ConocoPhillips

Shale Oil Technical Teach-In

February 20, 2020

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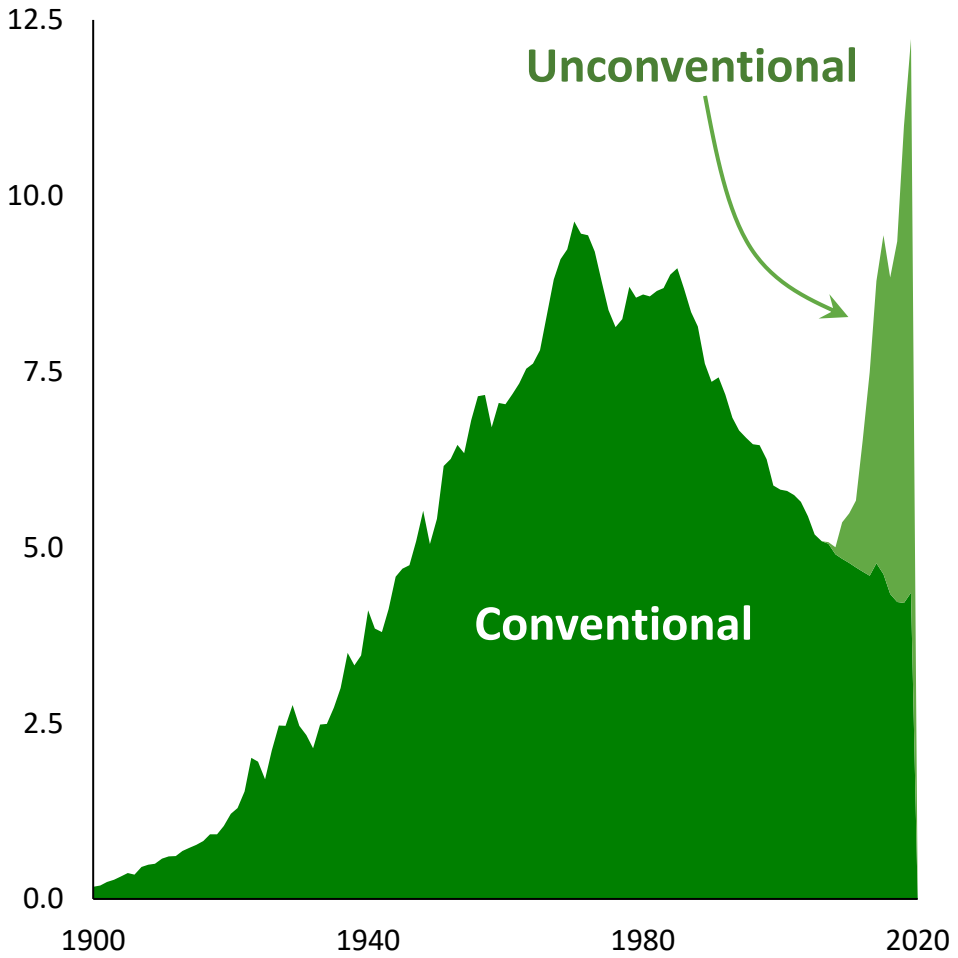
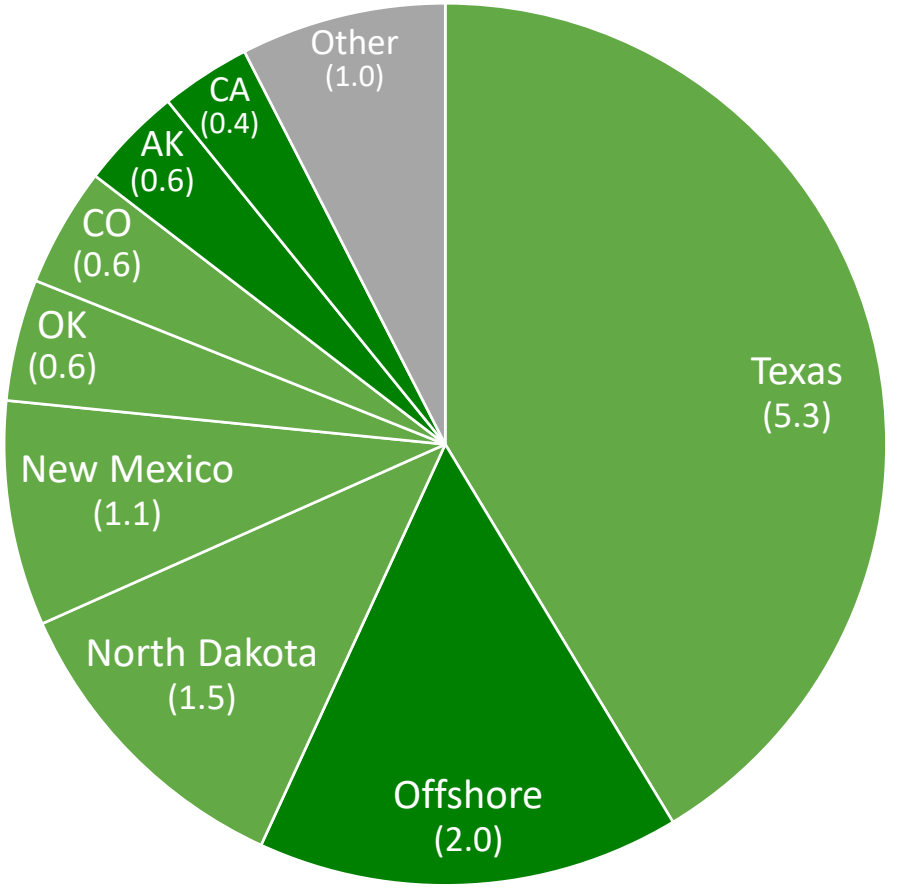
Unconventional Oil Production has Rejuvenated the U.S. E&P Industry

U.S. Annual Oil Production (Million BO per day)

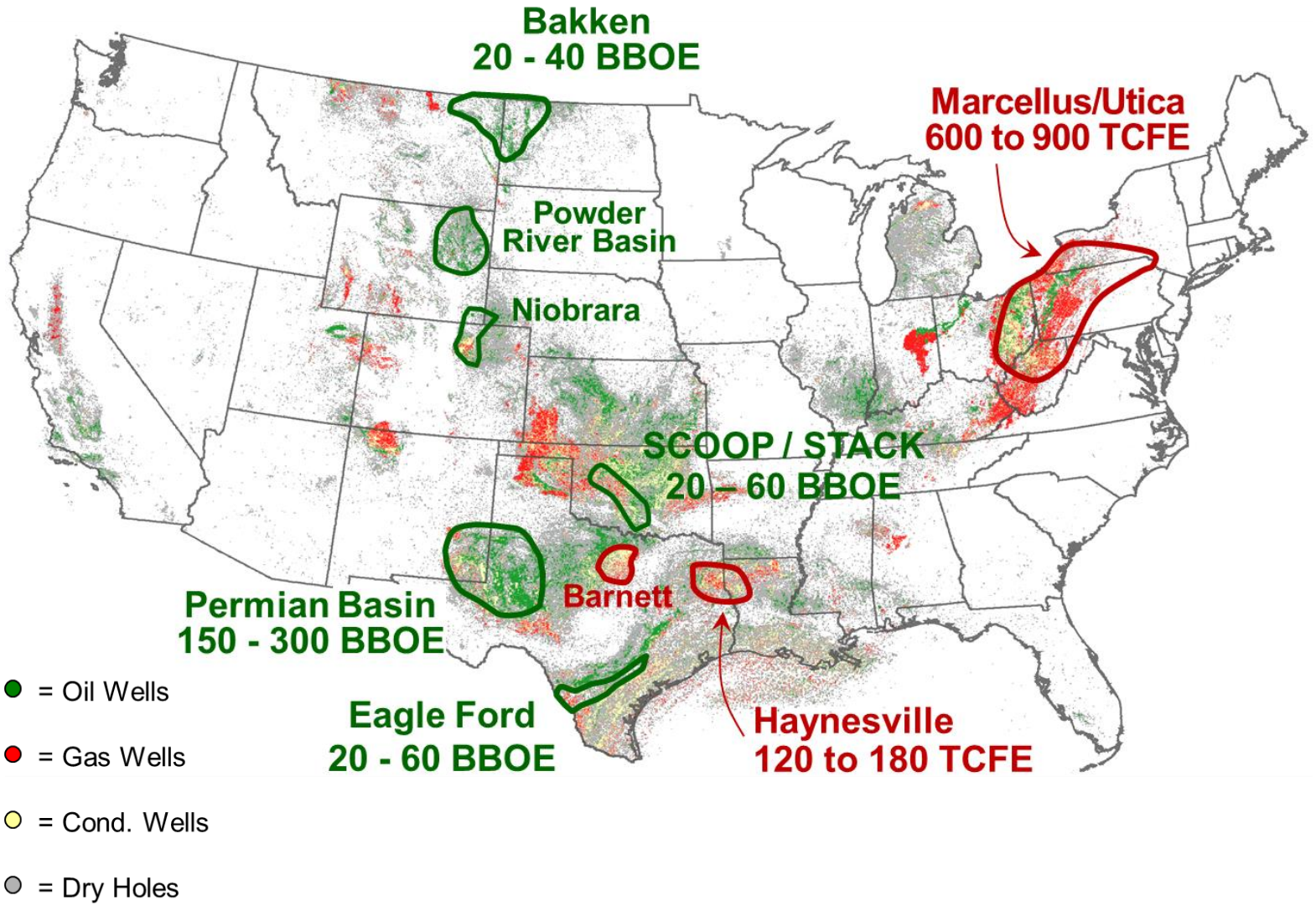


U.S. November 2019 Oil Output (Million BO per day)



