ConocoPhillips
Alaska

House Resources Committee
HB288

January 29, 2018

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ConocoPhillips' Projects on the Western North Slope

GMT1

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

GMT2

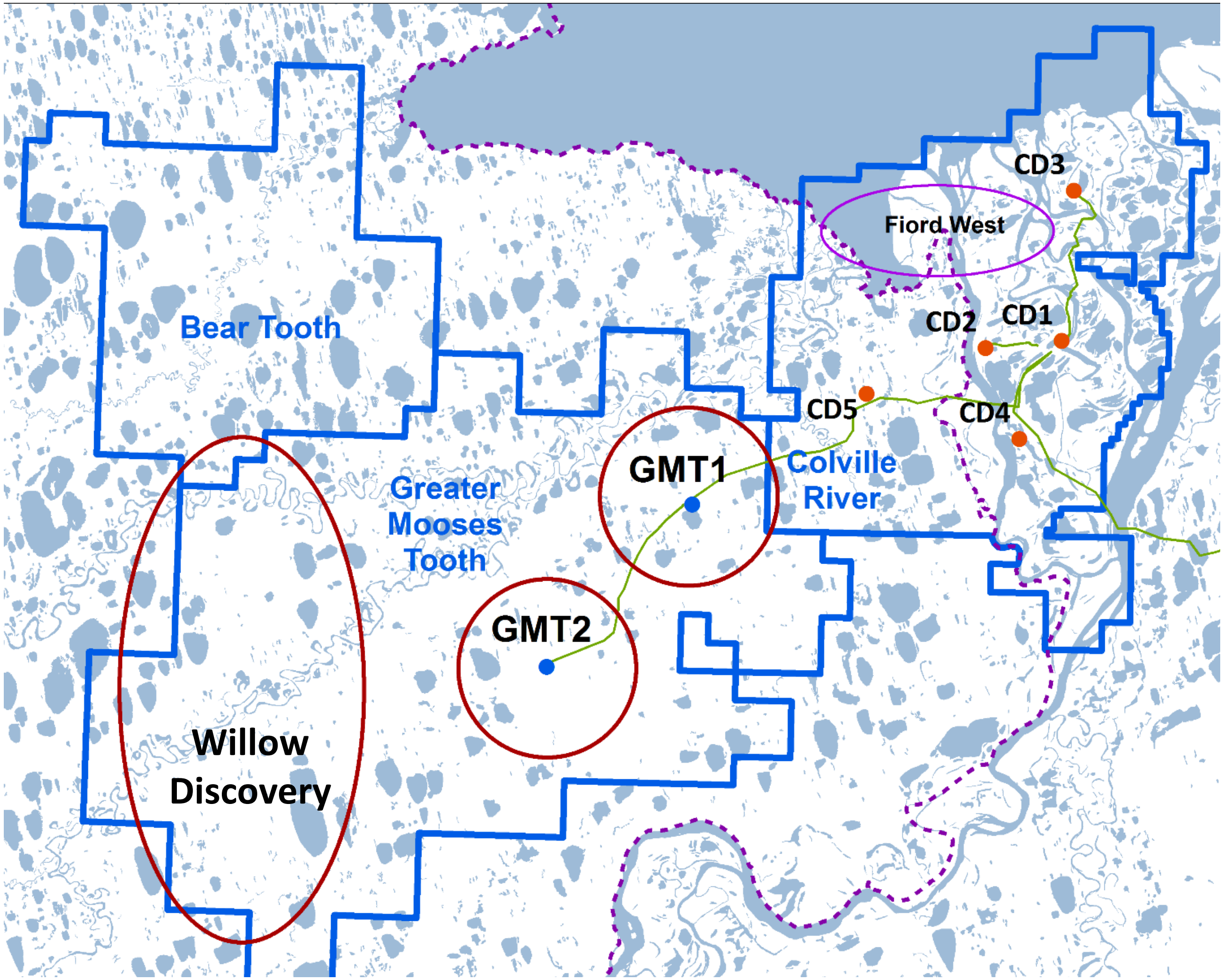
- 25,000-30,000 BOPD*
- First oil planned late 2021
- ~700 construction jobs
- ~$1.5 billion gross

