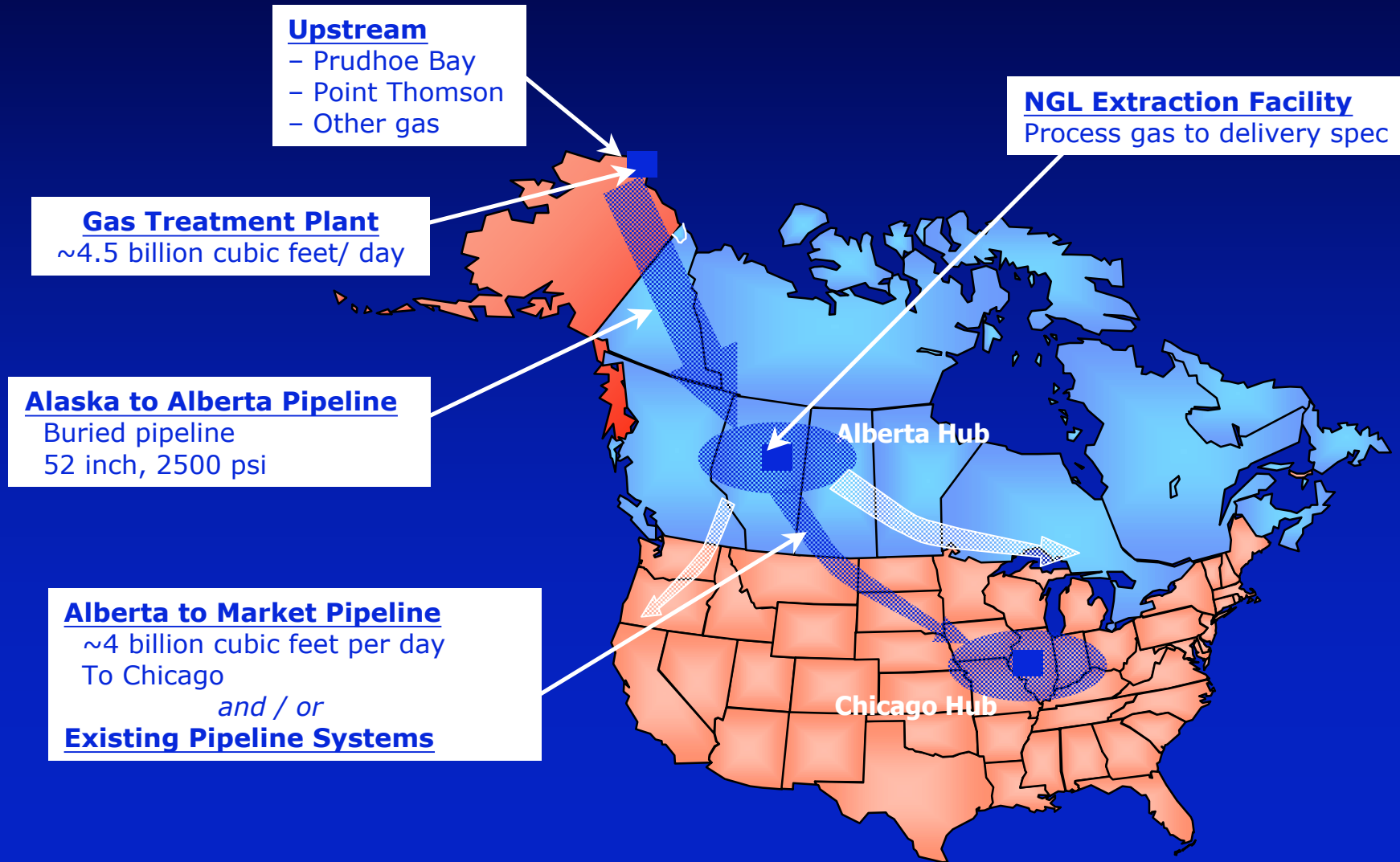




Resource Development Council

**Joe Marushack
ConocoPhillips Alaska, Inc.
November 19, 2004**

Alaska North Slope Gas Pipeline Project: Several "Mega-Projects"



