



ANADARKO PETROLEUM CORPORATION

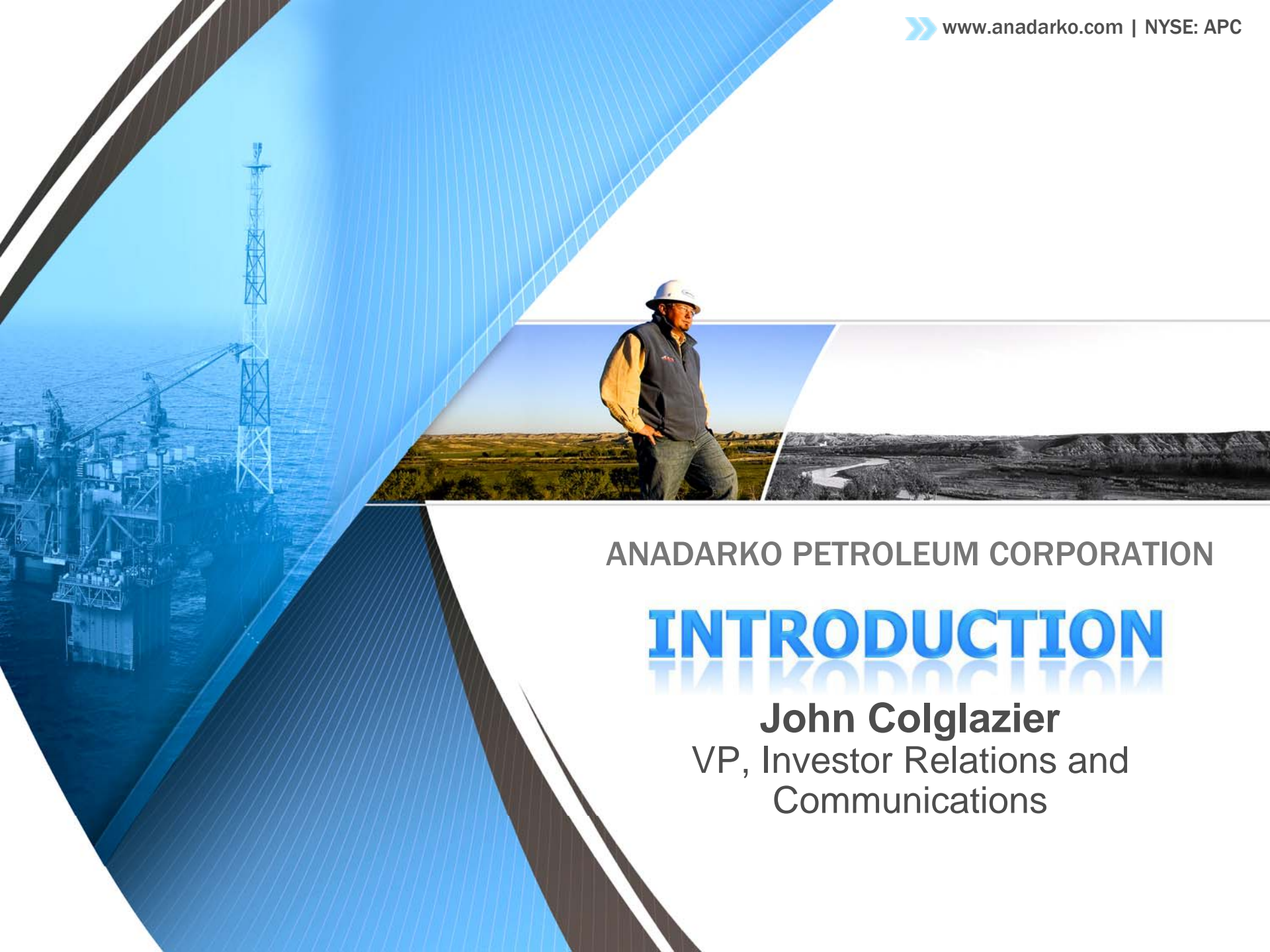
# 2011 INVESTOR CONFERENCE CALL

February 24, 2011

INVESTOR RELATIONS  
CONTACTS:

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Vice President  
832/636-2306

Dean Hennings  
Manager  
832/636-2462



ANADARKO PETROLEUM CORPORATION

# INTRODUCTION

**John Colglazier**  
VP, Investor Relations and  
Communications



# Cautionary Language

## *Regarding Forward-Looking Statements and Other Matters*

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words “believe,” “expect,” “plan” or other similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon Anadarko’s current expectations and beliefs concerning future developments and their potential impact thereon. While Anadarko believes that its expectations are based on reasonable assumptions as and when made, no assurance can be given that such expectations will prove to have been correct. A number of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this presentation, including the following: Anadarko’s ability to successfully drill, complete, test and produce the wells and prospects identified in this presentation; to meet financial and operating guidance; to execute the 2011 capital program and meet the long-term goals identified in this presentation; the outcome of events in the Gulf of Mexico relating to the Deepwater Horizon event and the Company’s ability to successfully defend its stated position under the corresponding Operating Agreement; the legislative and regulatory changes, such as delays in the processing and approval of drilling permits, exploration plans and oil spill response plans, that may impact the Company’s Gulf of Mexico and International offshore operations resulting from the Deepwater Horizon event. Other factors that could impact the forward-looking statements are described in “Risk Factors” in the company’s 2010 Annual Report on Form 10-K, and other public filings and press releases. Readers are cautioned not to place undue reliance on forward-looking statements, which speak as of the date hereof. Anadarko undertakes no obligation to publicly update or revise any forward-looking statements.

