



Senate Finance Committee

SCS CSHB111 \P

Scott Jepsen, VP External Affairs and Transportation
ConocoPhillips Alaska

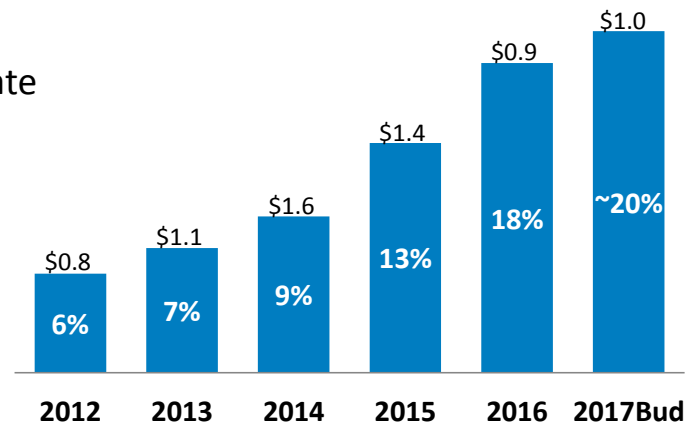
April 28, 2017

Activities Since Tax Reform (SB21) Passed

- Added two rigs to the Kuparuk rig fleet, 2013-2014
- Two new-build rigs delivered in 2016
 - Doyon 142 and Nabors CDR3
 - Averaged 4.5 rigs at Kuparuk/Alpine during 2016
- Sanctioned ERD Rig in 2016
- North East West Sak – DS1H
- New drill site at Kuparuk (DS 2S) – on stream a year ago
- Sanctioned 18 additional wells at Alpine CD5
- Sanctioned Greater Mooses Tooth 1 in 2015
- Permitting Greater Mooses Tooth 2
- Willow discovery and acquisition of 737,000 state and federal acres in December 2016 lease sale
- Significant other industry investment



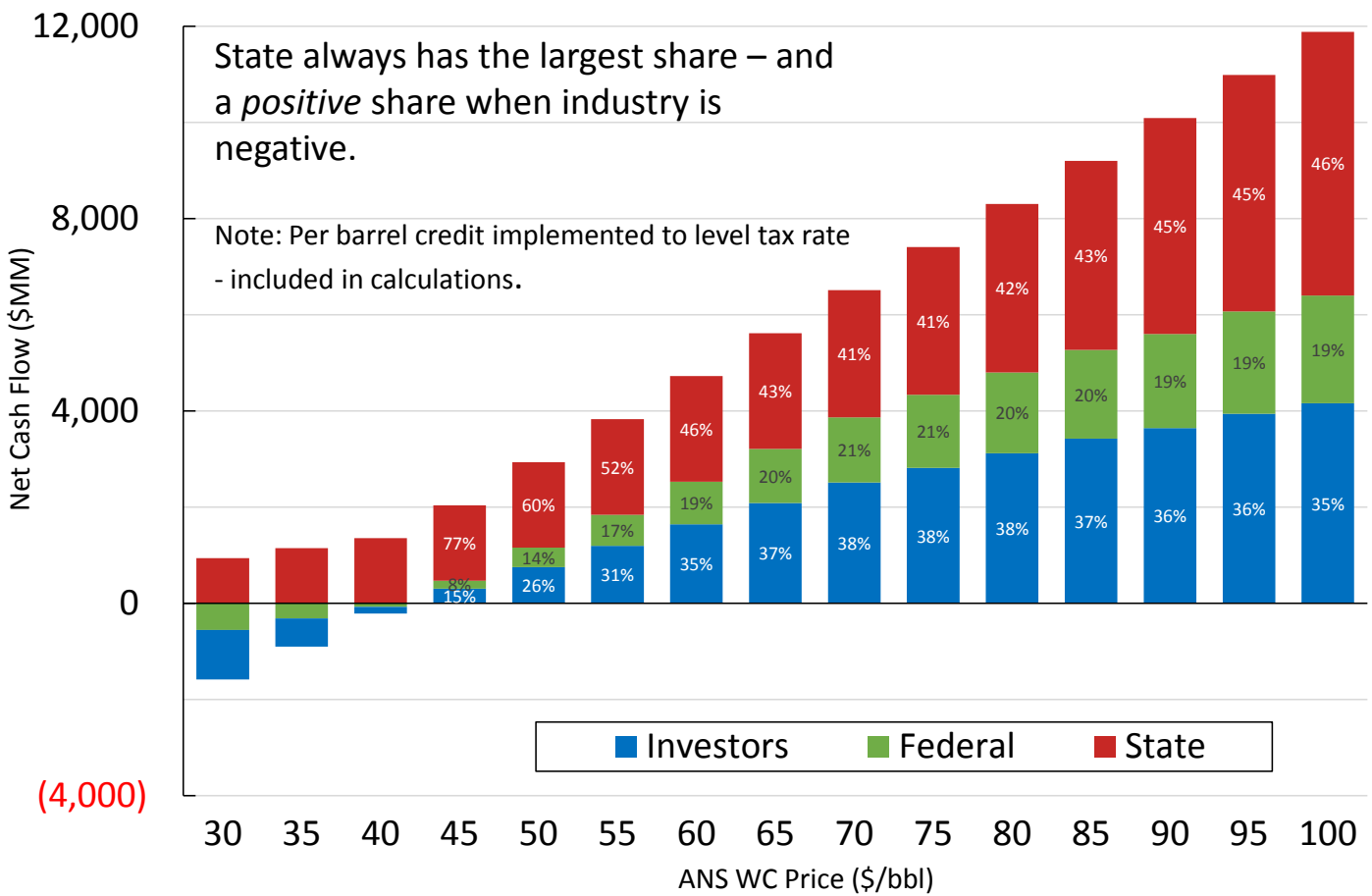
Alaska Capex as % of COP Total (\$B)



North Slope oil production grew 2% in 2016, the first growth in 14 years.

Source: Alyeska Pipeline Service Company Press Release December 30, 2016

FY 2017 Cash Flow - Current Law - Fall 2016 RSB Assumptions



State share includes royalty, production tax, income tax and property tax. Tax credits other than per barrel credits are excluded.

Summary

- Total cost matters. Alaska is a high cost region - increasing taxes increases costs and makes Alaska less competitive.
- The House version, CSHB111, would significantly increase the tax structure and would negatively impact ConocoPhillips investment decisions.
- SCS CSHB111 addresses refundable cash credits and keeps Alaska competitive.
 - NOL carry forward provisions may not provide benefit at low oil prices.
- The fundamental structure of SB21 is working – it has stimulated investment, resulting in jobs and increased production for the first time in 14 years. Let it continue to work.