

Senate Resources

Development Outlook for ConocoPhillips North Slope Operated Fields

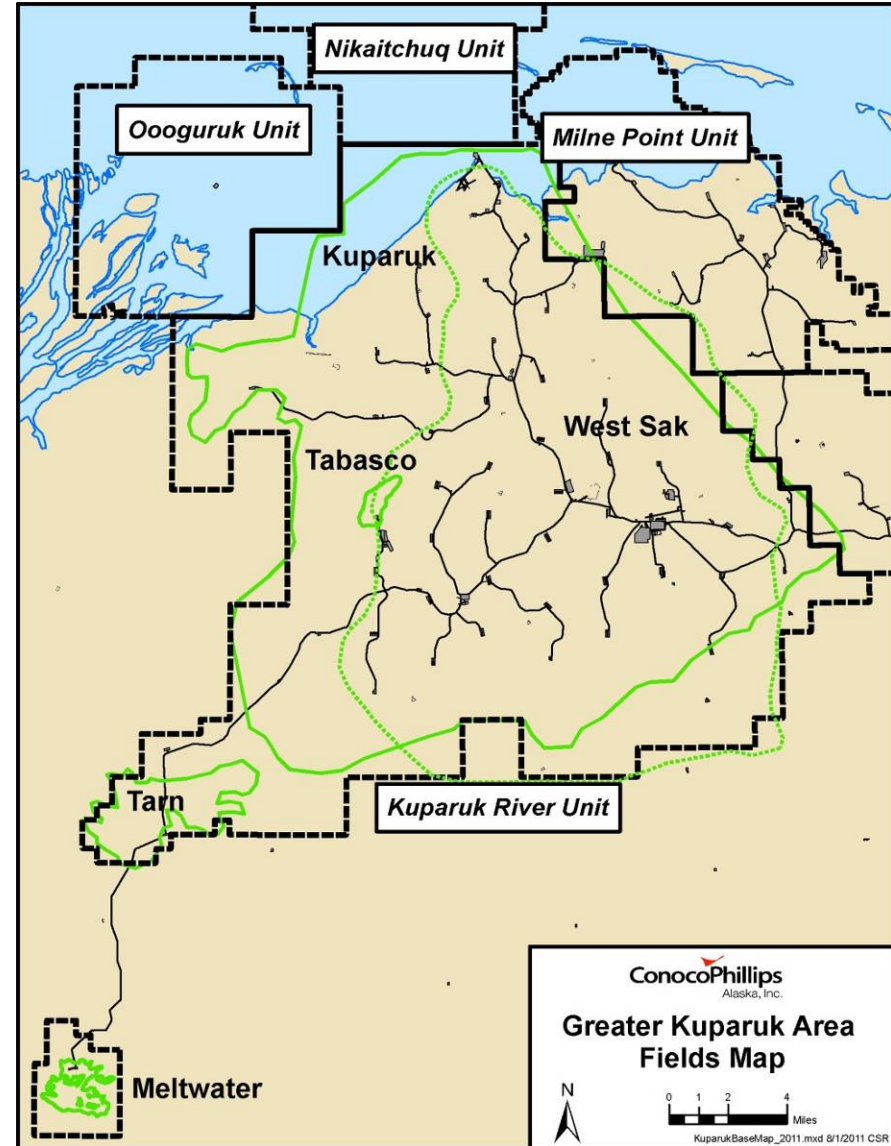
Bob Heinrich, VP Finance
Scott Jepsen, VP External Affairs
ConocoPhillips Alaska

February 15, 2012

- Greater Kuparuk Area
- Western North Slope
- Alaska North Slope Investment Challenges

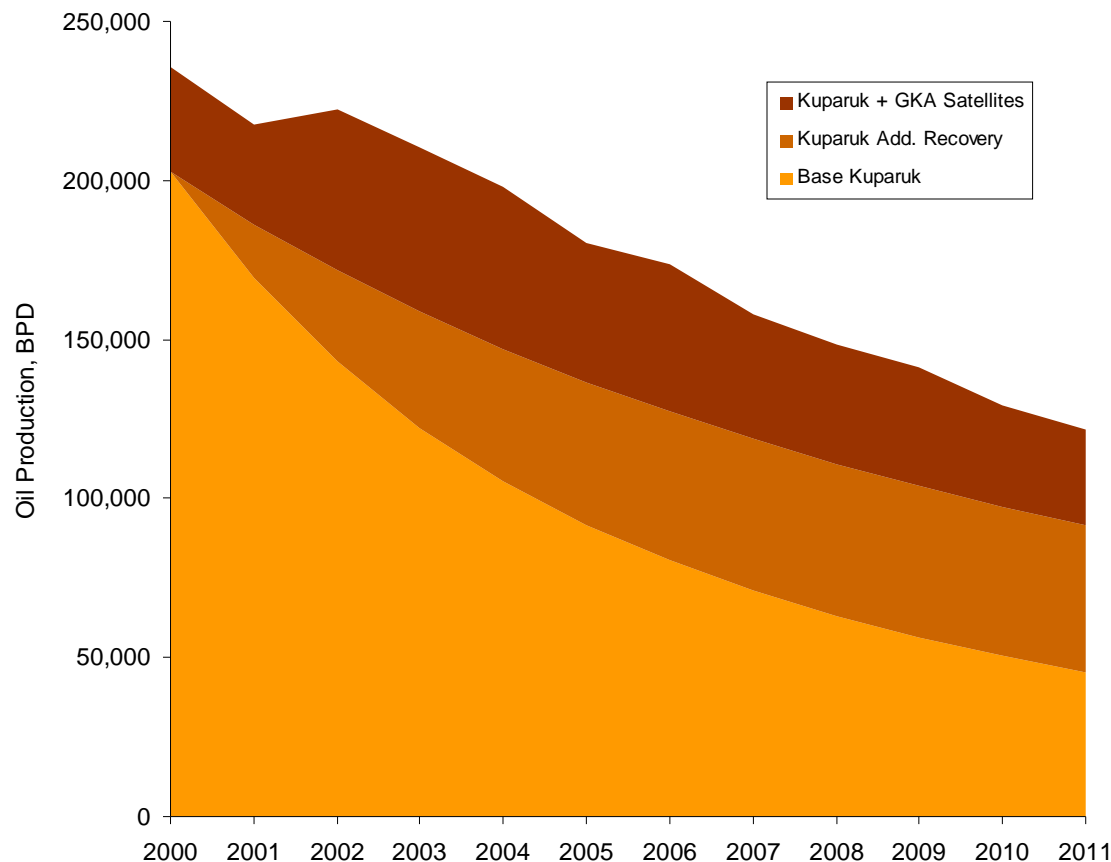
Greater Kuparuk Area (GKA)