2001-2 Study Conclusions, *Things Are Now Changing*

- 2002: Project currently not commercially viable
 - Risks outweigh rewards
 - Substantial additional engineering work not justified at this time
 - Future activity must match progress with governments and commercial viability
- Key focus: Governments will play a key role in reducing project cost, schedule risk
 - US Federal regulatory enabling and fiscal legislation
 - **Alaska fiscal certainty**
 - Canadian regulatory process clarity

Federal Legislation

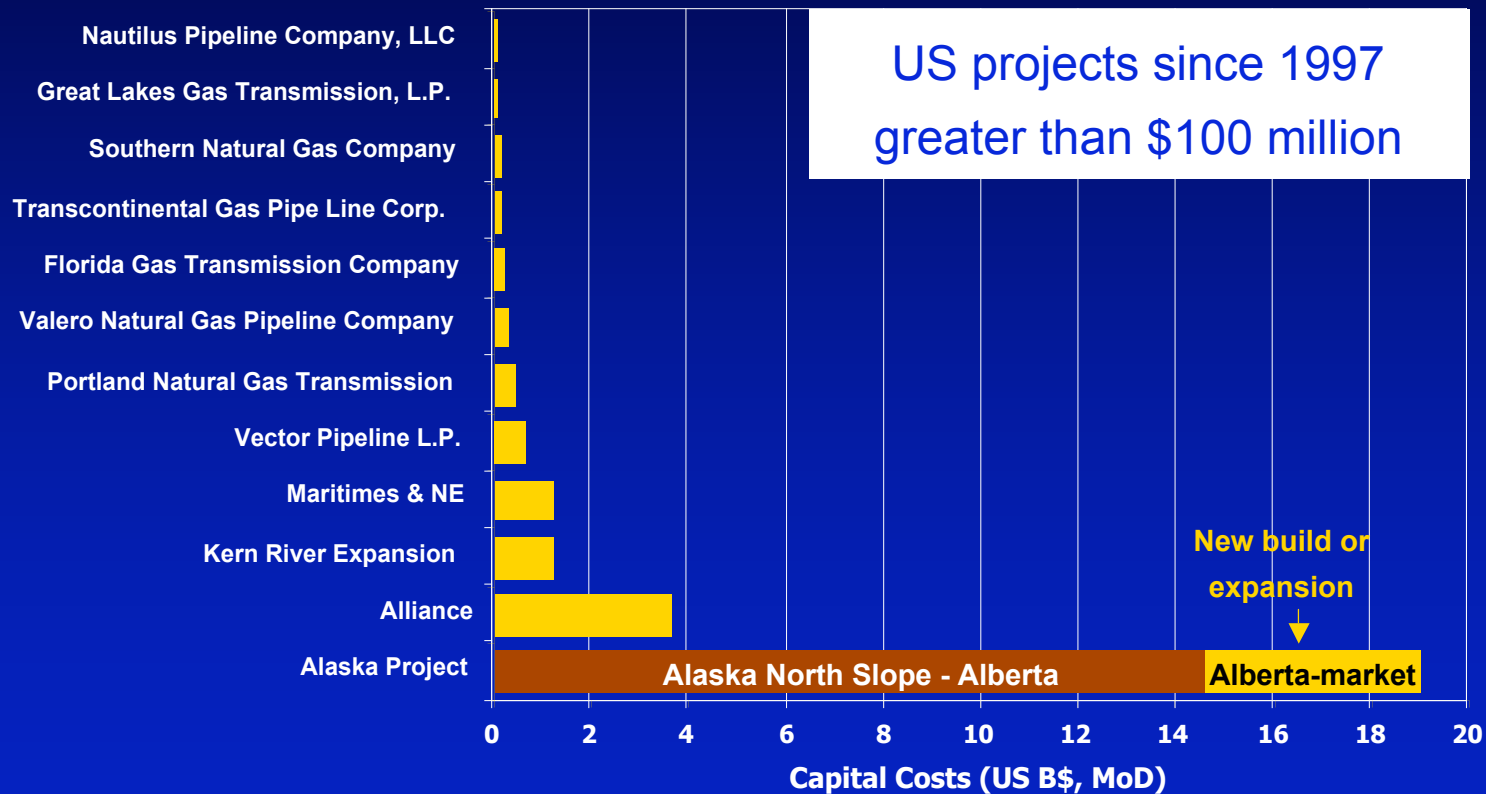
Achieving Acts of Congress

- Provisions obtained in early October:
 - Enabling regulatory provisions
 - Loan Guarantee
 - Investment Tax Credit on gas treatment plant
 - Accelerated depreciation on Alaska portion of pipeline

