

2008 Atlantic Rim Annual Planning Meeting

Rawlins, Wyoming – November 28, 2007

Anadarko[®]
Petroleum Corporation



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Introduction – Presentation Agenda

- ◆ **Introductions**
- ◆ **Atlantic Rim History**
- ◆ **2007 Status Update and End of Year Plans**
- ◆ **2008 Development Plans**
- ◆ **2009 Forecast**
- ◆ **2007-2008 Infrastructure Update and Plans**
- ◆ **Midstream 2008 construction projects**
- ◆ **Monitoring, Mitigation Actions and Studies**
 - *Historic Trails*
 - *Air Monitoring*
 - *Groundwater Monitoring*
 - *Performance Monitoring and Goals*
 - *Surface Disturbance and Reclamation*

Atlantic Rim Recent History

◆ 2004

- *Doty Mountain – Drill 24 well pilot*
- *Red Rim – Drill 16 well pilot*

◆ 2005

- *Jolly Roger – Drill 16 well pilot*
- *Blue Sky – Drill 12 producers*
- *Brown Cow – Drill 2 producers*

◆ 2006

- *Doty Mountain – Drill 24 producers and 2 injectors*
- *Brown Cow – Drill 11 producers*

◆ 2007

- *Sun Dog – Plan to drill 38 producers and 3 injectors (add to existing 14 wells pilot drilled in 2002)*

2007 Status Update and 2008 Plans

◆ 2007 Sun Dog Drilling

- *Have drilled 18 of 41 wells this year (Sept. 15th – Nov. 28th)*
- *3 rigs working + 1 preset rig*
- *Built 82 pad locations*

