



Outlook for Alaska's Oil and Gas Development

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What I'll Cover

- ConocoPhillips in Alaska
- Alaska's Challenges
- CD5, Exploration & Renewal
- Tax Reform is Encouraging New Projects
- Closing Comments



Cautionary Statement

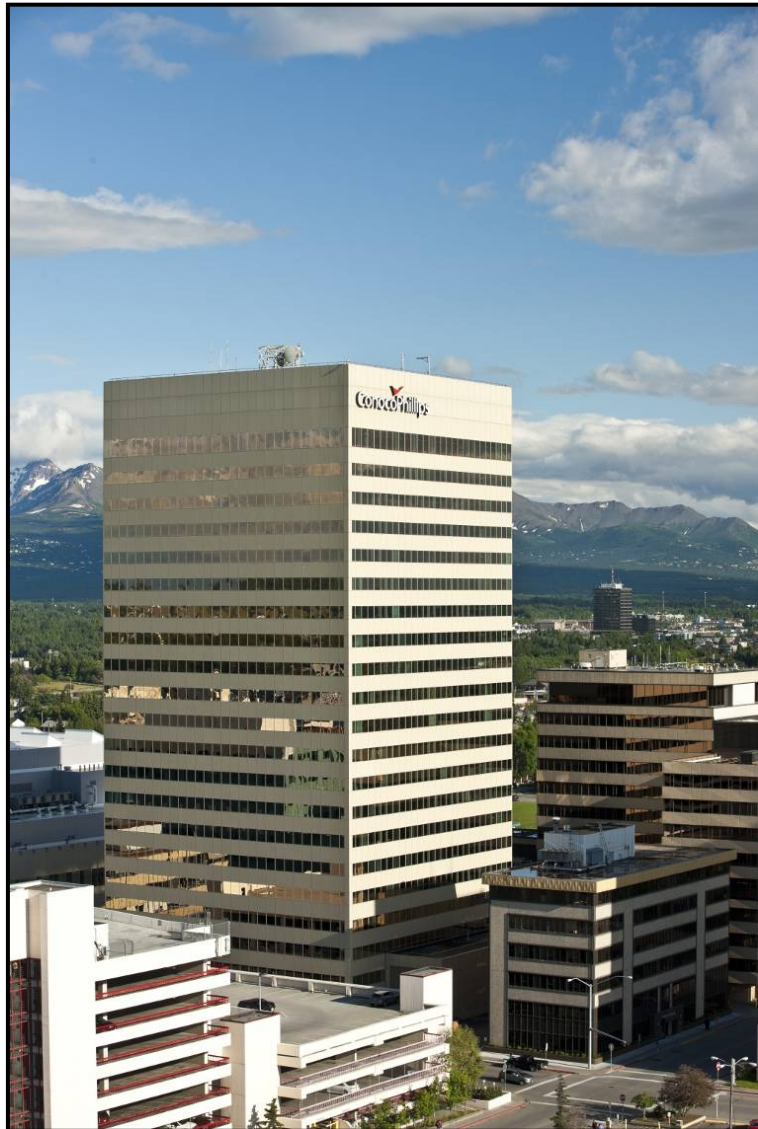
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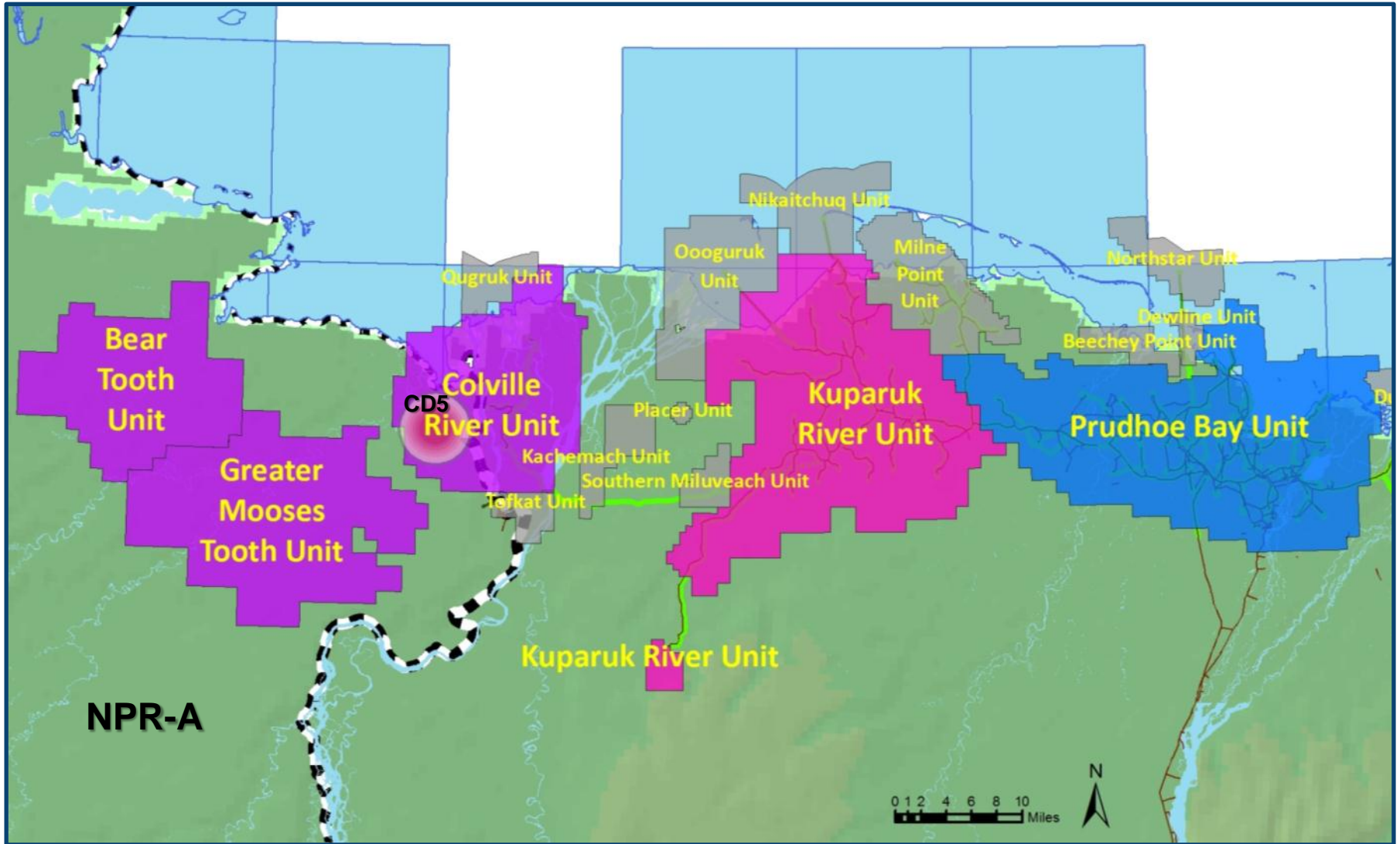


