



ConocoPhillips

Update to Alaskans

2011-2012

# ConocoPhillips in Alaska

ConocoPhillips has been a leader in oil and gas exploration and development in Alaska for more than 50 years, and we are Alaska's largest oil producer. We are committed to responsibly developing Alaska's resources, providing economic opportunity for Alaskans, operating at the highest safety and environmental standards and being good stewards of our community.

As an independent oil and gas production company, ConocoPhillips has interests in major oil and gas fields on Alaska's North Slope, and we operate natural gas assets in Cook Inlet. In 2011 alone, we paid more than \$4.1 billion dollars in taxes and royalties to Alaska (totaling \$5 billion including federal taxes).

ConocoPhillips invests in Alaska in other ways, as well, consistently providing internship and job opportunities to Alaskans. We currently employ more than 100 University of Alaska graduates. In 2011, ConocoPhillips provided internships to 14 college students who are either studying in the University of Alaska system or are from Alaska but are studying at universities outside the state.

ConocoPhillips also supports local training and educational programs that help prepare individuals for jobs in the oil industry. Since 2000, ConocoPhillips has donated a total of more than \$33 million to the University of Alaska system. In 2011, we established a \$500,000 Engineering Endowment for the University of Alaska Fairbanks College of Engineering and Mines to support education and research. The company also provided \$85,000 to Ilisagvik College in Barrow, \$30,000 to the Alaska Native Science and Engineering Program (ANSEP) and \$30,000 to the Alaska Process Industry Careers Consortium (APICC), an organization that works to prepare Alaskans for future careers in the oil and gas industry.

We encourage active involvement in all the communities in which we operate. Our 1,100 employees give charitable contributions and participate in community outreach and other volunteer activities, creating connections and building relationships throughout the state.



## WHERE WE OPERATE

- Kenai Liquefied Natural Gas Plant since 1969, 100% owner
- Tyonek Platform in Cook Inlet since 1969, 100% owner
- Kuparuk River Unit since 1981, 55.2% owner
- The Beluga River Gas Field since 1986, 33% owner
- The Colville River Unit (Alpine) since 2000, 78% owner
- Alaska headquarters in Anchorage

## 2011 CONOCOPHILLIPS ALASKA PRODUCTION

- 215,000 barrels of oil and natural gas liquids per day
- 61 million cubic feet of natural gas per day

## INVESTMENT & ECONOMY

- More than \$775 million invested in capital projects in Alaska in 2011
- Approximately 1,100 employees
- More than \$4.1 billion in taxes and royalties paid to Alaska in 2011
- More than \$16.6 billion in taxes and royalties paid to Alaska from 2007 to 2011 (over \$20 billion including federal taxes)
- Continued growth of Alaska's Permanent Fund
- Continued reinforcement of the state's economic future

## EXPLORATION & DEVELOPMENT

- Continued advancement of Alpine satellite CD-5, the first commercial production within the National Petroleum Reserve Alaska
- CD-5 represents the new production of 10,000 to 18,000 barrels of oil per day and a peak employment of approximately 400 new direct jobs during construction and hundreds more support jobs
- 98 federal lease blocks covering approximately 558,000 acres held in the Chukchi Sea
- Exploration drilling on federal leases in the Chukchi Sea, targeted for as early as 2014

## COMMUNITY

- More than \$100 million donated to Alaska nonprofits since 2000
- On average, more than 6,000 employee volunteer hours per year
- Over \$33 million donated to the University of Alaska since 2000

## OTHER ALASKA ASSETS

- 36% owner in the Prudhoe Bay Unit
- 28% owner in the Trans Alaska Pipeline System
- Shared Services Aviation since 1992, operator and 50% owner

# KEY COMMITMENTS



## TY SENDEN

Wells Engineer

“Alaskans have always been known for their ingenuity... That is why I like working at ConocoPhillips, they promote creative thinking and innovative solutions to extend the life of our Alaska assets.”

Growing up in Alaska, Ty learned the importance of time spent outdoors with family, community involvement and the spirit of adventure from an early age. He graduated from UAF with a Bachelor’s in Civil Engineering and still enjoys exploring Alaska’s remote country.

