ConocoPhillips

U.K. Environmental Performance Review 2014

Cover Picture:
Launch of the Enochdhu Pipeline Bundle

Contents

CAUTIONARY STATEMENT

This report includes forward-looking statements. These statements relate to future events, such as anticipated revenues, earnings, business strategies, competitive position or other aspects of our operations, operating results or the industries or markets in which we operate or participate in general. Actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that may prove to be incorrect and are difficult to predict such as oil and gas prices; operational hazards and drilling risks; potential failure to achieve, and potential delays in achieving expected reserves or production levels from existing and future oil and gas development projects; unsuccessful exploratory activities; unexpected cost increases or technical difficulties in constructing, maintaining or modifying company facilities; international monetary conditions and exchange controls; potential liability for remedial actions under existing or future environmental regulations or 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; general domestic and international economic and political conditions, as well as changes in tax, environmental and other laws applicable to ConocoPhillips' business and other economic, business, competitive and/or regulatory factors affecting ConocoPhillips' business generally as set forth in ConocoPhillips' filings with the Securities and Exchange Commission (SEC). We caution you not to place undue reliance on our forward-looking statements, which are only as of the date of this report or as otherwise indicated, and we expressly disclaim any responsibility for updating such information.

1. Introduction

The purpose of this report is to provide stakeholders and the public with an overview of ConocoPhillips operations and environmental performance in the U.K. for 2014.

This report aims to:

- Describe our main assets and activities
- Provide a brief overview of environmental management within the company
- Provide details on key environmental aspects and their impact
- Summarise the environmental performance of our U.K. business and progress against objectives for the year

ConocoPhillips

ConocoPhillips is the world's largest independent exploration and production (E&P) company based on proved reserves and production of liquids and natural gas. We explore for, produce, transport and market crude oil, bitumen, natural gas, natural gas liquids and liquefied natural gas on a worldwide basis. Operations are managed through six segments, which are defined by geographic region: Alaska, Lower 48, Canada, Europe, Asia Pacific and Middle East, and Other International.

ConocoPhillips has operated in Europe for more than 40 years. The company has significant developments in the U.K. and Norwegian sectors of the North Sea. These include the Greater Britannia, J-Area and Southern North Sea (SNS) fields in the United Kingdom and the Greater Ekofisk Area in Norway. The company also has ongoing exploration activities in the Central North Sea and west of Shetland, offshore United Kingdom and Baffin Bay and Greenland Sea, offshore Greenland.

ConocoPhillips, through its entities: ConocoPhillips (U.K.) Limited, ConocoPhillips Petroleum Company U.K. Limited and Burlington Resources (Irish Sea) Limited together operates as the ConocoPhillips U.K. Business unit (UKBU).

Offshore in the U.K. ConocoPhillips is operator of, or has interests in, Britannia, Britannia Satellites, Judy/Joanne, Jade, Jasmine, CMS, Galleon, LOGGS, Saturn Unit, V-Fields, Victor, Viking, Calder, Darwen, Crossens, Asland, Millom, Dalton, Clair, MacCulloch and Nicol.

Onshore in the U.K. the company has interests in the Rivers Terminal at Barrow-in-Furness, the Teesside Oil Terminal at Seal Sands, Middlesbrough and the Theddlethorpe Gas Terminal at Mabelthorpe in Lincolnshire.

Our goal at ConocoPhillips is to have zero injuries, illnesses and incidents in our workplaces and communities. Our SPIRIT Values guide our behaviours and our actions, they unify our organisation and we stake our reputation on being accountable to our stakeholders, communities and each other.

S — **SAFETY**
We operate safely.

P — **PEOPLE**
We respect one another, recognising that our success depends upon the commitment. capabilities and diversity of our employees.

I — **INTEGRITY**
We are ethical and trustworthy in our relationships with stakeholders.

R — **RESPONSIBILITY**
We are accountable for our actions. We are a good neighbour and citizen in the communities where we operate.

I — **INNOVATION**
We anticipate change and respond with creative solutions. We are agile and responsive to the changing needs of stakeholders and embrace learning opportunities from our experience around the world.

T — **TEAMWORK**
Our "can do" spirit delivers top performance. We encourage collaboration, celebrate success, and build and nurture long-standing relationships.

2. Achievements

Some of the key accomplishments of the UKBU during 2014 were:

The Britsats Brodgar Infill Project completed drilling of a third Brodgar production well and commenced installation of new flowlines and control umbilicals to tie it back to the existing Brodgar subsea manifold

The Southern North Sea (SNS) well plug and abandonment campaign commenced to support decommissioning activities

An awareness raising programme was implemented on ConocoPhillips' approach to Sustainable Development

The first phase of installation of the subsea facilities for the new Enochdhu field was completed

Decommissioning Programmes were developed to support the SNS Phase 1 activities in the Viking and LOGGS areas and comparative assessment workshops were completed to identify a preferred decommissioning option for the SNS Phase 1 pipelines

ConocoPhillips

U.K. HSE Policy

Policy Statement Commitment

ConocoPhillips (U.K.) Limited is committed to protecting the health and safety of everybody who plays a part in our operations or lives in the communities in which we operate. Wherever we operate, we will conduct our business with respect and care for both the local and global environment and will systematically manage risks to drive sustainable business growth.
We will not be satisfied until we succeed in eliminating all injuries, occupational illnesses, unsafe practices and incidents of environmental harm from our activities.

Organisation and Responsibilities

The ConocoPhillips ***U.K. President*** has overall accountability for the Health, Safety and Environmental (HSE) performance of our U.K. operations.
Health, Safety and Environmental staff are appointed at various locations throughout the company. These personnel are responsible for providing advice and guidance on matters relating to the health, safety and welfare of employees and on environmental matters with reporting lines to senior management.
All ***managers and supervisors*** at ConocoPhillips are responsible and accountable for the health and safety of their staff by:

- Ensuring that all applicable Health, Safety and Environment legislation and codes are adhered to and that appropriate actions are taken to ensure a safe working environment.
- The active participation of all employees in the achievement of Health, Safety and Environmental objectives.
- Conducting all activities in accordance with the requirements of the Operating Management System (OMS).

Employees are responsible for ensuring they comply with relevant legislation and the OMS, to ensure prevention of harm to themselves, their colleagues and the environment.

