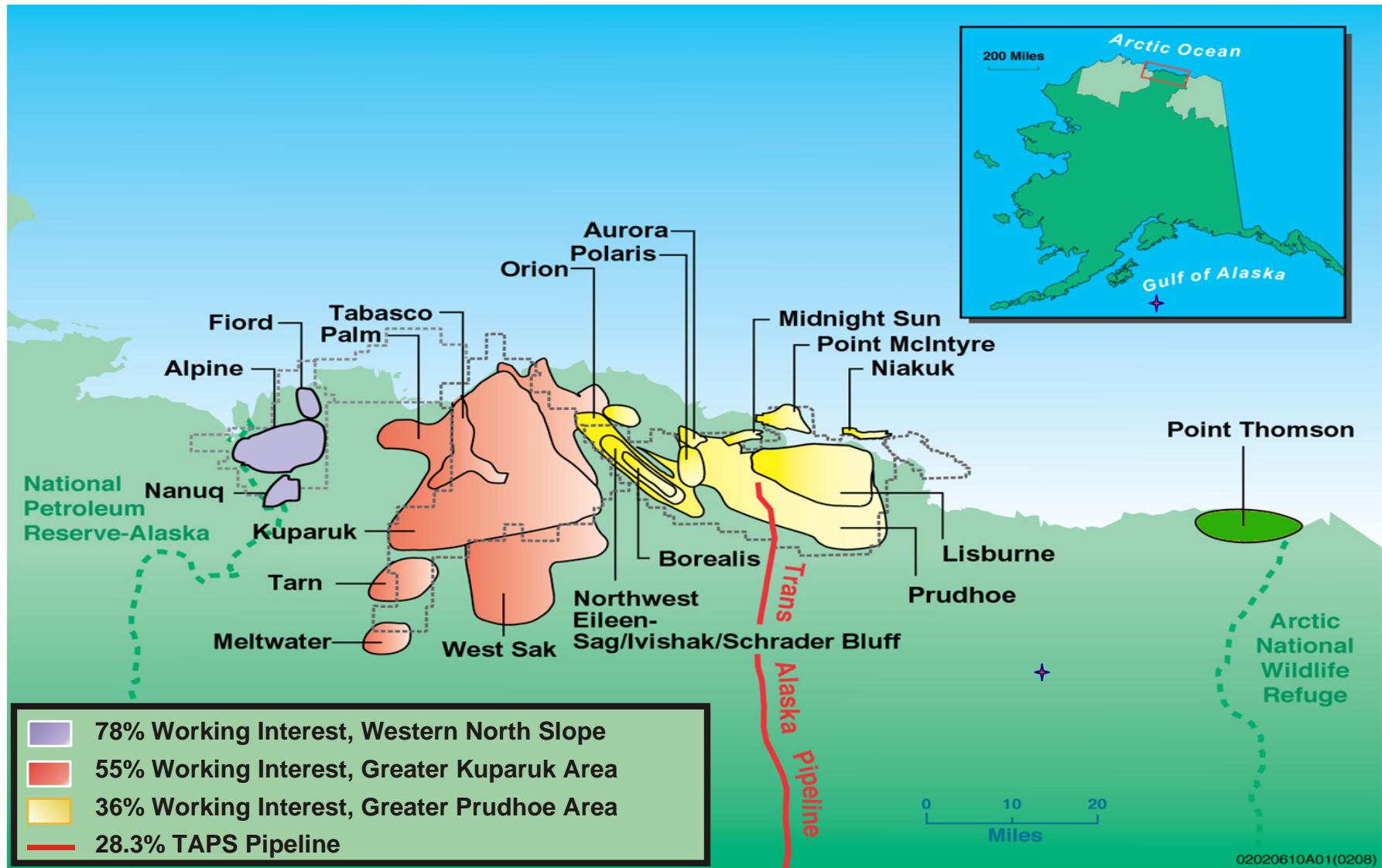


Senate Finance Committee

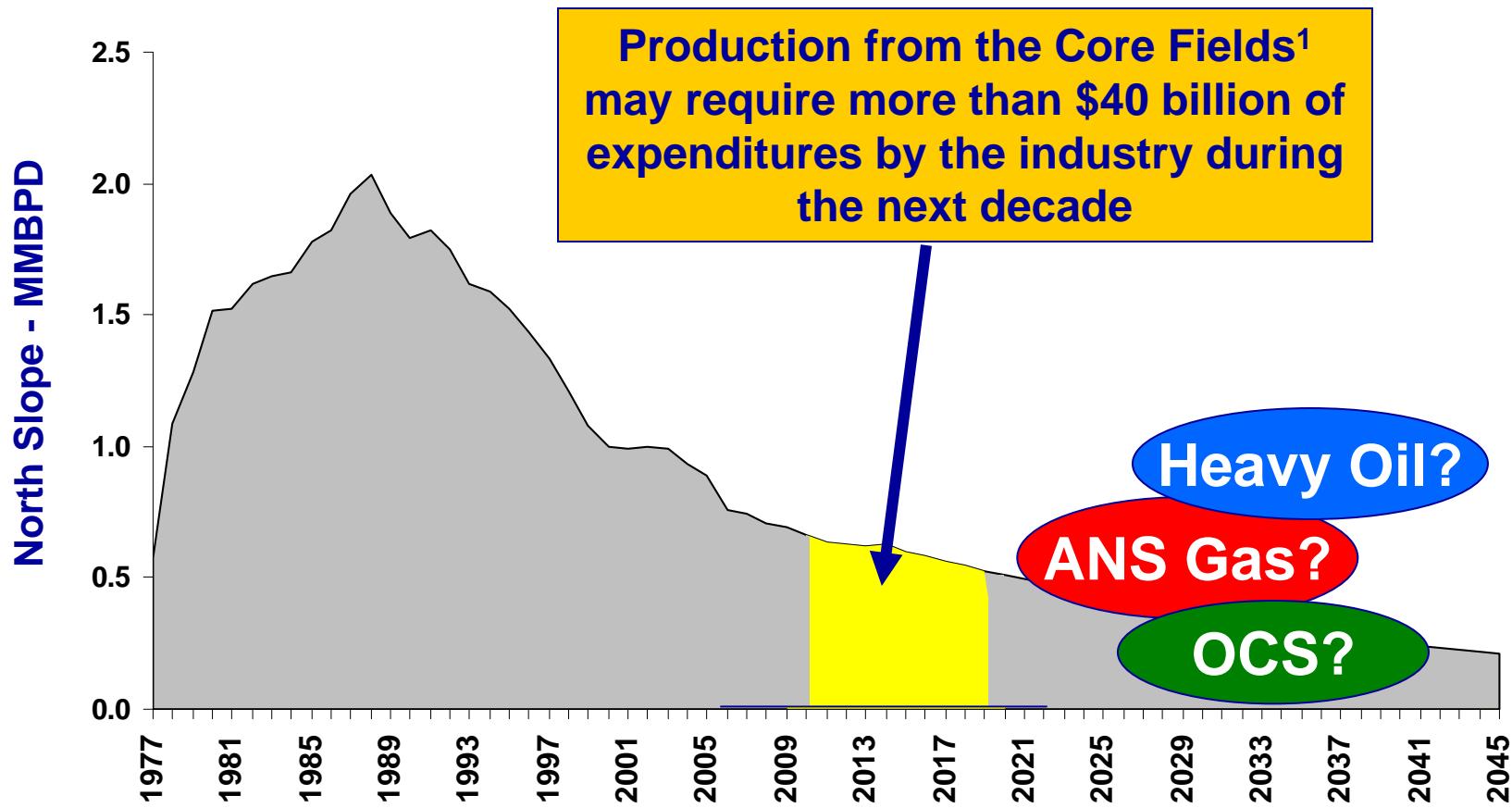
February 23, 2010

Wendy King Vice President – External Affairs
ConocoPhillips Alaska

ConocoPhillips North Slope Fields



Investment in Core Fields



