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## NEWS RELEASE

July 31, 2014

### 2014 Second Quarter Alaska Earnings Review

ANCHORAGE, Alaska – In connection with ConocoPhillips' second-quarter 2014 earnings announced earlier today, ConocoPhillips Alaska Inc. reported the following 2014 earnings facts for its Alaska business.

As reported in ConocoPhillips' earnings supplemental information, ConocoPhillips Alaska's adjusted earnings were \$627 million in the second-quarter of 2014, up from adjusted earnings of \$598 million in the first-quarter of 2014. ConocoPhillips Alaska's second-quarter 2014 production was approximately 7,000 barrels of oil equivalent per day (BOED) lower than the prior quarter, primarily due to higher planned downtime, normal field decline and partially offset by development drilling. During the second quarter of 2014, ConocoPhillips Alaska incurred an estimated \$872 million in obligations to the State of Alaska and the federal government. This included an estimated \$553 million due to Alaska in the form of production taxes, royalties, property taxes and state income tax.

ConocoPhillips Alaska's second-quarter earnings relative to the first-quarter primarily benefitted from higher prices and, to a lesser extent, from the startup of the Kenai LNG export program. ConocoPhillips Alaska's capital spending in the first-half of 2014 was \$805 million, an increase of nearly 50 percent compared with the first-half of 2013.

Since the More Alaska Production Act (MAPA) was signed in May 2013, ConocoPhillips Alaska has added two rigs to its North Slope rig fleet, and recently announced a new contract with Doyon Drilling for the first new-build rig at Kuparuk since 2000, which will increase the total fleet on the North Slope to 7 rigs by 2016. Earlier, the company had also announced plans for a new Kuparuk Drill Site (DS-2S), a new development in the National Petroleum Reserve – Alaska (the Greater Mooses Tooth 1 development), and an additional viscous oil development at Kuparuk Drill Site 1H. Collectively, these projects will require estimated capital investments of approximately \$2 billion gross and could add more than 40,000 BOED gross of new oil production by 2018.

"The improvement in Alaska's investment climate as a result of MAPA will encourage companies like ours to proceed with new development plans," said Trond-Erik Johansen, President of ConocoPhillips Alaska. "I'm hopeful that Alaska will continue to encourage industry investments that lead to increased job and business opportunities for Alaskans, more oil production, more state revenue and increased contributions to the Permanent Fund."

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ConocoPhillips Alaska also reported the following regarding earnings:

Second-Quarter 2014

- ConocoPhillips Alaska estimated Alaska taxes and royalties and federal income tax = \$0.9 billion
  - ConocoPhillips Alaska estimated taxes and royalties due to Alaska = \$0.6 billion
  - ConocoPhillips Alaska estimated federal taxes = \$0.3 billion
- ConocoPhillips Alaska approximate adjusted earnings = \$0.6 billion

Since 2007, ConocoPhillips Alaska has paid over \$32 billion in taxes and royalties to the State of Alaska and the federal government. Of that amount, over \$24.5 billion went directly to the State.

ConocoPhillips has been leading the search for energy in Alaska for more than 50 years. The company is committed to responsibly developing Alaska's resources, providing economic opportunity for Alaska, operating at the highest safety standards and being good stewards of our communities. For more information, visit [www.conocophillipsalaska.com](http://www.conocophillipsalaska.com).

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