ConocoPhillips

The New Paradigm of Energy Production:

Opportunities, Challenges and Implications for Global Markets

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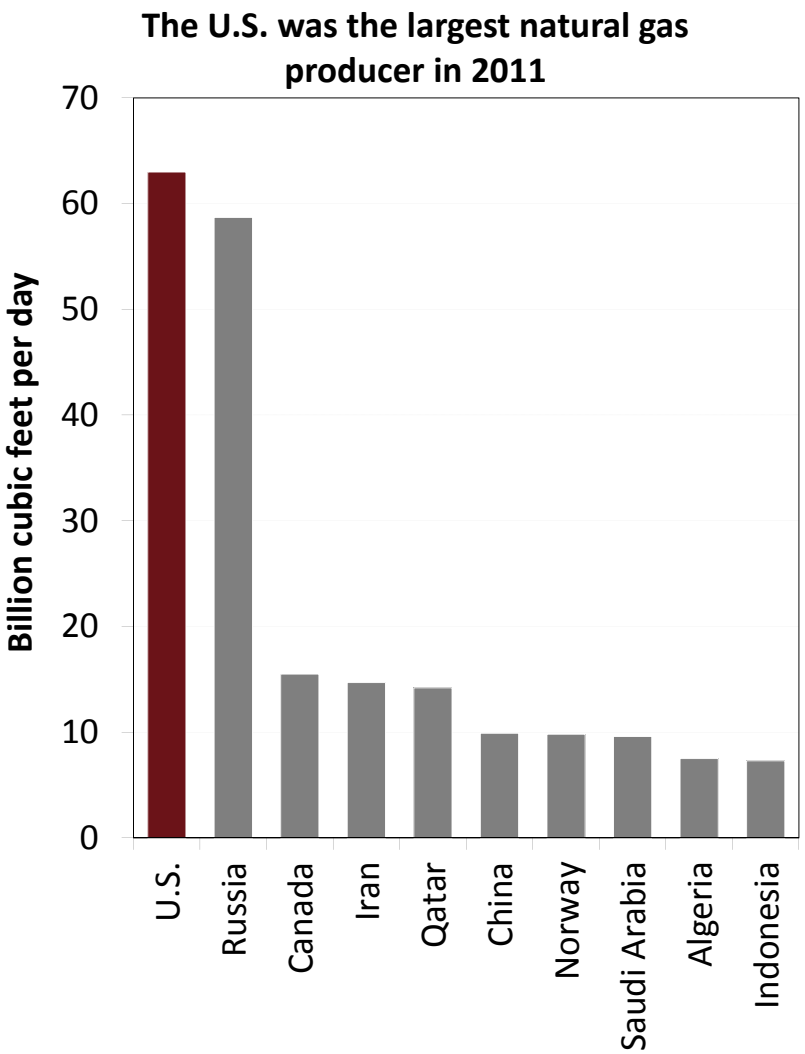
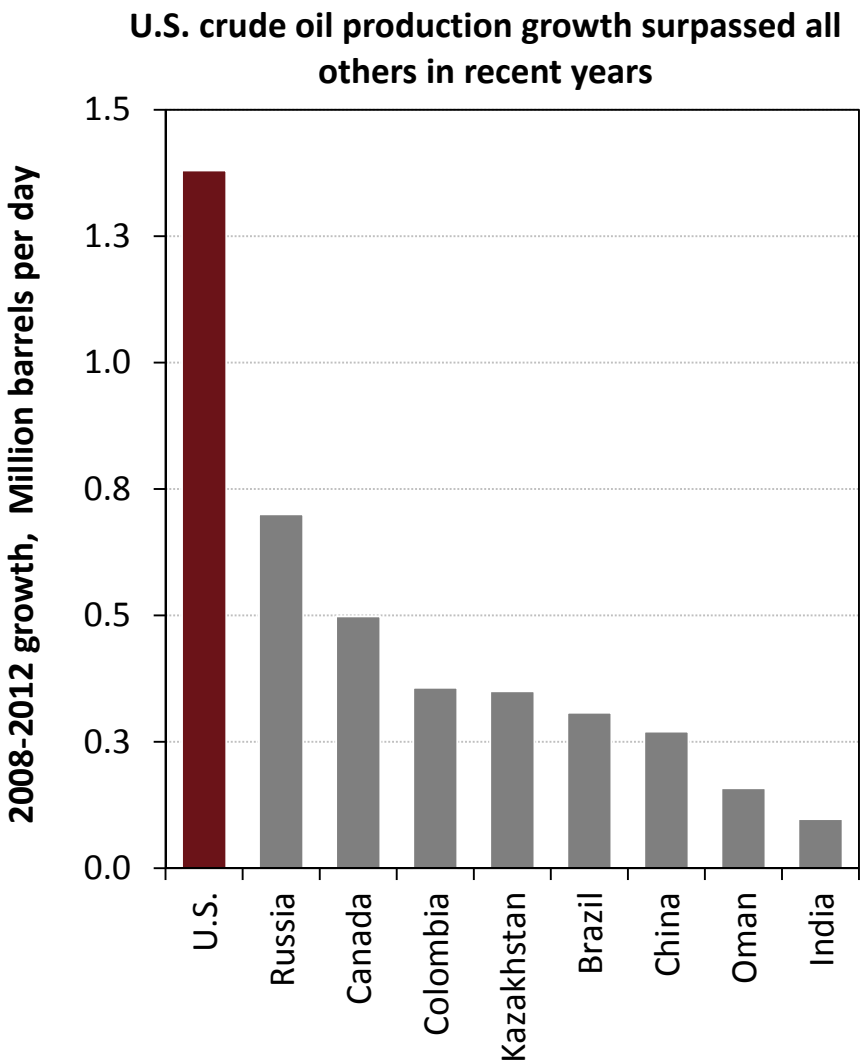
The U.S. returned to being a major world producer

