

# Managing in a Low-Price Environment

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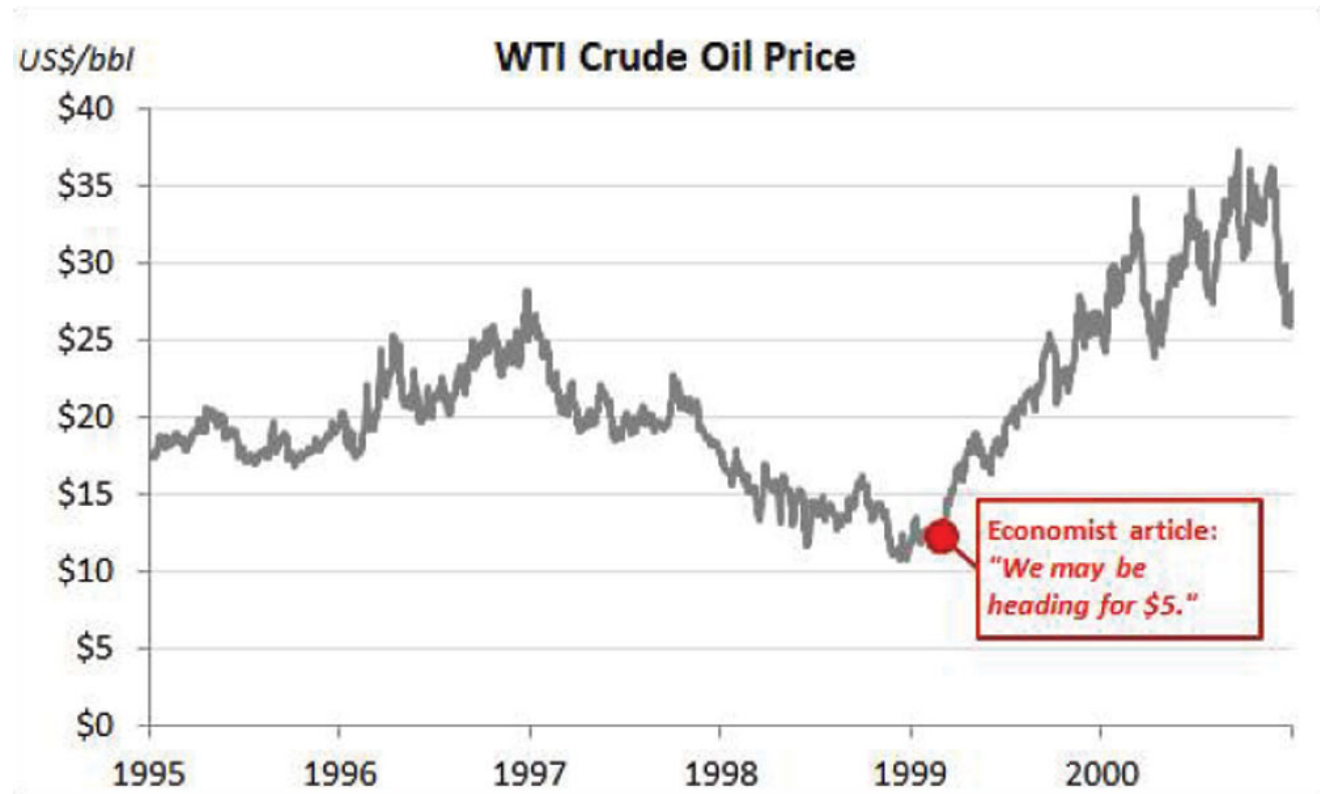
Cautionary Note to U.S. Investors – The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves. We use the term "resource" in this presentation that the SEC's guidelines prohibit us from including in filings with the SEC. U.S. investors 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.

