

← NOTE TO READERS – MOVE CURSOR TO GOLD ICON AT TOP LEFT TO SEE REMARKS



ConocoPhillips

# Unconventional Reservoirs Revolution

Eagle Ford  
Consortium Conference



## Cautionary Statement

The following presentation includes forward-looking statements. These statements relate to future events, such as anticipated revenues, earnings, business strategies, competitive position or other aspects of our operations or operating results. Actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict such as oil and gas prices; operational hazards and drilling risks; potential failure to achieve, and potential delays in achieving expected reserves or production levels from existing and future oil and gas development projects; unsuccessful exploratory activities; unexpected cost increases or technical difficulties in constructing, maintaining or modifying company facilities; international monetary conditions and exchange controls; potential liability for remedial actions under existing or future environmental regulations or from pending or future litigation; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; general domestic and international economic and political conditions, as well as changes in tax, environmental and other laws applicable to ConocoPhillips' business and other economic, business, competitive and/or regulatory factors affecting ConocoPhillips' business generally as set forth in ConocoPhillips' filings with the Securities and Exchange Commission (SEC).

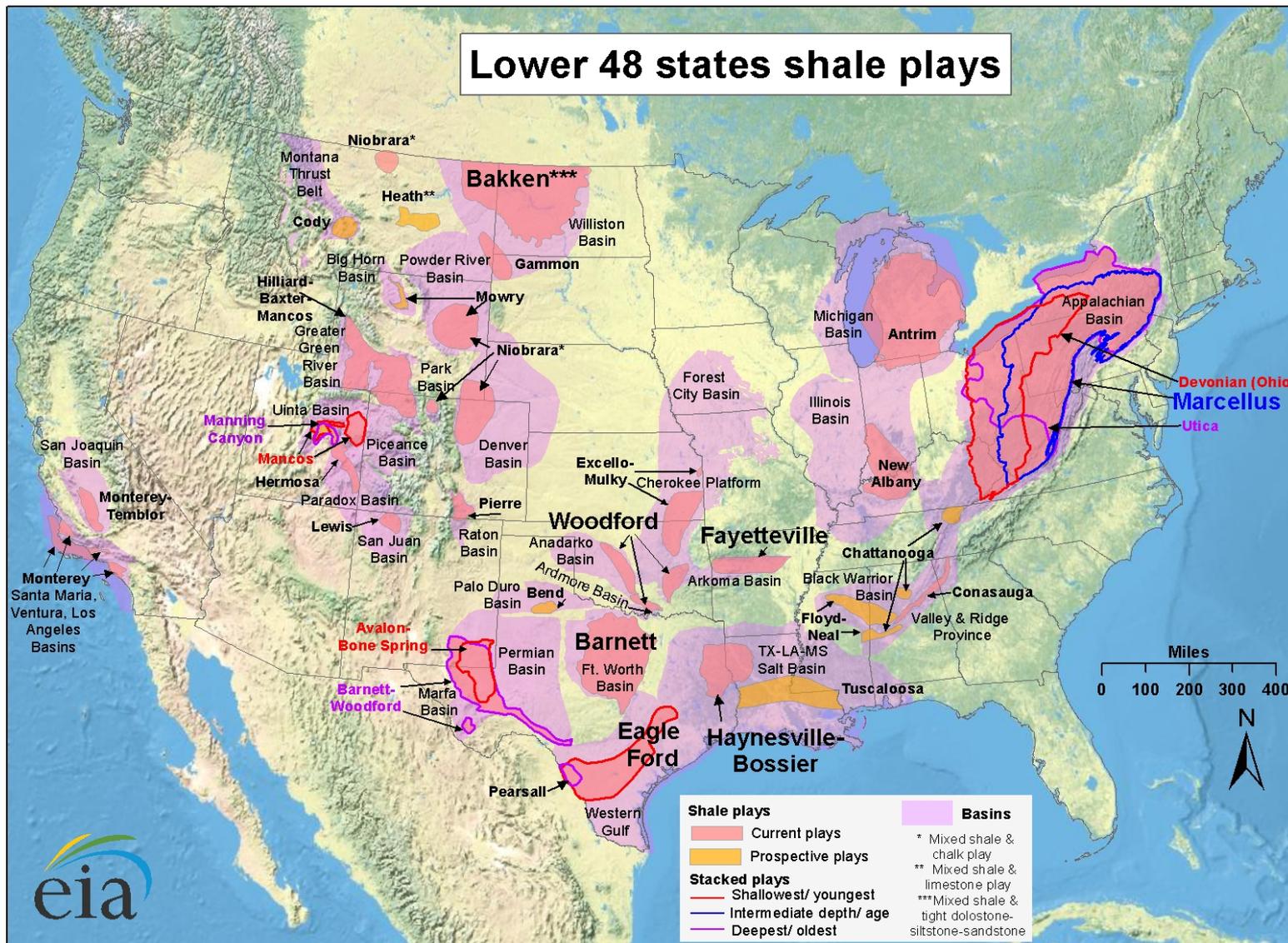
Use of non-GAAP financial information – This presentation may include non-GAAP financial measures, which help facilitate comparison of company operating performance across periods and with peer companies. Any non-GAAP measures included herein will be accompanied by a reconciliation to the nearest corresponding GAAP measure in an appendix.

Cautionary Note to U.S. Investors – The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves. We use the term "resource" in this presentation that the SEC's guidelines prohibit us from including in filings with the SEC. U.S. investors are urged to consider closely the oil and gas disclosures in our Form 10-K and other reports and filings with the SEC. Copies are available from the SEC and from the ConocoPhillips website.

