

# Unconventional Reservoir Development In the United States and Colombia

October 16, 2015

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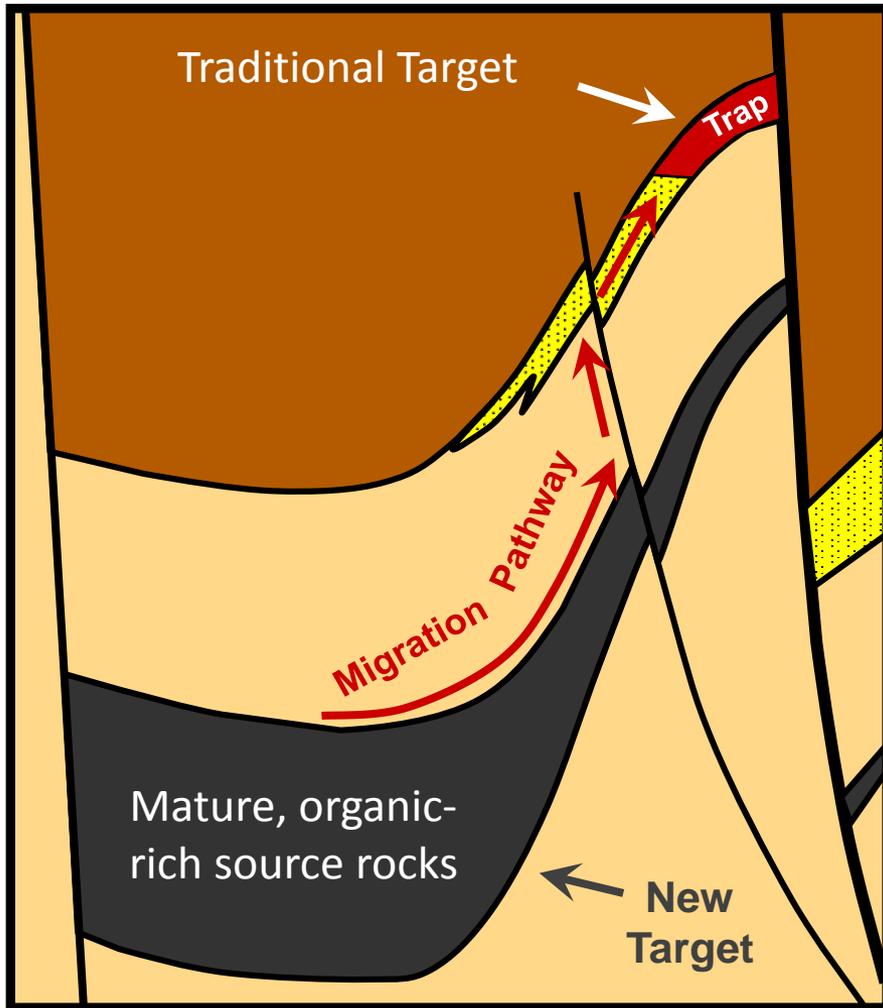
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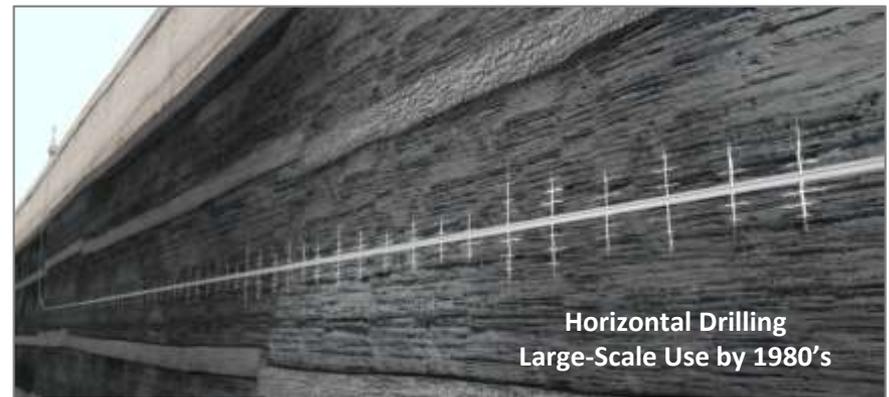
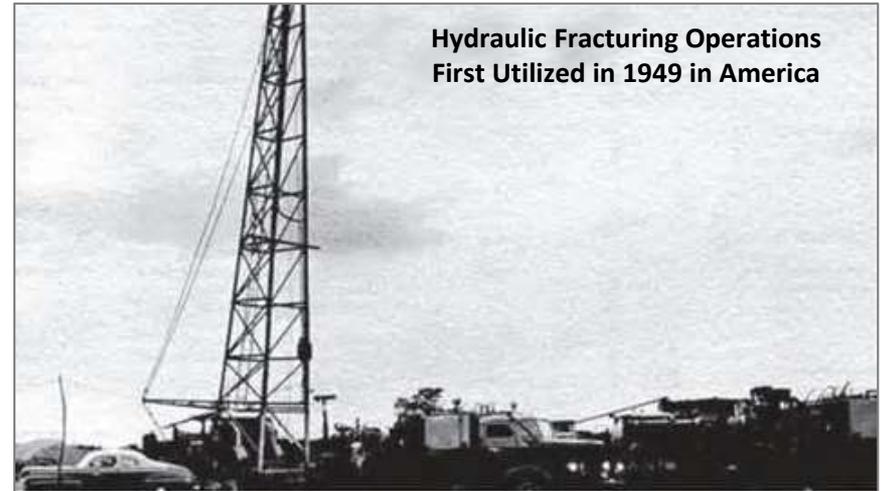
# A Technology Breakthrough "Hidden in Plain Sight"