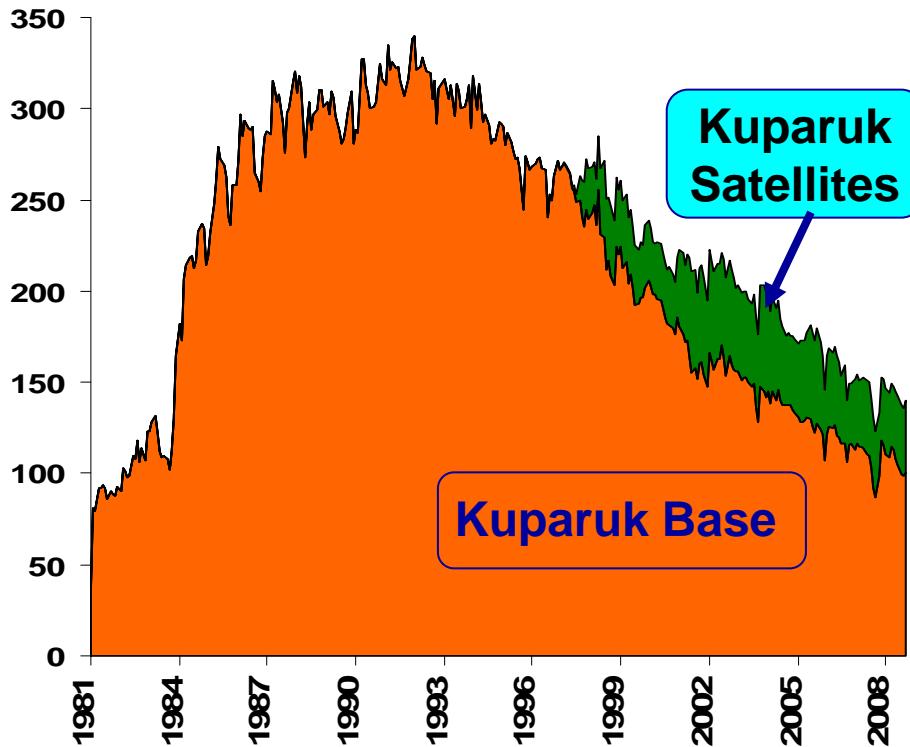
Core fields are the bridge to the future

1 – ConocoPhillips core fields are Prudhoe, Kuparuk, Alpine

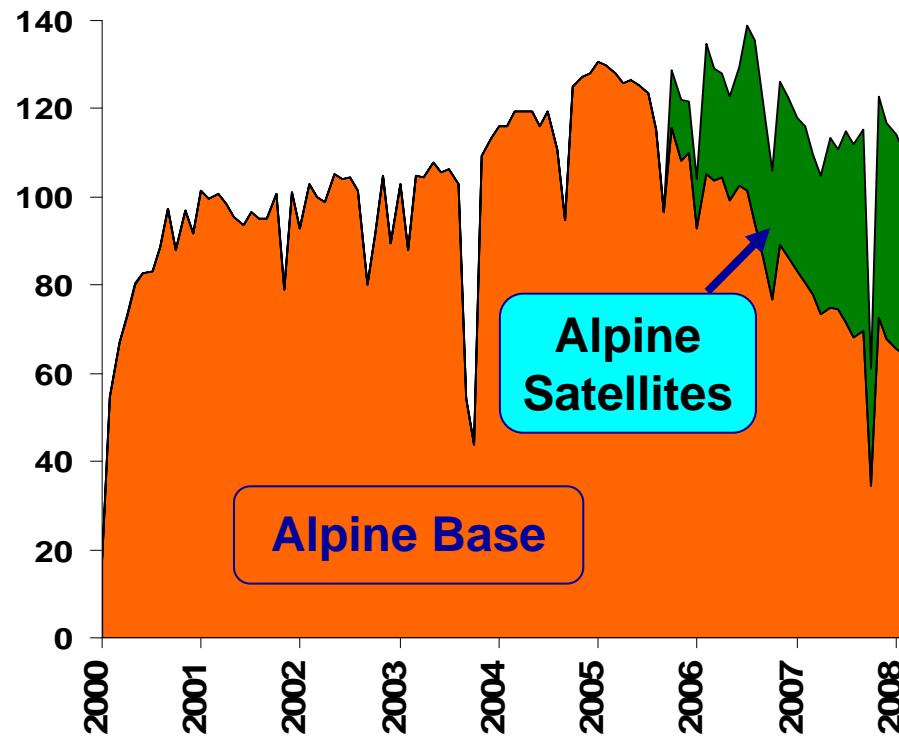
Source: DOR data (forecast is for currently producing fields only)