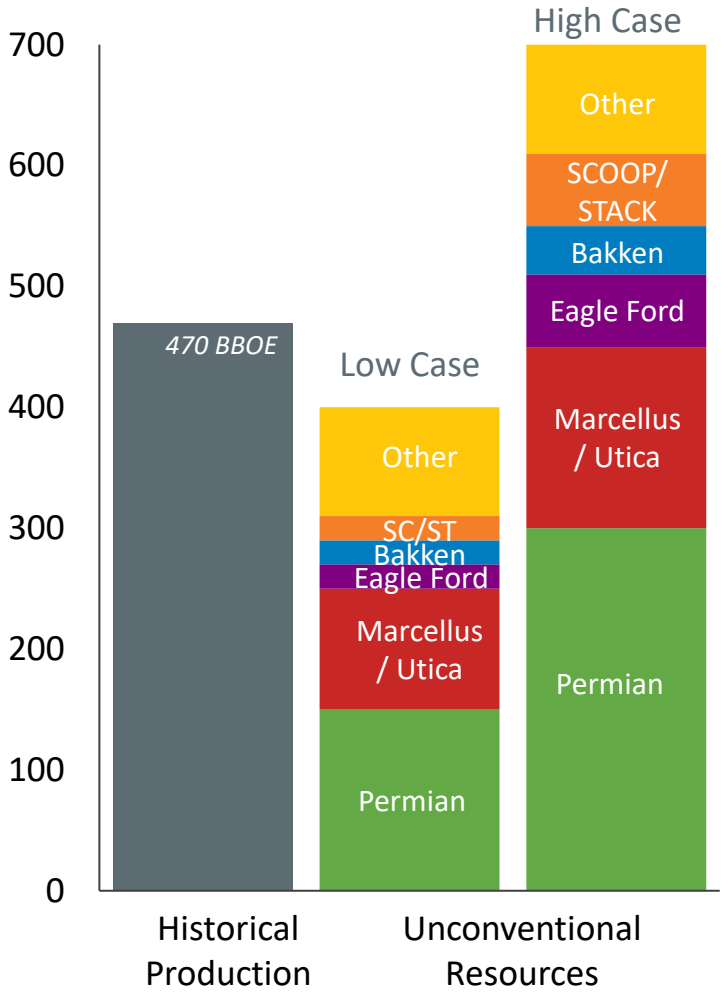
Source: U.S. Energy Information Administration

The Volume of Recoverable Oil in Unconventional Reservoirs is Extremely Large



U.S. Historical Oil & Gas Production and Unconventional Resources

(Billions of Barrels of Oil Equivalent)

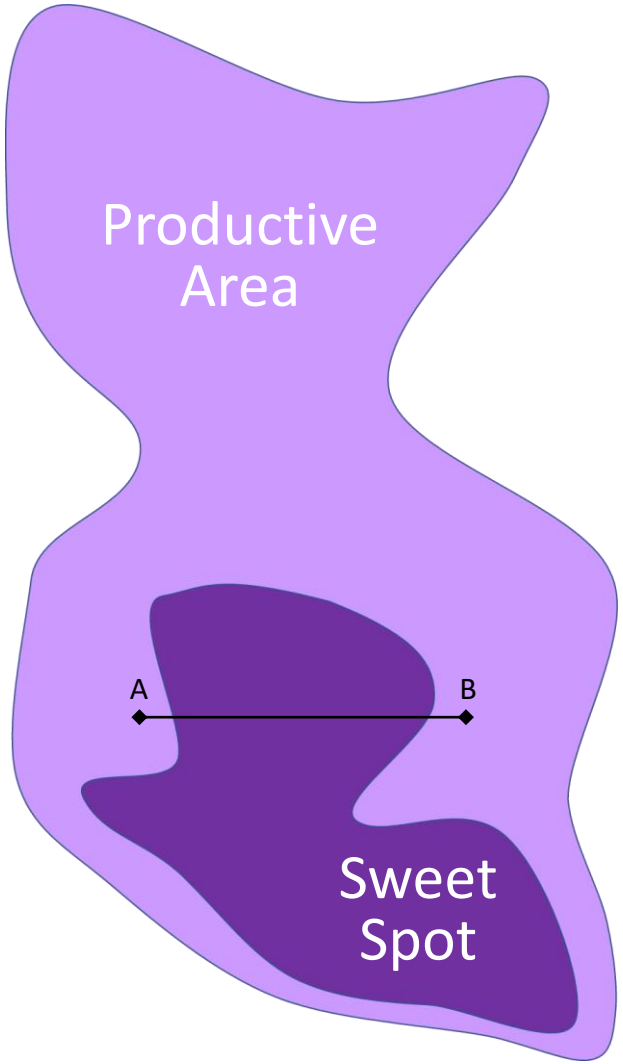


Well locations from U.S. Geological Survey. Unconventional resource estimates based upon publicly available sources and ConocoPhillips estimates. BBOE = Billion barrels oil equivalent; TCFG = Trillion cubic feet gas

Historical Production: Post 1965 to 2018 from BP Statistical Review of World Energy 2019 report; Pre-1965 oil production from EIA; Pre-1965 natural gas estimated from multiple sources.

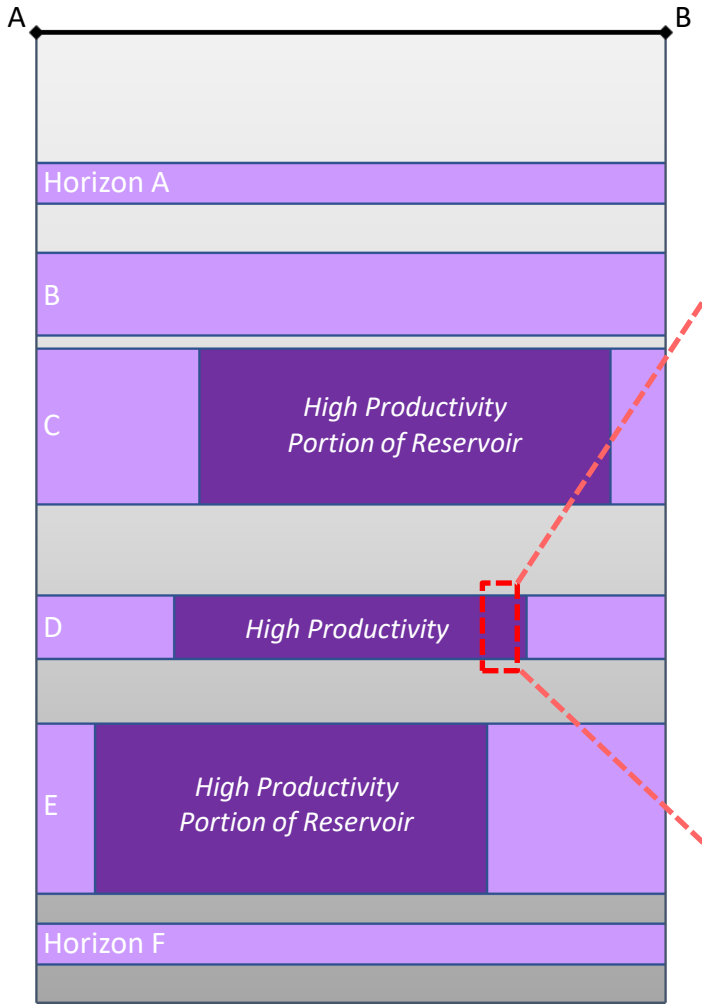
Most of the Value from Unconventional Development Comes From Sweet Spots