ConocoPhillips in Alaska Today



- Alaska's Leading Oil Producer
 - 2013 production: 200,000 barrels of oil equivalent per day
- Alaska's Largest State Taxpayer
- ~1,200 employees
- ~1,800 contractors average
 - Approximately 3,800 at peak
- Unwavering commitment to environmental, health and safety excellence

ConocoPhillips Major North Slope Assets



Western North Slope ("WNS") – 78% WI

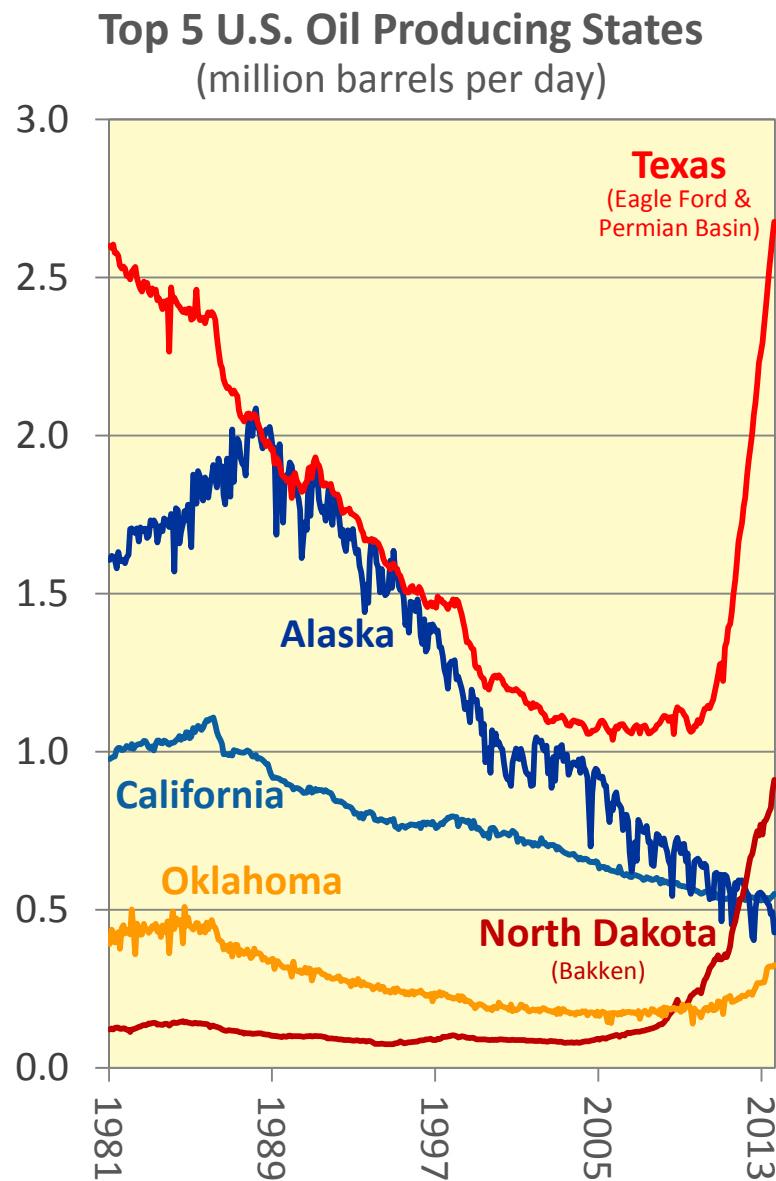
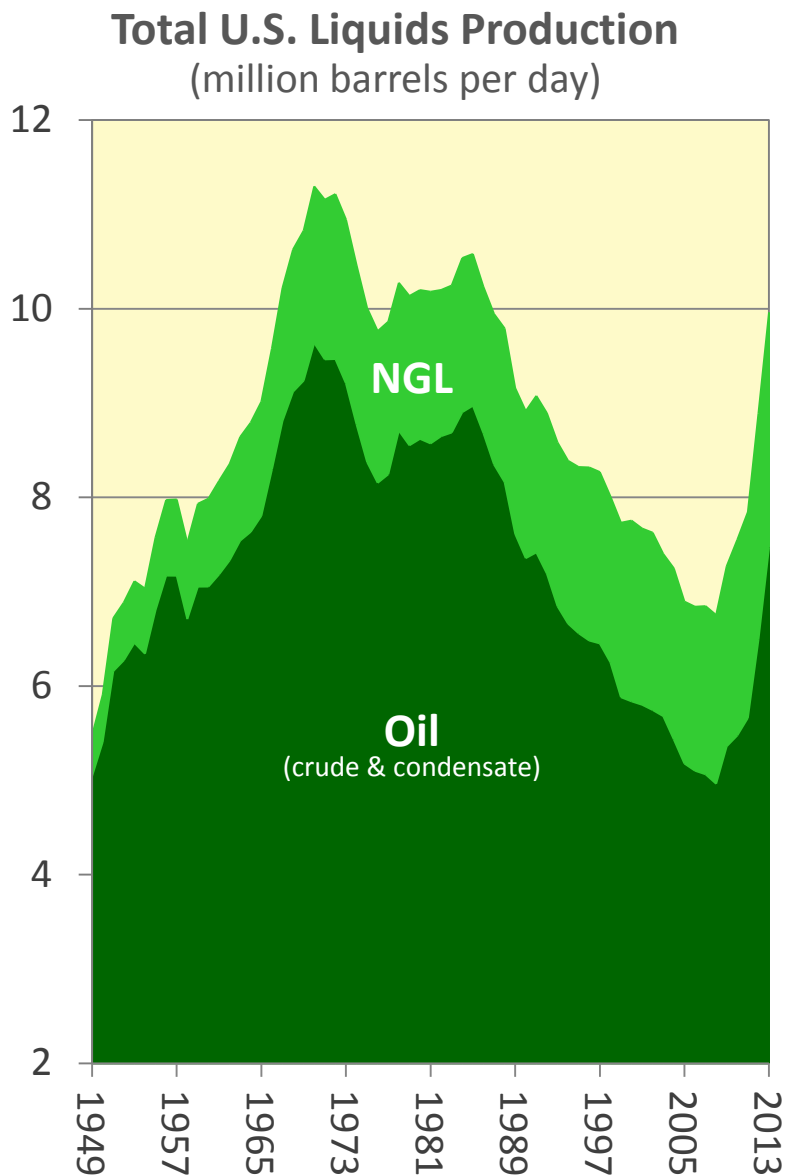
Kuparuk – 52-55% WI

Prudhoe – 36% WI



Alaska's Challenges

U.S. Oil Production: Texas and North Dakota Lead the Way



Source: U.S. Department of Energy EIA

“Easy Oil” Is Gone

➤ Challenged oil remains

- Complex, high cost wells
- Smaller reserve targets
- Fault blocks, flank oil
- Satellites, viscous and heavy oil
- Most new wells produce oil AND water
- Facilities handling ~ five times as much water as oil