Fiord West

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

Willow Discovery

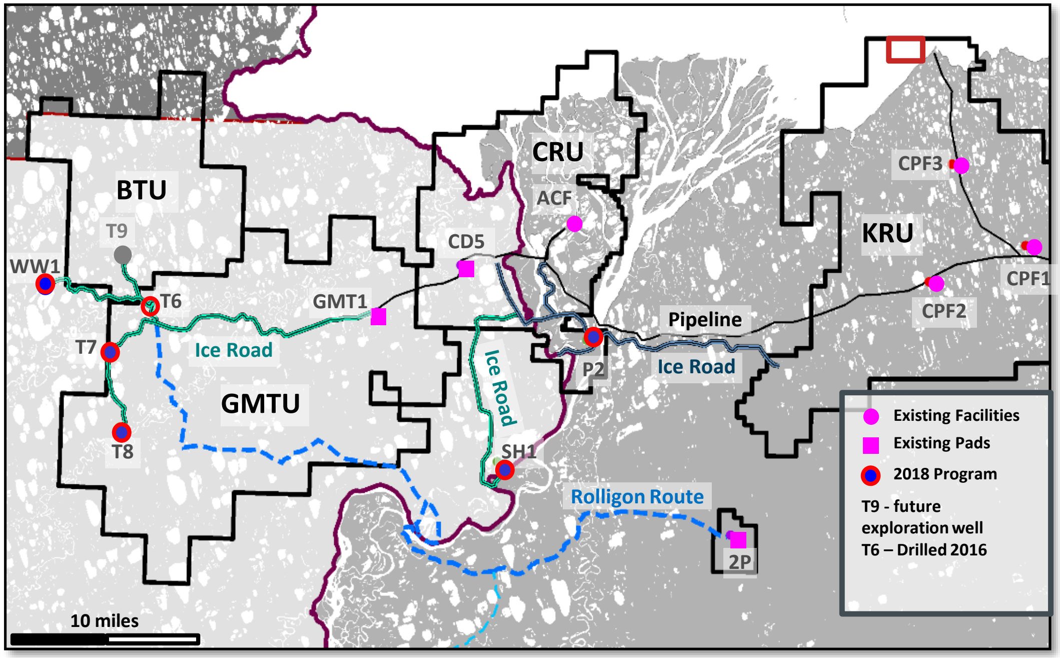
- 100,000 BOPD*
- First oil possible as soon as 2023
- Multi-billion dollar investment
- Potential for hundreds of direct jobs, thousands of construction jobs



GMT2 Comment Period Coming Soon

*Estimated peak gross production.

