

Window ConocoPhillips

康菲之窗

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Strengthening ConocoPhillips with Unchanged Spirit

ConocoPhillips was founded in September 2002, following the merger of Conoco Inc. and Phillips Petroleum Company. This year, as a unit of ConocoPhillips, Phillips China Inc. will be renamed ConocoPhillips China Inc.

The combination of Conoco and Phillips in the new brand is a demonstration of its steadfast commitment to blazing new trails in superior operation and development. The corporate logo consists of the word "ConocoPhillips" with a red mark above the letters "o" and "P", signaling its confidence in robust growth.

ConocoPhillips China Inc. as a new, stronger company will continue its commitment to support China's oil development, maintain a close and quality relationship with our Chinese partners, and further forging ahead with concerns for the environment. We are dedicated and committed to China.

The name of our quarterly newsletter will be changed from "Window on 66" to "a Window into ConocoPhillips."



ConocoPhillips Promotes Bill Berry to Executive Vice President, Exploration and Production



ConocoPhillips, the third largest US and sixth largest global integrated energy company, announced that Mr. Bill Berry is replacing Mr. Rob McKee (retired) as executive vice president, exploration and production, based at the company's Houston, Texas head office, effective from January 1, 2003. Mr. Berry joined Phillips Petroleum in 1976. Just before this appointment, Bill was president of ConocoPhillips, Asia Pacific, responsible for the company's exploration and production in the Asia Pacific region.

Bill Berry has long held a deep attachment to China, and he has personally made significant positive contributions to the development of China's petroleum industry during his tenure in the country. From 1992 through 1997, Bill Berry called China his home. Under the leadership of Mr. Berry, who is committed to the highest health, safety, environment (HSE) standards and management excellence in production, the company's two Xijiang oilfields in the South China Sea achieved peak production of more than 147,000 barrels of oil per day. Mr. Berry continues to have a lasting impression as Xijiang maintains an outstanding track record of safe production in the many years since his direct involvement. Mr. Berry is deeply committed to introducing cutting-edge petroleum technologies to China, and to promoting cooperation between ConocoPhillips and China. In 1997, Mr. Berry was granted a special "Friendship Award" by the Chinese government for his outstanding contributions to Sino-foreign cooperation.



ConocoPhillips China - Dedicated to Environmental Protection

The ConocoPhillips Commitment...

As America's third-largest integrated energy company, ConocoPhillips is especially committed to protecting the health and safety of every individual who plays a part in our operations, as well as to those that live in the communities in which we operate. Wherever ConocoPhillips operates, we pledge to carry out our business with the utmost respect and care for local environment, as well as making a positive impact on the global environment. We are committed to systematically driving business growth that is also environmentally sustainable. ConocoPhillips will not be satisfied until we succeed in eliminating all injuries, occupational illnesses, unsafe practices, and incidents of environmental harm.

Our Plan...

To meet our commitment, ConocoPhillips will:

- Demonstrate visible and active leadership that engages employees and service providers, and manage health, safety and environmental performance as a line responsibility with clear authorities and accountabilities.
- Ensure that all employees and contractors understand that working safely is a condition of employment, and that they are each responsible for their own safety and the safety of those around them.
- Manage all projects, products and processes through their life cycles in a way that protects safety and health and minimizes impacts on the environment.
- Provide employees with the capabilities, knowledge and resources necessary to instill personal ownership and motivation to achieve HSE excellence.
- Provide relevant safety and health information to contractors and require them to provide proper training for the safe, environmentally sound performance of their work.
- Measure, audit and publicly report HSE performance and maintain open dialogue with stakeholder groups and with communities where we operate.
- Work with both governments and stakeholders where we operate to develop regulations and standards that improve the safety and health of people and the environment.
- Maintain a secure work environment to protect ourselves, our contractors and the company's assets from risks of injury, property loss or damage resulting from hostile acts.
- Communicate our commitment to this policy to our subsidiaries, affiliates, contractors and governments worldwide and seek their support.

Our Expectations...

By implementing this policy, ConocoPhillips seeks to earn the public's trust and to be recognized as the leader in HSE performance.



