

康菲之窗



Beijing 2004

Summer 夏季

Editor's Note

Beginning with this issue, we are changing our newsletter's English name "Windows into ConocoPhillips" to "SPIRIT".

Formed from the words **S**afety, **P**eople, **I**ntegrity, **R**esponsibility, **I**nnovation, and **T**eamwork, SPIRIT integrates these six values to represent the core value of ConocoPhillips. The heart and soul of ConocoPhillips is SPIRIT. Building on SPIRIT, ConocoPhillips will continue to develop and grow in step with taking corporate responsibility for the well-being of people and communities. ConocoPhillips' true corporate culture reflects a disciplined, conscientious approach to business and people.



Corporate News

ConocoPhillips CEO visits China

Mr. Jim Mulva, Chief Executive Officer of ConocoPhillips, visited China on March 5 and 6 for a review of the company's operations. Mr. Mulva also met with the management of CNOOC, the company's partner in the Peng Lai development in the Bohai Sea. This development consists of one offshore platform, a Floating Production and Storage Offloading vessel, along with a pipeline connecting the two facilities. Current production is approximately 35,000 BOPD.

"We are pleased with the progress we have made with the offshore development

in the Bohai Sea," commented Mr. Mulva, after his review. "CNOOC has been a valuable partner in working together to make this a successful first step in the development of the Peng Lai discovery."

The visit to China also included meetings with Sinopec and China National Petroleum Corporation.

"Anytime we have an opportunity to discuss business and review the general industry trends in China firsthand with the executives of China's leading companies, we come away with a deeper understanding of our own business plans

and steps we should be taking to meet the various challenges as we pursue our current and future projects in China," Mr. Mulva added.

The visit to China by Mr. Mulva is part of a periodic management review. It provides the management team in the USA with a closer perspective of how well things are proceeding with various projects around the world. Mr. Ryan Lance, President of Asia Pacific Region at ConocoPhillips, was among the visiting delegation.

ConocoPhillips China receives ConocoPhillips' highest honor



ConocoPhillips recently awarded ConocoPhillips China (COPC) with a SPIRIT of Performance Award for Environmental Stewardship and Safe Practices at a ceremony held in Houston February 10.

Accepting the award on behalf of COPC's employees were: Tom Schroeder, Vice President, Human Resources and Public Relations; Mark Boben, Loss Prevention Vice President; Donna Xue, Public Relations Coordinator; Truddy Liao, Public Relations Assistant; Deng Zhiyun, General Manager of Xijiang Operations; Reider Breivik, Xijiang Operations Manager; and Mark Tompkins, former Vice President, Operations.

Honorees from around the globe attended the presentation as 29 groups or individuals received awards in five areas: Safety & Environment, Operational Excellence,

Project Management, Community Responsibility, and Knowledge Sharing. SPIRIT is an acronym for the company's values of Safety, People, Integrity, Responsibility, Innovation, and Teamwork.

"This award truly reflects the exceptional skill, creativity and determination of our people," said Jim Knudsen, President of COPC. "We have been recognized by the leadership of our company and by our peers for outstanding performance. This is especially meaningful because this achievement represents a model example of the SPIRIT values at COPC."

The award was given on that basis of achievements in three areas. The Badaling International Friendship Forest, COPC's successful introduction of a safety management system and the Secretary of State's Award for Corporate Excellence.

While COPC did not win the overall award, the company was recognized by the State Department with a special citation and an acknowledgement that COPC's safety management system is the industry model for offshore operations in China.



Representing ConocoPhillips China (from left to right) are Mark Boben, Deng Zhiyun, Mark Tompkins, Donna Xue, Reider Breivik, Truddy Liao, and Tom Schroeder.

Energetic outing



US Secretary of Energy Spencer Abraham (left) with Jim Knudsen, President of COPC.

