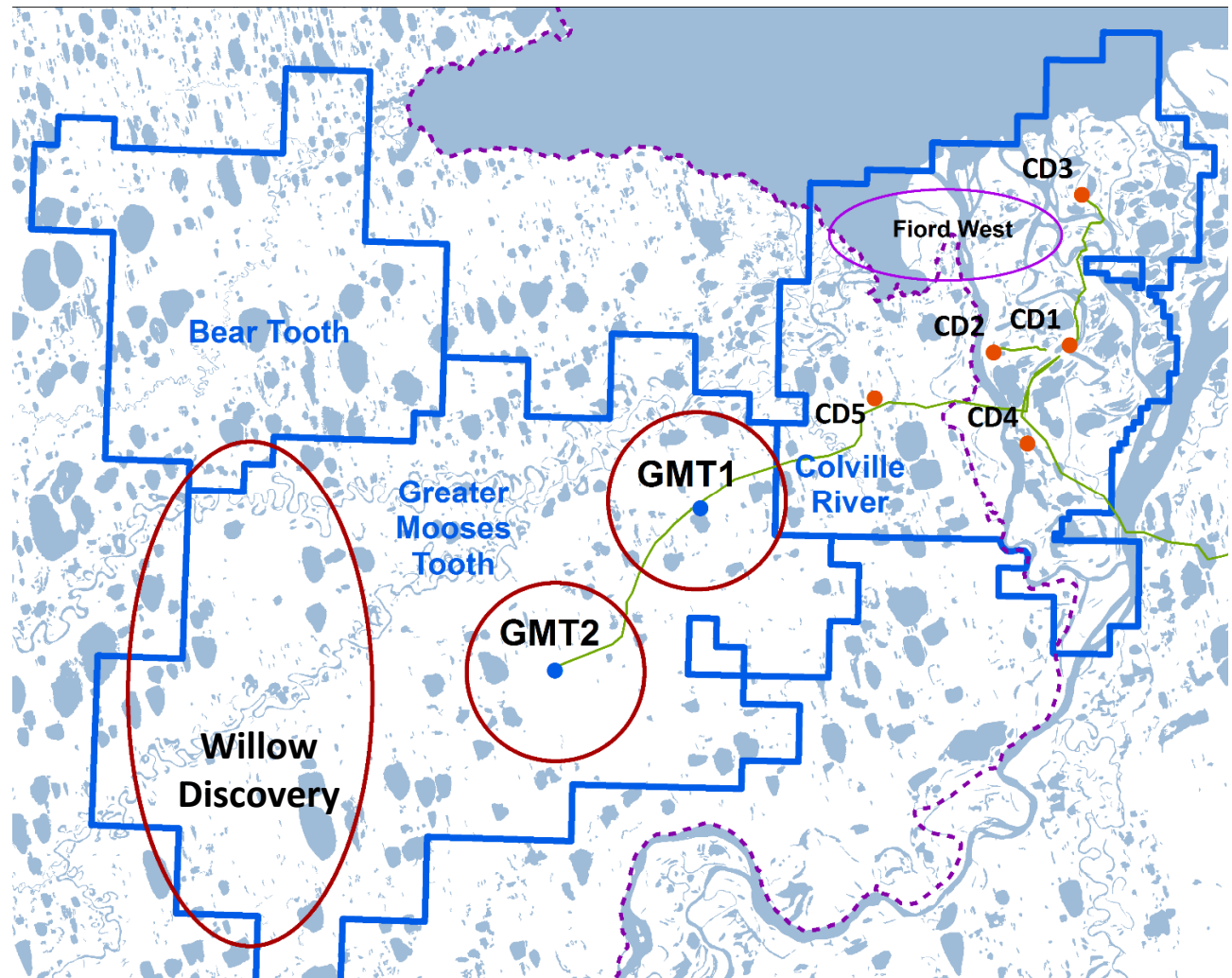
- 25,000-30,000 BOPD\*
- First oil planned late 2021
- ~700 construction jobs
- ~\$1.5 billion gross