2018 Exploration – Three-Rig Program



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

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

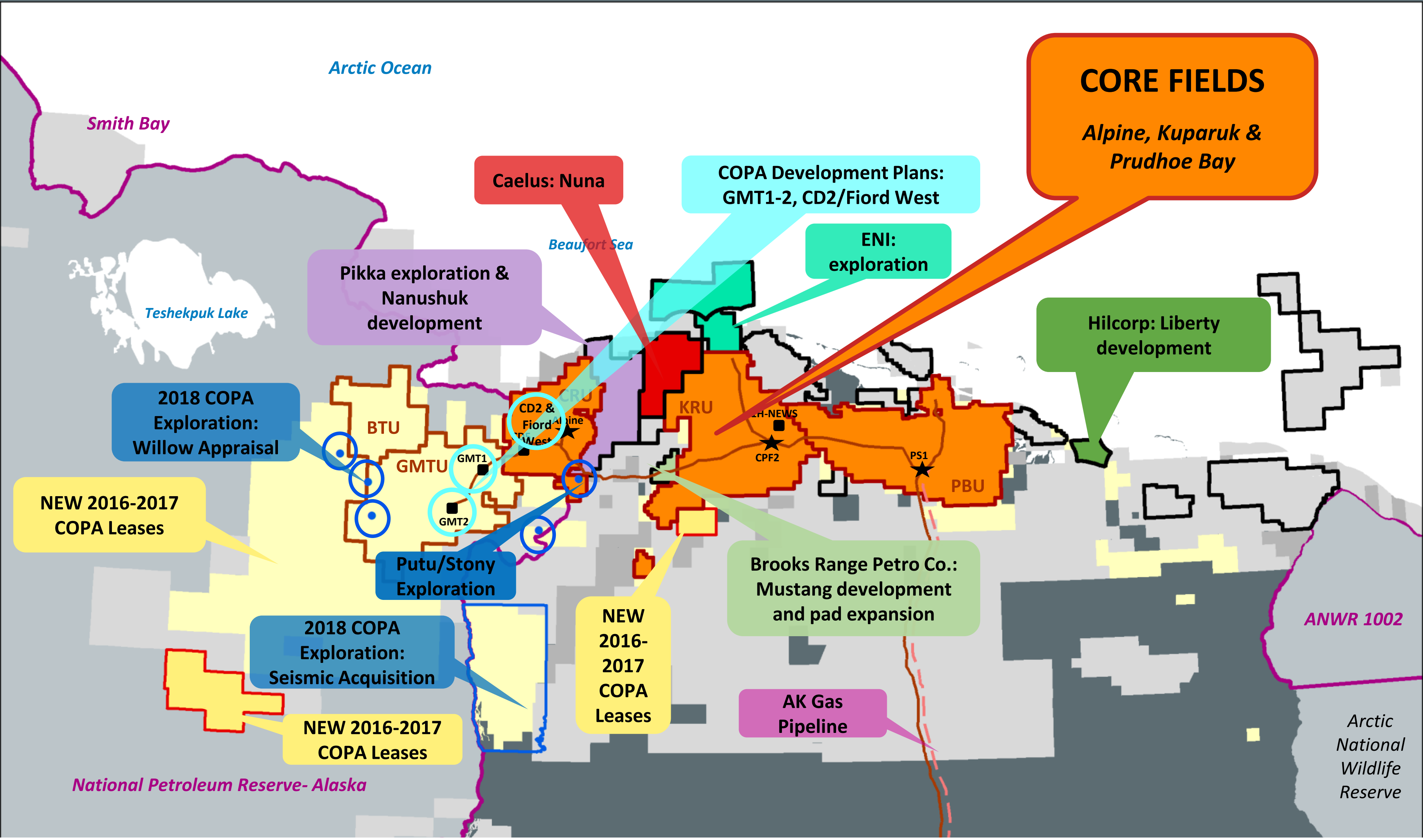
Stony Hill (SH1) exploration

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

250 sq mile seismic program (state land)