- A Revolution of Enormous Scale
- Texas Leads the Way
- Benefits for the U.S. and Texas
- ConocoPhillips' Eagle Ford Business
- There's Power in Cooperation

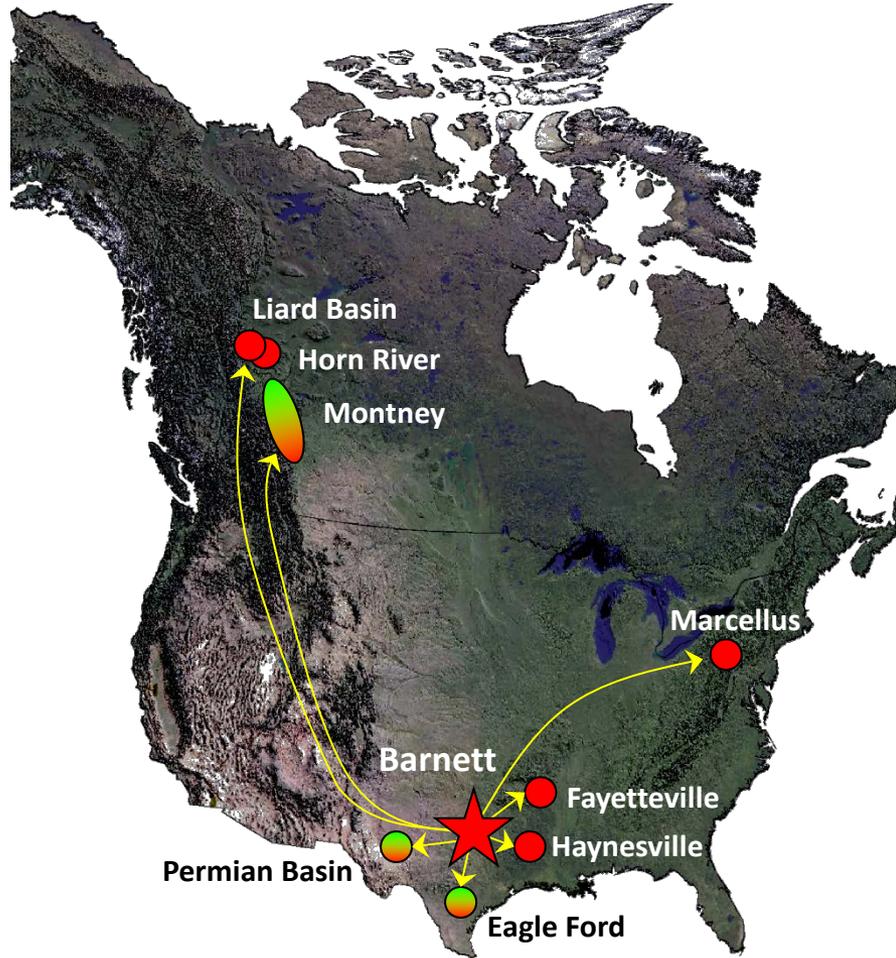


# American Unconventional Reservoirs (a.k.a. "shales")

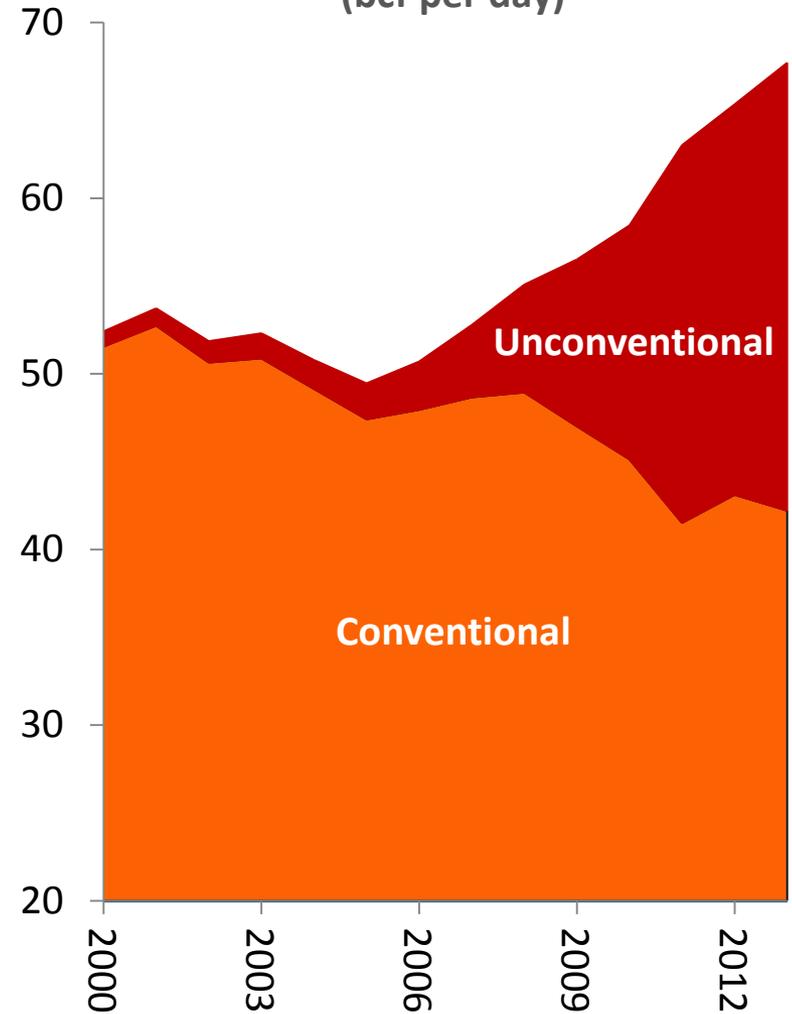


Source: Energy Information Administration based on data from various published studies.  
Updated: May 9, 2011

