THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

COP - ConocoPhillips at Barclays CEO Energy Conference

EVENT DATE/TIME: SEPTEMBER 12, 2013 / 01:45PM GMT

CORPORATE PARTICIPANTS

Ryan Lance *ConocoPhillips - Chairman, CEO*

CONFERENCE CALL PARTICIPANTS

Paul Cheng *Barclays Capital - Analyst*

PRESENTATION

Paul Cheng *- Barclays Capital - Analyst*

Good morning. I wanted to welcome everyone back. Our next presentation is ConocoPhillips, the largest independent E&P company I think in the world. So we are very excited to have CEO and Chairman Ryan Lance with us to share all the exciting revolution in the Company. One may argue that they probably have the best unconventional oil portfolio in North America among all the mega oil companies today. So with that, without further delay, let me welcome Ryan.

Ryan Lance *- ConocoPhillips - Chairman, CEO*

Well thank you, Paul. I appreciate the opportunity to update everybody about what is happening at ConocoPhillips. So let's go ahead and get started.

So again, our just Safe Harbor statement, that I will be making some future performance comments that could differ from expectations. So I am sure you have all read this thoroughly, right?

So let me start. When we launched the Company as an independent company back in May of 2012, we certainly set out to offer our investors a new class of investment, one that we believe is going to consistently and predictably deliver stable returns. And we will do that by growing organically.

We're going to grow our production; we're going to grow our margins; we're going to grow our cash flows and ultimately grow the returns in this business. And today I think we will show you in the presentation that we are on track to deliver all those commitments that we laid out when we came out as a new independent company.

Maybe a little bit about what we are. Paul mentioned we are the largest E&P company in the universe today based on production and reserves, and we think that is a pretty compelling place to be. When you look at some of the metrics there you see what we produce, 8.6 billion barrels of reserves on a 43 billion barrel resource base, and that is a liquids-dominated resource base of 43 billion.

We have strong technical capability really in all the major resource trends and development trends around the world today, and really I believe a track record of delivering value back to the shareholders. So that is a little bit about what we are.

When we think about the world and the environment that we are in, we know it is a pretty uncertain world out there in the future in terms of commodity price, what is happening in the business today. Our views of the environment say that diversity and size, scale, and scope matter in this business. That is how you deal with the uncertain world and -- the future has in store for us.

We believe that it is appropriate in diversity for a company our size so we are not dependent on any one geography, any one geography or geology, and any one product for success in the Company. So we think that diversity in size, scale, and scope is a competitive advantage in this business.

We employ a pretty disciplined strategy around capital investment that is focused on organic growth in volumes and margins, and one where we can apply our significant technical capability to deliver. And the goal really at the end of the day is to deliver and maintain the financial flexibility we have, but shift our portfolio a bit to a lower cost of supply through the sale of some nonstrategic assets that we have talked about and announced when we came out in May.

We are pruning the portfolio and really directing all the capital investment to areas of the best returns in our portfolio. We are trying to drive the portfolio to a place where we have choices and options that can deliver those best returns for the Company.

So that's a bit about how we are running the Company. Here is what we plan to deliver; and this is been unchanged since we rolled out the new Company in May of last year.

So it is about focusing on operating excellence, running the Company really well, maintaining our high direct operating efficiency, and running in a low-cost manner. We are going to offer a compelling dividend and a compelling yield that comes with that dividend.

We're ramping up our growth to deliver a 3% to 5% production growth, and on top of that deliver 3% to 5% margin growth. So that is about 6 % to 10% growth in cash flows plus the yield. And we are committed to delivering improving returns as well.

Let me take a minute just to talk about that second point, about the dividend. We think it is an important part of our value proposition to our shareholders and really a core part of our capital allocation strategy. We believe we ought to significantly deliver a significant portion of our cash flow back to our shareholders each and every year.

And as our cash flows and as our margins and our growth develops, you ought to see some modest growth in that dividend over time. It is differential to our peers in this group; and I think those that follow our stock and have been an owner of our stock know that we raised our dividend about 5% last quarter, which is really a commitment to our plans, and faith and confidence in our plans, and really targeting those kinds of increases over time as our cash and margins grow.

Now let's go to some of those growth plans. The left part of this slide shows really how we spend approximately $16 billion every year and really goes to the heart and the strategy of the Company.