- Field start-up 1981
- 5 producing fields; COP operated
 - Kupaaruk (waterflood, EOR)
 - West Sak (waterflood, VRWAG pilot)
 - Tarn (waterflood, EOR)
 - Tabasco (waterflood)
 - Meltwater (waterflood, EOR)
- 3 production facilities, 47 drill sites, ~1140 wells
- >2.4 billion barrels produced to date
- 3rd party processing of Pioneer's Oooguruk Field
- Current production: ~121 MBOPD



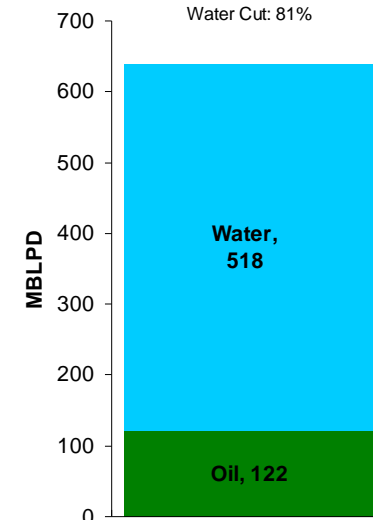
GKA Production

Greater Kuparuk Area Production



GKA 2011 Total Liquid
Production

Oil + Water: 640 MBLPD
Water Cut: 81%



2011 Production	Oil STB/d	Water B/d	Gas Mscf/d
KRU	91,391	480,630	203,578
Meltwater	2,671	589	9,873
Tabasco	1,608	14,238	253
Tarn	10,450	17,718	13,637
West Sak	15,718	4,673	9,689
Total	121,839	517,848	237,030

Total gas handled ~600,000 Mscfd including injection gas, gas lift, and fuel

Development

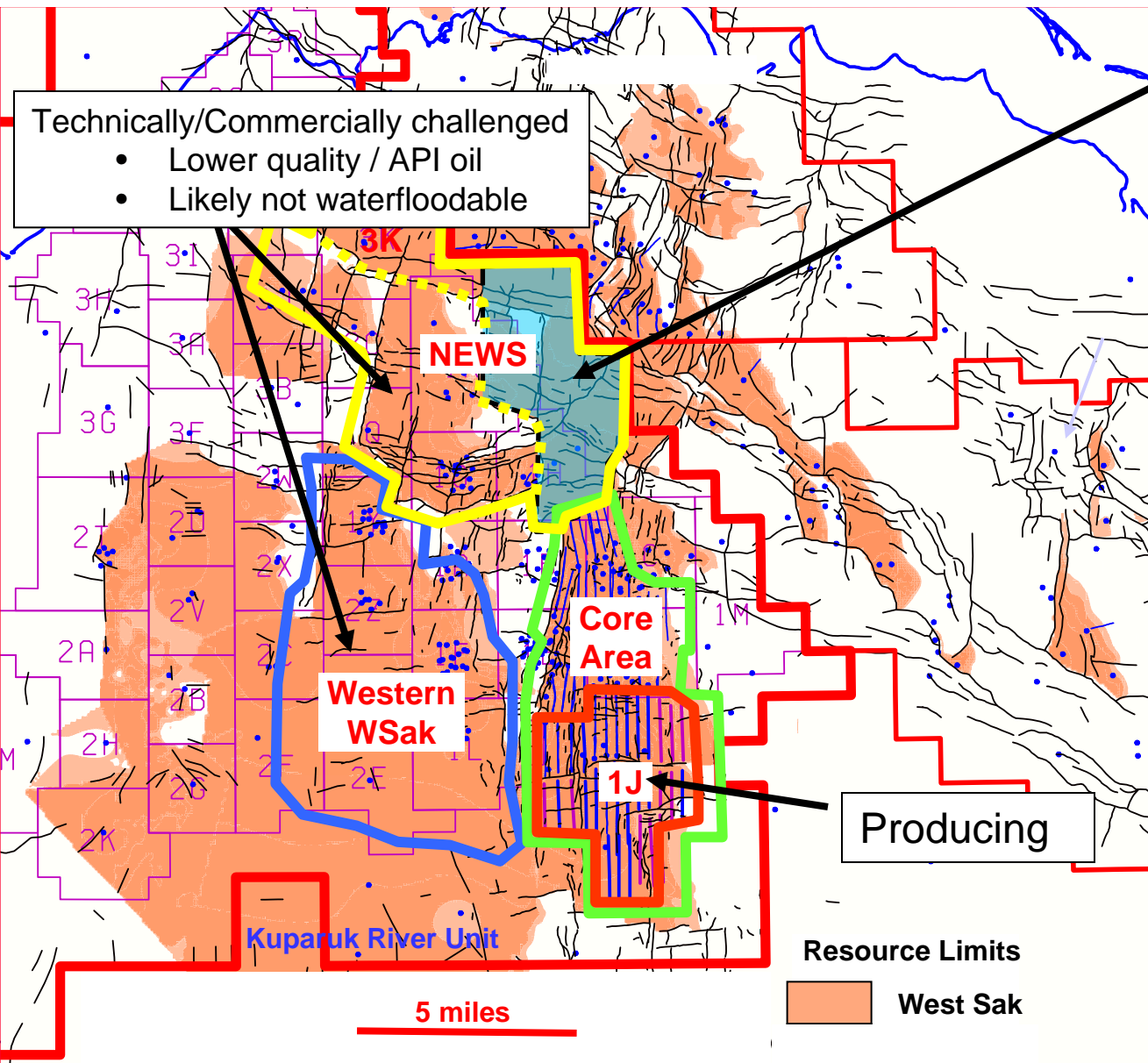
- Continued coil tubing drilling (CTD) rig
- Ongoing rotary development program
- Evaluate water injection expansion at CPF1
- Shark Tooth appraisal well
- Evaluate 220 sq. miles of recently acquired seismic
- Evaluate enhanced recovery techniques