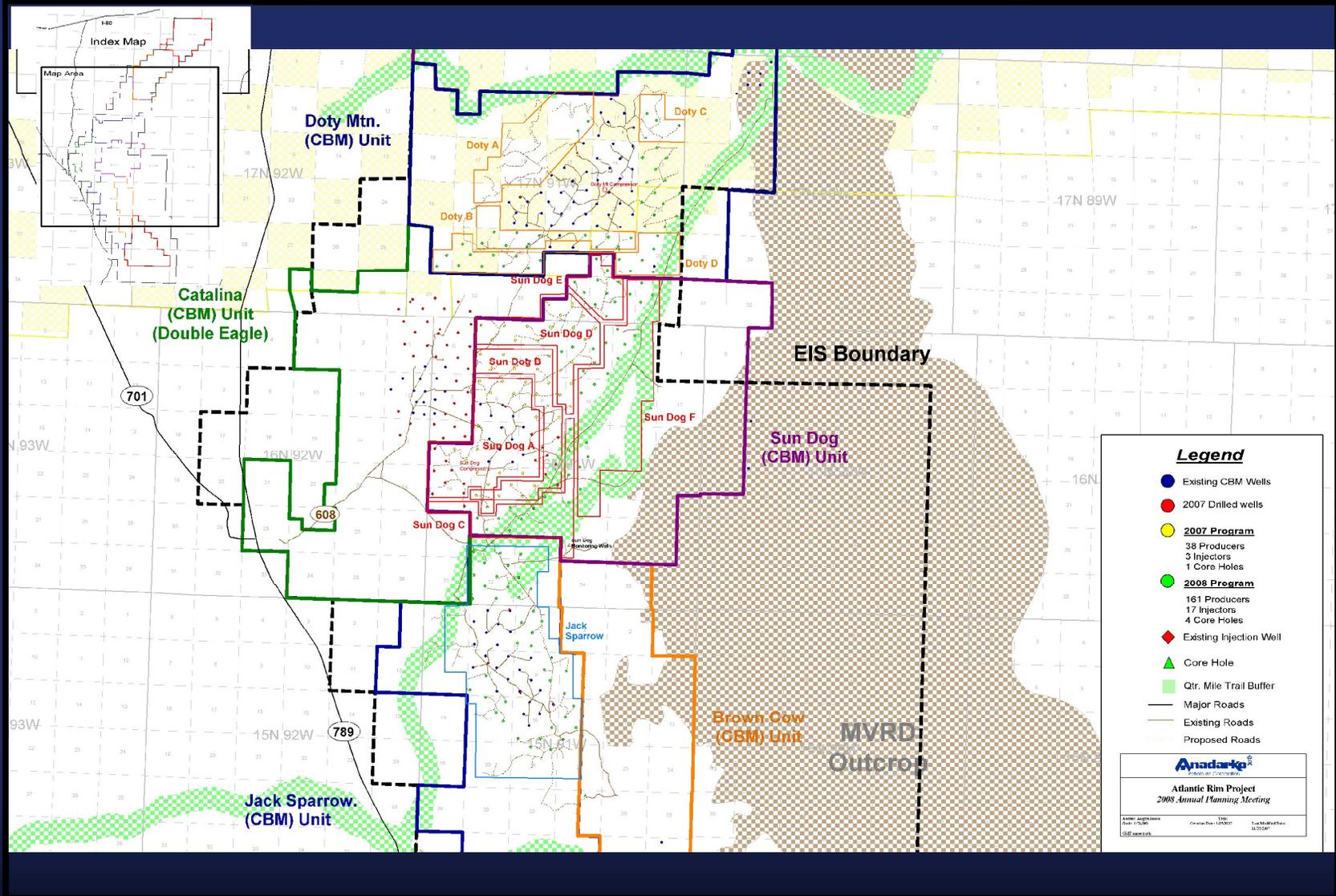
◆ 2008 Plans

- *Drill 150-175 development wells and 15-20 injection wells*

◆ POD Priority for 2008 activity (all but Doty D submitted by year end)

- *Doty Mountain B & C*
- *Sun Dog F*
- *Doty Mountain D*
- *Jack Sparrow (Blue Sky)*

2007 – 2008 Development Plan



POD Submittal Timeline

PODs for Submittal

Submittal Date

Anticipated Drilling

Doty Mtn. B	November 30, 2007	Summer - 2008
Doty Mtn. C	December 14, 2007	Summer – 2008
Sun Dog F	December 31, 2007	Summer – 2008 - 2009
Doty Mtn. D	May 1, 2008	Fall – 2008
Blue Sky/Jack Sparrow	December 31, 2007	Fall 2008 – 2009
Doty Mountain A	July, 2008	2009

2009 Development Plans

- ◆ **Drilling – Anticipate drilling 150-200 wells**
- ◆ **Continue to focus development of Sun Dog, Doty Mountain, and Jack Sparrow Federal Units**
- ◆ **Limited drilling required in other units to meet Unit obligations**

2007 Infrastructure Update and 2008 Plans

- ◆ **Infrastructure 2007 Update (pipelines, electrical, roads, etc.)**
 - *Pipelines: 280,000' YTD of 482,000', 58% complete*
 - *Electric Line: 186,000' YTD of 286,000', 65% complete*
 - *Roads: 60% of roads complete w/ gravel*
- ◆ **Infrastructure 2008 Plans (pipeline, electrical, roads, etc.)**
 - *Plan to build out for 2008 activity and ½ 2009*
 - *Limited Activity in Muddy Creek / Alamosa Gulch Sub Basin*
- ◆ **Infrastructure – install for 2009 wells and ½ 2010 well program**

Midstream 2008 construction projects

◆ 2008

- *Complete 8 Inch Discharge Pipeline from Blue Sky to Brown Cow Compressor Stations “CS”, Construction Start Date 8/1/2008*
- *Install additional Compression at Sun Dog, Blue Sky & Brown Cow CS(s)*
- *Install / upgrade Field Dehydration Units at Red Rim, Sun Dog, Blue Sky & Brown Cow CS(s)*
- *Permit 20 Inch Pipeline Loop from Red Rim WIC Interconnect to Brown Cow CS, Permit submitted by 8/1/2008*
- *2008 Contingent Project, Extend 8 Inch Loop from Brown Cow CS to Redwine Rockies LLC., Morgan Run CBM Unit*

ROD Requirements for Monitoring and Mitigation

- ◆ **Historic Trails**
- ◆ **Air Monitoring**
- ◆ **Groundwater Monitoring**
- ◆ **Performance Goals**
 - *Sage Grouse*
 - *Mule Deer*
 - *Muddy Creek*
- ◆ **Surface Disturbance and Reclamation Tracking**

ROD Requirements: Historic Trails

- ◆ Record of Decision requirements:
 - “As prescribed in the Wyoming State Protocol between the Wyoming BLM and the SHPO, Memorandum of Agreements (MOAs) are required between SHPO, BLM, the proponent, and interested parties as part of the Section 106 of the National Historic Preservation Act (NHPA) consultation process when there are anticipated adverse effects to historic properties. Given the number of site-specific projects needed to implement Alternative D, handling the Section 106 consultation process through one programmatic agreement (PA) is preferable to multiple, individual MOAs when adverse effect situations are anticipated... (AR ROD, p. 10)
 - “...mitigation measures will be incorporated into an agreement or agreements to be established under the Wyoming state cultural resources protocol between the BLM, the State Historic Preservation Office (SHPO), project proponents, and interested parties to address site-specific impacts and mitigation measures for all sites where setting contributes to National Register of Historic Places (NRHP) eligibility.” (AR ROD, p. B-19)