Please also see our Web site at [www.anadarko.com](http://www.anadarko.com) under “Investor Relations” for reconciliations of the differences between any non-GAAP measures used in this presentation and the most directly comparable GAAP financial measures.

**Cautionary Note to U.S. Investors** — Effective January 1, 2010, the U.S. Securities and Exchange Commission (SEC) permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves that meet the SEC’s definitions for such terms. We may use terms in this presentation, such as “resources,” “net resources,” “net discovered resources,” “net risked resources,” “net lower-risked captured resources,” “net risked captured resources,” “gross resources,” “gross resource potential,” “gross unrisked resource potential,” “gross unrisked resources,” and similar terms that the SEC’s guidelines strictly prohibit us from including in filings with the SEC. U.S. Investors are urged to consider closely the oil and gas disclosures in our Form 10-K for the year ended December 31, 2010, File No. 001-08968, available from us at [www.anadarko.com](http://www.anadarko.com) or by writing us at: Anadarko Petroleum Corporation, 1201 Lake Robbins Drive, The Woodlands, Texas 77380 Attn: Investor Relations. You can also obtain this form from the SEC by calling 1-800-SEC-0330.



ANADARKO PETROLEUM CORPORATION

**BUILT TO DELIVER**

**Jim Hackett**  
Chairman and CEO



# Our Premier Balanced Portfolio is Built to Deliver

## Our Strategy is Working:

- Identify and Commercialize Resources
- Explore in High-Potential, Proven Basins
- Employ a Global Business Development Approach
- Ensure Financial Discipline and Flexibility



# Built to Deliver Strong Results

*Cumulative 2008 - 2010*

	March 2008 3-Year Guidance	2008 - 2010 Results
Sales Volumes (MMBOE)	658 - 679	<b>661</b>
Capital (Billions)	\$15.1 - \$16.1	<b>\$14.6</b>
Reserve Adds* (MMBOE)	825+	<b>933</b>

- **\$1 Billion of Free Cash Flow**
- **50+% Offshore Exploration Success**
- **2+ BBOE Net Resources De-Risked**

*\*Excludes Impact of Price Revisions*

# Built to Deliver in Any Environment

■ **Commodity-Price Disconnect**



**Allocate Capital to Capture Value Enhancement from Liquids**

■ **Accelerate Portfolio Value**



**High Grade; Selective Monetizations**

■ **Gulf of Mexico Permitting**



**Direct Capital to Other Portfolio Opportunities**

■ **BP Oil Spill**



**Substantial Liquidity Ensures Focus is on Portfolio Opportunities**

# Built to Deliver Growth and Value

- **7 - 9% Five-Year Production CAGR**
- **3+ BBOE of Proved Reserves by Year-End 2014**
- **150+% Annual Reserve Replacement**
- **F&D Less Than \$15/BOE**
- **Transition Discoveries to Development**







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# DELIVERING GROWTH AND VALUE

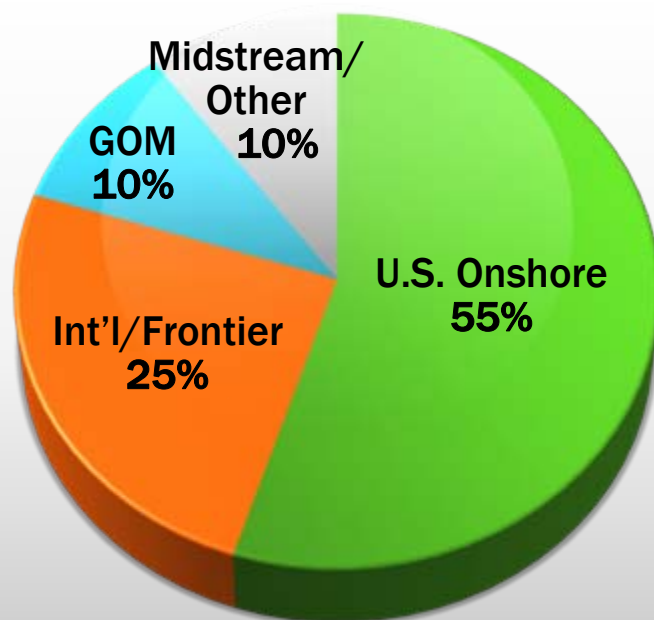
**Al Walker**  
President and  
Chief Operating Officer