## A Previously Ignored Drilling Target



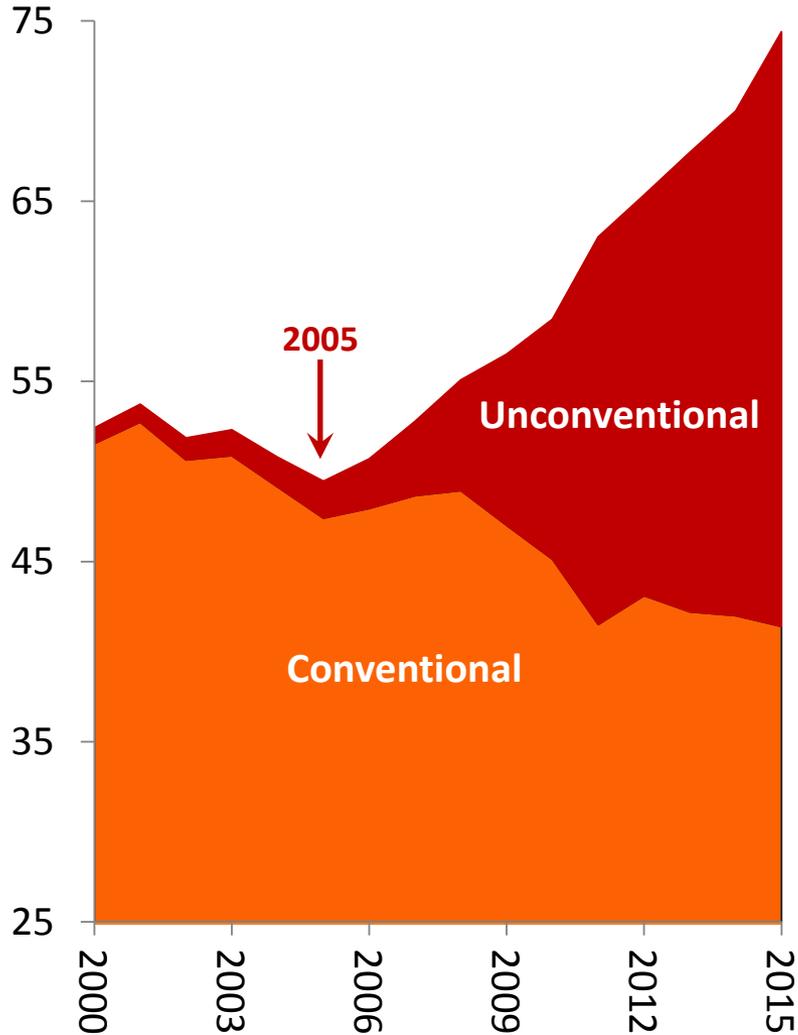
Cartoon cross-section showing elements of a petroleum system

