

Interfaith Center on Corporate Responsibility Hydraulic Fracturing Update

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Cautionary Statement

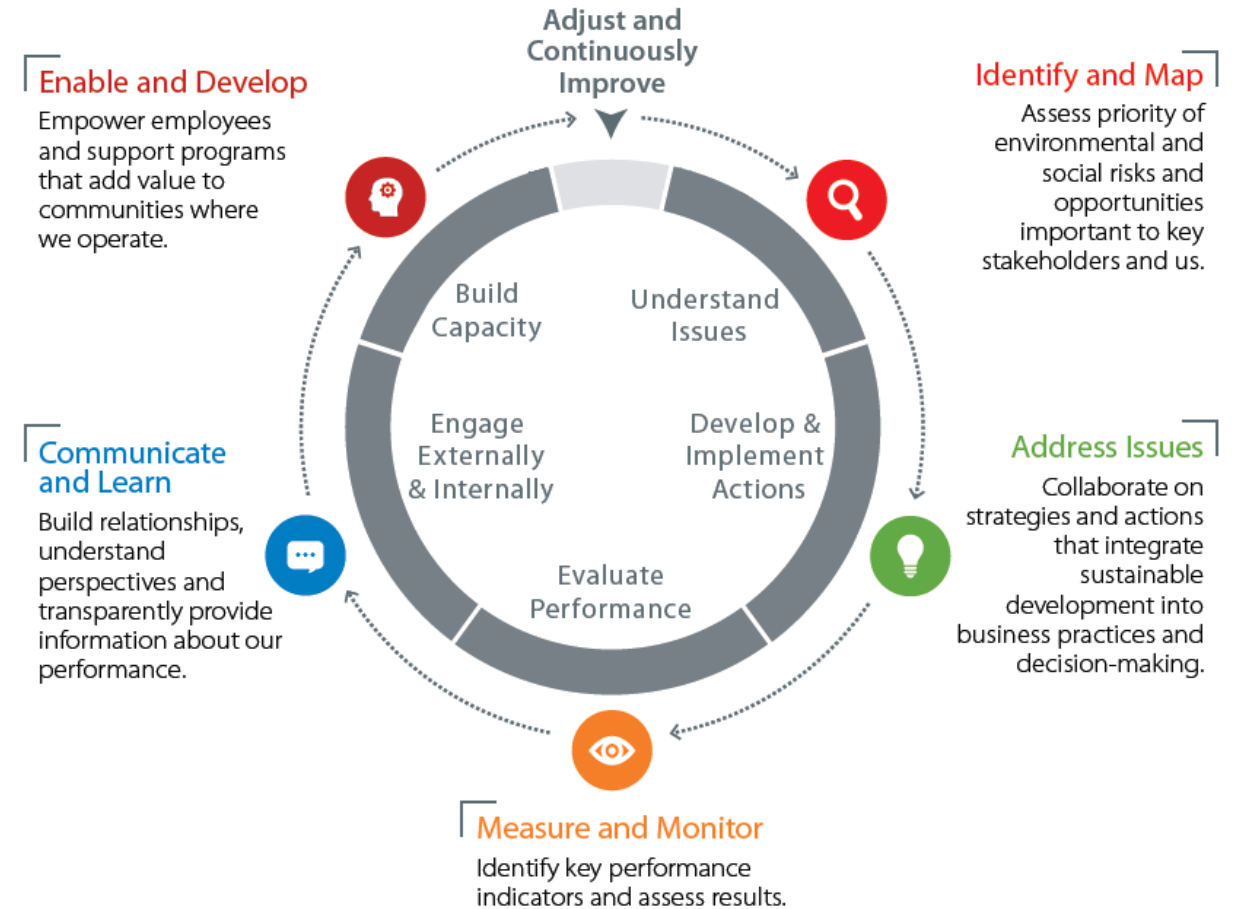
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Agenda

- Approach to sustainable development
- Context for approach to hydraulic fracturing
- Prioritization process
- Global risks, processes and tools
- Customized processes and tools for hydraulic fracturing
- Mapping, measuring & monitoring
- How are we doing?
 - Disclosing the Facts



