UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2020**

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________________ to __________________________

Commission file number: **001-32395**

ConocoPhillips

(Exact name of registrant as specified in its charter)

Delaware	**01-0562944**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

925 N. Eldridge Parkway
Houston, TX 77079
(Address of principal executive offices) (Zip Code)

281-293-1000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbols	Name of each exchange on which registered
Common Stock, $.01 Par Value	COP	New York Stock Exchange
7% Debentures due 2029	CUSIP—718507BK1	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [x] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [x] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting company [ ]
Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [x]

The registrant had 1,072,425,162 shares of common stock, $.01 par value, outstanding at March 31, 2020.

CONOCOPHILLIPS

TABLE OF CONTENTS

Commonly Used Abbreviations

The following industry-specific, accounting and other terms, and abbreviations may be commonly used in this report.

Currencies

$ or USD	U.S. dollar
CAD	Canadian dollar
GBP	British pound

Units of Measurement

BBL	barrel
BCF	billion cubic feet
BOE	barrels of oil equivalent
MBD	thousands of barrels per day
MCF	thousand cubic feet
MBOD	thousand barrels of oil per day
MMBOE	million barrels of oil equivalent
MMBOD	million barrels of oil per day
MBOED	thousands of barrels of oil equivalent per day
MMBTU	million British thermal units
MMCFD	million cubic feet per day

Industry

CBM	coalbed methane
E&P	exploration and production
FEED	front-end engineering and design
FPS	floating production system
FPSO	floating production, storage and offloading
JOA	joint operating agreement
LNG	liquefied natural gas
NGLs	natural gas liquids
OPEC	Organization of Petroleum Exporting Countries
PSC	production sharing contract
PUDs	proved undeveloped reserves
SAGD	steam-assisted gravity drainage
WCS	Western Canada Select
WTI	West Texas Intermediate

Accounting

ARO	asset retirement obligation
ASC	accounting standards codification
ASU	accounting standards update
DD&A	depreciation, depletion and amortization
FASB	Financial Accounting Standards Board
FIFO	first-in, first-out
G&A	general and administrative
GAAP	generally accepted accounting principles
LIFO	last-in, first-out
NPNS	normal purchase normal sale
PP&E	properties, plants and equipment
SAB	staff accounting bulletin
VIE	variable interest entity

Miscellaneous

EPA	Environmental Protection Agency
EU	European Union
FERC	Federal Energy Regulatory Commission
GHG	greenhouse gas
HSE	health, safety and environment
ICC	International Chamber of Commerce
ICSID	World Bank's International Centre for Settlement of Investment Disputes
IRS	Internal Revenue Service
OTC	over-the-counter
NYSE	New York Stock Exchange
SEC	U.S. Securities and Exchange Commission
TSR	total shareholder return
U.K.	United Kingdom
U.S.	United States of America

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Consolidated Income Statement **ConocoPhillips**

		Millions of Dollars	
		Three Months Ended March 31	
		2020	2019
Revenues and Other Income			
Sales and other operating revenues	**$**	**6,158**	9,150
Equity in earnings of affiliates		**234**	188
Gain (loss) on dispositions		**(42)**	17
Other income (loss)		**(1,539)**	702
Total Revenues and Other Income		**4,811**	10,057
Costs and Expenses			
Purchased commodities		**2,661**	3,675
Production and operating expenses		**1,173**	1,271
Selling, general and administrative expenses		**(3)**	153
Exploration expenses		**188**	110
Depreciation, depletion and amortization		**1,411**	1,546
Impairments		**521**	1
Taxes other than income taxes		**250**	275
Accretion on discounted liabilities		**67**	86
Interest and debt expense		**202**	233
Foreign currency transactions (gain) loss		**(90)**	12
Other expenses		**(6)**	8
Total Costs and Expenses		**6,374**	7,370
Income (loss) before income taxes		**(1,563)**	2,687
Income tax provision		**148**	841
Net income (loss)		**(1,711)**	1,846
Less: net income attributable to noncontrolling interests		**(28)**	(13)
Net Income (Loss) Attributable to ConocoPhillips	**$**	**(1,739)**	1,833
Net Income (Loss) Attributable to ConocoPhillips Per Share of Common Stock *(dollars)*			
Basic	**$**	**(1.60)**	1.61
Diluted		**(1.60)**	1.60
Average Common Shares Outstanding *(in thousands)*			
Basic		**1,084,561**	1,139,463
Diluted		**1,084,561**	1,146,515

See Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income			**ConocoPhillips**
		Millions of Dollars	
		Three Months Ended March 31	
		2020	2019
Net Income (Loss)	**$**	**(1,711)**	1,846
Other comprehensive income (loss)			
Defined benefit plans			
Reclassification adjustment for amortization of prior service credit included in net income (loss)		**(8)**	(8)
Net actuarial gain arising during the period		**5**	-
Reclassification adjustment for amortization of net actuarial losses included in net income (loss)		**18**	26
Income taxes on defined benefit plans		**(4)**	(5)
Defined benefit plans, net of tax		**11**	13
Net unrealized holding loss on securities		**(3)**	-
Income taxes on net unrealized holding loss on securities		**1**	-
Net unrealized holding loss on securities, net of tax		**(2)**	-
Foreign currency translation adjustments		**(799)**	175
Income taxes on foreign currency translation adjustments		**2**	1
Foreign currency translation adjustments, net of tax		**(797)**	176
Other Comprehensive Income (Loss), Net of Tax		**(788)**	189
Comprehensive Income (Loss)		**(2,499)**	2,035
Less: comprehensive income attributable to noncontrolling interests		**(28)**	(13)
Comprehensive Income (Loss) Attributable to ConocoPhillips	**$**	**(2,527)**	2,022

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheet		**ConocoPhillips**
	Millions of Dollars	
	March 31 2020	December 31 2019
Assets		
Cash and cash equivalents	$ **3,908**	5,088
Short-term investments	**3,866**	3,028
Accounts and notes receivable (net of allowance of $3 and $13, respectively)	**2,116**	3,267
Accounts and notes receivable—related parties	**148**	134
Investment in Cenovus Energy	**420**	2,111
Inventories	**726**	1,026
Prepaid expenses and other current assets	**1,960**	2,259
Total Current Assets	**13,144**	16,913
Investments and long-term receivables	**8,707**	8,687
Loans and advances—related parties	**167**	219
Net properties, plants and equipment (net of accumulated depreciation, depletion and amortization of $55,425 and $55,477, respectively)	**40,645**	42,269
Other assets	**2,370**	2,426
Total Assets	$ **65,033**	70,514
Liabilities		
Accounts payable	$ **2,900**	3,176
Accounts payable—related parties	**21**	24
Short-term debt	**126**	105
Accrued income and other taxes	**853**	1,030
Employee benefit obligations	**323**	663
Other accruals	**1,852**	2,045
Total Current Liabilities	**6,075**	7,043
Long-term debt	**14,847**	14,790
Asset retirement obligations and accrued environmental costs	**5,316**	5,352
Deferred income taxes	**4,141**	4,634
Employee benefit obligations	**1,563**	1,781
Other liabilities and deferred credits	**1,704**	1,864
Total Liabilities	**33,646**	35,464
Equity		
Common stock (2,500,000,000 shares authorized at $.01 par value)		
Issued (2020—1,798,422,031 shares; 2019—1,795,652,203 shares)		
Par value	**18**	18
Capital in excess of par	**47,027**	46,983
Treasury stock (at cost: 2020—725,996,869 shares; 2019—710,783,814 shares)	**(47,130)**	(46,405)
Accumulated other comprehensive loss	**(6,145)**	(5,357)
Retained earnings	**37,545**	39,742
Total Common Stockholders’ Equity	**31,315**	34,981
Noncontrolling interests	**72**	69
Total Equity	**31,387**	35,050
Total Liabilities and Equity	$ **65,033**	70,514

See Notes to Consolidated Financial Statements.

		Millions of Dollars	
		Three Months Ended March 31	
		2020	2019
Cash Flows From Operating Activities			
Net Income (Loss)	$	**(1,711)**	1,846
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization		**1,411**	1,546
Impairments		**521**	1
Dry hole costs and leasehold impairments		**67**	27
Accretion on discounted liabilities		**67**	86
Deferred taxes		**(227)**	(1)
Undistributed equity earnings		**31**	24
(Gain) loss on dispositions		**42**	(17)
Unrealized (gain) loss on investment in Cenovus Energy		**1,691**	(343)
Other		**(284)**	(221)
Working capital adjustments			
Decrease in accounts and notes receivable		**1,041**	179
Decrease (increase) in inventories		**277**	(4)
Decrease (increase) in prepaid expenses and other current assets		**(79)**	62
Decrease in accounts payable		**(297)**	(142)
Decrease in taxes and other accruals		**(445)**	(149)
Net Cash Provided by Operating Activities		**2,105**	2,894
Cash Flows From Investing Activities			
Capital expenditures and investments		**(1,649)**	(1,637)
Working capital changes associated with investing activities		**81**	107
Proceeds from asset dispositions		**549**	142
Net purchases of investments		**(935)**	(1)
Collection of advances/loans—related parties		**66**	62
Other		**(44)**	(150)
Net Cash Used in Investing Activities		**(1,932)**	(1,477)
Cash Flows From Financing Activities			
Repayment of debt		**(24)**	(19)
Issuance of company common stock		**2**	(38)
Repurchase of company common stock		**(726)**	(752)
Dividends paid		**(458)**	(350)
Other		**(24)**	(14)
Net Cash Used in Financing Activities		**(1,230)**	(1,173)
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash		**(122)**	75
Net Change in Cash, Cash Equivalents and Restricted Cash		**(1,179)**	319
Cash, cash equivalents and restricted cash at beginning of period		**5,362**	6,151
Cash, Cash Equivalents and Restricted Cash at End of Period	$	**4,183**	6,470

Restricted cash of $88 million and $187 million are included in the "Prepaid expenses and other current assets" and "Other assets" lines, respectively, of our Consolidated Balance Sheet as of March 31, 2020.
Restricted cash of $90 million and $184 million are included in the "Prepaid expenses and other current assets" and "Other assets" lines, respectively, of our Consolidated Balance Sheet as of December 31, 2019.
See Notes to Consolidated Financial Statements.

Note 1—Basis of Presentation

The interim-period financial information presented in the financial statements included in this report is unaudited and, in the opinion of management, includes all known accruals and adjustments necessary for a fair presentation of the consolidated financial position of ConocoPhillips and its results of operations and cash flows for such periods. All such adjustments are of a normal and recurring nature unless otherwise disclosed. Certain notes and other information have been condensed or omitted from the interim financial statements included in this report. Therefore, these financial statements should be read in conjunction with the consolidated financial statements and notes included in our 2019 Annual Report on Form 10-K.

The unrealized (gain) loss on investment in Cenovus Energy included on our consolidated statement of cash flows, previously reflected on the line item "Other" within net cash provided by operating activities, has been reclassified in the comparative period to conform with the current period's presentation.

Note 2—Changes in Accounting Principles

We adopted the provisions of FASB ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments," (ASC Topic 326) and its amendments, beginning January 1, 2020. This ASU, as amended, sets forth the current expected credit loss model, a new forward-looking impairment model for certain financial instruments measured at amortized cost basis based on expected losses rather than incurred losses. This ASU, as amended, which primarily applies to our accounts receivable, also requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses. The adoption of this ASU did not have a material impact to our financial statements. The majority of our receivables are due within 30 days or less. We monitor the credit quality of our counterparties through review of collections, credit ratings, and other analyses. We develop our estimated allowance for credit losses primarily using an aging method and analyses of historical loss rates as well as consideration of current and future conditions that could impact our counterparties' credit quality and liquidity.

Note 3—Inventories

Inventories consisted of the following:

	Millions of Dollars	
	March 31 2020	December 31 2019
Crude oil and natural gas	**$ 192**	472
Materials and supplies	**534**	554
	$ 726	1,026

As a result of declining commodity prices in the first quarter of 2020, we recorded a lower of cost or market adjustment of $228 million to our crude oil and natural gas inventories. This adjustment is included in the "Purchased commodities" line on our consolidated income statement. Inventories valued on the LIFO basis totaled $133 million and $286 million at March 31, 2020 and December 31, 2019, respectively.

Note 4—Asset Acquisitions and Dispositions

Assets Held for Sale

In October 2019, we entered into an agreement to sell the subsidiaries that hold our Australia-West assets and operations to Santos for $1.39 billion, plus customary adjustments, with an effective date of January 1, 2019, plus a payment of $75 million upon final investment decision of the Barossa development project. These subsidiaries hold our 37.5 percent interest in the Barossa Project and Caldita Field, our 56.9 percent interest in the Darwin LNG Facility and Bayu-Undan Field, our 40 percent interest in the Greater Poseidon Fields, and our 50 percent interest in the Athena Field. The transaction is expected to close in the second quarter of 2020.

At March 31, 2020, the net carrying value of the subsidiaries to be sold was approximately $0.7 billion, consisting primarily of $1.3 billion of PP&E and $0.4 billion of cash and working capital, offset by $0.7 billion of ARO and $0.3 billion of deferred tax liabilities. The assets met held for sale criteria in the fourth quarter of 2019, and as of March 31, 2020, $1.3 billion of PP&E is classified as "Prepaid expenses and other current assets" and $0.7 billion of noncurrent ARO is classified as "Other accruals" on our consolidated balance sheet. The before-tax earnings associated with our Australia-West subsidiaries to be sold were $192 million and $115 million for the three-month period ended March 31, 2020 and 2019, respectively. This transaction is expected to be completed in the second quarter of 2020, subject to regulatory approvals and other conditions precedent. Results of operations for the subsidiaries to be sold are reported in our Asia Pacific and Middle East segment.

Assets Sold

In February 2020, we sold our Waddell Ranch interests in the Permian Basin for $184 million after customary adjustments. No gain or loss was recognized on the sale.

In March 2020, we completed the sale of our Niobrara interests for approximately $359 million after customary adjustments and recognized a before-tax loss on disposition of $38 million. At the time of disposition, our interest in Niobrara had a net carrying value of $397 million, consisting primarily of $433 million of PP&E and $34 million of ARO. The before-tax earnings associated with our interests in Niobrara, including the loss on disposition, were a loss of $27 million and income of less than $1 million for the three-month periods ended March 31, 2020 and 2019, respectively.

Production from these non-core Lower 48 properties averaged 15 MBOED in 2019.

Note 5—Investments, Loans and Long-Term Receivables

APLNG

APLNG executed project financing agreements for an $8.5 billion project finance facility in 2012. The $8.5 billion project finance facility was initially composed of financing agreements executed by APLNG with the Export-Import Bank of the United States for approximately $2.9 billion, the Export-Import Bank of China for approximately $2.7 billion, and a syndicate of Australian and international commercial banks for approximately $2.9 billion. All amounts were drawn from the facility. APLNG made its first principal and interest repayment in March 2017 and is scheduled to make bi-annual payments until March 2029.

APLNG made a voluntary repayment of $1.4 billion to the Export-Import Bank of China in September 2018. At the same time, APLNG obtained a United States Private Placement (USPP) bond facility of $1.4 billion. APLNG made its first interest payment related to this facility in March 2019, and principal payments are scheduled to commence in September 2023, with bi-annual payments due on the facility until September 2030.

During the first quarter of 2019, APLNG refinanced $3.2 billion of existing project finance debt through two transactions. As a result of the first transaction, APLNG obtained a commercial bank facility of $2.6 billion. APLNG made its first principal and interest repayment in September 2019 with bi-annual payments due on the facility until March 2028. Through the second transaction, APLNG obtained a USPP bond facility of $0.6 billion. APLNG made its first interest payment in September 2019, and principal payments are scheduled to commence in September 2023, with bi-annual payments due on the facility until September 2030.

In conjunction with the $3.2 billion debt obtained during the first quarter of 2019 to refinance existing project finance debt, APLNG made voluntary repayments of $2.2 billion and $1.0 billion to a syndicate of Australian and international commercial banks and the Export-Import Bank of China, respectively.

At March 31, 2020, a balance of $6.5 billion was outstanding on the facilities. See Note 11—Guarantees, for additional information.

At March 31, 2020, the carrying value of our equity method investment in APLNG was $7,229 million. The balance is included in the "Investments and long-term receivables" line on our consolidated balance sheet.

Loans and Long-Term Receivables
As part of our normal ongoing business operations, and consistent with industry practice, we enter into numerous agreements with other parties to pursue business opportunities. Included in such activity are loans made to certain affiliated and non-affiliated companies. At March 31, 2020, significant loans to affiliated companies included $270 million in project financing to Qatar Liquefied Gas Company Limited (3).

On our consolidated balance sheet, the long-term portion of these loans is included in the "Loans and advances—related parties" line, while the short-term portion is in the "Accounts and notes receivable—related parties" line.

Note 6–-Investment in Cenovus Energy

On May 17, 2017, we completed the sale of our 50 percent nonoperated interest in the FCCL Partnership, as well as the majority of our western Canada gas assets, to Cenovus Energy. Consideration for the transaction included 208 million Cenovus Energy common shares, which, at closing, approximated 16.9 percent of issued and outstanding Cenovus Energy common stock. The fair value and cost basis of our investment in 208 million Cenovus Energy common shares was $1.96 billion based on a price of $9.41 per share on the NYSE on the closing date.

At March 31, 2020, the investment included on our consolidated balance sheet was $420 million and is carried at fair value. The fair value of the 208 million Cenovus Energy common shares reflects the closing price of $2.02 per share on the NYSE on the last trading day of the quarter, a decrease of $1.69 billion from $2.11 billion at year-end 2019. The decrease in fair value represents the net unrealized loss recorded within the "Other income (loss)" line of our consolidated income statement in the first quarter of 2020 relating to the shares held at the reporting date. See Note 14—Fair Value Measurement, for additional information. Subject to market conditions, we intend to decrease our investment over time through market transactions, private agreements or otherwise.