Arrangements

To meet our Policy Statement, ConocoPhillips (U.K.) Limited will:

- Demonstrate active Health, Safety and Environmental leadership and communication of this policy.
- Comply with relevant laws, regulations and applicable codes.
- Provide medical services to give advice, guidance, support and monitoring on health-related matters.
- Include environmental considerations in our business decisions and minimise the impacts of our activities on the environment.
- Investigate and report incidents and accidents with the potential to cause risks to health, safety or environmental damage.
- Require all employees and contractors to attend periodic health, safety and environmental meetings.
- Ensure that all employees and contractors understand that working safely is a condition of employment, and that everyone is responsible for their own safety and for minimising environmental impacts of our operations.
- Manage all projects and processes through their life cycles in a way that protects health and safety and prevents pollution and manages wastes.
- Develop safe systems of work for all potentially hazardous situations, and identify and assess major accident hazards.
- Implement procedures to ensure that integrity and reliability issues, which have the potential to cause an HSE impact are properly considered at all stages in the asset life cycle.
- Provide employees, contractors and suppliers with the training, knowledge and resources necessary to achieve our Health, Safety and Environmental commitments.
- Provide effective emergency response systems allowing onshore and offshore personnel to deal effectively with emergency situations.
- Measure, audit and publicly report Health, Safety and Environmental performance and maintain open dialogue with stakeholder groups.
- Promote and adhere to the ConocoPhillips Life Saving Rules.
- Work with the regulator and other stakeholders to continuously improve Health, Safety and Environmental performance.

"Nothing is so urgent or important, that we cannot take time to do it safely and in an environmentally prudent manner"

David Chenier

David Chenier, President, U.K.

UK-00655 **June 2014**

Aberdeen Drafting Office, SAFE-GEN-0892, Rev A

3. **Environmental** Management

As a company ConocoPhillips is committed to conducting our business with respect and care for both the local and global environment.

The ConocoPhillips UKBU Health, Safety and Environmental (HSE) Policy provides a framework for the integrated management of environmental issues related to the UKBU activities. It commits the company to comply with environmental legislation and strive for continuous improvement in environmental performance.

3.1 Environmental Management Process

The ConocoPhillips UKBU has implemented a dedicated environmental management process that is fully integrated within its Deming Cycle-based Operating Management System (OMS): The OMS provides the governance by which the company's HSE Policy is implemented throughout our operations.

The environmental management process has been designed to meet the requirements of the corporate and global HSE Management System Standard, utilising the requirements and principles contained in the internationally recognised environmental management systems standard ISO 14001:2004.

3.2 Environmental Management Certification

The Environmental Management Process applies to all activities onshore and offshore carried out by the ConocoPhillips UKBU, which holds accredited certification to ISO 14001:2004 with the current certification due for renewal in 2015.

At the time of preparing this publication there were no 'open' nonconformities to be managed with the certification body.

4. **Sustainable** Development

At ConocoPhillips, we consider sustainable development essential to our mission of supplying the energy that powers modern life. For ConocoPhillips, sustainable development is about conducting our business to promote economic growth, a healthy environment and vibrant communities, now and into the future.

The ConocoPhillips corporate sustainable development position, commitments, programmes and metrics are available in the ConocoPhillips Sustainable Development Report, which can be downloaded at: **www.conocophillips.com/sustainable-development**

Our approach to sustainability is considered fundamental to the work we do and how we support our company vision.

4.1 Sustainable Development in the U.K.

Over the course of 2014, the ConocoPhillips UKBU implemented processes to ensure personnel were aware of ConocoPhillips' sustainability approach.

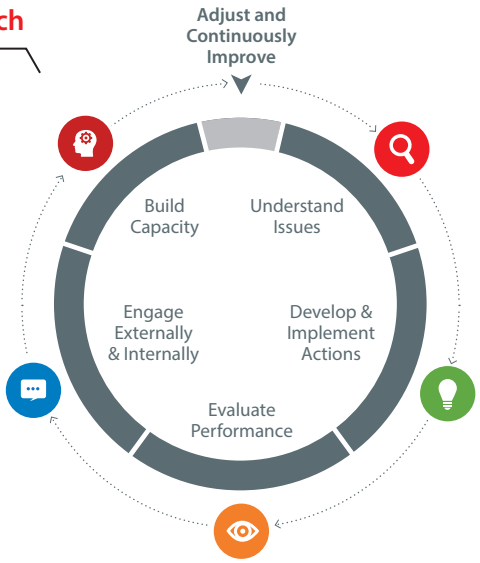
A phased approach was applied, with the first phase consisting of an assessment of sustainable development (environmental and social aspects) of the UKBU. This included undertaking analysis of the understanding of the topic in the UKBU and reporting findings and making recommendations to the company's local Leadership Team.

The second phase focused on developing sustainable development processes and internal communication by mapping the relevant activities embedded into the U.K. business practices. This covered all parts of the business lifecycle and it was fully documented in procedures and processes within the U.K. Operating Management System (OMS).

Sustainable development awareness sessions were held, using the ConocoPhillips sustainable development learning module with supporting presentation material used as the main vehicle for communicating this information. Over an eight month period, 25 sessions were held onshore and 14 sessions were held offshore: over 770 personnel attended, 400 of whom were offshore workers. In addition, various sustainable development communications were created for distribution across the UKBU on a regular basis throughout 2014. It is planned to maintain these awareness levels into the future.

The final phase of focus examined the opportunities for ConocoPhillips to demonstrate sustainable development stewardship in the UKBU and also to propose ways in which to assess performance in this area. This work will continue in 2015.

Our Sustainability Approach



Enable and Develop
Empower employees and support programmes that add value to communities where we operate.

Identify and Map
Assess priority of environmental and social risks and opportunities important to key stakeholders and us.

Communicate and Learn
Build relationships, understand perspectives and transparently provide information about our performance.

Address Issues
Collaborate on strategies and actions that integrate sustainable development into business practices and decision-making.

Measure and Monitor
Identify key performance indicators and assess results.

4.2 The St Andrews Prize for the Environment

The St Andrews Prize for the Environment was set up by the University of St Andrews and ConocoPhillips in 1998. The aim is to find and reward entrepreneurs who come forward with original and practical ideas for coping with specific environmental problems. Such ideas must be designed to lead to action, be realistic, realisable and easy to be replicated elsewhere, taking account of their social and economic implications. This Prize has attracted entries on many diverse topics from more than 50 countries each year and has increasing international recognition.

The St Andrews Prize winner in 2014 was: **Blue Ventures with their Integrated Approach to Conservation project** - This holistic approach to integrating community-based health services with local biodiversity conservation initiatives empowers local communities in southwest Madagascar to protect their marine environment and manage their resources sustainably.

The runners-up in 2014 were: **The Inga Foundation's Land for Life programme** - This project aims to create sustainable rural livelihoods in tropical areas across the world, removing the need for farmers to slash and burn rainforests. Inga alley-cropping is a tested and proven organic technique that, through the planting of Inga trees, enables an area of previously cleared, infertile land to regain the nutrients required to remain fertile, year after year.