Geographic Sweet Spots



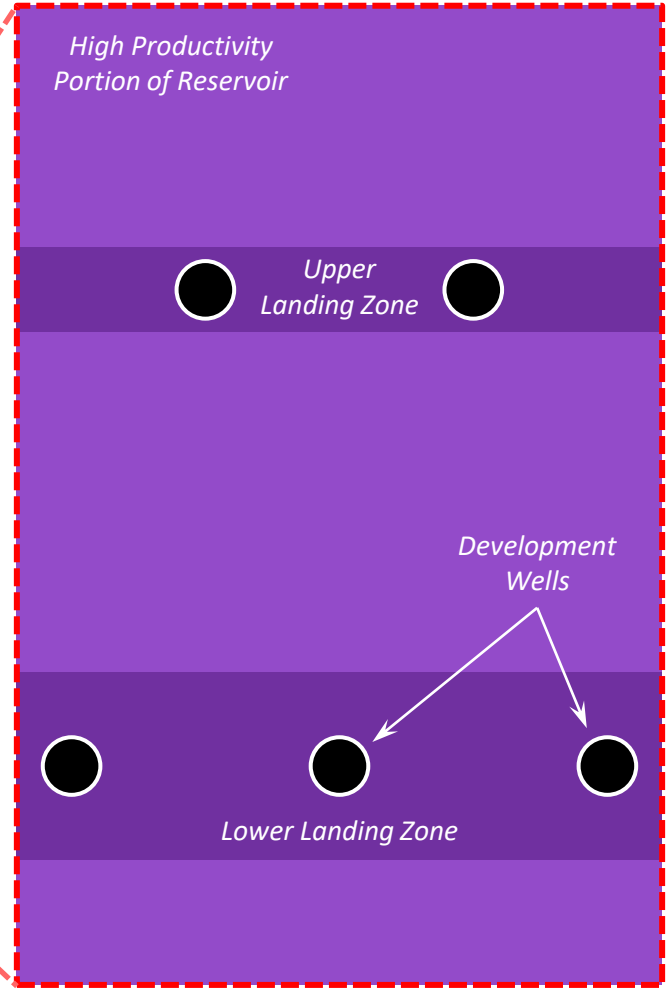
Map View: 100s of miles N-S & E-W

Highest Productivity Reservoirs



Cross Section View: 1,000s of vertical feet

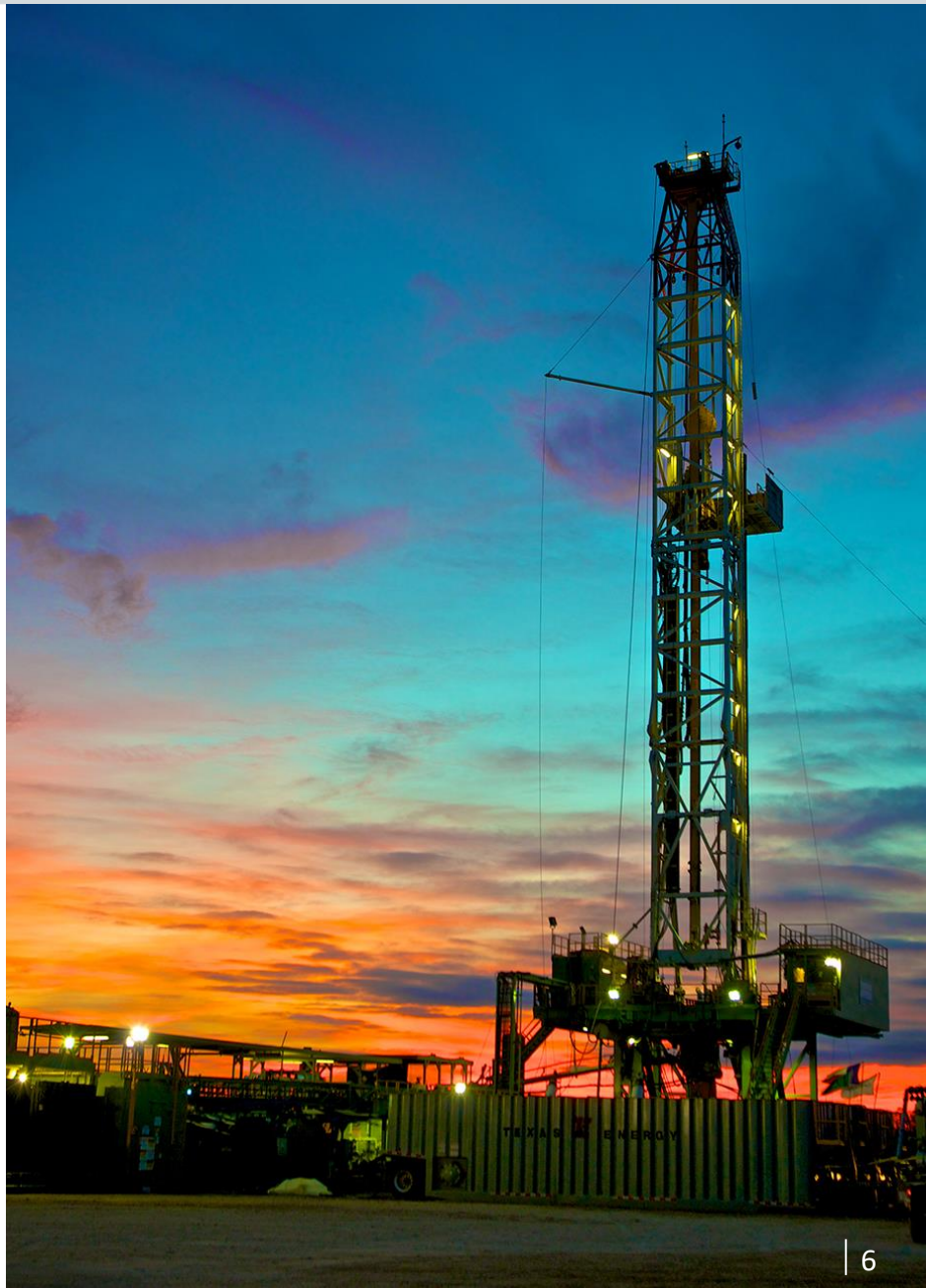
Optimal Landing Zones



Gun Barrel View: 10s to 100s of vertical feet

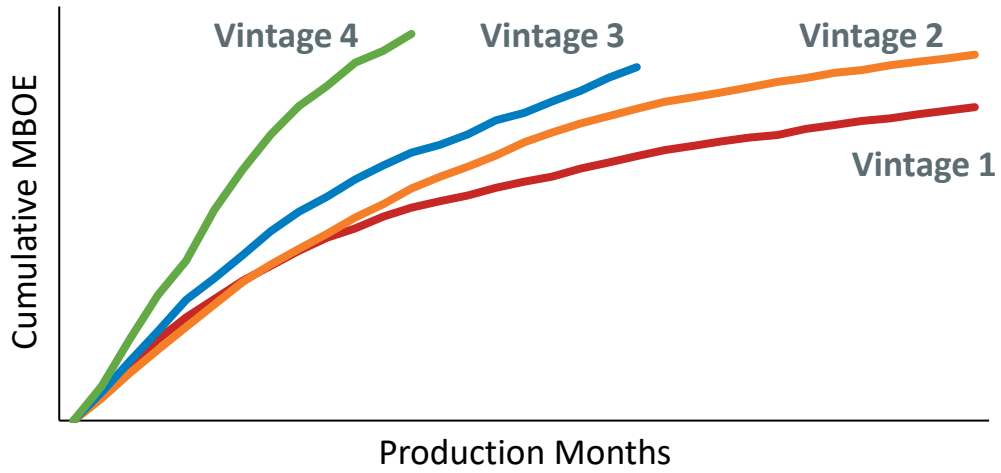
Key Technical Topics

- Resource Recovery and Production
- Completions Optimization
- Drilling Performance
- Smart Field Design and Operations
- Sustainable Development
- Optimizing Pace of Development