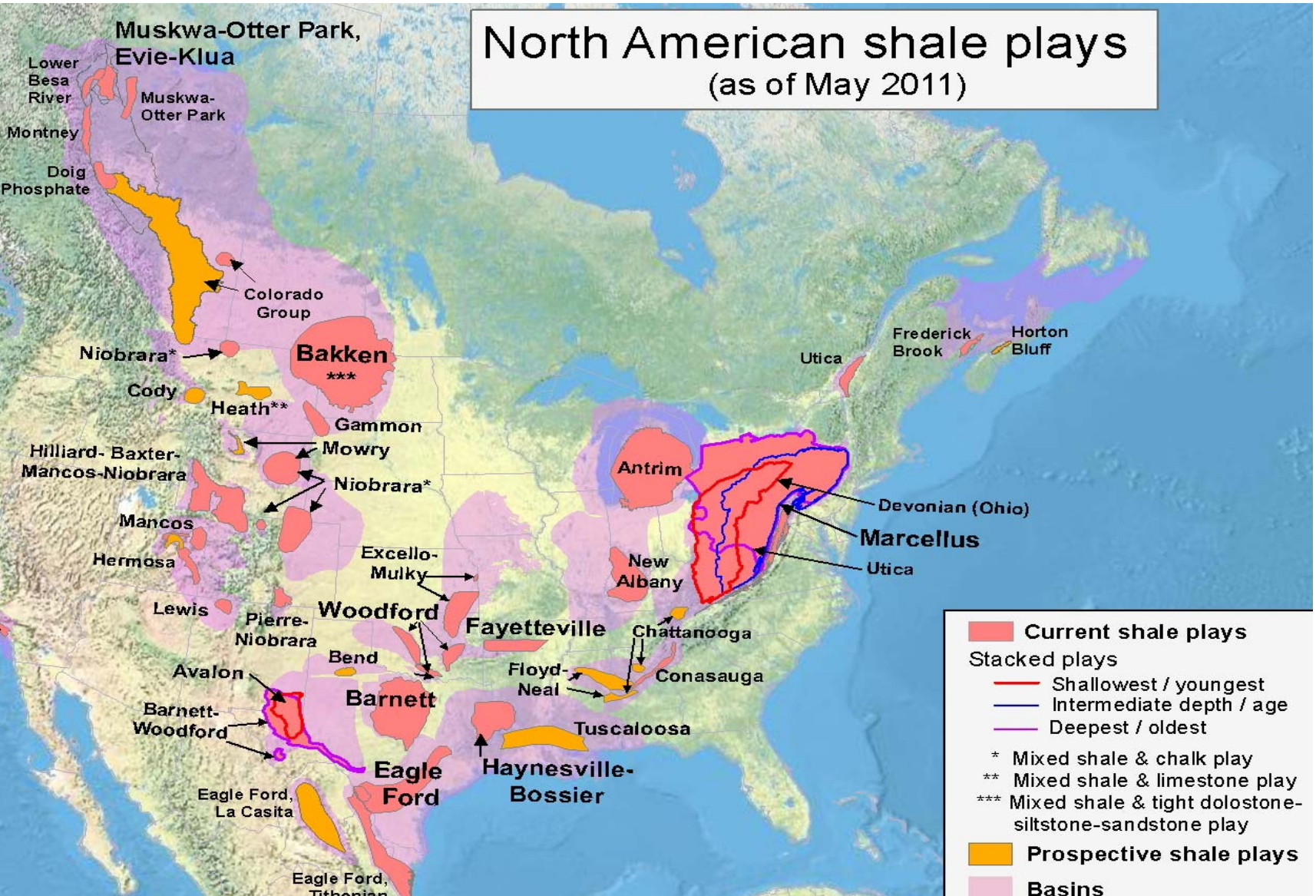




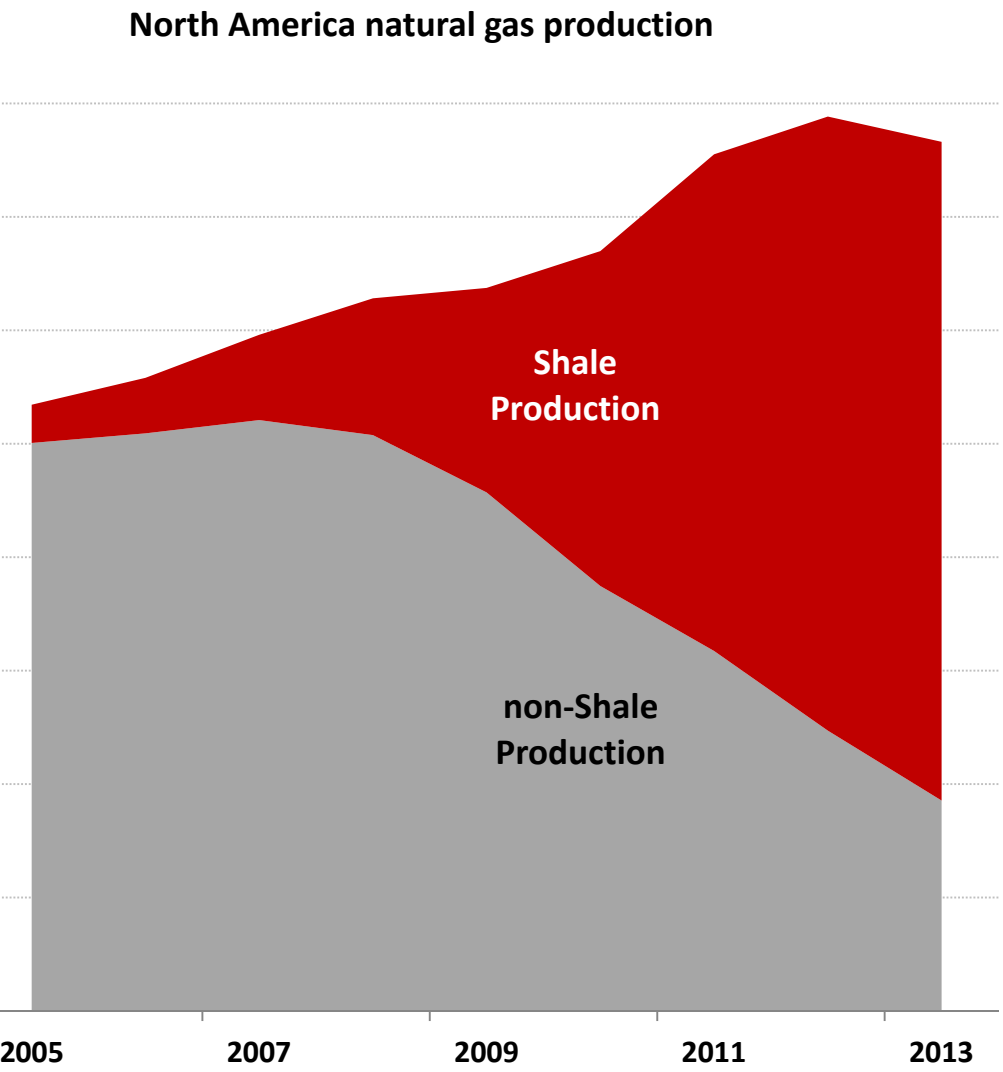
Source: BP Statistical Review 2012