US Secretary of Energy, Spencer Abraham, and his delegation visited the Badaling International Friendship Forest earlier this year. Accompanying him on the January 11 outing were representatives from the US Embassy in China and ConocoPhillips China, including Jim Knudsen, President of COPC, Mark Boben, VP Loss Prevention, and Tom Schroeder, Vice-President, Human Resources and Public Relations.

Despite near-freezing temperatures and snow in the morning in Beijing, the day turned out clear and sunny by the time the delegation reached Badaling. The improved weather also gave the group the chance to take a short hike on the Great Wall.

During the excursion, COPC employees took turns to explain to Secretary Abraham and other delegation members why the forest holds such an important place within the company.

BIFF is an environmental park sponsored exclusively by COPC as part the company's community involvement initiative.

Ambassadorial applause



Mr. Yang Jiechi, Ambassador of the People's Republic of China to the USA.

On February 12, Mr. Yang Jiechi, Ambassador of the People's Republic of China to the USA, met with Mr. Bill Berry, Executive VP of ConocoPhillips, Mr. Jim Knudsen, President of ConocoPhillips China (COPC), Ms. Donna Xue, Public Relations Coordinator (COPC) and Ms. Truddy Liao, Public Relations Assistant (COPC).

During the meeting held at the Chinese Consulate General in Houston, Mr. Berry spoke of ConocoPhillips' business achievements in China and the company's long-standing friendship with the Chinese government and business partner, CNOOC. Mr. Knudsen also introduced the company's China operations as well as detailing the current production status.

Ms. Xue later took the opportunity to

introduce the company's contributions to health, safety and environmental programs in China. Among others, Ms. Xue highlighted the Badaling International Friendship Forest, an environmental initiative sponsored exclusively by COPC. As a result of these efforts, COPC received the 2004 SPIRIT Award, the highest accolade for such achievements within ConocoPhillips worldwide.

Ambassador Yang finally asked about COPC's future plans and also gave valuable advice on how to reinforce important relationships with the government and CNOOC. The Ambassador went on to praise COPC's outstanding contribution to the community as model for other multinationals to follow and wished the company great success for the future.

Special Report

Letter from the President

At approximately 04:00 hours on January 31st, 2004, the total cumulative production from the Peng Lai 19-3 field exceeded 10,000,000 barrels.

My congratulations to the Bohai team.

This is a significant event for all who have been involved with this project and everyone on the ConocoPhillips China (COPC) team should stand proud of this achievement. Part of the reason this is so significant is that we were able to reach this target without any major injuries or environmental impact while overcoming significant operational and organizational difficulties.

The offshore operations teams have had to overcome major hurdles with the equipment, sand production, harsh weather, and living conditions to achieve this production. The onshore support staff have done an outstanding job of

supporting the offshore operations in their efforts. Both groups have done an excellent job in keeping the focus on the production targets while maintaining one of the safest, most environmentally responsible operations not just within ConocoPhillips, but in all of China. All of this was completed during a period of heavy training and transition - just as we were welcoming all of our new offshore staff to the COPC family.

It has not been an easy journey and we have yet to reach the destination. I am already looking forward to attaining the next significant targets, which are to exceed our budgeted production rates, improve on our safety and environmental performance and to achieve our vision of being recognized as the leading international petroleum company in China, through our performance, our people, and commitment to our core values.

Again, congratulations on a job well done.

James R. Knudsen
President
ConocoPhillips China



Seismic celebrations

ConocoPhillips China (COPC) and China Oilfield Services Limited (COSL) held a celebration for the successful 3-D Seismic Acquisition of the Peng Lai 9-1 Survey. At the April 5 celebration held in Beijing, Mr. Jim Knudsen, President of COPC, presented COSL with a plaque celebrating the achievements of the Dongfang Mingzhu crew from January to March 2004.

It is the 4th time COPC has contracted COSL for 2-D and 3-D seismic acquisitions in the Bozhong CA 11/05 contract area.