Maintenance / Renewal

- Kuparuk runway upgrade
- Smart pig program
- Well line upgrades
- 1 workover rig
- Ongoing O&M



GKA West Sak Viscous / Heavy Oil Resources



Eastern NEWS

- ~\$1 - 2.5 billion potential project
- One or two new well pads
- Up to 115 new wells and 150 MMBO
- Technically challenged
 - Sand control
 - Matrix bypass events
 - Productivity
 - Ultimate recovery
 - 1J history
- Project sanction a function of technical evaluation and economics

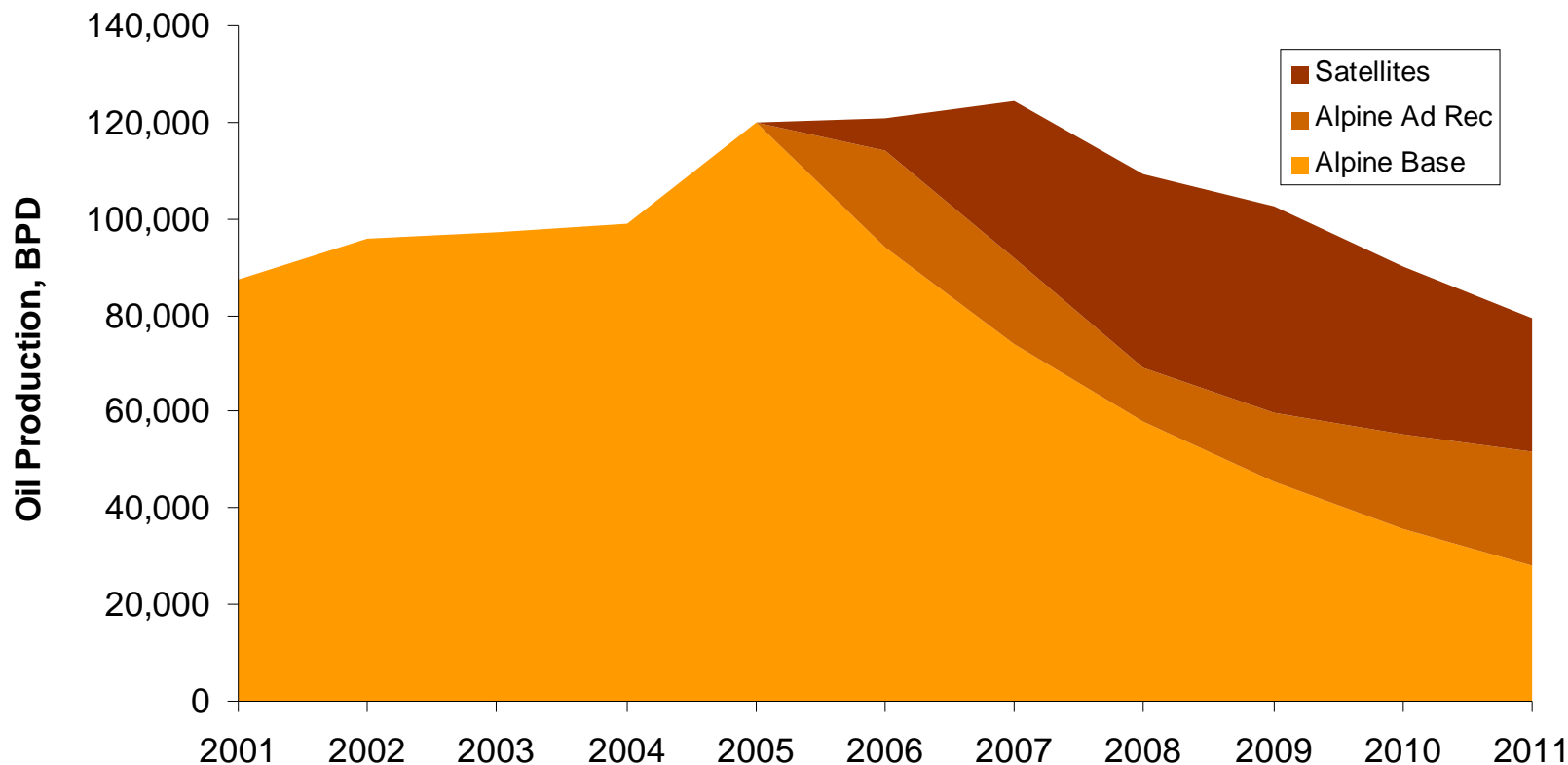
Western North Slope (WNS) Development

- First production in 2000
- Largest US onshore discovery since 1970s
- 4 producing pools; COP operator
 - Alpine (waterflood, EOR)
 - Fiord (waterflood, EOR)
 - Nanuq (waterflood, EOR)
 - Qannik (waterflood)
- 4 drill sites & processing plant
- 172 wells
- Current production: 77 MBOPD
- 413 million barrels produced to date