Onshore Well Management Principles

- [Onshore Well Management Principles](#) guide how we protect and respect people and the environment
- Risk assessments and Action Plans



PROTECT
AND RESPECT
PEOPLE



PRESERVE
AND CONSERVE
WATER



MANAGE LAND
FOOTPRINT



SAFEGUARD
AIR

- First priority: Get the basics right - well integrity
 - [Onshore Well Management Principles](#) and [Onshore Well Integrity](#)
 - Region-specific geological, environmental and operational requirements
- Well integrity is essential to
 - Safeguard workers and communities
 - Minimize risks of leaks and spills
 - Protect groundwater and surface water
- Focus on water and hydraulic fracturing for today's update

Water & Hydraulic Fracturing - Identify & Map

Water Action Plan

Effective, Efficient, Sustainable, Environmentally and Socially Responsible Water Management

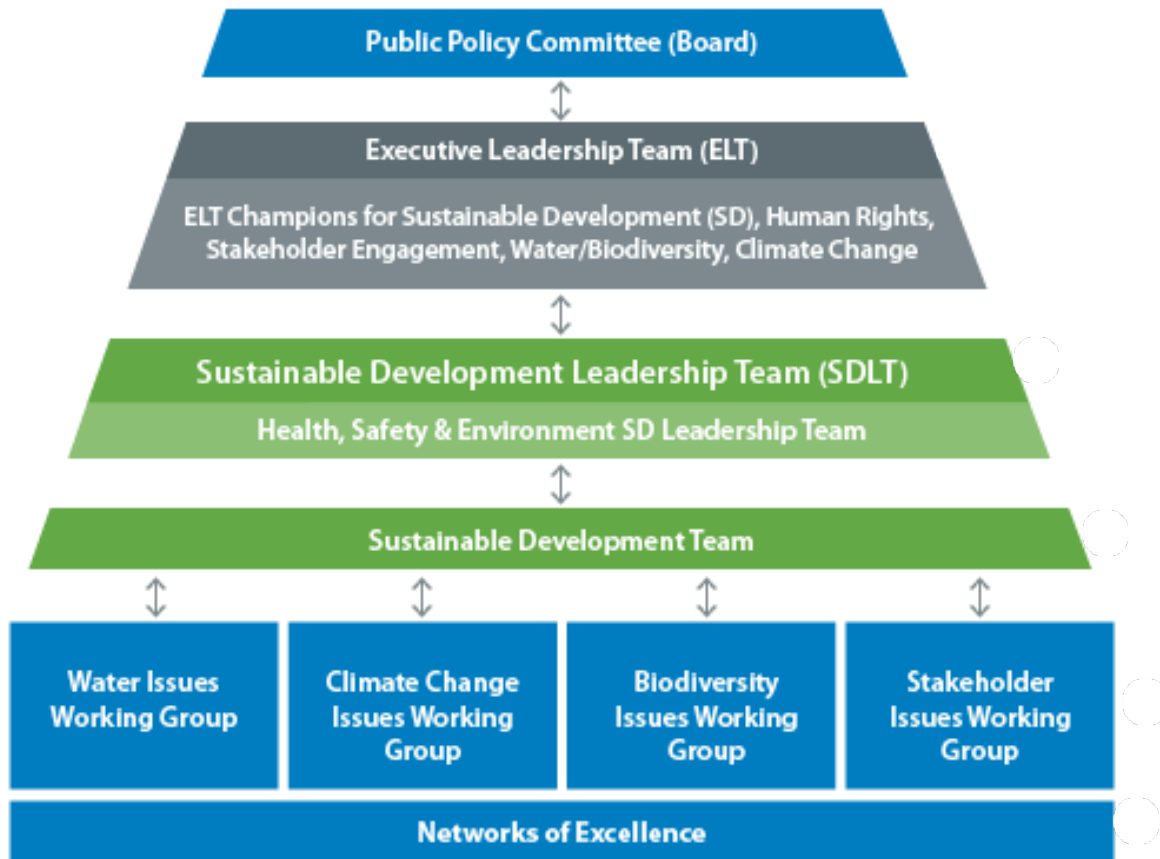


- [Risk-based approach](#)
- Global insights
 - IPIECA/WBCSD [Global Water Tool](#)
- BU/asset level risk assessments
 - [GEMI Local Water Tool](#) or similar
- Business Unit [Action plans](#)
- Key actions rolled up into [Water Action Plan](#)
- Evaluation on a company-wide basis