Referring to the achievement, Mr. Joe Hwang, Exploration, Government and Public Affairs Vice President of COPC, said, "The successful 3-D seismic acquisition of the Peng Lai 9-1 survey is another milestone in the cooperation between COPC and COSL. We are impressed by the excellent performance by the crew of the COSL-geophysical Dongfang Mingzhu both in health, safety, environment, and technology. This is consistent with ConocoPhillips' core values. We are looking forward to more cooperation with COSL in the future."



Mr. Yuan Guangyu, CEO & COO of COSL; Mr. Jim Knudsen, President of COPC; Joe Hwang, Vice President of Exploration, Government and Public Affairs; ALAN GOOD, Vice President of COSL.

Festive cheer at work

On January 21, the day before Chinese New Year, a ConocoPhillips China management delegation led by Mr. Dan Bailie, Executive Vice President of COPC, visited the Peng Lai 19-3 Well Head Platform and the Mingzhu FPSO. The purpose of the visit was to wish the 62 offshore employees a Happy Spring Festival or *Gong Xi Fa Cai* in Chinese.

Gong Xi Fa Cai is a traditional Chinese form of well wishing and blessing during the Spring Festival, the most important holiday in the Chinese calendar.

Mr. Bailie expressed his appreciation on behalf of the management to all the offshore staff for their efforts in accomplishing a safety achievement measure of 0.47 Total

Recordable Rate for 2003 and encouraged them to do even better this year. Mr. Steve Western, Vice President of Finance, COPC, Mr. Kelvin Atkinson, Operations Superintendent, and Mr. Li Qiang, JMC Secretary, also gave their best wishes to the crew. At the end of the reception, the management team followed the typical Chinese custom of distributing *hong bao* to all on board. The *hong bao*, or red packets, are handy-sized envelopes containing money.

The offshore management visit before Chinese New Year has been a COPC tradition for several years and brings some festive cheer to those who remain offshore during such an important family-reunion occasion.



A time for giving.

Stamp-Out-Waste Campaign

In the recent company-wide program - Stamp Out Waste Campaign - Mr. Gong Huaxin from ConocoPhillips China Xijiang 24-3 platform was awarded US\$250 in recognition of his valuable suggestion to reduce waste.

A total of 138 entries were submitted in this campaign - 70 ideas from Upstream (43 from International E&P and 27 from North America E&P), 37 from Downstream and 31 from various offices around the world. The highest number of suggestions (23) came from the Xijiang team, E&P China.

Community Events

Turning throw-away into give-away

The ConocoPhillips China Beijing Community Involvement Steering Committee held a Charity Garage Sale at the Beijing office on April 8 and 9. Employees and family members donated their second-hand and, in some cases, brand-new clothes, household items, toys, and books among other things for sale at the charity event. Employees enjoyed some time off during work to peruse and purchase.

The total amount collected from the sale was RMB10,400 (USD



CHARITY
Garage Sale

10:00am~4:00pm,
April 8, 9

\$1,260). The proceeds will be added to the COPC Employee Charity Fund which was set up to help the Shunyi Orphanage in September 2003.

Unpurchased items from the charity sale were sorted into categories. One batch of kids' clothes and toys was sent to the Shunyi Orphanage while the other, adult clothes, was given to Zhao Ying Pang village near the Jinshanling Great Wall in Hebei Province.