Reef Check – Empowering Local Communities to Improve Reef Health - a simple yet extremely innovative and scientifically rigorous method to survey coral reefs using citizen scientists from local communities, trained and led by professional marine biologists.

5. **U.K.** Operations

ConocoPhillips UKBU Average Daily Net Production - 2014

Area	Interest	Operator	Crude Oil (thousands of barrels per day)	NGL (thousands of barrels per day)	Natural Gas (million cubic feet per day)	Total (thousands of barrels of oil equivalent per day)
Britannia	58.7%	Britannia Operator Ltd	3	1	86	18
Britannia Satellites	75.0%–83.5%	ConocoPhillips	6	-	18	9
J-Area	32.5%–36.5%	ConocoPhillips	20	4	105	42
Southern North Sea	Various	Various	-	-	77	13
East Irish Sea	100%	Hydrocarbon Resources Limited	-	-	37	6
Other	Various	Various	6	-	-	6
U.K. Total			**35**	**5**	**323**	**94**

5.1 Central North Sea – J-Area

Judy/Joanne
Commercial oil production and gas sales from the J-Area's Judy/Joanne fields began in 1997. Gas processed on the Judy platform is transported through the Central Area Transmission System (CATS) pipeline, and liquids are transported to Teesside through the Norpipe system.

The *Safe Bristolia* accommodation unit was stationed at the Judy platform from May to August 2014 with an average number of 280 people on board, to continue with commissioning work for the new Judy Riser Platform as part of the Jasmine field development.

Jade
The Jade field came on stream in 2002 and consists of a normally unmanned platform tied back to Judy.

Jasmine
The Jasmine development lies approximately 8.5 km west of the Judy production facility. It comprises a Jasmine Wellhead Platform (JWHP) and an accommodation and utility platform bridge-linked to the JWHP; a Judy riser and separation platform (JRP) and additional Judy well slots bridge-linked to the existing Judy platform; and a multiphase pipeline from the JWHP to the JRP. The Jasmine field began production in November 2013.

Between October 2014 and February 2015, ConocoPhillips undertook a seismic survey in the Judy area using the ocean bottom node technique, whereby receivers (nodes) are placed on the seabed and an airgun array is towed above by vessel: receivers were deployed over an area of approximately 260 km^2. An impact assessment of the effect of noise from the seismic survey on marine mammals and fish indicated that there was a very low likelihood of injury or non-trivial disturbance occurring.

A marine mammal observer and passive acoustic monitoring operatives were based on the survey vessels, providing continual marine mammal mitigation during 24-hour seismic operations.

The Judy Platform and Bridge Link to the Judy Riser Platform

5.2 Britannia Satellites (BritSats)

Brodgar, Callanish and Enochdhu
Brodgar, discovered in 1985, is located in Block 21/3. Callanish, discovered in 1999, is located in Blocks 15/29b and 21/4a. Production started in 2008. The fields produce via subsea manifolds and pipelines linked to the Britannia platform.

In 2014 the Brodgar Infill Project was undertaken; this comprised drilling a third Brodgar production well (H3) and installation of new flowlines and control umbilicals to tie it back to the existing Brodgar subsea manifold. Commissioning of the new facilities was completed and first Gas from Brodgar H3 was achieved in Q1 2015.

Enochdhu was discovered in 2005 and is located in Block 21/5a approximately 8 kilometres southeast of the Callanish subsea manifold; it is being developed as a single well tie-back to Callanish.

In 2014 the first phase of the Enochdhu subsea facilities installation began. The pipeline bundle (which included the new Callanish Towhead Tie-in Skid and Enochdhu Towhead Manifold) was launched and towed to location via the Controlled Depth Tow Method and the associated protection materials placed on the seabed (mattressing and rock/gravel). Pre-commissioning of the tie-in spool between the existing Callanish Manifold and the new Callanish Towhead Tie-in Skid was also completed. Enochdhu drilling and first production is anticipated in 2015.

The Enochdhu Pipeline Bundle at its Launch Site in Caithness, Scotland

5.3 East Irish Sea

ConocoPhillips' interests in the East Irish Sea include the Rivers Terminal at Barrow-in-Furness and six gas fields: Millom, Dalton, Calder, Darwen and Crossens and Asland.

Calder produces sour gas. It was developed with an unmanned platform and three development wells feeding to a producing platform and then through a pipeline to the Rivers Terminal at Barrow-in-Furness, which provides compression, hydrogen sulfide removal and metering. Options for developing the additional sour gas fields of Darwen, Crossens and Asland will be considered once the Calder Field begins to decline.

Sweet natural gas from the Millom and Dalton fields is produced through a platform and two subsea manifolds.

The natural gas is fed through to the Morecambe Bay North Terminal via the North Morecambe platform.

A project to replace the acid plant at the Rivers Terminal was completed in the first quarter of 2014.

ConocoPhillips' assets in the East Irish Sea are operated by Hydrocarbon Resources Limited (a subsidiary of Centrica Plc). Environmental data is reported under the public statement for Centrica Energy.

5.4 MacCulloch

The MacCulloch field is located in Block 15/24b. The wells are tied back via two subsea drilling centres to the *North Sea Producer* floating production, storage and offloading (FPSO) vessel owned by North Sea Production Company Limited (NSPC). In 2014, approval to remove the FPSO from the MacCulloch field in 2015 was granted by the U.K. Government's Department of Energy & Climate Change (DECC).

Environmental data for MacCulloch is reported under the public statement for NSPC.

5.5 Southern North Sea

ConocoPhillips has various interests in producing gas fields in the Rotliegendes and Carboniferous areas of the Southern North Sea (SNS).

CMS

The Caister Murdoch System (CMS) in the Southern North Sea consists of the Murdoch complex, the Caister satellite platform and the gas trunk line to the Theddlethorpe Gas Terminal. CMS acts as a hub for Caister, Boulton, CMS III, Katy, Kelvin, Munro and the Murdoch Fields as well as providing third-party transportation.

LOGGS

The Lincolnshire Offshore Gas Gathering System (LOGGS) complex started operating in 1988. This facility in the Southern North Sea receives natural gas from: the V-fields (North Valiant, South Valiant, Vanguard and Vulcan); Vampire; Viscount; Valkyrie; the Saturn Unit (Saturn, Mimas and Tethys); the Jupiter Area natural gas fields (Ganymede, Sinope, Callisto, Europa and NW Bell); as well as the third-party fields; Ann, Alison, Annabel, Audrey and Anglia. Natural gas from Viking, Victor, Vixen and Victoria is also transported through the LOGGS facilities where it is comingled and forwarded on to the Theddlethorpe Gas Terminal via pipeline.