ROD Implementation: Historic Trails

◆ What's happened so far:

- Negotiations on a Programmatic Agreement for Adverse Impacts to the trails “setting” started in February of 2007
- Agreement was signed by all parties on July 31, 2007 including BLM, Anadarko, Double Eagle, Redwine, Warren Resources, SHPO, Advisory Council on Historic Preservation, Wyoming Attorney General
- Agreement Established:
 - Area of Potential Effect defined as area within 2 miles of historic trails
 - Mitigations include defined transportation corridors across contributing segments of trails, NSO within ¼ miles either side of contributing segments, and the need for a compensatory mitigation project.
- Compensatory Mitigation committee status
 - August 12, 2007: Meeting for brainstorming of project ideas
 - October 23, 2007: Narrowing of project options and work assignments
 - November 27, 2007: Discussion of two project proposals - interpretive signs and Wyoming public television show

ROD Requirements: Air Monitoring

- ◆ Record of Decision requirements:
 - “WDEQ established an air quality monitoring station near Wamsutter, Wyoming in March 2006 to monitor concentrations of NO_x, O₃, PM₁₀, and SO₂. In cooperation with WDEQ, the Operators will finance and operate additional air quality concentration monitoring, including O₃ monitoring, in the Rawlins Field Office (RFO) management area. The BLM will work cooperatively with WDEQ, USEPA, and the Operators to maintain and enhance concentration monitoring in the RFO management area, including monitoring required to represent impacts due to emissions from the Atlantic Rim field.” (AR ROD, p. 7)

ROD Implementation: Air Monitoring

◆ What's happened so far:

- Discussions were held between Anadarko and WDEQ Air Quality Division to define the design criteria for a monitoring station in the AR field
- Anadarko installed an 80-foot meteorological tower and air quality monitoring shelter in the fall of 2007 at a production well approximately one mile southeast of the Jolly Roger Compressor station near the Continental Divide
- The station is instrumented to continuously monitor O_3 , NO_x and dispersion meteorology including winds, turbulence, temperature, solar radiation, barometric pressure, and atmospheric stability
- The system is fully operational
- October of 2007 was the first full month of monitoring. The data indicate that area constituent concentrations during this period were well below applicable standards

◆ Record of Decision requirements:

- “ The operator shall be responsible for drilling, completing, and equipping one set of three shallow groundwater-monitoring wells ...”
(AR ROD, p. B-10)

◆ What’s happened so far:

- Selected locations for monitoring wells in August – T16N R91W, Section 12.
- Permits submitted, subsequently revised for rig change, awaiting approval to drill.
- Additional work: APC Sponsored Methane Seep Field Study – Initiated Fall 2007
 - *Reservoir Management*
 - *Resource Conservation*
 - *Safety*

ROD Requirements: Performance Monitoring

◆ Record of Decision requirements:

- “The BLM will use a performance-based management approach as part of the adaptive management process... (AR ROD, p. 19)
- “...Performance Goals: describes the conditions that BLM and Operators will attempt to achieve...” (AR ROD, p. 19)
- “Operators are responsible for demonstrating successful achievement of Performance Goals.” (AR ROD, p. 20 and again on p. 21)
- “As part of the annual planning process, a monitoring and mitigation process is required, and its development will begin within 30 days of the effective date of the ROD” (AR ROD, p.20)
- “Funding for wildlife and habitat monitoring may be obtained from BLM appropriations, in collaboration from cooperating or interested agencies, from the voluntary participation of the Operators, or from outside sources...” (AR ROD , p. 20)
- Early efforts are to be made to collect or consolidate resource data to form a baseline against which future monitoring efforts would be compared to indicate trends. In the absence of sufficient data illustrating Operator achievement of Performance goals, the BLM will use a conservative approach when considering additional approvals.” (AR ROD, p. 3)

ROD Implementation: Performance Goals

◆ What's happened so far:

- June 1 Meeting: Between Rawlins Field Officer Manager and Anadarko to discuss ROD and specifically Performance Goals – Both parties agreed that this meeting met the 30-day ROD requirement to initiate the monitoring and mitigation process (AR ROD p. 20 - see June 15 letter to Mark Storzer from Anadarko)
- October 4 Meeting: Attendees included operators, BLM, and state cooperators to discuss Review Team composition, Performance Goals, and immediate monitoring needs in AR.
- November 6 letter from the Office of the Governor to the Rawlins BLM office: Four Review Team members have been recommended by the Governor to the BLM.

