ConocoPhillips and Peabody Energy Select Site in Muhlenberg County, Ky., to Develop Coal-to-Gas Facility

Project Seeks to Advance Legal and Regulatory Framework to Make Carbon Capture and Storage Viable

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ConocoPhillips and Peabody Energy today announced the filing of an air permit with the Commonwealth of Kentucky to site a state-of-the-art coal-to-natural-gas facility near Central City in Muhlenberg County. The filing is a major step toward advancing development of the project into the next phase of evaluation.

The facility, to be known as Kentucky NewGas, is expected to produce enough energy to provide for nearly three quarters of a million Midwest homes. If approved, the project could also re-energize the regional economy by creating 1,200 skilled jobs during a four-year construction process, 500 long- term jobs and nearly $100 million in regional economic benefits each year.

"Greater use of Kentucky coal in clean energy projects is the ultimate solution for re-energizing our regional economy, creating thousands of jobs and billions of dollars in direct economic benefits over the long term," said Kentucky Gov. Steve Beshear. "Projects like this demonstrate Kentucky's global leadership in advancing clean energy projects, and they enjoy rock solid support: More than 80 percent of Kentucky residents support coal gasification, which mirrors strong national support for coal."

This state-of-the-art "mine-mouth" gasification project would use ConocoPhillips proprietary E-Gas™ technology to produce clean synthesis gas -- virtually free of impurities -- that is transformed into clean-burning natural gas. Kentucky NewGas will meet regulatory standards to protect the environment, including adoption of low emissions design criteria, anticipated to be less than 5 percent of the emissions of a comparably sized traditional coal plant.

"Building energy security and fueling economic growth are top priorities for America," said Peabody's Senior Vice President of Btu Conversion and Strategic Planning Rick A. Bowen. "We're creating a new model to deliver stable energy supplies, provide economic benefits and incorporate environmental solutions at a time when families and businesses are increasingly looking to clean coal to advance all of these goals."

Greg Goff, senior vice president, commercial, ConocoPhillips, added: "This project offers an excellent opportunity for ConocoPhillips and Peabody to use their combined capabilities to increase clean energy supplies. Together, we can successfully develop this complex project in an environmentally responsible and economically sound manner."

Kentucky NewGas would be carbon storage ready. The technology is capable of capturing carbon dioxide that ultimately could be permanently stored or used for enhanced oil recovery.

The companies are working with a diverse group of industry, academic, governmental and non-governmental organizations to advance development of a regulatory and legal framework that would make carbon storage viable and enable competitive project economics. ConocoPhillips and Peabody also are funding research on carbon storage in Western Kentucky through a test well project directed by the Kentucky Geological Survey.

About ConocoPhillips

ConocoPhillips is an integrated energy company with interests around the world. Headquartered in Houston, Texas, the company has approximately 33,600 employees and $185 billion of assets. For more information, go to www.conocophillips.com.

About Peabody Energy

Peabody Energy is the world's largest private-sector coal company. Its coal products fuel approximately 10 percent of all U.S. electricity generation and 2 percent of worldwide electricity. For more information, go to 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 ConocoPhillip's 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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