Tools to Address Risks & Opportunities – All Types of Production

- Governance

- Integration
- Direction and oversight

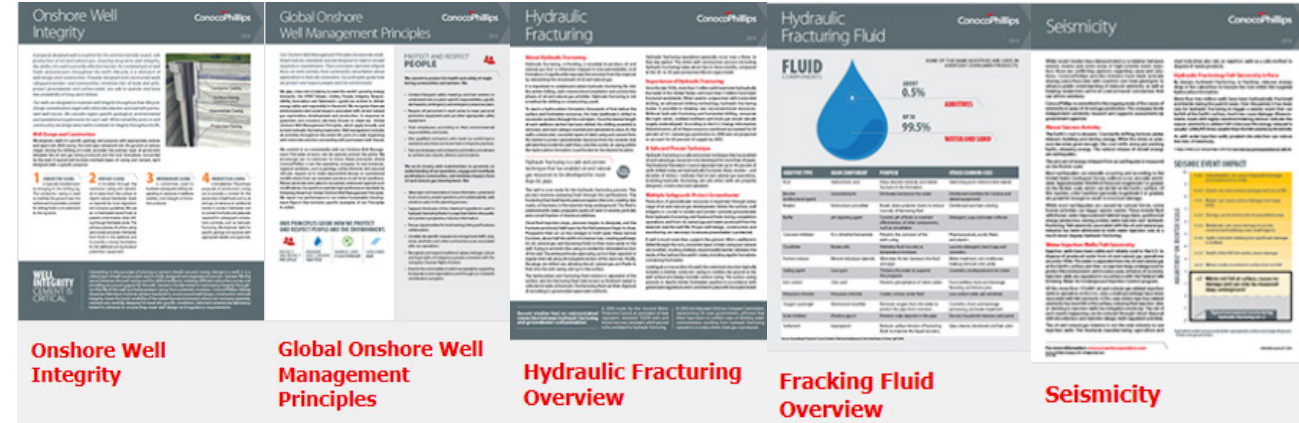


Shared public commitments, policies and positions



Tools to Address Risks & Opportunities – All Types of Production

- Proven standards, practices, guidelines, procedures & tools
 - Structured approach for key steps
 - Streamlining
- [Global Water Sustainability Center](#)
 - Advancing technology
- ConocoPhillips Center for a Sustainable [WE2ST](#)
 - Colorado School of Mines
- Groundwater [baseline assessments](#)
- Benchmarking
 - By/for industry: IPIECA and OGP
 - By/for investors & ratings/rankings: Including CDP, DJSI, FTSE4Good



ConocoPhillips Center for a Sustainable
WE²ST
Water-Energy Education, Science and Technology
COLORADO SCHOOL OF MINES