WNS Field Rates

Western North Slope Production



2011 Average	Oil Production STB/d	Water Production B/d	Gas Production Mscf/d
Alpine	50,812	36,848	53,259
Fiord	20,907	10,259	19,035
Nanuq	4,772	12,589	6,594
Qannik	1,955	19	1,157
CRU Tract	1,006	36	3,602
TOTAL	79,452	59,751	83,648

Total gas handled ~185,000 Mscfd
including injection gas, gas lift and fuel

WNS Work Plans

Development

- Continued rotary drilling of extended-reach horizontal wells
- Ongoing stimulation program
- CD3 facility upgrade
- CD5 (Alpine West) development

Maintenance / Renewal

- Smart pigging program
- Pipeline upgrades
- Ongoing O&M

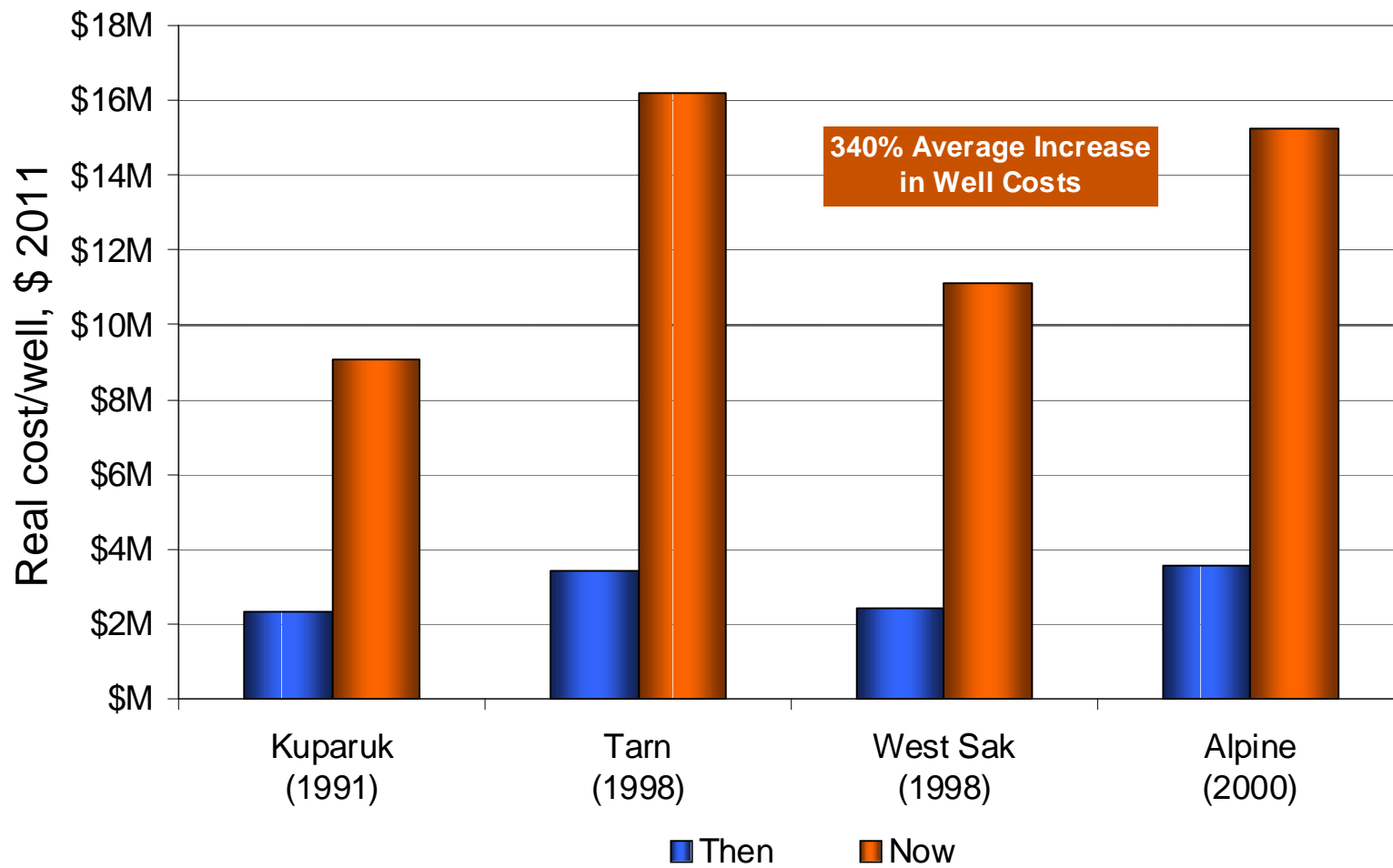


CD5 Development

- Production estimate
 - 10 - 18,000 BOPD
- New drill site
 - Up to 33 well slots
 - Drillsite facilities, gravel road, pipelines and power
- Milestones
 - Project sanction 2012
 - Estimated production start-up 2015