Viking

Viking is situated in Blocks 49/12, 49/16 and 49/17. Viking consists of seven normally un-manned platforms in the Southern North Sea plus one manned main complex, Viking B, and the associated outlying Vixen subsea satellite.

Victor

Victor is an unmanned platform and subsea wellhead structure located in Blocks 49/17 and 49/22 of the Southern North Sea.

Asset Integrity Rectification (AIR)

ConocoPhillips continued with an asset integrity campaign at a number of the Southern North Sea (SNS) platforms in 2014. As part of this campaign, the *GMS Endurance* mobile offshore unit (MOU) was moved between platforms to provide accommodation facilities. In 2014 the MOU was located at the Victor, South Valiant TD, LOGGS PA and North Valiant PD platforms. At two of these locations, placement of stabilisation material (in the form of rock/gravel) was required to position the MOU safely on the seabed.

Theddlethorpe Gas Terminal

Located in Lincolnshire, the Theddlethorpe Gas Terminal (TGT) receives and processes natural gas produced through the LOGGS, CMS and Viking systems as well as natural gas produced through third-party operated Pickerill and Saltfleetby systems.

The LOGGS Platform

Southern North Sea (SNS) Decommissioning
The Aberdeen-based ConocoPhillips UKBU Decommissioning Group continued to build upon the work they started in 2013 with their focus throughout 2014 being on the development of decommissioning programmes to support the SNS Phase 1 activities. A decommissioning campaign commenced in 2014 to plug and abandon the wells at Viking.

Two decommissioning programmes were prepared for the Viking (VDP1) and LOGGS (LDP1) areas. Comparative assessment workshops were completed in June and July to identify a preferred decommissioning option for the SNS Phase 1 pipelines. The multidisciplinary workshops used the DECC assessment criteria to qualitatively and quantitatively compare the options and determine the most suitable option, balancing technical feasibility, environmental, societal and safety risks and cost.

An environmental impact assessment of the proposed activities included within the scopes of VDP1 and LDP1 was completed and the results were presented in an environmental statement concluding that the proposed activities can be undertaken without causing significant adverse impact to the environment. Work on these programmes continues in 2015 in readiness for statutory consultation.

Agreement was reached with DECC on the scope of a second pre-decommissioning habitat assessment and seabed survey to be executed in 2015.

At the Theddlethorpe Gas Terminal (TGT), removal and disposal of redundant equipment associated with the Viking field commenced. Over 92% of the infrastructure was deemed suitable for recycling.

The Viking Wells Abandonment Campaign

5.6 Drilling

In 2014 ConocoPhillips operated three rigs in the Central North Sea with two jack-up rigs in the J-Area carrying out development drilling at the Joanne and Jasmine fields and exploration drilling in the Jasmine and Jade areas.

In the BritSats area a semi-submersible rig successfully completed the drilling of a development well in the Brodgar field. An extensive well abandonment campaign commenced in the Southern North Sea with a dedicated rig in the Viking field.

BritSats Development
Drilling in the Brodgar Field

5.7 Business Development

ConocoPhillips drilled two operated wells in the Central North Sea during 2014. The first was a commercial discovery, which was completed and tied in to the Jade Field in the second quarter, the other was a dry hole. In 2014, the company participated in three non-operated appraisal wells in the Greater Clair Area, all of which were discoveries that are currently undergoing evaluation.

ConocoPhillips was awarded three new licences during 2014 in the U.K. 28th Licensing Round. These licences are within proximity of existing acreage held by ConocoPhillips. A fourth licence application is undergoing further environmental appropriate assessment.

ConocoPhillips Recent U.K. Licence Awards

Licence	Interest	Operator	Recent Activity
23/16	50%	BG	U.K. 28th licensing round award
30/20a	28.3%	ConocoPhillips	U.K. 28th licensing round award
30/07c	36.5%	ConocoPhillips	U.K. 28th licensing round award

6. Environmental Aspects and Performance

6.1 Atmospheric Emissions

The main combustion processes undertaken at our facilities in the U.K. that give rise to atmospheric emissions are the generation of electrical power, the compression of gas and the pumping of oil for transportation along export pipelines to the shore. A small amount of reservoir gas provides the primary fuel source with diesel used as a back-up. Emissions from drilling activities are related to running diesel driven engines used for power generation by the rigs. Flaring and venting are used to safely dispose of excess produced gas (primarily methane), released as a result of pressure control within the process system during oil and gas production and during unplanned events. Flaring and venting is restricted to the minimum required for the safe operation of the installations.

Atmospheric pollution is implicated as one of the causes of global warming, ozone depletion and acid deposition in soil and water. It is not possible to distinguish the precise origin and contribution of any individual emission source as these compounds can be carried long distances to an area where they may have an adverse effect.

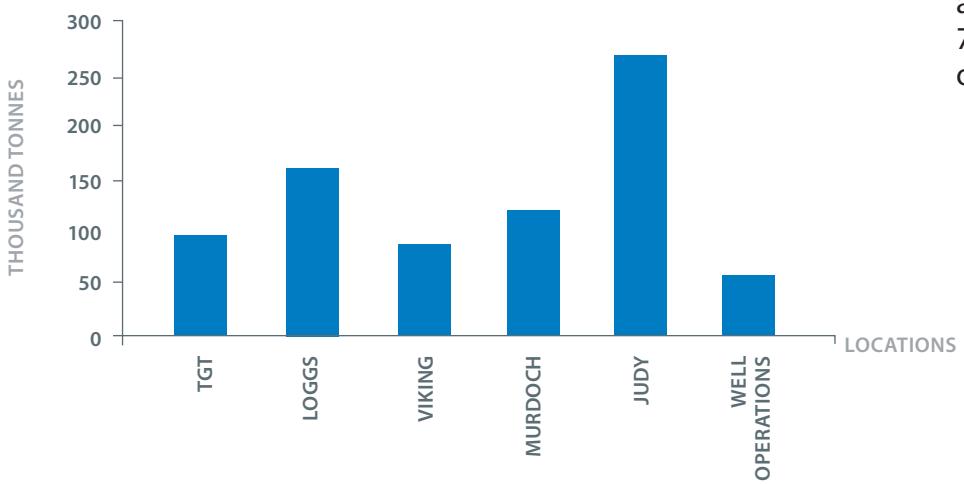
Carbon Dioxide

The European Union Greenhouse Gas Emissions Trading System (EU ETS) governs all Carbon Dioxide (CO_2) emissions from qualifying facilities. A revised EU ETS Directive was transposed into U.K. law as the Greenhouse Gas Emissions Trading Scheme Regulations 2012. The third trading period (EU ETS Phase III) runs from 2013 to 2020. The revised Directive is designed to deliver greater emissions reductions; it includes a centralised, EU-wide cap on emissions which declines annually with the aim of delivering an overall 21% reduction of Greenhouse Gas (GHG) emissions by 2020 (compared to a 2005 baseline).