# Humility is a Virtue – “It is difficult to predict, especially the future”<sup>1</sup>



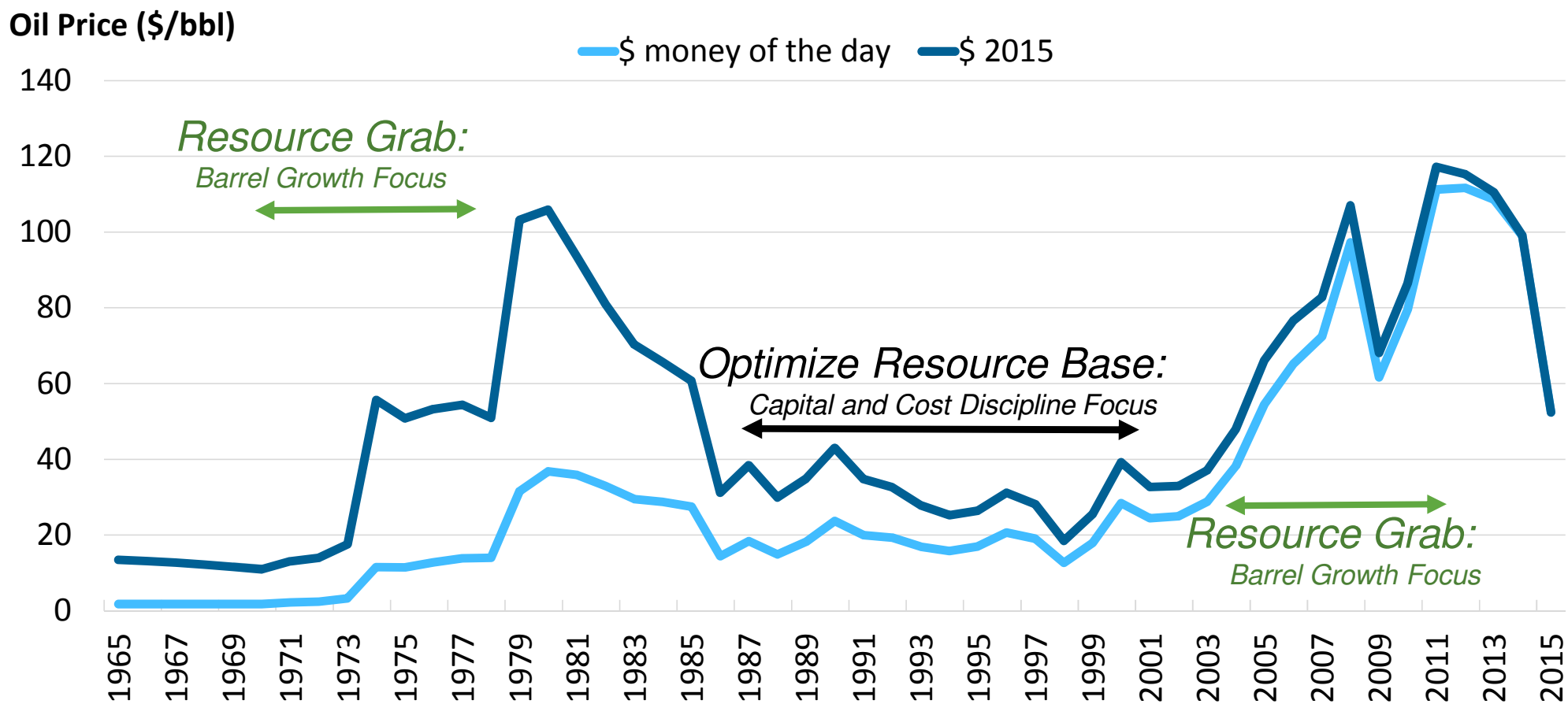
March 6, 1999 Cover Story

(Money of the Day)



<sup>1</sup>Niels Henrik David Bohr – Danish physicist that won the Nobel Prize in Physics in 1922, also a philosopher and a promoter of scientific research