Impact of Satellite Developments

Kuparuk Production - MBD

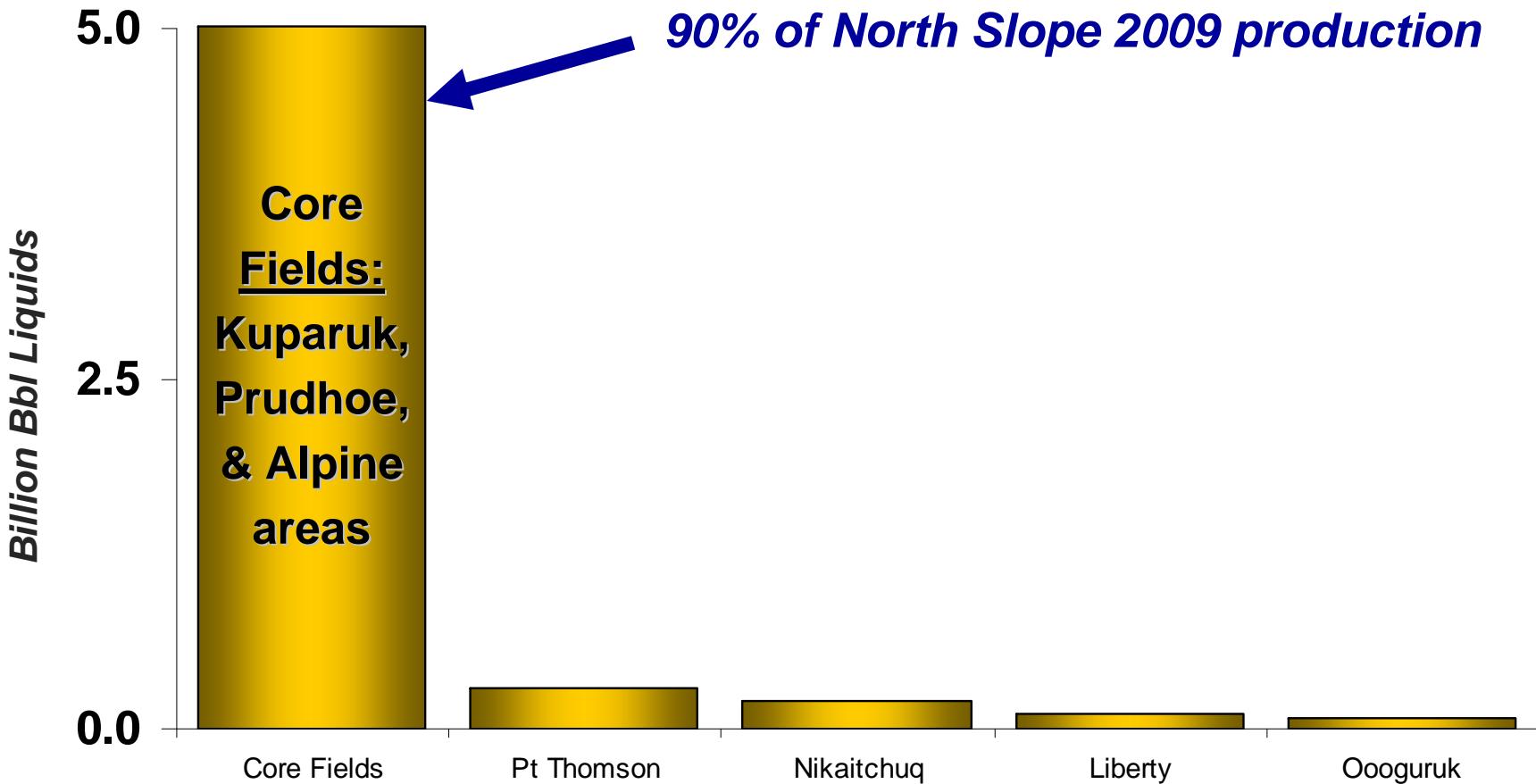


Alpine Production - MBD



Investment reduces decline

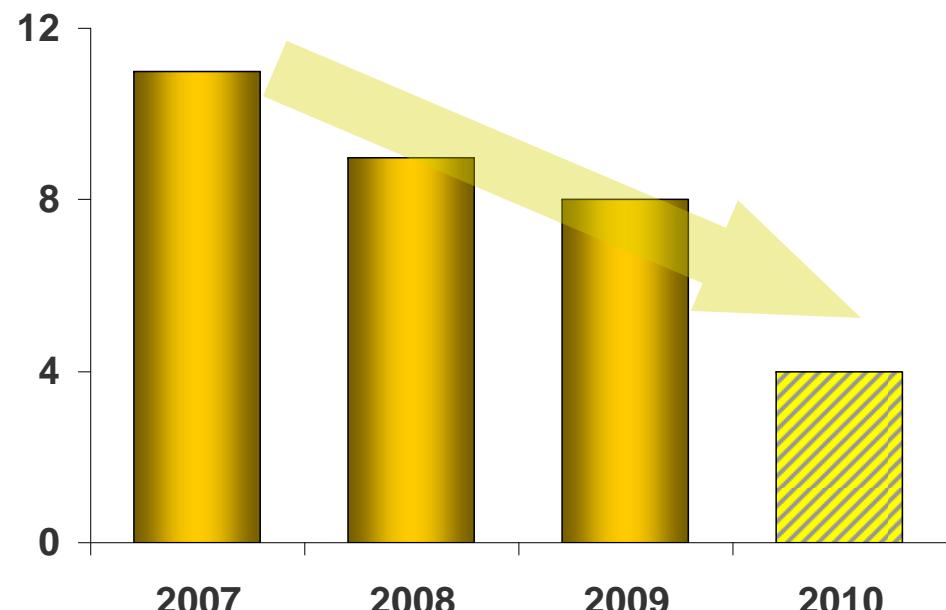
North Slope Remaining Barrels



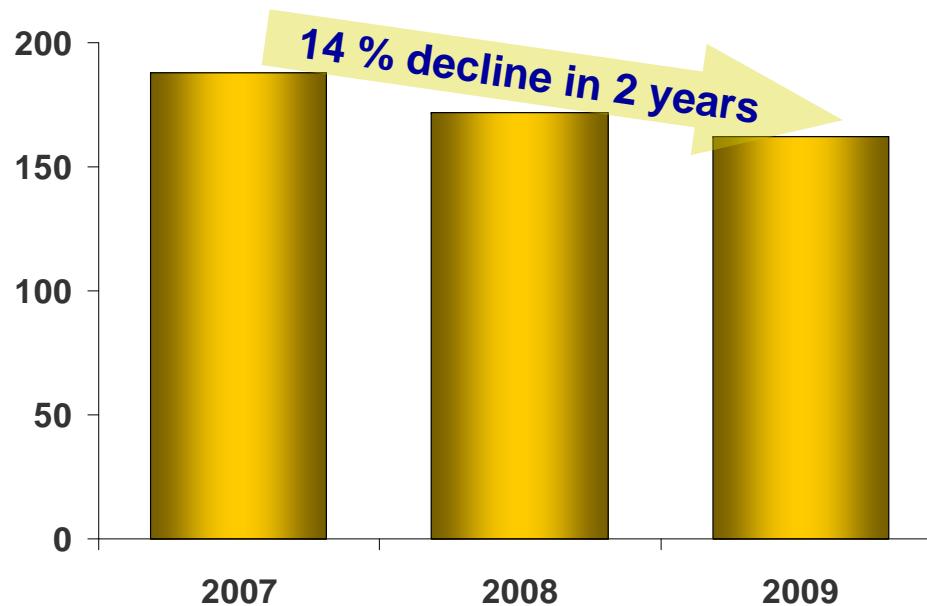
Core fields are dominant source of state production

