Exhibit 7.

“The numbers show why oil tax reform is needed”

Fairbanks Daily News-Miner, Nov. 2, 2012

“The numbers show why oil tax reform is needed”

Scott Jepsen “Community Perspective” column
(with CP v. State Net Revenue Chart)

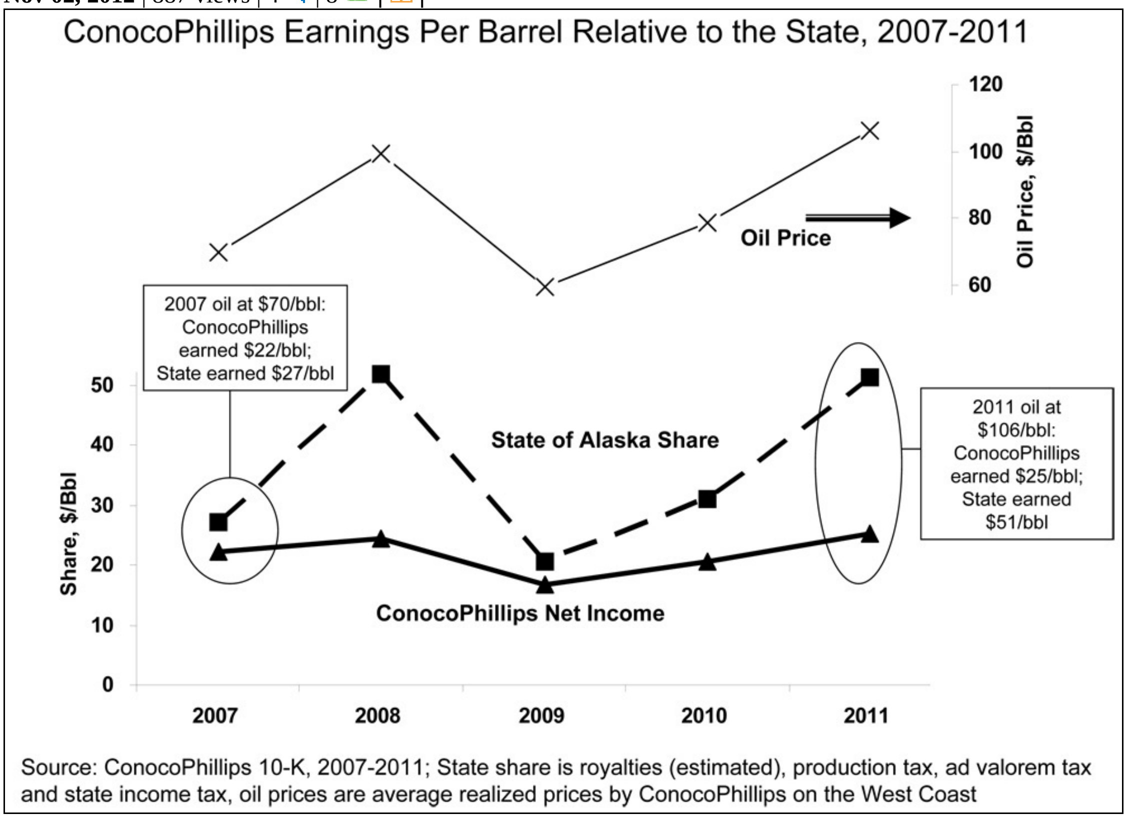
***Fairbanks Daily News-Miner*, Nov. 2, 2012**
[Exhibit 7, Pages 1 & 2]

Nov. 2, 2012

The numbers show why oil tax reform is needed:

ConocoPhillips has a profit, but state takes much more

by Scott Jepsen



ConocoPhillips is proud to have been a partner with the state of Alaska in developing Alaska's oil and gas resources for more than 50 years. Today, ConocoPhillips employs more than 1,000 Alaskans directly and supports thousands of other Alaska jobs through our contractors. Working in partnership with the state and its citizens, we hope to continue to operate in Alaska for many more decades. However, high taxes on North Slope oil production, in particular the tax increases passed by the legislature in 2007 under a bill called Alaska's Clear and Equitable Share, are hurting the investment climate on the North Slope and ultimately the long-term health of Alaska's economy.

Like any publicly traded company, we are in business to make a profit to provide for sustained investment and growth. We invest billions in developing and producing oil and natural gas and pay billions in taxes and royalties, but also expect to make returns commensurate with the investment size and risk. Since ACES was enacted in 2007, through to year-end 2011, we have reported almost $10 billion in net Alaska income.

While this is an impressive figure, it needs to be placed in proper context. During the same period, ConocoPhillips paid approximately $16 billion in taxes and royalties to the state of Alaska — 60 percent more than we earned. Counting federal income taxes in that period, we paid approximately $21 billion in taxes and royalties — twice what we earned. The ACES tax increases have skewed the balance between investor risk and reward.

The Legislature's consultant on oil taxes, PFC Energy, has pointed out on numerous occasions that Alaska's marginal tax rate is among the highest in the world.

The accompanying chart demonstrates the impact Alaska's marginal tax rate has on profits. From 2007 through 2011, oil prices rose from about $70 per barrel to almost $106 per barrel — an increase of more than 50 percent. But over the same period, ConocoPhillips' net income in Alaska only increased from about $22 per barrel to about $25 per barrel.

So, where did most of the price upside go? Due to the "progressivity" feature of ACES, the state's share rose from about $27 per barrel to a peak of $51 per barrel, an increase of almost 90 percent. This is the main problem with ACES: Due to its hyper-intensive progressivity element, the state takes the vast majority of the upside.

Those who want to leave ACES unchanged frequently cite ConocoPhillips' earnings reports to support their arguments by comparing ConocoPhillips' Lower 48 earnings to its Alaska earnings. *(Editor's note: See Richard Fineberg, Daily News-Miner, Oct. 14, page F3)* But that is an apples-to-oranges comparison. In the Lower 48, natural gas and natural gas liquids make up a large part of ConocoPhillips' portfolio. Those products have lower value and margins than oil, especially after recent steep declines in natural gas prices. Conversely, the vast majority of our production in Alaska is oil, which has a relatively high value. This type of comparison to the Lower 48 provides no real insight into the relative health of Alaska's investment climate.

A better measure is capital investment. Despite rising oil prices, ConocoPhillips' capital budgets in Alaska in 2010 to 2012 remained flat at about $900 million per year. In the Lower 48, our capital budgets tripled, from $1.6 billion in 2010 to $4.8 billion in 2012, driven by attractive Lower 48 oil plays given today's high oil price environment.

This is the fundamental problem of ACES — it skews the risk-reward balance of investments at high prices, making the North Slope a less favorable place to invest.

Ultimately, oil taxation in Alaska is about the balance the state wants between business activity levels, production and state revenues. Today, the balance is heavily weighted to short-term state revenues and does not provide the incentives for increased investment that will result in more oil production. That does not bode well for the investments needed to help ensure a long-term, healthy state economy. We hope the next Legislature takes up the oil tax issue and enacts an oil tax bill that significantly improves Alaska's business climate.

Scott Jepsen, of Anchorage, is vice president for external affairs at ConocoPhillips Alaska.

Accessed Nov. 3, 2012 at Fairbanks Daily News-Miner - The numbers show why oil tax reform is needed ConocoPhillips has a profit but state takes much more

(For analysis of CP's chart, see Exhibit 8.)