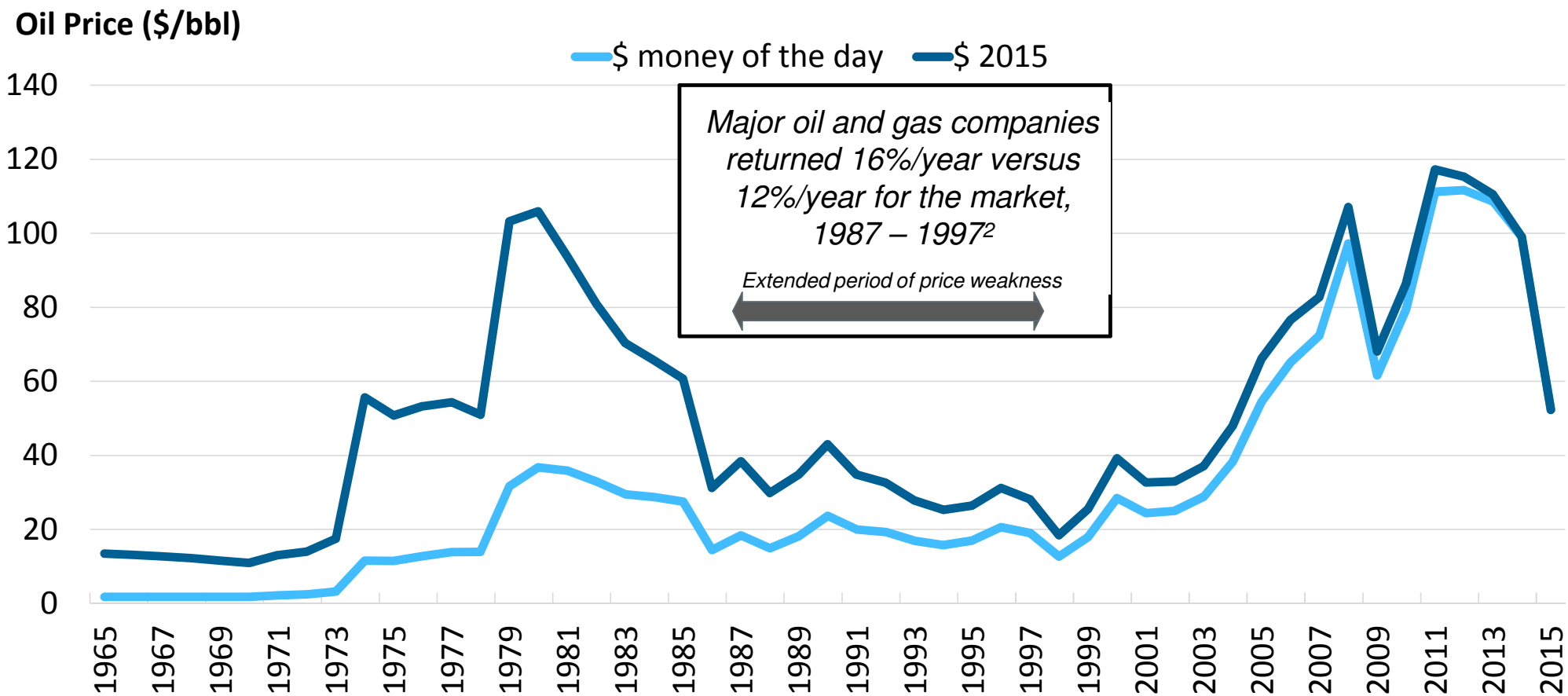
# Historical Oil Prices



<sup>1</sup>Historical prices are from BP Statistical Review of World Energy 2015