Representative Drilling Costs, Then and Now



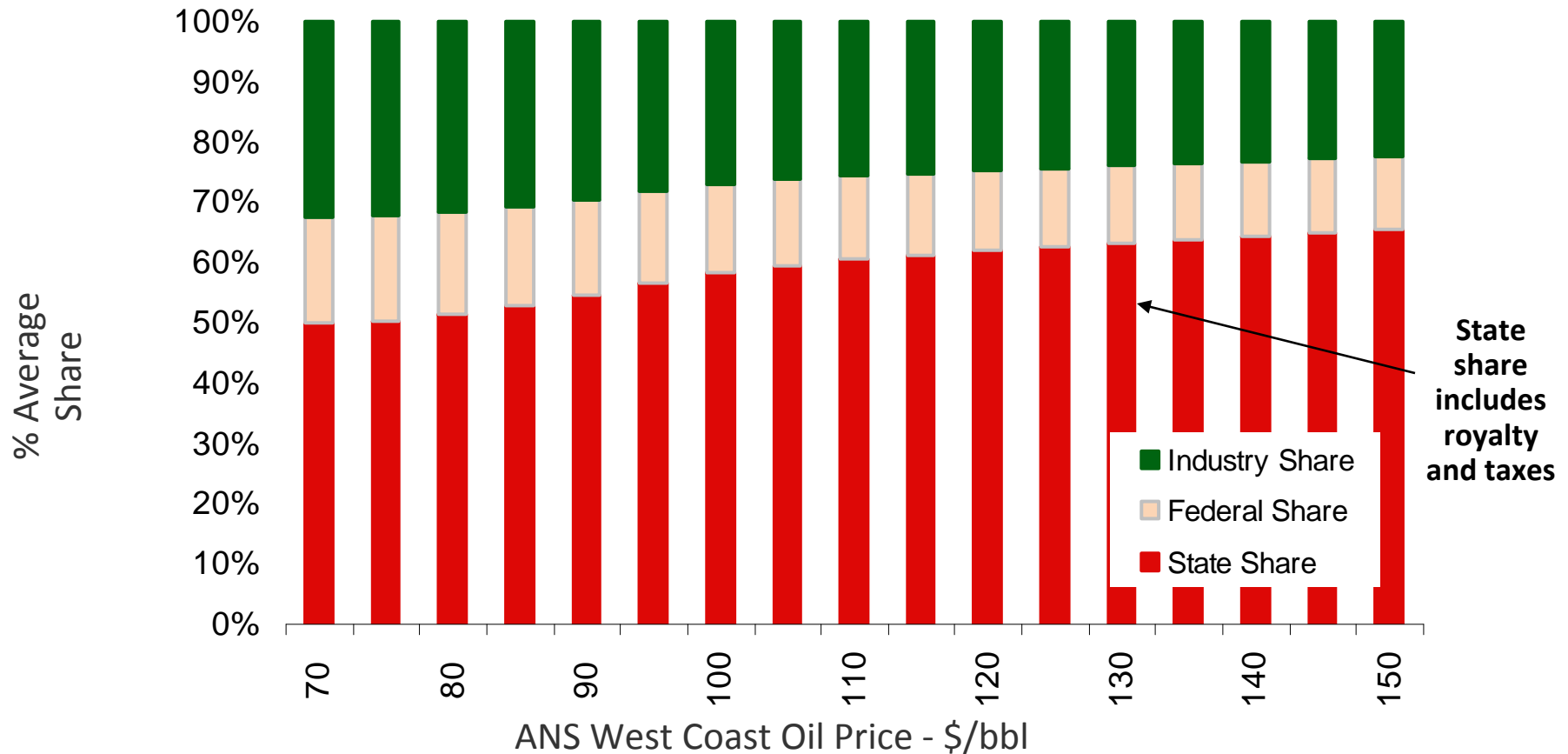
GKA and WNS Development Summary

- Near term focus on light oil
 - Technology available
 - Greater potential to add near term rate
- Viscous oil maturing
 - Have made technological advancements
 - Core area West Sak on line at 14,000 BOPD
 - Evaluating next significant investment (Eastern NEWS)
 - Challenged technically and commercially
 - More engineering needed
- Evaluating heavy oil technologies
- Exploration and satellite targets

Investment decisions include evaluation of all factors affecting economic assessment – including cost, production, technical, regulatory and fiscal risks

