ConocoPhillips and Peabody Select Kentucky for Siting a Major Commercial-Scale Coal-to-Gas Facility

Companies Conducting a Feasibility Study to Examine Development Opportunities

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ConocoPhillips and Peabody Energy today announced they have selected Kentucky as the location to study the development of a major commercial-scale coal-to-gas facility.

The companies are conducting a feasibility study for a state-of-the-art "mine-mouth" gasification project, using ConocoPhillips proprietary E-GAS™ technology, which could result in the creation of more than 500 high-wage jobs and future production representing as much as 1.5 trillion cubic feet of natural gas over the life of the project. The study will review optimum project designs and specific sites, and is expected to continue into 2008.

"With natural gas demand continuing to grow, turning abundant U.S. coal into synthetic gas represents an exciting new market opportunity," said Peabody President of Generation and Btu Conversion Rick A. Bowen. "We appreciate the effort by Kentucky's elected officials and regulatory bodies in pulling together the balanced legislation and follow-on agreements to attract investments and help us with this important decision."

Willie Chiang, senior vice president, commercial, ConocoPhillips, added, "We are pleased to work with Peabody Energy to pursue the development of new energy supplies from Kentucky coal. Meeting tomorrow's demand for energy requires innovative ways to use existing resources that meet our needs today. Such efforts help strengthen energy security by increasing and diversifying supplies in an environmentally responsible manner."

The feasibility study will assess design standards that meet or exceed state and federal regulations to protect the environment, including technology designed to lower the carbon footprint. Peabody Energy and ConocoPhillips are working with the Midwest Geological Sequestration Consortium and Kentucky Geological Survey to examine carbon capture and storage options.

About ConocoPhillips

ConocoPhillips is an integrated energy company with interests around the world. Headquartered in Houston, Texas, the company had approximately 32,500 employees, $173 billion of assets, and $180 billion of annualized revenues as of September 30, 2007. For more information, go to http://www.conocophillips.com/.

About Peabody Energy

Peabody Energy is the world's largest private-sector coal company, with 2006 sales of 248 million tons of coal and $5.3 billion in revenues. Its coal products fuel approximately 10 percent of all U.S. electricity generation and more than 2 percent of worldwide electricity. Visit http://www.peabodyenergy.com/.

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

This press release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that contain projections about revenues, income, earnings and other financial items, plans and objectives for the future, future economic performance, or other projections or estimates about assumptions relating to these types of statements. These statements usually relate to future events and anticipated revenues, earnings, business strategies, competitive position or other aspects of operations or operating results. In many cases you can identify forward-looking statements by terminology such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and other similar words. However, the absence of these words does not mean that the statements are not forward-looking. The forward-looking statements are based on the expectations, estimates and projections of Peabody and ConocoPhillips about their respective businesses and industries in general on the date this statement was released. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Further, certain forward-looking statements are based on assumptions as to future events that may not prove to be accurate. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. Economic, business, competitive and regulatory factors that may affect Peabody's and ConocoPhillips' business are generally as set forth in their filings with the Securities and Exchange Commission (SEC). Neither Peabody nor ConocoPhillips are under any obligation (and expressly disclaim any such obligation) to update or alter these forward-looking statements whether as a result of new information, future events or otherwise.

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