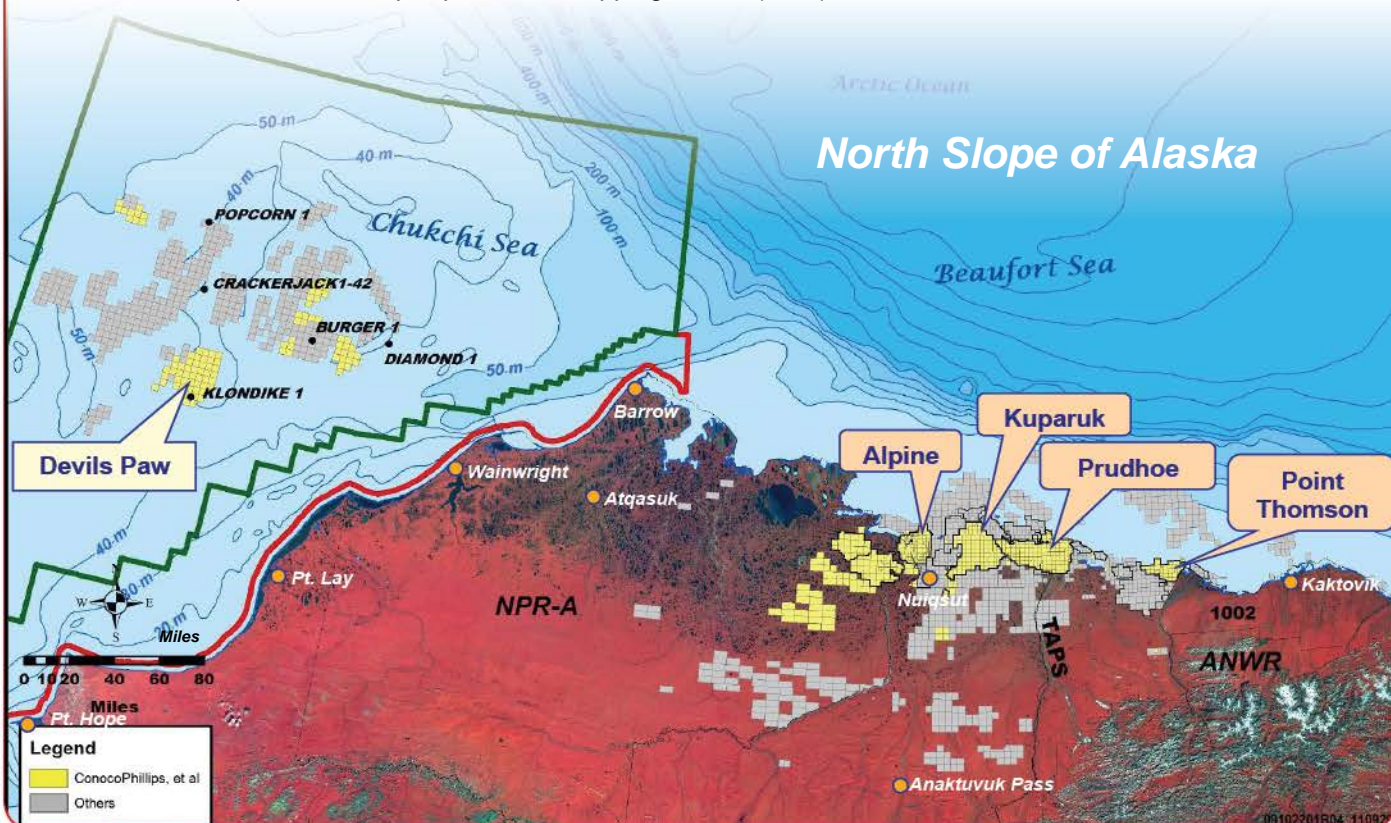


## Opportunity of National Significance

- The Chukchi Sea is estimated by BOEM to hold 12 billion barrels of recoverable oil.<sup>1</sup>
- If successful, multiple fields in excess of a billion barrels each could be developed, significantly increasing the U.S. domestic oil supply.
- Development requires significant industry investment (tens of billions of dollars) which will create thousands of jobs across the U.S. as well as creating billions in royalty and tax revenue for federal, state and local governments.
- ConocoPhillips (COP) acquired 98 leases in Lease Sale 193 at a cost of \$506 million.