# The Gas Side of the Revolution: Born Deep in the Heart of Texas



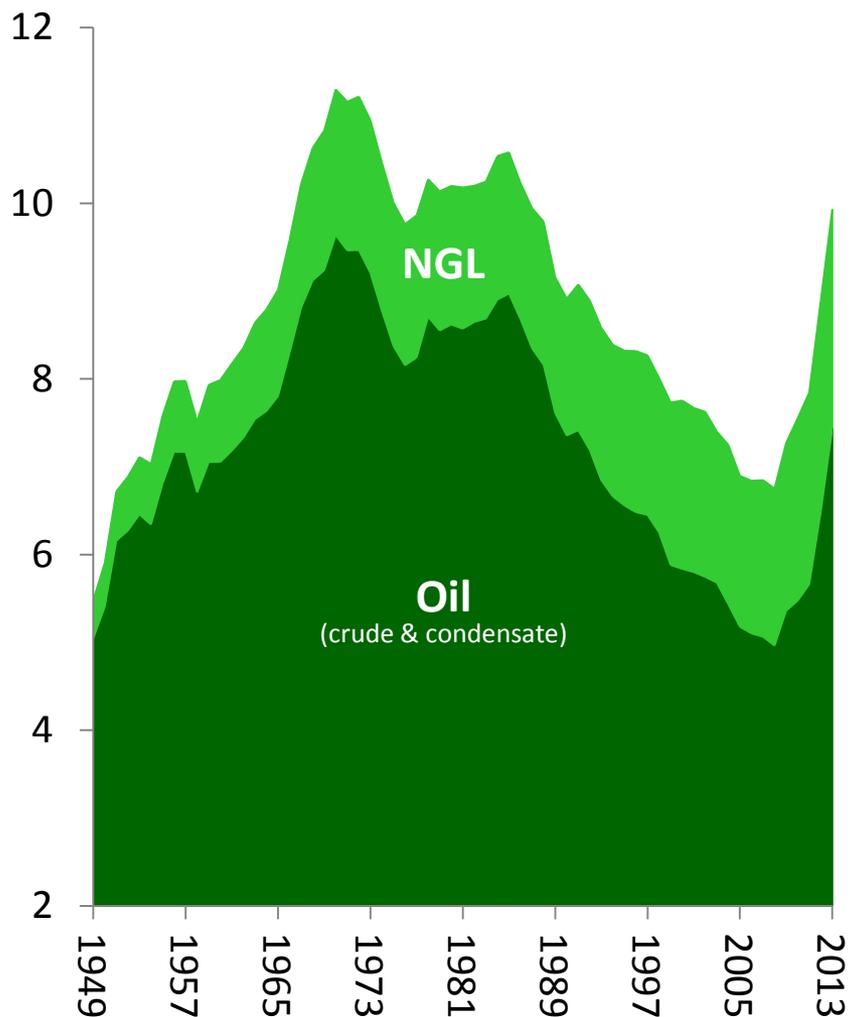
## U.S. Natural Gas Production (bcf per day)