Note 7—Suspended Wells

The capitalized cost of suspended wells at March 31, 2020, was $990 million, a decrease of $30 million from $1,020 million at year-end 2019. One suspended well in the Kamunsu East Field offshore Malaysia totaling $19 million was charged to dry hole expense during the first three months of 2020 relating to exploratory well costs capitalized for a period greater than one year at December 31, 2019. Of the total suspended well balance at December 31, 2019 and March 31, 2020, $313 million relates to wells held for sale. See Note 4—Asset Acquisitions and Dispositions, for additional information.

Note 8—Impairments

During the three-month periods ended March 31, 2020 and 2019, we recognized before-tax impairment charges within the following segments:

		Millions of Dollars	
		Three Months Ended March 31	
		2020	2019
Lower 48		**511**	-
Europe and North Africa		**10**	1
	$	**521**	1

We perform impairment reviews when triggering events arise that may impact the fair value of our assets or investments. The recent commodity price downturn prompted us to evaluate the recoverability of the carrying value of our assets and whether an other than temporary impairment occurred for investments in our portfolio. A sustained decline in the current and long-term outlook on commodity prices could trigger additional impairment reviews and possibly result in future impairment charges.

With respect to impairments recorded in the first quarter of 2020, due to a significant decrease in the outlook for current and long-term natural gas prices, the estimated fair values of certain non-core natural gas assets in the Lower 48 segment declined to amounts below carrying value. We recorded impairments of $511 million for these non-core natural gas assets, primarily related to the Wind River Basin operations area consisting of developed properties in the Madden Field and the Lost Cabin Gas Plant, which were written down to fair value. See Note 14—Fair Value Measurement, for additional information.

In our Asia Pacific and Middle East segment, we recorded a before-tax impairment of $31 million related to the associated carrying value of capitalized undeveloped leasehold costs for the Kamunsu East Field in Malaysia that is no longer in our development plans. This charge is included in the "Exploration expenses" line on our consolidated income statement and is not reflected in the table above.

Note 9—Debt

Our debt balance as of March 31, 2020 was $14,973 million compared with $14,895 million at December 31, 2019.

Our revolving credit facility provides a total commitment of $6.0 billion and expires in May 2023. Our revolving credit facility may be used for direct bank borrowings, the issuance of letters of credit totaling up to $500 million, or as support for our commercial paper program. Our commercial paper program consists of the ConocoPhillips Company $6.0 billion program, primarily a funding source for short-term working capital needs. Commercial paper maturities are generally limited to 90 days.

We had no commercial paper outstanding at March 31, 2020 or December 31, 2019. We had no direct outstanding borrowings or letters of credit under the revolving credit facility at March 31, 2020 or December 31, 2019. Since we had no commercial paper outstanding and had issued no letters of credit, we had access to $6.0 billion in borrowing capacity under our revolving credit facility at March 31, 2020.

In March 2020, S&P affirmed its "A" rating on our senior long-term debt and revised its outlook to "negative" from "stable". In April 2020, Moody's affirmed their rating of "A3" with a "stable" outlook. Our current rating from Fitch is "A" with a "stable" outlook.

At March 31, 2020, we had $283 million of certain variable rate demand bonds (VRDBs) outstanding with maturities ranging through 2035. The VRDBs are redeemable at the option of the bondholders on any business day. If they are ever redeemed, we have the ability and intent to refinance on a long-term basis, therefore, the VRDBs are included in the "Long-term debt" line on our consolidated balance sheet.

Note 10—Changes in Equity

The following tables reflect the changes in stockholders' equity:

	Millions of Dollars							
	Attributable to ConocoPhillips							
	Common Stock							
	Par Value	Capital in Excess of Par	Treasury Stock	Accum. Other Comprehensive Loss	Retained Earnings	Non-Controlling Interests	Total
For the three months ended March 31, 2020							
Balances at December 31, 2019	$ 18	46,983	(46,405)	(5,357)	39,742	69	35,050
Net income (loss)					(1,739)	28	(1,711)
Other comprehensive income (loss)				(788)			(788)
Dividends paid ($0.42 per common share)					(458)		(458)
Repurchase of company common stock			(726)				(726)
Distributions to noncontrolling interests and other						(26)	(26)
Distributed under benefit plans		44					44
Other			1			1	2
Balances at March 31, 2020	**$ 18**	**47,027**	**(47,130)**	**(6,145)**	**37,545**	**72**	**31,387**
For the three months ended March 31, 2019							
Balances at December 31, 2018	$ 18	46,879	(42,905)	(6,063)	34,010	125	32,064
Net income					1,833	13	1,846
Other comprehensive income				189			189
Dividends paid ($0.31 per common share)					(350)		(350)
Repurchase of company common stock			(752)				(752)
Distributions to noncontrolling interests and other						(17)	(17)
Distributed under benefit plans		(2)					(2)
Changes in Accounting Principles*				(40)	40		-
Other			1		1	1	3
Balances at March 31, 2019	**$ 18**	**46,877**	**(43,656)**	**(5,914)**	**35,534**	**122**	**32,981**

**Cumulative effect of the adoption of ASU No. 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income."*

Note 11—Guarantees

At March 31, 2020, we were liable for certain contingent obligations under various contractual arrangements as described below. We recognize a liability, at inception, for the fair value of our obligation as a guarantor for newly issued or modified guarantees. Unless the carrying amount of the liability is noted below, we have not recognized a liability because the fair value of the obligation is immaterial. In addition, unless otherwise stated, we are not currently performing with any significance under the guarantee and expect future performance to be either immaterial or have only a remote chance of occurrence.

APLNG Guarantees
At March 31, 2020, we had outstanding multiple guarantees in connection with our 37.5 percent ownership interest in APLNG. The following is a description of the guarantees with values calculated utilizing March 2020 exchange rates:

- During the third quarter of 2016, we issued a guarantee to facilitate the withdrawal of our pro-rata portion of the funds in a project finance reserve account. We estimate the remaining term of this guarantee is 11 years. Our maximum exposure under this guarantee is approximately $170 million and may become payable if an enforcement action is commenced by the project finance lenders against APLNG. At March 31, 2020, the carrying value of this guarantee was approximately $14 million.

- In conjunction with our original purchase of an ownership interest in APLNG from Origin Energy in October 2008, we agreed to reimburse Origin Energy for our share of the existing contingent liability arising under guarantees of an existing obligation of APLNG to deliver natural gas under several sales agreements with remaining terms of up to 22 years. Our maximum potential liability for future payments, or cost of volume delivery, under these guarantees is estimated to be $640 million ($1.2 billion in the event of intentional or reckless breach) and would become payable if APLNG fails to meet its obligations under these agreements and the obligations cannot otherwise be mitigated. Future payments are considered unlikely, as the payments, or cost of volume delivery, would only be triggered if APLNG does not have enough natural gas to meet these sales commitments and if the co-venturers do not make necessary equity contributions into APLNG.

- We have guaranteed the performance of APLNG with regard to certain other contracts executed in connection with the project's continued development. The guarantees have remaining terms of up to 26 years or the life of the venture. Our maximum potential amount of future payments related to these guarantees is approximately $120 million and would become payable if APLNG does not perform. At March 31, 2020, the carrying value of these guarantees was approximately $6 million.

Other Guarantees
We have other guarantees with maximum future potential payment amounts totaling approximately $810 million, which consist primarily of guarantees of the residual value of leased office buildings, guarantees of the residual value of corporate aircrafts, and a guarantee for our portion of a joint venture's project finance reserve accounts. These guarantees have remaining terms of up to five years and would become payable if, upon sale, certain asset values are lower than guaranteed amounts, business conditions decline at guaranteed entities, or as a result of nonperformance of contractual terms by guaranteed parties. At March 31, 2020, the carrying value of these guarantees was approximately $11 million.

Indemnifications
Over the years, we have entered into agreements to sell ownership interests in certain corporations, joint ventures and assets that gave rise to qualifying indemnifications. These agreements include indemnifications for taxes and environmental liabilities. The majority of these indemnifications are related to tax issues and the majority of these expire in 2021. Those related to environmental issues have terms that are generally indefinite and the maximum amounts of future payments are generally unlimited. The carrying amount recorded for these indemnification obligations at March 31, 2020, was approximately $70 million. We amortize the indemnification liability over the relevant time period the indemnity is in effect, if one exists, based on the facts and circumstances surrounding each type of indemnity. In cases where the indemnification term is indefinite, we will reverse the liability when we have information the liability is essentially relieved or amortize the liability over an appropriate time period as the fair value of our indemnification exposure declines. Although it is reasonably possible future payments may exceed amounts recorded, due to the nature of the indemnifications, it is not possible to make a reasonable estimate of the maximum potential amount of future payments. Included in the recorded carrying amount at March 31, 2020, was approximately $30 million of environmental accruals for known contamination that are included in the "Asset retirement obligations and accrued environmental costs" line on our consolidated balance sheet. For additional information about environmental liabilities, see Note 12—Contingencies and Commitments.

Note 12—Contingencies and Commitments

A number of lawsuits involving a variety of claims arising in the ordinary course of business have been filed against ConocoPhillips. We also may be required to remove or mitigate the effects on the environment of the placement, storage, disposal or release of certain chemical, mineral and petroleum substances at various active and inactive sites. We regularly assess the need for accounting recognition or disclosure of these contingencies. In the case of all known contingencies (other than those related to income taxes), we accrue a liability when the loss is probable and the amount is reasonably estimable. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. We do not reduce these liabilities for potential insurance or third-party recoveries. We accrue receivables for insurance or other third-party recoveries when applicable. With respect to income tax-related contingencies, we use a cumulative probability-weighted loss accrual in cases where sustaining a tax position is less than certain.

Based on currently available information, we believe it is remote that future costs related to known contingent liability exposures will exceed current accruals by an amount that would have a material adverse impact on our consolidated financial statements. As we learn new facts concerning contingencies, we reassess our position both with respect to accrued liabilities and other potential exposures. Estimates particularly sensitive to future changes include contingent liabilities recorded for environmental remediation, tax and legal matters. Estimated future environmental remediation costs are subject to change due to such factors as the uncertain magnitude of cleanup costs, the unknown time and extent of such remedial actions that may be required, and the determination of our liability in proportion to that of other responsible parties. Estimated future costs related to tax and legal matters are subject to change as events evolve and as additional information becomes available during the administrative and litigation processes.

Environmental

We are subject to international, federal, state and local environmental laws and regulations. When we prepare our consolidated financial statements, we record accruals for environmental liabilities based on management's best estimates, using all information that is available at the time. We measure estimates and base liabilities on currently available facts, existing technology, and presently enacted laws and regulations, taking into account stakeholder and business considerations. When measuring environmental liabilities, we also consider our prior experience in remediation of contaminated sites, other companies' cleanup experience, and data released by the U.S. EPA or other organizations. We consider unasserted claims in our determination of environmental liabilities, and we accrue them in the period they are both probable and reasonably estimable.

Although liability of those potentially responsible for environmental remediation costs is generally joint and several for federal sites and frequently so for other sites, we are usually only one of many companies cited at a particular site. Due to the joint and several liabilities, we could be responsible for all cleanup costs related to any site at which we have been designated as a potentially responsible party. We have been successful to date in sharing cleanup costs with other financially sound companies. Many of the sites at which we are potentially responsible are still under investigation by the EPA or the agency concerned. Prior to actual cleanup, those potentially responsible normally assess the site conditions, apportion responsibility and determine the appropriate remediation. In some instances, we may have no liability or may attain a settlement of liability. Where it appears that other potentially responsible parties may be financially unable to bear their proportional share, we consider this inability in estimating our potential liability, and we adjust our accruals accordingly. As a result of various acquisitions in the past, we assumed certain environmental obligations. Some of these environmental obligations are mitigated by indemnifications made by others for our benefit, and some of the indemnifications are subject to dollar limits and time limits.

We are currently participating in environmental assessments and cleanups at numerous federal Superfund and comparable state and international sites. After an assessment of environmental exposures for cleanup and other costs, we make accruals on an undiscounted basis (except those acquired in a purchase business combination, which we record on a discounted basis) for planned investigation and remediation activities for sites where it is probable future costs will be incurred and these costs can be reasonably estimated. We have not reduced these accruals for possible insurance recoveries.

At March 31, 2020, our consolidated balance sheet included a total environmental accrual of $170 million, compared with $171 million at December 31, 2019, for remediation activities in the U.S. and Canada. We expect to incur a substantial amount of these expenditures within the next 30 years. In the future, we may be involved in additional environmental assessments, cleanups and proceedings.

Legal Proceedings

We are subject to various lawsuits and claims including but not limited to matters involving oil and gas royalty and severance tax payments, gas measurement and valuation methods, contract disputes, environmental damages, climate change, personal injury, and property damage. Our primary exposures for such matters relate to alleged royalty and tax underpayments on certain federal, state and privately owned properties and claims of alleged environmental contamination from historic operations. We will continue to defend ourselves vigorously in these matters.

Our legal organization applies its knowledge, experience and professional judgment to the specific characteristics of our cases, employing a litigation management process to manage and monitor the legal proceedings against us. Our process facilitates the early evaluation and quantification of potential exposures in individual cases. This process also enables us to track those cases that have been scheduled for trial and/or mediation. Based on professional judgment and experience in using these litigation management tools and available information about current developments in all our cases, our legal organization regularly assesses the adequacy of current accruals and determines if adjustment of existing accruals, or establishment of new accruals, is required.

Other Contingencies

We have contingent liabilities resulting from throughput agreements with pipeline and processing companies not associated with financing arrangements. Under these agreements, we may be required to provide any such company with additional funds through advances and penalties for fees related to throughput capacity not utilized. In addition, at March 31, 2020, we had performance obligations secured by letters of credit of $273 million (issued as direct bank letters of credit) related to various purchase commitments for materials, supplies, commercial activities and services incident to the ordinary conduct of business.

In 2007, ConocoPhillips was unable to reach agreement with respect to the empresa mixta structure mandated by the Venezuelan government’s Nationalization Decree. As a result, Venezuela’s national oil company, Petróleos de Venezuela, S.A. (PDVSA), or its affiliates, directly assumed control over ConocoPhillips’ interests in the Petrozuata and Hamaca heavy oil ventures and the offshore Corocoro development project. In response to this expropriation, ConocoPhillips initiated international arbitration on November 2, 2007, with the ICSID. On September 3, 2013, an ICSID arbitration tribunal held that Venezuela unlawfully expropriated ConocoPhillips’ significant oil investments in June 2007. On January 17, 2017, the Tribunal reconfirmed the decision that the expropriation was unlawful. In March 2019, the Tribunal unanimously ordered the government of Venezuela to pay ConocoPhillips approximately $8.7 billion in compensation for the government’s unlawful expropriation of the company’s investments in Venezuela in 2007. ConocoPhillips has filed a request for recognition of the award in several jurisdictions. On August 29, 2019, the ICSID Tribunal issued a decision rectifying the award and reducing it by approximately $227 million. The award now stands at $8.5 billion plus interest. The government of Venezuela sought annulment of the award, which automatically stayed enforcement of the award. Annulment proceedings are underway.

In 2014, ConocoPhillips filed a separate and independent arbitration under the rules of the ICC against PDVSA under the contracts that had established the Petrozuata and Hamaca projects. The ICC Tribunal issued an award in April 2018, finding that PDVSA owed ConocoPhillips approximately $2 billion under their agreements in connection with the expropriation of the projects and other pre-expropriation fiscal measures. In August 2018, ConocoPhillips entered into a settlement with PDVSA to recover the full amount of this ICC award, plus interest through the payment period, including initial payments totaling approximately $500 million within a period of 90 days from the time of signing of the settlement agreement. The balance of the settlement is to be paid quarterly over a period of four and a half years. To date, ConocoPhillips has received approximately $754 million. Per the settlement, PDVSA recognized the ICC award as a judgment in various jurisdictions, and ConocoPhillips agreed to suspend its legal enforcement actions. ConocoPhillips sent notices of default to PDVSA on October 14 and November 12, 2019, and to date PDVSA failed to cure its breach. As a result, ConocoPhillips has resumed legal enforcement actions. ConocoPhillips has ensured that the settlement and any actions taken in enforcement thereof meet all appropriate U.S. regulatory requirements, including those related to any applicable sanctions imposed by the U.S. against Venezuela.

In 2016, ConocoPhillips filed a separate and independent arbitration under the rules of the ICC against PDVSA under the contracts that had established the Corocoro project. On August 2, 2019, the ICC Tribunal awarded ConocoPhillips approximately $55 million under the Corocoro contracts. ConocoPhillips is seeking recognition and enforcement of the award in various jurisdictions. ConocoPhillips has ensured that all the actions related to the award meet all appropriate U.S. regulatory requirements, including those related to any applicable sanctions imposed by the U.S. against Venezuela.

In June 2017, FAR Ltd. initiated arbitration before the ICC against ConocoPhillips Senegal B.V. in connection with the sale of ConocoPhillips Senegal B.V. to Woodside Energy Holdings (Senegal) Limited in 2016. In February 2020, the ICC Tribunal issued an award dismissing FAR Ltd.'s claims, and this arbitration has been terminated.

The Office of Natural Resources Revenue (ONRR) has conducted audits of ConocoPhillips' payment of royalties on federal lands and has issued multiple orders to pay additional royalties to the federal government. ConocoPhillips has appealed these orders and strongly objects to the ONRR claims. The appeals are pending with the Interior Board of Land Appeals, except for one order that is the subject of a lawsuit ConocoPhillips filed in 2016 in New Mexico federal court after its appeal was denied by the Interior Board of Land Appeals.

Beginning in 2017, cities, counties, and state governments in California, New York, Washington, Rhode Island, Maryland and Hawaii, as well as the Pacific Coast Federation of Fishermen's Association, Inc., have filed lawsuits against oil and gas companies, including ConocoPhillips, seeking compensatory damages and equitable relief to abate alleged climate change impacts. ConocoPhillips is vigorously defending against these lawsuits. The lawsuits brought by the Cities of San Francisco, Oakland and New York have been dismissed by federal district courts and appeals are pending. Lawsuits filed by other cities and counties in California and Washington are currently stayed pending resolution of the appeals brought by the Cities of San Francisco and Oakland. Lawsuits filed in Maryland and Rhode Island are proceeding in state court while rulings in those matters, on the issue of whether the matters should proceed in state or federal court, are on appeal. The lawsuit filed in Hawaii has been removed to federal court.

