

# PESA Conference

Alan Killion, VP of E&P Services

February 22, 2018

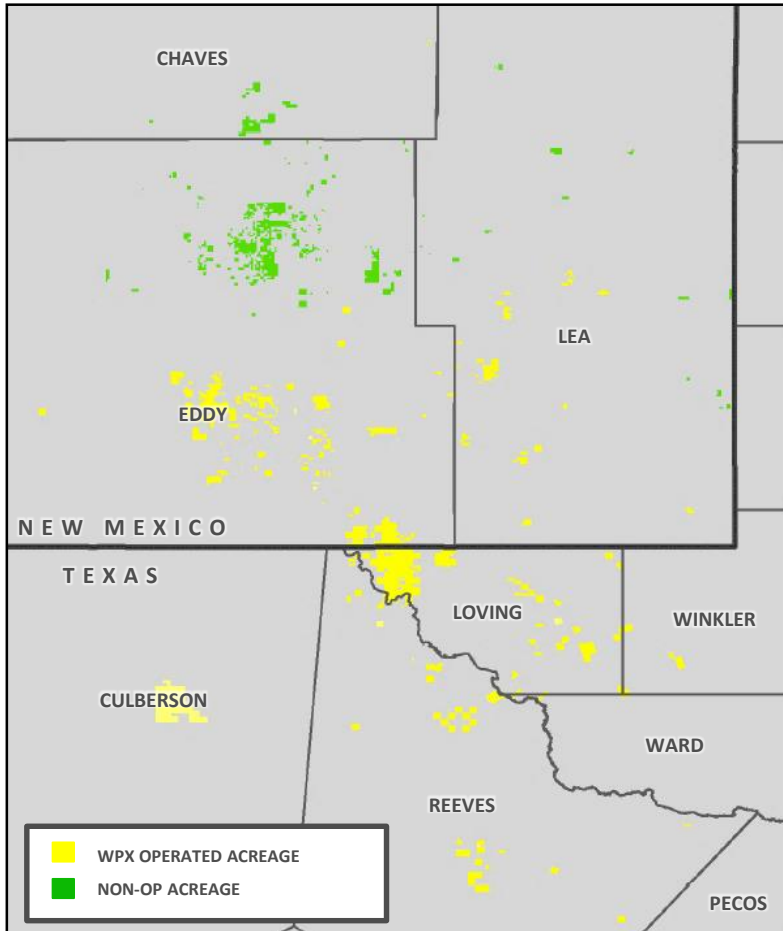


# WPX Asset Overview



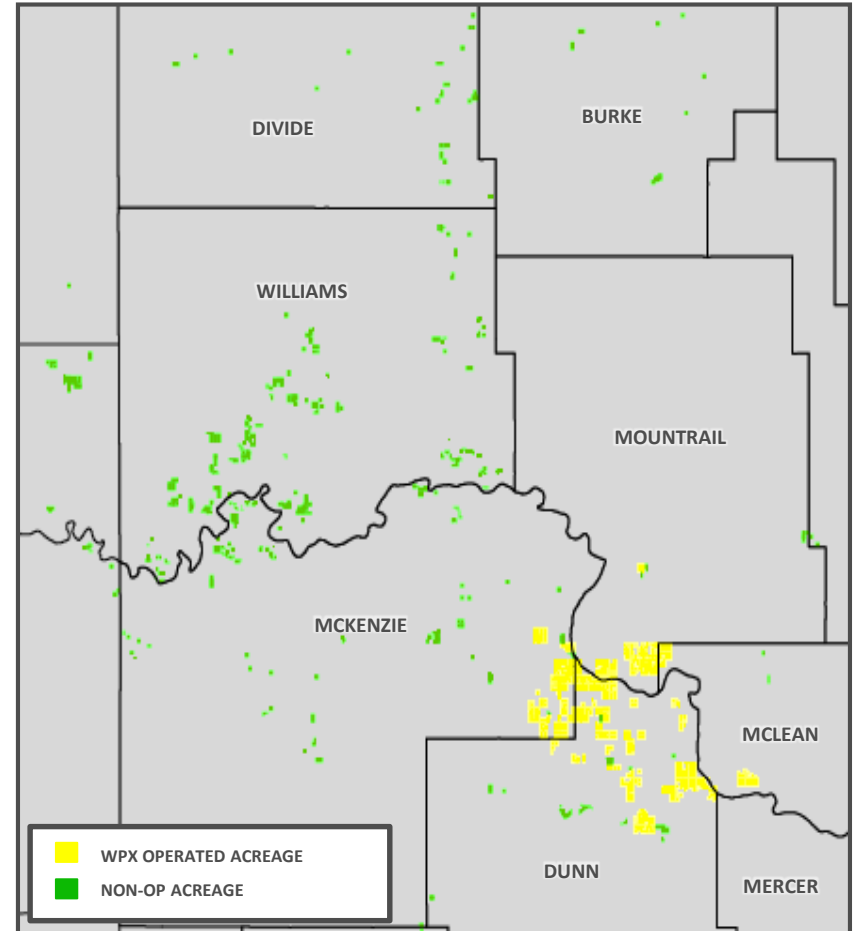
## DELAWARE BASIN

~135,000 net acres  
 6,400+ gross locations<sup>1,2</sup>  
 55% oil/16% NGLS/29% gas<sup>3</sup>