The milk of human kindness

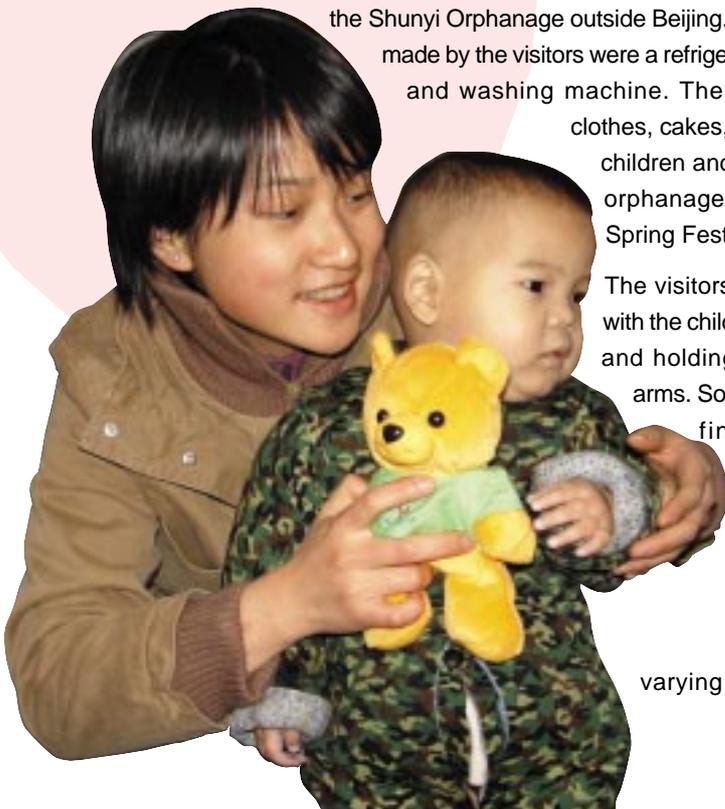
On December 26 last year, ConocoPhillips China employees and their family members paid a special Christmas visit to the Shunyi Orphanage outside Beijing. Among the donations made by the visitors were a refrigerator, water dispenser, and washing machine. The group also brought clothes, cakes, milk, and toys for the children and helped decorate the orphanage for the approaching Spring Festival season.

The visitors spent hours playing with the children, handing out toys, and holding the infants in their arms. Some even practiced the fine art of changing diapers!

The Shunyi Orphanage houses approximately 30 children, most of whom suffer from varying degrees of physical

disability. Despite all the hard work put in by the staff, the orphanage depends heavily on outside help. Some of the child care is performed by volunteers, including several family members of the COPC staff. COPC also provides financial aid to the orphanage to help purchase baby formula and other necessities.

Among the orphans was a five-day old, prematurely-born infant weighing less than three pounds. Julie Gersib, wife of COPC Subsurface Manager, Greg Gersib, was concerned the child wasn't getting the special care she needed. After discussion with the director of the orphanage, Mrs. Gersib was allowed to take the baby home to provide the necessary care and medical attention until she is well enough to be returned to the orphanage. Thankfully, the baby has since put on weight.



Spring cleaning

保护环境
Protect environment

A warm spring in April provided ideal conditions for 77 ConocoPhillips China (COPC) employees and their family members to enjoy a day at the Badaling International Friendship Forest (BIFF). It wasn't all fun and games though. As the exclusive corporate sponsor of the Badaling International Friendship Forest, the main focus of the excursion was to clean up litter in and around the area.

The COPC team spent over an hour at the site until each person had collected at least one bag of trash. The youngest participant in this activity was a 4-year-old.

Brendan O'Reilly, Senior Explorationist at COPC, said, "I feel very proud of company's contribution to the BIFF. It indicates that the company is not only committed to doing business in China, but also committed to community involvement activities and to protect the environment. By participating in the trash

clean-up at the BIFF, my wife and I felt team spirit as well as ConocoPhillips' of protecting the environment by being involvement program. It was a very

the company corporate values part of a community meaningful outing."



Badaling International Friendship Forest

Badaling International Friendship Forest is located at the foot of the world-famous Badaling Great Wall. The forest is an environmental park exclusively sponsored by ConocoPhillips. It was initiated, designed, planned, and developed by the US-China Environmental Fund with administration and execution handled by Badaling Special Zone Administration and Beijing Badaling Tourism General Company.

The objective of the park is to create a harmonious environment that supplements the Badaling Great Wall in protecting and prominently displaying the Great Wall's historical heritage, cultural essence, and ecological environment.