Several Louisiana parishes and individual landowners have filed lawsuits against oil and gas companies, including ConocoPhillips, seeking compensatory damages in connection with historical oil and gas operations in Louisiana. All parish lawsuits are stayed pending an appeal on the issue of whether they will proceed in federal or state court. ConocoPhillips will vigorously defend against these lawsuits.

Note 13—Derivative and Financial Instruments

Derivative Instruments

We use futures, forwards, swaps and options in various markets to meet our customer needs and capture market opportunities. Our commodity business primarily consists of natural gas, crude oil, bitumen, LNG and NGLs.

Our derivative instruments are held at fair value on our consolidated balance sheet. Where these balances have the right of setoff, they are presented on a net basis. Related cash flows are recorded as operating activities on our consolidated statement of cash flows. On our consolidated income statement, realized and unrealized gains and losses are recognized either on a gross basis if directly related to our physical business or a net basis if held for trading. Gains and losses related to contracts that meet and are designated with the NPNS exception are recognized upon settlement. We generally apply this exception to eligible crude contracts. We do not use hedge accounting for our commodity derivatives.

The following table presents the gross fair values of our commodity derivatives, excluding collateral, and the line items where they appear on our consolidated balance sheet:

	Millions of Dollars	
	March 31 2020	December 31 2019
Assets		
Prepaid expenses and other current assets	$ **364**	288
Other assets	**35**	34
Liabilities		
Other accruals	**336**	283
Other liabilities and deferred credits	**23**	28

The gains (losses) from commodity derivatives incurred, and the line items where they appear on our consolidated income statement were:

	Millions of Dollars Three Months Ended March 31	
	2020	2019
Sales and other operating revenues	$ **47**	19
Other income (loss)	**2**	(1)
Purchased commodities	**(27)**	(20)

The table below summarizes our material net exposures resulting from outstanding commodity derivative contracts:

	Open Position Long/(Short)	
	March 31 2020	December 31 2019
Commodity		
Natural gas and power (billion cubic feet equivalent)		
Fixed price	**-**	(5)
Basis	**(19)**	(23)

Foreign Currency Exchange Derivatives
We have foreign currency exchange rate risk resulting from international operations. Our foreign currency exchange derivative activity primarily relates to managing our cash-related foreign currency exchange rate exposures, such as firm commitments for capital programs or local currency tax payments, dividends and cash returns from net investments in foreign affiliates, and investments in equity securities. We do not elect hedge accounting on our foreign currency exchange derivatives.

The following table presents the gross fair values of our foreign currency exchange derivatives, excluding collateral, and the line items where they appear on our consolidated balance sheet:

		Millions of Dollars	
		March 31 2020	December 31 2019
Assets			
Prepaid expenses and other current assets	**$**	**40**	1
Other Assets		**21**	-
Liabilities			
Other accruals		**14**	20
Other liabilities and deferred credits		**-**	8

The gains from foreign currency exchange derivatives incurred and the line item where they appear on our consolidated income statement were:

		Millions of Dollars	
		Three Months Ended March 31	
		2020	2019
Foreign currency transactions (gain) loss	**$**	**(74)**	(2)

We had the following net notional position of outstanding foreign currency exchange derivatives:

		In Millions Notional Currency	
		March 31 2020	December 31 2019
Foreign Currency Exchange Derivatives			
Buy GBP, sell euro	GBP	**5**	4
Sell CAD, buy USD	CAD	**441**	1,337

In the second quarter of 2019, we entered into foreign currency exchange contracts to sell CAD 1.35 billion at CAD 0.748 against the USD. In the first quarter of 2020, we entered into forward currency exchange contracts to buy CAD 0.9 billion at CAD 0.718 against the USD.

Financial Instruments
We invest in financial instruments with maturities based on our cash forecasts for the various accounts and currency pools we manage. The types of financial instruments in which we currently invest include:

- Time deposits: Interest bearing deposits placed with financial institutions for a predetermined amount of time.
- Demand deposits: Interest bearing deposits placed with financial institutions. Deposited funds can be withdrawn without notice.
- Commercial paper: Unsecured promissory notes issued by a corporation, commercial bank or government agency purchased at a discount to mature at par.
- U.S. government or government agency obligations: Securities issued by the U.S. government or U.S. government agencies.
- Corporate bonds: Unsecured debt securities issued by corporations.
- Asset-backed securities: Collateralized debt securities.

The following investments are carried on our consolidated balance sheet at cost, plus accrued interest:

	Millions of Dollars					
	Carrying Amount					
	Cash and Cash Equivalents		Short-Term Investments		Investments and Long-Term Receivables	
	March 31 2020	December 31 2019	**March 31 2020**	December 31 2019	**March 31 2020**	December 31 2019
Cash	$ **550**	759				
Demand Deposits	**1,387**	1,483	**-**	-	**-**	-
Time Deposits						
Remaining maturities from 1 to 90 days	**1,935**	2,030	**3,345**	1,395	**-**	-
Remaining maturities from 91 to 180 days	**-**	-	**274**	465	**-**	-
Remaining maturities within one year	**-**	-	**11**	-	**-**	-
Remaining maturities greater than one year through five years	**-**	-	**-**	-	**3**	-
Commercial Paper						
Remaining maturities from 1 to 90 days	**-**	413	**-**	1,069	**-**	-
U.S. Government Obligations						
Remaining maturities from 1 to 90 days	**17**	394	**-**	-	**-**	-
	$ **3,889**	5,079	**3,630**	2,929	**3**	-

The following investments in debt securities classified as available for sale are carried on our consolidated balance sheet at fair value:

	Millions of Dollars					
	Carrying Amount					
	Cash and Cash Equivalents		Short-Term Investments		Investments and Long-Term Receivables	
	March 31, 2020	December 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019
Corporate Bonds						
Maturities within one year	$ **-**	1	**126**	59	**-**	-
Maturities greater than one year through five years	**-**	-	**-**	-	**140**	99
Commercial Paper						
Maturities within one year	**19**	8	**110**	30	**-**	-
U.S. Government Obligations						
Maturities within one year	**-**	-	**-**	10	**-**	-
Maturities greater than one year through five years	**-**	-	**-**	-	**21**	15
U.S. Government Agency Obligations						
Maturities greater than one year through five years	**-**	-	**-**	-	**5**	-
Asset-backed Securities						
Maturities greater than one year through five years	**-**	-	**-**	-	**38**	19
	$ **19**	9	**236**	99	**204**	133

The following table summarizes the amortized cost basis and fair value of investments in debt securities classified as available for sale at March 31, 2020:

	Millions of Dollars	
	Amortized Cost Basis	Fair Value
Major Security Type		
Corporate bonds	$ **269**	**266**
Commercial paper	**129**	**129**
U.S. government obligations	**21**	**21**
U.S. government agency obligations	**5**	**5**
Asset-backed securities	**38**	**38**
	$ **462**	**459**

As of March 31, 2020, total unrealized losses for debt securities classified as available for sale with net losses were negligible. Additionally, investments in these debt securities in an unrealized loss position as of March 31, 2020 for which an allowance for credit losses has not been recorded were negligible.

For the three-month period ended March 31, 2020, gross realized gains and gross realized losses included in earnings from sales and redemptions of investments in debt securities classified as available for sale were negligible. The cost of securities sold and redeemed is determined using the specific identification method.

Credit Risk

Financial instruments potentially exposed to concentrations of credit risk consist primarily of cash equivalents, short-term investments, long-term investments in debt securities, OTC derivative contracts and trade receivables. Our cash equivalents and short-term investments are placed in high-quality commercial paper, government money market funds, government debt securities, time deposits with major international banks and financial institutions, and high-quality corporate bonds. Our long-term investments in debt securities are placed in high-quality corporate bonds, U.S. government and government agency obligations, asset-backed securities, and time deposits with major international banks and financial institutions.

The credit risk from our OTC derivative contracts, such as forwards, swaps and options, derives from the counterparty to the transaction. Individual counterparty exposure is managed within predetermined credit limits and includes the use of cash-call margins when appropriate, thereby reducing the risk of significant nonperformance. We also use futures, swaps and option contracts that have a negligible credit risk because these trades are cleared with an exchange clearinghouse and subject to mandatory margin requirements until settled; however, we are exposed to the credit risk of those exchange brokers for receivables arising from daily margin cash calls, as well as for cash deposited to meet initial margin requirements.

Our trade receivables result primarily from our petroleum operations and reflect a broad national and international customer base, which limits our exposure to concentrations of credit risk. The majority of these receivables have payment terms of 30 days or less, and we continually monitor this exposure and the creditworthiness of the counterparties. We do not generally require collateral to limit the exposure to loss; however, we will sometimes use letters of credit, prepayments and master netting arrangements to mitigate credit risk with counterparties that both buy from and sell to us, as these agreements permit the amounts owed by us or owed to others to be offset against amounts due to us.

Certain of our derivative instruments contain provisions that require us to post collateral if the derivative exposure exceeds a threshold amount. We have contracts with fixed threshold amounts and other contracts with variable threshold amounts that are contingent on our credit rating. The variable threshold amounts typically decline for lower credit ratings, while both the variable and fixed threshold amounts typically revert to zero if we fall below investment grade. Cash is the primary collateral in all contracts; however, many also permit us to post letters of credit as collateral, such as transactions administered through the New York Mercantile Exchange.

The aggregate fair value of all derivative instruments with such credit risk-related contingent features that were in a liability position at March 31, 2020 and December 31, 2019, was $65 million and $79 million, respectively. For these instruments, no collateral was posted as of March 31, 2020 or December 31, 2019. If our credit rating had been downgraded below investment grade at March 31, 2020, we would have been required to post $63 million of additional collateral, either with cash or letters of credit.

Note 14—Fair Value Measurement

We carry a portion of our assets and liabilities at fair value measured at the reporting date using an exit price (i.e., the price that would be received to sell an asset or paid to transfer a liability) and disclosed according to the quality of valuation inputs under the following hierarchy:

- Level 1: Quoted prices (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are directly or indirectly observable.
- Level 3: Unobservable inputs that are significant to the fair value of assets or liabilities.

The classification hierarchy of an asset or liability is based on the lowest level of input significant to its fair value. Those that are initially classified as Level 3 are subsequently reported as Level 2 when the fair value derived from unobservable inputs is inconsequential to the overall fair value, or if corroborated market data becomes available. Assets and liabilities initially reported as Level 2 are subsequently reported as Level 3 if corroborated market data is no longer available. There were no material transfers into or out of Level 3 during 2020 or 2019.

Recurring Fair Value Measurement
Financial assets and liabilities reported at fair value on a recurring basis primarily include our investment in Cenovus Energy common shares, our investments in debt securities classified as available for sale, and commodity derivatives.

- Level 1 derivative assets and liabilities primarily represent exchange-traded futures and options that are valued using unadjusted prices available from the underlying exchange. Level 1 also includes our investment in common shares of Cenovus Energy, which is valued using quotes for shares on the NYSE, and our investments in U.S. government obligations classified as available for sale debt securities, which are valued using exchange prices.
- Level 2 derivative assets and liabilities primarily represent OTC swaps, options and forward purchase and sale contracts that are valued using adjusted exchange prices, prices provided by brokers or pricing service companies that are all corroborated by market data. Level 2 also includes our investments in debt securities classified as available for sale including investments in corporate bonds, commercial paper, asset-backed securities, and U.S. government agency obligations that are valued using pricing provided by brokers or pricing service companies that are corroborated with market data.
- Level 3 derivative assets and liabilities consist of OTC swaps, options and forward purchase and sale contracts where a significant portion of fair value is calculated from underlying market data that is not readily available. The derived value uses industry standard methodologies that may consider the historical relationships among various commodities, modeled market prices, time value, volatility factors and other relevant economic measures. The use of these inputs results in management’s best estimate of fair value. Level 3 activity was not material for all periods presented.

The following table summarizes the fair value hierarchy for gross financial assets and liabilities (i.e., unadjusted where the right of setoff exists for commodity derivatives accounted for at fair value on a recurring basis):

	Millions of Dollars								
	March 31, 2020				December 31, 2019			
		Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Assets									
Investment in Cenovus Energy	**$**	**420**	**-**	**-**	**420**	2,111	-	-	2,111
Investments in debt securities		**21**	**438**		**459**	25	216	-	241
Commodity derivatives		**196**	**168**	**35**	**399**	172	114	36	322
Total assets	**$**	**637**	**606**	**35**	**1,278**	2,308	330	36	2,674
Liabilities									
Commodity derivatives	**$**	**244**	**102**	**13**	**359**	174	115	22	311
Total liabilities	**$**	**244**	**102**	**13**	**359**	174	115	22	311

The following table summarizes those commodity derivative balances subject to the right of setoff as presented on our consolidated balance sheet. We have elected to offset the recognized fair value amounts for multiple derivative instruments executed with the same counterparty in our financial statements when a legal right of setoff exists.

	Millions of Dollars							
				Amounts Subject to Right of Setoff				
		Gross Amounts Recognized	Amounts Not Subject to Right of Setoff	Gross Amounts	Gross Amounts Offset	Net Amounts Presented	Cash Collateral	Net Amounts
March 31, 2020								
Assets	**$**	**399**	**2**	**397**	**213**	**184**	**5**	**179**
Liabilities		**359**	**2**	**357**	**213**	**144**	**56**	**88**
December 31, 2019								
Assets	$	322	3	319	193	126	4	122
Liabilities		311	4	307	193	114	12	102

At March 31, 2020 and December 31, 2019, we did not present any amounts gross on our consolidated balance sheet where we had the right of setoff.

Non-Recurring Fair Value Measurement

The following table summarizes the fair value hierarchy by major category and date of remeasurement for assets accounted for at fair value on a non-recurring basis:

	Millions of Dollars			
			Fair Value Measurement Using	
		Fair Value	Level 3 Inputs	Before-Tax Loss
Net PP&E (held for use)				
March 31, 2020	**$**	**77**	**77**	**510**

During the first quarter of 2020, the estimated fair value of our assets in the Wind River Basin operations area declined to an amount below the carrying value. The Wind River Basin operations area consists of certain developed natural gas properties in the Madden Field and the Lost Cabin Gas Plant and is included in our Lower 48 segment. The carrying value was written down to fair value. The fair value was estimated based on an internal discounted cash flow model using estimates of future production, an outlook of future prices using a combination of exchanges (short-term) and external pricing services companies (long-term), future operating costs and capital expenditures, and a discount rate believed to be consistent with those used by principal market participants. The range and arithmetic average of significant unobservable inputs used in the Level 3 fair value measurement were as follows:

	Fair Value (Millions of Dollars)	Valuation Technique	Unobservable Inputs	Range (Arithmetic Average)
March 31, 2020				
Wind River Basin	$ 77	Discounted cash flow	Natural gas production (MMCFD)	8.4 - 55.2 (22.9)
			Natural gas price outlook* ($/MMBTU)	$2.67 - $9.17 ($5.68)
			Discount rate**	7.9% - 9.1% (8.3%)

** Henry Hub natural gas price outlook based on external pricing service companies' outlooks for years 2022-2034; future prices escalated at 2.2% annually after year 2034.*

*** Determined as the weighted average cost of capital of a group of peer companies, adjusted for risks where appropriate.*

Reported Fair Values of Financial Instruments

We used the following methods and assumptions to estimate the fair value of financial instruments:

- Cash and cash equivalents and short-term investments: The carrying amount reported on the balance sheet approximates fair value. For those investments classified as available for sale debt securities, the carrying amount reported on the balance sheet is fair value.
- Accounts and notes receivable (including long-term and related parties): The carrying amount reported on the balance sheet approximates fair value. The valuation technique and methods used to estimate the fair value of the current portion of fixed-rate related party loans is consistent with Loans and advances—related parties.
- Investment in Cenovus Energy: See Note 6—Investment in Cenovus Energy for a discussion of the carrying value and fair value of our investment in Cenovus Energy common shares.
- Investments in debt securities classified as available for sale: The fair value of investments in debt securities categorized as Level 1 in the fair value hierarchy is measured using exchange prices. The fair value of investments in debt securities categorized as Level 2 in the fair value hierarchy is measured using pricing provided by brokers or pricing service companies that are corroborated with market data. See Note 13—Derivatives and Financial Instruments, for additional information.
- Loans and advances—related parties: The carrying amount of floating-rate loans approximates fair value. The fair value of fixed-rate loan activity is measured using market observable data and is categorized as Level 2 in the fair value hierarchy. See Note 5—Investments, Loans and Long-Term Receivables, for additional information.
- Accounts payable (including related parties) and floating-rate debt: The carrying amount of accounts payable and floating-rate debt reported on the balance sheet approximates fair value.
- Fixed-rate debt: The estimated fair value of fixed-rate debt is measured using prices available from a pricing service that is corroborated by market data; therefore, these liabilities are categorized as Level 2 in the fair value hierarchy.

The following table summarizes the net fair value of financial instruments (i.e., adjusted where the right of setoff exists for commodity derivatives):

	Millions of Dollars			
	Carrying Amount		Fair Value	
	March 31 2020	December 31 2019	**March 31 2020**	December 31 2019
Financial assets				
Investment in Cenovus Energy	**$ 420**	2,111	**420**	2,111
Commodity derivatives	**181**	125	**181**	125
Investments in debt securities	**459**	241	**459**	241
Total loans and advances—related parties	**270**	339	**270**	339
Financial liabilities				
Total debt, excluding finance leases	**14,160**	14,175	**15,841**	18,108
Commodity derivatives	**90**	106	**90**	106

Note 15—Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss in the equity section of our consolidated balance sheet included:

	Millions of Dollars			
	Defined Benefit Plans	Net Unrealized Loss on Securities	Foreign Currency Translation	Accumulated Other Comprehensive Loss
December 31, 2019	$ (350)	-	(5,007)	(5,357)
Other comprehensive income (loss)	**11**	**(2)**	**(797)**	**(788)**
March 31, 2020	**$ (339)**	**(2)**	**(5,804)**	**(6,145)**

The following table summarizes reclassifications out of accumulated other comprehensive loss and into net income (loss):

	Millions of Dollars	
	Three Months Ended March 31	
	2020	2019
Defined benefit plans	**$ 8**	13

The above amounts are included in the computation of net periodic benefit cost and are presented net of tax expense of $2 million and $5 million for the three-month periods ended March 31, 2020 and 2019, respectively. See Note 17—Employee Benefit Plans, for additional information.