## WILLISTON BASIN

~85,000 net acres  
 ~570 gross locations  
 87% oil/7% NGLS/6% gas<sup>3</sup>



<sup>1</sup> Does not include Taylor Ranch locations

<sup>2</sup> Includes non-op and operated locations

<sup>3</sup> Based on 3Q 2017 production

# Strategic Transformation of WPX

~\$8 Billion in  
A&D Activity



Shifting  
Commodity Mix



75% Gas

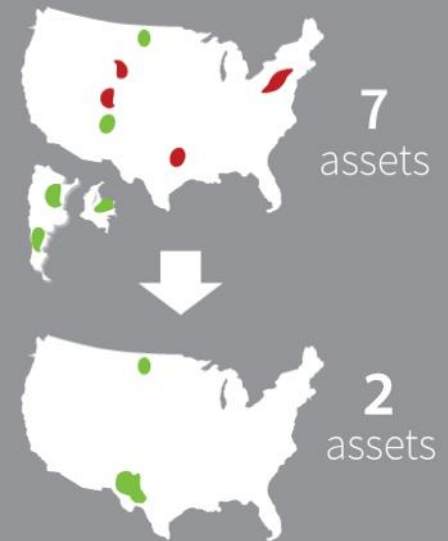
25% Oil & NGL



20% Gas

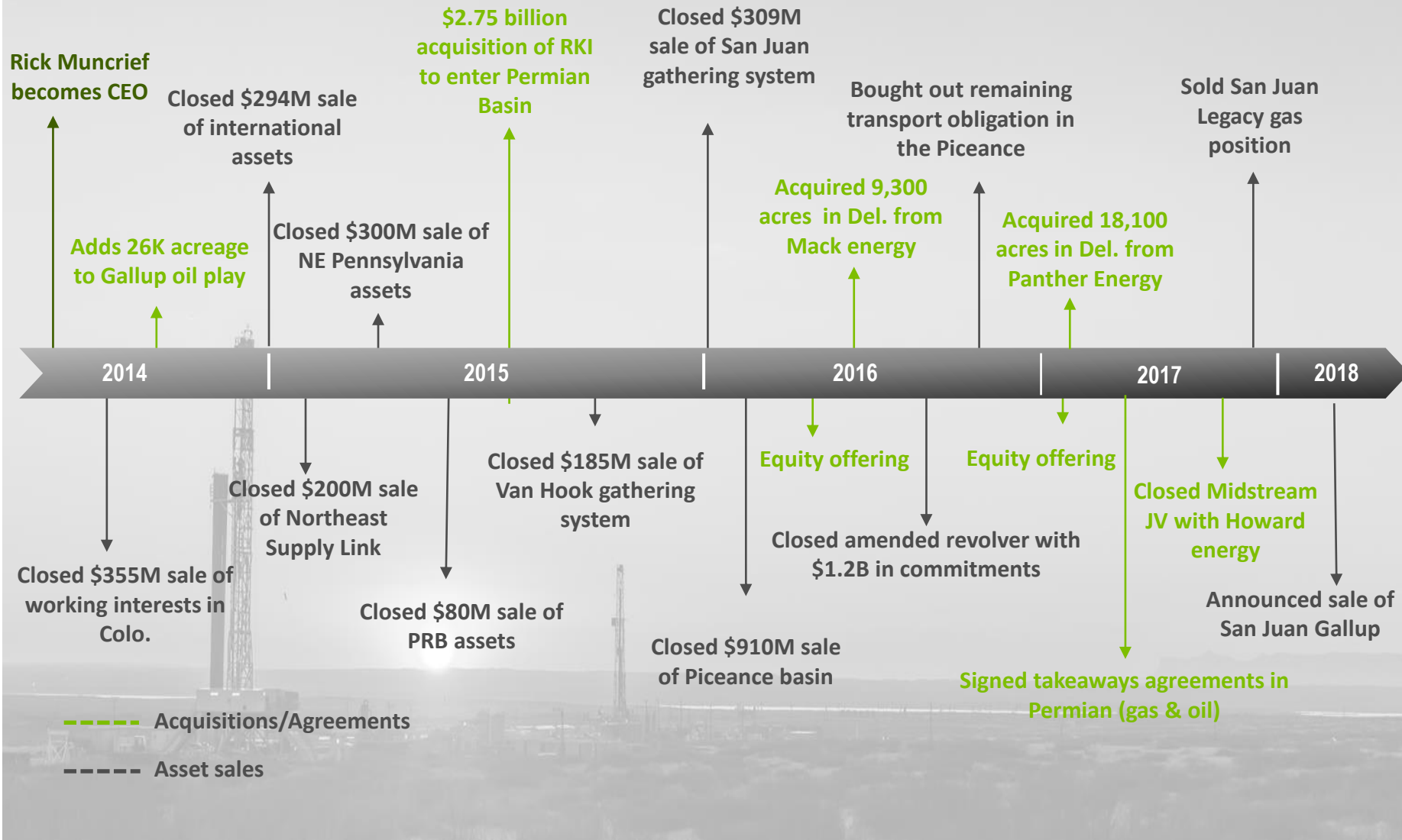
80% Oil & NGL

Focused  
Portfolio



TRADING THE **PICEANCE** FOR THE **PERMIAN**

# Getting it Done



# WPX Financial Transformation Underway

**45%** ▲

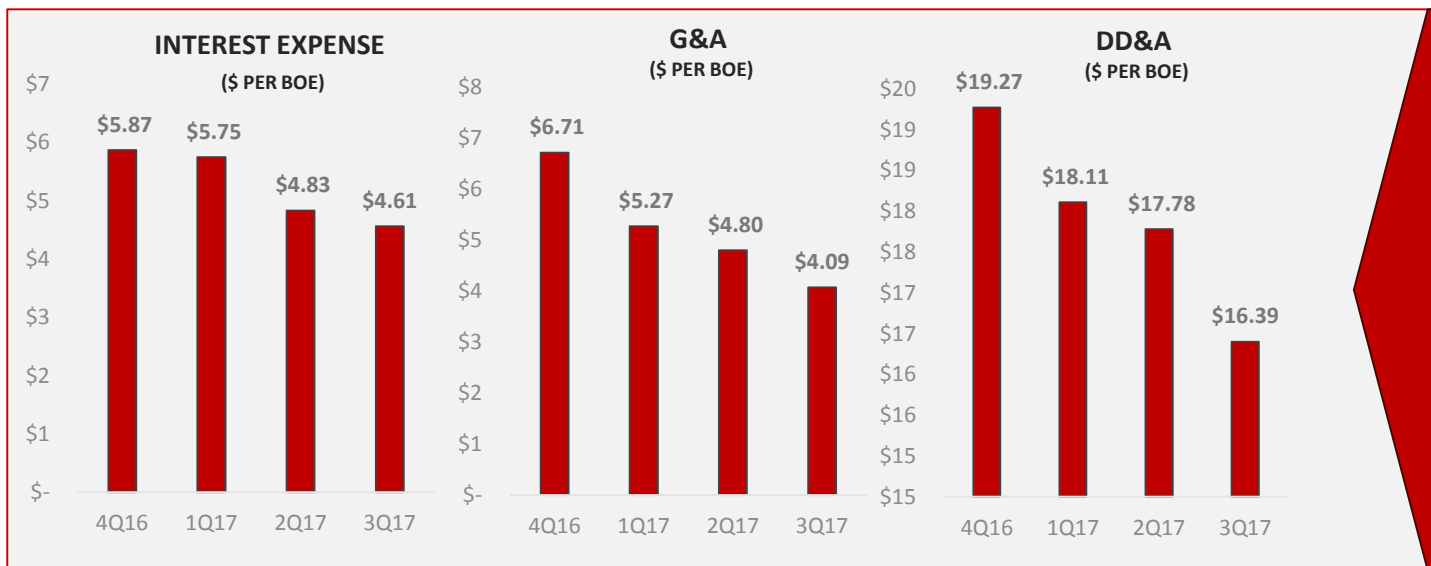
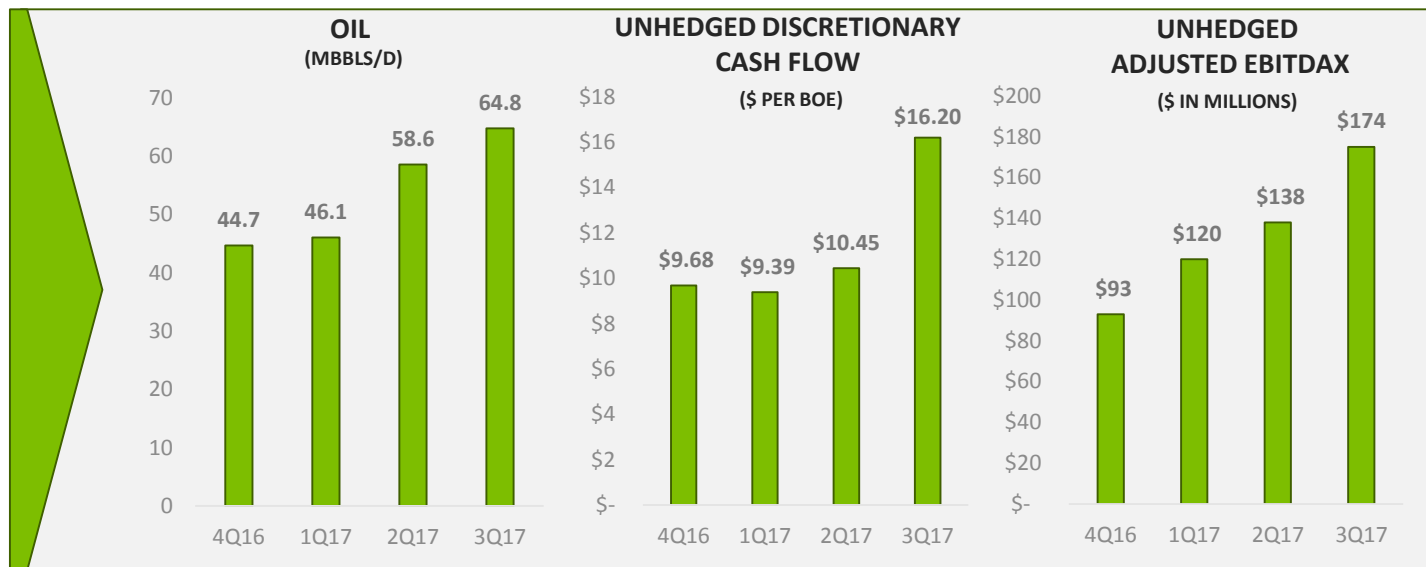
IN OIL VOLUMES