## A "New Tool" from Two Old Technologies

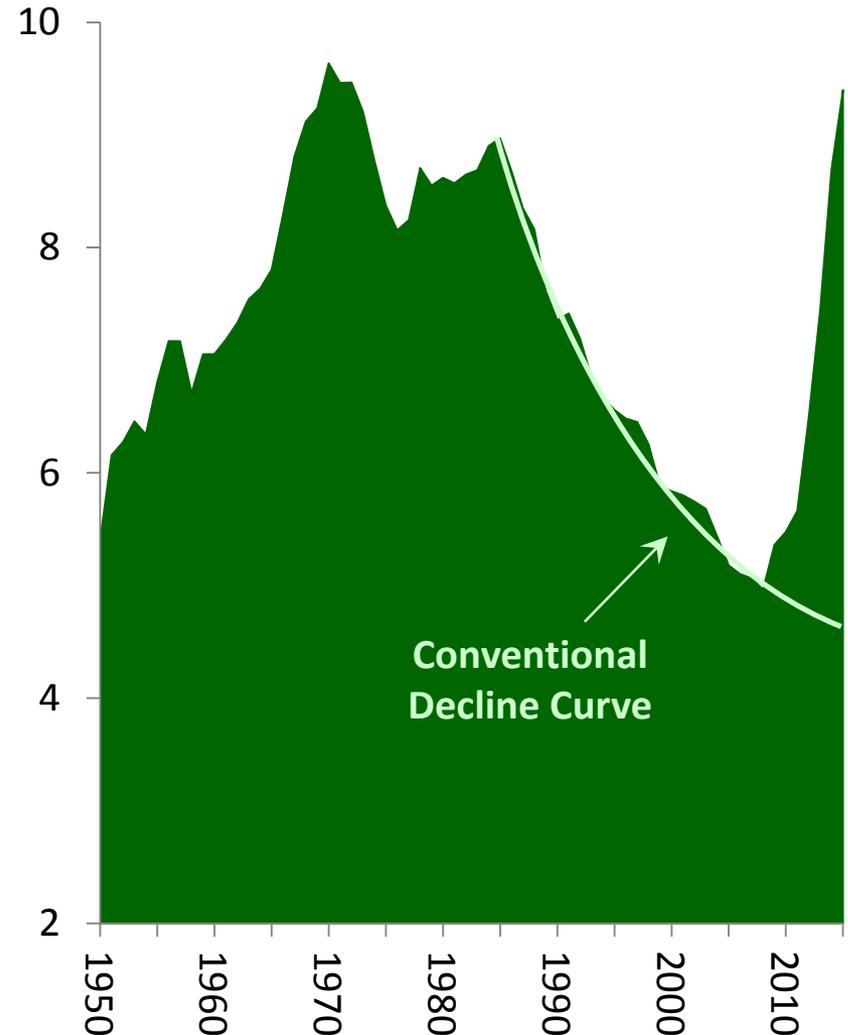


# A Breakthrough Resulting in a Renaissance of Enormous Scale

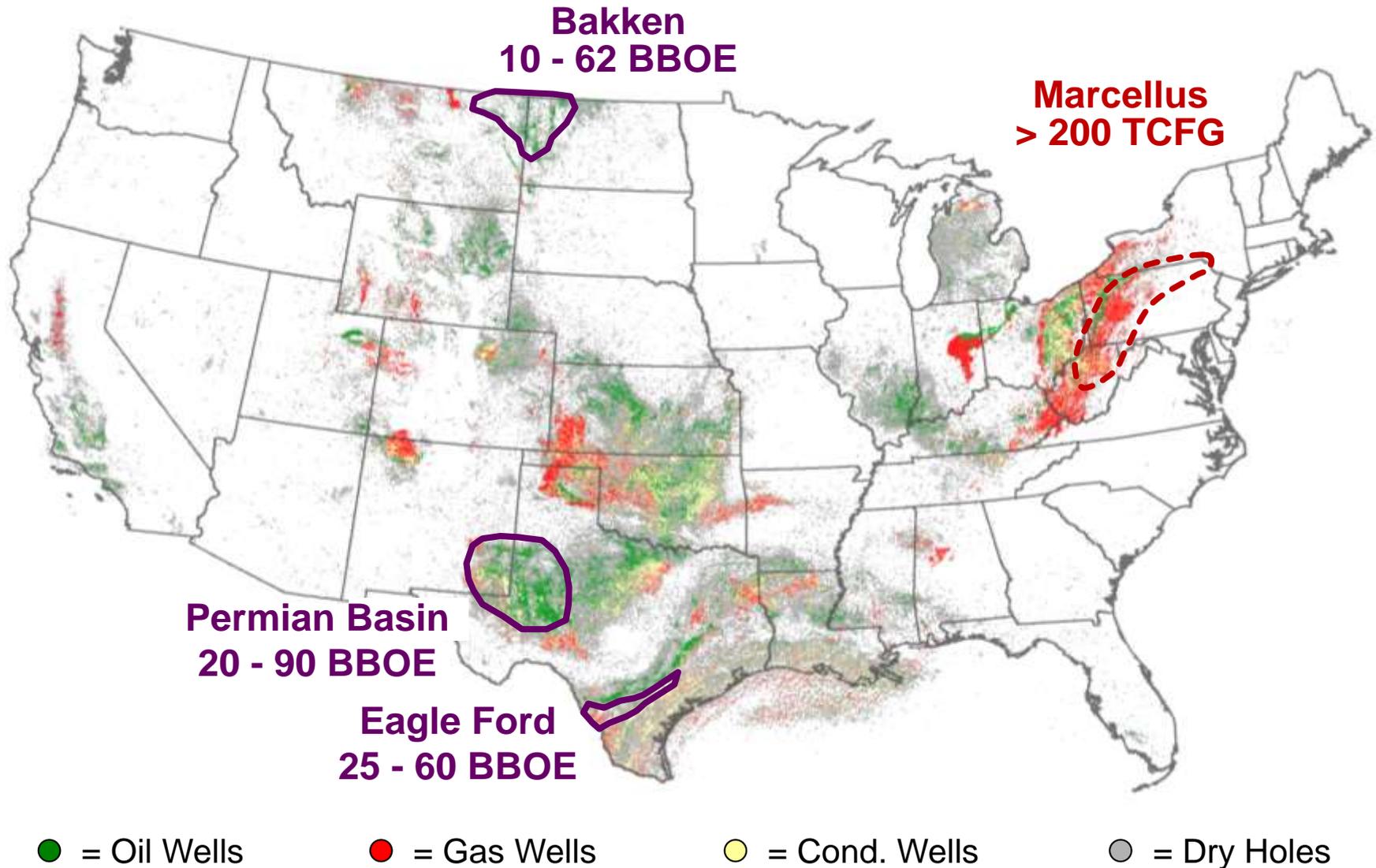
## U.S. Natural Gas Production (billions of cubic feet per day)