## Fiord West

- 20,000 BOPD\*
- First oil planned Aug 2020

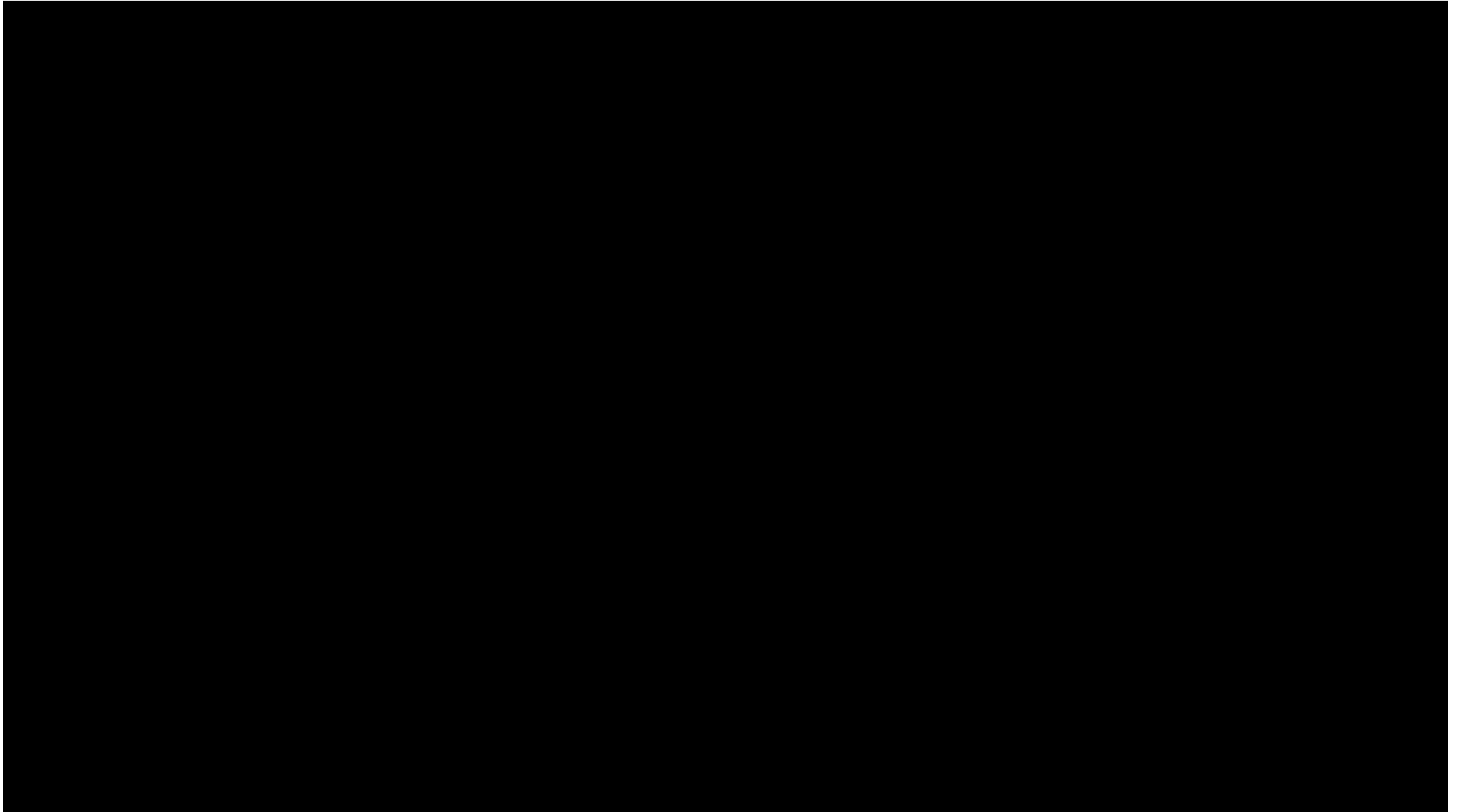
## Willow Discovery

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

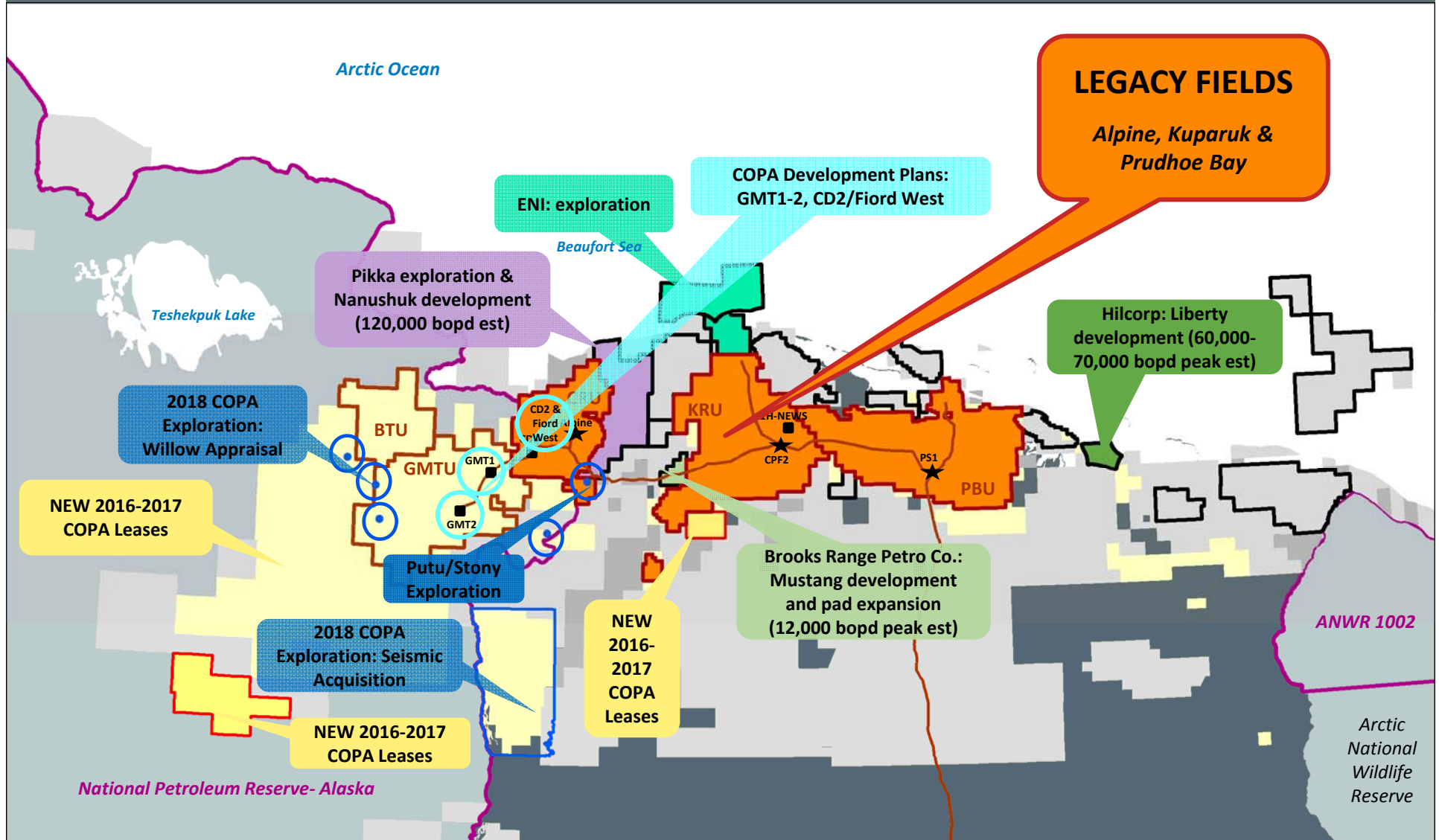


**Your Support Matters – GMT2 Comment Period Coming Soon**

## Video: ConocoPhillips Alaska Assets



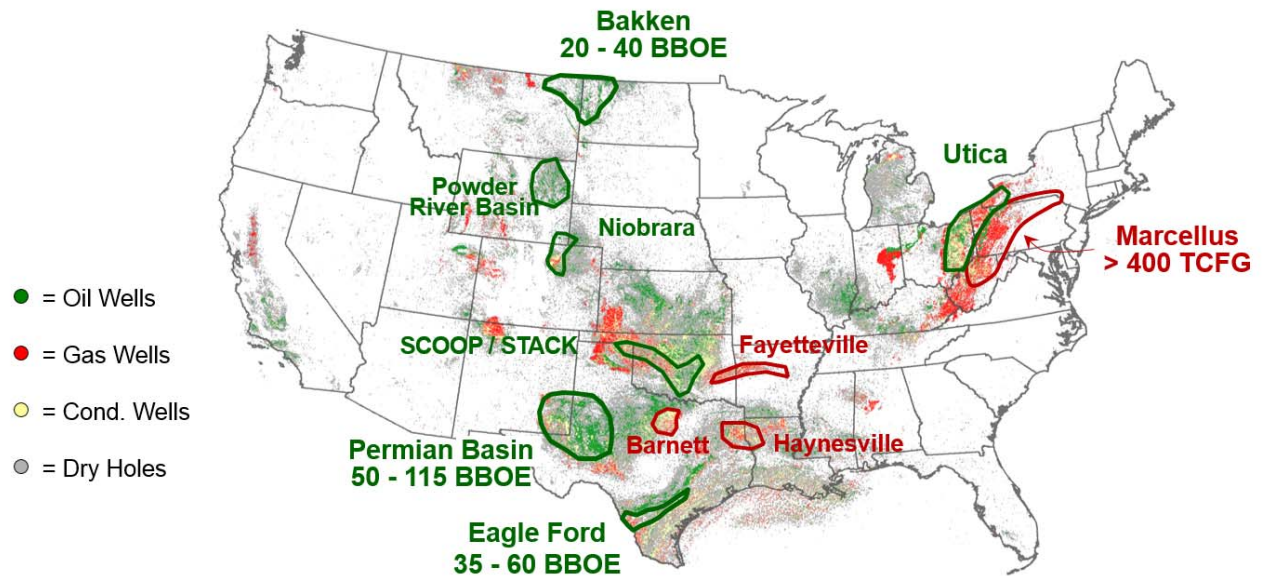
# Investment for Alaska's Future



- CPAI, et al Leasehold
- Federal Lands
- Oil and Gas Unit
- CPAI, et al Pending Issuance
- CPAI Seismic Acquisition
- Industry Leasehold
- State Lands
- Pipeline
- Industry Pending Issuance
- CPAI Exploration Wells

# Unconventional North American Fields are Alaska's Competition

- Enormous resource potential
