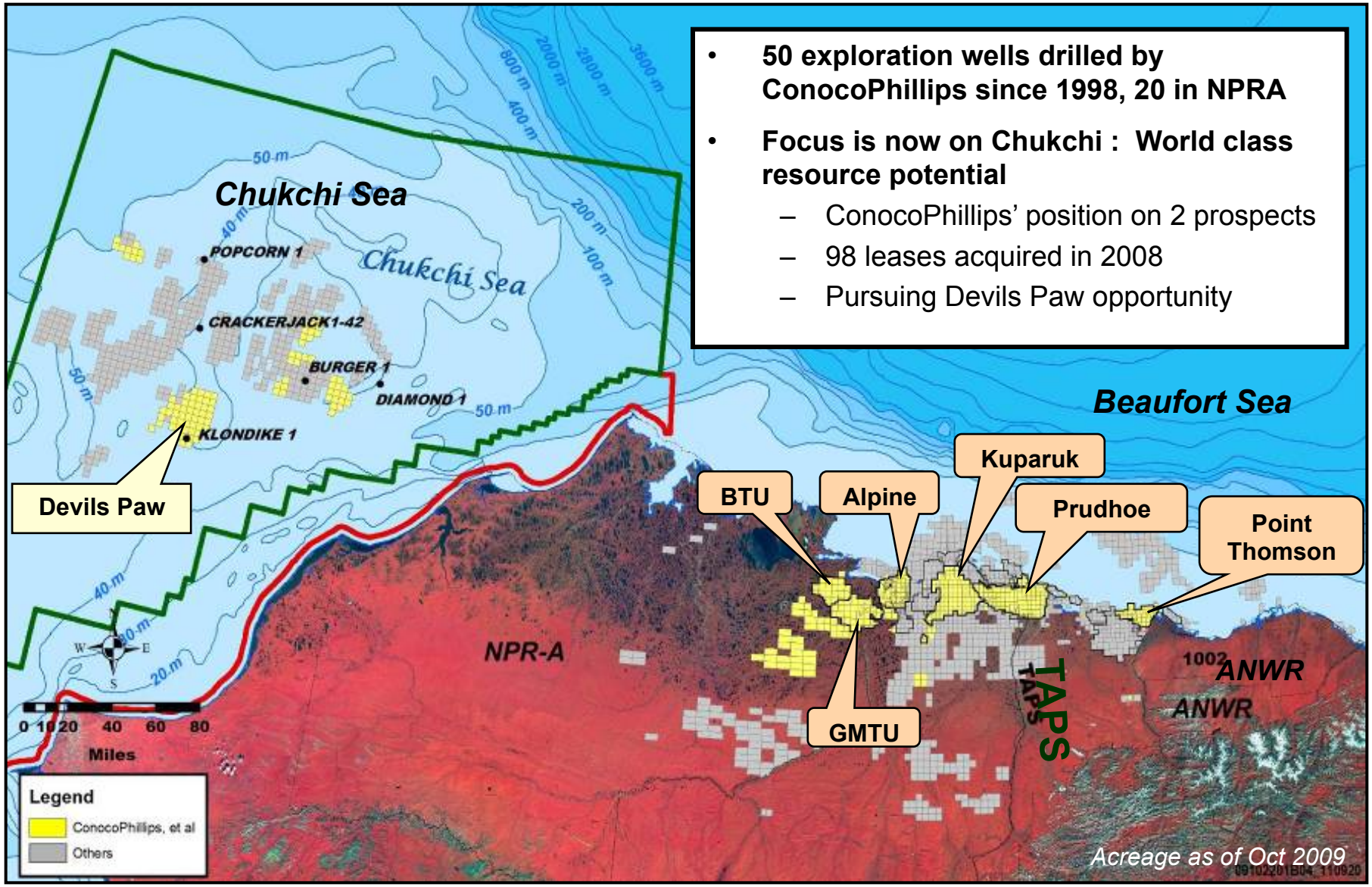
Arctic Open-Water Meeting
March 8, 2012

Mike Faust
Chukchi Exploration Project Manager

ConocoPhillips
Alaska's Oil & Gas Company

Over 40 Years of Arctic Experience

ConocoPhillips



- **50 exploration wells drilled by ConocoPhillips since 1998, 20 in NPRA**
- **Focus is now on Chukchi : World class resource potential**
  - ConocoPhillips' position on 2 prospects
  - 98 leases acquired in 2008
  - Pursuing Devils Paw opportunity