Industry Drilling Activity Down

Industry Exploration Wells

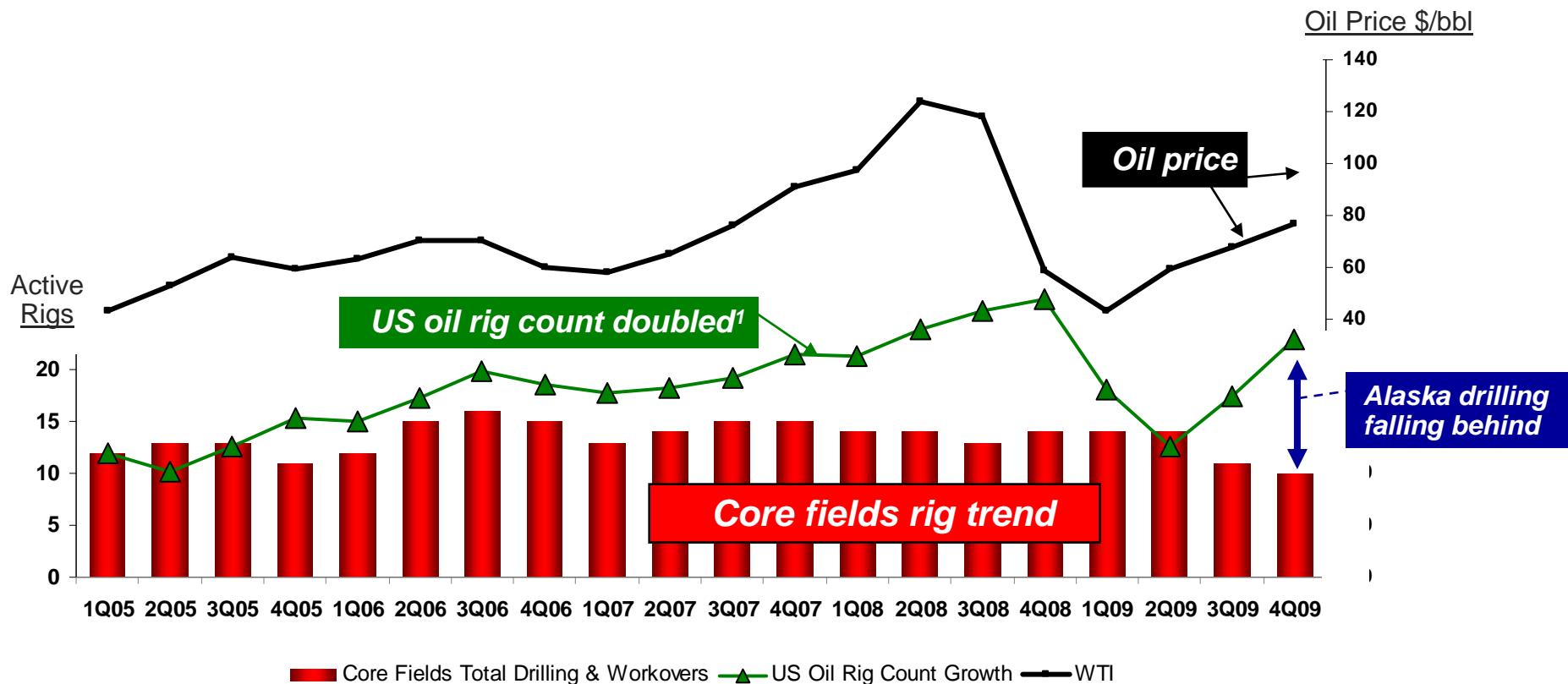


Industry Well Completions



Drilling indicators are down

Active Drilling Rigs in Core Fields 2005-2009



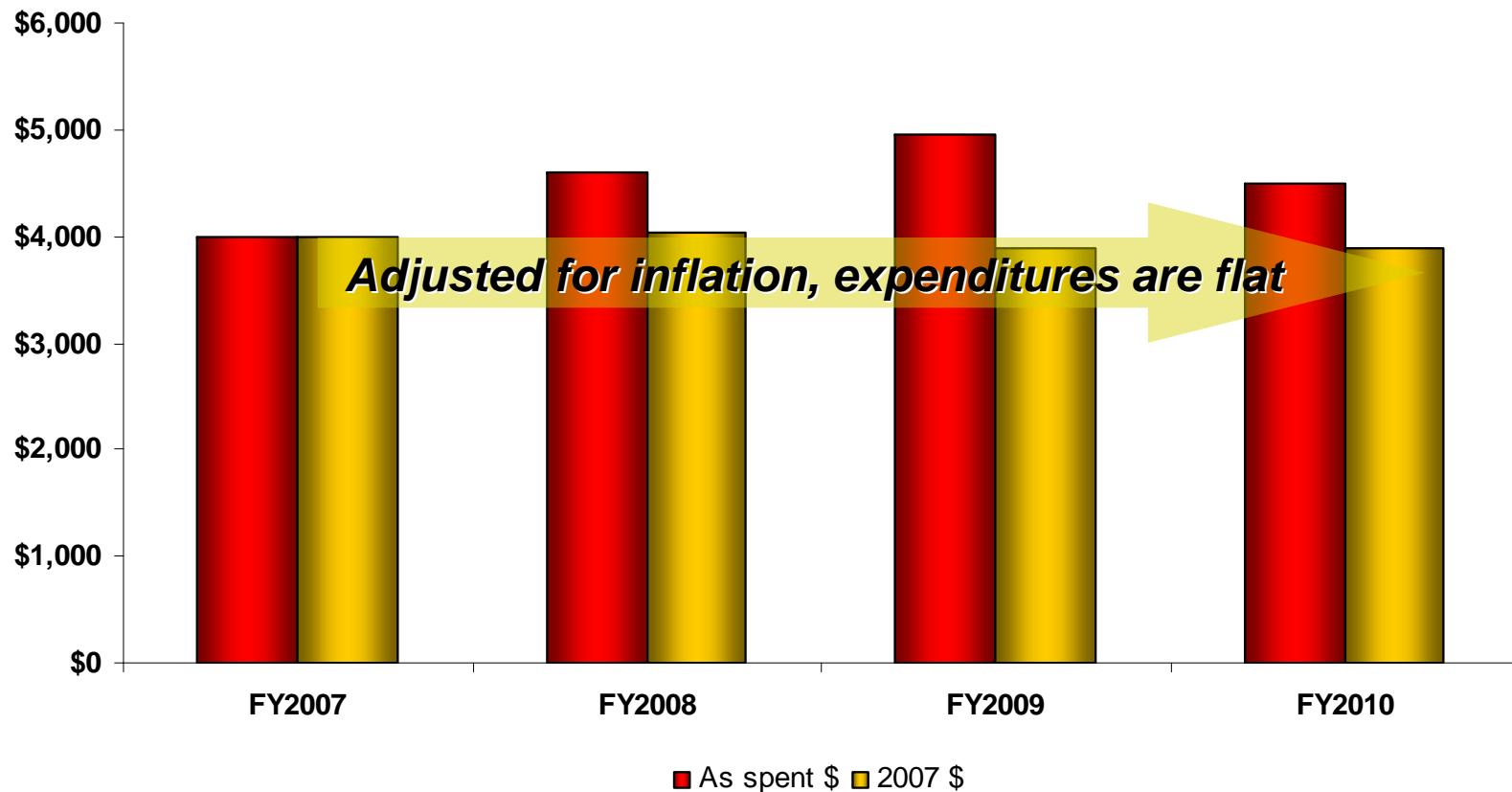
Core field drilling not tracking oil price

1 – US oil rig count normalized to 1Q05 Alaska rig count

Sources: ConocoPhillips internal for core fields rig count, Baker Hughes for US oil rig count, DOR for oil price