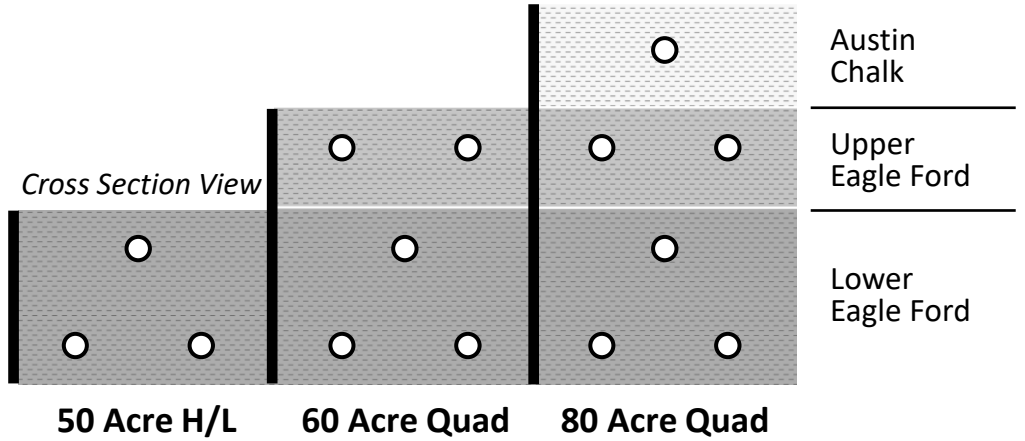


Utilizing a "Systems Approach" to Enhance Resource Recovery and Production

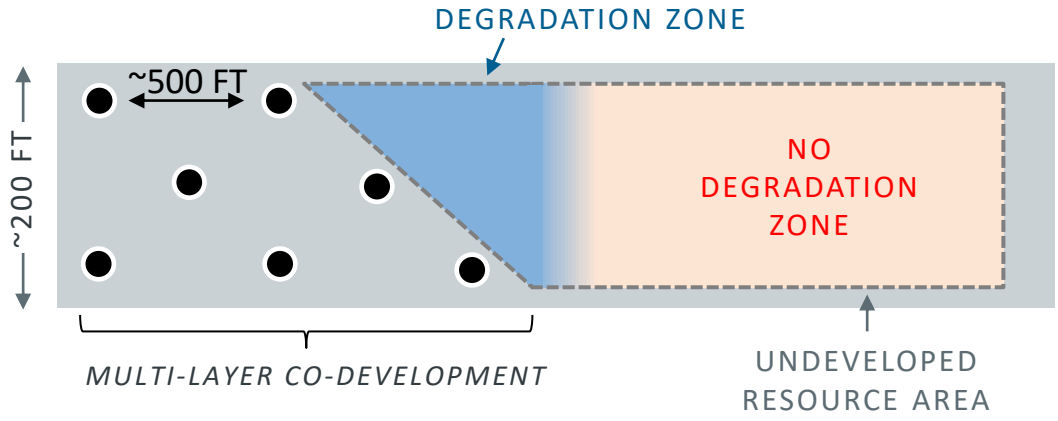
Completion Design



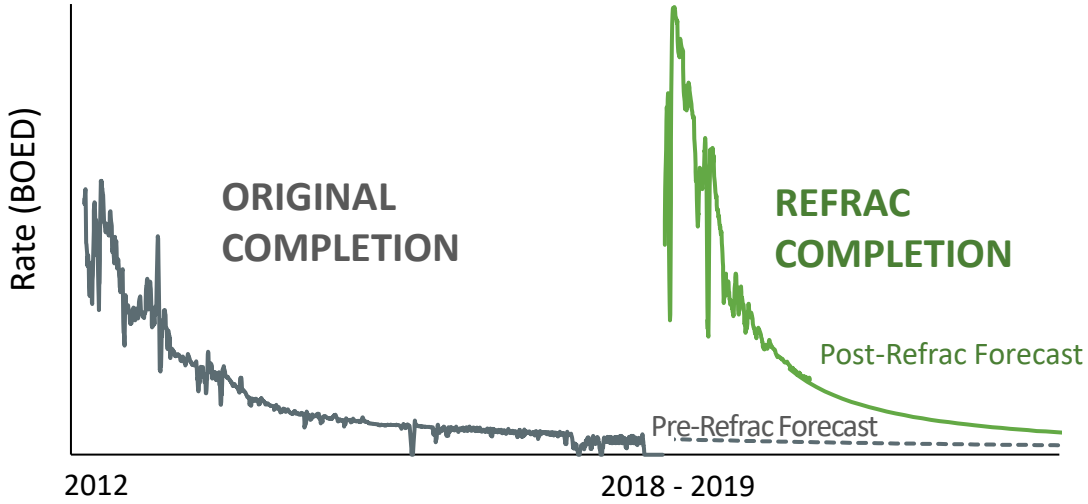
Well Spacing & Stacking



Managing Parent / Child Interactions



Refracture Stimulation

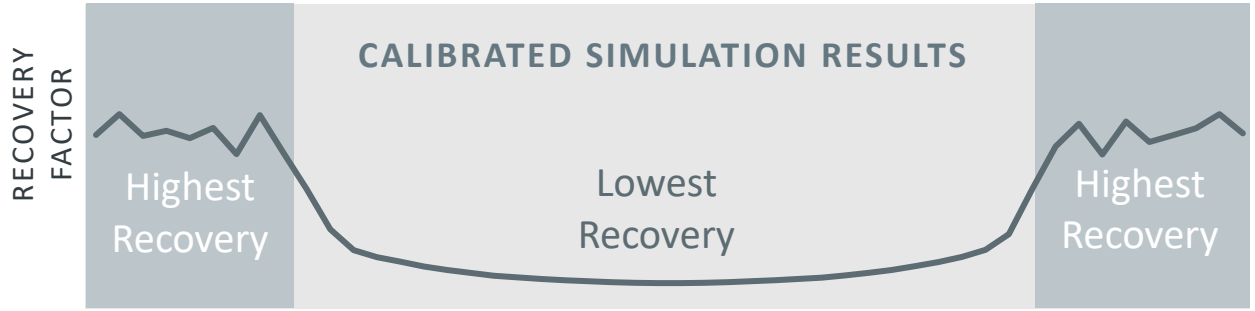


Utilizing Differential Knowledge to Further Improve Recovery Factors

Differential Knowledge about Hydraulic Fracture Characteristics

Eagle Ford SRV Pilot Learnings:
Many Hydraulic Fractures, Low Percentage Propped

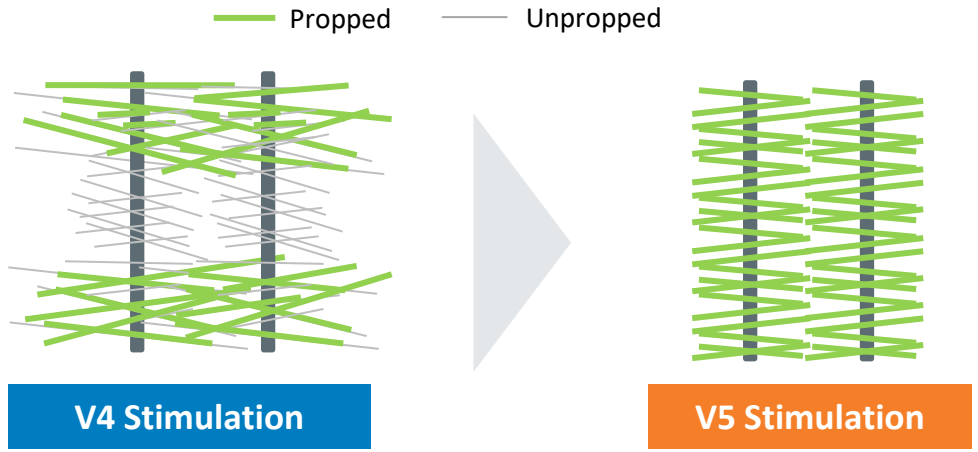
Modeled Recovery Along Lateral Shows Hydrocarbons Left Behind



Opportunity to Improve Recovery Factors By:

- Improving proppant placement
- Enhancing near-wellbore drainage efficiency
- Increasing tessellation of frac pattern
- Reducing parent-child degradation

Fracture Pattern Illustration

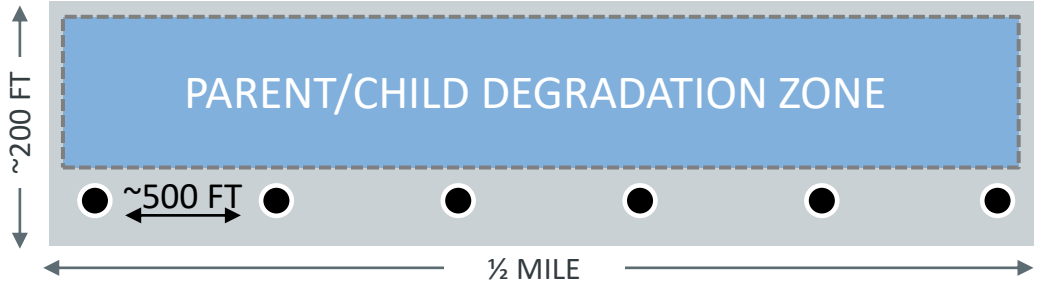


Slide content from ConocoPhillips' November 2019 Analyst & Investors Meeting slide deck.