The people of China are gaining an ever-increasing awareness of environmental protection issues. This is due in large part to new Chinese government policies aimed at protecting the Chinese natural environment for the benefit of all its citizens and the world in general. Clearly, these efforts are starting to bear fruit, and China is making great strides in seeking long-term solutions to prevent pollution. As China's commercial growth soars, especially in places such as the region surrounding the Bohai Sea, it will be of critical importance to insure that all forms of pollution are controlled and effectively reduced. Minimizing pollution has become a primary focus of concern for the Chinese government.

Concurrent with China's efforts, ConocoPhillips has maintained a very strong commitment to environmental protection in China. Especially at our oil production facilities throughout China, all ConocoPhillips operations are driving environmentally sound practices that serve as a model for others. A common philosophy of safe operations and environmental protection can be seen throughout all aspects of ConocoPhillips' operations in the Bohai Sea, our southern China Xijiang operations, and elsewhere throughout China. Every phase of our operations in Bohai, from the initial design of the oilfields through future production operations, strictly complies with ConocoPhillips China's high standards of Health, Safety, and Environment excellence.

As an important example of ConocoPhillips' fundamental commitment to a better environment, ConocoPhillips China has established a Loss Prevention Department within its Beijing headquarters. The Loss Prevention Department supports the line organization in the sound development of vital energy resources from the Peng Lai oilfields in the Bohai Sea, as well as all ConocoPhillips operations throughout China. A main responsibility of the Loss Prevention Department is to support ConocoPhillips operations and ensure that all processes meet with international standards and encompass the fundamental tenets of health, safety, environment, pollution prevention, ISO 14001 certification, permitting, training, and quality assurance quality control (QAQC), as described below. The scope of responsibilities for the Loss Prevention Department truly touches upon all facets of ConocoPhillips operations in China, from the Beijing head office, to the Tanggu supply base, to the Peng Lai (Bohai Sea) and Xijiang (South China Sea) drilling and production operations and facilities themselves.

Health, Safety and Environment

ConocoPhillips focuses on achieving excellence in Health, Safety and Environmental performance. We are striving to provide a healthy workplace, which allows each and every person to work injury free, keep our assets and equipment from suffering damage due to accidents and to minimize environmental impact by preventing pollution. To achieve our objective, all personnel working within the Company's China operations, from top management to the roustabout on the offshore platform, must make a personal commitment to success. ConocoPhillips has maintained this commitment since the early 1990's when we first started development of the Xijiang oilfields.

Health

Our offshore facilities are equipped with medical facilities and full time medics. The medics are trained to international standards of emergency medicine, and can also provide health care for minor disease symptoms that may occur. ConocoPhillips has worked closely with medical professionals to develop precautions and procedures to address communicable diseases such as SARS (severe acute respiratory syndrome) to provide information to and protect our personnel throughout our China operations.

Safety

ConocoPhillips developed a Safety Management System (SMS) early in its development of the Xijiang project. The SMS was patterned after established corporate systems and international safety standards including the International Safety Rating System, and was formatted to follow the tenets of the ISO (International Standards Organization) 9000 Quality standard. The SMS was recognized as a model by the China Offshore Oil Operation Safety Office for others to follow. As time passed by, the system was modified and became the current Health, Safety and Environment Management System.



Environment

As ConocoPhillips engages in Peng Lai development, drilling, and production operations in the Bohai Sea, we are especially aware of the environment in this area. The Bohai Sea is surrounded by a number of industrial facilities that have contributed to the pollution via sewage/water treatment discharges and agricultural runoff. Being an inland sea that is relatively shallow, ConocoPhillips is determined to minimize environmental impact from our operations in the region. Oil base drilling mud and water base drilling mud are being used to drill the wells at Peng Lai. The oil base mud is being recycled to not only save costs, but also to directly protect the environment. A big advantage of using oil base mud is that it leads to a better quality well being drilled in a much shorter time. If less time is used to drill, less fuel is used to power the rig, saving this fuel for other purposes. It also means there are lower air emission rates and the drilling rig is needed on location for a shorter period of time. These are all benefits to the environment.

ConocoPhillips China - Dedicated to Environmental Protection

Importantly, ConocoPhillips has made a unique commitment to inject all drill cuttings back into the earth during development of the drilling. This is the first time that drill cuttings have been injected offshore China.