Inflation Impact on Expenditures

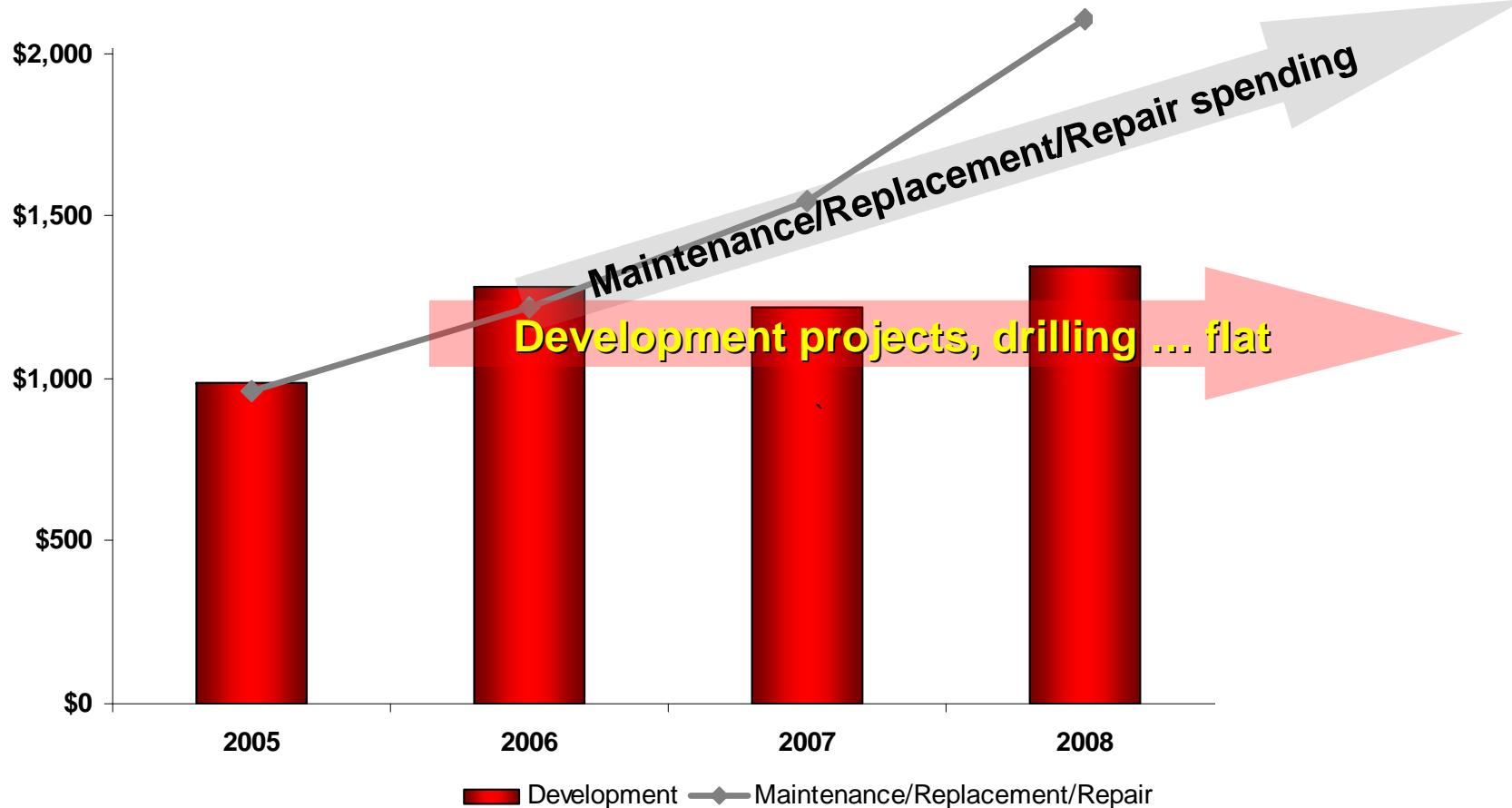
North Slope Industry spending on capital and operating expense, \$MM



Inflation is significant factor in spending increase

Extending Core Field Lives

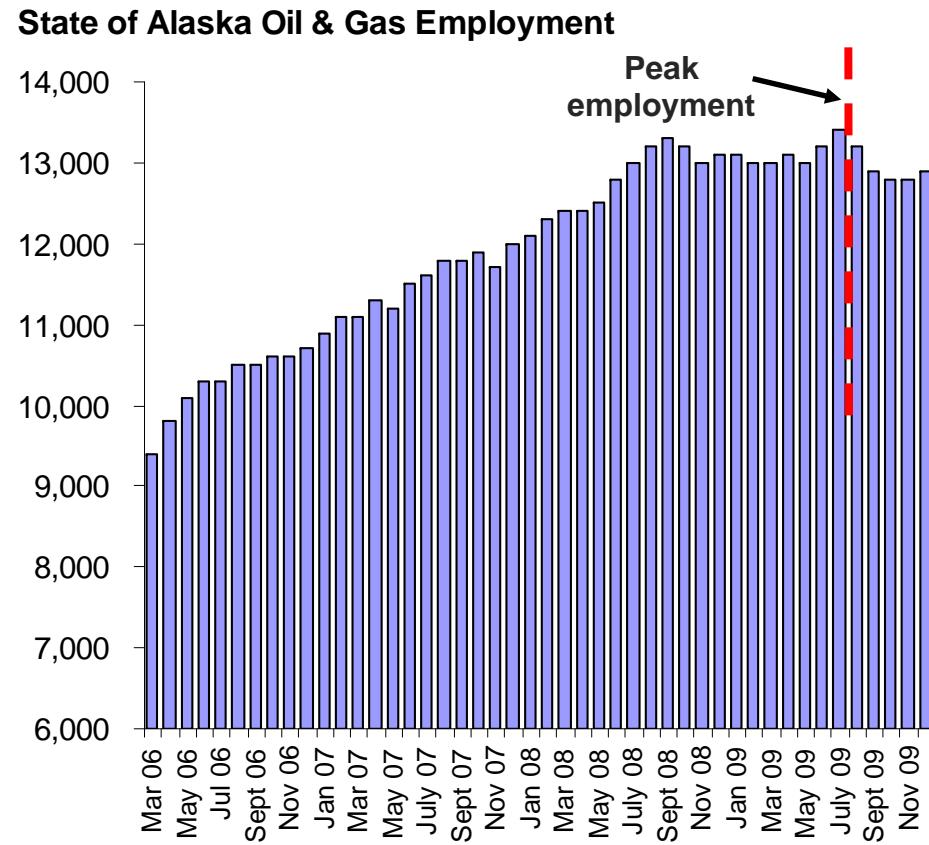
Core field gross spending on capital and operating expense, \$MM



Extending field life is cause of spending increase

Oil & Gas Employment

- Data since July-09 indicate downward trend in oil and gas jobs
- Employment levels driven primarily by maintenance and inspection activity
- Alaska state unemployment rising in oil and gas support sector
- Leading indicators: Kuparuk camp usage down 20%



Rise in employment began in 2006

ACES Impacting Projects

- Recent project activity
 - Oooguruk – pre-ACES, royalty relief
 - Nikaitchuq – royalty relief
 - Liberty – not subject to ACES
- Over \$2 Billion in projects deferred since ACES
 - Prudhoe I-Pad and Gas Partial Processing (GPP)
 - West Sak 1N and 1P
 - ULSD topping plant (*opportunity foregone*)

