Compliance Audit Report
Public Version

ConocoPhillips Company

NERC ID # NCR10182

Confidential Information (including Privileged and Critical Energy Infrastructure Information) Has Been Removed

Audit Date:	January 18-20, 2011
Audit Location:	Texas Reliability Entity Offices, Austin, TX
Report Date:	April 4, 2011
Prepared By:	David Bueche, Audit Team Leader

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1.0 EXECUTIVE SUMMARY

The Table Top compliance audit of ConocoPhillips Company (ConocoPhillips) was conducted on January 18-20, 2011. The NERC Reliability Standards that are being actively monitored for 2011 were reviewed based on ConocoPhillips's registration as a Generator Operator.

The audit team reviewed the NERC Reliability Standards for the period of time identified in the scope of the audit. The audit team consisted of three representatives from Texas Reliability Entity (Texas RE). The audit team reviewed the evidence and documentation provided by ConocoPhillips and conducted interviews with ConocoPhillips's personnel to assess compliance with standards applicable to ConocoPhillips at this time.

There were a total of eight (8) reliability standards included in the scope of this audit consisting of sixty nine (69) requirements. Based on the information and documentation provided by ConocoPhillips, the audit team found ConocoPhillips to be to have no findings of non-compliance with twenty one (21) applicable requirements. The audit team determined that forty eight (48) requirements were not applicable to ConocoPhillips.

ConocoPhillips met all of the NERC Standard requirements that were within the scope of this audit. These audit results are further explained in the Audit Results Findings section of this report which includes detailed information of the audit team's findings of applicability and compliance for the NERC Reliability Standards within the scope of the compliance audit.

The Texas RE audit team lead certifies that the audit team adhered to all applicable requirements of the NERC Rules of Procedure (ROP) and Compliance Monitoring and Enforcement Program (CMEP).

2.0 AUDIT PROCESS

The compliance audit process is detailed in the NERC Compliance Monitoring and Enforcement Program (CMEP), available at www.nerc.com. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

2.1 Objectives

All registered entities are subject to audit for compliance with all reliability standards applicable to the functions for which the registered entity is registered.[1] The audit objectives are:

- Independently review ConocoPhillips's compliance with the requirements of the reliability standards that are applicable to ConocoPhillips based on the ConocoPhillips registered functions included in the scope of this audit.
- Validate compliance with applicable reliability standards from the NERC 2011 CMEP Implementation Plan list of actively monitored standards.

[1] North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standards, and review the status of associated mitigation plans.
- Document ConocoPhillips's compliance culture.

2.2 Scope

The scope of this compliance audit is inclusive of all requirements of the NERC Reliability Standards that are being actively monitored in 2011 and any others that may be identified by the audit team at the time of the audit applicable to a Generator Operator. The audit was performed by three members of Texas RE.

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff for ConocoPhillips Company and therefore none were reviewed by the audit team.

Note: For the 2011 compliance program, the monitoring period for the compliance audit will generally be the last six years based the ConocoPhillips's registration as a Generator Operator, or periods specified in individual reliability standards.

At the time of the audit, ConocoPhillips was registered as a Generator Operator. The audit team evaluated ConocoPhillips for compliance during the specific period of

October 31, 2007 to January 18, 2011.

2.2.1 Confidentiality and Conflict of Interest

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to ConocoPhillips prior to the audit. Work history and conflict of interest forms submitted for each audit team member were provided to ConocoPhillips. ConocoPhillips was given an opportunity to object to an audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. ConocoPhillips had not submitted any objections by the stated fifteen day objection due date and accepted the audit team member participants with no objections. There have been no denials of or access limitations placed upon this audit team by ConocoPhillips.

2.3 Methodology

Once an audit date was set by Texas RE, ConocoPhillips was sent a Reliability Standard Audit Work Sheets (RSAWs) for the list of actively monitored NERC Standards.