Note 16—Cash Flow Information

	Millions of Dollars		
	Three Months Ended March 31		
		2020	2019
Cash Payments			
Interest	$	**200**	199
Income taxes		**465**	700
Net Sales (Purchases) of Investments			
Short-term investments purchased	$	**(3,423)**	(250)
Short-term investments sold		**2,606**	249
Investments and Long-term receivables purchased		**(143)**	-
Investments and Long-term receivables sold		**25**	-
	$	**(935)**	(1)

Note 17—Employee Benefit Plans

Pension and Postretirement Plans

		Millions of Dollars					
		Pension Benefits				Other Benefits	
		2020		2019		**2020**	2019
		U.S.	Int'l.	U.S.	Int'l.		
Components of Net Periodic Benefit Cost							
Three Months Ended March 31							
Service cost	$	**21**	**14**	20	19	**1**	-
Interest cost		**17**	**22**	21	26	**2**	2
Expected return on plan assets		**(21)**	**(37)**	(18)	(35)	**-**	-
Amortization of prior service credit		**-**	**-**	-	-	**(8)**	(8)
Recognized net actuarial loss (gain)		**12**	**6**	13	8	**-**	(1)
Settlements		**1**	**(1)**	6	-	**-**	-
Net periodic benefit cost	$	**30**	**4**	42	18	**(5)**	(7)

The components of net periodic benefit cost, other than the service cost component, are included in the "Other expenses" line item on our consolidated income statement.

During the first three months of 2020, we contributed $12 million to our domestic benefit plans and $37 million to our international benefit plans. In 2020, we expect to contribute a total of approximately $130 million to our domestic qualified and nonqualified pension and postretirement benefit plans and $70 million to our international qualified and nonqualified pension and postretirement benefit plans.

Severance Accrual
The following table summarizes our severance accrual activity for the three-month period ended March 31, 2020:

		Millions of Dollars
Balance at December 31, 2019	$	23
Accruals		**5**
Benefit payments		**(4)**
Foreign currency translation adjustments		**(4)**
Balance at March 31, 2020	**$**	**20**

Of the remaining balance at March 31, 2020, $6 million is classified as short-term.

Note 18—Related Party Transactions

Our related parties primarily include equity method investments and certain trusts for the benefit of employees.

Significant transactions with our equity affiliates were:

		Millions of Dollars	
		Three Months Ended March 31	
		2020	2019
Operating revenues and other income	**$**	**17**	21
Purchases		**-**	21
Operating expenses and selling, general and administrative expenses		**15**	14
Net interest (income) expense*		**(2)**	(4)

**We paid interest to, or received interest from, various affiliates. See Note 5—Investments, Loans and Long-Term Receivables, for additional information on loans to affiliated companies.*

Note 19—Sales and Other Operating Revenues

Revenue from Contracts with Customers

The following table provides further disaggregation of our consolidated sales and other operating revenues:

	Millions of Dollars Three Months Ended March 31	
	2020	2019
Revenue from contracts with customers	$ **4,911**	7,059
Revenue from contracts outside the scope of ASC Topic 606		
Physical contracts meeting the definition of a derivative	**1,296**	2,081
Financial derivative contracts	**(49)**	10
Consolidated sales and other operating revenues	$ **6,158**	9,150

Revenues from contracts outside the scope of ASC Topic 606 relate primarily to physical gas contracts at market prices which qualify as derivatives accounted for under ASC Topic 815, "Derivatives and Hedging," and for which we have not elected NPNS. There is no significant difference in contractual terms or the policy for recognition of revenue from these contracts and those within the scope of ASC Topic 606. The following disaggregation of revenues is provided in conjunction with Note 20—Segment Disclosures and Related Information:

	Millions of Dollars Three Months Ended March 31	
	2020	2019
Revenue from Contracts Outside the Scope of ASC Topic 606 by Segment		
Lower 48	$ **976**	1,613
Canada	**179**	241
Europe and North Africa	**141**	227
Physical contracts meeting the definition of a derivative	$ **1,296**	2,081

	Millions of Dollars Three Months Ended March 31	
	2020	2019
Revenue from Contracts Outside the Scope of ASC Topic 606 by Product		
Crude oil	$ **92**	188
Natural gas	**1,090**	1,768
Other	**114**	125
Physical contracts meeting the definition of a derivative	$ **1,296**	2,081

Practical Expedients
Typically, our commodity sales contracts are less than 12 months in duration; however, in certain specific cases may extend longer, which may be out to the end of field life. We have long-term commodity sales contracts which use prevailing market prices at the time of delivery, and under these contracts, the market-based variable consideration for each performance obligation (i.e., delivery of commodity) is allocated to each wholly unsatisfied performance obligation within the contract. Accordingly, we have applied the practical expedient allowed in ASC Topic 606 and do not disclose the aggregate amount of the transaction price allocated to performance obligations or when we expect to recognize revenues that are unsatisfied (or partially unsatisfied) as of the end of the reporting period.

Receivables and Contract Liabilities

Receivables from Contracts with Customers
At March 31, 2020, the "Accounts and notes receivable" line on our consolidated balance sheet, includes trade receivables of $1,287 million compared with $2,372 million at December 31, 2019, and includes both contracts with customers within the scope of ASC Topic 606 and those that are outside the scope of ASC Topic 606. We typically receive payment within 30 days or less (depending on the terms of the invoice) once delivery is made. Revenues that are outside the scope of ASC Topic 606 relate primarily to physical gas sales contracts at market prices for which we do not elect NPNS and are therefore accounted for as a derivative under ASC Topic 815. There is little distinction in the nature of the customer or credit quality of trade receivables associated with gas sold under contracts for which NPNS has not been elected compared to trade receivables where NPNS has been elected.

Contract Liabilities from Contracts with Customers
We have entered into contractual arrangements where we license proprietary technology to customers related to the optimization process for operating LNG plants. The agreements typically provide for negotiated payments to be made at stated milestones. The payments are not directly related to our performance under the contract and are recorded as deferred revenue to be recognized as revenue when the customer can utilize and benefit from their right to use the license. Payments are received in installments over the construction period. As of March 31, 2020 and December 31, 2019, we had $80 million of contract liabilities, which we expect to recognize as revenue during 2021 and 2022. There were no revenues recognized during the period included in contract liabilities as of December 31, 2019.

Note 20—Segment Disclosures and Related Information

We explore for, produce, transport and market crude oil, bitumen, natural gas, LNG and NGLs on a worldwide basis. We manage our operations through six operating segments, which are primarily defined by geographic region: Alaska, Lower 48, Canada, Europe and North Africa, Asia Pacific and Middle East, and Other International.

Corporate and Other represents costs not directly associated with an operating segment, such as most interest expense, corporate overhead and certain technology activities, including licensing revenues. Corporate assets include all cash and cash equivalents and short-term investments.

We evaluate performance and allocate resources based on net income (loss) attributable to ConocoPhillips. Intersegment sales are at prices that approximate market.

Analysis of Results by Operating Segment

		Millions of Dollars	
		Three Months Ended March 31	
		2020	2019
Sales and Other Operating Revenues			
Alaska	$	**1,113**	1,407
Lower 48		**3,103**	4,153
Intersegment eliminations		**(10)**	(12)
Lower 48		**3,093**	4,141
Canada		**513**	823
Intersegment eliminations		**(180)**	(250)
Canada		**333**	573
Europe and North Africa		**600**	1,546
Asia Pacific and Middle East		**1,003**	1,343
Other International		**3**	-
Corporate and Other		**13**	140
Consolidated sales and other operating revenues	$	**6,158**	9,150
Sales and Other Operating Revenues by Geographic Location (1)			
United States	$	**4,217**	5,686
Australia		**437**	559
Canada		**333**	573
China		**146**	243
Indonesia		**204**	205
Libya		**44**	254
Malaysia		**216**	336
Norway		**446**	588
United Kingdom		**110**	704
Other foreign countries		**5**	2
Worldwide consolidated	$	**6,158**	9,150
Sales and Other Operating Revenues by Product			
Crude oil	$	**3,444**	4,581
Natural gas		**1,655**	3,003
Natural gas liquids		**151**	238
Other(2)		**908**	1,328
Consolidated sales and other operating revenues by product	$	**6,158**	9,150

(1) Sales and other operating revenues are attributable to countries based on the location of the selling operation.
(2) Includes LNG and bitumen.

		Millions of Dollars	
		Three Months Ended March 31	
		2020	2019
Net Income (Loss) Attributable to ConocoPhillips			
Alaska	$	**81**	384
Lower 48		**(437)**	193
Canada		**(109)**	122
Europe and North Africa		**75**	207
Asia Pacific and Middle East		**398**	525
Other International		**28**	131
Corporate and Other		**(1,775)**	271
Consolidated net income (loss) attributable to ConocoPhillips	$	**(1,739)**	1,833

		Millions of Dollars	
		March 31 2020	December 31 2019
Total Assets			
Alaska	$	**15,603**	15,453
Lower 48		**12,717**	14,425
Canada		**5,682**	6,350
Europe and North Africa		**7,056**	8,121
Asia Pacific and Middle East		**14,337**	14,716
Other International		**289**	285
Corporate and Other		**9,349**	11,164
Consolidated total assets	$	**65,033**	70,514

Note 21—Income Taxes

Our effective tax rate for the first quarter of 2020 was negative 9.5 percent compared with 31 percent for the first quarter of 2019. The decrease in the effective tax rate for the first quarter of 2020 is primarily due to an increase of our U.S. valuation allowance as well as a shift in the mix of our before-tax income between higher and lower tax jurisdictions during the first quarter of 2020.

As a result of the COVID-19 pandemic and the resulting economic uncertainty, many countries in which we operate, including Australia, Canada, Norway and the U.S., enacted tax legislation in the first quarter of 2020. This legislation did not have a material impact to ConocoPhillips.

During the first quarter of 2020, our U.S. valuation allowance increased by $346 million compared to a decrease of $103 million for the first quarter of 2019. The change to our U.S. valuation allowance for both periods relates primarily to the fair value measurement of our Cenovus Energy common shares and our expectation of the tax impact related to incremental capital gains (losses).

Supplementary Information—Condensed Consolidating Financial Information

We have various cross guarantees among ConocoPhillips, ConocoPhillips Company and Burlington Resources LLC, with respect to publicly held debt securities. ConocoPhillips Company is 100 percent owned by ConocoPhillips. Burlington Resources LLC is 100 percent owned by ConocoPhillips Company. ConocoPhillips and/or ConocoPhillips Company have fully and unconditionally guaranteed the payment obligations of Burlington Resources LLC, with respect to its publicly held debt securities. Similarly, ConocoPhillips has fully and unconditionally guaranteed the payment obligations of ConocoPhillips Company with respect to its publicly held debt securities. In addition, ConocoPhillips Company has fully and unconditionally guaranteed the payment obligations of ConocoPhillips with respect to its publicly held debt securities. All guarantees are joint and several. The following condensed consolidating financial information presents the results of operations, financial position and cash flows for:

- ConocoPhillips, ConocoPhillips Company and Burlington Resources LLC (in each case, reflecting investments in subsidiaries utilizing the equity method of accounting).
- All other nonguarantor subsidiaries of ConocoPhillips.
- The consolidating adjustments necessary to present ConocoPhillips' results on a consolidated basis.

This condensed consolidating financial information should be read in conjunction with the accompanying consolidated financial statements and notes.

Income Statement	Millions of Dollars Three Months Ended March 31, 2020 ConocoPhillips	ConocoPhillips Company	Burlington Resources LLC	All Other Subsidiaries	Consolidating Adjustments	Total Consolidated
Revenues and Other Income						
Sales and other operating revenues	$ -	2,903	-	3,255	-	6,158
Equity in earnings (losses) of affiliates	(1,681)	120	(426)	233	1,988	234
Gain (loss) on dispositions	-	9	-	(51)	-	(42)
Other income (loss)	(1)	(1,646)	1	107	-	(1,539)
Intercompany revenues	-	30	3	907	(940)	-
Total Revenues and Other Income (Loss)	(1,682)	1,416	(422)	4,451	1,048	4,811
Costs and Expenses						
Purchased commodities	-	2,612	-	946	(897)	2,661
Production and operating expenses	-	160	1	1,013	(1)	1,173
Selling, general and administrative expenses	2	(23)	-	23	(5)	(3)
Exploration expenses	-	25	-	163	-	188
Depreciation, depletion and amortization	-	147	-	1,264	-	1,411
Impairments	-	2	-	519	-	521
Taxes other than income taxes	-	48	-	202	-	250
Accretion on discounted liabilities	-	4	-	63	-	67
Interest and debt expense	70	107	33	29	(37)	202
Foreign currency transaction gains	-	(1)	-	(89)	-	(90)
Other expenses	-	(6)	-	-	-	(6)
Total Costs and Expenses	72	3,075	34	4,133	(940)	6,374
Income (loss) before income taxes	(1,754)	(1,659)	(456)	318	1,988	(1,563)
Income tax provision (benefit)	(15)	22	(6)	147	-	148
Net income (loss)	(1,739)	(1,681)	(450)	171	1,988	(1,711)
Less: net income attributable to noncontrolling interests	-	-	-	(28)	-	(28)
Net Income (Loss) Attributable to ConocoPhillips	$ (1,739)	(1,681)	(450)	143	1,988	(1,739)
Comprehensive Income (Loss) Attributable to ConocoPhillips	$ (2,527)	(2,469)	(1,047)	(649)	4,165	(2,527)

Income Statement	Three Months Ended March 31, 2019					
Revenues and Other Income						
Sales and other operating revenues	$ -	3,981	-	5,169	-	9,150
Equity in earnings of affiliates	1,890	1,622	473	186	(3,983)	188
Gain (loss) on dispositions	-	(5)	-	22	-	17
Other income	1	508	-	193	-	702
Intercompany revenues	-	26	13	1,161	(1,200)	-
Total Revenues and Other Income	1,891	6,132	486	6,731	(5,183)	10,057
Costs and Expenses						
Purchased commodities	-	3,497	-	1,304	(1,126)	3,675
Production and operating expenses	-	180	1	1,091	(1)	1,271
Selling, general and administrative expenses	4	129	-	25	(5)	153
Exploration expenses	-	47	-	63	-	110
Depreciation, depletion and amortization	-	136	-	1,410	-	1,546
Impairments	-	-	-	1	-	1
Taxes other than income taxes	-	46	-	229	-	275
Accretion on discounted liabilities	-	4	-	82	-	86
Interest and debt expense	69	149	33	50	(68)	233
Foreign currency transaction losses	-	6	-	6	-	12
Other expenses	-	12	-	(4)	-	8
Total Costs and Expenses	73	4,206	34	4,257	(1,200)	7,370
Income before income taxes	1,818	1,926	452	2,474	(3,983)	2,687
Income tax provision (benefit)	(15)	36	(5)	825	-	841
Net income	1,833	1,890	457	1,649	(3,983)	1,846
Less: net income attributable to noncontrolling interests	-	-	-	(13)	-	(13)
Net Income Attributable to ConocoPhillips	$ 1,833	1,890	457	1,636	(3,983)	1,833
Comprehensive Income Attributable to ConocoPhillips	$ 2,022	2,079	581	1,816	(4,476)	2,022

See Notes to Consolidated Financial Statements.

Balance Sheet	ConocoPhillips	ConocoPhillips Company	Burlington Resources LLC	All Other Subsidiaries	Consolidating Adjustments	Total Consolidated
	Millions of Dollars					
	March 31, 2020					
Assets						
Cash and cash equivalents	$ -	1,903	-	2,005	-	3,908
Short-term investments	-	3,799	-	67	-	3,866
Accounts and notes receivable	5	1,688	2	2,876	(2,307)	2,264
Investment in Cenovus Energy	-	420	-	-	-	420
Inventories	-	60	-	666	-	726
Prepaid expenses and other current assets	1	256	-	1,703	-	1,960
Total Current Assets	6	8,126	2	7,317	(2,307)	13,144
Investments, loans and long-term receivables*	31,605	45,415	10,756	16,644	(95,546)	8,874
Net properties, plants and equipment	-	3,591	-	37,054	-	40,645
Other assets	4	661	249	2,065	(609)	2,370
Total Assets	$ 31,615	57,793	11,007	63,080	(98,462)	65,033
Liabilities and Stockholders' Equity						
Accounts payable	$ -	2,148	66	3,014	(2,307)	2,921
Short-term debt	(3)	4	14	111	-	126
Accrued income and other taxes	-	85	-	768	-	853
Employee benefit obligations	-	237	-	86	-	323
Other accruals	57	354	38	1,403	-	1,852
Total Current Liabilities	54	2,828	118	5,382	(2,307)	6,075
Long-term debt	3,794	6,670	2,125	2,258	-	14,847
Asset retirement obligations and accrued environmental costs	-	322	-	4,994	-	5,316
Deferred income taxes	-	-	-	4,751	(610)	4,141
Employee benefit obligations	-	1,184	-	379	-	1,563
Other liabilities and deferred credits*	3,010	8,649	918	8,941	(19,814)	1,704
Total Liabilities	6,858	19,653	3,161	26,705	(22,731)	33,646
Retained earnings	30,987	20,217	1,713	10,625	(25,997)	37,545
Other common stockholders' equity	(6,230)	17,923	6,133	25,678	(49,734)	(6,230)
Noncontrolling interests	-	-	-	72	-	72
Total Liabilities and Stockholders' Equity	$ 31,615	57,793	11,007	63,080	(98,462)	65,033

**Includes intercompany loans.*

Balance Sheet	December 31, 2019					
Assets						
Cash and cash equivalents	$ -	3,439	-	1,649	-	5,088
Short-term investments	-	2,670	-	358	-	3,028
Accounts and notes receivable	5	2,088	2	3,881	(2,575)	3,401
Investment in Cenovus Energy	-	2,111	-	-	-	2,111
Inventories	-	168	-	858	-	1,026
Prepaid expenses and other current assets	1	352	-	1,906	-	2,259
Total Current Assets	6	10,828	2	8,652	(2,575)	16,913
Investments, loans and long-term receivables*	34,076	44,969	11,662	15,612	(97,413)	8,906
Net properties, plants and equipment	-	3,552	-	38,717	-	42,269
Other assets	3	765	253	2,210	(805)	2,426
Total Assets	$ 34,085	60,114	11,917	65,191	(100,793)	70,514
Liabilities and Stockholders' Equity						
Accounts payable	$ -	2,670	21	3,084	(2,575)	3,200
Short-term debt	(3)	4	13	91	-	105
Accrued income and other taxes	-	79	-	951	-	1,030
Employee benefit obligations	-	508	-	155	-	663
Other accruals	84	408	35	1,518	-	2,045
Total Current Liabilities	81	3,669	69	5,799	(2,575)	7,043
Long-term debt	3,794	6,670	2,129	2,197	-	14,790
Asset retirement obligations and accrued environmental costs	-	322	-	5,030	-	5,352
Deferred income taxes	-	-	-	5,438	(804)	4,634
Employee benefit obligations	-	1,329	-	452	-	1,781
Other liabilities and deferred credits*	1,787	7,514	826	9,271	(17,534)	1,864
Total Liabilities	5,662	19,504	3,024	28,187	(20,913)	35,464
Retained earnings	33,184	21,898	2,164	10,481	(27,985)	39,742
Other common stockholders' equity	(4,761)	18,712	6,729	26,454	(51,895)	(4,761)
Noncontrolling interests	-	-	-	69	-	69
Total Liabilities and Stockholders' Equity	$ 34,085	60,114	11,917	65,191	(100,793)	70,514

**Includes intercompany loans.*

See Notes to Consolidated Financial Statements.