ConocoPhillips installations with a total rated thermal input exceeding 20 MW hold GHG emissions permits, which authorises them to emit CO_2 from the combustion of fuels. Permit holders are subject to a number of conditions, including the monitoring and reporting of such emissions and the surrender of allowances and notification requirements.

The calculation of the amount of CO_2 emissions made in the previous year must be verified by an accredited verifier. All qualifying ConocoPhillips UKBU facilities completed the 2014 verification process and reported their verified CO_2 emissions within the required timeframe. Atmospheric emissions from drilling activities are not reportable under EU ETS but are included in ConocoPhillips company environmental metrics reporting.

CO_2 Emitted from ConocoPhillips' UKBU Locations 2014



In 2014 our U.K. operations emitted approximately 727,000 tonnes of CO_2

Other Atmospheric Emissions

The Offshore Combustion Installations (Pollution Prevention and Control) Regulations 2013 (PPC) regulate atmospheric emissions (with the exception of CO_2) from offshore oil and gas facilities that have combustion equipment with a combined thermal capacity that exceeds 50 MWth. The Judy, LOGGS, Murdoch and Viking platforms each hold a PPC permit that specifies maximum annual amounts of emissions of the gases Nitrogen Oxide, Sulphur Oxide, Carbon Monoxide, Methane, and non-methane Volatile Organic Compounds; these emissions are calculated based on fuel consumption and composition data and emissions factors. The emissions reported in 2014 that were generated from the combustion of fuels at these facilities were within the maximum permitted limits for each asset.

Pollutant releases to air which exceed 10 kg per annum are reported to the UK and EU Pollutant Release and Transfer Registers (PRTR). A PRTR is a national or regional environmental inventory of potentially hazardous chemical substances from industrial facilities, including offshore oil and gas installations.

Nitrogen Oxides (NOx) are produced by chemical reactions between oxygen and nitrogen present in air during combustion, and are generated in the gas compression and power generation turbines as well as smaller diesel engines; NOx may include NO and NO_2, whereas Nitrous Oxide (N_2O), a greenhouse gas, is calculated separately.

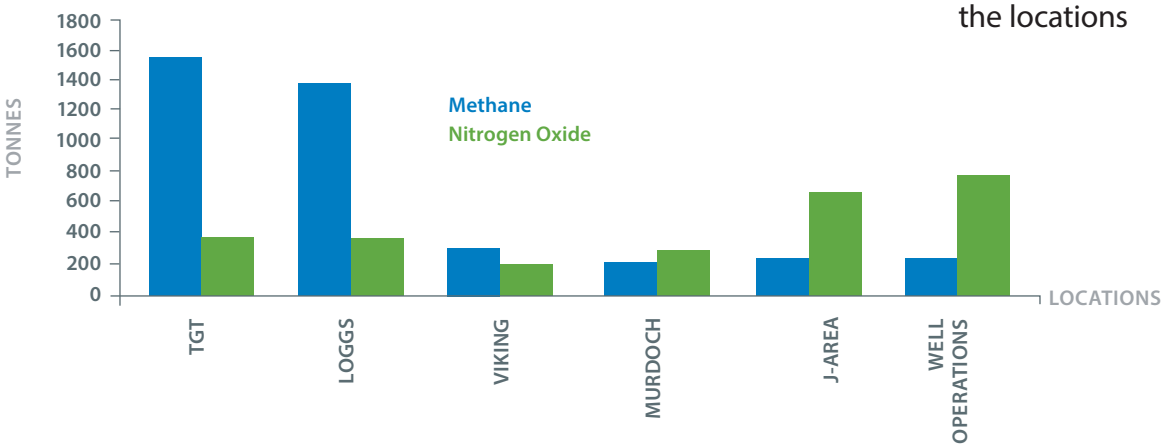
ConocoPhillips was the first operator in the U.K. offshore sector to install a low NOx emissions gas turbine (on the Murdoch platform) and also utilises this technology at the Theddlethorpe Gas Terminal. In 2013 an additional power generation turbine was added to the new Judy Riser Platform as part of the Jasmine project and a low NOx model was selected.

The amount of NOx discharged in 2014 from ConocoPhillips' UKBU offshore locations ranged from 208 tonnes to 793 tonnes, with the amount depending on turbine type, fuel type and individual operating profile. The highest emissions were from well operations and reflect the number of drilling rigs on hire in 2014 (four rigs) and the fact that diesel is their sole fuel source.

The majority of the methane that is discharged to the atmosphere from ConocoPhillips' UKBU operations is through venting, which releases uncombusted gas, with smaller amounts of methane released due to the incomplete combustion during flaring, power generation and compression.

Methane and Nitrogen Oxides Emissions from ConocoPhillips' UKBU Locations 2014

The amount of methane released in 2014 ranged from 221 tonnes to 1,395 tonnes across the locations



6.2 Discharges to Sea

Oil Discharges

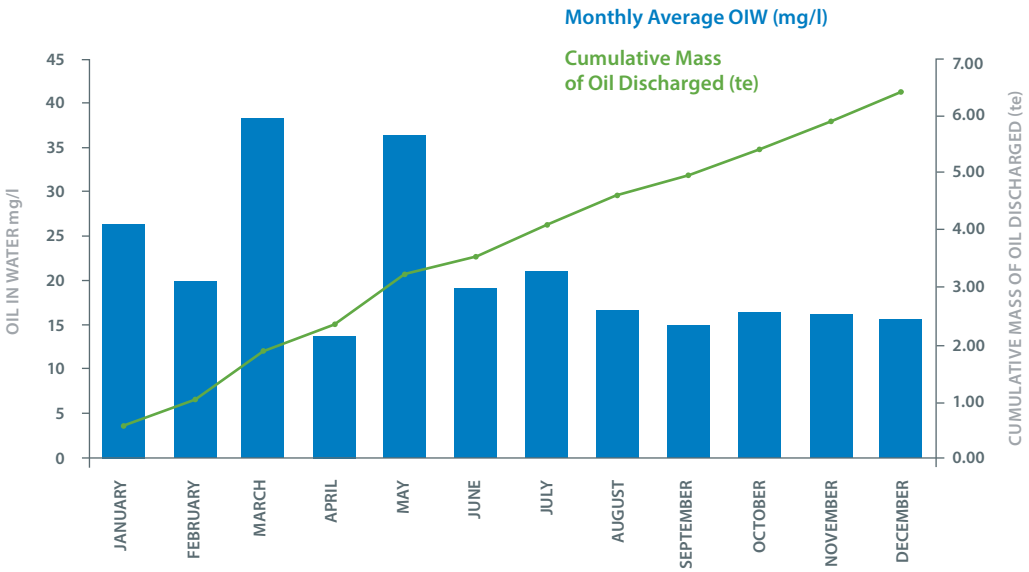
The Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (as amended) (OPPC) regulate oil discharges to sea via a permit system. Water from oil and gas reservoirs (more commonly called produced water) is one of the largest sources of discharges to sea from the offshore oil and gas industry. The ConocoPhillips Judy platform produces only a small percentage of the produced water generated by the industry; although there are systems in place to separate oil from the produced water, the discharge still has some residual oil content. Produced fluids from ConocoPhillips' Southern North Sea offshore facilities flow to the Theddlethorpe Gas Terminal with the export gas, there is no offshore discharge of produced water from these locations.