Chukchi Exploration Drilling Location & Timing

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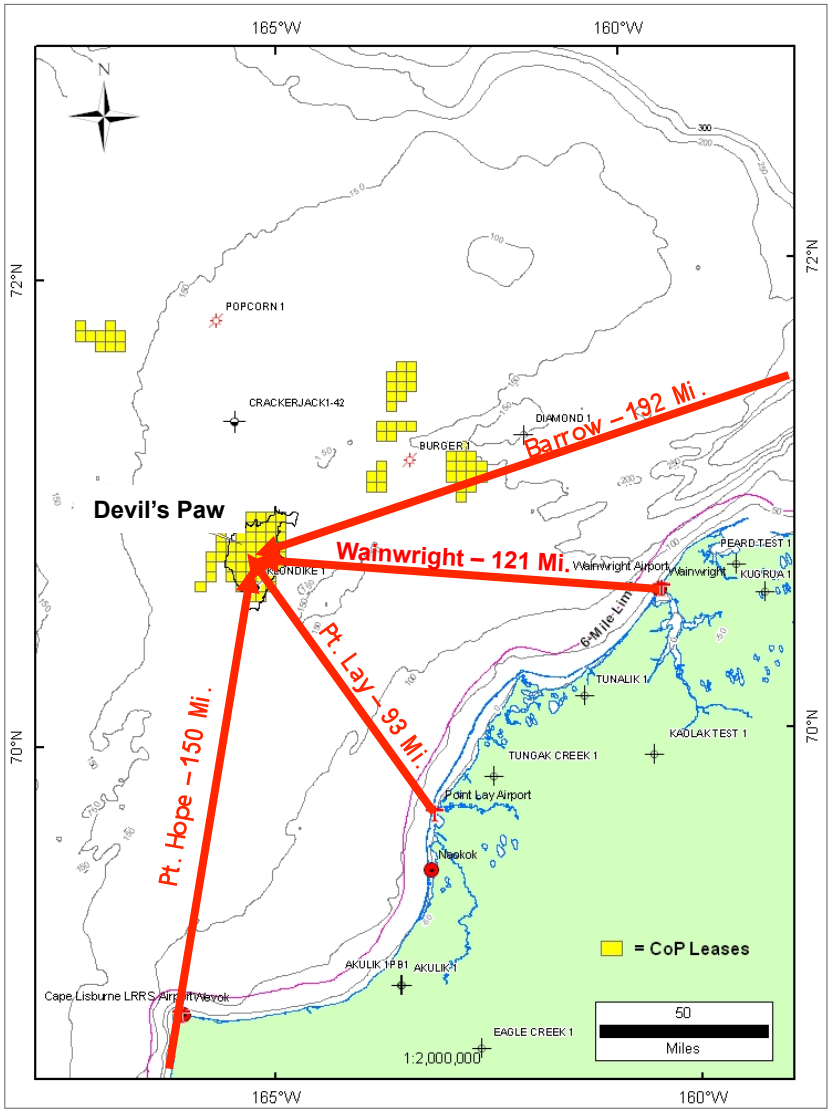
- First well no earlier than 2014
- Located ~ 80 miles offshore
- Plan to drill between July 15 and October 15
  - During period of little or no ice
  - Robust ice alert plan including Synthetic Aperture Radar (SAR) imagery and curtailment plans
- One well drilled in ~ 30 days
  - No more than two wells in one season (most likely one)
- Current focus is planning, procurement of equipment