# 2011 Expectations

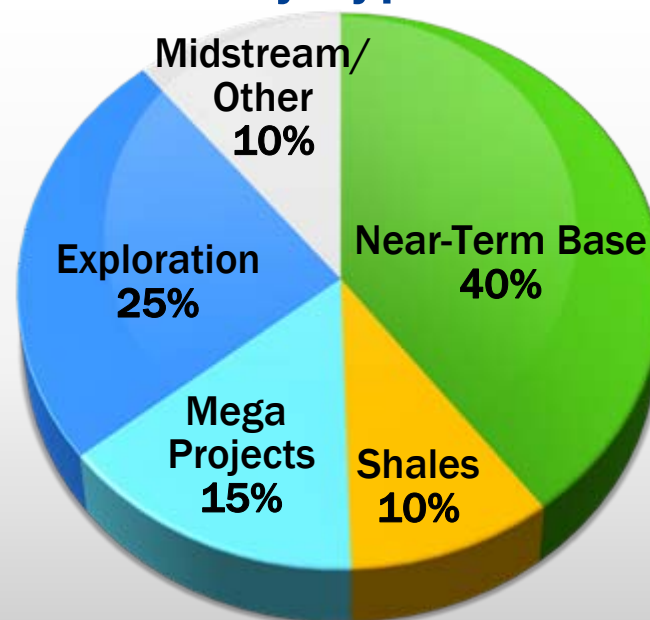
## Guidance

<b>Sales Volumes (MMBOE)</b>	<b>244 - 248</b>
<b>Capital* (Billions)</b>	<b>\$5.6 - \$6.0</b>
<b>Reserve Replacement</b>	<b>150+%</b>

## By Area



## By Type



## 2011 Capital

\*Excludes Western Gas Partners, LP (WES)

# Premier Balanced Portfolio

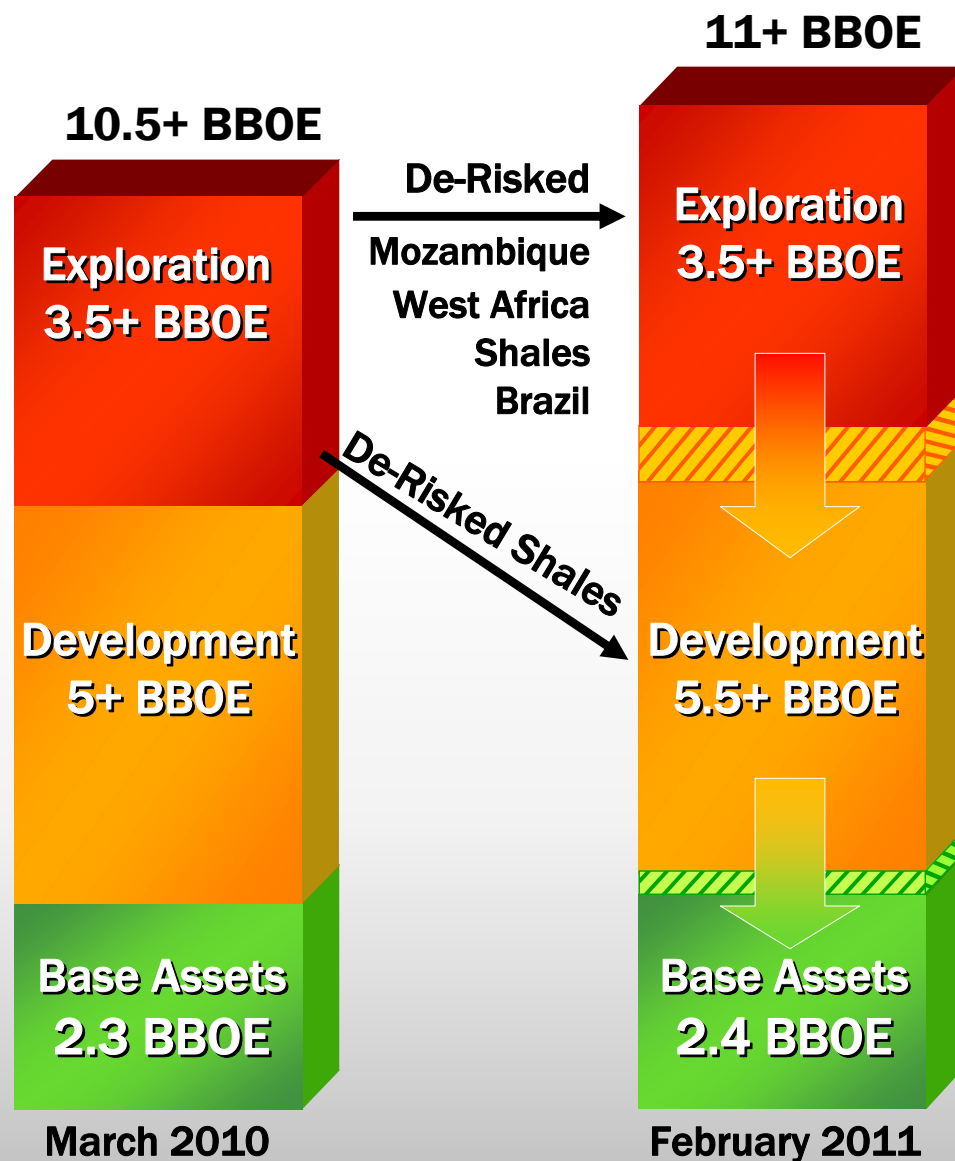
- 11+ BBOE Net Risked Captured Resources
- Line-of-Sight Production Growth
- Predictable Reserves Generator
- Differentiating Value from Exploration