The oil concentration in drainage discharges from offshore facilities is also regulated under OPPC. The Judy, Jade, Jasmine and LOGGS platforms all have OPPC permits for their drainage discharges.

There were five occasions in 2014, during disturbed process conditions, where the concentration of oil in the Judy produced water discharge measured in excess of the 100 milligrammes of oil per litre of water (mg/l) OPPC permit limit. The Judy produced water discharge maintained OPPC compliance with respect to the monthly average maximum concentration of 30 mg/l throughout 2014, with the exception of March and May when the monthly average was 38.4 mg/l and 36.5 mg/l respectively. All non-compliances with the platform OPPC permit were notified to DECC.

The annual average concentration of oil in produced water was 20.59 mg/l and the total oil discharged to sea with the produced water from the Judy platform was 6.44 tonnes in 2014

Judy Oil in Produced Water 2014



Chemical Discharges

Chemicals used for offshore oil and gas drilling and production operations are regulated under the Offshore Chemicals Regulations 2002 (as amended) - a key objective of these regulations is 'to identify chemicals that might be considered hazardous and to ensure wherever possible their substitution by less hazardous or non-hazardous chemicals'.

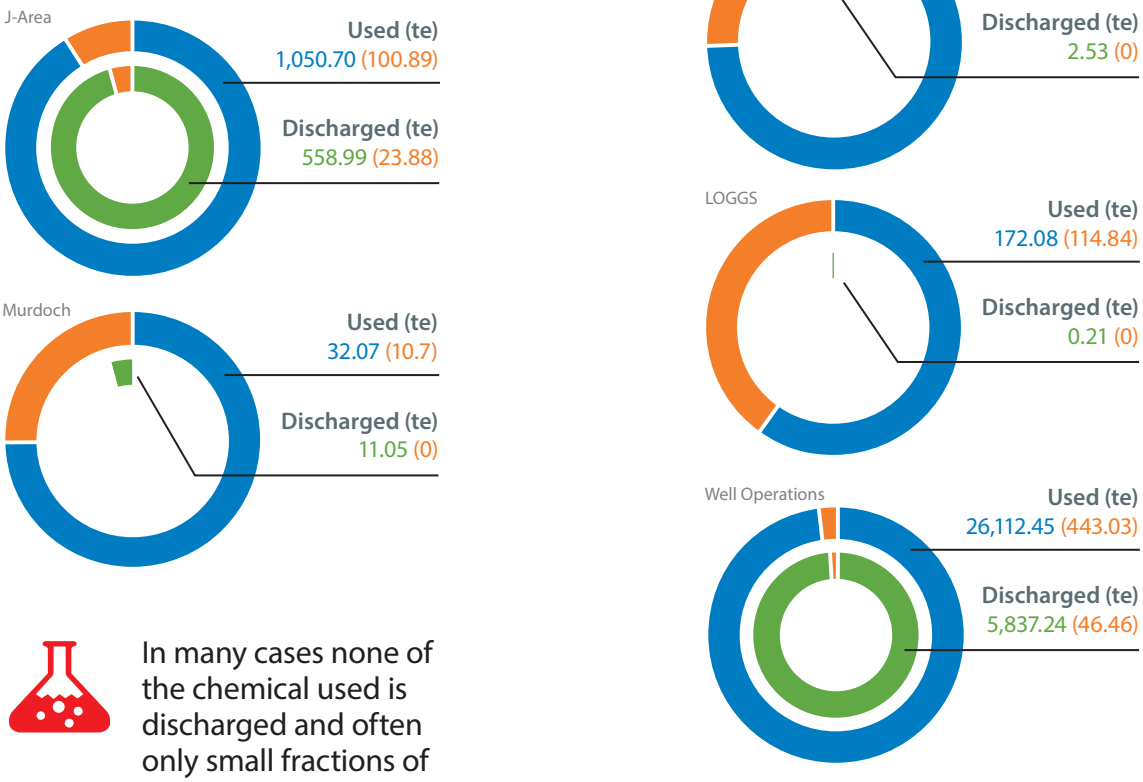
A substitution warning is assigned to an offshore chemical if a component appears on the OSPAR prescribed lists for priority action, or if the component fails to meet set criteria with respect to persistence, bioaccumulation potential or toxicity (PBT). The U.K. National Plan for the prioritisation of phase-out of substances identified as candidates for substitution is based on three criteria:

- perceived difficulty of phase-out
- securing the replacement of candidates for substitution in preference to eliminating operational discharges to the marine environment
- the PBT properties of the chemicals

Each ConocoPhillips' UKBU platform that holds a chemical permit has a Chemical Substitution Plan that monitors where chemicals that carry a substitution warning are being used, justifies why these chemicals are required in the operation and identifies opportunities for their replacement with less hazardous alternatives.

Typical production chemicals include; hydrate inhibitors, corrosion inhibitors, biocides, de-oilers and utility chemicals such as turbine wash and deck-cleaning agents. For the J-Area platforms methanol, glycol, corrosion inhibitor, wax inhibitor and scale inhibitor are used in the largest quantities; chemical use has increased relative to previous years due to the Jasmine platform being added to the facilities. For Southern North Sea installations methanol, corrosion inhibitor and water-based hydraulic fluid make up the majority of offshore chemical use, whereas the discharge comprises deck and turbine-wash chemicals and hydraulic fluid. With four rigs on hire in 2014, well operations represent the largest chemical use, which includes drilling mud, cement, completion and additive chemicals.

Chemical Use and Discharge from ConocoPhillips' UKBU Facilities in 2014



In many cases none of the chemical used is discharged and often only small fractions of others are discharged to sea

Amount within this total that carry a substitution warning

6.3 Waste

Waste can be divided into two main categories – non-hazardous and hazardous waste. The European Waste Catalogue (EWC) is a classification system for wastes, common across the EU. The classification of waste as hazardous is determined by reference to the EWC, where wastes containing certain dangerous substances may either be unconditionally classified as hazardous or only defined as hazardous if the substance is present above a specified threshold concentration.