You can see down at the bottom there is about 10% capital that is allocated to our base maintenance. That is to keep our legacy, existing, current fields running -- running efficiently and running smoothly.

You will see above that there is 45% allocated to development programs. These are drilling programs in and around those big legacy assets to manage the decline in the base business.

About 30% goes to major projects to provide the top-line growth of 3% to 5% that I will talk about. And then we are investing about 15% of our capital into the exploration program for growth and development of the Company, for the longer-term piece of this business.

And of note, that major project spend in the early years of this plan is allocated to named specific projects that are in execution. But as these projects ramp down, then that starts to free up capital for some more of the development programs, more projects that we might find through the exploration channel.

And then on the right-hand side of this chart is what we expect to deliver from that $16 billion of capital allocation. You will see that the gray part of that is our base, and that is as of -- starting point is December of last year.

The next layer represents those development programs, those drilling programs that we add on, that just mitigate the base decline in our portfolio. And then the major projects that are on top of it that add the top-line growth to the portfolio.

We have very clear line of sight to deliver 1.9 million barrels a day -- grow this Company from 1.5 to 1.9 million barrels a day by 2017, and I will talk about where that 400,000 barrels a day is coming from.

I will talk that the growth is real, it is in execution delay; and here are some data on the margins that it will deliver as well. So the left side shows where the five major growth areas in our Company and our portfolio, where that 400,000 barrel a day is coming from; and I will talk about it, a little bit more specifics, in some later slides.

But you will see that these investments are in areas where we have a higher liquids production mix, and they are coming in areas with effective tax rates that are lower than our base production. You will see the margin diagram on the right-hand side, and it shows in the red dot where our current portfolio is; and those projects that we are executing in the portfolio, the margins relative to the base portfolio.

And you see that we are growing. The production is coming with that higher margin than the base performance. So it is not just about growing for growth's sake. It is about growing high-margin production, and that is what we are committed to doing.

Maybe if you look at it in a bit more granularity, this slide puts maybe that growth and margin story into a bit more perspective. It captures what is different in our portfolio in 2017 versus where we are talking to you today.

So that blue wedge represents what I just described, that 400,000 barrel a day going from 1.5 to 1.9 million barrels. And the stacked bar at the right shows the mix of that production.

And these are net numbers to ConocoPhillips. And you will see that we are averaging about $40 to $45 a barrel margin, as noted, with prices noted at the bottom part of this slide.

What is important is this growth; this 400,000 barrel a day coming from these spots at these kinds of margins adds $6 billion to $7 billion of cash flow to the portfolio over this period of time. So again it is not just about growth; it is driving growth with higher margins and higher cash flows and better returns in this business.

And the returns are important. Let me talk a brief minute about the returns.

So this chart compares return on capital employed to the largest independent E&Ps. Now the integrateds, who we measure our performance against our well, aren't included on this graph because they include refining and chemicals and other pieces of their business in that. So this tries to just strip out and focus in on the upstream part of the business.

We compare really well in this particular metric. We want to see this metric on an absolute basis go up and certainly on a relative basis improve as well.

How do we do that? Well, it is through cost efficiency; it is maintaining our direct operating efficiency; it is running our projects and executing on our capital plans really, really well.

And that is what we are about. That is our history, that is our legacy, and that is what we intend to do over the course of this plan and beyond. And that is our value proposition to the investors.

So let me talk a little bit more about the growth. I'm going to divide this into three sections, so talk a little bit about the base; then I'm going to talk about our development plans; and then I will talk about our major projects that we are executing, again back to that first slide of how we are allocating our capital.

This is a slide that just talks a little bit about our base performance, what we're doing on the operating side of the business to maintain the safety, the process safety, the environmental integrity, and the direct operating efficiency of our plans. It is a foundation to everything we do. It is our license to operate.

We have rigorous operating excellence systems across our Company to make sure that we are applying all the best practices, that we are knowledge-sharing. That we are taking the best practices from one area -- like our operations center in Norway that is a fully integrated operations center in Stavanger that runs the Ekofisk field 300 kilometers to the North -- we are applying things like that to our Eagle Ford development so we can maintain the best processes, the best systems to get the best efficiency out of all the drilling, the wells, and the operations that we have in our business today.