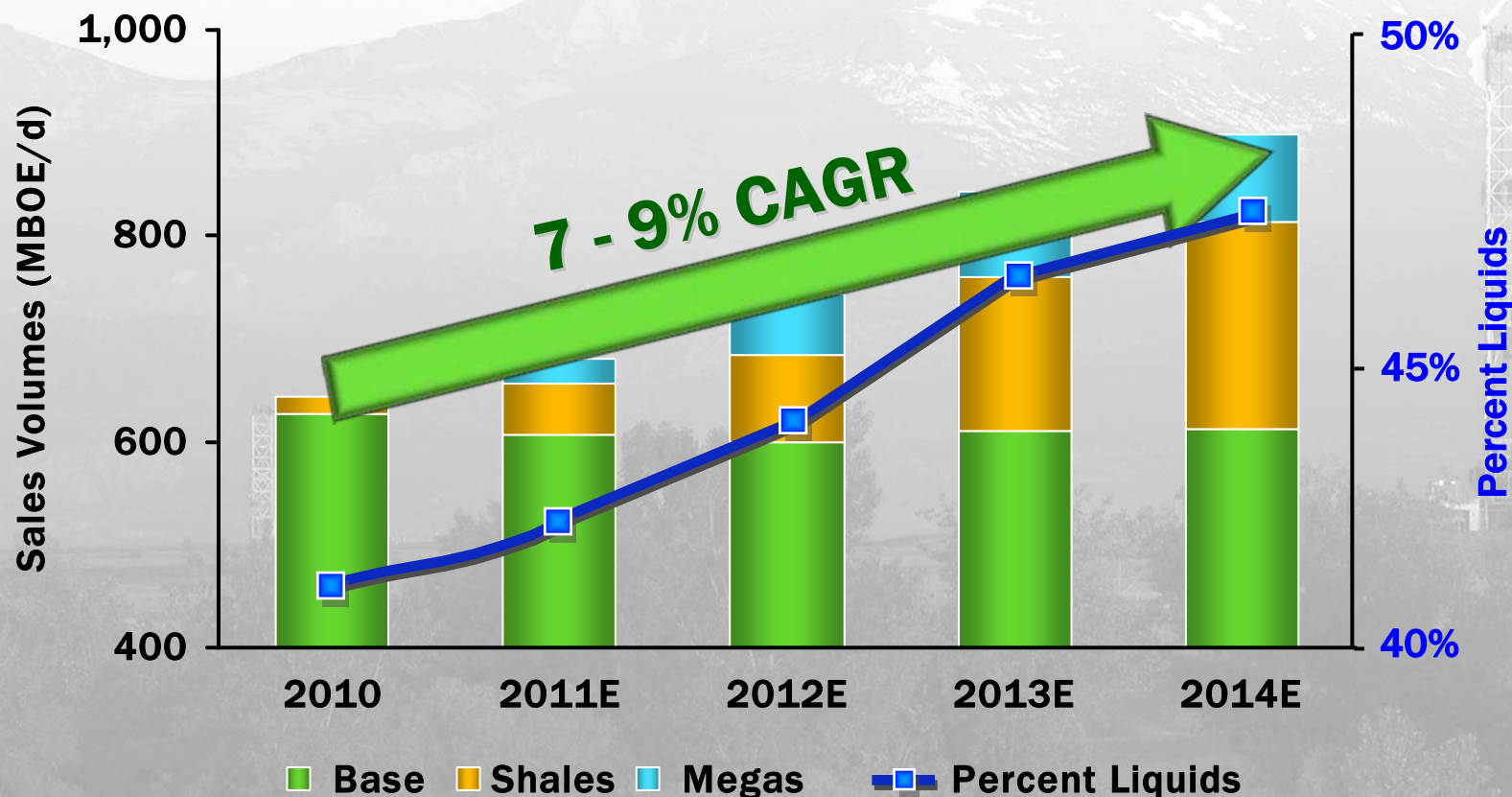
# Built for Sustainable Growth and Value

- Accelerate Production and Reserves Growth
- Allocate Capital with NAV Focus
- Capitalize Upon Portfolio Optionality