Exploration for, production and processing of oil and gas from offshore assets inevitably generates waste materials. Non-hazardous wastes include packaging, galley and accommodation wastes, composites and wood. Examples of hazardous waste include drill cuttings contaminated with oil, process sludges, batteries, fluorescent tubes, oily rags, used chemicals and electrical and electronic equipment.

ConocoPhillips ensures that waste is managed and disposed of responsibly and in accordance with statutory obligations. ConocoPhillips' UKBU offshore and onshore assets work with waste management contractor companies to reduce waste, recycle and reuse wherever possible.

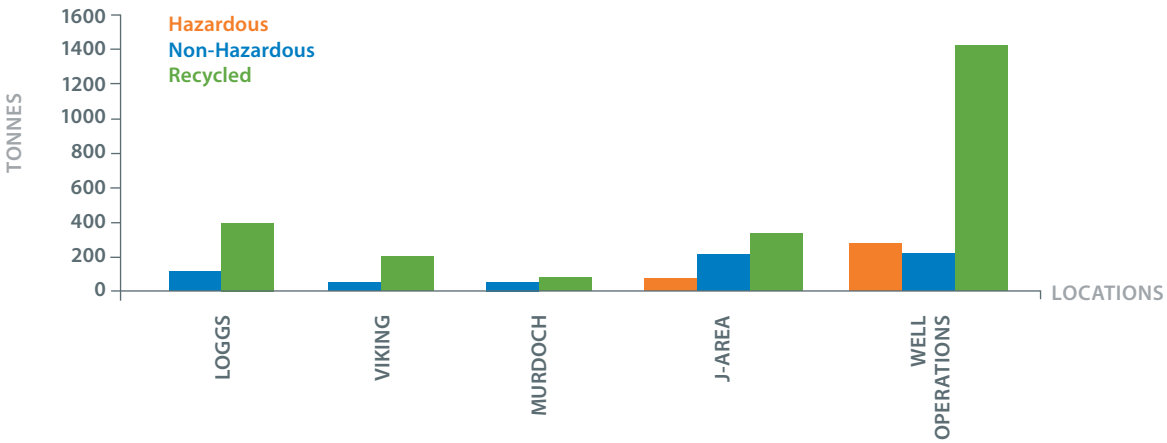
A total of 3,403 tonnes of waste was generated in 2014 from ConocoPhillips' UKBU offshore production platforms, well operations and asset integrity campaign activities.

Wastes from well operations represent the largest contribution and include the domestic and operational wastes from four rigs and oil contaminated drill cuttings wastes that are brought onshore for treatment and recycling of the oil components.

Temporary accommodation units and the associated additional personnel on board were located at Judy to continue with commissioning work for the new Judy Riser Platform as part of the Jasmine field development and at the LOGGS complex and LOGGS satellites as part of the Asset Integrity Rectification (AIR) campaign: these contribute to the higher proportion of wastes generated at these facilities.

In 2014, 71% of ConocoPhillips' UKBU offshore waste was recycled

Waste Disposed from ConocoPhillips' UKBU Locations 2014



The GMS Endurance Mobile Offshore Unit
Working for the AIR Campaign

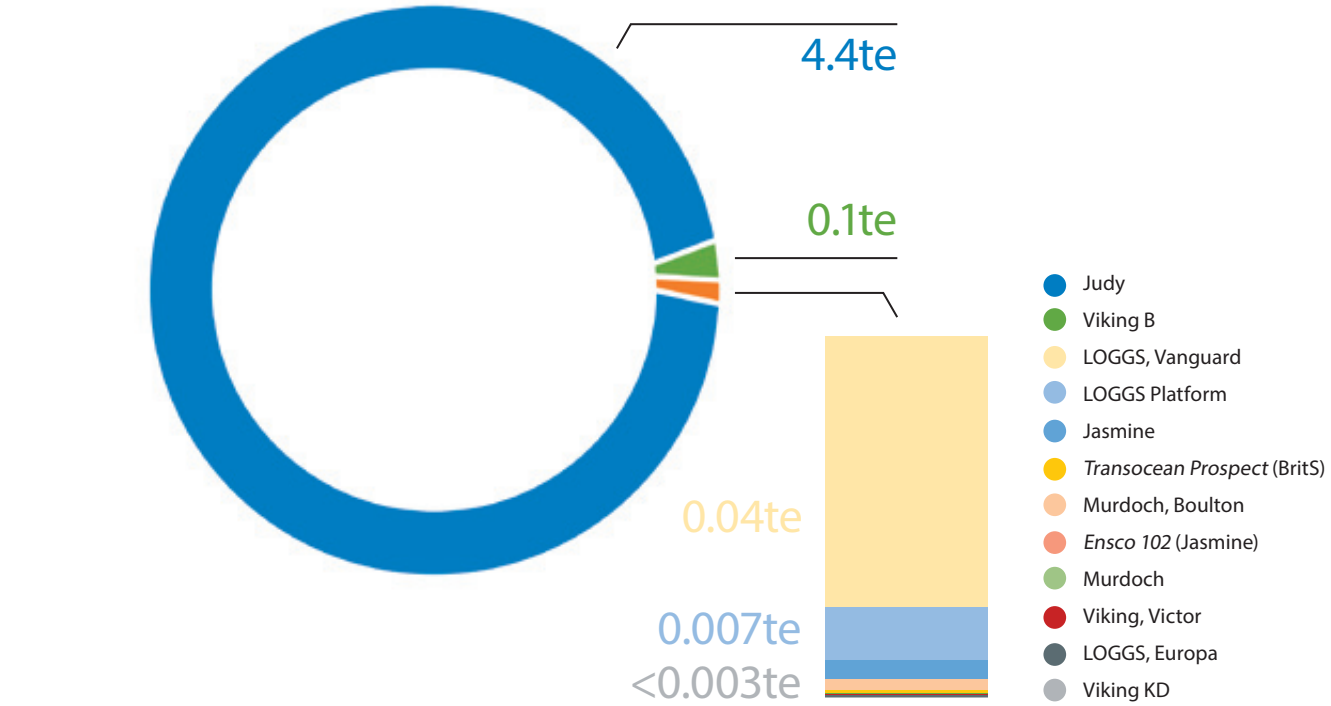
6.4 Spills to Sea

Non permitted releases of oil or chemicals to the sea are reported using a Petroleum Operations Notice 1 (PON1) which is submitted via the DECC UK Oil Portal; the PON1 provides details of the spill and actions taken to prevent reoccurrence. All spills to sea are reported and investigated, regardless of size.