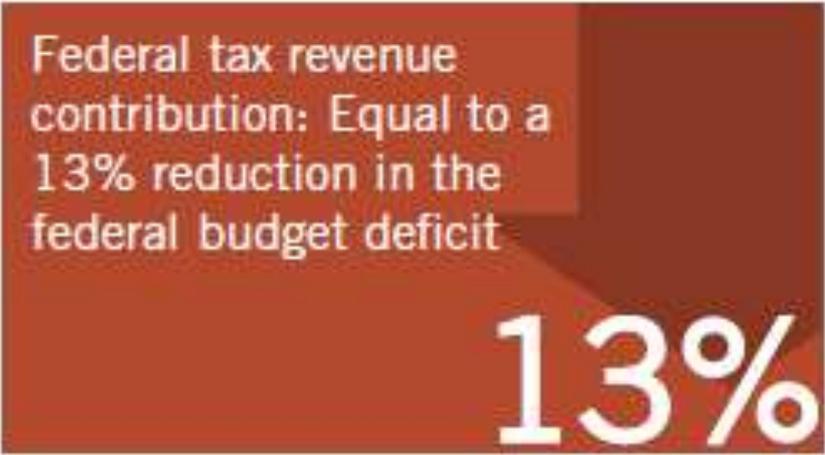
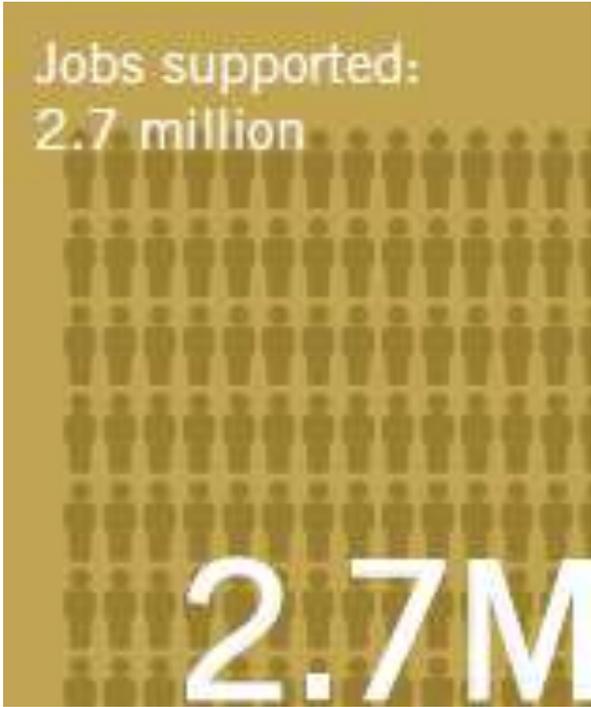
## U.S. Oil Production (million barrels per day)