## ENVIRONMENT

Conducting business in a safe, environmentally sound and socially responsible manner is not just an aspiration. Our long record of stewardship is among the industry’s best. ConocoPhillips adheres to robust internal standards, best practices and policies that meet or exceed all regulatory and government requirements. By adhering to high environmental standards, supporting education and outreach efforts, and conducting research, we are working to ensure that our actions today not only provide the energy needed to drive economic growth and social well-being, but also to support a stable and healthy environment for tomorrow.



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## SAFETY

We consider excellent performance in safety, health, environmental stewardship and sustainable development as critical to our success. We achieve this performance by adhering to our time-honored SPIRIT values: Safety, People, Integrity, Responsibility, Innovation and Teamwork. These values inspire our actions—with safety as our highest priority. At ConocoPhillips, we believe that our work is never so urgent nor so important that we cannot do it safely. Our goal is zero injuries, illnesses and incidents in our workplace. We strive to continuously improve our practices, meet our commitments and achieve our vision of attaining an Incident-Free Culture.

## INNOVATION

ConocoPhillips' substantial investments in technology enable us to find and produce oil and natural gas safely, efficiently and economically while minimizing our environmental impact. Technology innovation and development are achieved by ConocoPhillips in a variety of ways: by recruiting talented people, providing employees career-long training and development opportunities, and engaging and collaborating with leading academic institutions and research partners. ConocoPhillips is a global leader in areas like exploration and production, reservoir management and 3D seismic technology. From pipeline maintenance to resource recovery in the challenging conditions on Alaska's North Slope, we are dedicated to developing energy solutions not only for today, but also for the future benefit of all Alaskans.

## COMMUNITY

At ConocoPhillips, we view our license to operate as a privilege, and treat it accordingly. ConocoPhillips and our employees are committed to building relationships with community leaders, working together to strengthen the communities in which we live and work. Since 2000, the company has given more than \$100 million to hundreds of Alaska-based nonprofits across the state, funding programs that support education, social services, the arts, civic and youth groups, and the environment. Additionally, our employees volunteer an average of more than 6,000 hours per year. Alaska is our home, and we are proud of our role as a responsible corporate citizen.

## NEIGHBORS

ConocoPhillips respects the rich culture of Alaska Native peoples and actively seeks to learn from their traditions. We work diligently to build inclusive, honest and respectful relationships with our stakeholders, particularly with our North Slope neighbors who live near our operations. We engage with them openly and transparently in order to promote understanding of our activities, learn more about local concerns and collaboratively seek solutions. We strive to ensure open lines of communication through community meetings, updates to local governments and tribal councils, and one-on-one conversations with community members. We are committed to building a strong and visible presence in nearby communities, simultaneously creating opportunities for Alaska residents.

# 2011 HIGHLIGHTS



## KAIYA CARLSON

Aviation Business Service Manager

"I am proud to be an Alaskan and to work for a company that contributes to this great state."

Kaiya has lived in Alaska since infancy. When her father got a job working on the construction of the Trans-Alaska Pipeline, her family moved into a log cabin on remote Harding Lake. She spent much of her childhood exploring the wilderness right outside her door. She graduated from UAF with a Bachelor of Business Administration, focusing on accounting. Today, Kaiya shares her passion for Alaska's natural wonders with her family. Along with her husband (another life-long Alaskan) and two young children, she loves to ski, hike and fish.



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## SAFETY PERFORMANCE

In 2011, ConocoPhillips took the next step toward achieving our vision of an Incident-Free Culture. ConocoPhillips' Alaska employees and contractors celebrated our best-ever combined occupational safety performance. This achievement resulted from our dedication to safety leadership, personal hazard recognition and working closely with the leadership of our contractors. Safety leadership activities included hosting Incident-Free Culture workshops, where we shared our safety culture vision with safety leaders at all levels of ConocoPhillips and contractor organizations.