ROD Implementation: Performance Goals

- ◆ Performance Goal for Sage Grouse:
 - “provide well-dispersed sage-grouse breeding, nesting, brood rearing, and winter habitat” (AR ROD p. 19)
- ◆ What’s happened so far:
 - Work Group Meetings to discuss monitoring approach: 12/8/06, 5/8/07, 7/18/07, 8/29/07, 9/18/07, 10/24/07, 11/9/07, 11/15/07
 - Anadarko/Warren committed \$75,000 in 2007 to collar birds. Monthly flights to track the birds has taken place in 2007.
 - Anadarko/Warren has committed \$150,000 in 2008 for continuation of the study.

ROD Implementation: Performance Goals

- ◆ Performance Goals for Mule Deer:
 - “maintain functional migration routes through or around development areas” (AR ROD p. 19)
 - “provide an adequate amount of suitable, undisturbed crucial winter range for big game animals”
- ◆ What’s happened so far:
 - EIS Companies funded a baseline Mule Deer Study for \$200,000 during 2005 and 2006 that collared deer to “identify seasonal ranges, document migration routes, and estimate survival rates prior to development...”
 - Anadarko/Warren have recently committed \$150,000 for an extension of the study during 2008 and 2009. WGF is funding \$31,700 of the extended study. BLM is seeking \$75,000 of internal monies to expand the scope of the study.

ROD Implementation: Performance Goals

- ◆ Performance Goals for Muddy Creek Sensitive Fish:
 - “maintain adequate water quality, water quantity, species distribution, and aquatic habitat components” (AR ROD p. 19)
- ◆ What’s happened so far:
 - Initial meetings to discuss monitoring occurred on 08/16/07 and 09/12/07
 - Agreement has been reached that Muddy Creek monitoring program needs to be defined this winter for initiation of spring baseline sampling.
 - Definition of this monitoring program is time-sensitive
 - Anadarko/Warren is talking with a national environmental firm and will bring to the next work group meeting a draft proposal for Muddy Creek monitoring over the next five years.

ROD Requirements: Surface Disturbance

◆ Record of Decision requirements:

- “Alternative D involves drilling of approximately 2,000 gas wells within the ARPA to recover energy resources, while limiting total new surface disturbance from the drilling program across the ARPA (federal, state and fee mineral) to a maximum of 7,600 acres, at any given time, and a 6.5 acre/well site short-term (less than 6 years) disturbance goal.” (AR ROD, p.1)
- “Operators are required to provide BLM, within 30 days of approval of this ROD, a map of existing disturbance associated with activities authorized during the period of time when the interim drilling policy was in effect. (AR ROD, 3)
- “When evaluating development applications for affected federal minerals and lands, the BLM will consider impacts and surface disturbance that occur on private and/or state lands relative to an operators disturbance cap allocation” (AR ROD, p. 5,6)
- “The 7600-acre disturbance cap will be allocated to Operators on a prorated, mineral leasehold basis. Existing surface disturbance from activities approved under the IDP will count against each Operator’s disturbance cap allocation. Past oil and gas development surface disturbance with the ARPA will not count against the cap. (AR ROD, p. 18)

ROD Implementation: Surface Disturbance

◆ What's happened so far:

- Several meetings between BLM and AR operators were held to discuss surface disturbance cap allocation.
- Anadarko and Double Eagle submitted baseline disturbance estimates on June 20, 2007, thereby meeting the 30-day ROD requirement.
- BLM has developed a “draft” allocation protocol that allocates surface disturbance based on Federal Unit operators. The “draft” protocol:
 - Saves some surface disturbance for potential conventional gas development
 - Allows for periodic re-calculation of the allocation
 - Accounts for expansion or contraction of unit boundaries
- Note: Limited number of AR operators made the surface disturbance allocation relatively pain free

Surface Disturbance Overview

- ◆ Methodology to determine Surface Disturbance: A GPS survey was completed within Anadarko's AR development areas by ground truth of full disturbance polygons for GIS mapping purposes (see exhibits):
 - Disturbance from the beginning of the Interim Drilling Program (IDP) on Jan. 14, 2002 to present the baseline surface disturbance
 - 89 built locations will be constructed by the end of 2007.
 - 8 injection wells to co-exist with a gas producing well-shared pad location
 - Sun Dog acres disturbed present year is 314.6 acres
- ◆ Anadarko's full surface disturbance is projected to be approximately 1,612 acres at the end of 2007.