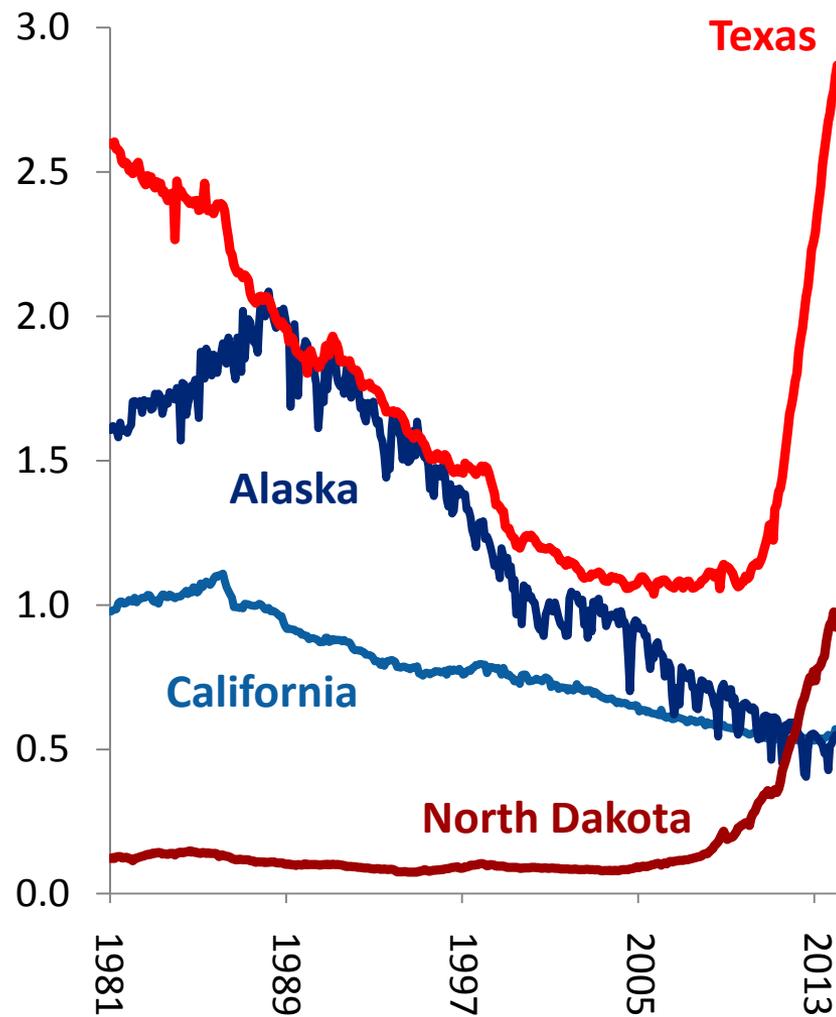


# Texas – Leading the Way in U.S. Oil Production Growth

### U.S. Liquid Hydrocarbon Production (million barrels per day)

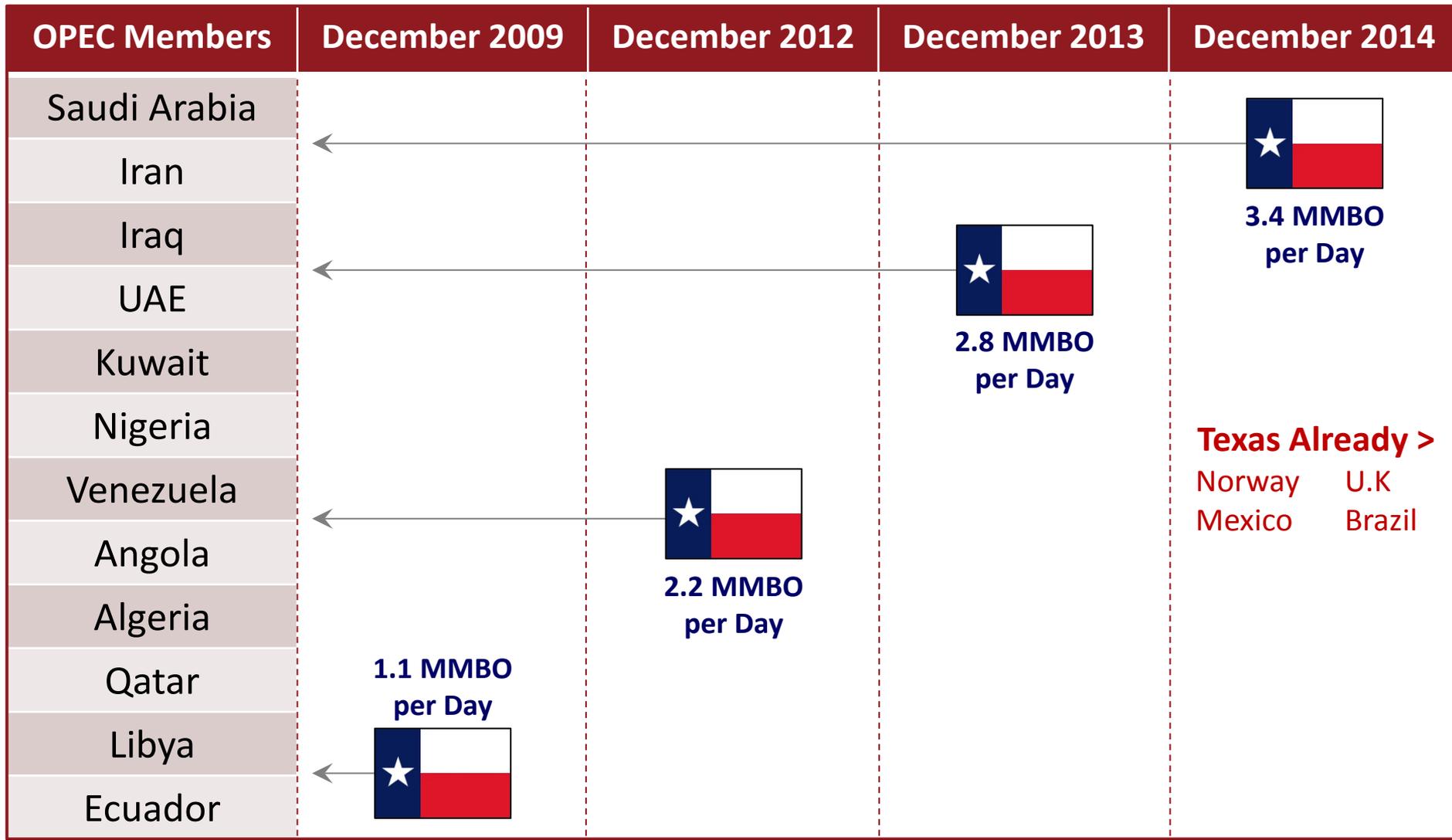


### Top Four Oil Producing States (million barrels per day)





# Texas: From Rags to Riches (in only 5 Years)



OPEC nations listed in rank order from largest producer (Saudi Arabia) to smallest as of mid-year 2013