Chukchi Environmental Studies Program 2008 to 2011

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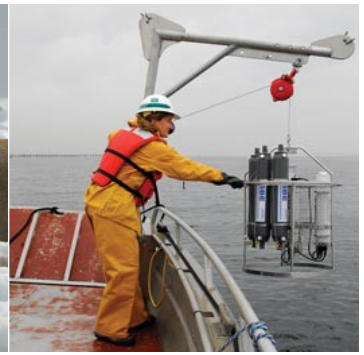
- **Build** on the historical scientific data already collected in the Chukchi Sea
- Use an ecosystem approach to baseline data acquisition
- Use the data to assess potential impacts from oil and gas activities and develop monitoring & mitigation procedures

- **Four years of work to date with zero incidents or injuries**
- **No conflicts with subsistence hunting**
- **Olgoonik Corporation Operated and Managed in 2010 & 2011**
- **Costs shared with Shell & Statoil**



Chukchi Sea Exploration Permitting

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- Exploration Plan submitted to Bureau of Ocean Energy Management (BOEM) on March 1, 2012
- Spill Plan submitted to Bureau of Safety and Environmental Enforcement (BSEE) on February 13, 2012
- Applications for Incidental Harassment Authorization and Letters of Authorization submitted concurrently with Exploration Plan
- Received approval under EPA Region 10 NPDES (discharge) general permit

Jack Up Rig Features

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Benefits

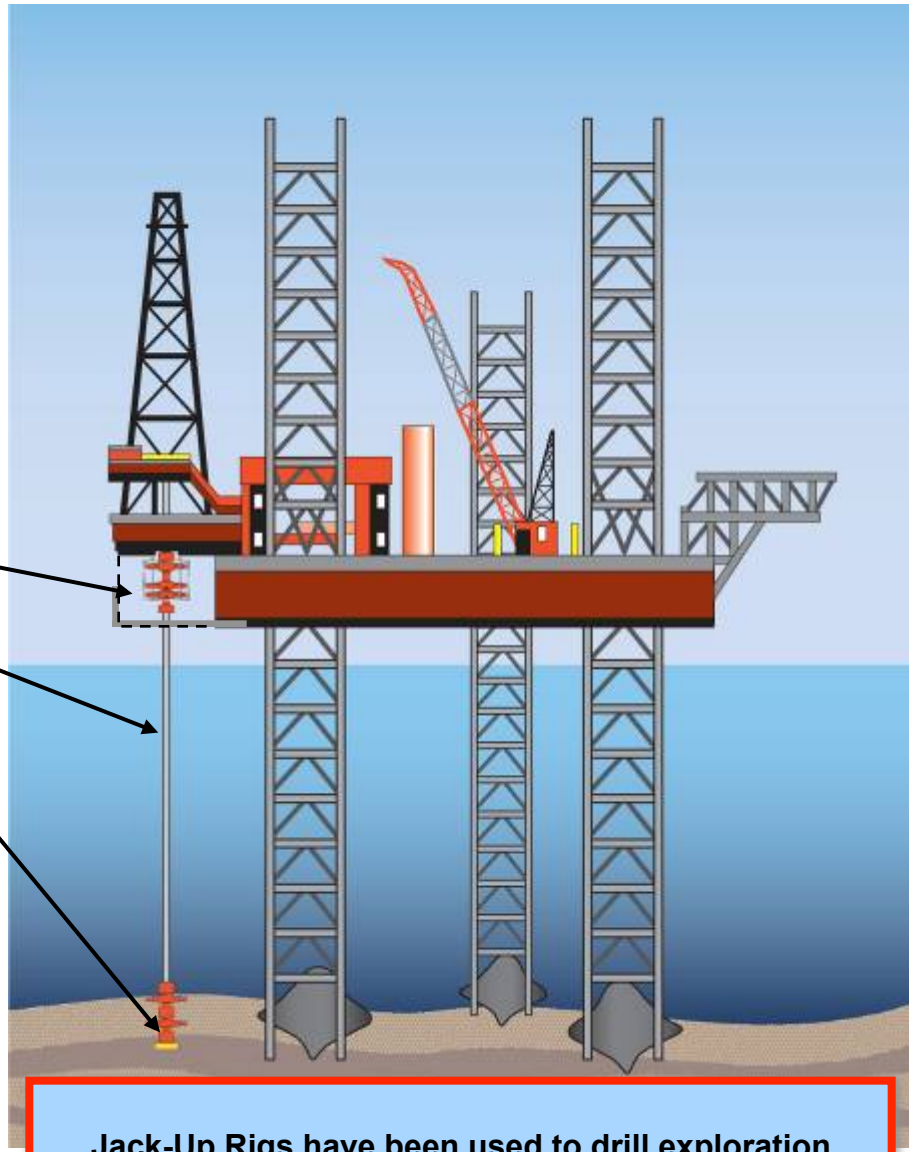
- Ideal water depth (160 feet) and sufficient ice free season
- Engines meet latest emissions requirements
- Less noise in water
- Less weather downtime