1965-1983 Arabian Light posted at Ras Tanura  
1984-2014 Brent dated

# Industry Can Adjust to Lower Oil Prices and Perform Well

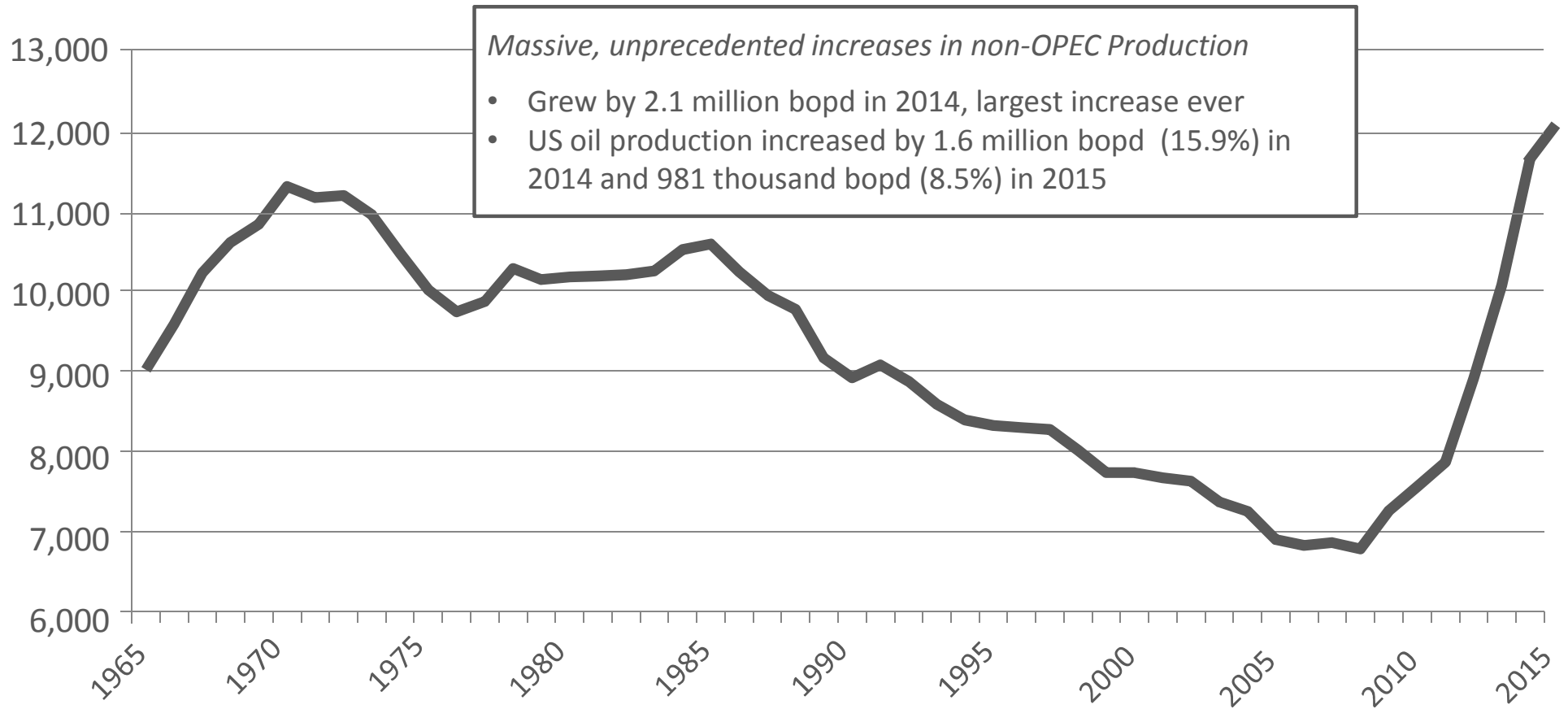


<sup>1</sup>Historical prices are from BP Statistical Review of World Energy 2015

<sup>2</sup>Morgan Stanley / BCG

1965-1983 Arabian Light posted at Ras Tanura  
1984-2014 Brent dated

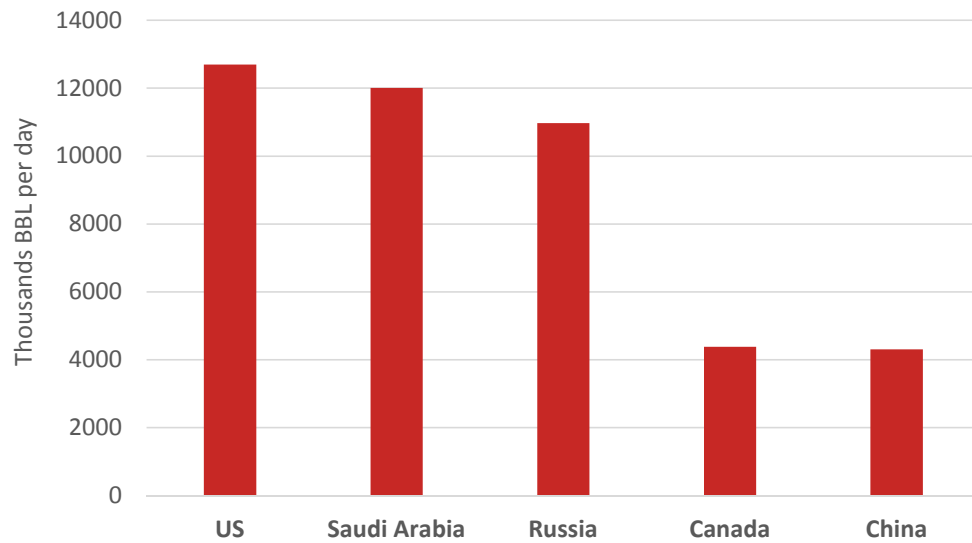
# Supply Shock 2008 - 2015: Annual U.S. Oil Production (mbopd) <sup>1</sup>