When oil is produced, associated water production is common. ConocoPhillips designed its water treatment facilities to clean up the produced water to within 25 mg/liter, while the regulations allow for a much less stringent measure of 50 mg/liter. Once again, ConocoPhillips has made a commitment to do more than what is required in the regulations. During Phase II development of the Peng Lai oilfields, the produced water will not be discharged into the sea, but injected back into the oil reservoir. This will incur a huge increase in monetary investment in the project. Nevertheless, these actions clearly demonstrate the deep commitment of ConocoPhillips to the Chinese environment by preventing pollution.

ISO14001

Early in 2000 ConocoPhillips China decided to pursue ISO 14001 Environmental Management System certification. Rather than using consultants, as a number of companies do, we were proud to accomplish this objective entirely with our own employees. This decision was made so our personnel would be actively involved in learning all that was required by the ISO 14001 standard, and commit to the continuous improvement philosophy advocated by the standard. This process was very successful as it provided for ownership of the HSE Management System by all our personnel. DNV (Det Norske Veritas) and CACEB (China Accreditation Committee for Environmental Management System Certification Bodies) asked why we did not have a separate environmental management system? Our reply was that in our operations we do not separate environmental management from any other part of the overall management system. Our commitment to environmental protection by preventing pollution is part of everything that we do, not something to be added later. In 2001, due to the tremendous efforts of our management and our employees, we became the first offshore oil operator with ISO 14001 certification in China.



Permitting



ConocoPhillips considers compliance with all regulations as a fundamental minimum requirement. We must obey the law, there is no question. As we have developed Peng Lai, we have worked closely with our partner, CNOOC Ltd., and the various Chinese government agencies including the China Offshore Oil Operation Safety Office and the State Oceanic Administration to ensure that the permit process has been followed properly, and will continue to do so.

Training

During the development of Peng Lai, our most important resource has been our people, who must all be able to perform at a high level of competency. Training and development of our personnel is of the utmost importance. Many different types of training are undertaken to ensure competency, including instructor-lead courses, correspondence courses, on-the-job training, and computer-based training (CBT). We have purchased and implemented an "electronic" learning system to facilitate our CBT courses, course registration, training course documentation including course outlines, venue, instructor, and more, allowing for the maintenance of training documentation by each individual. This electronic learning system is continuously being enhanced and is seen as a very positive achievement in our training efforts.



Quality Assurance Quality Control (QAQC)

QAQC is a very important element of a successful project. ConocoPhillips has worked hard with our engineering and fabrication contractors to ensure that international standards are implemented throughout all aspects of the project. As we work with smaller-sized contractors who provide a variety of services to our projects in China, we also assist these businesses to improve working quality so that the services and products provided can fully meet international standards.

ConocoPhillips Remains Committed

On August 30, 2002, Phillips Petroleum and Conoco merged to establish ConocoPhillips. Both companies have always had a very strong commitment to Health, Safety and Environmental excellence. Our new company, ConocoPhillips, is also committed to being the leader in the oil industry for HSE performance. In China, we remain committed to meeting our pledge to be the HSE leader with the highest of international standards.

ConocoPhillips in China



- 1998-present - Commenced groundbreaking large project with the China State Environmental Protection Administration, and the Municipal Environmental Protection Bureaus in Beijing, Tianjin and Shenzhen to introduce an environmental education initiative called the *Search for Solutions*, to increase Chinese youth awareness of environmental protection
- 2000 - Announced sponsorship of the *International Friendship Forest* environmental park at the foot of the Badaling Great Wall, north of Beijing.
- 2001 - Donation to the *Wetland Protected Area of the Tianjin Coastline* which boosts conservation efforts for the environment and wildlife of this key area of China near ConocoPhillips operations in the Bohai Sea.
- 2001 - Became the first offshore oil operator in China to be certified with the ISO 14001 Environmental Management System certification standard.
- 2001 - ConocoPhillips China Inc.'s Xijiang operations awarded as an "Environmental Protection Excellence Model Unit" by China State Oceanic Administration.
- 2002 - Jointly sponsored the *Sino-America International Theatre for Environmental Awareness (TEA) Summer Camp* in Beijing together with The Beijing Youth Science & Culture Communication Center, and the U.S.-China Environmental Fund.
- 2002 - Held "HSE Day" activities in Shenzhen, Guangdong to spread awareness to the public in Guangdong Province about Chinese environmental protection policies in the area, and the importance of gaining greater understanding of health and safety issues.