Costs: Pipeline Project Comparison

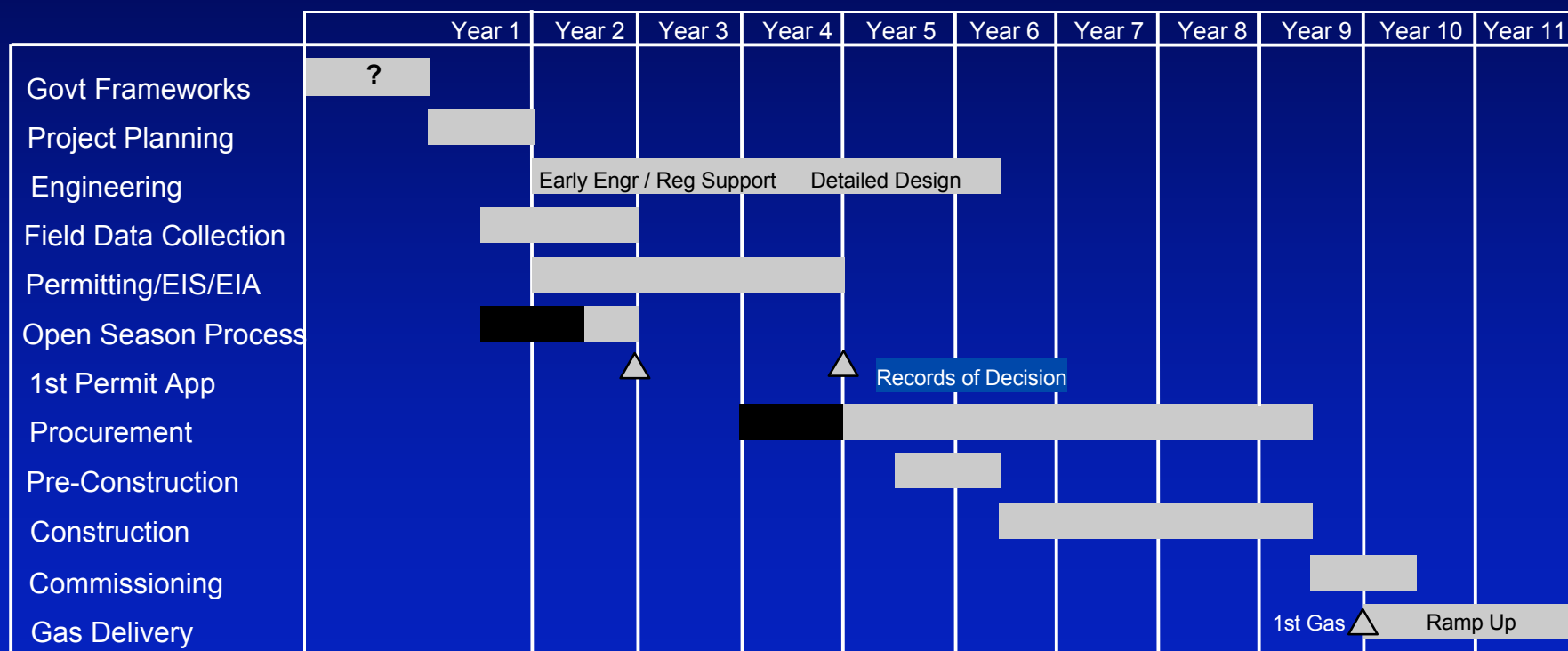
There's No Model for This Project

Sources: Senate Energy Staff and COP internal sources



Alaska Gas Pipeline will be much larger / more difficult than other US / Can PL's
Size brings additional risk.

Project Schedule under SGDA Application: *9 - 10 years from Project Planning*



Conclusions

Let's Get The Government Agreements Done!

- Pleased with recent progress
- SGDA contract is our current focus
 - State has announced it is considering pipeline ownership in conjunction with State shipping and marketing its own gas to share project risk
 - ConocoPhillips supports this concept
- Negotiations are progressing well
- Key is to develop a stable fiscal regime with a balance of risk
- Aspire to have a contract ready for 2005 Legislative Session