News

Phillips Petroleum (91-12) Pty Ltd
Bayu-Undan Gas Recycle Project
Perth, Western Australia 6005
www.phillips66.com/bayuundan/

FOR IMMEDIATE RELEASE

Phillips Subsidiary Announces Additional Major Contract Awards for Bayu-Undan Gas Recycle Project

PERTH, WA, 9 October 2000 --- Phillips Petroleum (91-12) Pty Ltd, a subsidiary of Phillips Petroleum Company [NYSE: P], and its co-venturers are pleased to announce the award of seven key supply and installation contracts associated with development of the Bayu-Undan gas recycle project. These major contracts, valued at approximately US$200 million, were approved by the Timor Gap Joint Authority prior to award. Phillips is the unit operator for the Bayu-Undan project.

The contracts were issued following the receipt and evaluation of multiple proposals from pre-qualified tenderers for each contract. A summary of the awards follows:

Contract	Contractor Receiving Award
Steel jacket for Drilling, Production and Processing Platform	J Ray McDermott Middle East (Indian Ocean) Limited using facilities of PT McDermott, Batam, Indonesia
Steel jacket for Compression, Utilities and Quarters Platform	J Ray McDermott Middle East (Indian Ocean) Limited using facilities of PT McDermott, Batam, Indonesia
Drilling, Production and Processing Topsides	Hyundai Heavy Industries, Ulsan, Korea
Compression, Utilities and Quarters Topsides	Hyundai Heavy Industries, Ulsan, Korea
Wellhead Platform and Topsides	Sembawang Marine and Offshore Engineering, Singapore
Installation of substructures, bridges and FSO anchor system	McDermott Industries (Aust) Pty Ltd
Installation of infield subsea pipelines, FSO Mooring system, and FSO	McDermott Industries (Aust) Pty Ltd

The Bayu-Undan field contains estimated recoverable reserves of 400 million barrels of condensate and liquefied petroleum gas (LPG) and 3.4 trillion cubic feet of natural gas. The field straddles production sharing contract areas 91-12 and 91-13 in Area A of the Timor Gap Zone of Cooperation (ZOCA) between East Timor and Australia. The field is located in 80 meters of water about 500 kilometers northwest of Darwin, Australia, and 250 kilometers south of Suai, East Timor.

In February 2000, Phillips announced that final approvals to develop the US$1.4 billion Bayu-Undan gas recycle project had been received from the Timor Gap Joint Authority. The project involves the production and processing of wet gas; separation and storage of condensate, propane and butane; and re-injection of dry natural gas back into the reservoir. Full commercial production is scheduled for early 2004.

To date, about 50 percent of the engineering design work for the offshore facilities has been completed. Engineering and procurement activities are being coordinated from project offices in Perth. With this announcement, approximately US$600 million in awards have been issued and by the end of calendar year 2000, commitments totaling approximately US$1 billion will have been issued for the project.

The Bayu-Undan project co-venturers and their initial participating interests include Phillips (50.3 percent), Santos (11.8 percent), Inpex (11.7 percent), Kerr-McGee Corp. (11.2 percent), Petroz (8.3 percent) and British-Borneo [Agip] (6.7 percent).

Phillips Petroleum Company is an integrated petroleum company engaged in oil and gas exploration and production worldwide; refining, marketing and transportation operations; chemicals and plastics manufacturing and sales worldwide; and technology development and licensing. Founded in Bartlesville, Oklahoma, in 1917, Phillips had 14,800 employees, US$20 billion of assets and US$20 billion of annualized revenues as of June 30.

For more information about the Bayu-Undan project, see our detailed Web site at http://bayuundan.phillips66.com.

Contact: Jim Godlove
08-8981-8666

- # # # -

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

The contents of this document contain forward-looking statements made by, or on behalf of, Phillips Petroleum Company and other Unit Participants. Neither Phillips nor other Unit Participants undertake to update or revise any of these forward-looking statements. These include, without limitation, statements relating to operations, plans, strategies, objectives, expectations and limitations. These statements are not guarantees of future performance or results. Rather, due to risks, uncertainties and other factors, actual results may differ materially from those expressed in any such forward-looking statement. The following are certain (but not necessarily all) important risk factors that could cause actual results to so differ:

Plans to drill wells and develop Bayu-Undan are subject to: the ability to obtain agreements or consents between or from co-venturers and/or governmental authorities; engaging drilling, construction and other contractors: geological, land or sea conditions; world prices for oil, natural gas and natural gas liquids; applicable treaty, law or regulatory requirements; and the availability of economical financing.

Estimates of proved reserves, raw natural gas supplies, and project cost estimates have been developed using the latest available information and data and recognized techniques of estimating, including those prescribed by the U.S. Securities and Exchange Commission, generally accepted accounting principles and other applicable requirements.