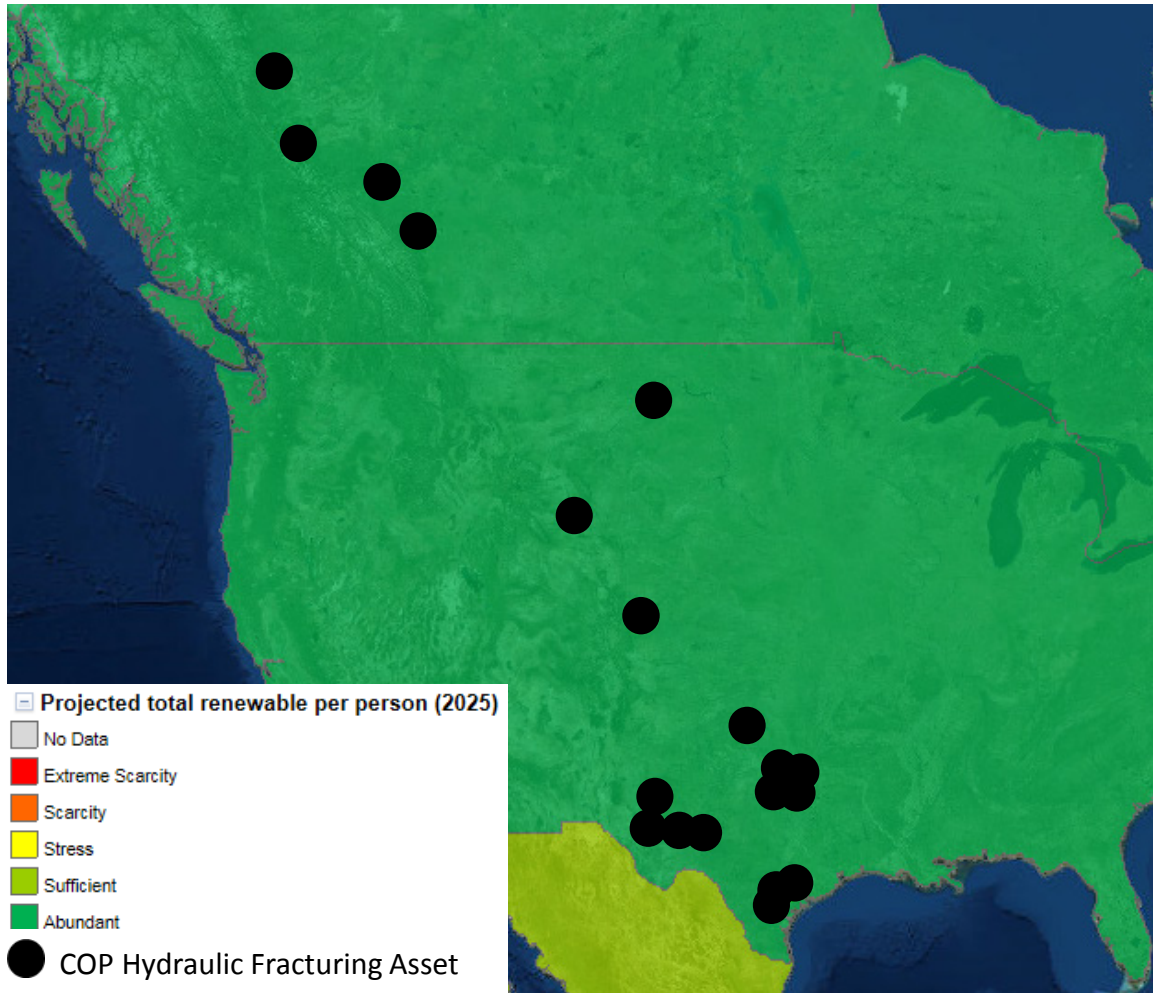


Hydraulic Fracturing – Tools to Address Risks & Opportunities

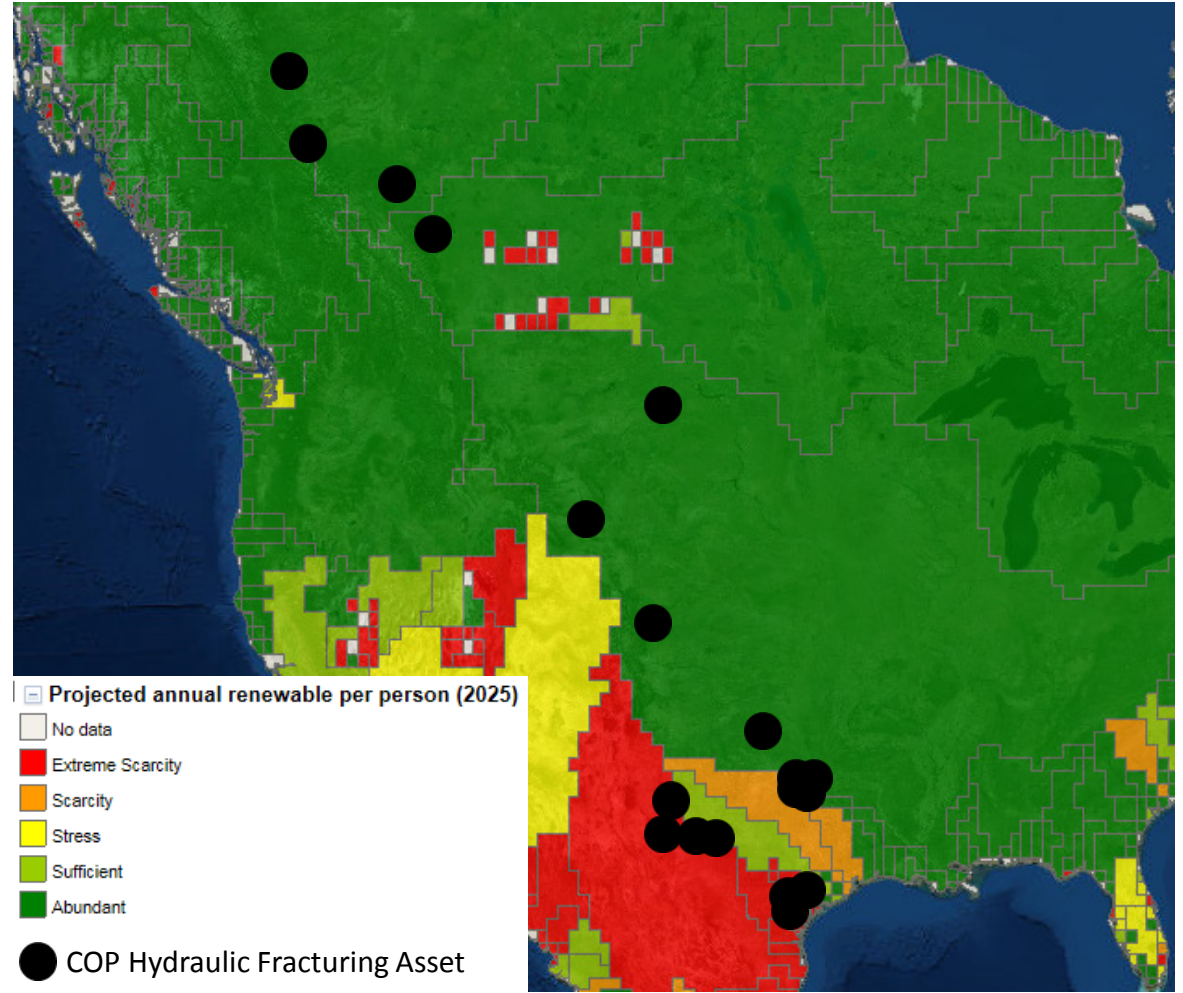
- Lower 48 [Water Leadership Team](#) and
- [Water Solutions](#) advance technology and innovation to
 - Reduce freshwater use
 - Increase use of non-fresh sources
 - Increase recycling and reuse
 - Reduce water discharge and disposal
- Collaboration & Best Practices Development
 - [Eagle Ford Water Consortium](#) / South Texas Energy and Economic Roundtable
 - [Energy Water Initiative](#)
 - Northeast British Columbia Montney Operators Group
 - CAPP hydraulic fracturing [operating practices](#) and PTAC [Tight Oil and Gas Technology Action Plan](#)
- Benchmarking by/for investors & ratings/rankings: [Disclosing the Facts](#)

Identify & Map – Future Water Availability for Hydraulic Fracturing Assets

Risk assessment - abundant water for human needs near Hydraulic Fracturing assets in 2025



Risk assessment – stress & scarcity in watersheds for two Hydraulic Fracturing plays in 2025