COPC is very proud to be associated with the project, all the more so given its location right next to the Badaling Great Wall - the most popular section of China's great historical and cultural symbol.

BIFF was opened to the public on October 28, 2003. COPC will continue to support the project with an annual maintenance contribution of RMB100,000 until 2013.

Designed to win

After several rounds of voting lasting nearly three months, a winner finally emerged in the Bohai Logo Design Contest. For her efforts, the victor, Laura Xue from the Loss Prevention Department at ConocoPhillips China, was the happy recipient of a hand-held digital video camera.

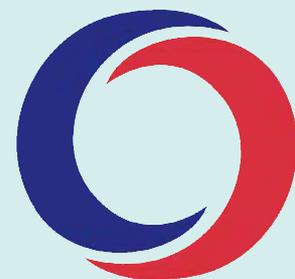
Laura faced some tough competition however. Of the original 18 entries, five designs made it to the penultimate round. The designers, Irene Liu, Simon Zhu, and Carl Cheng (who had two designs at this stage) each received an MP3 player.

The contest drew an enthusiastic

response from onshore and offshore COPC and CNOOC/CCLT employees and full-time contractors in Beijing and Tanggu as well as from staff at the Sugar Land offices. Family members were also encouraged to submit their ideas.

The winning logo will be rolled out at Bohai Penglai Project and appear everywhere - on tea mugs, powerpoint files, T-shirts, and stationery to name but a few.

All entries were judged according to their simplicity, creativity, and relevance to the nature of the project. As a keepsake, all participants were awarded a T-shirt emblazoned with the new logo.



BOHAI - PENGLAI

The winning logo in Bohai Logo contest

Jelly Jam in Yucai and Zhongguancun



Ellen Zhao, Senior Accountant, COPC Xijiang Operations.

Ten volunteers from ConocoPhillips China headed to No. 1 Zhongguancun Elementary School on March 31 to take part in the Jelly Jam program. The event, which is designed to enhance kids' understanding and care of the environment, was attended by around 70 pupils from Grade-3. A similar event was also held at Shenzhen Yucai School in Guangdong province on May 28 where again ten COPC volunteers taught around 100 Grade-3 kids useful ways in which to protect the environment.

The volunteers spent a few hours teaching the kids the virtues of environmental care as exemplified by the Jelly Jam rabbit character created by renowned American writer, Judy Fredman. 'Jelly Jam' has been translated into Chinese



COPC staff have organized a Jelly Jam event.

and is a hit among Chinese kids. Its translation and use in Chinese classrooms comes with the full support of the State Environmental Protection Bureau.

Jelly Jam is part of the 'Search for Solutions' initiative that ConocoPhillips has been running in China for the past 6 years. This was the fifth time that

ConocoPhillips Scholarship Awards 2004

At a ceremony held March 18 at the China Geoscience University (CGU), representatives from ConocoPhillips China (COPC) presented the 2004 ConocoPhillips Scholarship Awards. Fifty students from the university were the lucky recipients of this year's prizes which totaled more than US\$12,000.

Attending the event were Joe Hwang, Vice President of Exploration, Government and Public Affairs, Tom Schroeder, Vice President of Human Resources, Dr. Dai Chunsen, Staff Development Geologist and President Liu Zhifang of CGU.

At the event, Mr. Hwang gave an overview of COPC and also took questions from students and professors. Underlining the importance of such community initiatives, Mr. Hwang later said: "It is our great honor to be able to cooperate with the top petroleum universities, like CGU, in China, which proves that our efforts on giving back to the communities where we operate, do make a difference." As part of an increasing effort to strengthen relationships with key universities, Mr. Hwang also spoke of opportunities in technical exchanges and internships for the students.

In return, President Liu acknowledged these efforts and on behalf of the CGU expressed his deep thanks for COPC's contribution.

After the awards ceremony, Doctor Dai Chunsen, Staff Development Geologist at COPC, made a presentation to the students and teachers on petroleum exploration and development.