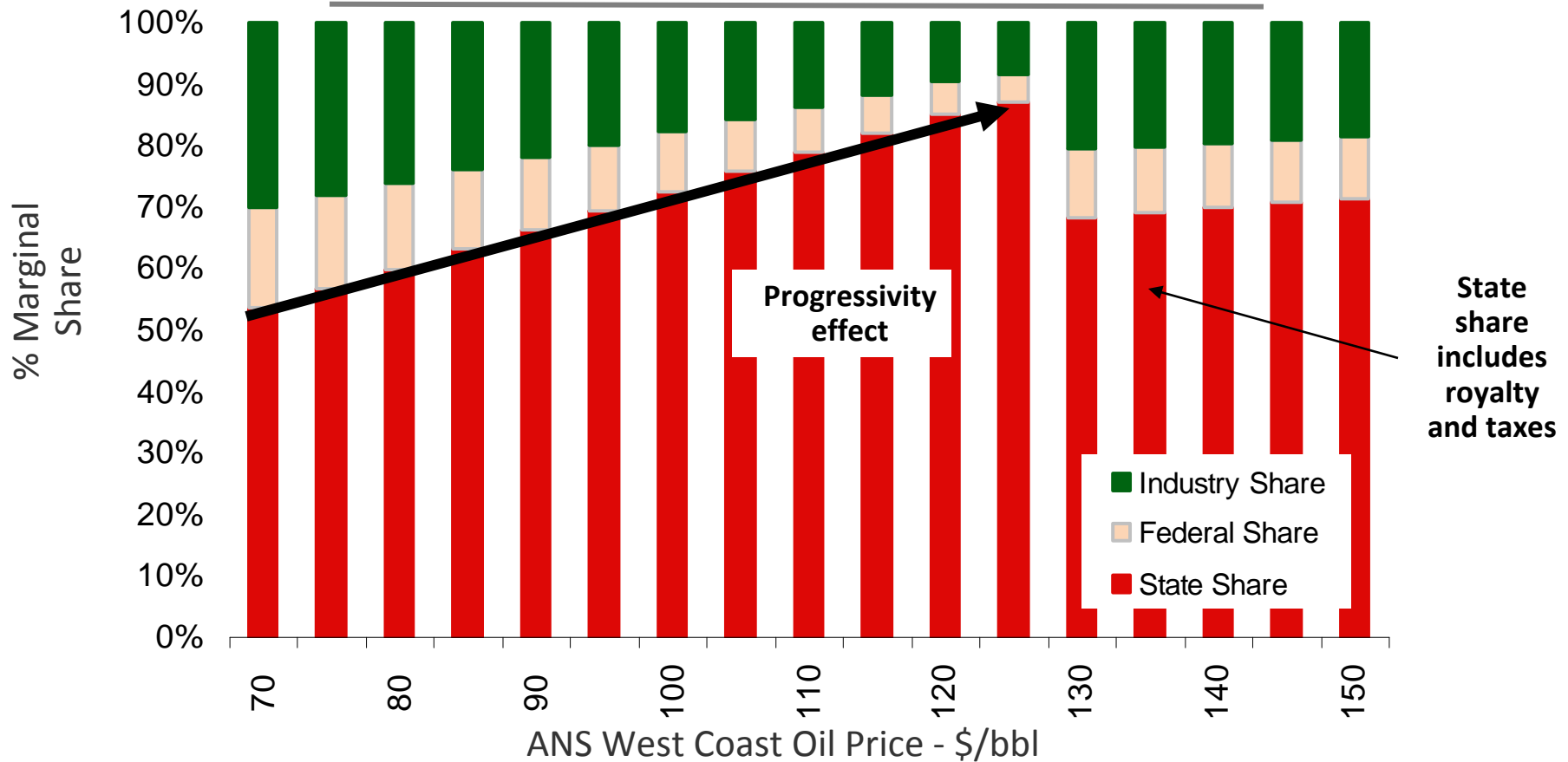
High Average Government Take in Alaska

Government and Industry Average Share in Alaska



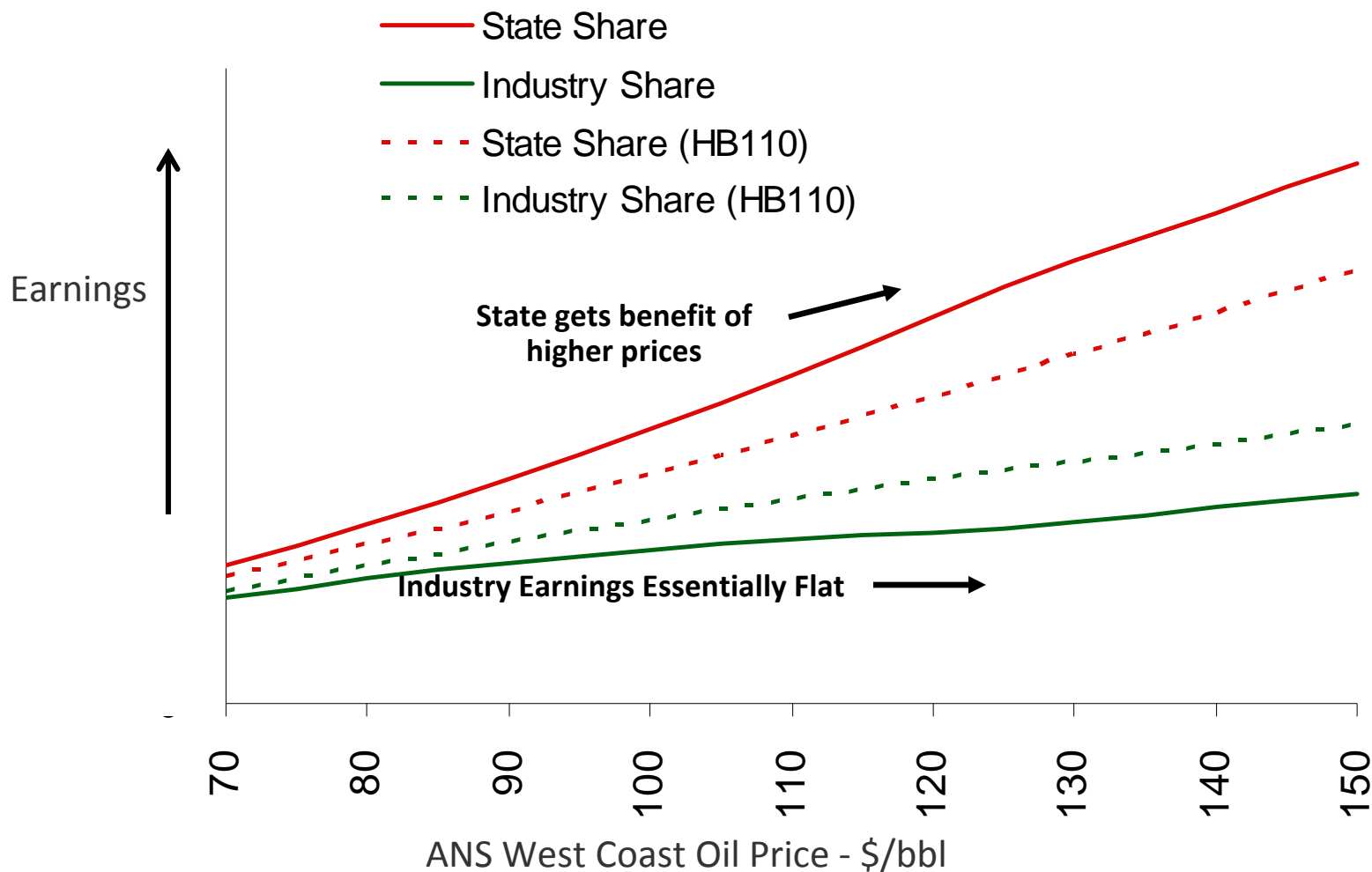
Progressivity is the Problem

Government and Industry Marginal Share in Alaska

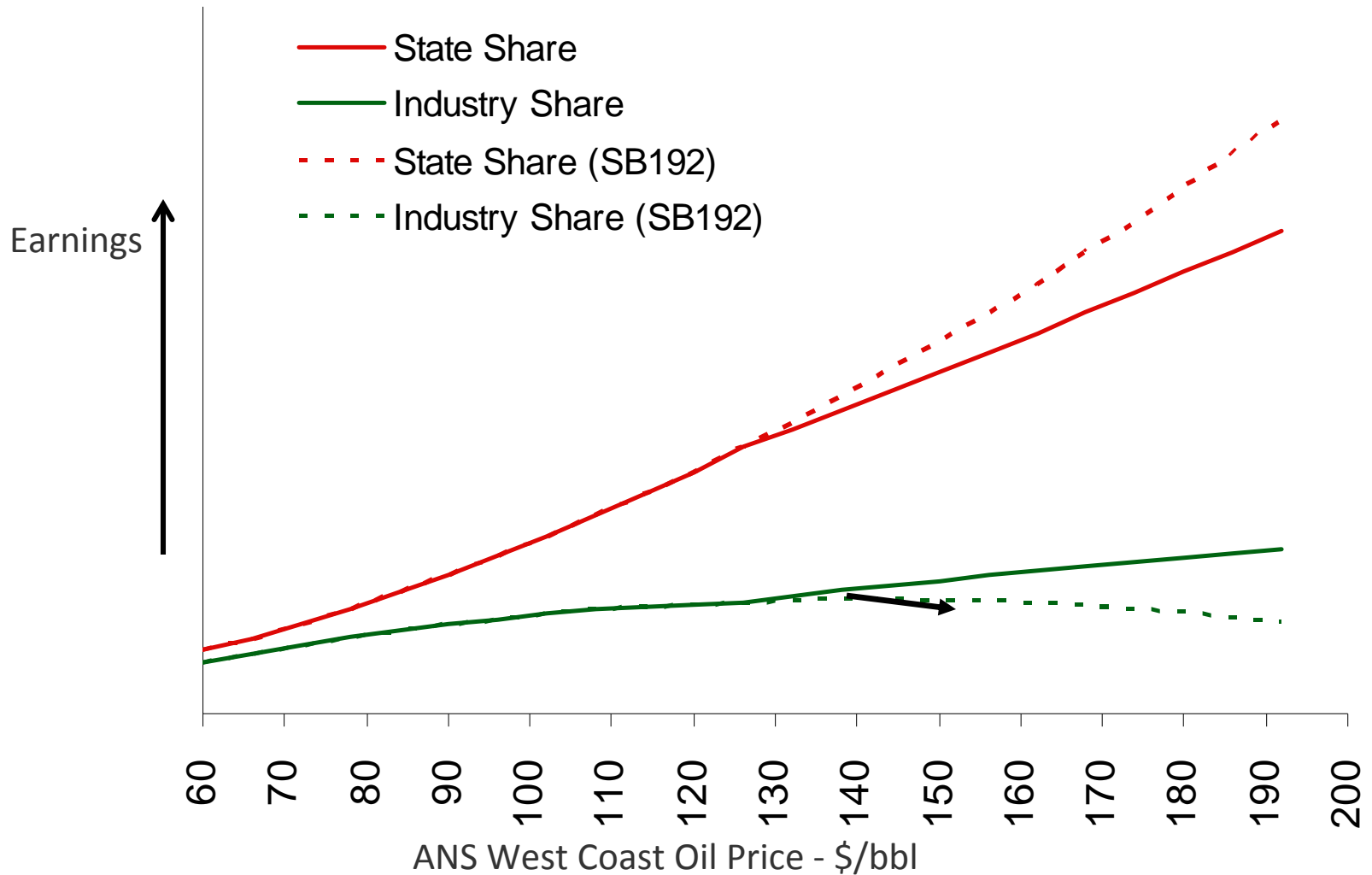


**By comparison, industry marginal share in L48
40% to 50%**

Industry Earnings Limited in Alaska

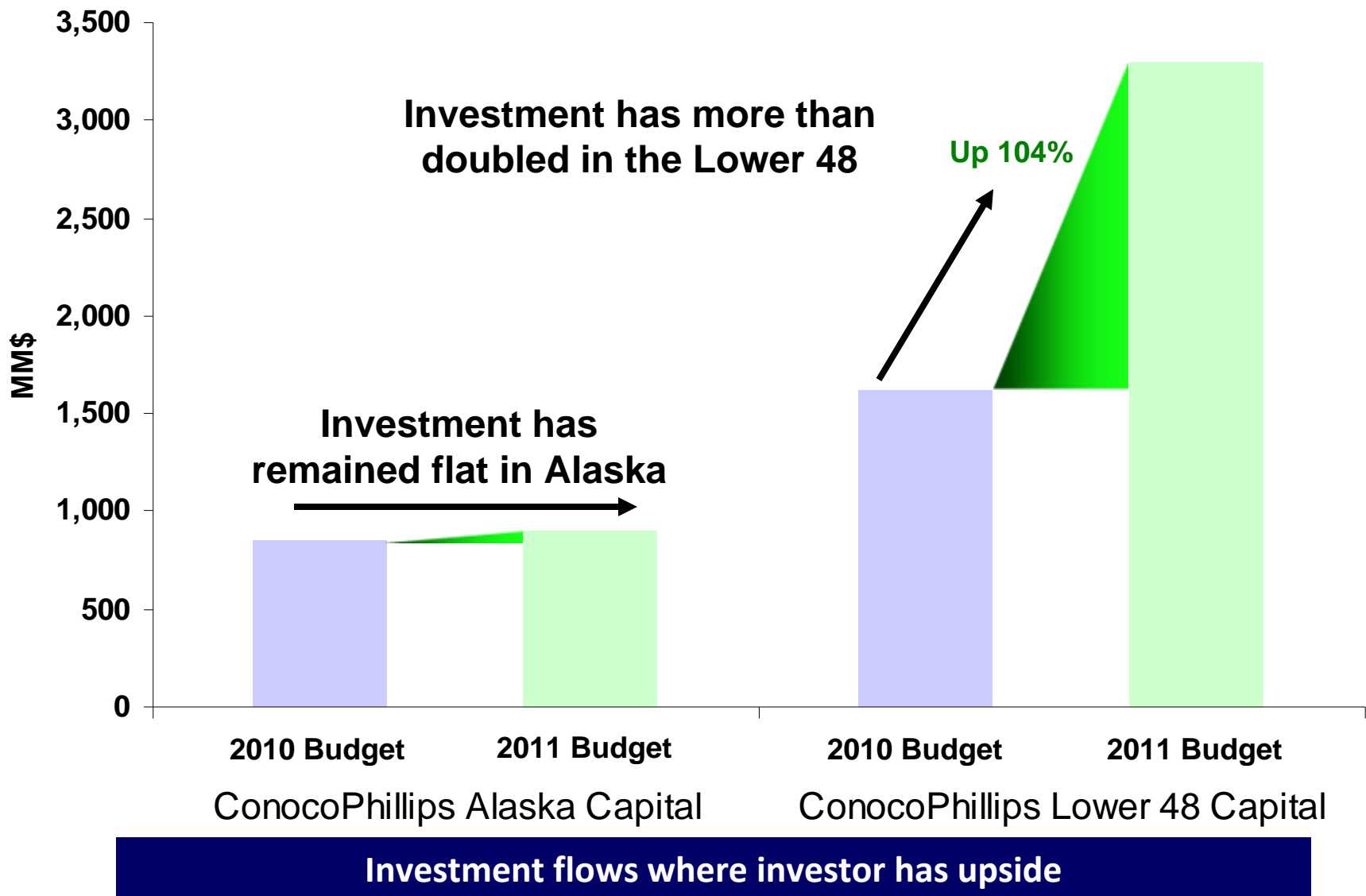


Is Marginal Take Important?



SB 192: With marginal government take > 100%, a case study in why marginal rates matter

Progressivity is the Problem



Will Alaska Benefit From Reduced Oil Taxes?

Last spring ConocoPhillips made the following commitments to Alaska if the business environment is improved:

- More effort to bring challenged oil to market
 - Increased drilling activity
- Pursue more satellite developments at Alpine and Kuparuk
- Pursue major projects in existing fields

An Open Letter to All Alaskans from ConocoPhillips

Our Commitment to Moving Alaska Forward

Dear Alaskans:

The oil industry in Alaska is at a crossroads. The amount of oil in the North Slope is declining at a faster rate than predicted even a year ago. State and federal officials act, for the first time, taking openly about the challenges with TAPS law four in light of the recent start-up of TAPS.