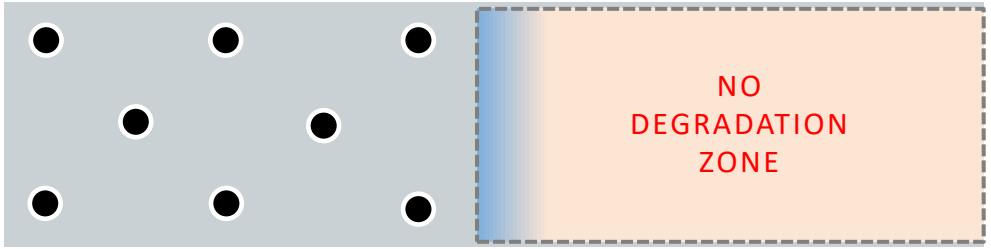
Managing Parent / Child Degradation

Optimized Co-Developed Spacing/Stacking

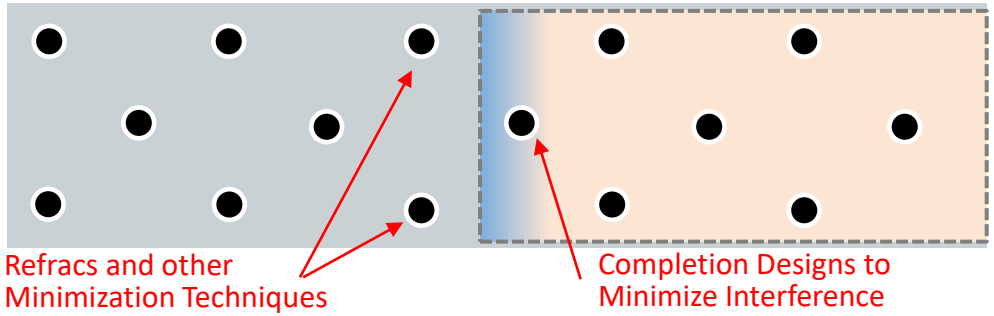
Competitor “Rapid Pace” Stacking Strategy



ConocoPhillips Multi-Layer Co-Development Stacking Strategy

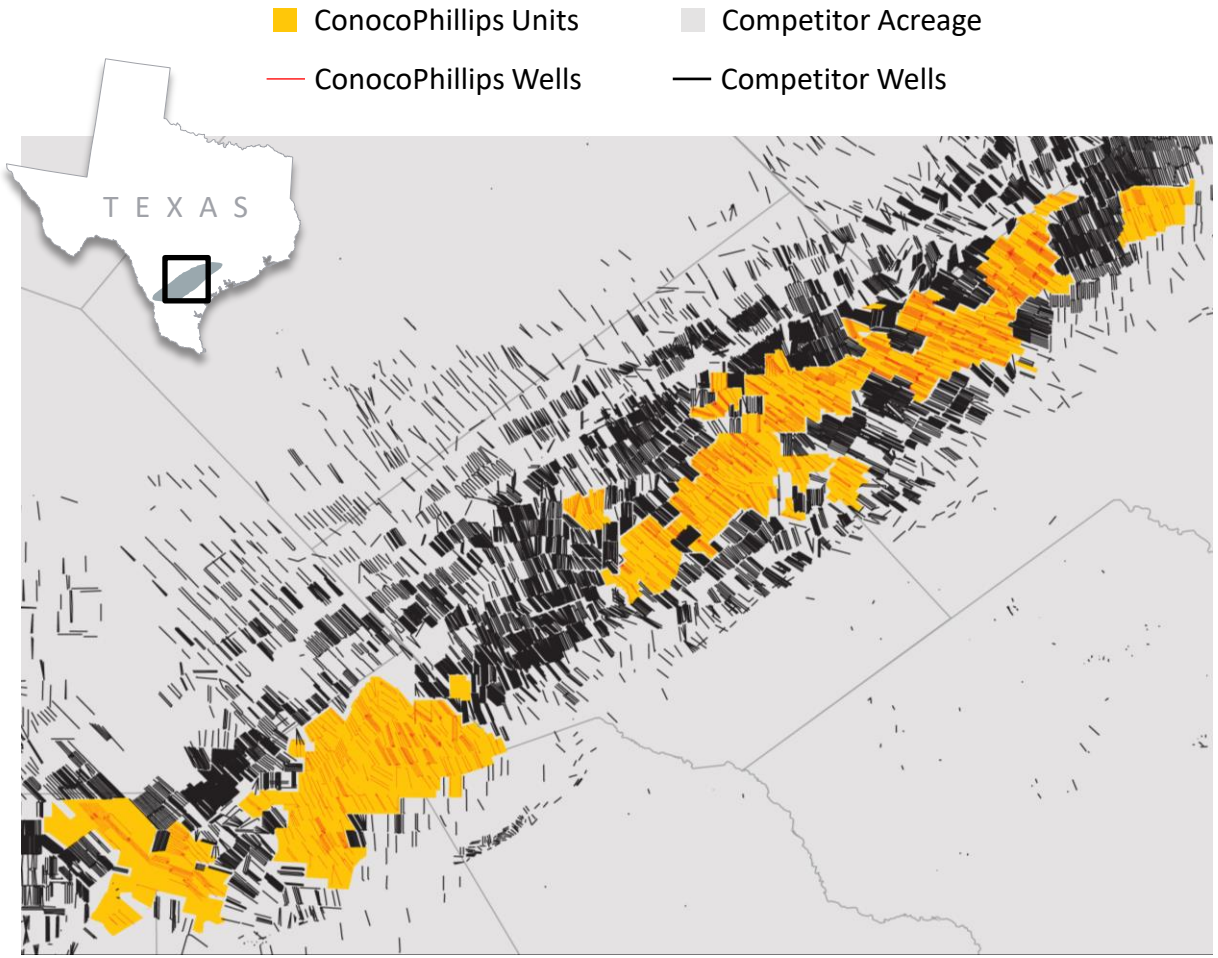


ConocoPhillips Parent / Child Degradation Minimization Toolbox



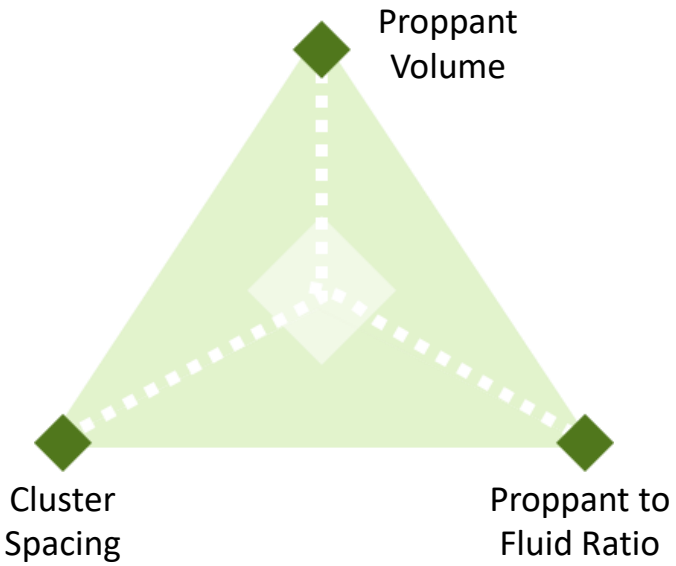
Significant Inventory of High-Quality Acreage