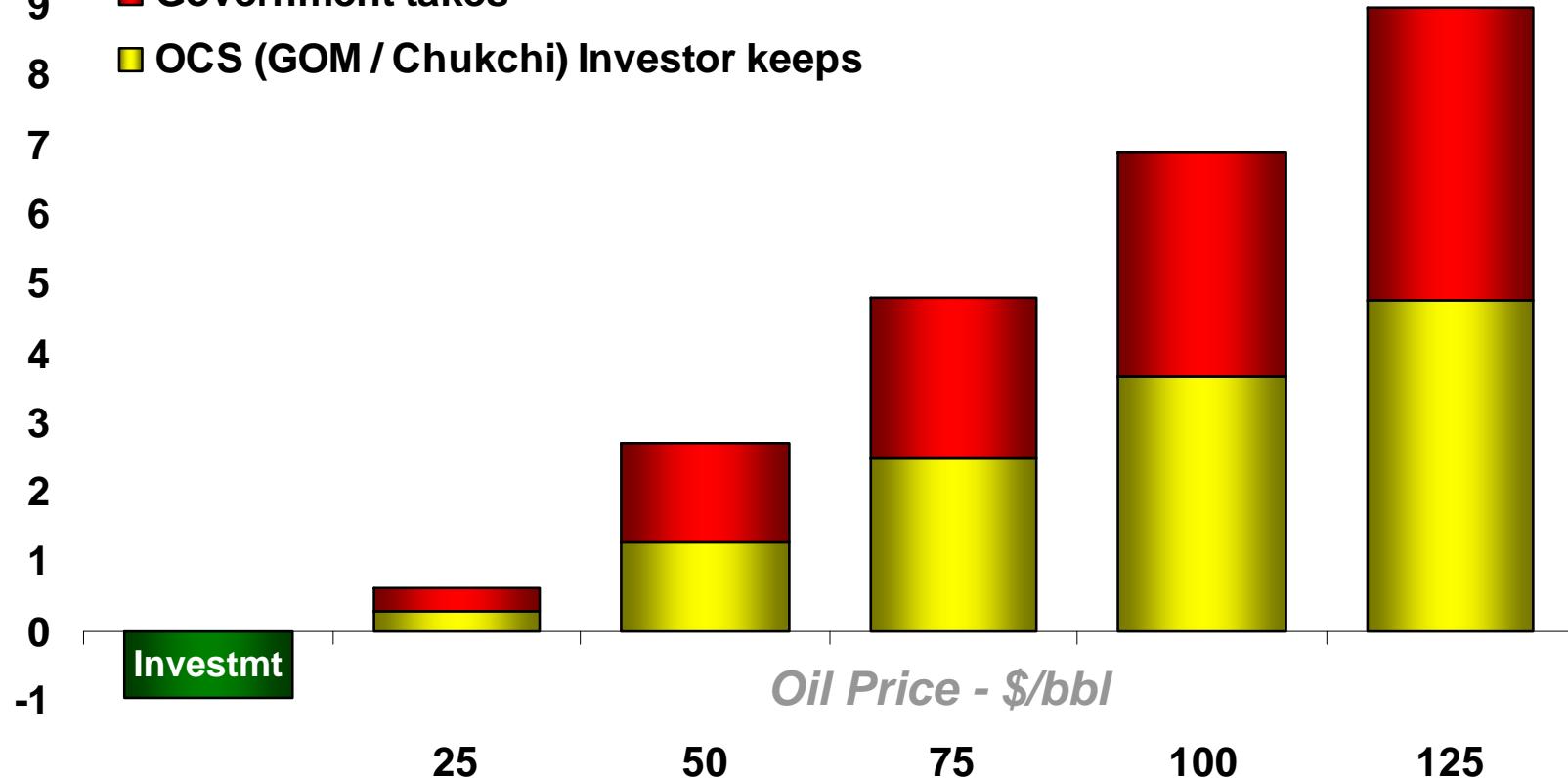
Project deferrals impact industry and state revenue

OCS Fiscal – Risk/Reward is Balanced

Example - \$1 Billion Investment (success case)