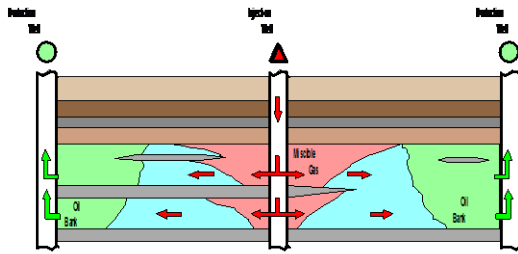
Initial Alpine Development



CD-5 Type Development

NS Development Evolution COP-Operated Fields

1981: Kuparuk
Waterflood
Pressure
Maintenance



1988: SSEOR and MWAG startup

1998: Tabasco and Tarn startup

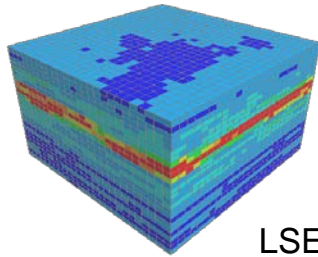
2001: Meltwater startup

2000: Alpine startup



2012: CD5 Sanction

2012+: Steerable drilling liner



1996: NGL import and LSEOR startup

1997: West Sak startup

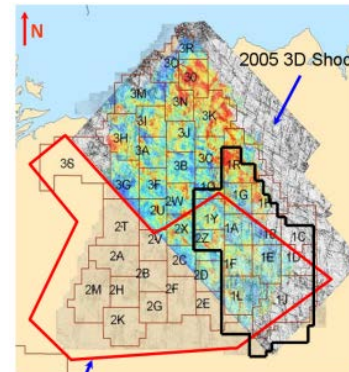
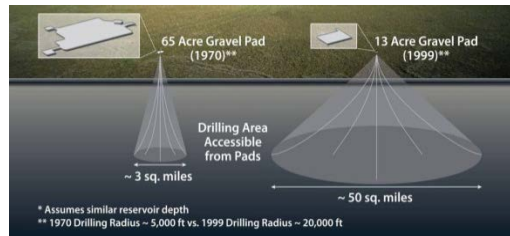
2005 and 2011: 3D and 4D seismic

2009+: Coil Tubing Drilling rig

1981-1986: Gas storage

1999+: DS footprint reduction and Extended Reach Drilling

1985: STP, IWAG, & Frac'ing startups



2011 3D Shoot



Future: Viscous, Low Perm, EOR+, Heavy

North Slope Potential

- Huge Remaining Potential in Legacy Fields:
 - Prudhoe: 12 BBOE remaining oil in place + 26 TCF natural gas
 - Kuparuk: 3.75 BBOE remaining oil in place + 15 BBOE heavy oil
- Remaining Exploration Potential
- Potential AK LNG project
- Realization of Alaska's North Slope Potential Dependent Upon:
 - Technology
 - Reasonable regulatory environment
 - Reasonable business climate





On-Going Work CD5, NPRA Exploration, & Renewal



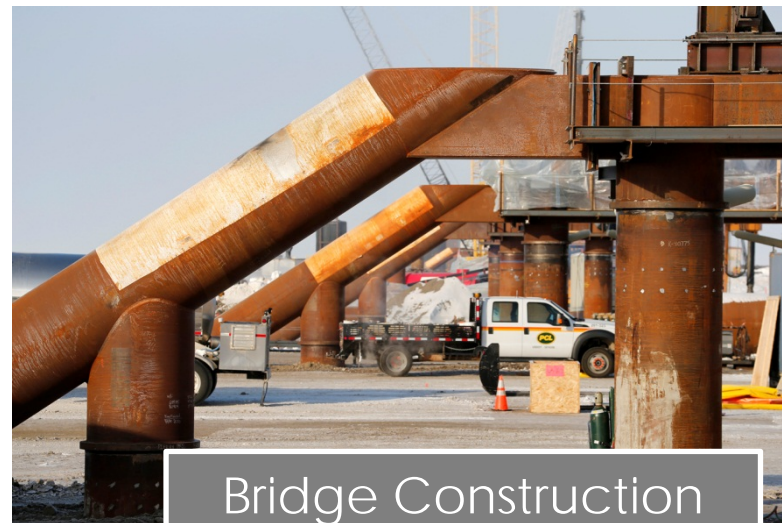
Managing Aging Assets

- \$400 million in 2014 capital for Kuparuk renewal projects
 - 14 mile replacement of 30" seawater line
 - Pigging & other projects
- Similar efforts at Prudhoe Bay
- Expect continued significant expenditures to maintain ANS infrastructure