- Thousands of drilling opportunities
- Lower cost of supply
- Closer to market
- Easier to permit
- **Stable, competitive fiscal policies**



# Investment – How Do We Break it Out

## 2017 capital budget: over \$800 million net

- Maintenance capital ~ \$200MM: primarily legacy fields
- Discretionary capital ~\$600MM: exploration and development projects

## Operating expense: ~\$1 billion net

- Salaries, facilities, keeping the lights on
- Opex highly dependent on capital

## What does our budget do?

- ~ 840 Alaska companies
- GMT1 and exploration capex accounts for 1,100 jobs this winter

*We're in the game – costs have come down*

*We have you – our contractors – to thank*



# How Do We Keep Capital Spending Sustainable?

**Our industry has to keep doing basic blocking and tackling**

**Maintain a stable, competitive fiscal framework:**

- The current tax system is working and encouraging investment
- Groundhog day: EVERY legislative session, some push for an increase in oil taxes
- Leaving the core tax structure in place for the last four years has enabled us to allocate capital and invest in Alaska like we're doing this winter
- Not asking for anything new – just asking for no changes
- **IT'S JUST MATH – REALLY JUST MATH**

**AND WE'RE NOT TALKING CALCULUS**



**Elections Matter: Ask Candidates What They Are Doing to Maintain a Stable, Competitive Investment Climate**