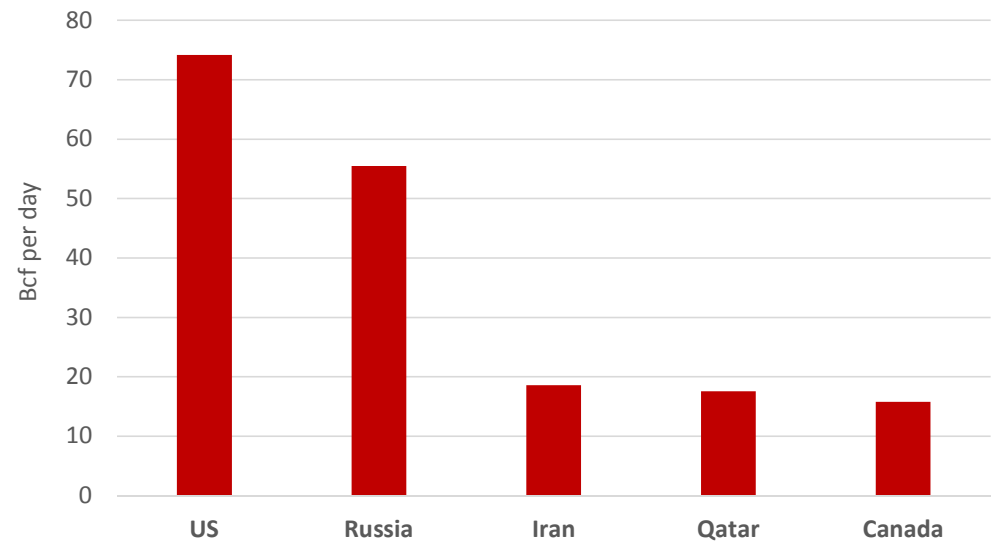
<sup>1</sup>Historical volumes from BP Statistical Review of World Energy 2015, Includes crude oil, tight oil, oil sands and NGLs (the liquid content of natural gas where this is recovered separately)

# Supply Shock – U.S. Led the Pack Globally in Both Oil & Gas Production for 2015<sup>1</sup>

## Top 5 Oil Producers in 2015

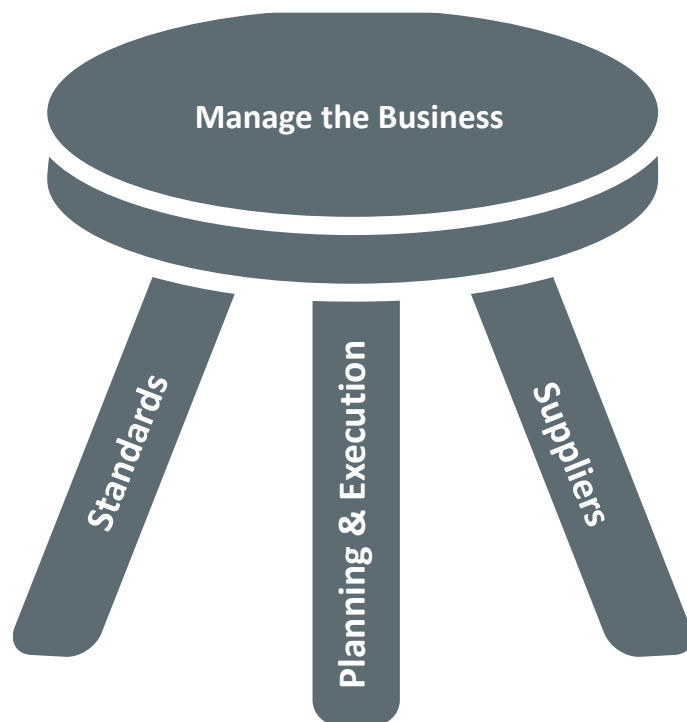


## Top 5 Gas Producers in 2015



<sup>1</sup> BP Statistical Review of World Energy 2015

# We Have Three Primary Levers to Manage in Any Price Environment



- **Standards:**
  - Standardized technical solutions
  - Balance standards and need for improvement
- **Planning & Execution:**
  - Understand risks
  - Reduce unnecessary complexity
  - Reduce cost of supply
  - Apply technology and innovation
- **Suppliers:**
  - Create aligned interest between suppliers and operators
  - Eliminate ambiguous contracts and commercial terms
  - Develop and maintain relationships

»»» Today's challenges require us to pull on all three levers <<<



# Contract Strategies



Will utilize any or a combination of strategies depending on the opportunity