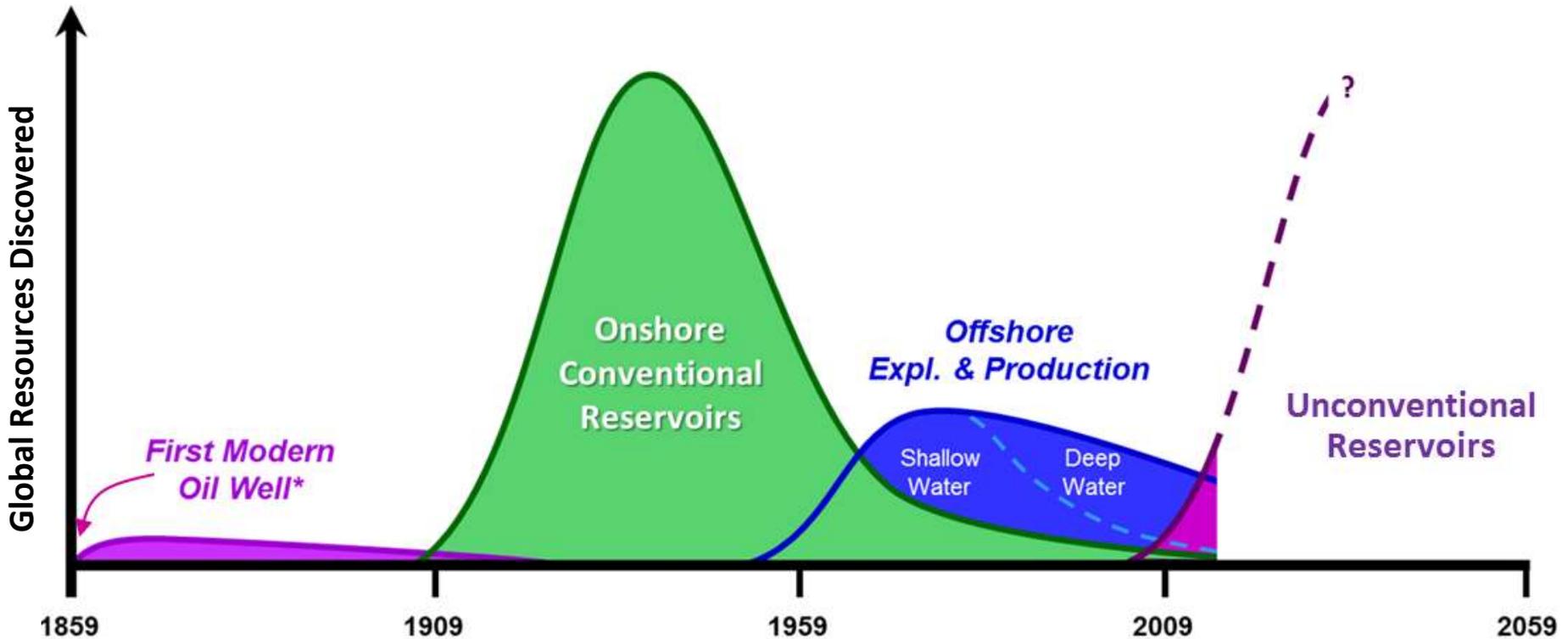
# America's "Big Four" Unconventional Fields are World-Class Discoveries