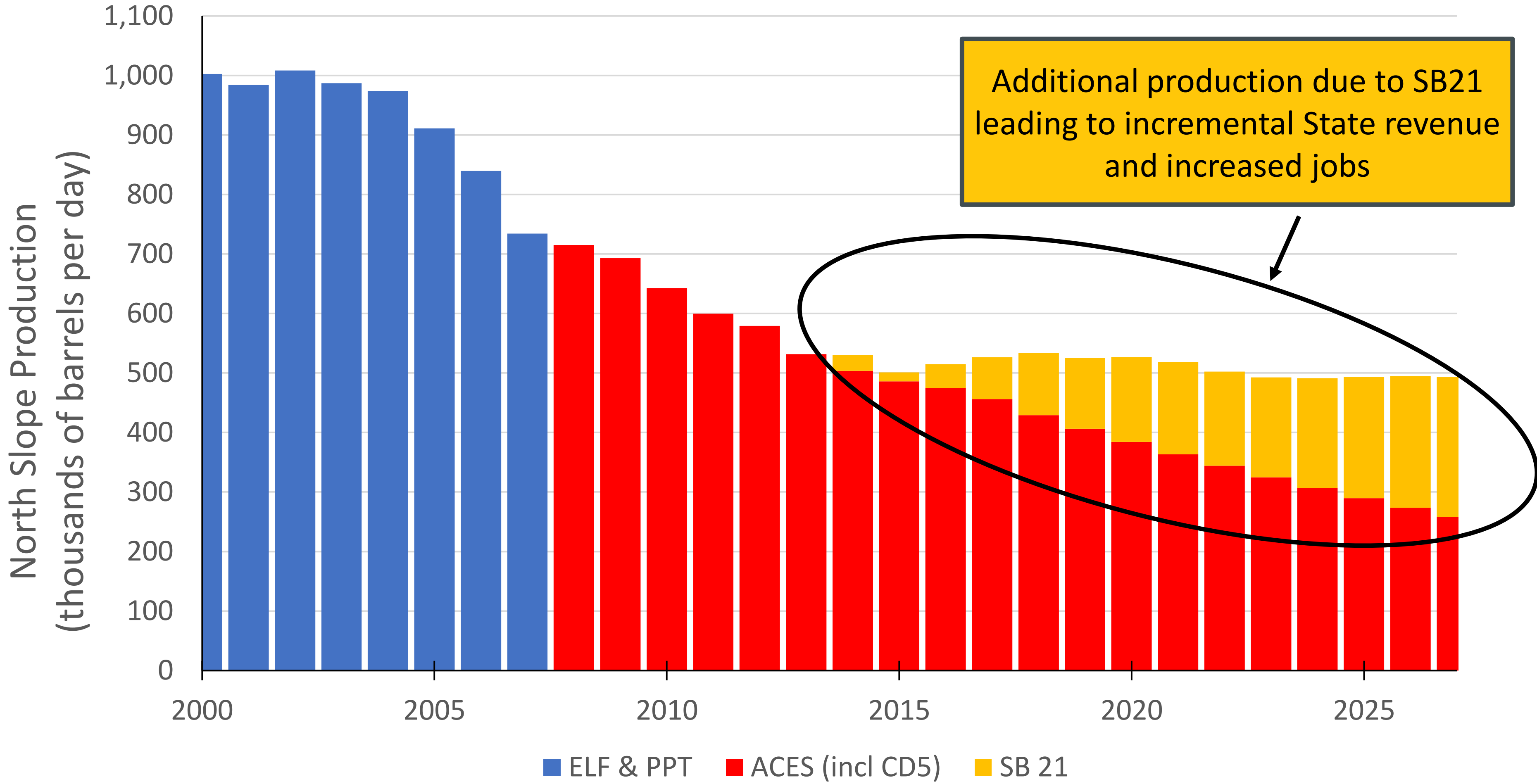
Largest Exploration Program Since 2002

Robust North Slope Investment Outlook



Willow, Pikka, GMT1 &2 and Liberty alone represent potentially $13+ B in capex.
Slope-wide: hundreds of thousands of barrels per day, more state revenue and jobs.