\$B – Undiscounted

- 9 **■ Government takes**
- 8 **■ OCS (GOM / Chukchi) Investor keeps**

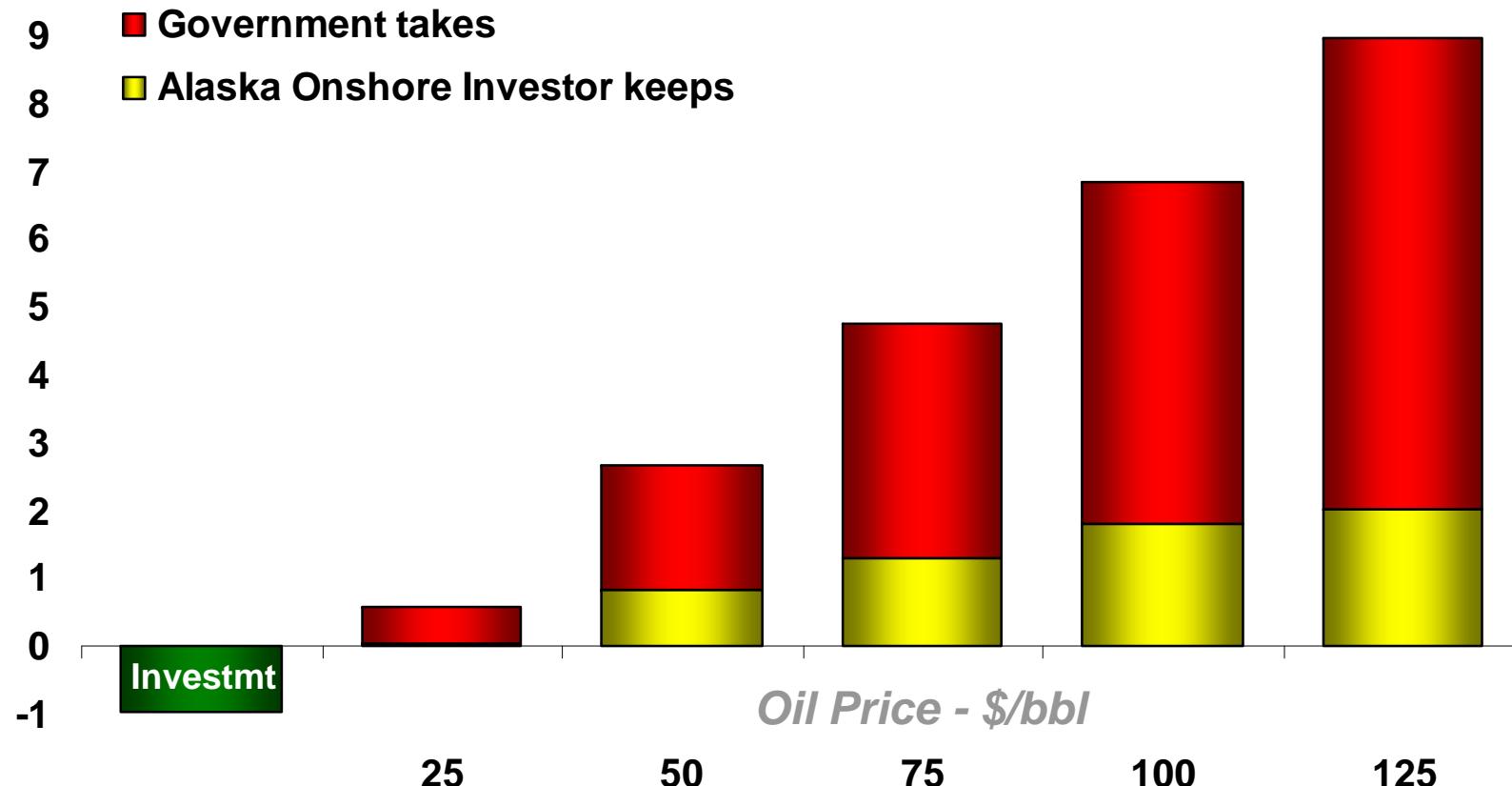


Adequate success case returns justify taking up front risks

Alaska Fiscal – Risk/Reward is Broken

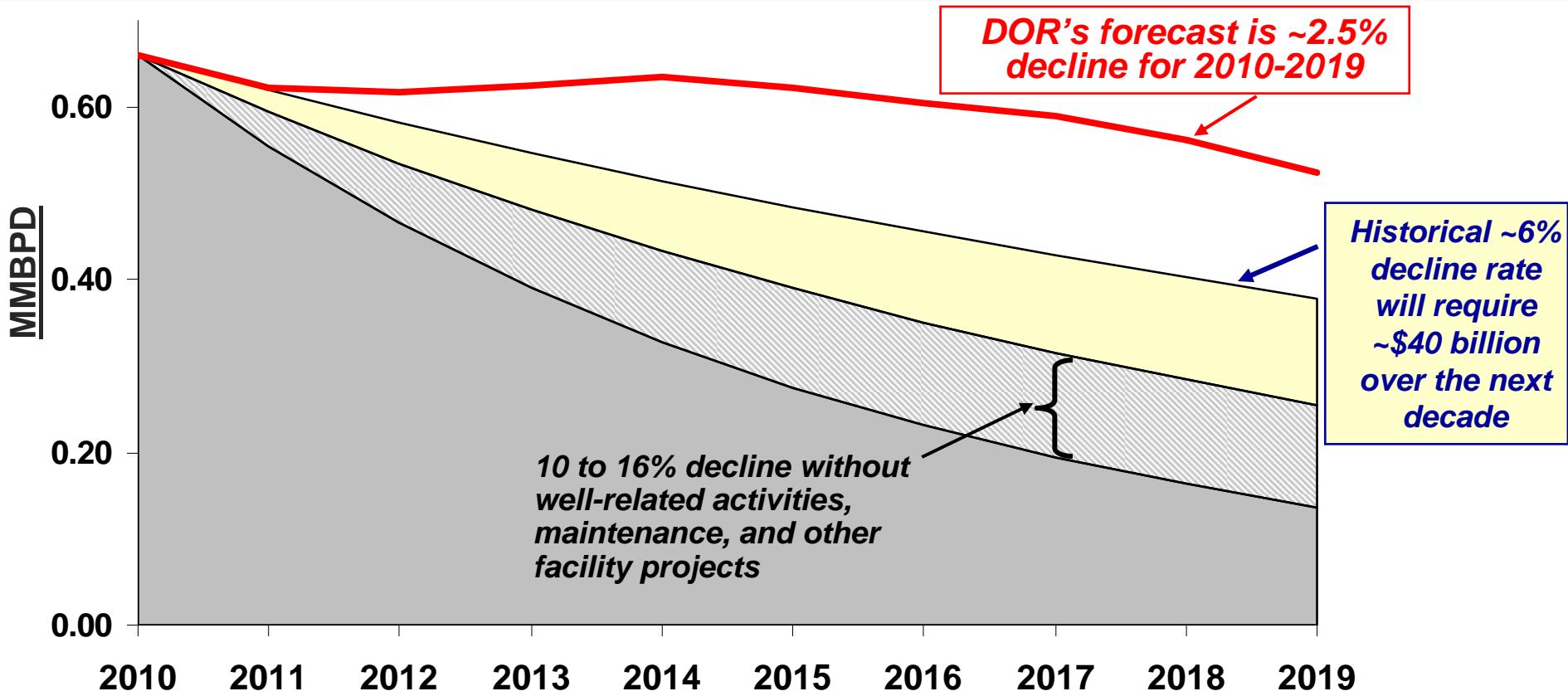
Example - \$1 Billion Investment (success case)

\$B – Undiscounted



Alaska onshore fiscal terms not competitive

2010-2019 North Slope Production



Future production dependent upon investment

Sources: DOR production forecast and extrapolation of DOR expenditures forecast

ConocoPhillips estimates for base decline rate

End of Presentation