ConocoPhillips Sets 2015 Capital Budget of $13.5 Billion

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ConocoPhillips (NYSE:COP) today announced a 2015 capital budget of $13.5 billion, a decrease of approximately 20 percent compared to 2014. The reduction in capital relative to 2014 primarily reflects lower spending on major projects, several of which are nearing completion, as well as the deferral of spending on North American unconventional plays.

Despite the lower investment level, the company expects to achieve approximately 3 percent production growth in 2015 from continuing operations, excluding Libya. Key sources of growth include recent major project startups in Canada, Europe and Malaysia, development drilling programs in the Eagle Ford and Bakken, and new production from 2015 major project startups at Eldfisk II, the Australia Pacific LNG (APLNG) Project and Surmont Phase 2.

“We are setting our 2015 capital budget at a level that we believe is prudent given the current environment,” said Ryan Lance, chairman and chief executive officer. “This plan demonstrates our focus on cash flow neutrality and a competitive dividend, while maintaining our financial strength. We are fortunate to have significant flexibility in our capital program. Spending on several major projects has peaked and we will get the benefit of production uplift from those projects over the next few years. In addition, we have significant identified inventory in the unconventionals, where we also retain a high degree of capital flexibility.”

The 2015 capital budget includes funding for base maintenance and corporate expenditures, development drilling programs, major projects, and exploration and appraisal spending. The breakdown is as follows:

Base Maintenance

Approximately $1.9 billion is allocated to base maintenance and corporate expenditures. This is a slight reduction compared to 2014, reflecting lower planned spending in several producing assets across the portfolio.

Development Drilling Programs

Approximately $5.0 billion is allocated toward the company’s development drilling programs. This compares to the 2014 budget of $6.5 billion. In 2015, the Lower 48 development program capital will continue to target the Eagle Ford and Bakken, and will defer significant investment in the emerging North American unconventional plays, including the Permian, Niobrara, Montney and Duvernay. The company retains the flexibility to ramp up or down activity in the unconventionals.

Major Projects

Approximately $4.8 billion is focused on the company’s sanctioned major projects. This represents a significant reduction compared to 2014, which included peak spending at the APLNG and Surmont Phase 2 projects. Funding in 2015 will focus on completion of APLNG and Surmont Phase 2, as well as multiple projects in Alaska, Europe and Malaysia.

E**xploration and Appraisal**

Approximately $1.8 billion is allocated toward the company’s exploration and appraisal programs, down slightly compared to 2014. This spending will focus on conventional activity in the U.S. Gulf of Mexico, offshore West Africa and Nova Scotia, as well as unconventional activity in North America.

ConocoPhillips will provide additional details on its 2015 capital program and production outlook during its fourth-quarter conference call on Jan. 29, 2015 and its Analyst Meeting on April 8, 2015 in New York.

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About ConocoPhillips

ConocoPhillips is the world's largest independent E&P company based on production and proved reserves. Headquartered in Houston, Texas, ConocoPhillips had operations and activities in 27 countries, $55 billion in annualized revenue, $119 billion of total assets, and approximately 19,000 employees as of Sept. 30, 2014. Production from continuing operations, excluding Libya, averaged 1,520 MBOED for the nine months ended Sept. 30, 2014, and proved reserves were 8.9 billion BOE as of Dec. 31, 2013. For more information, go to www.conocophillips.com.

CAUTIONARY STATEMENT FOR THE PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This news release contains forward-looking statements. Forward-looking statements relate to future events and anticipated results of operations, business strategies, and other aspects of our operations or operating results. In many cases you can identify forward-looking statements by terminology such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and other similar words. However, the absence of these words does not mean that the statements are not forward-looking. Where, in any forward-looking statement, the company expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that such expectation or belief will result or be achieved. The actual results of operations can and will be affected by a variety of risks and other matters including, but not limited to, changes in commodity prices; changes in expected levels of oil and gas reserves or production; operating hazards, drilling risks, unsuccessful exploratory activities; difficulties in developing new products and manufacturing processes; unexpected cost increases; international monetary conditions; potential liability for remedial actions under existing or future environmental regulations; potential liability resulting from pending or future litigation; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; and general domestic and international economic and political conditions; as well as changes in tax, environmental and other laws applicable to our business. Other factors that could cause actual results to differ materially from those described in the forward-looking statements include other economic, business, competitive and/or regulatory factors affecting our business generally as set forth in our filings with the Securities and Exchange Commission. Unless legally required, ConocoPhillips undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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