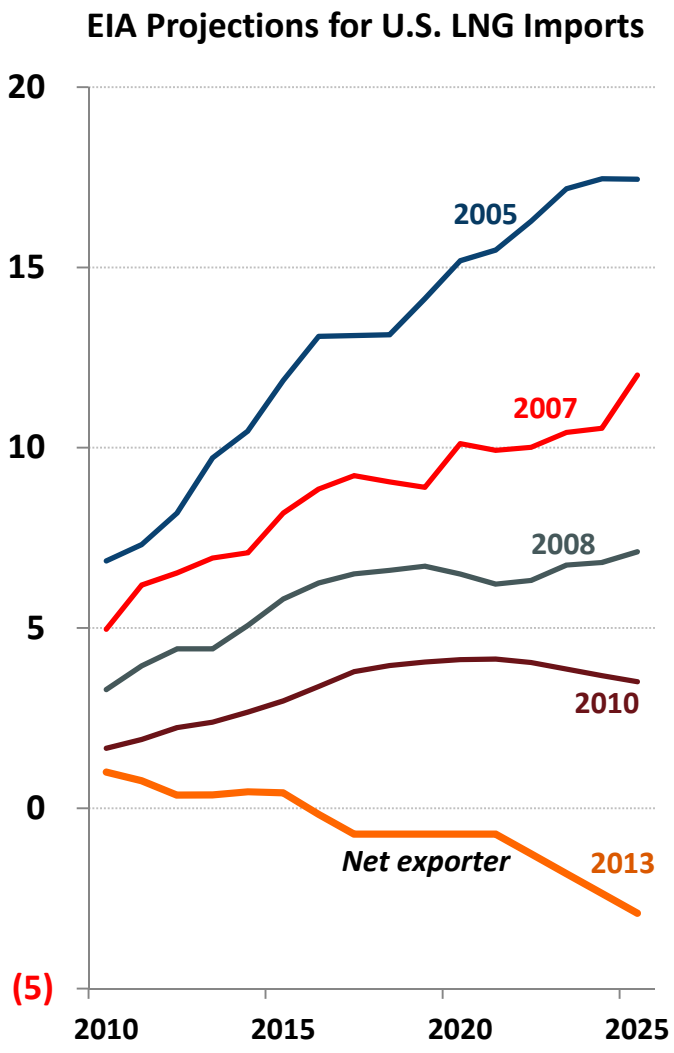
Source: Oil and Gas Journal; 2012 vs. 2008 average