Statement of Cash Flows	Millions of Dollars Three Months Ended March 31, 2020 ConocoPhillips	ConocoPhillips Company	Burlington Resources LLC	All Other Subsidiaries	Consolidating Adjustments	Total Consolidated
Cash Flows From Operating Activities						
Net Cash Provided by (Used in) Operating Activities	$ (85)	(277)	25	2,401	41	2,105
Cash Flows From Investing Activities						
Capital expenditures and investments	-	(197)	(14)	(1,452)	14	(1,649)
Working capital changes associated with investing activities	-	(9)	-	90	-	81
Proceeds from asset dispositions	-	140	-	409	-	549
Purchases of investments	-	(1,207)	-	272	-	(935)
Long-term advances/loans—related parties	-	(10)	-	-	10	-
Collection of advances/loans—related parties	-	71	-	66	(71)	66
Intercompany cash management	1,225	(48)	(11)	(1,166)	-	-
Other	-	-	-	(44)	-	(44)
Net Cash Provided by (Used in) Investing Activities	1,225	(1,260)	(25)	(1,825)	(47)	(1,932)
Cash Flows From Financing Activities						
Issuance of debt	-	-	-	10	(10)	-
Repayment of debt	-	-	-	(95)	71	(24)
Issuance of company common stock	43	-	-	-	(41)	2
Repurchase of company common stock	(726)	-	-	-	-	(726)
Dividends paid	(458)	-	-	-	-	(458)
Other	1	-	-	(11)	(14)	(24)
Net Cash Used in Financing Activities	(1,140)	-	-	(96)	6	(1,230)
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	-	-	-	(122)	-	(122)
Net Change in Cash, Cash Equivalents and Restricted Cash	-	(1,537)	-	358	-	(1,179)
Cash, cash equivalents and restricted cash at beginning of period	-	3,443	-	1,919	-	5,362
Cash, Cash Equivalents and Restricted Cash at End of Period	$ -	1,906	-	2,277	-	4,183

Statement of Cash Flows	Three Months Ended March 31, 2019 ConocoPhillips	ConocoPhillips Company	Burlington Resources LLC	All Other Subsidiaries	Consolidating Adjustments	Total Consolidated
Cash Flows From Operating Activities						
Net Cash Provided by (Used in) Operating Activities	$ (62)	(117)	(16)	3,448	(359)	2,894
Cash Flows From Investing Activities						
Capital expenditures and investments	-	(208)	-	(1,429)	-	(1,637)
Working capital changes associated with investing activities	-	18	-	89	-	107
Proceeds from asset dispositions	-	142	-	-	-	142
Purchases of short-term investments	-	-	-	(1)	-	(1)
Long-term advances/loans—related parties	-	(19)	-	-	19	-
Collection of advances/loans—related parties	-	69	-	82	(89)	62
Intercompany cash management	1,163	205	16	(1,384)	-	-
Other	-	(150)	-	-	-	(150)
Net Cash Provided by (Used in) Investing Activities	1,163	57	16	(2,643)	(70)	(1,477)
Cash Flows From Financing Activities						
Issuance of debt	-	-	-	19	(19)	-
Repayment of debt	-	(20)	-	(88)	89	(19)
Issuance of company common stock	(1)	-	-	-	(37)	(38)
Repurchase of company common stock	(752)	-	-	-	-	(752)
Dividends paid	(350)	-	-	(396)	396	(350)
Other	2	-	-	(16)	-	(14)
Net Cash Used in Financing Activities	(1,101)	(20)	-	(481)	429	(1,173)
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	-	-	-	75	-	75
Net Change in Cash, Cash Equivalents and Restricted Cash	-	(80)	-	399	-	319
Cash, cash equivalents and restricted cash at beginning of period	-	1,428	-	4,723	-	6,151
Cash, Cash Equivalents and Restricted Cash at End of Period	$ -	1,348	-	5,122	-	6,470

See Notes to Consolidated Financial Statements.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis is the company's analysis of its financial performance and of significant trends that may affect future performance. It should be read in conjunction with the financial statements and notes. It contains forward-looking statements including, without limitation, statements relating to the company's plans, strategies, objectives, expectations and intentions that are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. The words "anticipate," "estimate," "believe," "budget," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "will," "would," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and similar expressions identify forward-looking statements. The company does not undertake to update, revise or correct any of the forward-looking information unless required to do so under the federal securities laws. Readers are cautioned that such forward-looking statements should be read in conjunction with the company's disclosures under the heading: "CAUTIONARY STATEMENT FOR THE PURPOSES OF THE 'SAFE HARBOR' PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995," beginning on page 54.

The terms "earnings" and "loss" as used in Management's Discussion and Analysis refer to net income (loss) attributable to ConocoPhillips.

BUSINESS ENVIRONMENT AND EXECUTIVE OVERVIEW

ConocoPhillips is an independent E&P company with operations and activities in 17 countries. Our diverse, low cost of supply portfolio includes resource-rich unconventional plays in North America; conventional assets in North America, Europe, Asia and Australia; LNG developments; oil sands in Canada; and an inventory of global conventional and unconventional exploration prospects. At March 31, 2020, we employed approximately 10,400 people worldwide and had total assets of $65 billion.

Overview

The energy landscape changed dramatically in the first quarter of 2020 with simultaneous demand and supply shocks that drove the industry into a severe downturn. The demand shock was triggered by SARS-CoV-2, or COVID-19, which was declared a global pandemic and caused unprecedented social and economic consequences. Mitigation efforts to stop the spread of this contagious disease included stay-at-home orders and business closures that caused sharp contractions in economic activity worldwide. The supply shock was triggered by disagreements between OPEC and Russia, beginning in early March, which resulted in significant supply coming onto the market and an oil price war. These dual demand and supply shocks caused oil prices to collapse, with May futures contracts for Brent and WTI exiting March near $20 per barrel, a level not seen since 2002.

Since the start of the severe downturn, we have closely monitored the market and taken prudent actions in response to this situation. We entered the year in a position of relative strength, with cash and cash equivalents of more than $5 billion, short-term investments of $3 billion, and an undrawn credit facility of $6 billion, totaling approximately $14 billion in available liquidity. This relative advantage allowed us to be measured in our response to the sudden change in business environment. On March 18, 2020, we announced a reduction in our 2020 operating plan capital of $700 million, or about ten percent. We also announced that our planned share repurchases would be reduced to $250 million per quarter from a plan of $750 million per quarter, starting in the second quarter of 2020. These two actions represented a reduction to cash outlays of $2.2 billion in 2020. At that time, we stated we would continue to monitor the market and exercise additional flexibility, if warranted.

As we entered the second quarter, predictions of COVID-19 driven global oil demand losses intensified. Forecasts estimated that demand for the months of April and May could be 10 to 35 MMBOD below normal. Based on these forecasts, OPEC plus nations held an emergency meeting, and on April 12th they announced a coordinated production cut that was unprecedented in both its magnitude and duration. The OPEC plus countries agreed to cut production by 9.7 MMBOD in May and June, 7.7 MMBOD from July to December, then 5.8 MMBOD from January 2021 to April 2022. Additionally, non-OPEC plus countries, including the U.S., Canada, Brazil and other G-20 countries, contributed organic reductions to production of approximately 3.7 MMBOD through the release of drilling rigs, frac crews and normal field decline. Despite these planned production decreases, the supply cuts were not timely enough to overcome significant demand decline. Futures prices for April WTI closed under $20 a barrel for the first time since 2001, followed by May WTI settling below zero on the day before futures contracts expiry, as holders of May futures contracts struggled to exit positions and avoid taking physical delivery. As storage constraints approached, spot prices for certain North American landlocked grades of crude oil have been in the single digits or even negative for particularly remote or low-grade crudes, while waterborne priced crudes such as Brent have sold at a relative advantage.

In response to our view that near term prices would be particularly weak, on April 16, 2020, we announced additional actions, relative to our 2020 operating plan, to exercise flexibility and conserve cash. We further reduced capital expenditures by $1.6 billion, reduced operating costs by $600 million and suspended our share repurchase program. Including the actions we announced in March, we have reduced cash uses by over $5 billion, with remaining flexibility to adjust our plans up or down depending on the market environment. We announced that we will also voluntarily curtail production by 265 MBOD gross or approximately 230 MBOED net in May in response to low prices. The curtailment will be sourced 165 MBOD gross from our Lower 48 segment and 100 MBOD gross from our Surmont asset in Canada. Production in June will be voluntarily curtailed by 460 MBOD gross or approximately 420 MBOED net, sourced 260 MBOD gross from our Lower 48 segment, 100 MBOD gross from our Surmont asset in Canada and 100 MBOD gross in Alaska. By curtailing production, we are retaining oil in the reservoir and reducing transportation and storage fees, while anticipating higher prices in the future. Future voluntary curtailments across our areas of operation will be evaluated on a month-by-month basis, and are subject to operating agreements and contractual obligations. These curtailments are not anticipated to materially impact expected ultimate recovery when production resumes. We also expect some level of additional curtailments from infrastructure constraints, actions from partner-operated assets or government mandates, including the Norwegian government's recently announced curtailment measures commencing in June and lasting through the end of the year.

The recent simultaneous demand and supply shocks have reinforced our view that commodity prices will remain cyclical and volatile, and a successful business strategy in the exploration and production industry must be resilient in lower price environments, while retaining upside during periods of higher prices. While we are not impervious to current market conditions, our decisive actions over the last several years of focusing on free cash flow generation, high-grading our asset base, lowering the cost of supply of our investment resource base, and strengthening our balance sheet have put us in a strong relative position compared to our independent exploration and production peers.

Current market conditions and our actions to respond have altered our 2020 operating plan. While recent prices have fallen significantly, we remain committed to our core value proposition principles, namely, to focus on financial returns, maintain a strong balance sheet, deliver compelling returns of capital, and maintain disciplined capital investments.

Our workforce and operations have adjusted to mitigate the impacts of the COVID-19 global pandemic. We have operations in remote areas with confined spaces, such as offshore platforms and the North Slope of Alaska, where viruses could rapidly spread. Personnel entering these locations are completing questionnaires regarding recent travel and health history and are being screened for symptoms of illness. Staffing levels in certain operating locations have been reduced to minimize health risk exposure and free up bed space for potential quarantine areas. Office staff are working remotely with only business essential employees accessing offices around the world. These actions have thus far been effective at protecting employees' health and preventing business operation disruptions.

The marketing and supply chain side of our business have also adapted in response to COVID-19. Our commercial organization is managing transportation commitments considering curtailment measures. Our supply chain function is proactively working with vendors to ensure the continuity of our business operations.

Operationally, we remain focused on safely executing the business. In the first quarter of 2020, production of 1,289 MBOED generated cash from operating activities of $2.1 billion. We re-invested $1.6 billion back into the business in the form of capital expenditures, repurchased $0.7 billion of shares, and paid dividends to shareholders of $0.5 billion. Production decreased 72 MBOED or five percent in the first quarter of 2020, compared to the first quarter of 2019, primarily due to the disposition of our U.K. assets in the third quarter of 2019, and the declaration of force majeure in Libya. Adjusted for closed and pending dispositions and Libya, production increased 52 MBOED or four percent.

Financially, low prices resulted in over $2 billion of after-tax non-cash charges in the first quarter of 2020. We recognized a $1.7 billion before and after-tax unrealized loss on our 208 million Cenovus Energy common shares, $0.4 billion after-tax in impairments due to low domestic natural gas prices, and $0.2 billion after-tax in a lower of cost or market adjustment to our commodity inventory. Persistent low prices may result in further proved and unproved property impairments, including to certain equity method investments.

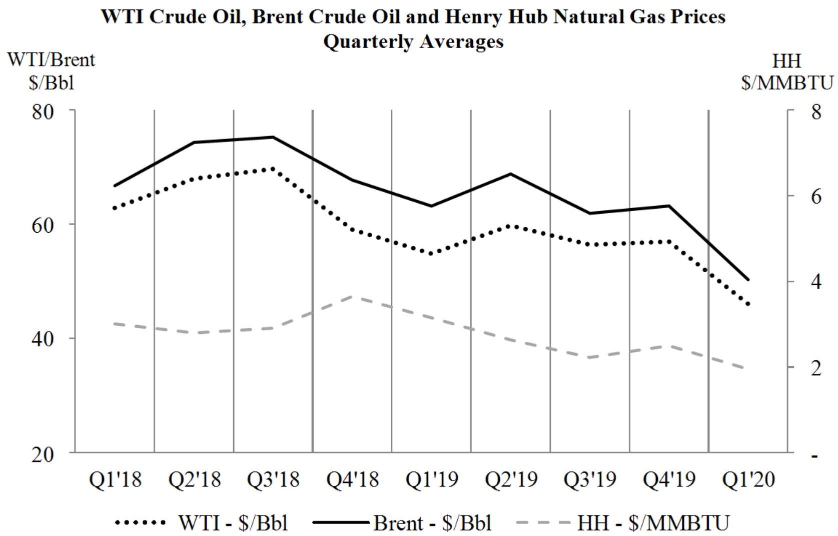
Our portfolio optimization efforts generated $0.5 billion of proceeds in the first quarter, primarily through the disposition of non-core assets in our Lower 48 segment. Production from the disposed assets averaged 15 MBOED in 2019. We entered into an agreement with Santos in October 2019 to sell the subsidiaries that hold our Australia-West assets and operations for $1.39 billion, plus customary adjustments, with an effective date of January 1, 2019, plus a payment of $75 million upon final investment decision of the Barossa development project. The transaction is expected to close in the second quarter of 2020. See Note 4—Asset Acquisitions and Dispositions in the Notes to Consolidated Financial Statements, for additional information on these transactions.

Business Environment

Brent crude oil prices averaged $50 per barrel in the first quarter of 2020 after averaging over $60 per barrel in 2019. Global oil prices deteriorated dramatically at the end of the first quarter of 2020 due to simultaneous demand and supply shocks and the timing and extent of a recovery to previous conditions is unknown.

Commodity prices are the most significant factor impacting our profitability and related reinvestment of operating cash flows into our business. Among other dynamics that could influence world energy markets and commodity prices are global economic health, supply or demand disruptions or fears thereof caused by civil unrest, global pandemic or military conflicts, actions taken by OPEC plus and other major oil producing countries, environmental laws, tax regulations, governmental policies and weather-related disruptions. Our strategy is to create value through price cycles by delivering on the financial and operational priorities that underpin our value proposition.

Our earnings and operating cash flows generally correlate with industry price levels for crude oil and natural gas, the prices of which are subject to factors external to the company and over which we have no control. The following graph depicts the trend in average benchmark prices for WTI crude oil, Brent crude oil and Henry Hub natural gas:



Brent crude oil prices averaged $50.31 per barrel in the first quarter of 2020, a decrease of 20 percent compared with $63.20 per barrel in the first quarter of 2019. WTI at Cushing crude prices averaged $46.06 per barrel in the first quarter of 2020, a decrease of 16 percent compared with $54.87 per barrel in the first quarter of 2019. Oil prices decreased due to simultaneous demand and supply shocks in the first quarter of 2020.

Henry Hub natural gas prices averaged $1.95 per MMBTU in the first quarter of 2020, a decrease of 38 percent compared with $3.15 per MMBTU in the first quarter of 2019.

Our realized bitumen price averaged $5.90 per barrel in the first quarter of 2020, a decrease of 82 percent compared with $33.15 per barrel in the first quarter of 2019. The decrease in the first quarter of 2020 was driven by lower WTI prices and a weakening WCS differential to WTI at Hardisty. We continue to optimize bitumen price realizations through the utilization of downstream transportation solutions and implementation of alternate blend capability which results in lower diluent costs.

Our total average realized price was $38.81 per BOE in the first quarter of 2020, compared with $50.59 per BOE in the first quarter of 2019, due to simultaneous demand and supply shocks impacting all of our produced commodities. The dual shock impact to realized prices continued as we entered the second quarter of 2020.