# Benefits for U.S. from Unconventional Reservoirs Revolution

## Economic

### U.S. Jobs and GDP



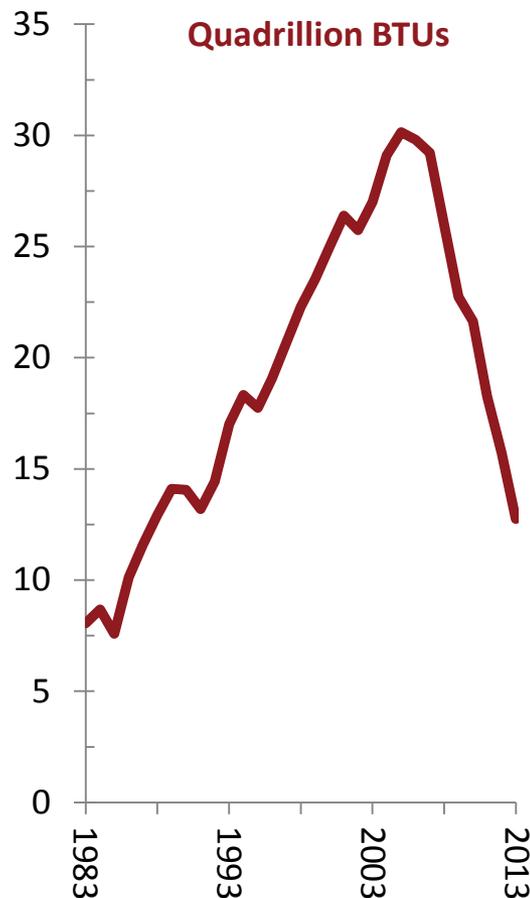
**9.8 MILLION JOBS**  
**\$1.8 TRILLION GDP**

### Chemicals & Manufacturing



## Energy Security

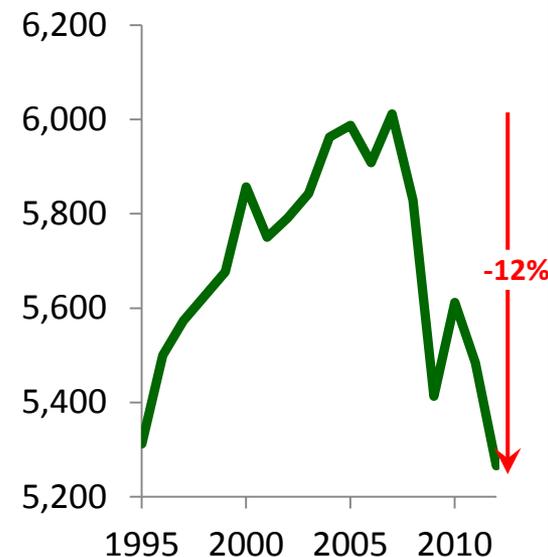
### U.S. Net Energy Imports



Source = U.S. EIA

## Environmental

### U.S. CO<sub>2</sub> Emissions (MTPA)



Source = U.S. EIA, From Total Energy

### Other Benefits of Natural Gas

- Clean-burning
- Small water usage footprint
- No solid waste
- Enables wind & solar power

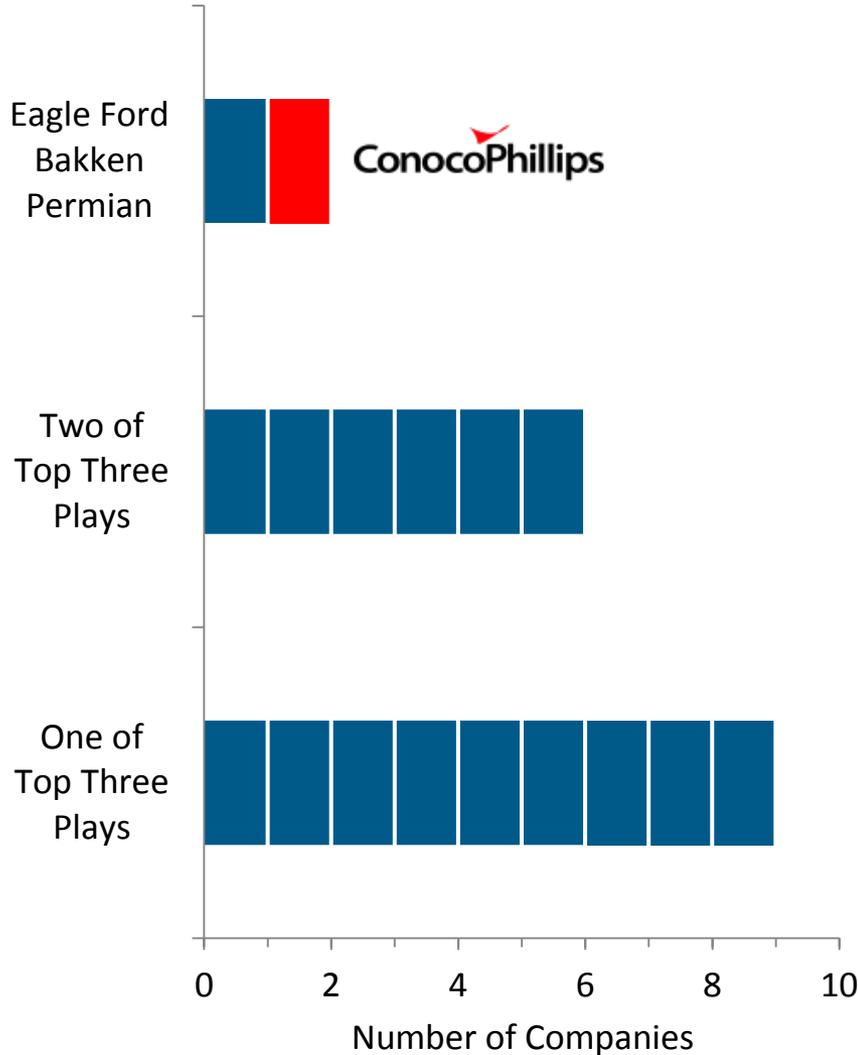
# Importance of Oil and Natural Gas to the Texas Economy