# Unconventionals have created an Economic Bonanza for the U.S.



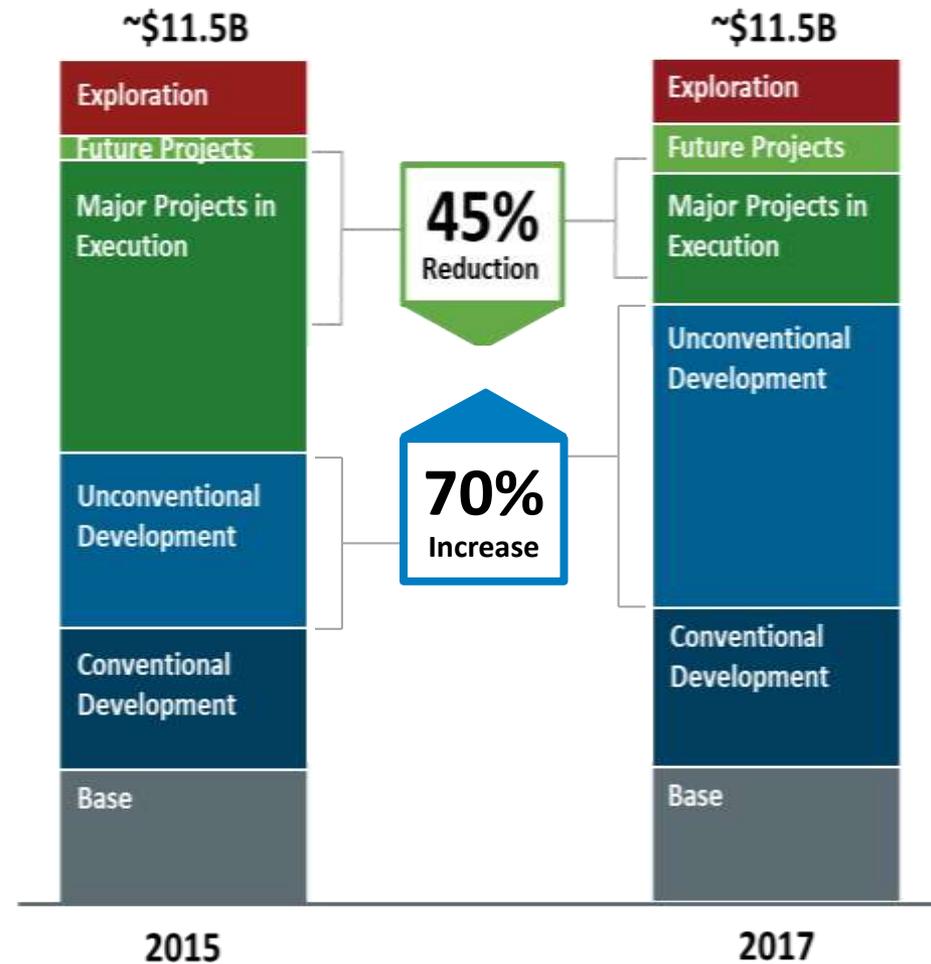
# The Greatest Energy Success Story of the 21<sup>st</sup> Century (thus far)



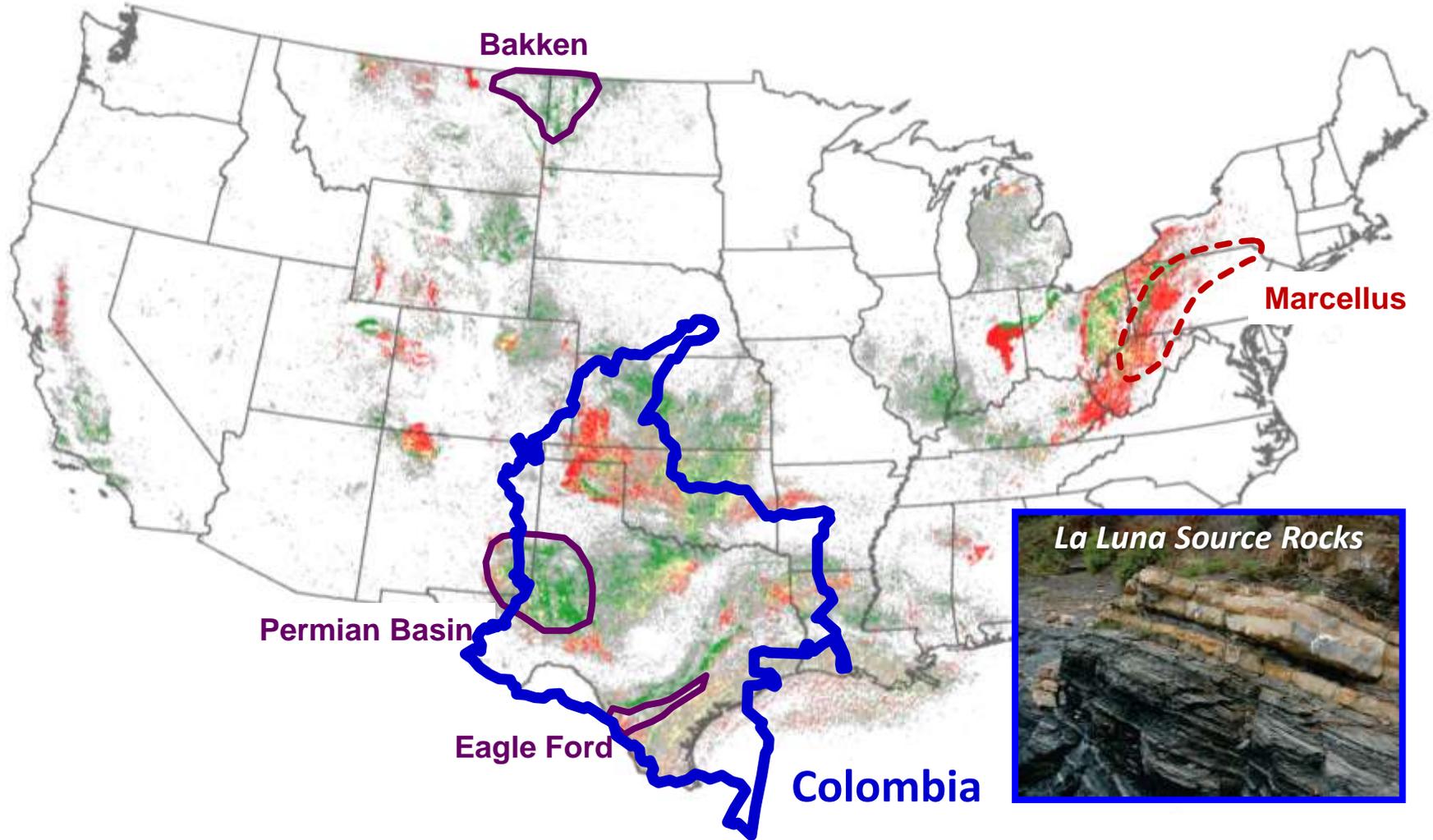
# ConocoPhillips' Unconventional Reservoir Capabilities