Key Operating and Financial Summary
Significant items during the first quarter of 2020 included the following:

- Cash provided by operating activities was $2.1 billion.
- Ended the quarter with cash, cash equivalents and restricted cash totaling $4.2 billion and short-term investments of $3.9 billion.
- Repurchased $0.7 billion of shares and paid $0.5 billion in dividends.
- Achieved first-quarter production, excluding Libya, of 1,278 MBOED.
- Produced 399 MBOED from the Lower 48 Big 3 unconventionals—Eagle Ford, Bakken and Delaware.
- Started up first Montney pad and infrastructure.
- Generated $0.5 billion in disposition proceeds from Lower 48 non-core asset sales.
- Recognized an unrealized loss of approximately $1.7 billion before and after-tax on shares of our Cenovus Energy common stock.
- Recognized after-tax impairments of approximately $0.4 billion, primarily in our Lower 48 segment.
- Recognized a commodity inventory lower of cost or market adjustment of approximately $0.2 billion after-tax.

Outlook

Capital and Production
In February 2020, we announced 2020 operating plan capital of $6.5 billion to $6.7 billion. In March and April 2020, due to dual demand and supply shocks, we announced capital expenditure reductions totaling $2.3 billion.

Production in May 2020 will be impacted by voluntary curtailments of 265 MBOD gross or approximately 230 MBOED net. These curtailments are sourced in the amount of 165 MBOD gross from Lower 48 and 100 MBOD gross from our Surmont asset in Canada. Production in June 2020 will be impacted by voluntary curtailments of 460 MBOD gross or 420 MBOED net. These curtailments are sourced in the amount of 260 MBOD gross from Lower 48, 100 MBOD gross from our Surmont asset in Canada and 100 MBOD gross from Alaska. Voluntary curtailments across our areas of operations will be evaluated on a month-by-month basis, and are subject to operating agreements and contractual obligations. These curtailments are not anticipated to materially impact expected ultimate recovery when production resumes. We also expect some level of additional curtailments from infrastructure constraints, actions from partner-operated assets or government mandates.

Depreciation, Depletion and Amortization
Depreciation, depletion and amortization expense was $1.4 billion in the first quarter of 2020. DD&A of properties, plants and equipment on producing hydrocarbon properties and certain pipeline and LNG assets, as described in Note 1—Accounting Policies in the Notes to Consolidated Financial Statements of our 2019 Annual Report on Form 10-K, is determined by the unit-of-production method based on proved oil and gas reserves. Estimating reserves requires the selection of inputs, including trailing twelve-month oil and gas price assumptions, among others. If oil and gas prices persist at levels experienced in the first quarter, our reserve estimates could decrease, which could increase the rate used to determine DD&A expense on our unit-of-production method properties.

RESULTS OF OPERATIONS

Unless otherwise indicated, discussion of results for the three-month period ended March 31, 2020, is based on a comparison with the corresponding period of 2019.

Consolidated Results

A summary of the company's net income (loss) attributable to ConocoPhillips by business segment follows:

	Millions of Dollars	
	Three Months Ended March 31	
	2020	2019
Alaska	$ **81**	384
Lower 48	**(437)**	193
Canada	**(109)**	122
Europe and North Africa	**75**	207
Asia Pacific and Middle East	**398**	525
Other International	**28**	131
Corporate and Other	**(1,775)**	271
Net income (loss) attributable to ConocoPhillips	$ **(1,739)**	1,833

Net income (loss) attributable to ConocoPhillips decreased $3,572 million in the first quarter of 2020, mainly due to:

- An unrealized loss of $1,691 million after-tax on our Cenovus Energy (CVE) common shares, compared with an unrealized gain of $343 million after-tax in the first quarter of 2019.
- Lower realized commodity prices.
- Higher impairments of $401 million after-tax, primarily related to non-core gas assets in our Lower 48 segment.
- Lower sales volumes, primarily due to the disposition of our U.K. assets in the third quarter of 2019.
- A commodity inventory lower of cost or market adjustment of $170 million after-tax.
- The absence of a payment from Petróleos de Venezuela, S.A. (PDVSA) related to a settlement award recognized as other income of $147 million before- and after-tax.

The decreases in net income (loss) were partly offset by:

- Lower selling, general and administrative expenses, primarily due to mark to market impacts of certain employee compensation programs.
- Lower depreciation, depletion and amortization expenses due to the cessation of DD&A on our held-for-sale Australia-West assets and our U.K. disposition.
- Lower production and operating expenses due to our U.K. disposition.

See the “Segment Results” section for additional information.

Income Statement Analysis

Sales and other operating revenues decreased 33 percent, mainly due to lower commodity price realizations, the disposition of our U.K. assets and the timing of sales volumes in Alaska.

Other income (loss) decreased $2,241 million primarily due to an unrealized loss of $1,691 million before and after-tax on our CVE common shares, compared with a $343 million before and after-tax unrealized gain on those shares in the first quarter of 2019. Additionally, other income decreased due to the absence of a $147 million before-tax payment related to a settlement award from PDVSA. See Note 6—Investment in Cenovus Energy in the Notes to Consolidated Financial Statements, for additional information related to our unrealized gain (loss) on CVE common shares. See Note 12—Contingencies and Commitments in the Notes to Consolidated Financial Statements, for additional information regarding the settlement agreement with PDVSA.

Purchased commodities decreased $1,014 million, primarily due to lower commodity prices and lower gas volumes purchased due to the U.K. disposition, partly offset by a $228 million before-tax lower of cost or market adjustment to our crude oil and natural gas inventories.

Production and operating expenses decreased $98 million, primarily due to the disposition of our U.K. assets in the third quarter of 2019.

Selling, general and administrative expenses decreased $156 million, primarily due to lower costs associated with compensation and benefits, including mark to market impacts of certain key employee compensation programs.

Exploration expenses increased $78 million, primarily due to an unproved property impairment and higher dry hole expenses related to the Kamunsu East Field in Malaysia that is no longer in our development plans; charges related to the early termination of the Alaska winter exploration program; and higher dry hole expenses in Norway.

Depreciation, depletion and amortization decreased $135 million, mainly due to the cessation of DD&A on our held-for-sale assets in Australia-West and the absence of DD&A from our disposed U.K. assets, partly offset by increased DD&A in our Lower 48 segment, primarily due to higher volumes and unit of production DD&A rates.

Impairments increased $520 million, primarily due to a $511 million before-tax impairment of certain non-core gas assets in our Lower 48 segment due to a significant decrease in the outlook for natural gas prices. See Note 8—Impairments in the Notes to Consolidated Financial Statements, for additional information.

Foreign currency transactions (gain) loss decreased $102 million due to gains incurred from foreign currency derivatives. See Note 13—Derivative and Financial Instruments in the Notes to Consolidated Financial Statements, for additional information.

See Note 21—Income Taxes, in the Notes to Consolidated Financial Statements, for information regarding our income tax provision and effective tax rate.

Summary Operating Statistics

		Three Months Ended March 31	
		2020	2019
Average Net Production			
Crude oil (MBD)		**654**	715
Natural gas liquids (MBD)		**123**	110
Bitumen (MBD)		**66**	63
Natural gas (MMCFD)*		**2,674**	2,840
Total Production (MBOED)		**1,289**	1,361
		Dollars Per Unit	
Average Sales Prices			
Crude oil (per barrel)	**$**	**48.86**	59.45
Natural gas liquids (per barrel)		**14.82**	23.85
Bitumen (per barrel)		**5.90**	33.15
Natural gas (per thousand cubic feet)		**4.30**	6.00
		Millions of Dollars	
Exploration Expenses			
General administrative, geological and geophysical, and lease rental, and other	**$**	**121**	83
Leasehold impairment		**31**	17
Dry holes		**36**	10
	$	**188**	110

**Represents quantities available for sale and excludes gas equivalent of NGLs included above.*

We explore for, produce, transport and market crude oil, bitumen, natural gas, LNG and NGLs on a worldwide basis. At March 31, 2020, our operations were producing in the U.S., Norway, Canada, Australia, Timor-Leste, Indonesia, China, Malaysia, Qatar and Libya.

Total production, including Libya, of 1,289 MBOED decreased 72 MBOED or 5 percent in the first quarter of 2020, primarily due to:

- Normal field decline.
- The disposition of our U.K. assets in the third quarter of 2019, which produced 80 MBOED in the first quarter of 2019.
- Lower production in Libya due to the forced shutdown of the Es Sider export terminal and other eastern export terminals after a period of civil unrest.
- The expiration of the Panyu license in China during the third quarter of 2019 and the expiration of the Athena production license offshore Australia in the fourth quarter of 2019.
- The rupture of a third-party pipeline impacting gas production from the Kebabangan field in Malaysia.

The decrease in first quarter 2020 production was partly offset by:

- New wells online in the Lower 48, Norway, Malaysia and China.
- Higher production from Canada due to lower curtailments mandated by the Alberta government and first production from Pad 1 at Montney.

Production excluding Libya was 1,278 MBOED in the first quarter of 2020, a decrease of 40 MBOED compared with the same period of 2019. Adjusting for closed and pending dispositions and excluding Libya, production increased 52 MBOED.

Segment Results

Alaska

		Three Months Ended March 31	
		2020	2019
Net Income Attributable to ConocoPhillips (millions of dollars)	**$**	**81**	384
Average Net Production			
Crude oil (MBD)		**198**	210
Natural gas liquids (MBD)		**19**	17
Natural gas (MMCFD)		**8**	8
Total Production (MBOED)		**218**	228
Average Sales Prices			
Crude oil (dollars per barrel)	**$**	**54.78**	62.81
Natural gas (dollars per thousand cubic feet)		**3.07**	3.42

The Alaska segment primarily explores for, produces, transports and markets crude oil, NGLs and natural gas. As of March 31, 2020, Alaska contributed 26 percent of our worldwide liquids production and less than 1 percent of our worldwide natural gas production.

Earnings from Alaska decreased $303 million in the first quarter of 2020, compared with the same period of 2019. The decrease in earnings was primarily due to lower sales volumes, mainly due to lift timing, lower realized crude oil prices, a $96 million after-tax lower of cost or market commodity inventory adjustment, and higher exploration expenses related to the early cancellation of our winter exploration program. COVID-19 risk associated with working in confined spaces in a remote location influenced our decision to terminate our 2020 winter exploration program early, after drilling only three of the seven planned wells in the Willow and Harpoon areas on the Western North Slope of Alaska. Additionally, in April we suspended other operated development activities on the North Slope in consideration of COVID-19 risk and capital and cost reductions.

Average production decreased 10 MBOED or 4 percent in the first quarter of 2020 compared with the same period of 2019. The decrease was primarily due to normal field decline, partly offset by new wells online at operated assets in the Greater Kuparuk Area and the Western North Slope.

Curtailment
In April 2020, we announced voluntary curtailments of 100 MBOD gross for the month of June. By curtailing production, we are retaining oil in the reservoir and reducing transportation and storage fees, while anticipating higher prices in the future. Voluntary curtailments across our areas of operation will be evaluated on a month-by-month basis, and are subject to operating agreements and contractual obligations. We also may incur some level of additional curtailments based on infrastructure constraints, actions from partner-operated assets or government mandates.

Lower 48

		Three Months Ended March 31	
		2020	2019
Net Income (Loss) Attributable to ConocoPhillips (millions of dollars)	$	**(437)**	193
Average Net Production			
Crude oil (MBD)		**270**	245
Natural gas liquids (MBD)		**89**	74
Natural gas (MMCFD)		**679**	568
Total Production (MBOED)		**472**	414
Average Sales Prices			
Crude oil (dollars per barrel)	$	**40.97**	53.15
Natural gas liquids (dollars per barrel)		**11.85**	20.66
Natural gas (dollars per thousand cubic feet)		**1.48**	2.74

The Lower 48 segment consists of operations located in the contiguous U.S. and the Gulf of Mexico. As of March 31, 2020, the Lower 48 contributed 43 percent of our worldwide liquids production and 25 percent of our worldwide natural gas production.

Earnings from the Lower 48 decreased $630 million in the first quarter of 2020, compared with the same period of 2019. The earnings decrease was primarily due to recognizing $399 million after-tax in impairments related to certain non-core gas assets in the Wind River Basin operations area, and lower realized crude oil, natural gas and NGL prices. Partly offsetting the decrease in earnings were higher sales volumes of crude oil, NGLs and natural gas due to growth in our unconventional assets in the Eagle Ford, Permian and Bakken. See Note 8—Impairments in the Notes to Consolidated Financial Statements, for additional information related to the Wind River Basin operations area impairment.

Total average production increased 58 MBOED or 14 percent in the first quarter of 2020, compared with the same period of 2019, primarily due to new production from unconventional assets in the Eagle Ford, Permian and Bakken, partly offset by normal field decline.

Asset Disposition Update

In the first quarter of 2020, we completed the sale of our Niobrara asset in the Denver-Julesberg Basin and recorded a loss on sale of $29 million after-tax. We also disposed of our Waddell Ranch interests in the Permian Basin, which did not trigger gain or loss recognition. Production from these non-core properties was not significant to the Lower 48 segment. See Note 4—Asset Acquisitions and Dispositions in the Notes to Consolidated Financial Statements, for additional information related to these transactions.

Curtailment

In April 2020, we announced voluntary curtailments in the Lower 48 of 165 MBOD and 260 MBOD gross for the months of May and June, respectively. By curtailing production, we are retaining oil in the reservoir and reducing transportation and storage fees, while anticipating higher prices in the future. Voluntary curtailments across our areas of operation will be evaluated on a month-by-month basis, and are subject to operating agreements and contractual obligations. We also may incur some level of additional curtailments from infrastructure constraints, actions from partner-operated assets or government mandates.

Canada

		Three Months Ended March 31	
		2020	2019
Net Income (Loss) Attributable to ConocoPhillips (millions of dollars)	$	**(109)**	122
Average Net Production			
Crude oil (MBD)		**2**	1
Natural gas liquids (MBD)		**1**	-
Bitumen (MBD)		**66**	63
Natural gas (MMCFD)		**20**	7
Total Production (MBOED)		**72**	65
Average Sales Prices			
Bitumen (dollars per barrel)*	$	**5.90**	33.15

**Average prices for sales of bitumen excludes additional value realized from the purchase and sale of third-party volumes for optimization of our pipeline capacity between Canada and the U.S. Gulf Coast.*

Our Canadian operations mainly consist of an oil sands development in the Athabasca Region of northeastern Alberta and a liquids-rich unconventional play in western Canada. As of March 31, 2020, Canada contributed 7 percent of our worldwide liquids production and less than 1 percent of our worldwide natural gas production.

Earnings from Canada decreased $231 million in the first quarter of 2020, compared with the same period of 2019, primarily due to lower realized bitumen prices, the absence of a $68 million benefit related to a tax settlement, and a $31 million after-tax lower of cost or market adjustment to commodity inventory. Partly offsetting the decrease in earnings were higher sales volumes.

Total average production increased 7 MBOED in the first quarter of 2020, compared with the same period of 2019. The production increase was primarily due to increased bitumen volumes due to lower mandated curtailments imposed by the Alberta Government and first production from Pad 1 at Montney commencing February 2020.

Curtailment
In April 2020, we announced voluntary curtailments from Surmont of 100 MBOD gross or 50 MBOD net for the months of May and June. By curtailing production, we are retaining bitumen in the reservoir and reducing transportation and storage fees, while anticipating higher prices in the future. Voluntary curtailments across our areas of operation will be evaluated on a month-by-month basis. We also may incur some level of additional curtailments from infrastructure constraints, actions from partner-operated assets or government mandates. Surmont production is anticipated to be 35 MBOD gross in May and June, which is a level that maintains necessary steam chamber temperatures and pressures to protect against damage to the reservoir.

Europe and North Africa

		Three Months Ended March 31	
		2020	2019
Net Income Attributable to ConocoPhillips (millions of dollars)	$	**75**	207
Average Net Production			
Crude oil (MBD)		**93**	152
Natural gas liquids (MBD)		**5**	8
Natural gas (MMCFD)		**310**	604
Total Production (MBOED)		**150**	260
Average Sales Prices			
Crude oil (dollars per barrel)	$	**55.53**	62.83
Natural gas liquids (dollars per barrel)		**21.54**	31.15
Natural gas (dollars per thousand cubic feet)		**3.68**	6.55

The Europe and North Africa segment consists of operations principally located in the Norwegian sector of the North Sea and the Norwegian Sea, Libya and commercial operations in the U.K. As of March 31, 2020, our Europe and North Africa operations contributed 12 percent of our worldwide liquids production and 12 percent of our worldwide natural gas production.

Earnings for Europe and North Africa operations decreased by $132 million in the first quarter of 2020, compared with the same period of 2019, primarily due to our U.K. disposition in the third quarter of 2019 and lower natural gas and oil price realizations.

Average production decreased 42 percent in the first quarter of 2020 compared with the same period of 2019. Production decreased due to the U.K. disposition in the third quarter of 2019, the declaration of force majeure in Libya following a period of civil unrest, and normal field decline. Partly offsetting these decreases was new production from Norway drilling activities.

Force Majeure in Libya
Production ceased February 12, 2020 due to a forced shutdown of the Es Sider export terminal and other eastern export terminals after a period of civil unrest. It is unknown when exports will resume.

Curtailments
In April 2020, the Norwegian government's Ministry of Petroleum and Energy announced cuts in Norwegian oil production of 250 MBOD in June 2020 and 134 MBOD for the remainder of the year. The impact to our company from this announcement is still being evaluated, however, curtailments sourced to our operated assets are not expected to have a material production impact to our Europe and North Africa segment.