## Drilling Operations and Logistics

- 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 have participated in or operated more than 50 exploration wells, including more than 20 in NPR-A, since 2000.
- ConocoPhillips proposes to drill up to two exploration wells in the Devils Paw prospect (80 miles offshore) during the open water season of 2014.
- A state of the art jack-up rig will be used for drilling operations. A jack-up rig is optimal for shallow water depths (~140' at the COP location), minimizes downtime due to weather and provides a surface blow out prevention (BOP) system for well control and intervention.
- The rig will be moved using a Heavy Lift Vessel, or HLV. The rig will be carried on the deck of the vessel, which will transport the rig from its shipyard to the well location.
- A rigorous Ice Alert System will be used to monitor ice movement, and manage operations to prevent encounters with hazardous ice.
- BOEM Level 1 well design (full pressure containment in the well bore).
- As an extra precaution, a pre-positioned capping device (PCD) will be installed on the sea floor.



<sup>1</sup> BOEMRE Assessment of Undiscovered Technically Recoverable Oil and Gas Resources of the Nations Outer Continental Shelf, 2011

## Spill Response

- Safety, including spill prevention, *is our first and foremost priority.*
- ConocoPhillips Alaska has four existing emergency management teams with over 350 trained employee members today. These teams are also supported by a global Incident Management Assist Team of 108 ConocoPhillips employees trained and exercised to promote timely, consistent, and integrated responses anywhere in the world.
- ConocoPhillips Alaska is a long standing member of spill response organizations (ACS, SERVS, CISPRI, MSRC, OSRL).
- Personnel training, multiple safety systems, limiting drilling to the open water season – all contribute to reducing the potential for spills.
- Prior to drilling, spill response equipment and available resources capable of responding to spills as large as the worst case scenario will be in place.

## Environmental Studies

- Site specific studies have been underway in the Chukchi Sea since 2006. In 2008, ConocoPhillips designed and operated (for the first two years) a multidisciplinary baseline scientific program that has focused on data collection related to all key trophic levels including marine mammals, seabirds, fish, physical, biological and chemical oceanography. Due to concerns about the impacts of sound on marine life, an extensive acoustics program has been in place to document both ambient (background) sound and calls from vocalizing mammals. Since 2010, the studies program has also been jointly supported by Statoil and Shell. All of this raw data is being shared with the public through an agreement with NOAA, and is being independently created and published in peer reviewed journals by the scientists involved.
- ConocoPhillips has and continues to support funding of collaborative studies conducted by the Alaska Beluga Whale Committee, the North Slope Borough, Native Village of Kotzebue and the Ice Seal Committee, Alaska SeaLife Center, BOEM, UAF, USFWS and the Alaska Dept. of Fish and Game.
- Since 1973, more than 5,000 independent studies have been conducted in the Alaska OCS.
- In the past 10 years alone, more than 250 scientific studies have taken place in the Arctic, primarily focusing in the Beaufort and Chukchi Seas.

## Air Quality

- COP's exploration activity will have a very short duration and minimal environmental impacts to air quality and are a significant distance away from the nearest on-shore community (93 miles from Pt. Lay, 121 miles from Wainwright, 150 miles from Pt. Hope and 192 miles from Barrow).

## Stakeholder Relations

- ConocoPhillips has a long and successful record of working with residents of the North Slope to explore and develop oil and gas resources in a way that protects the environment and respects their subsistence way of life.
- ConocoPhillips has been working specifically with Chukchi Sea area villages since 2006.
- COP meets frequently with local governments; supports cultural and community events; provides grant funding for traditional knowledge and capacity building activities; and attends public meetings to provide exploration activity updates to North Slope villages.

## Permitting Status and Regulatory Process

- Spill Response Plan submitted to BSEE on February 13, 2012.
- Exploration Plan submitted to BOEM and IHA application submitted to NMFS on March 1, 2012.
- Supplemental Information for the Exploration Plan is targeted to be submitted to BOEM by end of first quarter, 2013.