Now if I move to the development side of the business, again this is drilling in and around the existing assets that we have, legacy assets around the Company. This comprises -- if you remember back to that slide -- about 45% of the $16 billion of annual capital; and it delivers the 600,000 barrels a day, the wedge you see on the right-hand side of this slide.

About 250,000 barrels a day will come from our legacy conventional business in and around our portfolio. And 200,000 barrels a day comes from our major unconventional programs in the Lower 48; this is the Eagle Ford, the Bakken, the Permian, and what we are doing elsewhere in the Lower 48 and up in Canada.

You can see by 2017 we expect to have significant contributions from other unconventionals that are early stages of pilot and development as well. We have really years of low-risk identified development inventory in our portfolio that will continue to drive growth well beyond the time period that we are talking about here. So it is a pretty significant part of the portfolio.

Let me talk a little bit about what underpins some of that on the development side. This is a slide of our Bakken position, and you can see we are in the heart, in the Nesson Anticline. We have about 200,000 acres sitting in the Nesson Anticline and about 600,000 acres of mineral fee acreage in and around that area. That is prospective down the road for future unconventional opportunities.

At the bottom of the chart you can see where the planned growth is coming from, the product mix relative to the current Lower 48 portfolio, what we're adding in terms of the Bakken production. So you can tell that this is all oil, which you know about; the margins are quite high; and how it does materially move the margin in the base portfolio.

So the investment that we are making in the Bakken is adding these kinds of rates, adding the kinds of volumes that we are seeing on the left-hand side in the chart. And they are bringing them on at much higher margins relative to the base portfolio today.

Today we have 600 million barrels of resource potential in the Bakken. We have only booked about 90 million barrels in our portfolio today. So that ought to give you some sense of the growth opportunity in terms of the resource potential in our Bakken position.

Then of course there is the Eagle Ford, certainly a world-class, unconventional asset. We believe are in the sweet spot or the heart of this trend. We were one of the first movers into this basin.

We plan to add about -- get it up to 130,000 barrels a day by 2017. On average that is about a 16% compound annual growth rate, so this is a pretty compelling opportunity for the Company.

We've got about 1.8 billion barrels of resource. I think that number will grow over time, but we are only booked to about 230 million barrels in the Eagle Ford as well. So you can see what some the future opportunity holds for this basin and this opportunity as well.

We are getting our acreage held. We're moving into pad development drilling, so we will see the efficiencies and the opportunities that come with that as well.

And if you stay with the Eagle Ford for a minute, the question I get often asked is -- how are you competing against some of the smaller independent companies? Some of your fence-line neighbors in the Eagle Ford?

Here is a chart that shows third-party data, and we do perform very well against our competitors in this play. We are one of the top producers overall, and we are producing higher average volumes per well, really more than 50% higher than the average of all of our competitors.

If you look at this, we identified the sweet spot early and, more importantly, we got in for $300 an acre. So that is the value of organic growth in these kinds of opportunities, when you can evaluate them early, find the sweet spots, lease up the land, and start your development. We're going to get higher returns than many of our competitors who didn't buy into this opportunity for the kind of price that we did.

We are currently running 11 rigs. We're moving into pad development. We've got over 1,900 locations identified in the Eagle Ford, so we are pretty excited about what the opportunity today holds for the Company in the Eagle Ford and those opportunities that are going to present themselves over many years to come.

Let me move away now. That is a little bit of insight into the development side and our unconventional plays. Let me move now to the major project programs that we are executing around the world.

And these are typically outside of the Lower 48, some of the global. Give a sense of the global size, scale, and scope of our portfolio.

If you look at the right-hand side, these should add over 400,000 barrels a day by 2017. But you don't have to wait until 2017; you can see it is pretty ratable growth over this five-year period.

It is coming from production and phases at Christina Lake up in the Canadian oil sands that will continue to start up and ramp up over this time frame. And even in 2014 when you look at it, we expect to add 150,000 barrels a day of incremental production from these projects that are in execution today.

It is oil sands; it is APLNG in Australia; it is projects in Europe; it is projects in Malaysia. And I will go over each -- some of these in a little bit more detail so you get a feel for the kinds of projects, where they are at in their execution phase, and what they mean.

First let me start with Canada and the oil sands. We've got a significant acreage position; we are in the top quartile of steam-oil ratio projects across the oil sands.