Surface Disturbance: Reducing Footprint

- ◆ Anadarko is making efforts to reduce our footprint:
 - 80-ft. wide permitted easements for transmission and transportation lease entrance corridors were constructed this fall at a reduction to 58 feet.
 - Disturbance reduction of 27.5% for 40 miles of projected activity areas resulting in 106.7 fewer surface disturbed acres for 2007 Sun Dog Construction
 - Section 11 in Doty Mountain resulted in 38.3 acres total vs. EIS 52 acres target (>25% reduction in surface disturbance)
 - *Project completed in 2006*

ROD Requirements: Reclamation

◆ Record of Decision requirements:

- “Adaptive management techniques will be used to correct any deficiencies and modify reclamation criteria as is necessary (Reclamation Plan, Appendix A)” (AR ROD, p. 3)
- When a site attains the interim reclamation vegetation cover and soil stability standards detailed in “Criteria for Reclamation Success” in the Reclamation Plan (appendix a), the reclaimed acreage will be deducted from an operator's disturbance cap allocation...”(AR ROD, p. 3)
- “One of the most important principles for successful restoration is to limit initial disturbance through the use of planning, construction control, and adaptive management.” (AR ROD, p. A-3)
- “The operators will provide the BLM with an annual report before December 1st for all sites disturbed...” (AR ROD, p. A-5) (Note: Date has since been modified to March 1)
- “Reclamation will be considered successful if the following Interim Reclamation criteria are met:
 - 80 percent of predisturbance ground cover
 - 90 percent dominant species
 - No noxious weeds present in the seeding, and
 - Erosion features equal to or less than the surrounding area (AR ROD, p. A 6)

ROD Implementation: Reclamation

◆ What's happened so far:

- Several meetings between BLM and AR operators have been held to discuss reclamation tracking and annual/periodic vegetative monitoring.
- Anadarko and Double Eagle have both completed some preliminary transect monitoring using subcontractors.
- Anadarko has hired a recognized consulting company (Ecosystem Research Group out of Missoula, Montana) to help us explore an alternate “trajectory-based criteria” for reclamation success
- Field level pilots are being conducted/planned to enhance reclamation success

Anadarko's Reclamation Activity

◆ Reclamation for Atlantic Rim areas:

- 700 acres of seed mix is scheduled for application in 2007 (including straw mulch) – weather and wildlife stipulation dependent
- Pilot project: 35 acre plot utilizing Mycorrhizal Inoculant in dry sandy area of Doty Mountain
 - two to three year study, fungi aids in sterile soil environments, possibly branch out to clay/loamy and alkaline/salinity soil areas?
- Applying erosion control points: waddles, silt fencing, mulching, gravel bars on culvert entrance/exits, wing ditches
 - Geared towards soil stability and as an aid to re-vegetation – required in many cases by Storm Water Pollution Prevention measures
- Planting shrub and forbs seed mix as soon as applicable in the first growing season
 - Weed control is focusing on mechanical means (mowing) and spot spraying of chemicals to avoid impacts to desired vegetation planted
- Geodatabase program for disturbance and reclamation success monitoring will be submitted by March 1, 2008

Reclamation: State-Wide Activity

- ◆ Anadarko is participating in the following agency and cooperative groups:
 - **South Central Wyoming Restoration Council**
 - PAW/BP industry/agency with the three sub work groups: Construction, Weeds and Seeds, Data Entry Management
 - **University of Wyoming extension group; Reclamation and Restoration**
 - APC target interest is soil fertility, cooperate with NRCS and appropriate conservation districts-potential student intern project
 - Seed vs. soil compatibility, top soil management, soil amendments and appropriate fertilizer application links
 - **Atlantic Rim Reclamation Working Group**
 - Reclamation Standards
 - Appropriate monitoring techniques of soil and vegetation monitoring
 - database and reporting measures
 - Roll over criteria for release purposes, ESD and trajectory tracking proposals
 - **Game and Fish Department, private/fee sector of landowners, state lands and Wyoming Livestock Growers Association**
 - restoring western ranges and wild lands with multiple users
 - **Wyoming Landscape Conservation Initiative**
 - Science based planning for co-existence of wildlife resources and prudent energy development

Reclamation Initiatives

- ◆ **Reclamation – Undergoing new developmental stages:**

- *Wyoming BLM Statewide Reclamation Policy- revision to be completed in the next year- early 2009 tentative schedule to update?*
- *Geo Spatial revisions or implementations proposed by BLM tied Onshore Order #1- awaiting public review and comment period*

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