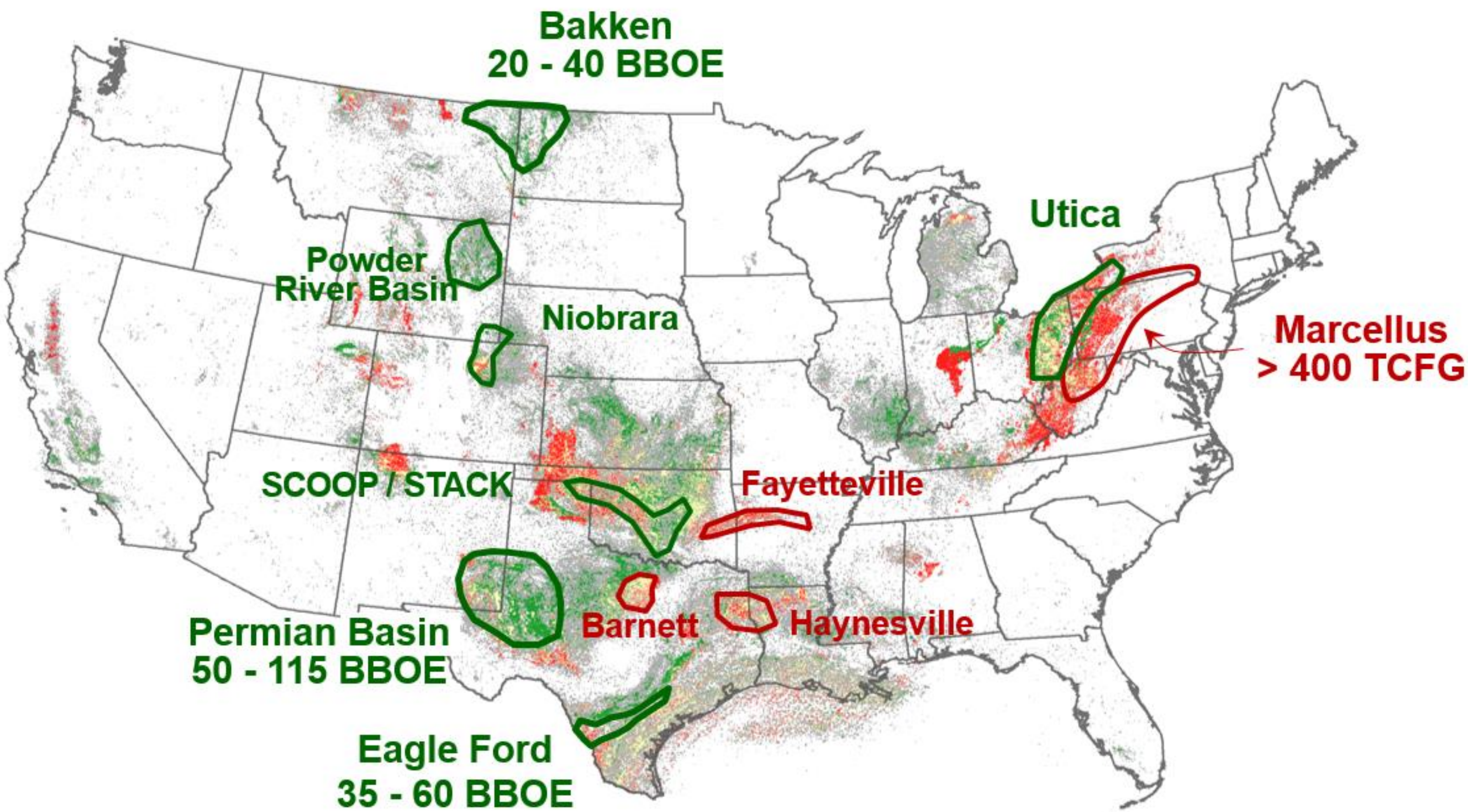
Reversing the Decline



Sources:
Volumes: Dept. of Revenue http://www.tax.alaska.gov/sourcesbook/AlaskaProduction.pdf
ACES (incl CD5) reflects the overall ANS decline rate from end FY2007 to end FY2013 as modeled by ConocoPhillips