th American shale plays



n America has an abundance of low-cost natural gas

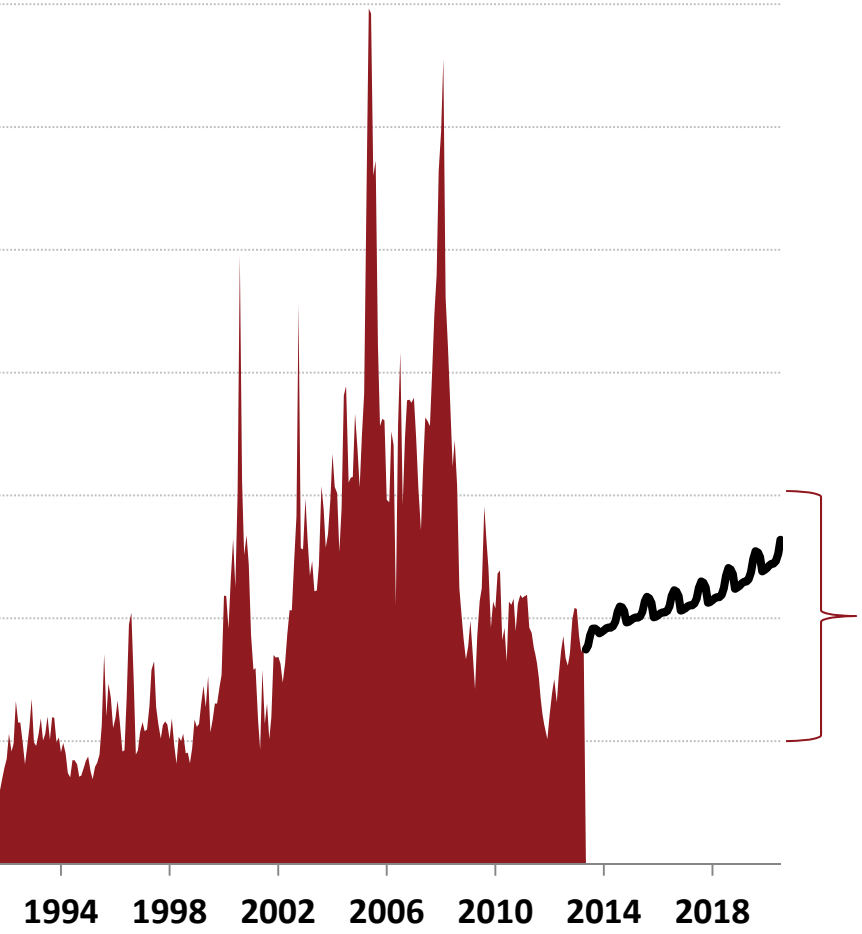




Shale gas production enables future LNG exports

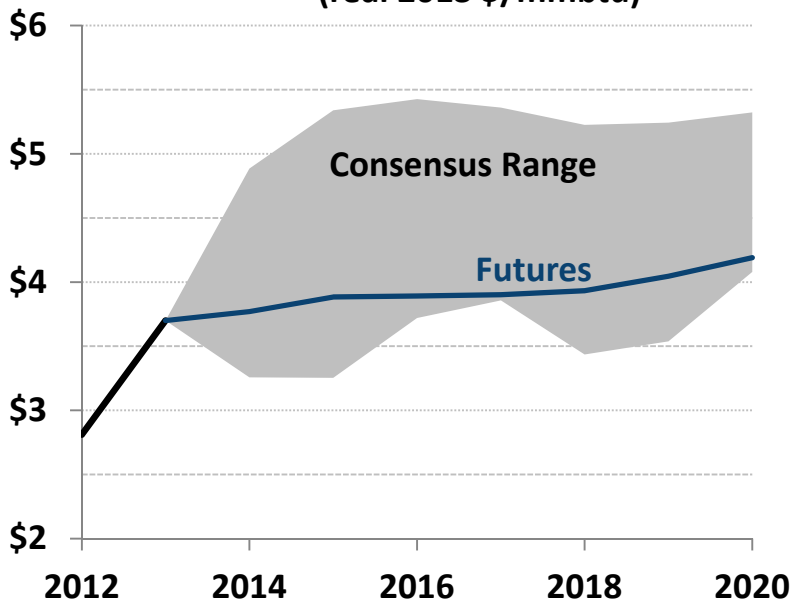
ry Hub natural gas prices

Past spot prices and recent NYMEX futures (nominal $/mmbtu)