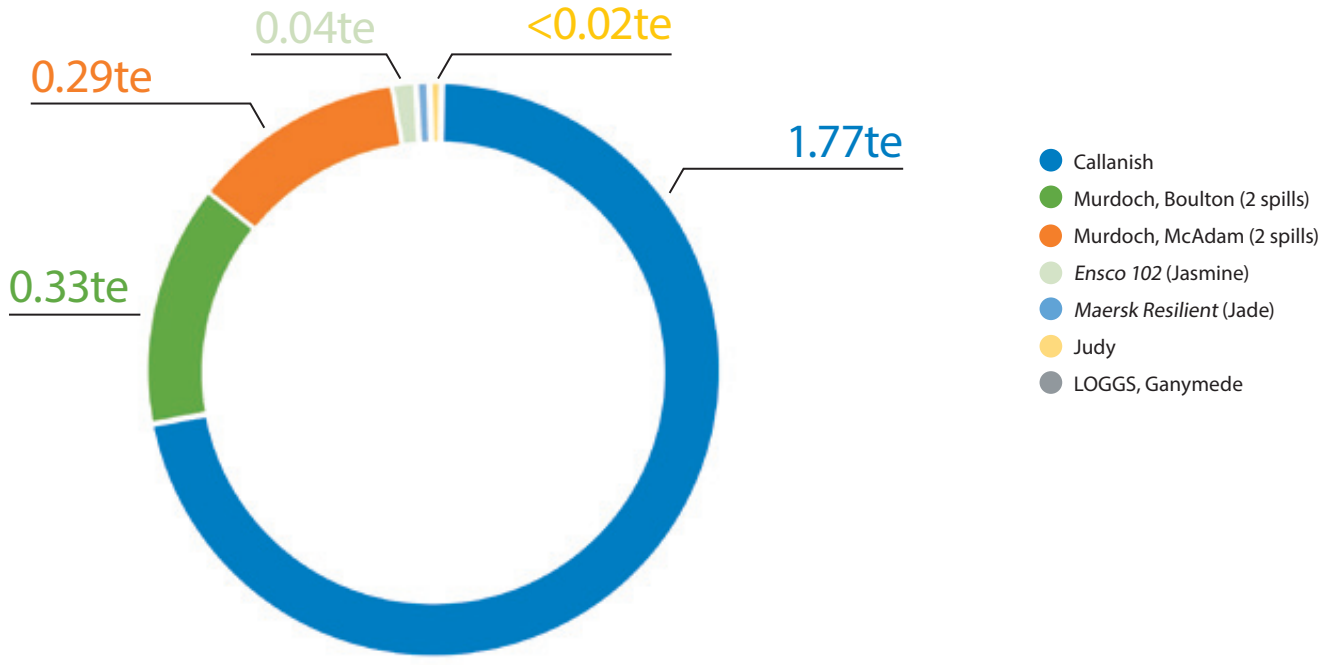
There were 28 spills from ConocoPhillips' UKBU operations in 2014, 19 of which were spills of oil and nine of which were spills of chemicals.

- A total of 4.4 tonnes of oil was estimated as released with the produced water discharge from the Judy platform during a process upset in May 2014: a further 0.16 tonnes of oil in total was released from the other 18 oil spills combined, sources included diesel, hydraulic oil, lubricant oil and process oils.
- A total of 1.77 tonnes of methanol was released from the Callanish subsea manifold during an ongoing leak that occurred between July and September 2014: repair work on the leaking valve was completed by divers in October 2014. A total of 0.68 tonnes of chemicals were released from the other eight chemical spills combined, the types of chemicals released were glycol-based hydraulic fluids and drilling muds.

Oil Spills to the Sea from ConocoPhillips' UKBU Facilities in 2014



Chemical Spills to the Sea from ConocoPhillips' UKBU Facilities in 2014



7. **Goals** and **Performance** 2014

OBJECTIVES	PERFORMANCE
Achieve zero process hydrocarbon releases and no unpermitted discharges.	Although there were 19 oil spills to sea in 2014 only two involved releases of process hydrocarbons: a small release of mixed oil types from the Jasmine platform in April 2014 and the Judy produced water process upset in May 2014.
Define an integrated well plug and abandon strategy for U.K. assets to reduce HSEQ and containment risks.	The Southern North Sea (SNS) abandonment campaign commenced in summer 2014. An integrated approach was taken to ensure regulatory compliance across all wells to be abandoned in the Viking field (15 planned), with the approval of one Oil Pollution Emergency Plan and one Master application in the Portal Environmental Tracking System (PETS) system to cover all activities. The emphasis on ensuring good environmental awareness within the rig crews resulted in there being no losses of containment to sea. Safety performance was excellent, with no recordable injuries in 2014.
Implement a Sustainable Development programme that is aligned with the requirements of the ConocoPhillips corporate HSE Management System Standard.	A Sustainable Development programme was implemented that delivered against corporate expectations. This included focus on work processes, internal communication and measurement of compliance.
Refine the Environmentally Critical Elements (ECE) management process to align with the requirements of Layers of Protection Analysis (LOPA) and the EU Offshore Safety Directive (OSD).	Safety and Environmentally Critical Elements (SECE) were defined under the EU Offshore Safety Directive (OSD) as equipment whose failure could give rise to a Major Accident Hazard which also has significant environmental consequence. ConocoPhillips participated in a working group of Oil and Gas Operators to clarify the understanding of ECEs as a separate environmental management requirement distinct from the SECE proposed under OSD.
Implement a Regulatory Affairs Management System.	A Regulatory Affairs Management System was implemented in April 2014. The system uses the SAP tool and is based upon an established system used by ConocoPhillips Norway. The system tracks communications with regulatory authorities and compliance with new and revised legislation. An internal audit of the system was carried out in December 2014, which found that the initial objectives of the system had been achieved and identified minor improvement opportunities.

8. **Objectives** for 2015

Complete an organisational redesign and define operational efficiency opportunities, without compromising health, safety and the environment, to deliver a sustainable long-term business for the UKBU.

Prepare for the implementation of the regulations associated with the Offshore Safety Directive (July 2015): ensure that all environmental requirements are in place aligned with Safety Case review dates and other operational triggers.

Engage with internal and external stakeholders to provide coordinated planning and communication of our proposed activities and the permitting requirements for the ConocoPhillips UKBU work programmes in the North Norfolk Sandbanks and Saturn Reef Site of Community Importance (SCI).

Undertake a further Southern North Sea (SNS) pre-decommissioning habitat assessment and seabed survey. Complete an environmental impact assessment and deliver the Environmental Statement for the activities included within the Viking Decommissioning Programmes VDP2 and VDP3.

Comply with the requirements of the U.K. Energy Savings Opportunities Scheme regulations by determining areas of high energy consumption and undertaking energy assessments to identify potential energy saving opportunities.

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