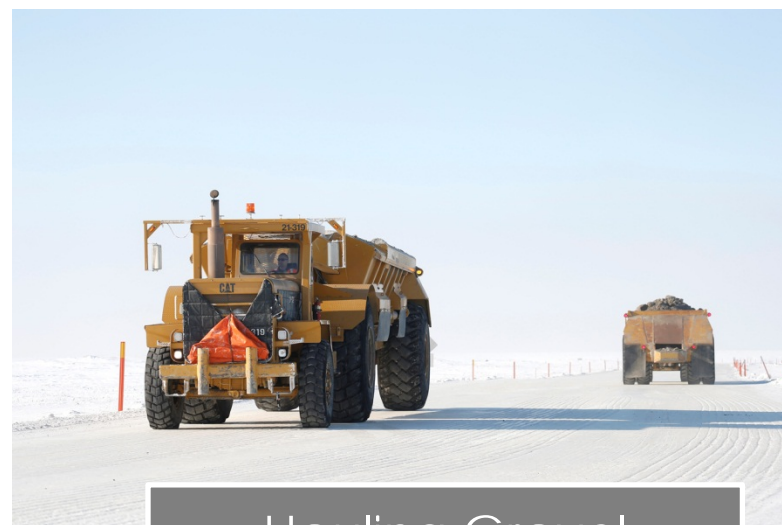


CD5 Development Progress

- CD5: On Schedule – On Budget ~\$1 billion
- 2014 Winter Activity Successfully Completed
 - Three smaller bridges complete
 - Final bridge to be completed early 2015
 - Gravel in place
- Employment:
 - ~600 North Slope jobs required during two winter construction seasons
 - Major fabrication activities in Anchorage and Fairbanks
- Drilling start-up planned spring 2015
- First Oil Late 2015 - Estimated Peak Production 16,000 BOPD (gross) in 2016

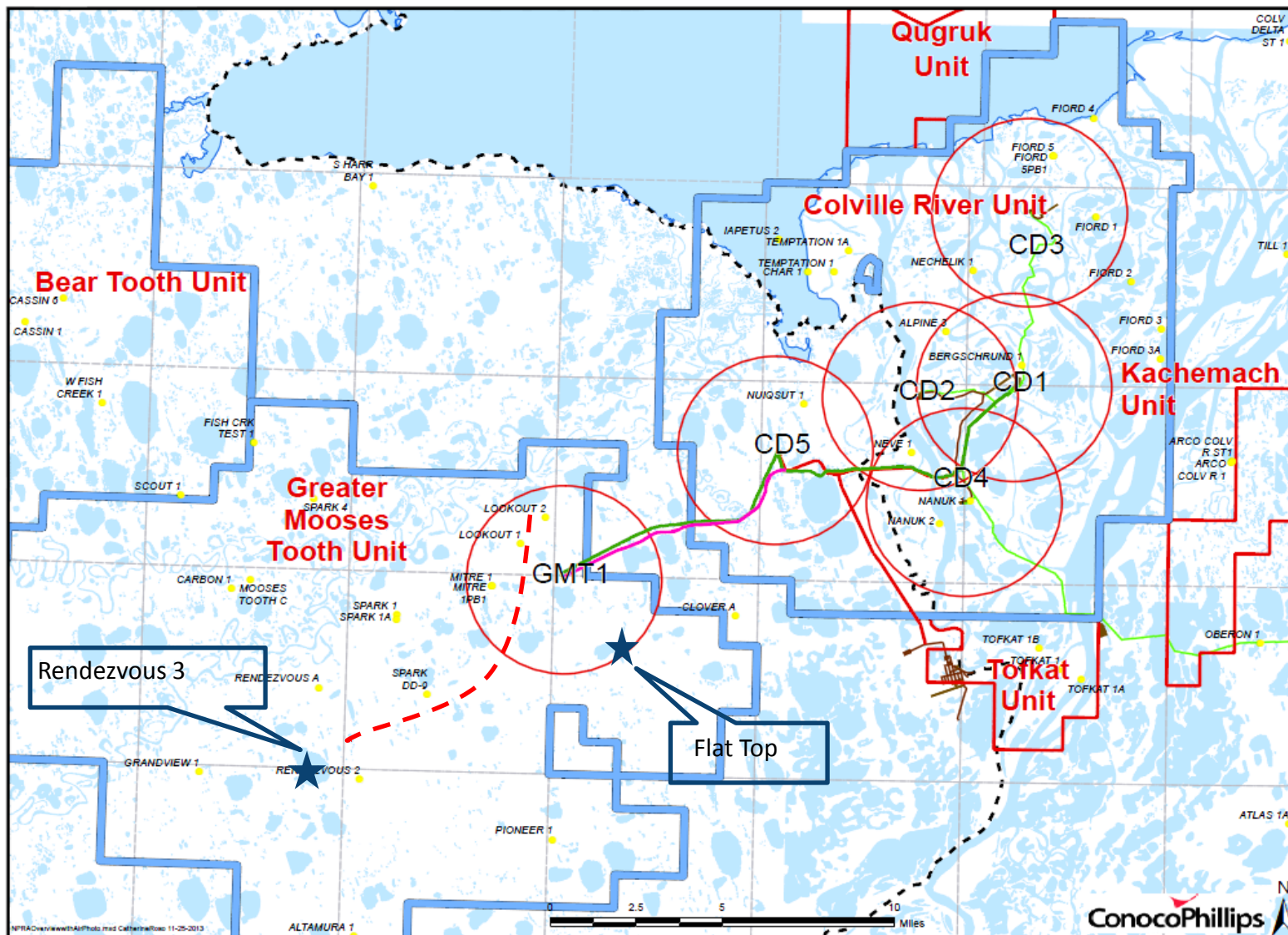


Bridge Construction



Hauling Gravel

2014 Exploration – 2 Wells Drilled in Greater Mooses Tooth Unit





Tax Reform is Encouraging New Projects



Two New Rigs Added: Nabors 7ES and Nabors 9ES

➤ Nabors 7ES

- Began drilling in May 2013
- Additional production of 2,900+ BOPD gross as of March 30, 2014
- 100 direct and hundreds more indirect jobs