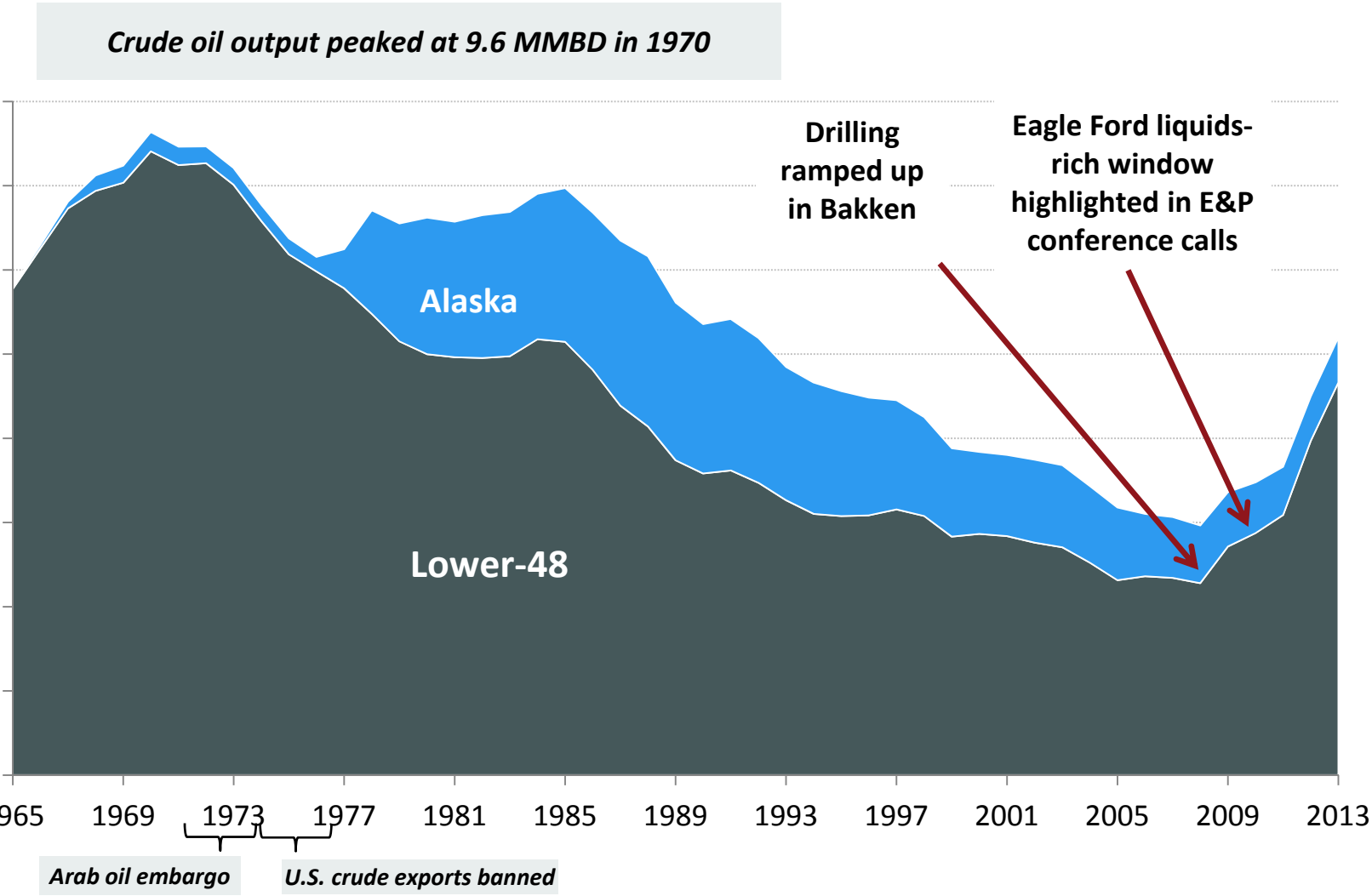
- Average price 1990-2013 (YTD) is $3.94.
- Expectations for "high" prices drove construction of ~17 Bcfd of U.S. LNG regasification terminals costing ~$15 Bln.