And we have further opportunity, as technology starts to come into play in these oil sands, to really further reduce the cost of supply and the margins that we see coming from the oil sands. We are the second largest SAGD producer in Canada today, with more than 100,000 barrels a day of current production that is growing to 200,000 barrels a day over this time frame. So we are going to double our production out of the Canadian oil sands by 2017.

And you can see it comes at attractive margins, $40 a barrel, and certainly generates strong, significant cash flows, reduces capital intensity over time as you develop these billion-barrel resource projects for the Company. So we are excited about what we're doing in the oil sands and we really like our position we have up there.

Now if you move a little bit further east, let's go to Europe and start with the United Kingdom, where we have a Jasmine project, one of the largest discoveries in the UK over the last five to six years. That project is expected to come online in the fourth quarter of this year, so in their final throes of execution with commissioning of the project.

All in all when you take the projects and you add them up, that is about 55,000 barrels a day of production by the 2015/2016. Then we essentially maintain that kind of production for the remainder of this five-year period. And you can see that that comes at a cash margin of about $35 a barrel, again above our existing cash margin in the portfolio today, with a lot of exploitation and running room potential around projects like Jasmine.

If you go across the line in the North Sea to the Norwegian sector, in Norway we have several major projects that are currently underway that underpin our legacy position in the giant Ekofisk field. We have two major platforms that will be coming online over the next couple of years that augment and increase recovery from the Ekofisk field.

One we call Ekofisk South and the other we call Eldfisk. Those are going to continue to improve recovery, ramp it up, and increase the exploitation of the field.

Ekofisk South will come online before the end of this year, and Eldfisk II will come online next year. So you can see the kind of production that we expect to add, 60,000 barrels a day by 2017; and again, it comes at a higher margin than what the base portfolio exists in today.

Moving further east to Malaysia, this is an area where we didn't have a position about six, seven years ago. We looked at the opportunities in the deepwater basins off Saba Island and saw some pretty prospective opportunity.

We farmed in, got an -- had some exploration success, and now we're in the period of executing about four projects in the deepwater part of the basin. It is projects like Gumusut, Siakap North-Petai, Malikai, and one on the shelf called Kebabangan, or KBB. You can see that some of these have started up today, and we get some major startups coming in latter part of 2014 with Gumusut -- I mean latter part of this year with Gumusut and SNP, or Siakap North-Petai.

When you look at the production graph you see that we are growing to about 60,000 to 70,000 barrels a day by 2017. Most of that is showing up earlier in 2015, and you can see the high margins that we enjoy out of our Malaysian business, considerably higher than the base portfolio today.

And the great thing is we've got four additional discoveries that are in the queue. So there is more opportunity and more development coming in Malaysia as we think about the longer-term there beyond this five-year snapshot.

Then finally on the major projects side, let me go down to Australia, which is APLNG. This is our large coal seam gas-to-LNG project in the Queensland state, with the LNG plant sitting on Curtis Island.

We are building two trains, two 4.5 million tonne trains. We have sold the gas on JCC-linked contracts to customers in Japan and China.

You can see from the plot that by the end of this period we will be at 80,000 barrels a day out of APLNG. We are on track for startup of the first train in 2015, and then the second train should start up six to nine months after the first train. That asset again backed up by trillions of cubic feet of resource behind it, so this will be a flat production profile for a long period of time, underpinning 20-year contracts to our customers.

So I have been through the base, been through the development programs that underpin the growth in production and margins that we are talking about. And I have talked a little bit about the major projects that underpin that top-line growth as well.

Let me flip a little bit now and talk to the exploration side, because we said when we came out in May we are going to continue to grow this Company organically, primarily through the exploration channel. And I think we're off to a pretty good start. It is a program we have been building capacity and capability in the Company, and now we're into some important critical years to execute and deliver on the exploration program.

I talk about it through two lenses. I talk about it through an unconventional and a conventional lens.

But at the highest level, what we're really trying to do all the exploration, is to really have a value-based balance for both unconventional and conventional exploration opportunities in our portfolio. In fact, in 2013 when you look at the exploration spend that we had, we're spending about 50% of our dollars in the unconventional space and 50% of our dollars on conventional exploration.

But we have built this portfolio over the last three, four, five years and we are now getting into a place where the inventory is becoming a drillable state. And we are really focused on what we think is competitive on a cost of supply -- robust deepwater opportunities around the world and globally today, and building on our unconventional inventory both in North America and around the globe.