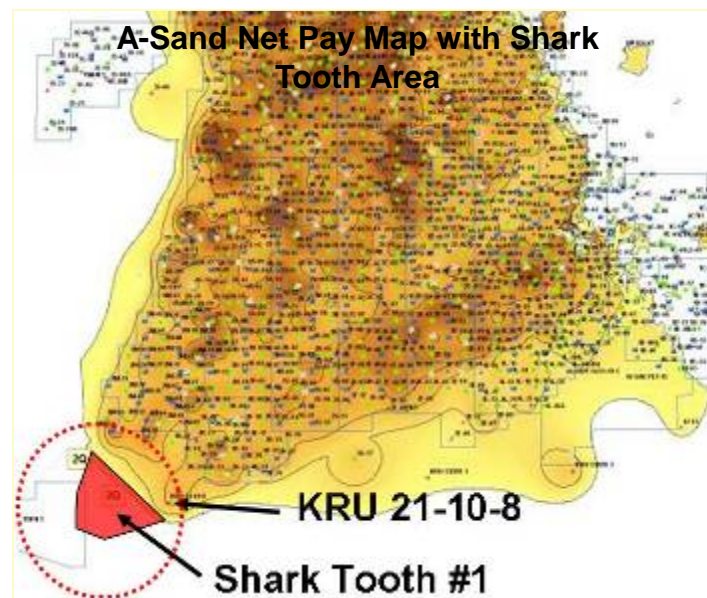
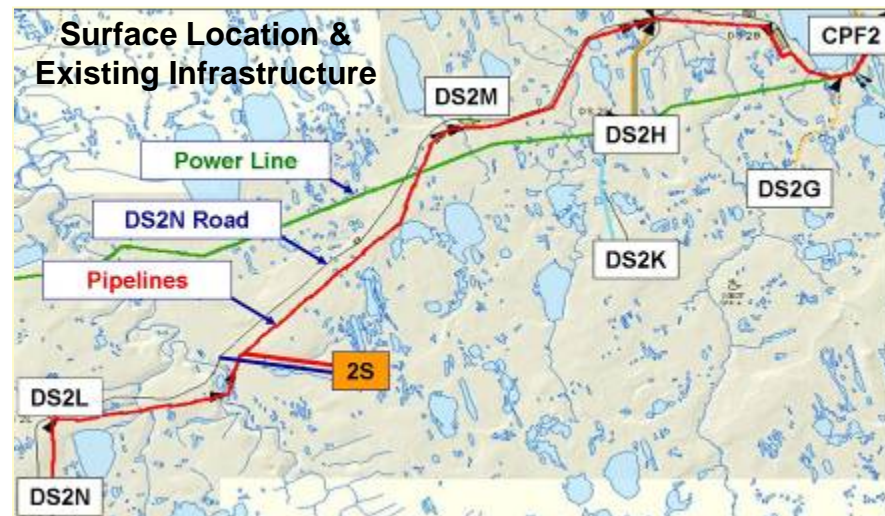
➤ Nabors 9ES:

- Began drilling development wells in late January 2014
- 100 direct and hundreds more indirect jobs



Kuparuk Drillsite-2S (Shark Tooth)

- New Drillsite development in the southwestern periphery of the Kuparuk reservoir
- Targeting an undeveloped section of Kuparuk formation
- Peak workforce during construction: over 230 jobs in 2015
- Approximate cost to develop: ~\$600 million (gross)
- Estimated peak production: 8,000 BOPD (gross)
- Field work and pad construction ongoing
- Targeted for approval October 2014
- First oil targeted in late 2015



Greater Mooses Tooth 1 (GMT1) – Development Overview

Project Summary

- Estimated cost - \$900 million gross
- First oil proposed late 2017 – peak rate ~30,000 BOPD gross
- Estimate 500+ jobs during construction