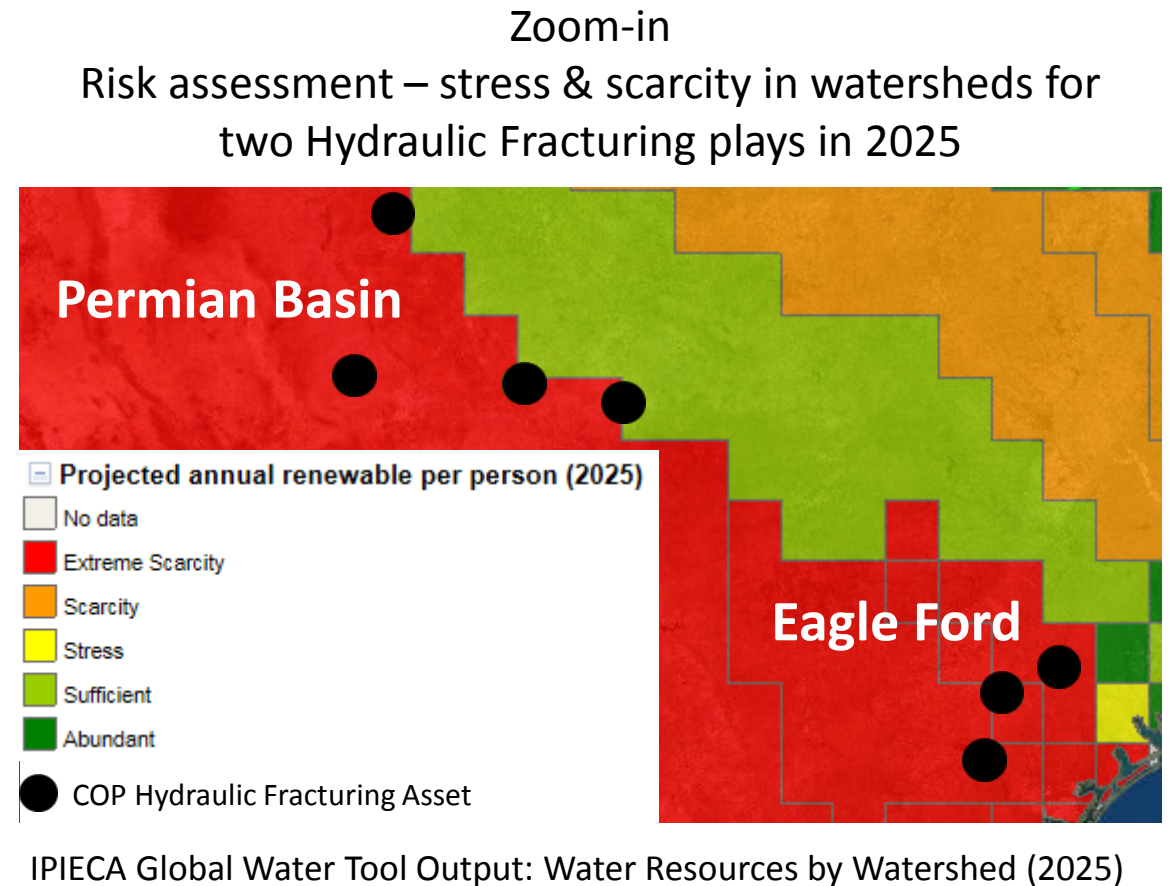


IPIECA Global Water Tool Output: Water Resources by Country (2025)

IPIECA Global Water Tool Output: Water Resources by Watershed (2025)

Measure & Monitor – Focus on High Priority Areas and Operations

- Actions include:
 - Reduce freshwater use
 - Explore non-freshwater sources
 - Reuse/recycle produced water
 - Reuse municipal waste water
- Address environmental complexity
- Solutions developed
 - Contribute to continuous improvement
 - Added to Water Solutions toolbox
 - Shared as case studies
 - Applications for other assets



Communicate & Learn / Enable & Develop – Eagle Ford

- Water Sourcing and Recycling
 - Deeper brackish sources not used by local landowners ([SPIRIT Q4 2015](#), p. 15)
 - More than 25% non-fresh water used in [2014](#)
 - Recycle municipal wastewater effluent in [Karnes County](#)
- Land Management
 - Reducing acreage/well by 70% or more versus single [well pads](#)
 - Recycle oil-based drill cuttings ([SPIRIT Q4 2015](#), p. 42)
- Regional Collaboration
 - [Eagle Ford Water Consortium](#) – Now South Texas Energy and Economic Roundtable
- Local Community
 - [Tool](#) to discuss water sources with stakeholders
 - Reduced [truck use](#) by 40%
 - [Eagle Ford Landing](#) and Citizens Advisory [Committee](#)
 - [Poll](#) to listen and determine what topics are important
 - Show our operations: Facilitate [tours in the Eagle Ford](#)