The audit team reviewed the completed RSAWs, information, data, and evidence submitted by ConocoPhillips and assessed compliance with requirements of the applicable reliability standards. Initial submittal of information and data were sent to Texas RE on or before the scheduled due date for the submittal. Additional information relevant to the audit could be requested by Texas RE and submitted by ConocoPhillips until the last day of the review at the audit site.

The audit team requested and received additional information and sought clarification from subject matter experts during the audit.

During the audit, Texas RE reviewed the responses to the RSAWs and auditor questions with ConocoPhillips's management and supervisors. The audit team reviewed documentation provided by ConocoPhillips that included data, information and evidence submitted in the form of policies, procedures, emails, logs, studies, data sheets, etc. which were validated, substantiated and cross checked for accuracy as appropriate. Requirements which required a sampling to be conducted were developed based upon the significance of the sampling to the reliability of the Bulk Electrical System (BES).

Findings were based on the audit team's knowledge of the BES, the NERC Reliability Standards and their professional judgment. All findings were developed based upon the consensus of the audit team.

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff for ConocoPhillips Company and therefore none were reviewed by the audit team.

The audit team conducted an exit briefing immediately following the audit with ConocoPhillips. The audit team verbally shared its preliminary results with ConocoPhillips's management.

2.4 Company Profile

The Sweeny Cogeneration Facility is a simple cycle, cogeneration power plant owned by Sweeny Cogeneration Limited Partnership (SCLP) with a nameplate capacity of 480 MW. ConocoPhillips assumed control of the Generator Operator (GOP) function from AEP on October 31, 2007 – the TRE registration form is attached below. The function of the Sweeny Cogeneration Facility is to provide process steam and electricity to the ConocoPhillips Sweeny Refinery.

The primary components of the plant consist of four Westinghouse 501D5A Combustion Turbine Generators with an integrated Westinghouse WDPF II distributed control system, and four Nooter/Eriksen Heat Recovery Steam Generators. ConocoPhillips Company, through two wholly owned indirect subsidiaries, owns 49% of the limited partnership interest and 100% of the general partnership interest of SCLP. ConocoPhillips Company operates and maintains the facility pursuant to an operation and maintenance agreement with SCLP. This work is performed by ConocoPhillips Company personnel assigned from the company's Sweeny Refinery which is adjacent to the Facility.

As can be seen from the map below, publically available on the Texas Public Utility Commission's website, the cogeneration facility is wholly located in the ERCOT footprint – about 50 miles south of Houston. There are two 138 kV interconnections into the ERCOT system, both of which tie into Texas-New Mexico Power's West Columbia substation; also attached.

2.5 Audit Specifics

Audit Date: January 18-20, 2011
Audit Location: Texas Reliability Entity Office, Austin, TX

Texas RE Audit Team:

Company/Title	Audit Team Role
Texas RE/Title	Audit Team Leader
Texas RE/Title	Auditor
Texas RE/Title	Auditor

ConocoPhillips's Audit Participants:

Company	Title
ConocoPhillips	Compliance Contact

3.0 AUDIT RESULTS

3.1 Audit Findings

The audit team evaluated ConocoPhillips for compliance with all the requirements of the 2011 actively monitored NERC Standards identified in the NERC Compliance Monitoring and Enforcement Program (CMEP) appropriate to ConocoPhillips's registration as a Generator Operator. ConocoPhillips submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by ConocoPhillips to assess compliance with standards applicable to ConocoPhillips at this time.

The audit team found that ConocoPhillips to have no findings of non-compliance with all 2011 actively monitored NERC Standards reviewed at the time of the audit.