Proposed Facilities

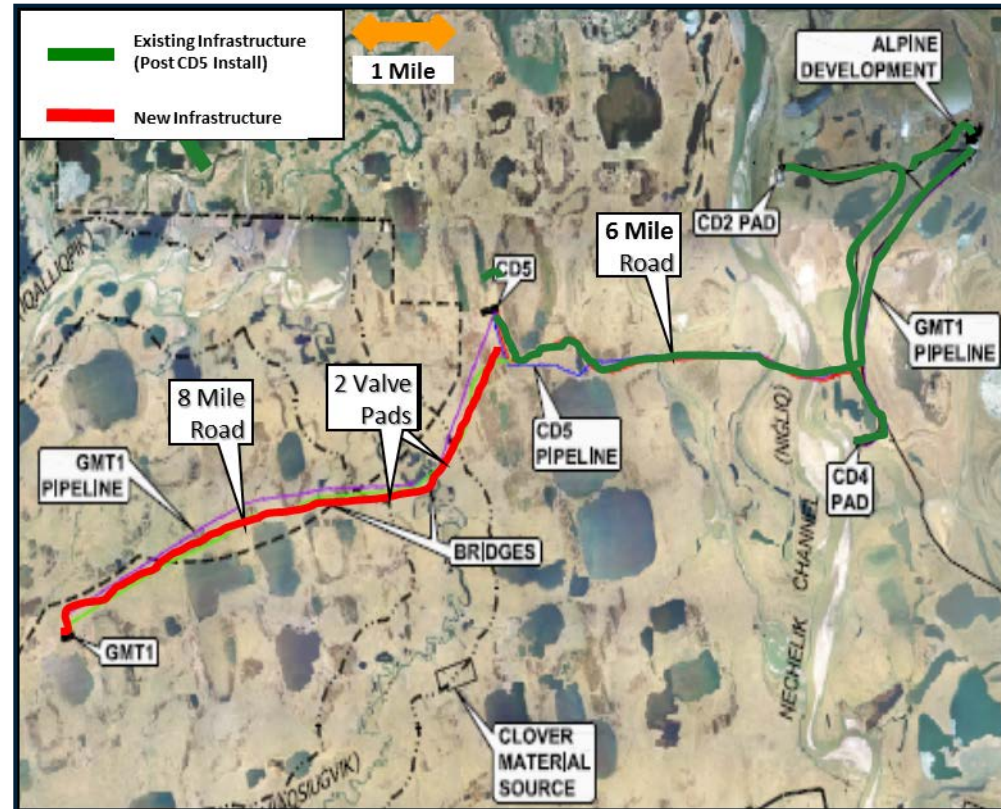
- 8-mile gravel road with 2 bridges
- 11.8 acre gravel well pad
- Pipeline, valve pads, power and communication infrastructure

Proposed Drilling

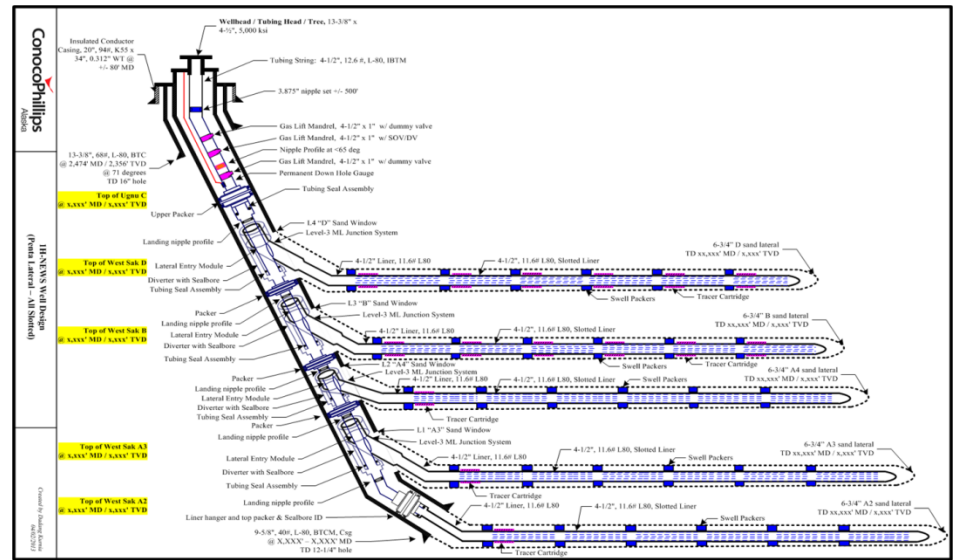
- Drill and complete 8 wells (3 producers and 5 water/ miscible gas injectors)
- Potential for additional wells development

Project Status

- Applied for development permits in July 2013
- Project approval target 4Q 2014
- Draft Supplemental EIS public comment period closed in April 2014



Kuparuk 1H NEWS (Northeast West Sak) Project



- Nine-acre extension of Drill Site 1H
- Additional surface facilities, ~19 new wells
- Permits filed; anticipate funding request in late 2014
- Approximate cost to develop: ~\$450 million (gross)
- First oil 2017; estimated peak production: 9,000 BOPD (gross)
- Peak workforce during construction ~150