Redundant Safety Equipment

- Surface blow out preventer (BOP) located on the rig.
- Thick walled high strength riser
- Pre-Positioned Capping Device on sea floor

Measures to Prevent Release from Wellbore

- Planning
- Knowledge of Subsurface (Previous Wells)
- Personnel (training, frequent drills)
- Maintain a Minimum of Two Barriers



Jack-Up Rigs have been used to drill exploration wells in the Bering Sea (Norton Sound) and Cook Inlet

Devils Paw Ice Conditions

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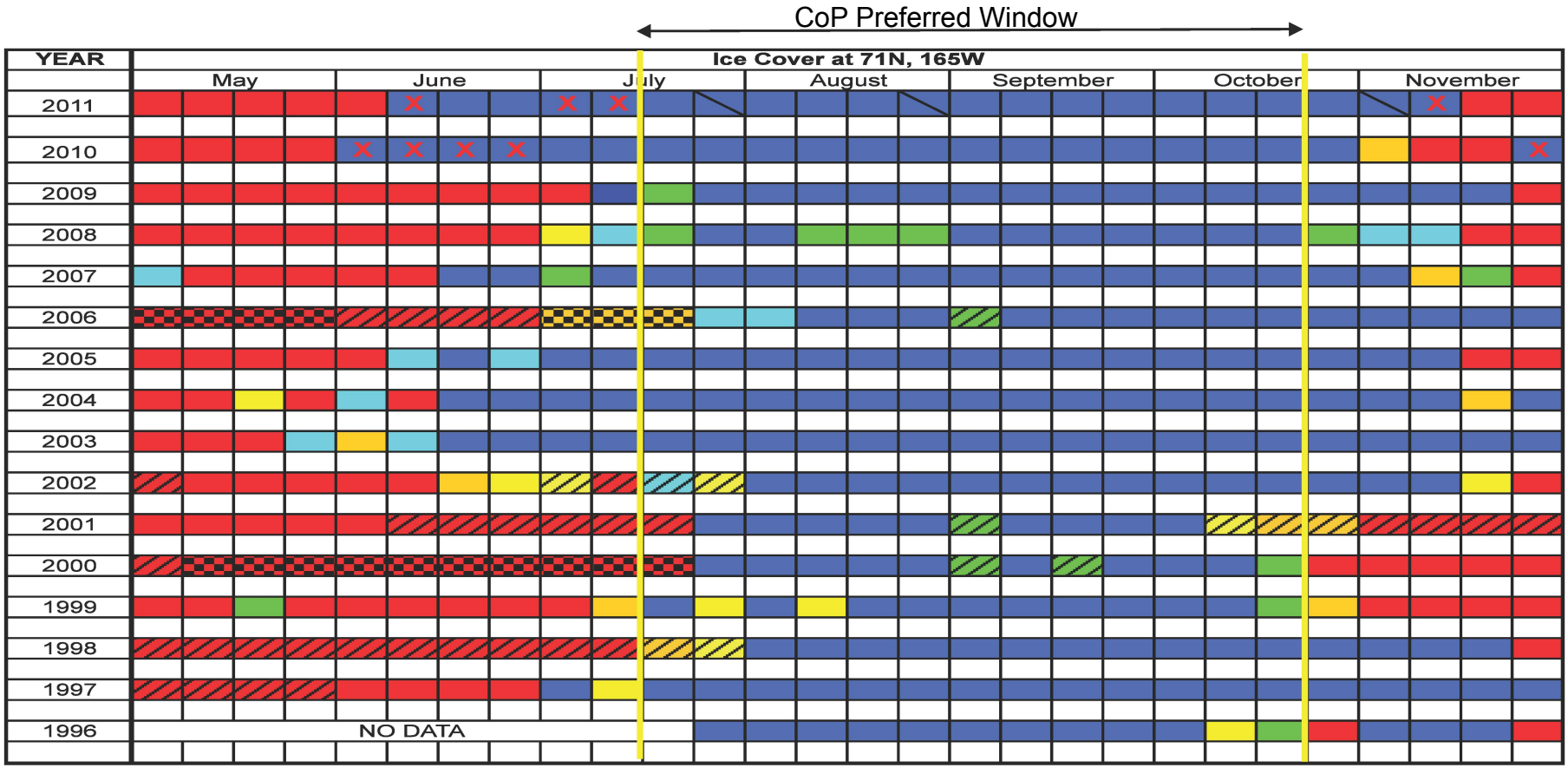