ConocoPhillips Eagle Ford Position: ~3,800 locations remaining



Completions Optimization – ConocoPhillips Bakken Data Analytics Example

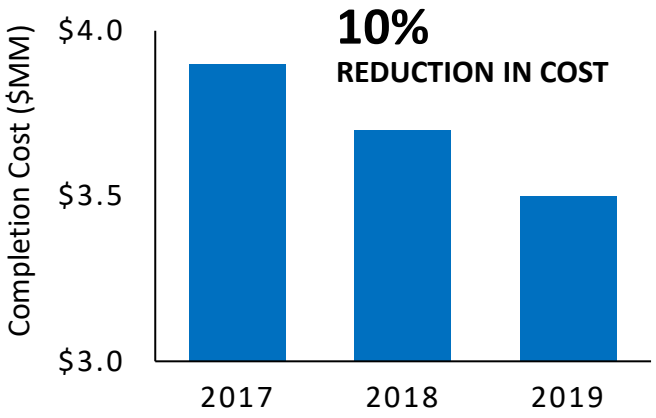
Multi-Variate Analysis Insights

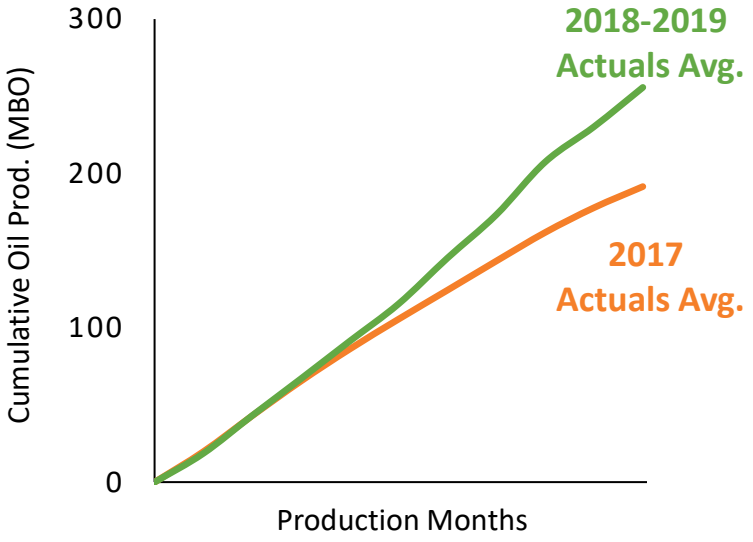


Optimized Cost of Supply Recipe

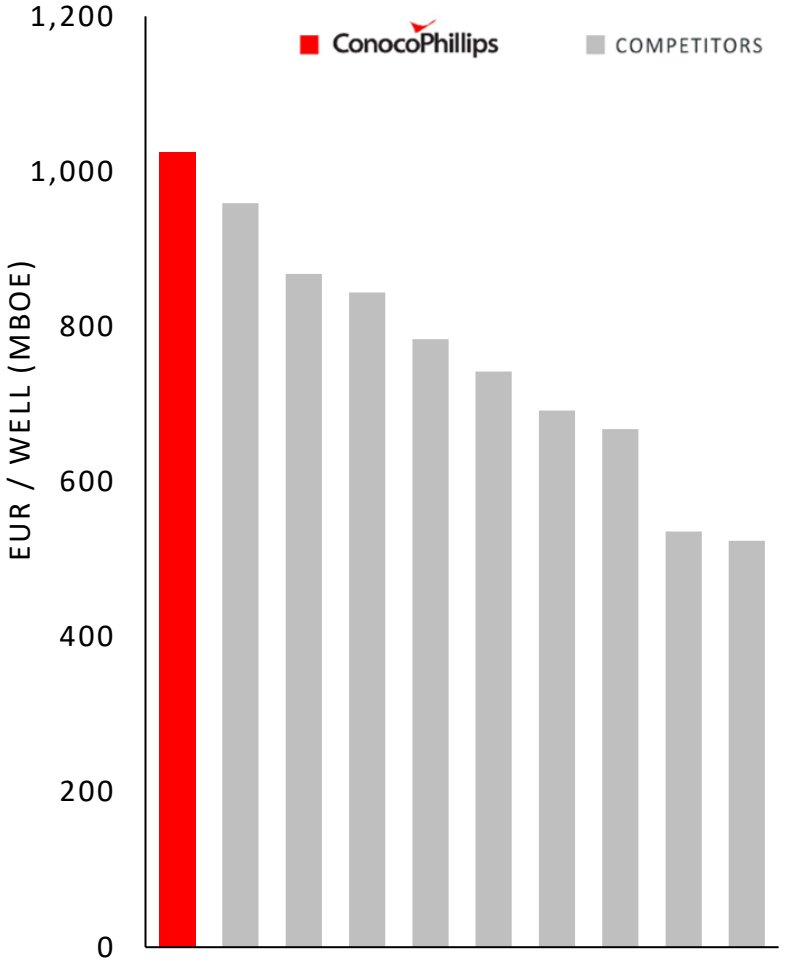
- Tighter Cluster Spacing
- Lower Proppant to Fluid Ratio
- Less Proppant

Impacts on Cost & Production





EUR Performance Compared to Peers



RS ENERGY GROUP (Sept. 2019); Includes the top-10 companies in terms of count of new wells online in the basin Jan. 1, 2017 – June 30, 2018: COP, CLR, EQNR, HES, Kraken, MRO, OAS, WLL, WPX and XOM.

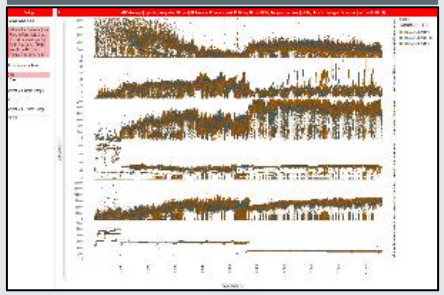
Slide content from ConocoPhillips' November 2019 Analyst & Investors Meeting slide deck.

Using Data Analytics to Improve Drilling Efficiencies

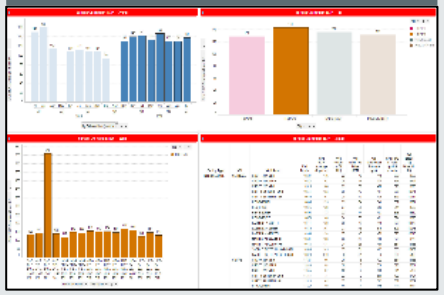
Improved Performance Using Big Data

Drilling Dashboard

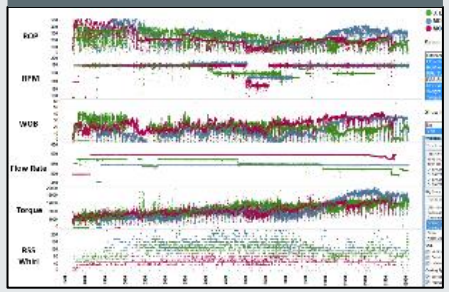
Drilling Parameters



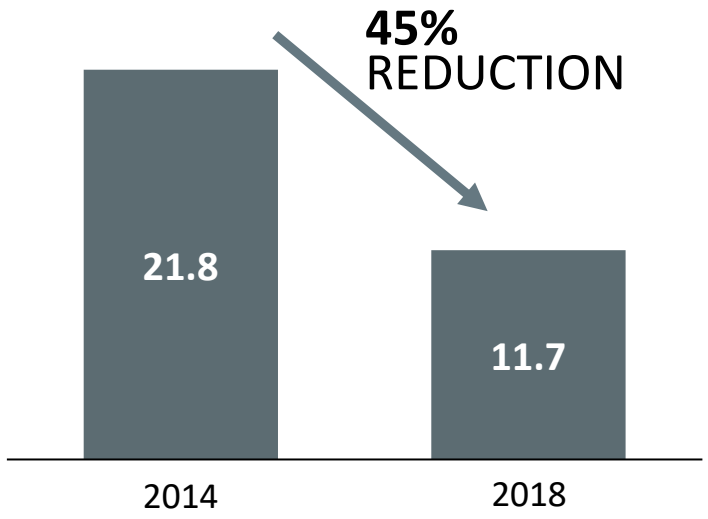
Directional KPI



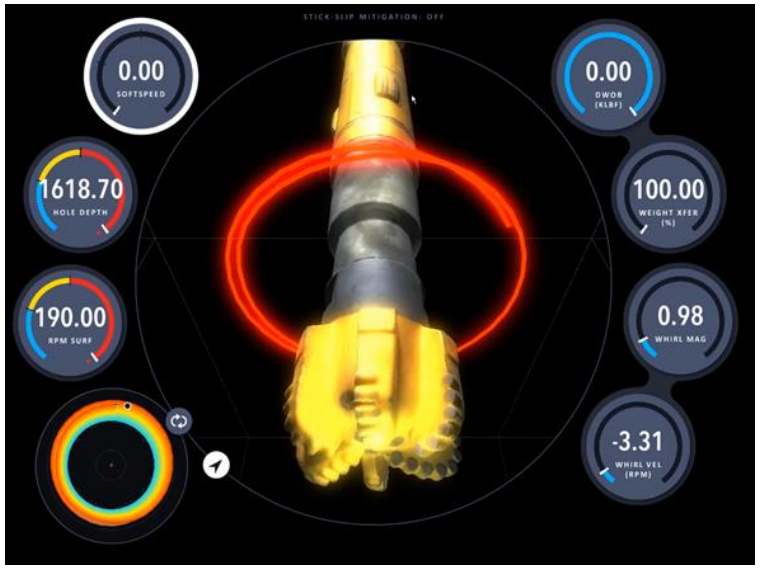
Multi-Well Analytics



Improvement in Average Spud-to-Spud Days[1]