ConocoPhillips China began the scholarship awards in October 2002 on the occasion of CGU's 50 Anniversary.

康菲奖学金颁奖仪式暨技术报告交流会



From Left to Right: Mr. Lin Shanyuan, Director of Student Guidance Division, CGU; Ms. Alice Zhang, HR Analyst of COPC; Mr. Liu Zhifang, President of CGU; Mr. Joe Hwang, VP of Exploration, Government and Public Affairs, COPC; Mr. Tom Schroeder, former VP of HR, COPC; Dr. Dai Chunsen, Staff Development Geologist, COPC; Ms. Li Dashuang, Deputy Director of Student Guidance Division, CGU; Mr. Xu Guanghui, staff of CGU.

Paid to study!

On January 13, ConocoPhillips China signed an agreement to set up a fund supporting technical innovation for students at the China Petroleum University. The fund encourages students to conduct studies in their spare time by providing them with financial support.

At the signing ceremony, Mr. Jim Knudsen, President of COPC, introduced the company's operations in China and future plans for the Peng Lai project. Mr. Knudsen also highlighted COPC's commitment to giving back to the community and that assisting students in this way formed a major part of the company's core corporate values.

COPC actively co-operates with three other universities in China: China Geoscience University, Southeast Petroleum University and Southwest Petroleum Institute.

While the focus of these partnerships has been on scholarship programs, COPC has recently established other forms of co-operation in technical research and internships. This latter program gives students valuable insights into the workings of an international oil and gas company as well as a good grounding for work after graduation.

Staff Events

Speak up!



ConocoPhillips China has founded one of first Toastmasters Clubs in China. The meeting takes place every other week at COPC's head office in Beijing. Since the first meeting took place in November last year, Toastmasters has grown in popularity with up to thirty members now regularly participating.

At Toastmasters, members learn by speaking to groups and working with others in a supportive environment. A typical Toastmasters club is made up of twenty to thirty people who meet a few times per month for about one hour. Each meeting gives everyone an opportunity to practice conducting meetings, giving impromptu speeches, presenting prepared speeches, and offering constructive evaluation.

Around the world, more than 3 million men and women of all ages and occupations have benefited from Toastmasters training, and more than one thousand corporations, community groups, universities, associations, and government agencies now use Toastmasters training.



Mandy Qin, Training Coordinator, COPC.

In Brief

May 6, 2004, ConocoPhillips announced the formation of a Global Gas organization - a new division of its Exploration & Production (E&P) segment.

February 23, 2004, ConocoPhillips Reports First Quarter Net Income of \$1.6 Billion.

In 2003, ConocoPhillips achieved a production replacement rate of 106%.

(For more information, please go to: www.conocophillips.com)



ConocoPhillips China Inc.

Room 1201, Millennium Tower,
No.38, Chaoyang District, Beijing, China
Zip code: 100027
Tel: (86) 10-8453-8666
Fax: (86) 10-8453-8565

ConocoPhillips China Inc. Sugar Land Office

ConocoPhillips China Inc.
Fluor Daniel, Inc.
One Fluor Daniel Drive
Sugar Land, TX 77478
Tel: 1-281-263-1000
Fax: 1-281-263-4167

ConocoPhillips China Inc. Tanggu Branch

PO Box 529, Tanggu, Tianjin, China
Zip code: 300452
Tel: (86) 22-2580-2052
Fax: (86) 22-6691-5480

ConocoPhillips China Inc. Shekou Branch

13/F, Finance Center, Tai Zi Road, Shekou,
Shenzhen, China
Zip code: 518067
Tel: (86) 755-2669-1786
Fax: (86) 755-2669-1162

ConocoPhillips China Offshore Operations

PengLai Oilfield, Bohai, China
Xijiang Oilfield, South China Sea, China

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Editor: Joe Hwang,
Donna Xue,
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We welcome contributions from our readers.

For information or queries, please contact:
84538666-6232 Truddy Liao.

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