## FIELD MANAGEMENT

ConocoPhillips' field development objective is to maximize oil production and recovery from the fields we operate in a cost-effective, safe and environmentally responsible manner. For example, using leading edge expertise in enhanced oil recovery processes, coiled tubing drilling and 3D seismic data analysis, ConocoPhillips has recovered almost 2.5 billion barrels of oil at the Kuparuk River Unit since field startup in 1981. Significant annual investments have funded infill development drilling, expanded water injection capacity and created a proactive approach to infrastructure, pipeline and well renewal. Without these investments, oil production rates would be approximately half of what they are today.

## CD-5

In 2011, ConocoPhillips worked closely with the U.S. Army Corps of Engineers (COE) and other regulatory agencies for authorization to proceed with the Alpine satellite CD-5 development project. In December 2011, the COE granted ConocoPhillips the necessary permit to allow the company to build a road and bridge over the Nigliq Channel in the Colville River Delta. Assuming project sanction in late 2012, we will move forward with construction plans to develop CD-5 as the first oil field in the National Petroleum Reserve – Alaska (NPR-A). Construction is slated to begin in the winter of 2014, with first production expected in late 2015.

## ENVIRONMENTAL STUDIES

In 2011, CPAI conducted more than 35 different environmental studies to support on-going operations and guide science-based decisions for projects like CD-5 and exploration drilling in the Chukchi Sea. Many of these studies were done in collaboration with key stakeholders. These investigations continuously improve our efforts to minimize any environmental impact. We have studied habitats, mammals, fisheries, birds, water quality, hydrology, archaeology and air quality.

# 2011 HIGHLIGHTS



## STEPHEN CASEY

Systems Analyst

"I enjoy the problem solving and opportunity to work with leading edge technology... at ConocoPhillips."

Born on Elmendorf Air Force Base, Stephen spent several years of his childhood in Japan. In 1972, his family returned to Alaska—and he has lived here ever since. He enjoys going camping and fishing around the state, and especially values being close to his family.





## GAS HYDRATES FIELD TRIAL

ConocoPhillips, in cooperation with the U.S. Department of Energy and Japan Oil, Gas and Metals National Corporation (JOGMEC), recently completed a successful North Slope field trial of a promising gas-exchange technology that may allow production of natural gas from methane hydrates. Methane hydrates are mixtures of gas and water that form ice-like solids at temperatures above the freezing point of water. This trial is an important first step in assessing a production technology potentially able to both produce natural gas and isolate the carbon dioxide by-product. While the field trial was a technical success, a technology does not currently exist to economically produce methane from hydrates.

## SEISMIC SURVEYS

In 2011, ConocoPhillips conducted a new 3D seismic survey at the Kuparuk River Unit. The survey was designed to improve subsurface geologic imaging and assist in identifying production-drilling opportunities within and around the Kuparuk River Unit. In addition, when analyzed in combination with older surveys conducted in the same area, this new survey is capable of providing 4D (time-lapse) snap shots of information on the dynamic reservoir changes associated with production activities. This work plays an increasingly important role in maximizing the recovery of the huge volumes of challenged oil that still exist within Alaska's mature North Slope oil fields.

## COMMUNITY INVESTMENT

In 2011, ConocoPhillips emphasized our role as a major contributor to the statewide community. With grants reaching from the North Slope of Alaska to the coastal regions of the Southeast, we supported Alaska's universities, conservation projects, food banks, emergency shelters, art projects and youth sports. We donated more than \$6.4 million to 297 nonprofits around the state. In addition, our employees worked over 8,000 volunteer hours and gave many personal donations, each of which was matched by ConocoPhillips.

## ALASKA NATIVE COMMUNITY SUPPORT

ConocoPhillips is committed to supporting the people and organizations of Alaska's Native communities. In 2011, we supported organizations such as: KBRW and KOTZ public radio in Barrow and Kotzebue; Alaska Native Science and Engineering Program's summer internships; First Alaskans' Elders & Youth Conference; Alaska Federation of Natives; Koahnic Broadcasting Corporation; Ilisagvik College; and the Northwest Arctic Borough Magnet School. In addition, we were honored to support many village cultural programs and community celebrations. We also continued to support Alpine Local Hire programs through internships and Career Quest, a program focused on providing job readiness skills for high school students at Trapper Creek School in Nuiqsut.