# Line-of-Sight Production Growth

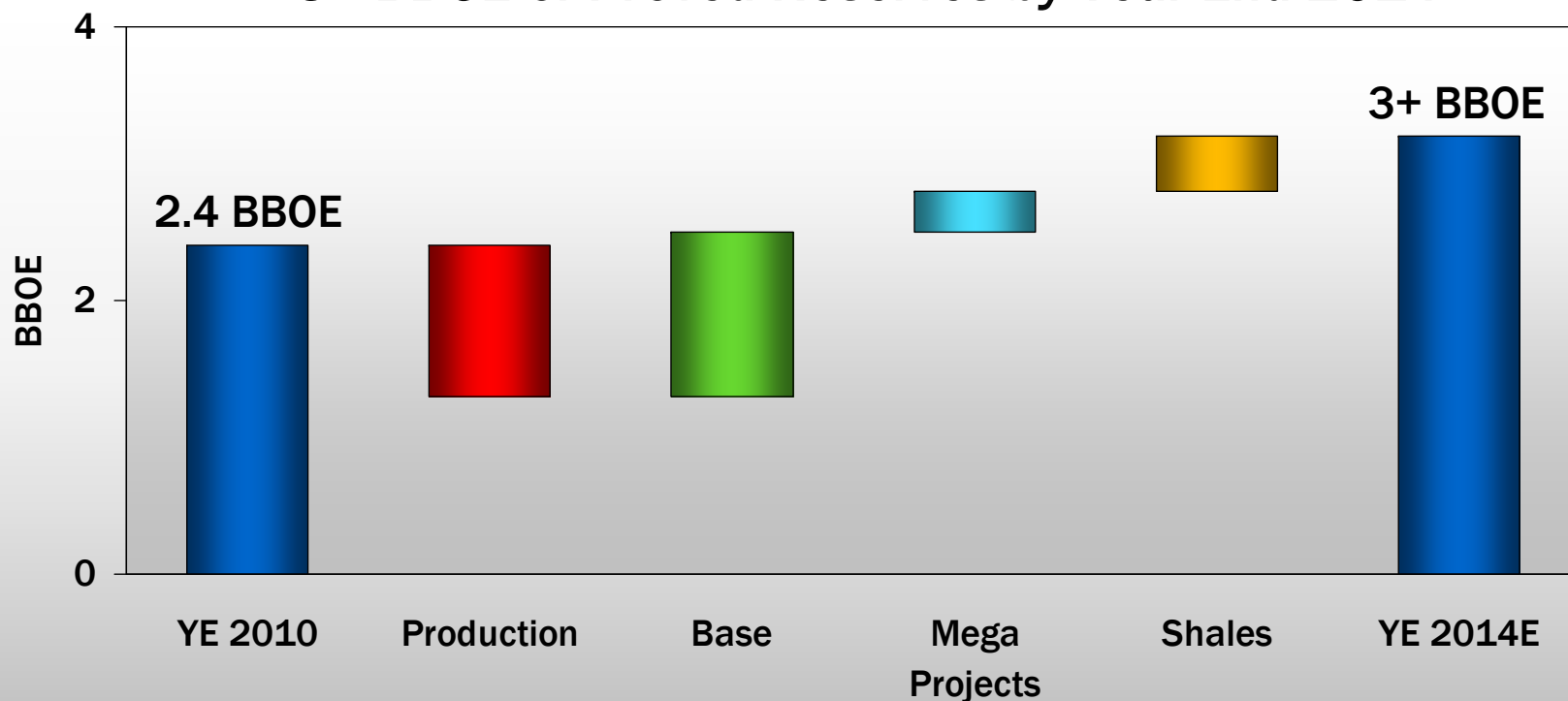
- 7 - 9% Five-Year Production CAGR
- Moving Toward Equalized Product Mix



# Predictable Reserves Generator

- Capital-Efficient Base More Than Replaces Production
- Mega Projects and Shales Accelerate Reserves Growth