**67%** ▲

IN UNHEDGED  
DISCRETIONARY CASH FLOW

**87%** ▲

IN UNHEDGED  
ADJUSTED EBITDAX



**21%** ▼

IN INTEREST EXP  
(\$ PER BOE)

**39%** ▼

IN G&A  
(\$ PER BOE)

**15%** ▼

IN DD&A  
(\$ PER BOE)

# WPX Strategic Imperatives



▶ Financial and Operational Discipline

▶ Value-Driven Growth

▶ Remain Opportunistic

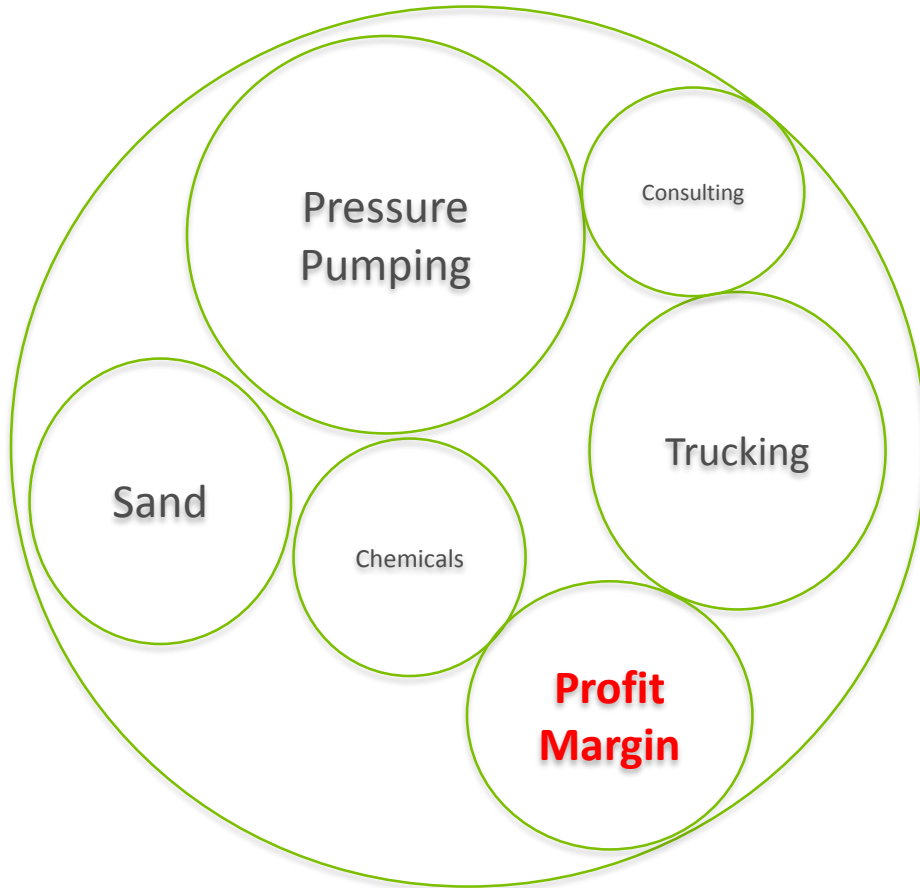
# Supply Chain Management

- ▶ **Supply Chain Management team was established 1Q15 to**
  - ▶ **Provide a process for strategically managing high spend categories**
  - ▶ **Partner with Operation groups**
  - ▶ **Centralize and optimize WPX's inventory asset across all basins**
  - ▶ **Centralize contract management**

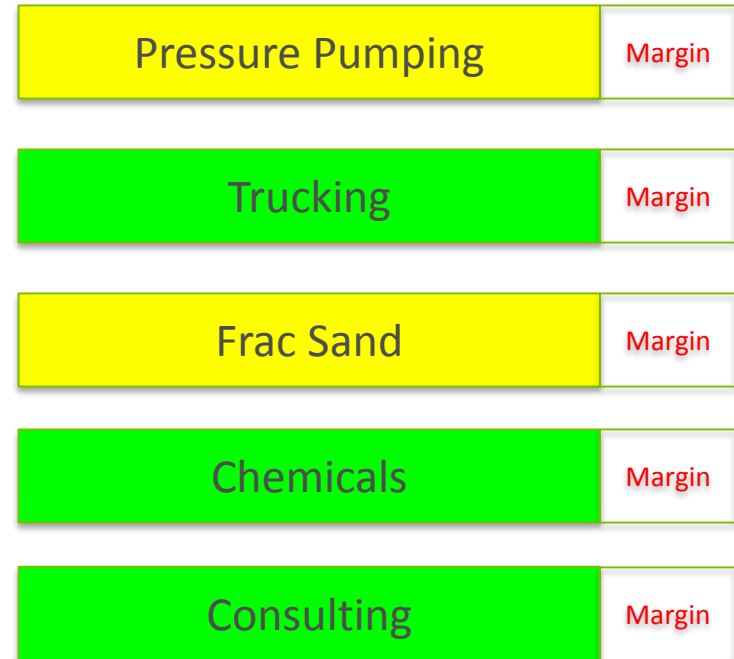
Supply Chain Is...	Supply Chain Is Not...
a service organization that can help unburden you from some vendor management activities.	the group who will assume control of your vendor relationships.
an advisor who can help recommend supplier sourcing alternatives.	the group who selects which suppliers you'll use.
available to help when your supplier relationships become tenuous or hostile.	here to damage your supplier relationships.
a project and contract support resource when you are looking to explore or alter supplier relationships.	


# Frac Cost – Bundled Service vs. Direct Sourcing

## Bundled Service



## WPX Direct Source



 Focus area – moderate long term risk

 Low long-term risk



# Frac Constraints = Opportunities



- Sand Mine – quantity, sand type, rail system, load out facilities



- Rail – destinations, rail rates



- In Basin transloads – open or private, rail availability, silo storage, truck lanes

- Trucking – owner operator or company trucks, number of trucks, history



- Rig site – silos or storage, HHP efficiency



# Non Stimulation Leverage

- ▶ **Vendor Volume Discount**
  - ▶ Tiered pricing for volume or revenue purchase
  - ▶ Multi category
- ▶ **Vendor Managed Inventory**
  - ▶ 100% vendor inventory on site and exclusive to WPX
  - ▶ Multiple facet relationships – materials, service, WPX
  - ▶ Reduced resource requirements for WPX
- ▶ **Customer Managed Inventory (Super VMI)**
  - ▶ Full engagement with the vendor
  - ▶ Services may include forecasting, in depth reporting, market watch, PO's, inspections, material transfers, inventory audit support



# Q&A