No other state's production has declined more than Alaska in the past eight years. But it doesn't have to be that way. The oil industry and the state of Alaska must work together now to put more oil in the pipeline and bridge the more than 10-year gap between now and when all three offshore and other sources can hopefully offset TAPS.

ConocoPhillips has introduced a \$4.4B, 110,000 A/D, to reduce oil taxes in an effort to restart development and create new jobs. However, some have questioned the oil industry's commitment to Alaska.

In Alaska this week, ConocoPhillips reinforced that commitment to the state. If the business environment is changed, we at ConocoPhillips will do more to help bring Alaska's challenged oil to the market.

We will increase our drilling activity on the North Slope.

We will proactively pursue more North Slope projects that can move the needle on oil production while employing Alaskans and creating new opportunities for Alaska businesses.

We will work with BP and ExxonMobil to develop significant projects like the Six Point Production (SPP) and PIG at Prudhoe Bay.

We will aggressively pursue more satellite developments at both Kuparuk and Alpine.

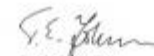
Our company believes ConocoPhillips' goal of producing 1 million barrels of oil per day is a goal around which we can all unite.

At ConocoPhillips, we believe in the potential that Alaska has to offer. We have demonstrated our commitment to the environment by continuing to support the oil industry and support the state. We have shown a long history of investment, both human and financial, to bring the resources of this great state to the market. We have worked with many Alaska companies, including Alaska Native corporations, to build an oil and gas industry that has provided many jobs to Alaskans.

If the Legislature provides for an effective date of 2012, ConocoPhillips will do our part to accelerate new activity on the North Slope.

Alaska has tremendous resource potential, and we at ConocoPhillips have over 50 years of Alaska's unique technical and environmental challenges as well as our oil development. The support improving the investment climate and below changing oil laws will lead to a better future with more production and jobs for Alaska families than the current path we are on.

Sincerely,



Fredrik Johansen

President
ConocoPhillips Alaska Inc.



Jim Mulya

Chairman and Chief Executive Officer
ConocoPhillips

ConocoPhillips
Alaska's Oil & Gas Company