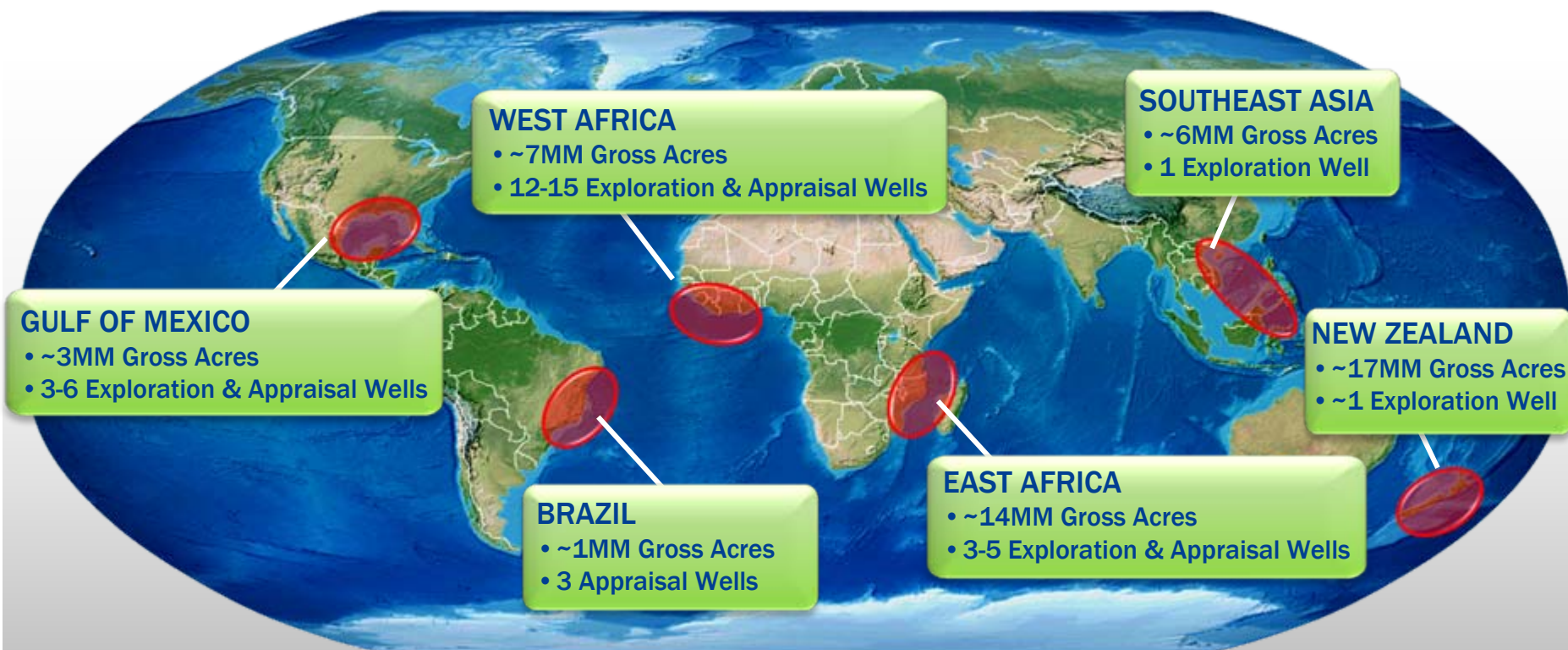
*3+ BBOE of Proved Reserves by Year-End 2014*





# Focused Exploration in High-Potential Basins

- Deliver 500+ MMBOE of Net Risked Resources
- ~25 High-Impact Deepwater Exploration / Appraisal Wells
- Deep, Multi-Year Inventory of Identified Prospects