- Largest energy producer in the U.S.
  - Both for oil and natural gas
- Largest energy consumer in the U.S.
  - 20% of U.S. industrial energy consumption
- Nearly half of Texas' electricity is generated by natural gas
- Significant economic contributions from oil and natural gas industry
  - Employs 1.9 million Texans
  - \$144 billion in labor income; billions of dollars in royalty payments
  - Helping make Texas an "economic success story" relative to remainder of the United States and the rest of the world



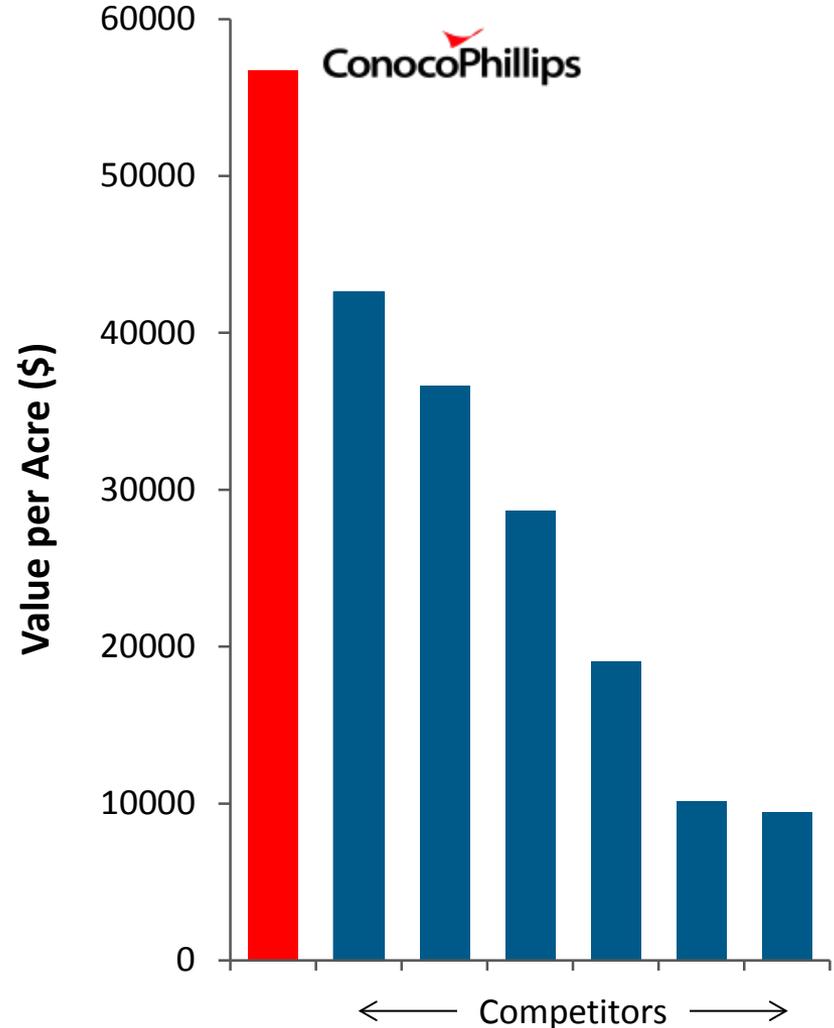
# ConocoPhillips – An Industry Leader in Liquids-Rich U.R. Plays

## Big in Eagle Ford, Bakken and Permian<sup>1</sup>



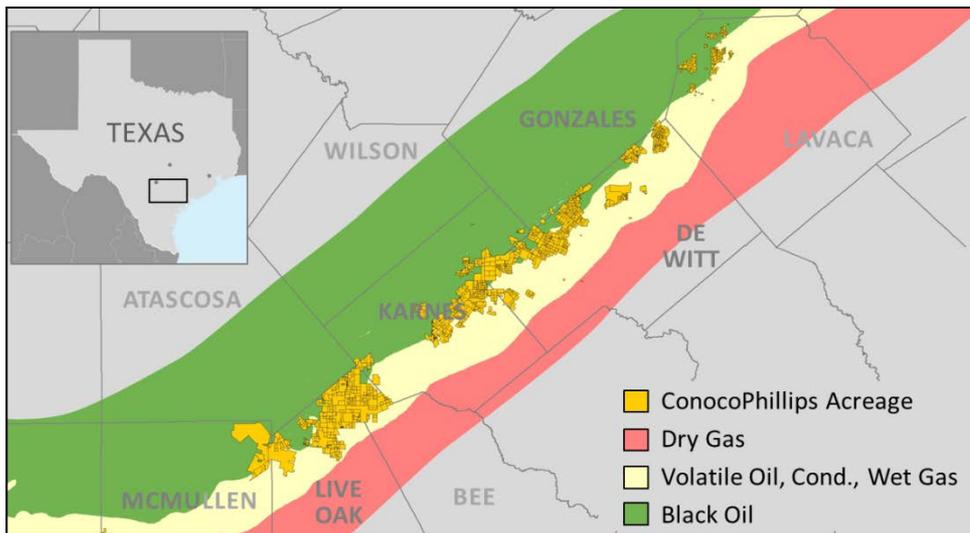
Source: Company Investor Presentations

## Best Quality Large Position in Eagle Ford<sup>2</sup>



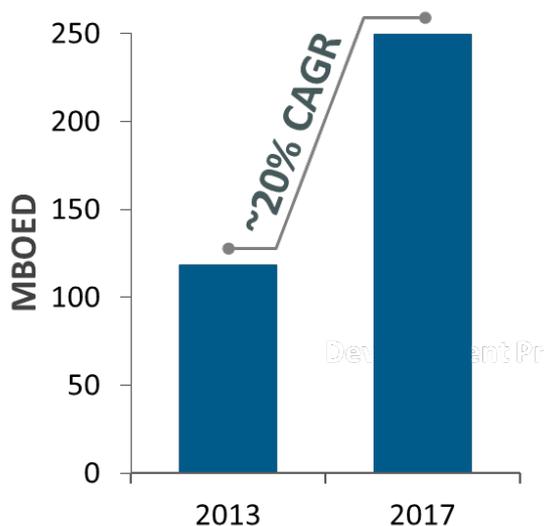
Source: Wood Mackenzie; Net Present Value at 10% Discount Rate