Communicate & Learn / Enable & Develop – Permian Basin

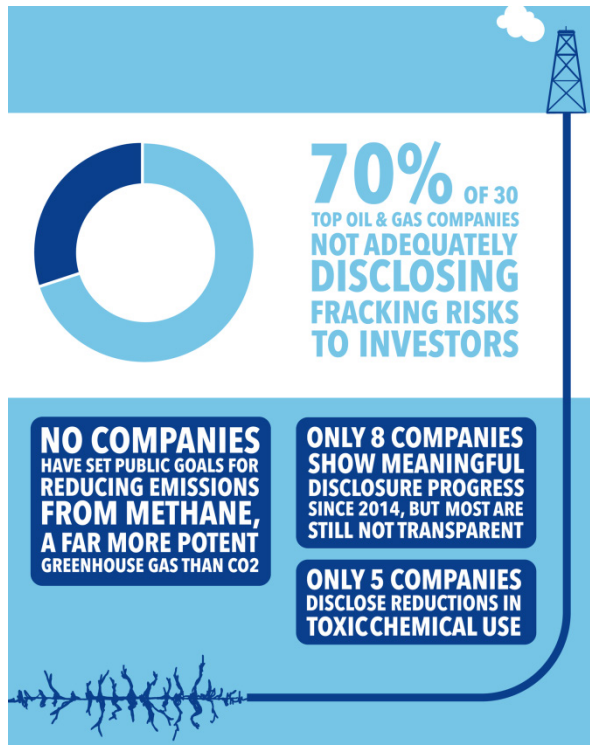
- Water Sourcing
 - Focus on non-freshwater sources ([SPIRIT Q4 2015](#), p. 15)
- Water Recycling
 - Fit-for-purpose produced water treatment ([SPIRIT Q4 2015](#), p. 11)
 - Produced water deoiling technology ([SPIRIT Q4 2015](#), p. 14)
 - Reuse/recycle of 250,000 barrels ([SPIRIT Q4 2015](#), p. 17)
- Regional Collaboration
 - [Energy Water Initiative](#) including Water Management [Case Studies](#)
- Local Community
 - Reduced [truck traffic](#)



Disclosing the Facts Hydraulic Fracturing Scorecard – How are we doing?

2015 Disclosing the Facts Scorecard results for ConocoPhillips

- More than doubled score
- Moved from 19th rank to 10th
- Notable practice mention



SOURCE: DISCLOSING THE FACTS, 2015 ANNUAL EDITION, WWW.DISCLOSINGTHEFACTS.ORG. THIS IS A PROJECT OF AS YOU SOW, BOSTON COMMON ASSET MANAGEMENT, AND THE INVESTOR ENVIRONMENTAL HEALTH NETWORK.

ConocoPhillips Disclosing the Facts Score Results	2014 Score	2015 Score
Toxic Chemicals	0	0
Water and Waste Management	1	3
Air Emissions	2	3
Community Impacts	1	2
Management and Accountability	1	3
Total	5	11
Rank	19 (out of 30)	10 (out of 30)

ConocoPhillips does not agree that 70% not adequately disclose risks – many companies including COP are demonstrating good performance

- Risk-based approaches are well-recognized
 - First priority: The basics - well integrity
 - Next priority: Identify risks such as water scarcity
 - Different plays require different priorities
- Scorecards do not tell the whole story

Summary

- Comprehensive, fit-for-purpose approach
- Taking action on hydraulic fracturing issues
 - Prioritization process
 - Global risks, processes and tools
 - Customized processes and tools for hydraulic fracturing
 - Mapping, measuring & monitoring
- External perspective on our approach and performance
 - Disclosing the Facts