R.A. Ridge
Vice President
Health, Environment & Safety
of ConocoPhillips

R.A. (Bob) Ridge is the vice president, HSE (Health, Safety and Environment), ConocoPhillips.

Mr. Ridge joined Phillips in 1978 as a process section supervisor at the company's Sweeny refinery and he was promoted for several times in the next six years. In 1984, he was named operations manager of the Borger (Texas) refinery, then operations manager for the refining division. In 1992, he was manager of planning and budgeting for Phillips 66 Company, a division of Phillips Petroleum Company, for two years. In 1994, he transferred to the company's Sweeny (Texas) Complex to serve as manager. From the second half of 2001 to 2002, when the merger was completed, Mr. Ridge was the vice president of HSE for Phillips Petroleum Company, before which he was the general manager, refining division, Sweeny refinery.

A native of Colorado, Ridge was born on June 12, 1948, in Walsenburg. He graduated with a bachelor's degree in chemical and petroleum refining engineering in 1971 from the Colorado School of Mines. He is a member of the Brazoria County Petrochemical Council and serves on the board of directors of the Brazoria County Partnership. He also is a member of the board of directors of the Texas Institute for the Advancement of Chemical Technology and has served as a member of the American Petroleum Institute's Operation Practices committee.



M. E. Boben
Vice President
Loss Prevention of
ConocoPhillips China Inc.

M.E. (Mark) Boben is the vice president, loss prevention, ConocoPhillips China Inc.

He is responsible for health, safety, environment (HSE), permitting, QAQC and training for ConocoPhillips China Inc. Bohai oilfields, working closely with the company's Xijiang oilfields operations in the South China Sea.

Mr. Boben joined Phillips Petroleum Company in 1978. From 1980 to 1986, he worked in Ekofisk operations in a variety of safety positions both onshore and offshore in Stavanger, Norway. In Casper, Wyoming, and Oklahoma City, Oklahoma, he served the North America exploration and production (E&P) group in safety and equipment inspection positions before moving to Bartlesville, Okla. in 1990 as a member of the R&D safety group. In 1991 he provided HSE support to international E&P, and in early 1992 was named HSE director of international E&P. Later that year he transferred to Shekou, China to serve as HSE Manager of E&P Eurasia. He served as reviews and assessments coordinator in Bartlesville in 1998. He was named loss prevention manager, China, located in Beijing, in 2000.

Mr. Boben was born in 1953 in Duluth, Minnesota. He graduated with a bachelor's degree in social sciences from Gustavus Adolphus College in St. Peter and a master's degree in industrial safety from the University of Minnesota in Duluth in 1976 and 1977 respectively. He is a certified safety professional.



Richard Feng
HSE Manager of
ConocoPhillips China Inc.
Xijiang Operations

Richard Feng is the HSE Manager of ConocoPhillips China Inc.-Xijiang Operations.

Xijiang has achieved the best HSE performance in 2002 since the start of Xijiang operations, and Richard was also commended by the President of CCLS for the excellent HSE performance within Xijiang operations. Xijiang has recently achieved yet another milestone of one million man hours without a Lost-Workday Injury.

Having worked on Xijiang offshore facilities for 3 years as a Safety Assistant and Safety Representative before Richard Feng joined ConocoPhillips China Inc. as a safety specialist in October 1993. Mr. Feng was transferred to Xijiang onshore HSE Department in October 1998 as an HSE Specialist, also taking up the Xijiang equipment inspection position in May 1999, where he was in charge of the Xijiang Equipment Inspection Program.

Richard Feng was born in Anyang, Henan Province in 1968. He graduated from the Petroleum Safety Engineering program of Jiangnan Petroleum Institute in July 1993, and obtained a diploma from the National Examination Board in Occupational Safety and Health in 2000, which is known as NEBOSH internationally. Richard was also certified by API (the American Petroleum Institute) as an API Pressure Vessel Inspector under the ANSI/API510 Certification Program in year 2000.