# ConocoPhillips' Eagle Ford Position

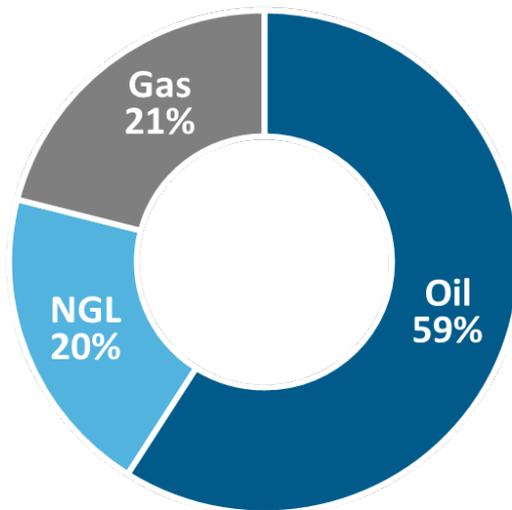


- 221,000 net acres
- 2.5 BBOE net EUR
- >3,000 identified drilling locations
- Outlook based on 12-rig program
- \$3 B annual capital investment<sup>1</sup>
- \$20-25/BOE full-cycle F&D cost

## Production



## Product Mix<sup>1</sup>



**700 MMBOE**  
**RESOURCE**  
**INCREASE**

# Unconventional Reservoir Oil & Gas Projects Life Cycle



**Phase 1:  
ENTRY  
0-2 years**



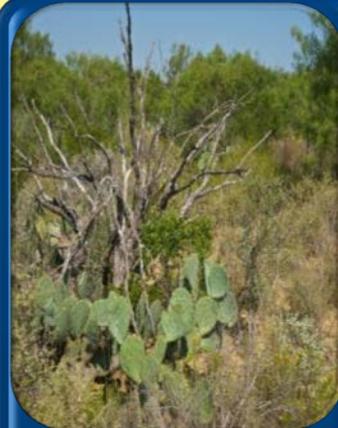
**Phase 2:  
EXPLORATION  
/ APPRAISAL  
2-3 years**



**Phase 3:  
DEVELOPMENT  
3-10+ years**



**Phase 4:  
OPERATIONS /  
PRODUCTION  
20-50 years**



**Phase 5:  
EXIT**



# ConocoPhillips in Eagle Ford Communities

## Mitigating Impacts

### Truck Traffic Reduction



#### Percent Daily Oil Production Trucked

Feb 2013

98%

Feb 2014

56%

*(while production increased more than 40%)*



## Enhancing Quality of Life



# There's Power in Cooperation

## Engagement and Dialogue



## Education and Transparency

### An Overview

# Hydraulic Fracturing

**About Hydraulic Fracturing**  
Hydraulic fracturing is essential to produce oil and natural gas that is otherwise trapped in low permeability rock formations. It significantly improves the recovery from the reservoir by increasing the movement of oil and natural gas.

It is important to understand where hydraulic fracturing fits into the entire drilling, well construction, completion and production phases of oil and natural gas activities. Hydraulic fracturing is well a method for drilling or completing a well.

To reach a hydrocarbon reservoir – thousands of feet below the surface and hydrocarbon reservoir – the hole (wellbore) is drilled in successive sections through the rock layers. Once the required length of each wellbore section has been drilled, the drilling assembly is removed, and steel casing is installed and cemented in place. As the well is constructed, concrete layers of steel casing and cement form the barrier to prevent groundwater resources from the contents that will later flow inside the well. Next, only the section of casing within the hydrocarbon formation is perforated at the desired location.

The well is now ready for the hydraulic fracturing process. The process involves pumping fluid through the perforations. The fracturing fluid itself exerts pressure against the rock, creating tiny cracks, or fractures, in the reservoir deep underground. The fluid is proppant-laden, meaning it contains grains of sand or ceramic particles and a small fraction of chemical additives.

Once fluid injection stops, pressure begins to dissipate, and the fractures themselves tend to close. The fluid pressure helps to close the fractures, then as the pressure is held open, these fractures create pathways for oil, natural gas and fracturing fluids to flow more easily to the well. It also is not inside the casing to prevent the contained section of the well. The entire perforated section of the well is then repaired at regular intervals along the targeted section of the reservoir. Finally, the plug is drilled out, allowing the oil, natural gas and fluids to flow into the well casing and up to the surface.

The hydrocarbon and fracturing fluid mixture is separated at the surface, and the fracturing fluid (also known as flowback water) is collected in tanks or lined pits. The fracturing fluids are then disposed of according to government-approved methods.

Hydraulic fracturing operations generally occur over a three-to-five day period. The entire well construction process including hydraulic fracturing takes only two to three months, compared to the 25 to 30 year production life of a typical well.