Asia Pacific and Middle East

		Three Months Ended March 31	
		2020	2019
Net Income Attributable to ConocoPhillips (millions of dollars)	$	**398**	525
Average Net Production			
Crude oil (MBD)			
Consolidated operations		**79**	95
Equity affiliates		**12**	12
Total crude oil		**91**	107
Natural gas liquids (MBD)			
Consolidated operations		**2**	4
Equity affiliates		**7**	7
Total natural gas liquids		**9**	11
Natural gas (MMCFD)			
Consolidated operations		**621**	665
Equity affiliates		**1,036**	988
Total natural gas		**1,657**	1,653
Total Production (MBOED)		**377**	394
Average Sales Prices			
Crude oil (dollars per barrel)			
Consolidated operations	$	**54.71**	62.94
Equity affiliates		**53.14**	59.53
Total crude oil		**54.47**	62.58
Natural gas liquids (dollars per barrel)			
Consolidated operations		**39.34**	40.13
Equity affiliates		**42.41**	38.19
Total natural gas liquids		**41.64**	38.96
Natural gas (dollars per thousand cubic feet)			
Consolidated operations		**5.94**	6.36
Equity affiliates		**5.41**	7.31
Total natural gas		**5.61**	6.93

The Asia Pacific and Middle East segment has operations in China, Indonesia, Malaysia, Australia, Timor-Leste and Qatar. As of March 31, 2020, Asia Pacific and Middle East contributed 12 percent of our worldwide liquids production and 62 percent of our worldwide natural gas production.

Earnings decreased $127 million in the first quarter of 2020, compared with the same period of 2019, primarily due to lower oil sales volumes and prices; higher exploration expenses, due to an unproved property impairment and higher dry hole expenses related to the Kamunsu East Field in Malaysia that is no longer in our development plans; and decreased equity in earnings of affiliates, primarily due to lower realized LNG prices. Partly offsetting the decrease in earnings was the cessation of DD&A expense related to our Australia-West asset that is held-for-sale.

Average production decreased 17 MBOED or 4 percent in the first quarter of 2020, compared with the same period of 2019, primarily due to normal field decline, the expiration of the Panyu license in China and the

Athena license offshore Australia in 2019, and higher unplanned downtime due to the rupture of a third-party pipeline impacting gas production from the Kebabangan field in Malaysia. Partly offsetting these decreases were new production from development activity at Bohai Bay in China and production increases from Malaysia, including first gas supply from KBB to PFLNG1 in the second quarter of 2019 and first oil from Gumusut Phase 2 in the third quarter of 2019.

Asset Disposition Update
In October 2019, we entered into an agreement to sell the subsidiaries that hold our Australia-West assets and operations to Santos for $1.39 billion, plus customary adjustments, with an effective date of January 1, 2019, plus a payment of $75 million upon final investment decision of the Barossa development project. The transaction is expected to close in the second quarter of 2020. See Note 4—Asset Acquisitions and Dispositions in the Notes to Consolidated Financial Statements, for additional information.

Other International

	Three Months Ended March 31	
	2020	2019
Net Income Attributable to ConocoPhillips (millions of dollars)	**$ 28**	131

The Other International segment consists of exploration activities in Colombia, Chile and Argentina.

Earnings from our Other International operations decreased $103 million in the first quarter of 2020, compared with the same period of 2019. The decrease in earnings was due to the absence of $147 million after-tax in other income related to a settlement award with PDVSA associated with prior operations in Venezuela. Partly offsetting this decrease was the dismissal of arbitration related to prior operations in Senegal which resulted in a $29 million after-tax benefit to earnings. See Note 12—Contingencies and Commitments in the Notes to Consolidated Financial Statements, for additional information.

Corporate and Other

		Millions of Dollars	
		Three Months Ended March 31	
		2020	2019
Net Income (Loss) Attributable to ConocoPhillips			
Net interest expense	**$**	**(155)**	(196)
Corporate general and administrative expenses		**50**	(65)
Technology		**1**	96
Other income (expense)		**(1,671)**	436
	$	**(1,775)**	271

Net interest consists of interest and financing expense, net of interest income and capitalized interest. Net interest expense decreased by $41 million in the first quarter of 2020, primarily due to the absence of interest expense from a tax settlement and higher interest income from higher cash and cash equivalents balances.

Corporate general and administrative expenses include compensation programs and staff costs. These expenses decreased by $115 million mainly due to mark to market adjustments associated with certain key employee compensation programs.

Technology includes our investment in new technologies or businesses, as well as licensing revenues. Activities are focused on both conventional and tight oil reservoirs, shale gas, heavy oil, oil sands, enhanced oil recovery, as well as LNG. Earnings from Technology decreased $95 million in the first quarter of 2020 primarily due to lower licensing revenues.

The category "Other" includes certain foreign currency transaction gains and losses, environmental costs associated with sites no longer in operation, other costs not directly associated with an operating segment, premiums incurred on the early retirement of debt, unrealized holding gains or losses on equity securities, and pension settlement expense. "Other" decreased by $2,107 million in the first quarter of 2020, compared with the same period of 2019, primarily due to an unrealized loss of $1,691 million in the first quarter of 2020 on our CVE common shares, compared with an unrealized gain of $343 million on those shares in the first quarter of 2019.

CAPITAL RESOURCES AND LIQUIDITY

Financial Indicators

		Millions of Dollars	
		March 31 2020	December 31 2019
Short-term debt	$	**126**	105
Total debt		**14,973**	14,895
Total equity		**31,387**	35,050
Percent of total debt to capital*		**32 %**	30
Percent of floating-rate debt to total debt		**5 %**	5

**Capital includes total debt and total equity.*

To meet our short- and long-term liquidity requirements, we look to a variety of funding sources, including cash generated from operating activities, our commercial paper and credit facility programs, and our ability to sell securities using our shelf registration statement. During the first quarter of 2020, the primary uses of our available cash were $1,649 million to support our ongoing capital expenditures and investments program, $935 million of net purchases of investments, $726 million to repurchase common stock, and $458 million to pay dividends. During the first quarter of 2020, our cash, cash equivalents and restricted cash decreased by $1,179 million to $4,183 million.

We entered the year with a strong balance sheet including cash and cash equivalents of over $5 billion, short-term investments of $3 billion, and an undrawn credit facility of $6 billion, totaling approximately $14 billion of liquidity. This strong foundation allowed us to be measured in our response to the sudden change in business environment we experienced in the first quarter of 2020. During March and April 2020, we announced the following capital, operating cost and share repurchase reductions. We reduced our 2020 operating plan capital expenditures by a total of $2.3 billion, or approximately thirty-five percent of the original guidance. We suspended our share repurchase program for the remainder of 2020, further reducing cash outlays by approximately $2.3 billion in 2020. We are also reducing our operating costs by approximately $0.6 billion, or roughly ten percent of the original 2020 guidance. Collectively, these actions represent a reduction in 2020 cash uses of over $5 billion versus the original operating plan.

We ended the first quarter with cash and cash equivalents of $3.9 billion, short-term investments of $3.9 billion, and an undrawn credit facility of $6 billion, totaling approximately $14 billion of liquidity. We believe current cash balances, cash generated by operations, the recent adjustments to our current operating plan, together with access to external sources of funds as described below in the “Significant Sources of Capital” section, will be sufficient to meet our funding requirements in the near- and long-term, including our capital spending program, dividend payments and required debt payments.

Significant Sources of Capital

Operating Activities
Cash provided by operating activities was $2,105 million for the first quarter of 2020, compared with $2,894 million for the corresponding period of 2019. The decrease is primarily due to lower sales prices and volumes.

While the stability of our cash flows from operating activities benefits from geographic diversity, our short- and long-term operating cash flows are highly dependent upon prices for crude oil, bitumen, natural gas, LNG and NGLs. Oil prices collapsed in the first quarter of 2020 largely due to simultaneous demand and supply shocks. Since March 2020, prices continued to be depressed in line with COVID-19 driven demand decreases and continued oversupply. We expect prices over the next several months will be weak and volatile. Prices and margins in our industry have historically been volatile and are driven by market conditions beyond our control. Absent other mitigating factors, as these prices and margins fluctuate, we would expect a corresponding change in our operating cash flows.

In April 2020, we announced a reduction of $600 million in planned operating cost, roughly ten percent of our original operating plan. This represents a portion of our recent actions to reduce cash uses in 2020 by more than $5 billion in response to the current downturn.

The level of absolute production volumes, as well as product and location mix, impacts our cash flows. Production levels are impacted by such factors as the volatile crude oil and natural gas price environment, which may impact investment decisions; the effects of price changes on production sharing and variable-royalty contracts; acquisition and disposition of fields; field production decline rates; new technologies; operating efficiencies; timing of startups and major turnarounds; political instability; global pandemics and associated demand decreases; weather-related disruptions; and the addition of proved reserves through exploratory success and their timely and cost-effective development. While we actively manage these factors, production levels can cause variability in cash flows, although generally this variability has not been as significant as that caused by commodity prices.

In March and April 2020, we announced a total reduction in capital expenditures of $2.3 billion compared to the 2020 operating plan. We also announced voluntary production curtailments of 265 MBOD gross or approximately 230 MBOED net for May 2020. We currently estimate production in June 2020 will be impacted by voluntary curtailments of 460 MBOD gross or approximately 420 MBOED net. Future voluntary curtailments across our areas of operation will be evaluated on a month-by-month basis, and are subject to operating agreements and contractual obligations. We also expect some level of additional curtailments from infrastructure constraints, actions from partner-operated assets or government mandates, including the Norwegian government's recently announced curtailment measures commencing in June and lasting through the end of the year.

To maintain or grow our production volumes, we must continue to add to our proved reserve base. As we undertake cash prioritization efforts, our reserve replacement efforts could be delayed thus limiting our ability to replace depleted reserves.

Investing Activities

Proceeds from asset sales in the first quarter of 2020 were $549 million. We completed the sales of both our Niobrara interests and Waddell Ranch interests in the Lower 48 with proceeds of $359 million and $184 million, respectively. In October 2019, we entered into an agreement to sell the subsidiaries that hold our Australia-West assets and operations to Santos for $1.39 billion, plus customary adjustments, with an effective date of January 1, 2019, plus a payment of $75 million upon final investment decision of the Barossa development project. The transaction is expected to close in the second quarter of 2020. See Note 4—Asset Acquisitions and Dispositions in the Notes to Consolidated Financial Statements, for additional information on these transactions.

Investing activities also included net purchases of $935 million of investments in short-term and long-term financial instruments. For additional information, see Note 13—Derivative and Financial Instruments and Note 16—Cash Flow Information in the Notes to Consolidated Financial Statements.

Commercial Paper and Credit Facilities

We have a revolving credit facility totaling $6.0 billion, expiring in May 2023. Our revolving credit facility may be used for direct bank borrowings, the issuance of letters of credit totaling up to $500 million, or as support for our commercial paper program. The revolving credit facility is broadly syndicated among financial institutions and does not contain any material adverse change provisions or any covenants requiring maintenance of specified financial ratios or credit ratings. The facility agreement contains a cross-default provision relating to the failure to pay principal or interest on other debt obligations of $200 million or more by ConocoPhillips, or any of its consolidated subsidiaries. The amount of the facility is not subject to redetermination prior to its expiration date.

Credit facility borrowings may bear interest at a margin above rates offered by certain designated banks in the London interbank market or at a margin above the overnight federal funds rate or prime rates offered by certain designated banks in the U.S. The agreement calls for commitment fees on available, but unused, amounts. The agreement also contains early termination rights if our current directors or their approved successors cease to be a majority of the Board of Directors.

The revolving credit facility supports the ConocoPhillips Company $6.0 billion commercial paper program, which is primarily a funding source for short-term working capital needs. Commercial paper maturities are generally limited to 90 days.

We had no commercial paper outstanding at March 31, 2020 or December 31, 2019. We had no direct outstanding borrowings or letters of credit under the revolving credit facility at March 31, 2020 or December 31, 2019. Since we had no commercial paper outstanding and had issued no letters of credit, we had access to $6.0 billion in borrowing capacity under our revolving credit facility at March 31, 2020. We may consider issuing commercial paper in the future to supplement our cash position as appropriate.

Despite recent volatility and price weakness for energy issuers in the debt capital markets, we believe the company continues to have access to the markets based on the composition of our balance sheet and asset portfolio.

In March 2020, S&P affirmed its "A" rating on our senior long-term debt and revised its outlook to "negative" from "stable". In April 2020, Moody's affirmed their rating of "A3" with a "stable" outlook. Our current rating from Fitch is "A" with a "stable" outlook. We do not have any ratings triggers on any of our corporate debt that would cause an automatic default, and thereby impact our access to liquidity, in the event of a downgrade of our credit rating. If our credit rating were downgraded, it could increase the cost of corporate debt available to us and potentially restrict our access to the commercial paper and debt capital markets. If our credit rating were to deteriorate to a level prohibiting us from accessing the commercial paper and debt capital markets, we would still be able to access funds under our revolving credit facility.

Certain of our project-related contracts, commercial contracts and derivative instruments contain provisions requiring us to post collateral. Many of these contracts and instruments permit us to post either cash or letters of credit as collateral. At March 31, 2020 and December 31, 2019, we had direct bank letters of credit of $273 million and $277 million, respectively, which secured performance obligations related to various purchase commitments incident to the ordinary conduct of business. In the event of credit ratings downgrades, we may be required to post additional letters of credit.

Shelf Registration

We have a universal shelf registration statement on file with the U.S. SEC under which we, as a well-known seasoned issuer, have the ability to issue and sell an indeterminate amount of various types of debt and equity securities.

Off-Balance Sheet Arrangements

As part of our normal ongoing business operations and consistent with normal industry practice, we enter into numerous agreements with other parties to pursue business opportunities, which share costs and apportion risks among the parties as governed by the agreements.

For information about guarantees, see Note 11—Guarantees, in the Notes to Consolidated Financial Statements, which is incorporated herein by reference.

Capital Requirements

For information about our capital expenditures and investments, see the "Capital Expenditures" section.

Our debt balance as of March 31, 2020 was $14,973 million compared with $14,895 million at December 31, 2019. Maturities of debt in each of the years 2020 through 2024, are: $81 million, $227 million, $945 million, $200 million and $543 million, respectively.

On February 4, 2020, we announced a quarterly dividend of $0.420 per share. The dividend was paid on March 2, 2020, to stockholders of record at the close of business on February 14, 2020. On April 30, 2020, we announced a quarterly dividend of $0.420 per share, payable June 1, 2020, to stockholders of record at the close of business on May 11, 2020.

In late 2016, we initiated our current share repurchase program. As of March 31, 2020, we had announced a total authorization to repurchase $25 billion. As of December 31, 2019, we had repurchased $9.6 billion of shares. In the first quarter of 2020, we repurchased an additional $726 million of shares. On April 16, 2020, as a response to the oil market price downturn, we announced we were suspending our share repurchase program. Since our share repurchase program began in November 2016, we have repurchased 184 million shares at a cost of $10.4 billion through March 31, 2020.

Capital Expenditures

	Millions of Dollars		
	Three Months Ended March 31		
		2020	2019
Alaska	$	**509**	410
Lower 48		**776**	834
Canada		**74**	123
Europe and North Africa		**121**	157
Asia Pacific and Middle East		**103**	96
Other International		**53**	1
Corporate and Other		**13**	16
Capital expenditures and investments	$	**1,649**	1,637

During the first quarter of 2020, capital expenditures and investments supported key exploration and development programs, primarily:

- Development, appraisal and exploration activities in the Lower 48, including Eagle Ford, Permian Unconventional and Bakken.
- Appraisal and development activities in Alaska related to the Western North Slope; development activities in the Greater Kuparuk Area and the Greater Prudhoe Area.
- Development activities across assets in Norway.
- Appraisal activities in liquids-rich plays in Canada and optimization of oil sands development.
- Continued development in China, Australia, Malaysia and Indonesia.

In February 2020, we announced 2020 operating plan capital expenditures of $6.5 billion to $6.7 billion. In March 2020, as a response to the recent oil market downturn, we announced a reduction to this plan of $0.7 billion. In April 2020, we announced an additional reduction of $1.6 billion for a total reduction of $2.3 billion, or approximately 35 percent. The capital reductions are sourced to the segments in the amount of $1.4 billion to Lower 48, $0.4 billion to Alaska, $0.2 billion to Canada and $0.3 billion to all other segments and exploration. This does not include capital for acquisitions.

Contingencies

A number of lawsuits involving a variety of claims arising in the ordinary course of business have been filed against ConocoPhillips. We also may be required to remove or mitigate the effects on the environment of the placement, storage, disposal or release of certain chemical, mineral and petroleum substances at various active and inactive sites. We regularly assess the need for accounting recognition or disclosure of these contingencies. In the case of all known contingencies (other than those related to income taxes), we accrue a liability when the loss is probable and the amount is reasonably estimable. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. We do not reduce these liabilities for potential insurance or third-party recoveries. We accrue receivables for insurance or other third-party recoveries when applicable. With respect to income-tax-related contingencies, we use a cumulative probability-weighted loss accrual in cases where sustaining a tax position is less than certain.

Based on currently available information, we believe it is remote that future costs related to known contingent liability exposures will exceed current accruals by an amount that would have a material adverse impact on our consolidated financial statements. As we learn new facts concerning contingencies, we reassess our position both with respect to accrued liabilities and other potential exposures. Estimates particularly sensitive to future changes include contingent liabilities recorded for environmental remediation, tax and legal matters. Estimated future environmental remediation costs are subject to change due to such factors as the uncertain magnitude of cleanup costs, the unknown time and extent of such remedial actions that may be required, and the determination of our liability in proportion to that of other responsible parties. Estimated future costs related to tax and legal matters are subject to change as events evolve and as additional information becomes available during the administrative and litigation processes. For information on other contingencies, see Note 12—Contingencies and Commitments, in the Notes to Consolidated Financial Statements.

Legal and Tax Matters

We are subject to various lawsuits and claims including but not limited to matters involving oil and gas royalty and severance tax payments, gas measurement and valuation methods, contract disputes, environmental damages, climate change, personal injury, and property damage. Our primary exposures for such matters relate to alleged royalty and tax underpayments on certain federal, state and privately owned properties and claims of alleged environmental contamination from historic operations. We will continue to defend ourselves vigorously in these matters.

Our legal organization applies its knowledge, experience and professional judgment to the specific characteristics of our cases, employing a litigation management process to manage and monitor the legal proceedings against us. Our process facilitates the early evaluation and quantification of potential exposures in individual cases. This process also enables us to track those cases that have been scheduled for trial and/or mediation. Based on professional judgment and experience in using these litigation management tools and available information about current developments in all our cases, our legal organization regularly assesses the adequacy of current accruals and determines if adjustment of existing accruals, or establishment of new accruals, is required.