Forward prices in today's dollars (real 2013 $/mmbtu)



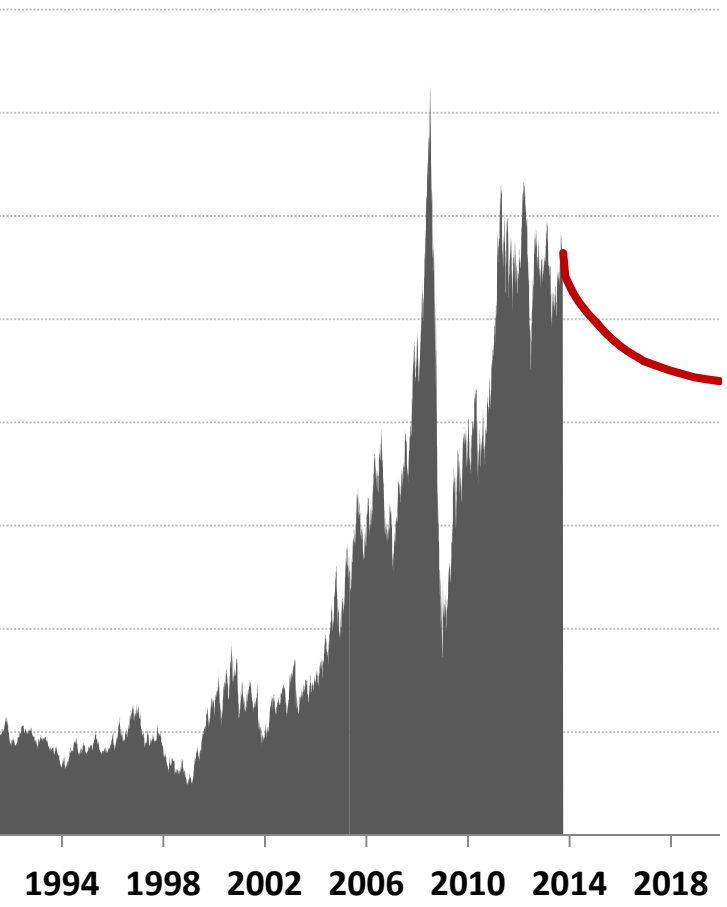
Consensus price range from $3.5 -$5.50 (real 2013$) through 2020