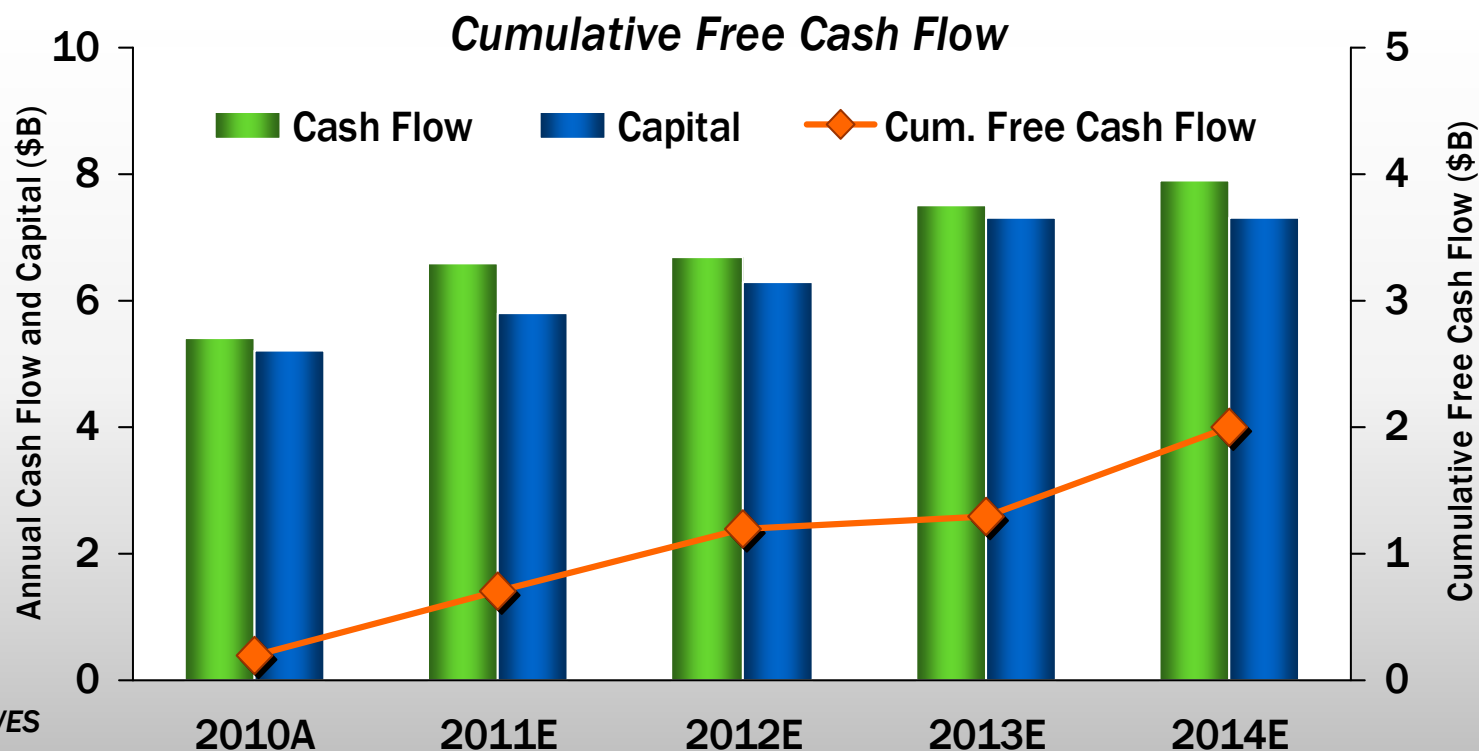


*Planned 2011 Activity*

# Five-Year Plan

Based on \$90/Bbl and \$4.50/Mcf

	2010A	2011E	2012E	2013E	2014E
Sales Volumes (MMBOE)	235	244 - 248	260 - 275	285 - 305	315 - 340
Cash Flow (\$B)	5.4	6.3 - 6.4	6.5 - 7.0	7.1 - 7.6	7.6 - 8.4
Capital* (\$B)	5.2	5.6 - 6.0	6.1 - 6.5	7.1 - 7.5	7.1 - 7.5
Free Cash Flow (\$B)	0.2	0.4 - 0.7	0.4 - 0.5	0.0 - 0.1	0.5 - 0.9



\*Excludes WES

# Strength of Balance Sheet

- Ended 2010 with ~\$3.7 Billion of Cash on Hand
- Access to 5-Year \$5 Billion Undrawn Credit Facility
- Significantly Extended Debt Maturities





# Positioned for the Future

- Accelerating Value from **Capital-Efficient Base**
- Realizing Tremendous Growth from **Shale Plays**
- Developing Sanctioned **Mega Projects**
- Advancing **Next-Generation Mega Projects**
- Continuing World-Class **Exploration Program**





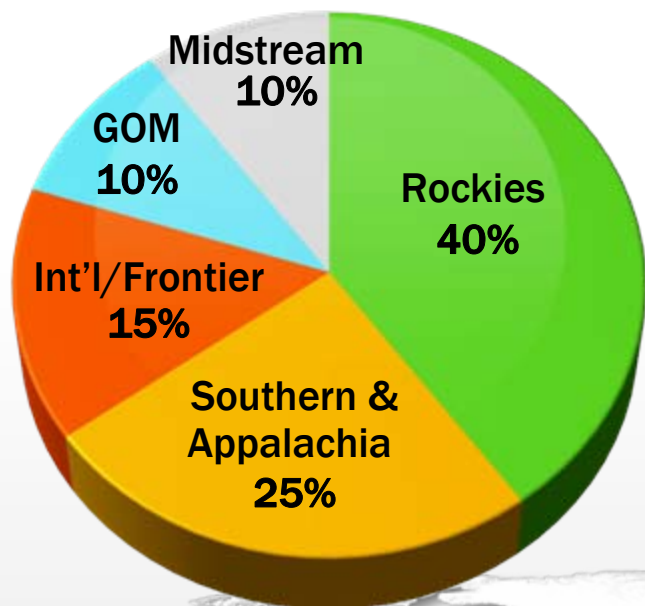
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# LINE-OF-SIGHT GROWTH

**Chuck Meloy**  
SVP, Worldwide Operations

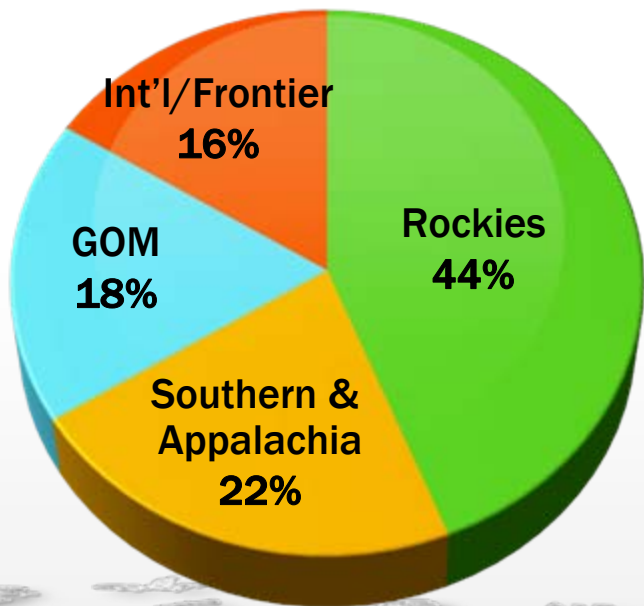
# Worldwide Operations 2011 Expectations