Let me talk about a few specifically. This is Angola, where we built a program here similar to other players in the industry, where it represents what we think is the conjugate margin to the subsalt play in Brazil. We have two large blocks, Block 36 and 37. In fact, earlier this year we were able to increase our interest with a ground-floor deal to 50% in one of the blocks, 36, from Sonangol.

Offsetting this block is the Cameia discovery, which certainly derisked the play, demonstrated that the carbonate reefs underneath the salt are an active petroleum system. So we're pretty excited about this opportunity.

We have shot 3-D seismic. It is showing some great prospectivity. We have a rig coming the end of this year, first part of 2014, and begin to drill out a four-well program in 2014. So we are pretty excited about the opportunity set that Angola has.

Let me talk briefly about the Deepwater Gulf of Mexico. We are getting a little bit of wind in our sails. We had a lot of activity over the last couple years in the Deepwater Gulf of Mexico, and we currently now have an inventory of over 2 million acres, one of the top acreage holders in the Deepwater Gulf of Mexico.

And announced two pretty significant discoveries earlier this year at Shenandoah and Coronado, and we have got a lot of activity going on today. We are appraising the Tiber discovery which was made pre-incident in the Gulf of Mexico.

We are on another well called Gila, where we have increased our interest and hold an interest in what we think is a pretty exciting prospect there. And we are drilling on what we call the Deep Nansen project, have spud that well.

So we've got not only some announced discoveries, we've got some pretty critical important wells in our portfolio that are starting to drill today and we should have results on in the near future. So a really exciting time for the exploration side of the business.

Like I said, we've been building this inventory over the last three, four, five years. Now it is into a drillable state.

So this year and next year are pretty important years for us to demonstrate our capabilities and that we have the capacity and the ability to successfully succeed in the exploration side. That is evidenced by Shenandoah and Coronado, some pretty sizable discoveries that we are excited about; and we think there will be future opportunity not only in the Deepwater Gulf of Mexico but globally when we think about the Norway, the Barents Sea, Bangladesh, we think about Browse Basin, we think about more drilling in Deepwater offshore Saba Island, Gulf of Mexico, Angola, and other areas that we are focused on.

So that was the base, the development, the major projects, a little bit about exploration. Let me sum it all up a little bit for you and then take some questions.

That was a quick overview of ConocoPhillips, but I hope what is apparent is we are at an inflection point since we came out as a new independent Company in May of 2012. We have several important growth milestones ahead of us, continued ramp-up, development of our development programs, major field startups that are coming the end of this year and into 2014, 2015, and 2016.

So it is about delivering on those. It is about maintaining safe and efficient operations that we are really committed to. Financially, it is about maintaining a strong balance sheet.

We know that commodity prices are going to cycle in this business. We think our balance sheet is a differentiator. We have a strong balance sheet. We have got the capacity to fund through the cycle, should that be necessary.

We are focused on improving -- not only growing, but growing the cash margins that I have said in this business. We are focused on growing the returns.

And on the strategic side we are well placed to deliver on the asset dispositions that we talked about coming out in May to really core up the portfolio and reinvest those proceeds back into higher-return opportunities that exist in the portfolio today, that really underpin this growth and development over the next five years and beyond, as we think about the exploration program.

So really the bottom line -- I go back to where I started. This is what we are committed; this is our proposition; this is our promise to the shareholders right now. And it is creating this long-term value by really offering a compelling dividend and the yield that comes with that.

We're really ramping up the growth engine to deliver the 3% to 5% growth. But it is not just about growth; it is about growth in your margins as well. So really it is 6% to 10% growth in your cash flows plus the yield that comes from the dividend.

And then finally it is about returns in this business. You can't do this without focusing on the kind of returns that you are getting for the capital that you are investing. And we are investing a lot of capital, and we think we are really good stewards of that capital and only putting those into the best things in our portfolio that are competitive globally, not only within our Company but within our industry, and offer a compelling opportunity for our shareholders.

So that is the story of ConocoPhillips, the update. We are on track, we are delivering. We have more coming, we have more to go.

And certainly this is not a race for the finish line, but it is just long-term, stable delivery and running --- running really well, efficiently, and delivering on the goals that we set for ourselves. So let me stop there and be happy to take any questions.

QUESTION AND ANSWER

Paul Cheng *- Barclays Capital - Analyst*

There is a question here.