Utilizing Automated Drilling Systems



[1] Results from ConocoPhillips' Eagle Ford Asset

Enhancing Margins through Smart Field Design and Operations

Minimize Moving Parts

- Gas lift
- Fluids on pipe
- Centralized infrastructure

LOW-COST WIRELESS MONITORING DEVICES

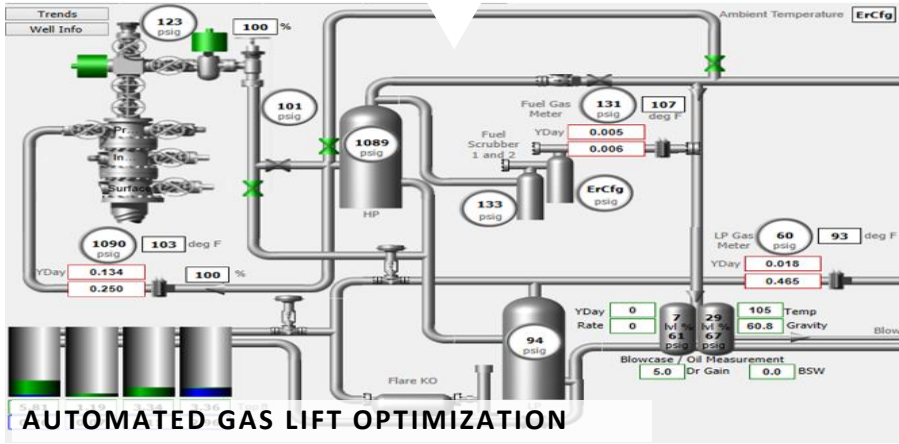
CENTRALIZED INFRASTRUCTURE

Maximize Remote Monitoring & Control

- Web-enabled fields
- IoT sensors and controls
- Remote integrated operating centers

Fully Leverage Analytics And Machine Learning

- Predictive maintenance
- Accelerated production loss diagnosis and response
- Automated process optimization



AUTOMATED GAS LIFT OPTIMIZATION

BIG 3 LIFTING COST LESS THAN $4 PER BOE

2020-2029 Average

Slide content from ConocoPhillips' November 2019 Analyst & Investors Meeting slide deck.

Unconventional Reservoir Sustainable Development

Permian Water Recycling

ConocoPhillips is Targeting 90% water reuse in Delaware by Q3 2020

Methane Capture

A leader[1] in methane detection and capture; continually targeting further improvement

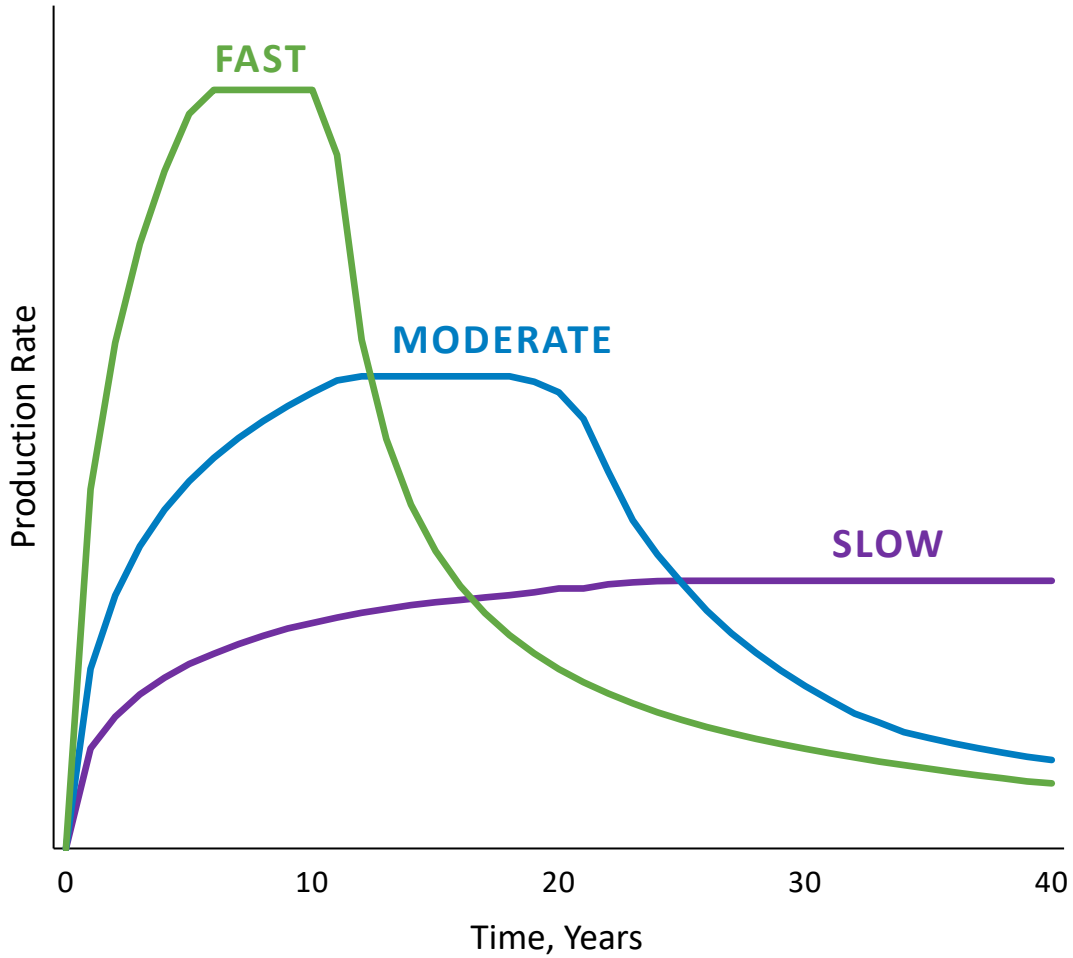
Eagle Ford & Bakken Reducing Trucks

Utilizing pipeline infrastructure to eliminate >100,000 trips in 2020 with plans to double the savings over the next decade

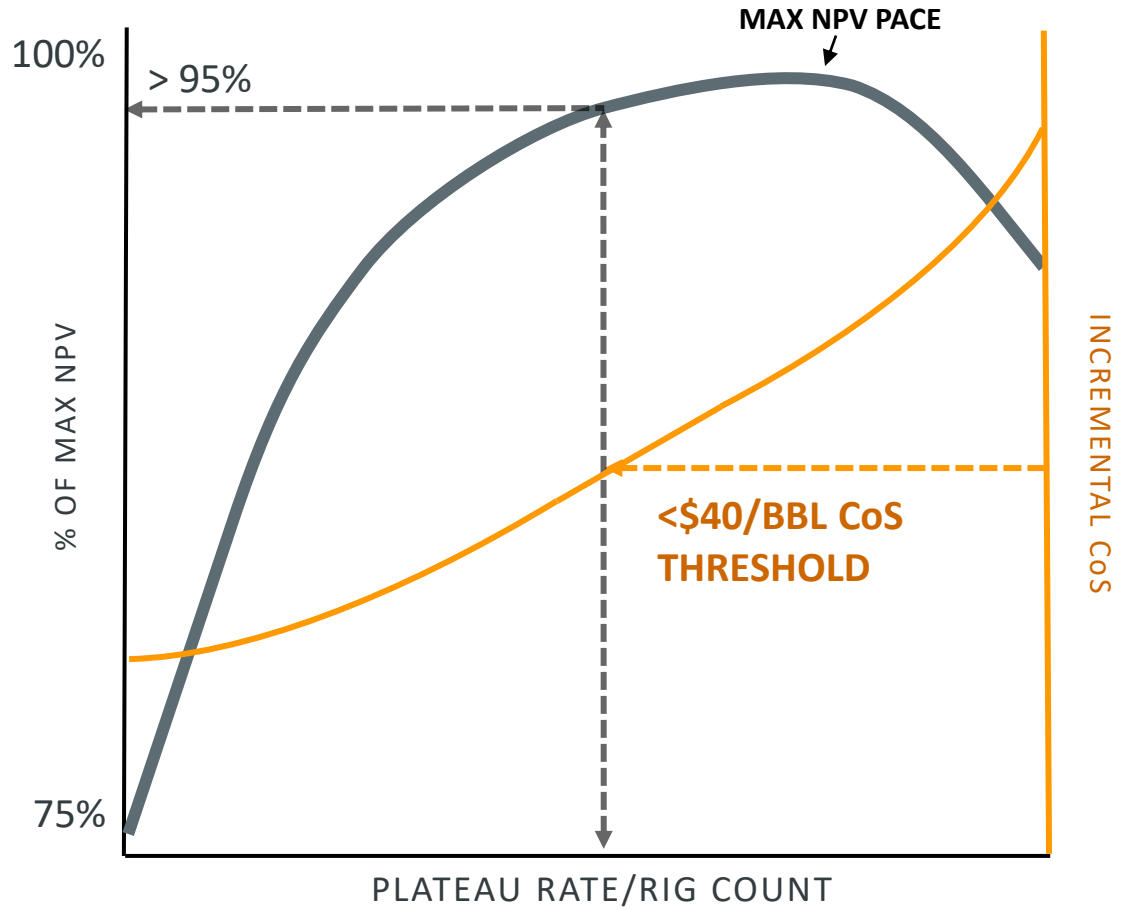
[1] Based on 2018 state regulatory data.