Total Ice Cover in Tenths		Multi-Year Ice	
		1 to 3/10	>3/10
Ice Free			
Open Water	<1/10 ice		
1 to 3/10			
4 to 6/10			
7 to 8/10			
9 to 9+/10			

Data Source: US National Ice Center Archived Products

Criteria: No ice within 25 n.mile radius of site

X - Open Water But No Access to the Drill site

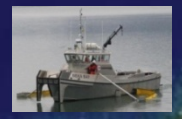
Drilling Support and Oil Spill Response for Devils Paw Exploration Well
















Devils Paw

Drill Site 71°N & 165°W

Wainwright

Jack up Rig
Heavy lift dry tow vessel
2 Ice Management Vessels

Offshore
- 1 Ware Vessel
- 2 OSVs
- 1 OSRV
- 4 boom boats

Near / Onshore
- 1 oil storage tanker
- 1 oil spill response barge/tug
- 4 boom boats 32’
- 4 landing craft 32’
- 1 Landing craft 200’
- 2 helicopters

Remote location requiring major marine and logistics support

Marine Mammal Monitoring

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- IHA Application in Appendix C of Exploration Plan
- Modeled potential sources of noise from our operations
  - Drill rig only
  - Drill rig plus ware vessel (dynamic positioning)
  - Vertical Seismic Profile
- Level B criteria for pulsed (VSP) sound is 160 dB and for continuous (rig, vessel) is 120 dB

Distances from Drill Site	120 dB	160 dB (m)
Drill Rig Only	210	<10
Drill Rig plus Ware Vessel (dynamic positioning)	7900	71
Vertical Seismic Profile	>71000	4700

- MMOs on the drill rig, the two ice mgt vessels and research/monitoring vessel
- Three passive acoustic buoys will be deployed at 3 distances from the rig (1 km, 4 km and 10 km)

Discharge Monitoring Plan

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- Discharges permitted by EPA under the NPDES program
  - 13 discharge types permitted in Chukchi Sea
  - General permit in process of being reissued
- Discharge Monitoring Plan submitted with Exploration Plan (Appendix I)
- Three phase monitoring program:
  - pre-drilling (establish site specific baseline conditions)
  - during drilling (dispersion and fate of muds and cuttings and distribution of zooplankton at site)
  - post drilling (short and long term effect of muds and cuttings in the water, sediments, marine mammal tissue and benthic biological communities)

Why is Chukchi Exploration Important to Alaska?

ConocoPhillips

- **The potential for large (Kuparuk size) oil fields offshore**
  - BOEM (MMS) estimates 15BBO & 77 TCF technically recoverable resources
  - Drilling to date is not conclusive (1 gas field discovered plus small oil)
  - Need very large oil field for commerciality
- **If successful, Chukchi oil development would lead to:**
  - Workforce Training Opportunities
  - Jobs and careers
  - Increased Community Investment
  - Tax revenue for State and Local Communities
  - Production means Extended Life for Trans Alaska Pipeline System (TAPS) and the benefits that TAPS provide to Alaskans

Thank You

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