. liquids production: the unexpected turnaround



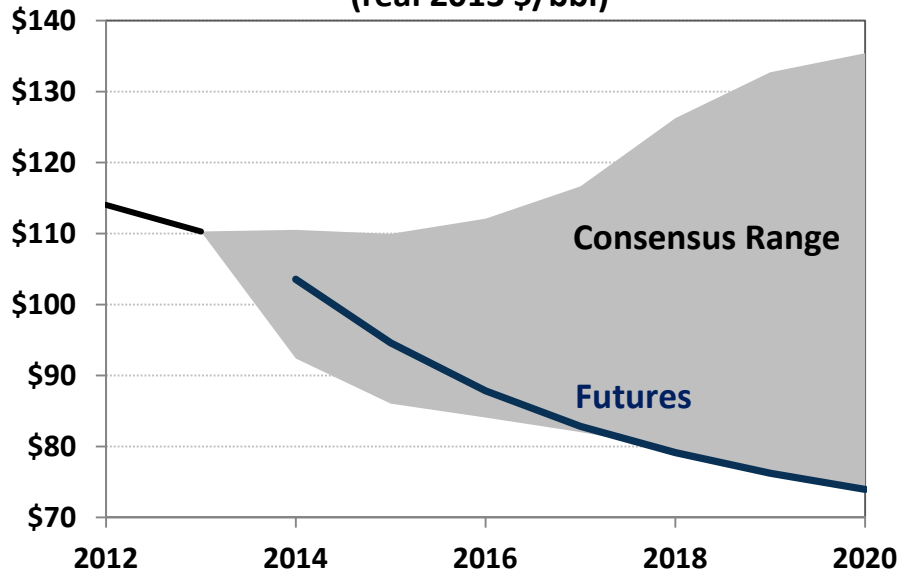
nt crude oil prices

st spot prices and recent ICE futures (nominal $/bbl)



- Average price 1990-2013 (YTD) is $45.
- Rising costs of production pushed prices higher.

Forward prices in today's dollars (real 2013 $/bbl)



Wide range of forward views: $75 -$135 (real 2013$) in 2020

rld energy demand

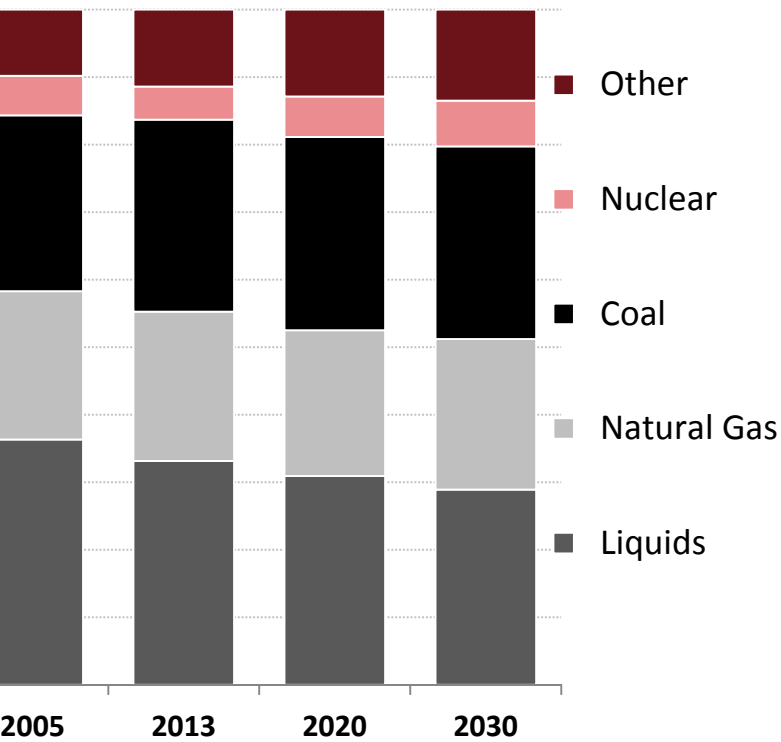
990 to 2012:

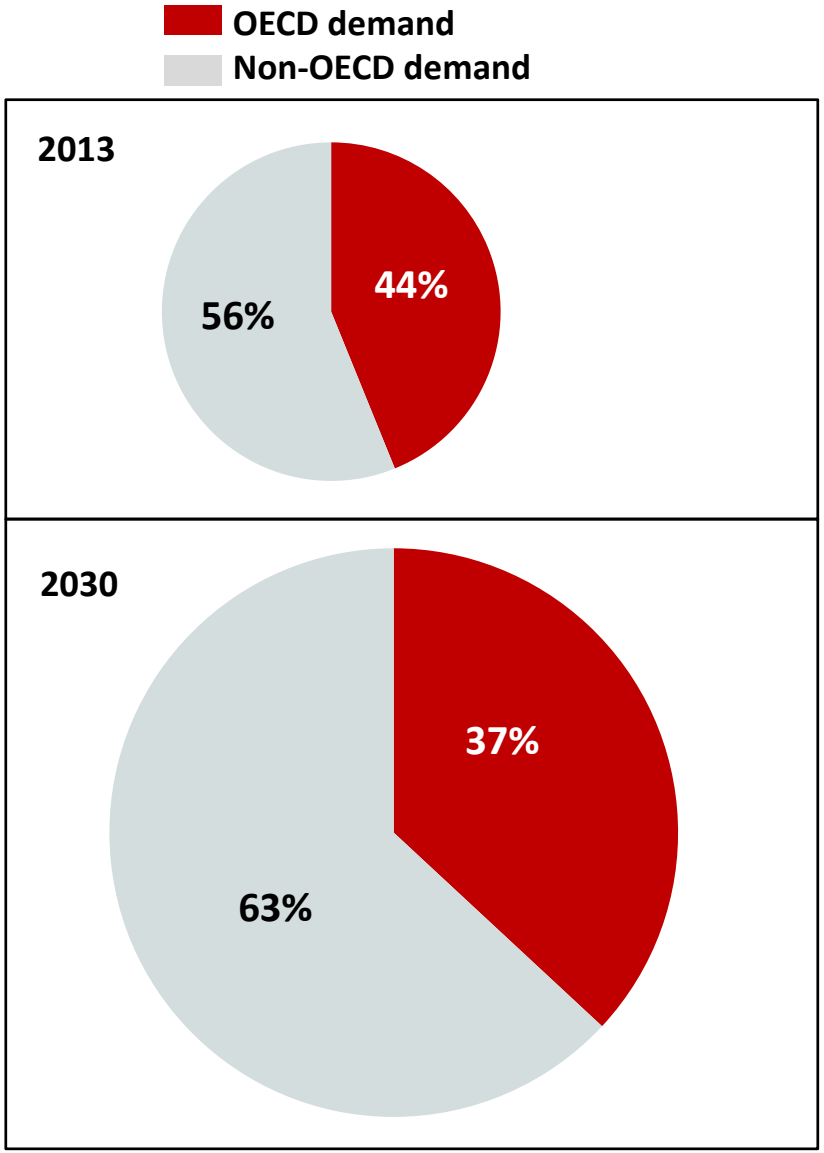
l Energy Demand grew by 54%

DECD energy demand ***doubled***

DECD share of World Energy Demand rose from 43%
%

sil fuels will comprise 80% of energy supplies





Demand projected to grow by 1/3 and remain dependent on fossil fuels