- Large Eagle Ford, Bakken, Permian, western Canada land positions
- Over 6 billion BOE of resources
- Industry leading cost-of-supply
- Rapidly growing production
- Technology expertise
- Outstanding HSE reputation

## ConocoPhillips Capital Budgeting



# Colombia Unconventional Reservoir Production Could be Significant



● = Oil Wells

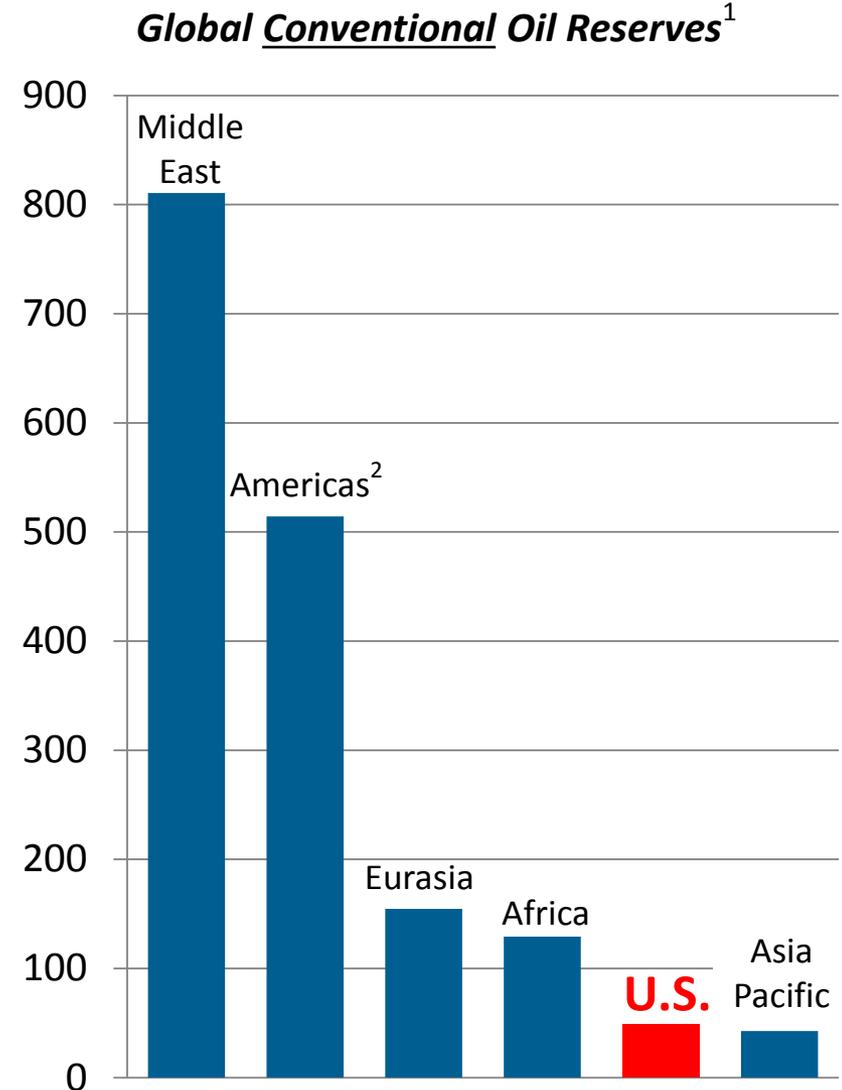
● = Gas Wells

● = Cond. Wells

● = Dry Holes

# U.S. Oil & Gas Industry Success Story is not about the Quality of the Rocks

- U.S. world's largest oil producer for all but 25% of industry's 156 year history
- United States has regained top spot
- U.S. achieved this result despite having only modest quality petroleum systems
- Result not due to U.S. prospectors being smarter or better trained, or the U.S.'s "infrastructure advantage"
- U.S. oil industry key success factors:
  - Legal and fiscal systems that encourage investment and risk taking
  - Fit for purpose regulations
  - Efficient permitting process

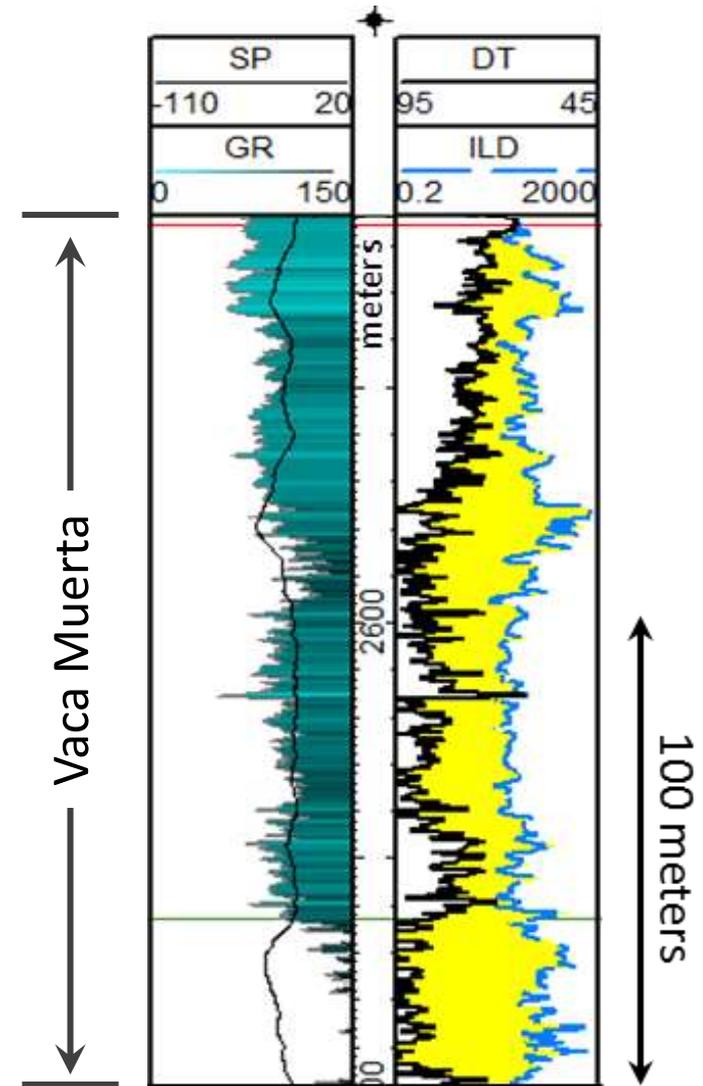


<sup>1</sup> Data in graph from 2015 BP Statistical Review of World Energy, with reported reserves being predominantly "conventional" plus heavy oil;

<sup>2</sup> North and South America excluding the USA

# What will it take to Attract Capital Investment Outside of North America?

- Competitive fiscal terms
- Appropriate, consistent legal system
- Avoid “good intentioned” or “complex” regulations that discourage investment
- Dialogue between government, industry and other stakeholders
- Willingness to search for solutions
- South America likely to be where next unconventional success occurs
- ConocoPhillips hopeful Colombia will win “South American unconventional race”



# Unconventional Reservoir Development Take Away Messages

- World-class oil and natural gas fields
- Significant economic benefits
- ConocoPhillips is an industry leader
- Colombia has favorable geology
- To attract capital investment requires more than just “good rocks”



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