Commonwealth of Kentucky Issues Draft Air Permit for Kentucky NewGas Energy Center

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ConocoPhillips and Peabody Energy today announced that the Commonwealth of Kentucky has issued a draft air permit for Kentucky NewGas, a planned state-of-the-art coal-to-natural-gas facility that would be sited near Central City in Muhlenberg County. The mine-mouth project would have very low emissions and would be capable of producing 60 to 70 billion cubic feet of pipeline quality natural gas each year, enough energy for nearly three-quarters of a million Midwest homes. The project also would create economic benefits by creating an estimated 1,200 skilled jobs during a four-year construction process, 500 long-term jobs and providing nearly $100 million in direct economic benefits each year.

"Achieving energy, economic and environmental goals are major priorities for society, and Kentucky NewGas delivers at all levels," said Peabody Energy Senior Vice President of Government Relations Fredrick D. Palmer. "The project enjoys tremendous support because it would build energy security, create a clean energy model and new jobs using abundant Kentucky coal."

"This is a significant step forward in progressing this project, and we will continue to work with the Commonwealth throughout the permitting process," said Greg Goff, senior vice president, Commercial, ConocoPhillips.

Kentucky NewGas would use ConocoPhillips' proprietary E-Gas™ technology to produce substitute natural gas that is virtually free of impurities. The project would achieve regulatory standards to protect the environment, including adoption of low emissions design criteria. The plant would produce less than 5 percent of the emissions of a comparably sized traditional coal plant and would be carbon storage ready.

Peabody Energy and ConocoPhillips led creation of the Western Kentucky Carbon Storage Foundation, a non-profit organization working with the Kentucky Geological Survey to test carbon dioxide storage capabilities of regional geology. Carbon dioxide has been successfully injected into a test well and analysis and monitoring will continue for up to three years. Early results are promising. The companies also are actively supporting development of a national regulatory and legal framework to make carbon storage viable.

For more information, go to www.KentuckyNewGas.com.

About ConocoPhillips

ConocoPhillips is an integrated energy company with interests around the world. 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 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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