Unidentified Audience Member

Do you have any leverage targets for debtholders or any ratings commitment?

Ryan Lance *- ConocoPhillips - Chairman, CEO*

Yes. We think maintaining an A credit rating is the right place to be for the size of company we are. That is where we are at today; we will maintain that.

Our debt-to-cap target is 25% to 30% in terms of gearing and leverage. That is about where we are at today; that feels comfortable for us.

The debt is pretty cheap. You just have to look at the Verizon deal and just shake your head here recently, what happened there; but I think we feel pretty comfortable.

But we are pretty committed -- we view the balance sheet as an asset in the Company just like any other asset we have in the portfolio. So we are committed to an A credit rating and kind of gearing that I talked about.

Unidentified Audience Member

Thank you.

Unidentified Audience Member

Your plan goes out until 2017. How do you envision dealing with the fact that in about a year and a half or two years, based upon some estimates, we're going to fill up light sweet refining capacity here in the US? How does that impact your North American unconventional plans?

Ryan Lance - ***ConocoPhillips - Chairman, CEO***

Well, there is a lot of -- a lot of people talk about that. There is creep that is going to happen in the refining business. There is creep that has always happened.

We will see how much investment actually flows, but I think over the long term we feel like -- got a minimal impact on our unconventional program. We have got space to move it; we have got space to get it waterborne for the stuff that we need to get waterborne that we can move to the East, West Coast, the West Coast, or the Gulf Coast.

So I think we will see in the refining business -- I don't believe margins will stay wide for long periods of time. People are going to make the investments to absorb that, those kinds of higher margins in this business. So today I don't think over that five-year plan we feel there is excessive amount of risk to that piece of the puzzle.

Paul Cheng - ***Barclays Capital - Analyst***

We have time for probably one or two more questions. Any questions here? One? Maybe I will have a question. With the recent change in Alaska state tax regime, historically I think that operation has been jumping at 6% to 7% a year. What is your outlook going forward on that?

Ryan Lance - ***ConocoPhillips - Chairman, CEO***

Yes. We think of Alaska, for those that follow the -- Alaska had been a fairly high take tax system over the last four to five years. The governor passed a new bill called Senate Bill 21 that did improve the competitiveness for investment up in Alaska for some of the more additional investments that we could make in and around there.

So we are looking at that. There has been a referendum challenge to that bill that will get voted on in August. But should that bill persist and maintain itself we do think there is the opportunity for more investments to go into Alaska.

And as we think about that over the next five years, that's a 1%, 2% decline rate versus what you quoted, Paul, as I think about our plans. And then I do think there is some opportunity to impact that to the positive side with additional capital. But that capital has to compete in our global portfolio, and we have to feel comfortable that the fiscal stability will be there over the long haul for that capital.

Paul Cheng - ***Barclays Capital - Analyst***

Thank you. Well, maybe I will take the last question. I will take the last question before we moved to the breakout session. You have a very compelling investment case here. But the question everyone is asking that -- what is the biggest risk in achieving your margin goal and your production growth? How does that, say the CapEx -- I mean, what else could go wrong? What is the biggest risk in your program?

Ryan Lance - ***ConocoPhillips - Chairman, CEO***

Well, I think like lots of companies in this space, we have built this plan on a fairly conservative price deck when we think about Brent, WTI. So it probably does get back to what is the price, what is the supply/demand, what is the price ultimately going to be if we get a lot of supply coming on and we don't get the demand growth out of places like China and India; we cause prices to go back down.

That may be an environment where we don't see the reason to invest $16 billion. That could slow things down if we reduce our capital.

On the other hand if we get a lot of free cash flow that will be an interesting world as well. But we also see, to the question earlier that there probably are at times, quarters, half-years where we get some blowouts or dislocations in netbacks due to transportation bottlenecks and some of that. We don't think that is going to persist over the long term; we're not building our plans to whipsaw them on a quarterly basis.

But those are the kinds of things that I think we watch pretty closely to make sure that we have got the longer-term thought about appropriately, we have done an appropriate amount of scenario planning to say what we do in those different environments. But we build our plans on a pretty conservative set of assumptions.

Paul Cheng - ***Barclays Capital - Analyst***

Thank you. (Conference Instructions) Thank you very much.

Ryan Lance - ***ConocoPhillips - Chairman, CEO***

Thank you.