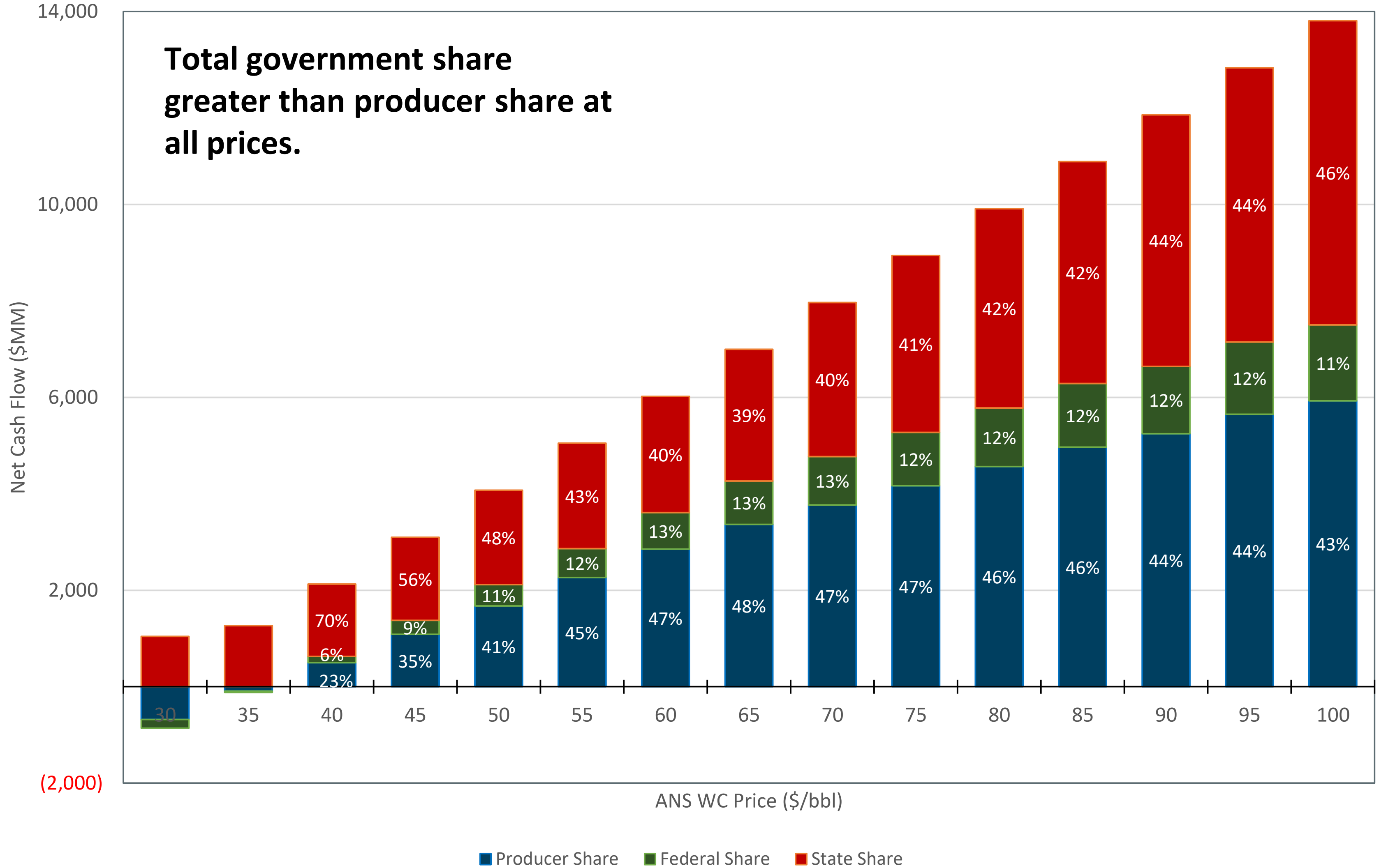
Unconventional North American Fields are Alaska's Competition

- **Enormous resource potential**
- **Tens of thousands of drilling opportunities**
- **Lower cost of supply**
- **Closer to market**
- **Easier to permit**
- **Stable fiscal policies**



Map shows wells drilled in U.S. Lower 48 states since start of 20th century; well locations from U.S. Geological Survey; resource estimates based upon publically available sources and ConocoPhillips estimates. *RS Energy Group. **COP data.

FY 2018 State/Fed/Producer Share vs ANS WC - Fall 2017 RSB Assumptions



Estimate generated using Fall 2017 Revenue Source Book assumptions and a 21% federal tax rate for entire fiscal year. State share shown excludes tax credits other than per barrel tax credits. State revenue includes income tax, property tax royalty and production tax.

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- Raising the floor most impacts industry at low prices
  - Production tax is progressive - DOR estimates SB21 tax receipts will be equal to a 7% gross tax at about $72/bbl*
  - 75% increase in tax at lower prices
  - Will likely cause reduced investment at times when economy and North Slope needs more investment, not less

- Alaska still competes because:
  - Focus on cost reduction and efficiencies
  - Core SB21 structure unchanged in 4+ years

- Oil and gas investment leads to more jobs and state revenue – key part of the solution to the State's fiscal gap

- The North Slope is on the cusp of significant spending for new fields
  - Maintaining SB21 competitive fiscal framework will encourage investment

- Recommend AGAINST passage of HB288

*Director Ken Alper testimony to House Resources Committee1/26/2018