Environmental

We are subject to the same numerous international, federal, state and local environmental laws and regulations as other companies in our industry. For a discussion of the most significant of these environmental laws and regulations, including those with associated remediation obligations, see the "Environmental" section in Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 60–62 of our 2019 Annual Report on Form 10-K.

We occasionally receive requests for information or notices of potential liability from the EPA and state environmental agencies alleging that we are a potentially responsible party under the Federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) or an equivalent state statute. On occasion, we also have been made a party to cost recovery litigation by those agencies or by private parties. These requests, notices and lawsuits assert potential liability for remediation costs at various sites that typically are not owned by us, but allegedly contain waste attributable to our past operations. As of March 31, 2020, there were 15 sites around the U.S. in which we were identified as a potentially responsible party under CERCLA and comparable state laws.

At March 31, 2020, our balance sheet included a total environmental accrual of $170 million, compared with $171 million at December 31, 2019, for remediation activities in the U.S. and Canada. We expect to incur a substantial amount of these expenditures within the next 30 years.

Notwithstanding any of the foregoing, and as with other companies engaged in similar businesses, environmental costs and liabilities are inherent concerns in our operations and products, and there can be no assurance that material costs and liabilities will not be incurred. However, we currently do not expect any material adverse effect upon our results of operations or financial position as a result of compliance with current environmental laws and regulations.

Climate Change

Continuing political and social attention to the issue of global climate change has resulted in a broad range of proposed or promulgated state, national and international laws focusing on GHG reduction. These proposed or promulgated laws apply or could apply in countries where we have interests or may have interests in the future. Laws in this field continue to evolve, and while it is not possible to accurately estimate either a timetable for implementation or our future compliance costs relating to implementation, such laws, if enacted, could have a material impact on our results of operations and financial condition. Examples of legislation and precursors for possible regulation that do or could affect our operations include:

- The EPA's and U.S. Department of Transportation's joint promulgation of a Final Rule on April 1, 2010, that triggered regulation of GHGs under the Clean Air Act, may trigger more climate-based claims for damages, and may result in longer agency review time for development projects.
- Colorado's HB-19 1261, approved May 30, 2019, introducing statewide goals to reduce 2025 GHG emissions by at least 26 percent, 2030 GHG emissions by at least 50 percent, and 2050 GHG emissions by at least 90 percent of the levels of GHG emissions that existed in 2005.

For other examples of legislation or precursors for possible regulation and factors on which the ultimate impact on our financial performance will depend, see the "Climate Change" section in Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 63–65 of our 2019 Annual Report on Form 10-K.

In December 2018, we became a Founding Member of the Climate Leadership Council (CLC), an international policy institute founded in collaboration with business and environmental interests to develop a carbon dividend plan. Participation in the CLC provides another opportunity for ongoing dialogue about carbon pricing and framing the issues in alignment with our public policy principles. We also belong to and fund Americans For Carbon Dividends, the education and advocacy branch of the CLC.

Beginning in 2017, cities, counties, and state governments in California, New York, Washington, Rhode Island, Maryland and Hawaii, as well as the Pacific Coast Federation of Fishermen's Association, Inc., have filed lawsuits against oil and gas companies, including ConocoPhillips, seeking compensatory damages and equitable relief to abate alleged climate change impacts. ConocoPhillips is vigorously defending against these lawsuits. The lawsuits brought by the Cities of San Francisco, Oakland and New York have been dismissed by federal district courts and appeals are pending. Lawsuits filed by other cities and counties in California and Washington are currently stayed pending resolution of the appeals brought by the Cities of San Francisco and Oakland. Lawsuits filed in Maryland and Rhode Island are proceeding in state court while rulings in those matters, on the issue of whether the matters should proceed in state or federal court, are on appeal. The lawsuit filed in Hawaii has been removed to federal court.

Several Louisiana parishes and individual landowners have filed lawsuits against oil and gas companies, including ConocoPhillips, seeking compensatory damages in connection with historical oil and gas operations in Louisiana. All parish lawsuits are stayed pending an appeal on the issue of whether they will proceed in federal or state court. ConocoPhillips will vigorously defend against these lawsuits.

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

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included or incorporated by reference in this report, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected revenues, projected costs and plans, and objectives of management for future operations, are forward-looking statements. Examples of forward-looking statements contained in this report include our expected production growth and outlook on the business environment generally, our expected capital budget and capital expenditures, and discussions concerning future dividends. You can often identify our forward-looking statements by the words "anticipate," "estimate," "believe," "budget," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "will," "would," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and similar expressions.

We based the forward-looking statements on our current expectations, estimates and projections about ourselves and the industries in which we operate in general. We caution you these statements are not guarantees of future performance as they involve assumptions that, while made in good faith, may prove to be incorrect, and involve risks and uncertainties we cannot predict. In addition, we based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecast in the forward-looking statements. Any differences could result from a variety of factors, including, but not limited to, the following:

- The impact of public health crises, including pandemics (such as COVID-19) and epidemics and any related company or government policies or actions.
- Global and regional changes in the demand, supply, prices, differentials or other market conditions affecting oil and gas, including changes resulting from a public health crisis or from the imposition or lifting of crude oil production quotas or other actions that might be imposed by OPEC and other producing countries and the resulting company or third party actions in response to such changes.
- Fluctuations in crude oil, bitumen, natural gas, LNG and NGLs prices, including a prolonged decline in these prices relative to historical or future expected levels.
- The impact of significant declines in prices for crude oil, bitumen, natural gas, LNG and NGLs, which may result in recognition of impairment charges on our long-lived assets, leaseholds and nonconsolidated equity investments.
- Potential failures or delays in achieving expected reserve or production levels from existing and future oil and gas developments, including due to operating hazards, drilling risks and the inherent uncertainties in predicting reserves and reservoir performance.
- Reductions in reserves replacement rates, whether as a result of the significant declines in commodity prices or otherwise.
- Unsuccessful exploratory drilling activities or the inability to obtain access to exploratory acreage.
- Unexpected changes in costs or technical requirements for constructing, modifying or operating E&P facilities.
- Legislative and regulatory initiatives addressing environmental concerns, including initiatives addressing the impact of global climate change or further regulating hydraulic fracturing, methane emissions, flaring or water disposal.
- Lack of, or disruptions in, adequate and reliable transportation for our crude oil, bitumen, natural gas, LNG and NGLs.
- Inability to timely obtain or maintain permits, including those necessary for construction, drilling and/or development, or inability to make capital expenditures required to maintain compliance with any necessary permits or applicable laws or regulations.
- Failure to complete definitive agreements and feasibility studies for, and to complete construction of, announced and future E&P and LNG development in a timely manner (if at all) or on budget.

- Potential disruption or interruption of our operations due to accidents, extraordinary weather events, civil unrest, political events, war, terrorism, cyber attacks, and information technology failures, constraints or disruptions.
- Changes in international monetary conditions and foreign currency exchange rate fluctuations.
- Changes in international trade relationships, including the imposition of trade restrictions or tariffs relating to crude oil, bitumen, natural gas, LNG, NGLs and any materials or products (such as aluminum and steel) used in the operation of our business.
- Substantial investment in and development use of, competing or alternative energy sources, including as a result of existing or future environmental rules and regulations.
- Liability for remedial actions, including removal and reclamation obligations, under existing or future environmental regulations and litigation.
- Significant operational or investment changes imposed by existing or future environmental statutes and regulations, including international agreements and national or regional legislation and regulatory measures to limit or reduce GHG emissions.
- Liability resulting from litigation or our failure to comply with applicable laws and regulations.
- General domestic and international economic and political developments, including armed hostilities; expropriation of assets; changes in governmental policies relating to crude oil, bitumen, natural gas, LNG and NGLs pricing, regulation or taxation; and other political, economic or diplomatic developments.
- Volatility in the commodity futures markets.
- Changes in tax and other laws, regulations (including alternative energy mandates), or royalty rules applicable to our business, including changes resulting from the implementation and interpretation of the Tax Cuts and Jobs Act.
- Competition and consolidation in the oil and gas E&P industry.
- Any limitations on our access to capital or increase in our cost of capital, including as a result of illiquidity or uncertainty in domestic or international financial markets.
- Our inability to execute, or delays in the completion, of any asset dispositions or acquisitions we elect to pursue, including our previously announced disposition of the subsidiaries that hold our Australia-West assets, as well as any future dispositions we may undertake.
- Potential failure to obtain, or delays in obtaining, any necessary regulatory approvals for pending or future asset dispositions or acquisitions, or that such approvals may require modification to the terms of the transactions or the operation of our remaining business.
- Potential disruption of our operations as a result of pending or future asset dispositions or acquisitions, including the diversion of management time and attention.
- Our inability to deploy the net proceeds from any asset dispositions that are pending or that we elect to undertake in the future in the manner and timeframe we currently anticipate, if at all.
- Our inability to liquidate the common stock issued to us by Cenovus Energy as part of our sale of certain assets in western Canada at prices we deem acceptable, or at all.
- The operation and financing of our joint ventures.
- The ability of our customers and other contractual counterparties to satisfy their obligations to us, including our ability to collect payments when due from the government of Venezuela or PDVSA.
- Our inability to realize anticipated cost savings and capital expenditure reductions.
- The inadequacy of storage capacity for our products, and ensuing curtailments, whether voluntary or involuntary, required to mitigate this physical constraint.
- The risk factors generally described in Part II - Item 1A in this report, in Part I - Item 1A in our 2019 Annual Report on Form 10-K, and any additional risks described in our other filings with the SEC.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information about market risks for the three months ended March 31, 2020, does not differ materially from that discussed under Item 7A in our 2019 Annual Report on Form 10-K.

Item 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures designed to ensure information required to be disclosed in reports we file or submit under the Securities Exchange Act of 1934, as amended (the Act), is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. As of March 31, 2020, with the participation of our management, our Chairman and Chief Executive Officer (principal executive officer) and our Executive Vice President and Chief Financial Officer (principal financial officer) carried out an evaluation, pursuant to Rule 13a-15(b) of the Act, of ConocoPhillips' disclosure controls and procedures (as defined in Rule 13a-15(e) of the Act). Based upon that evaluation, our Chairman and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded our disclosure controls and procedures were operating effectively as of March 31, 2020.

There have been no changes in our internal control over financial reporting, as defined in Rule 13a-15(f) of the Act, in the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

There are no new material legal proceedings or material developments with respect to matters previously disclosed in Item 3 of our 2019 Annual Report on Form 10-K.

Item 1A. Risk Factors

Other than the risk factors set forth below, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Our business has been, and will continue to be, affected by the coronavirus (COVID-19) pandemic.

On March 11, 2020, the World Health Organization announced that the outbreak of the novel coronavirus (COVID-19) had become a pandemic, and on March 13, President Trump declared a National Emergency in response to the outbreak. National, state and local authorities and health officials have announced aggressive actions to reduce the spread of the disease, including limiting non-essential gatherings of people, ceasing all non-essential travel, and issuing "social or physical distancing" guidelines, "shelter-in-place" orders and mandatory closures for non-essential businesses. The COVID-19 outbreak and the measures put in place to address it have negatively impacted the global economy, disrupted global supply chains, reduced global demand for oil and gas, and created significant volatility and disruption of financial and commodity markets. The full impact of the COVID-19 pandemic remains uncertain and will depend on the severity, location and duration of the effects and spread of the disease, the effectiveness and duration of actions taken by authorities to contain the virus or treat its effect, and how quickly and to what extent economic conditions improve. Some economists are predicting the U.S. may enter a recession as a result of the pandemic.

We have already been impacted by the COVID-19 pandemic. See Management's Discussion and Analysis of Financial Condition and Results of Operations, for additional information on how we have been impacted and the steps we have taken in response.

Our business is likely to be further negatively impacted by the COVID-19 pandemic. These impacts could include but are not limited to:

- Continued reduced demand for our products as a result of reductions in travel and commerce;
- Disruptions in our supply chain due in part to scrutiny or embargoing of shipments from infected areas or invocation of force majeure clauses in commercial contracts due to restrictions imposed as a result of the global response to the pandemic;
- Failure of third parties on which we rely, including our suppliers, contract manufacturers, contractors, joint venture partners and external business partners, to meet their obligations to the company, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties or restrictions imposed in response to the disease outbreak;
- Reduced workforce productivity caused by, but not limited to, illness, travel restrictions quarantine, or government mandates;
- Business interruptions resulting from a significant amount of our employees telecommuting in compliance with social distancing guidelines and shelter-in-place orders, as well as the implementation of protections for employees continuing to commute for work, such as personnel screenings and self-quarantines before or after travel; and
- Voluntary or involuntary curtailments to support oil prices or alleviate storage shortages for our products.

Any of these factors, or other cascading effects of the COVID-19 pandemic that are not currently foreseeable, could materially increase our costs, negatively impact our revenues and damage our financial condition, results of operations, cash flows and liquidity position. The pandemic continues to progress and evolve, and the full extent and duration of any such impacts cannot be predicted at this time because of the sweeping impact of the COVID-19 pandemic on daily life around the world.

We have been negatively affected and are likely to continue to be negatively affected by the recent swift and sharp drop in commodity prices.

The oil and gas business is fundamentally a commodity business and prices for crude oil, bitumen, natural gas, NGLs and LNG can fluctuate widely depending upon global events or conditions that affect supply and demand. Recently, there has been a precipitous decrease in demand for oil globally, largely caused by the dramatic decrease in travel and commerce resulting from the COVID-19 pandemic. Such decrease in demand has been compounded by the collapse of the OPEC plus production agreement. See Management's Discussion and Analysis of Financial Condition and Results of Operations, for additional information on commodity prices and how we have been impacted. There is no assurance of when or if commodity prices will return to pre-COVID-19 levels. The speed and extent of any recovery remains uncertain and is subject to various risks, including the duration, impact and actions taken to stem the proliferation of the COVID-19 pandemic, the ability of those nations party to the OPEC plus production agreement to reach agreement in the future regarding the production of crude oil, bitumen, natural gas, NGLs and LNG, and other risks described in this Quarterly Report on Form 10-Q or in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Even after a recovery, our industry will continue to be exposed to the effects of changing commodity prices given the volatility in commodity price drivers and the worldwide political and economic environment generally, as well as continued uncertainty caused by armed hostilities in various oil-producing regions around the globe. Our revenues, operating results and future rate of growth are highly dependent on the prices we receive for our crude oil, bitumen, natural gas, NGLs and LNG. Many of the factors influencing these prices are beyond our control.

Lower crude oil, bitumen, natural gas, NGL and LNG prices may have a material adverse effect on our revenues, operating income, cash flows and liquidity, and may also affect the amount of dividends we elect to declare and pay on our common stock. As a result of the recent market downturn, we have suspended our share repurchase program. Lower prices may also limit the amount of reserves we can produce economically, thus adversely affecting our proved reserves, reserve replacement ratio and accelerating the reduction in our existing reserve levels as we continue production from upstream fields. Prolonged lower crude oil prices may affect certain decisions related to our operations, including decisions to reduce capital investments or decisions to shut-in production. Due to ongoing uncertainty and volatility, we are suspending all further guidance for 2020, including guidance related to capital expenditures and production and our previous 2020 guidance should not be relied upon.

Significant reductions in crude oil, bitumen, natural gas, NGLs and LNG prices could also require us to reduce our capital expenditures, impair the carrying value of our assets or discontinue the classification of certain assets as proved reserves. In the first quarter of 2020, we recognized several impairments, which are described in Note 8—Impairments. If the outlook for commodity prices remain low relative to their historic levels, and as we continue to optimize our investments and exercise capital flexibility, it is reasonably likely we will incur future impairments to long-lived assets used in operations, investments in nonconsolidated entities accounted for under the equity method and unproved properties. Low oil and gas prices could decrease our proved reserves estimates, which would increase the unit-of-production rate used to determine DD&A expense on producing properties. Although it is not reasonably practicable to quantify the impact of any future impairments or estimated change to our unit-of-production at this time, our results of operations could be adversely affected as a result.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

				Millions of Dollars
Period	Total Number of Shares Purchased*	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
January 1-31, 2020	3,949,942	$ 64.29	3,949,942	$ 5,121
February 1-29, 2020	3,956,015	58.08	3,956,015	14,891
March 1-31, 2020	7,307,098	33.11	7,307,098	14,649
	15,213,055	$	15,213,055	

**There were no repurchases of common stock from company employees in connection with the company's broad-based employee incentive plans.*

In late 2016, we initiated our current share repurchase program. As of March 31, 2020, we had announced a total authorization to repurchase $25 billion of our common stock. As of December 31, 2019, we had repurchased $9.6 billion of shares. In the first quarter of 2020, we repurchased an additional $726 million of shares. On April 16, 2020, as a response to the oil market downturn, we announced we were suspending our share repurchase program. Acquisitions for the share repurchase program are made at management’s discretion, at prevailing prices, subject to market conditions and other factors. Except as limited by applicable legal requirements, repurchases may be increased, decreased or discontinued at any time without prior notice. Shares of stock repurchased under the plan are held as treasury shares. See the “Our ability to declare and pay dividends and repurchase shares is subject to certain considerations” section in Risk Factors on pages 21–22 of our 2019 Annual Report on Form 10-K.

Item 6. EXHIBITS

10.1*	ConocoPhillips Executive Restricted Stock Unit Program, dated February 11, 2020.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32*	Certifications pursuant to 18 U.S.C. Section 1350.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Schema Document.
101.CAL*	Inline XBRL Calculation Linkbase Document.
101.LAB*	Inline XBRL Labels Linkbase Document.
101.PRE*	Inline XBRL Presentation Linkbase Document.
101.DEF*	Inline XBRL Definition Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

** Filed herewith.*

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CONOCOPHILLIPS

/s/ Catherine A. Brooks

Catherine A. Brooks
Vice President and Controller
(Chief Accounting and Duly Authorized Officer)

May 5, 2020