**Importance of Hydraulic Fracturing**  
Since the late 1940s, over 1 million wells have been hydraulically fractured in the United States and more than 1 million have been fractured worldwide. When used in conjunction with horizontal drilling, an advanced drilling technology, hydraulic fracturing has made it possible to develop vast environmental resources. Without hydraulic fracturing and horizontal drilling, reserves like tight sands, coalbed methane and shale gas would remain largely undeveloped. According to the U.S. Energy Information Administration, all of these resources combined accounted for 50 percent of U.S. natural gas production in 2009 and are projected to account for 60 percent of supply by 2035.

**A Safe and Proven Technique**  
Hydraulic fracturing is a safe and proven technique that has enabled oil and natural gas resources to be developed safely for over 60 years. According to the Interstate Oil and Gas Compact Commission, almost 90 percent of oil and natural gas wells drilled in the United States have been hydraulically fractured to enhance production. Many shale oil – and decades of history – indicate that oil and natural gas operations, including hydraulic fracturing, are safe when wells are properly designed, constructed and operated.

MAY 2012

## ConocoPhillips Global Onshore Well Management Principles

**A** ConocoPhillips has a new role in helping to meet the world's growing energy demands. Our 3800+ teams. Quality. People. Integrity. Responsibility. Innovation and teamwork guide our actions to deliver energy safely and responsibly to the world. We recognize there are environmental and social impacts associated with oil and natural gas exploration, development and production. In response to questions and concerns, we have chosen to share our Global Onshore Well Management Principles with stakeholders including local, state, federal, tribal, and environmental groups. We believe our high performance standards for following these principles will ensure our operations are safe, sound and sustainable.

**ConocoPhillips**  
There's Power in Cooperation™

ENERGY ISSUES | ENERGY DEVELOPMENT | HOW WE WORK | ENERGY | LEADERSHIP

### Energy Industry Drives Job Creation

A resurgence in demand for oil and natural gas production promises to be a catalyst for job growth in North America. The U.S. oil and natural gas industry, for example, is a key driver of economic recovery, supporting 1.6 million jobs and generating \$12 billion in tax revenue annually.

**Energy Issues**  
Know the Facts

**Natural Gas**  
Cleaner-Burning Fuel

**Responsible Operations**  
It's how ConocoPhillips works

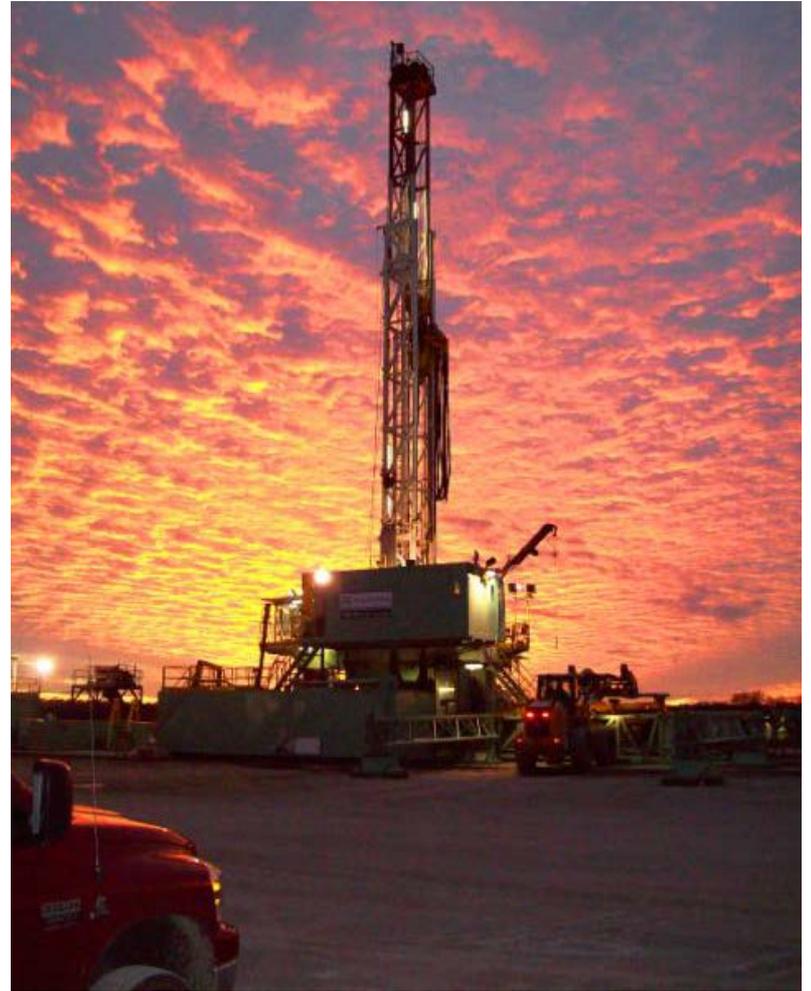
**DID YOU KNOW?**

- We put safety and environmental responsibility first.**  
That means putting people and the environment first. We're committed to safety and environmental responsibility.
- The shale revolution enhances energy security.**  
The abundance of natural gas and growing oil production in the U.S. can further reduce the need for energy imports, increasing energy security.
- Technologies used for oil sands development reduce environmental footprint.**  
Technologies used for oil sands development are continuous, reducing and reusing water and minimizing tailings.
- Natural gas is affordable.**  
Energy is a major part of our lives. Natural gas is a clean, affordable and abundant energy source that's important to our future.



# Take Away Messages

- Revolution of enormous scale
- Texas is leading the way
- Economic, energy security and environmental benefits
- Eagle Ford growth to continue
- ConocoPhillips working to be a responsible community partner
- There's power in cooperation





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