Setting the Stage for the AK LNG LNG Project

- BP, ConocoPhillips, ExxonMobil, AGDC and TransCanada working together to progress Alaska LNG project - \$45 to \$65 billion gross
- LNG plant site in Nikiski
- Significant benefits to Alaska
- Incentivizes exploration and long term North Slope investment
- *Healthy oil business promotes the viability of North Slope gas project*

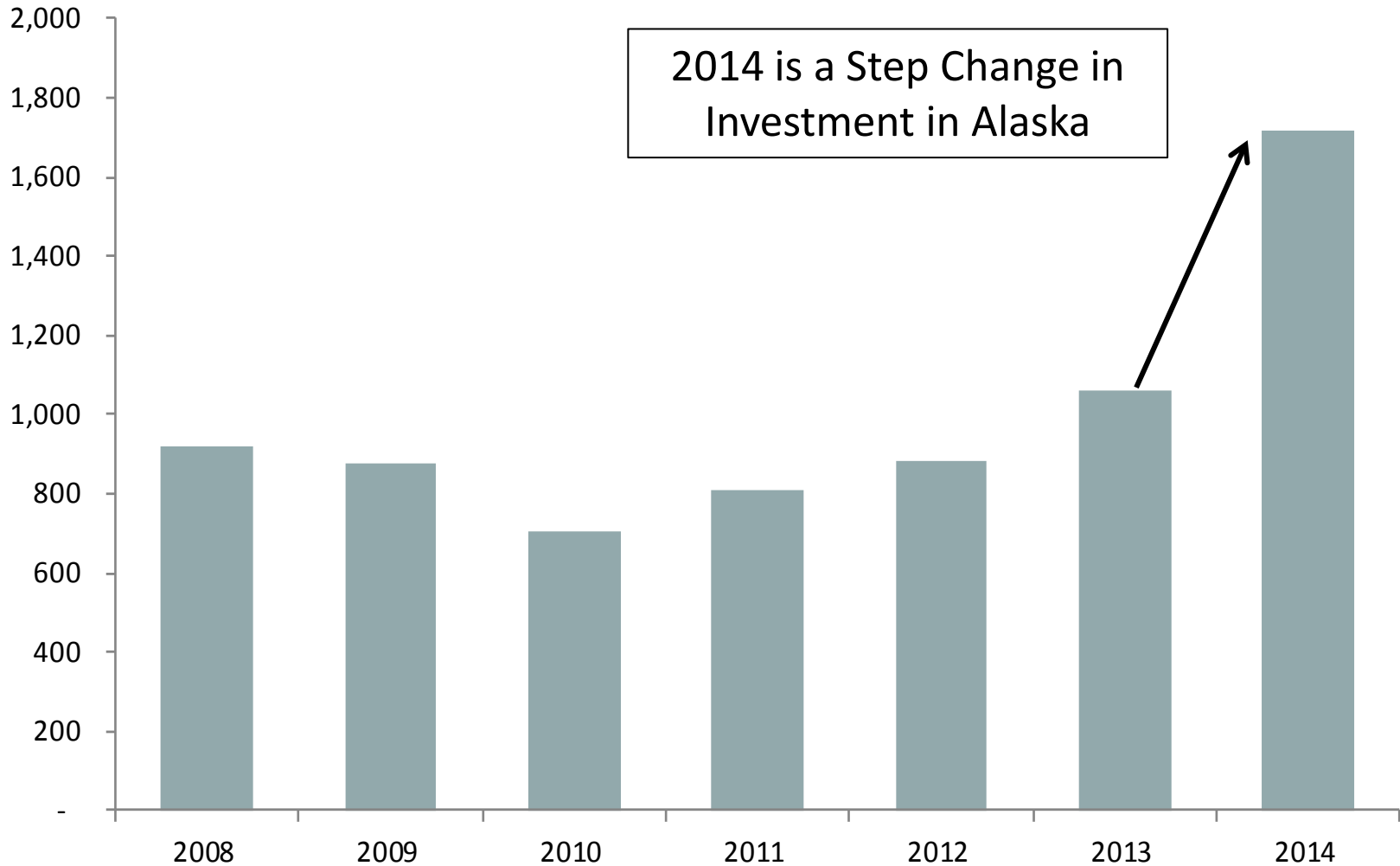


Potential North Slope Gas Treatment Plant (GTP)



LNG Plant
Conceptual Layout

ConocoPhillips Alaska Capital Budget (\$ Millions)



Alaska is Moving in the Right Direction

- COP plans for ~\$2 billion in new investments through 2017
- Potential for thousands of jobs
- COP operated potential new oil
 - ~40,000 BOPD in 2018;
 - ~50,000 BOPD with CD-5
- Stemming the production decline
- Progress on the AK LNG project
- SB21 provides improved economic outlook for the state



Oil tax reform is key to realizing the potential of the North Slope - both oil and gas

Questions?