The following table is a summary of the auditor's findings for those NERC standards reviewed during the audit:

Reliability Standard	Requirement	Finding
CIP-001-1	R1.	No Finding of Non-compliance
CIP-001-1	R2.	No Finding of Non-compliance
CIP-001-1	R3.	No Finding of Non-compliance
CIP-001-1	R4.	No Finding of Non-compliance
COM-002-2	R1.	No Finding of Non-compliance
COM-002-2	R2.	N/A
IRO-001-1.1	R1.	N/A
IRO-001-1.1	R2.	N/A
IRO-001-1.1	R3.	N/A
IRO-001-1.1	R4.	N/A

Reliability Standard	Requirement	Finding
IRO-001-1.1	R5.	N/A
IRO-001-1.1	R6.	N/A
IRO-001-1.1	R7.	N/A
IRO-001-1.1	R8.	No Finding of Non-compliance
IRO-001-1.1	R9.	N/A
IRO-004-1	R1.	N/A
IRO-004-1	R2.	N/A
IRO-004-1	R3.	N/A
IRO-004-1	R4.	No Finding of Non-compliance
IRO-004-1	R5.	N/A
IRO-004-1	R6.	N/A
IRO-004-1	R7.	N/A
IRO-005-2	R1.	N/A
IRO-005-2	R2.	N/A
IRO-005-2	R3.	N/A
IRO-005-2	R4.	N/A
IRO-005-2	R5.	N/A
IRO-005-2	R6.	N/A
IRO-005-2	R7.	N/A
IRO-005-2	R8.	N/A
IRO-005-2	R9.	N/A
IRO-005-2	R10.	N/A
IRO-005-2	R11.	N/A
IRO-005-2	R12.	N/A
IRO-005-2	R13.	No Finding of Non-compliance
IRO-005-2	R14.	N/A
IRO-005-2	R15.	N/A
IRO-005-2	R16.	N/A
IRO-005-2	R17.	N/A
PRC-001-1	R1.	No Finding of Non-compliance
PRC-001-1	R2.	No Finding of Non-compliance
PRC-001-1	R3.	No Finding of Non-compliance
PRC-001-1	R4.	N/A
PRC-001-1	R5.	No Finding of Non-compliance
PRC-001-1	R6.	N/A
TOP-002-2	R1.	N/A
TOP-002-2	R2.	N/A

Reliability Standard	Requirement	Finding
TOP-002-2	R3.	No Finding of Non-compliance
TOP-002-2	R4.	N/A
TOP-002-2	R5.	N/A
TOP-002-2	R6.	N/A
TOP-002-2	R7.	N/A
TOP-002-2	R8.	N/A
TOP-002-2	R9.	N/A
TOP-002-2	R10.	N/A
TOP-002-2	R11.	N/A
TOP-002-2	R12.	N/A
TOP-002-2	R13.	No Finding of Non-compliance
TOP-002-2	R14.	No Finding of Non-compliance
TOP-002-2	R15.	No Finding of Non-compliance
TOP-002-2	R16.	N/A
TOP-002-2	R17.	N/A
TOP-002-2	R18.	No Finding of Non-compliance
TOP-002-2	R19.	N/A
VAR-002-1.1b	R1.	No Finding of Non-compliance
VAR-002-1.1b	R2.	No Finding of Non-compliance
VAR-002-1.1b	R3.	No Finding of Non-compliance
VAR-002-1.1b	R4.	N/A
VAR-002-1.1b	R5.	No Finding of Non-compliance

3.2 Mitigation Plan Findings

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff and therefore none were reviewed by the audit team.

3.3 Conclusion

ConocoPhillips was found to have no findings of non-compliance with the all the standards that were included in the scope of this audit.

There were no ongoing or recently completed mitigation plans and therefore none were reviewed by the audit team.

3.4. Compliance Culture

ConocoPhillips's compliance culture survey was reviewed by the audit team.

ConocoPhillips was cooperative with the audit team's needs and information requests throughout the entire audit process. The organizational structure of ConocoPhillips, the extensive participation during the audit by ConocoPhillips's personnel, the responses provided to the compliance culture survey, the detailed documentation of procedures and records, the demonstrated level of compliance and the direct observations made by the audit team confirmed a strong commitment by ConocoPhillips to promote a healthy compliance culture within organization. The compliance contact's efforts for this audit were extremely helpful and were well supported by the other ConocoPhillips managers and SME's who prepared and participated during the audit process.