# ECONOMY

## ECONOMY

ConocoPhillips has been contributing to the Alaska economy for more than 50 years. We are proud to be part of an industry that has produced more than 16.5 billion barrels of oil, created thousands of jobs, supported communities and developed technologies for additional resource development on the North Slope.

We understand the importance of investing in Alaska; our industry's future depends on a well-trained Alaska workforce. We are committed to providing jobs for Alaskans and actively recruit Alaskans for all of our open positions. In the past five years, we have hired more than 350 new employees, only 27 of whom are non-residents. We currently employ more than 1,100 people in Alaska and 88 percent of those employees call Alaska home.

## ALASKA SPEND PROFILE

### **(Goods, Services & Freight)**

ConocoPhillips' commitment to supporting Alaska businesses results in local jobs and boosts the overall economy. In 2011, 86 percent of all dollars we spent for goods, services and transportation went to Alaska-based companies.

## CREATING JOBS IN THE CONTRACT WORKFORCE

ConocoPhillips encourages our contract companies to hire locally. While ConocoPhillips works with hundreds of contract companies around the state, the key contractors listed below alone represent thousands of Alaska jobs.

### **ASRC Energy Services (AES)**

Total Alaska Workforce: 3,622  
Alaska Residents: 2,836 (78.3%)  
Alaska Natives: 732 (20.2%)

### **Doyon Drilling**

Total Workforce: 424  
Alaska Residents: 352 (83%)  
Alaska Natives: 200 (47%)

ALASKA SPEND PROFILE 2011

**Services:**

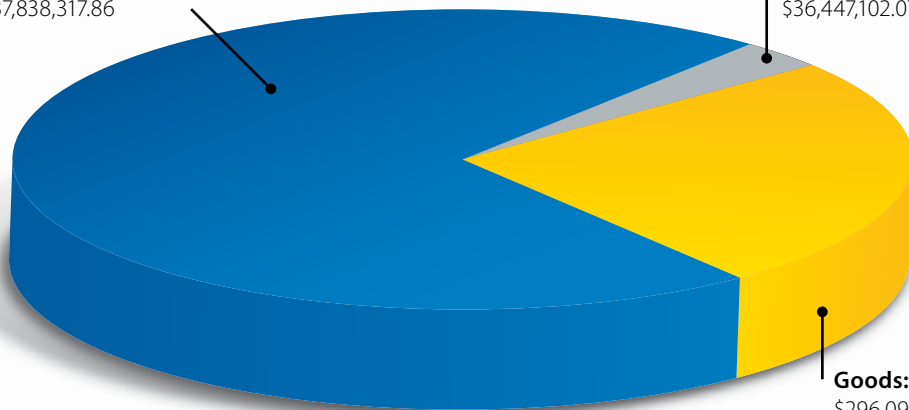
\$837,838,317.86

**Freight:**

\$36,447,102.07

**Goods:**

\$296,095,013.29



**Total:** \$1,170,380,433.22

**Doyon Universal Services**

Total Workforce: 903  
 Alaska Residents: 831 (92%)  
 Alaska Natives: 222 (25%)

**Kuukpik Arctic Catering**

Total Workforce: 70\*  
 Alaska Residents: 61 (87%)  
 Alaska Natives: 9 (13%)  
 \*Statistic applies to  
 ConocoPhillips contract only

**M-I Swaco**

Total Workforce: 227  
 Alaska Residents: 203 (89%)  
 Alaska Natives: 5 (2%)

**Halliburton Energy Services**

Total Workforce: 448  
 Alaska Residents: 310 (70%)  
 Alaska Natives: 9 (2%)

**Nabors Alaska Drilling**

Total Workforce: 282  
 Alaskan Residents: 228 (81%)  
 Alaska Natives: 16 (6%)



Alaska's Oil & Gas Company

2011-2012

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[www.conocophillipsalaska.com](http://www.conocophillipsalaska.com)