Optimizing Pace of Development By Focusing on Incremental Cost of Supply

What Pace of Development is Optimal?



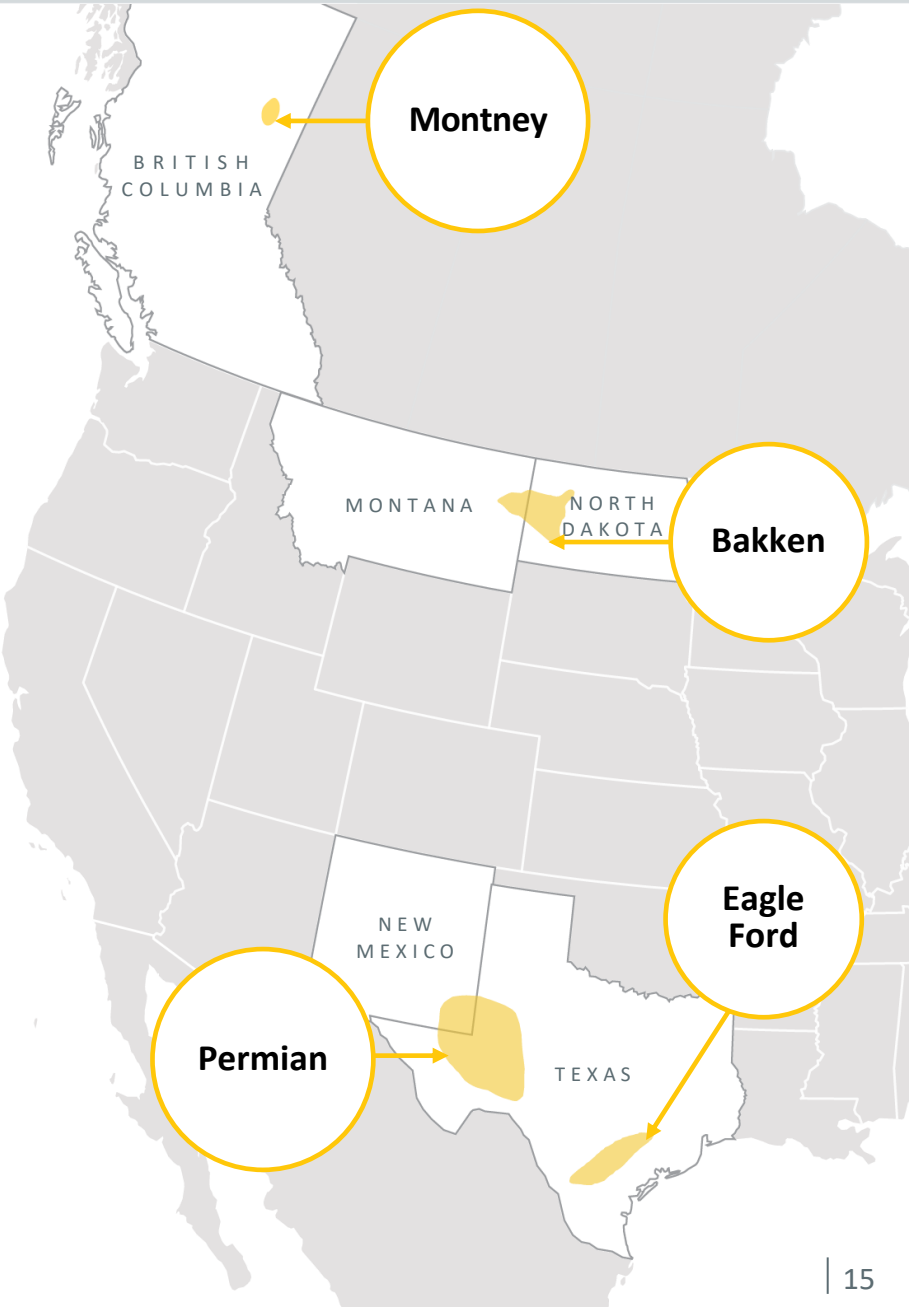
Incremental Cost of Supply Analysis



Slide content from ConocoPhillips' November 2019 Analyst & Investors Meeting slide deck.

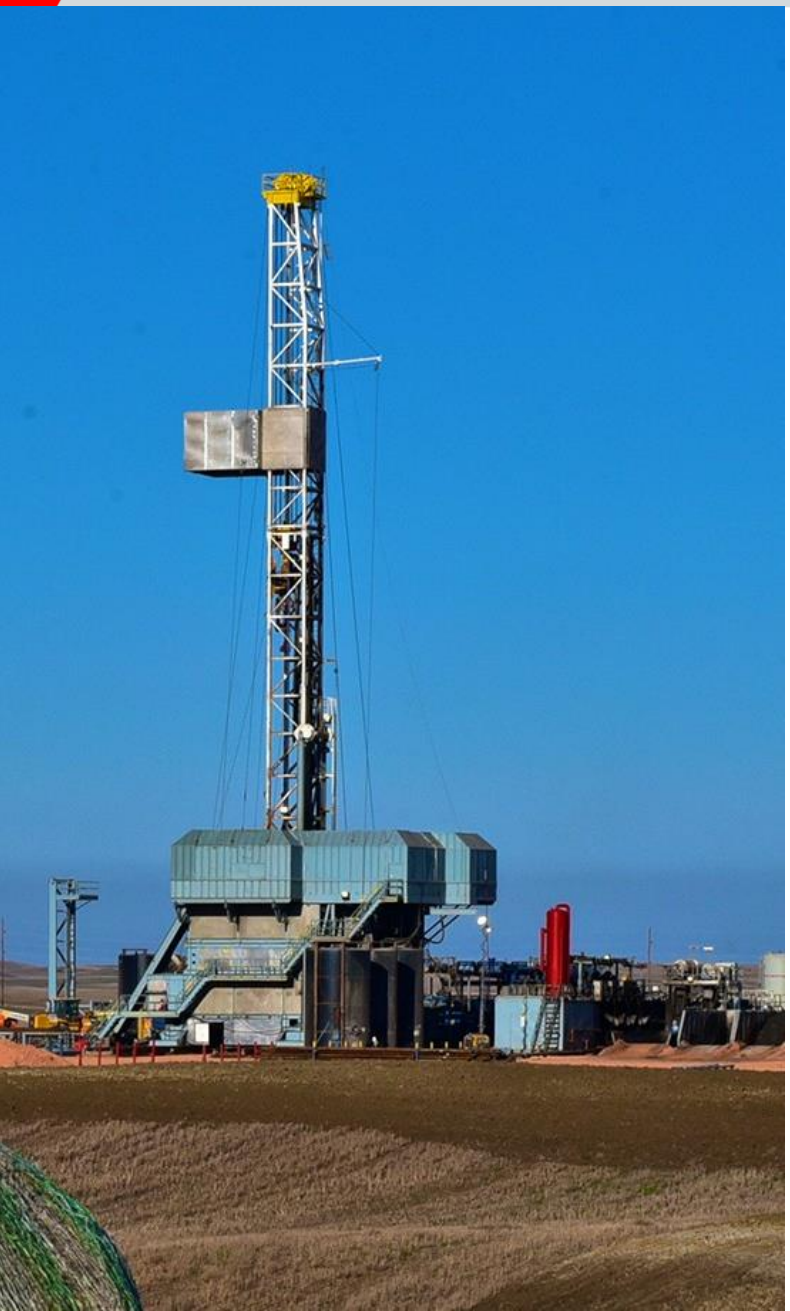
ConocoPhillips – Big in Unconventional Reservoirs

- Producing 387,000 BOE per day from “Big Three” unconventional plays (Eagle Ford, Bakken, Permian); Producing 1,334,000 BOE per day total company. [1]
- Unconventional production growth from Montney expected starting this year
- Undeveloped acreage in Argentina and Colombia
- ~50% of ConocoPhillips’ 15 BBOE of resources[2] <$40/bbl WTI Cost of Supply[3] are unconventional
- Large conventional businesses in Alaska, Norway, Qatar, China, Australia, Malaysia and Indonesia



[1] Production volume during Q4 2019 . [2] Resources volume of 15 BBOE is from November 2019 ConocoPhillips Analyst and Investor Meeting (AIM) slide deck. [3] Cost of Supply (CoS) is the WTI equivalent price that generates a 10 percent return on a point forward and fully-burdened basis.

Key Take Away Message



- Unconventional oil production has rejuvenated the U.S. E&P industry
- Recovery and production can be enhanced using a systems approach
- Considerable room for additional technological advancements
- Development pace can be optimized by assessing incremental cost of supply
- ConocoPhillips is proud to be an unconventional E&P industry leader

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Shale Oil Technical Teach In

February 20, 2020