Capital by Region\*



**\$4.3 - \$4.7 Billion**

Volumes by Region



**244 - 248 MMBOE**

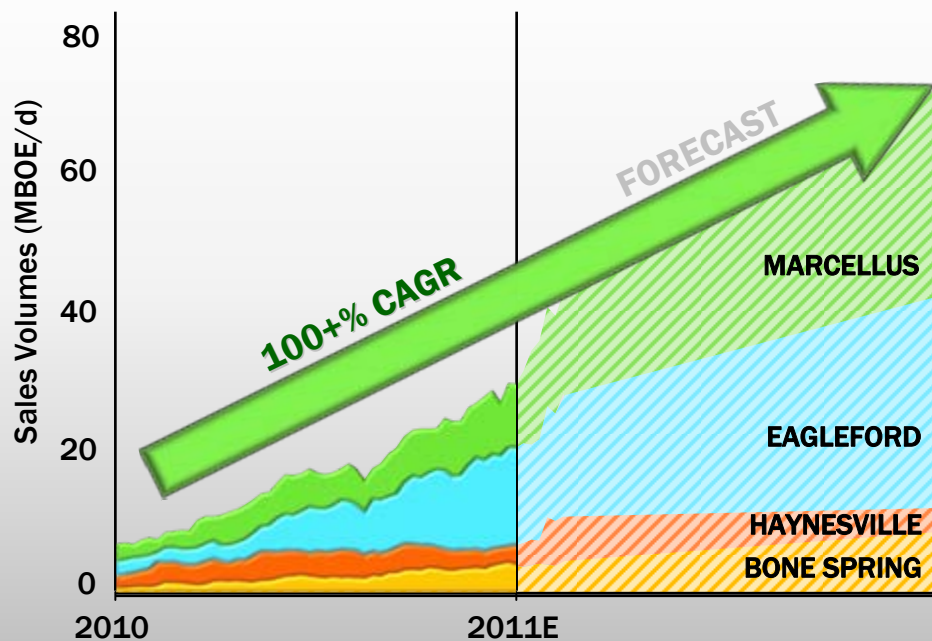
\*Excludes WES



# Delivering Record Results

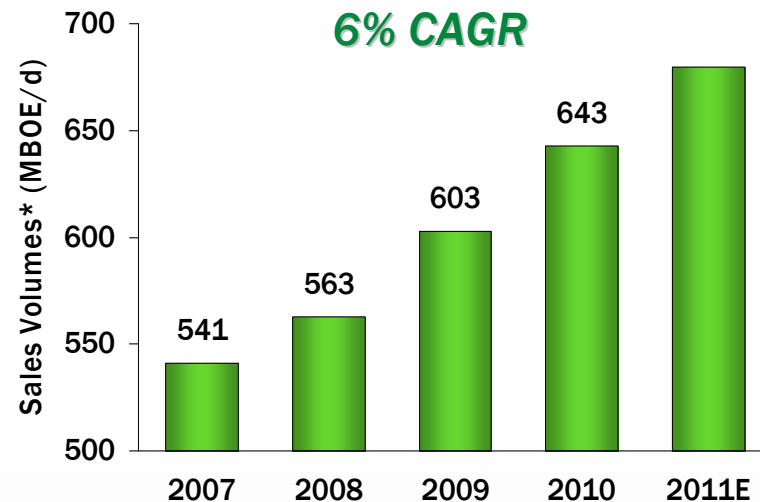
- **6% CAGR Over 4 Years**
- **Tremendous Growth in Shales**
- **Low-Cost / High-Growth in Rockies**

## Shales and Growth Plays



## Total Company

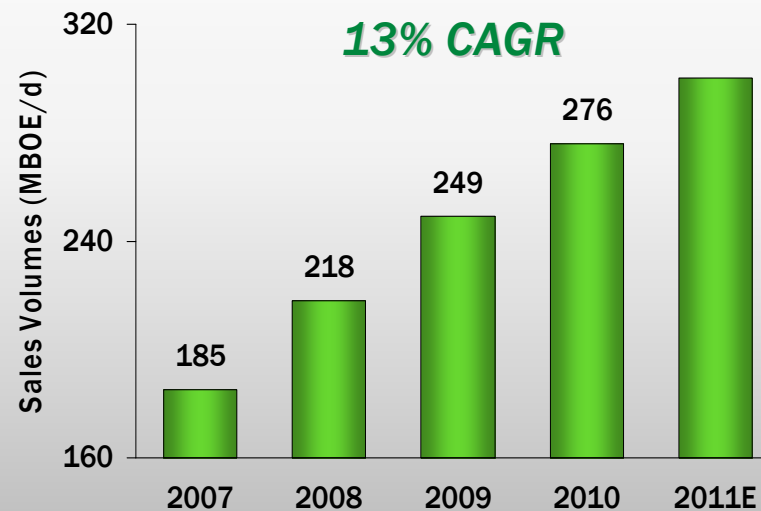
**6% CAGR**



\*From Retained Properties

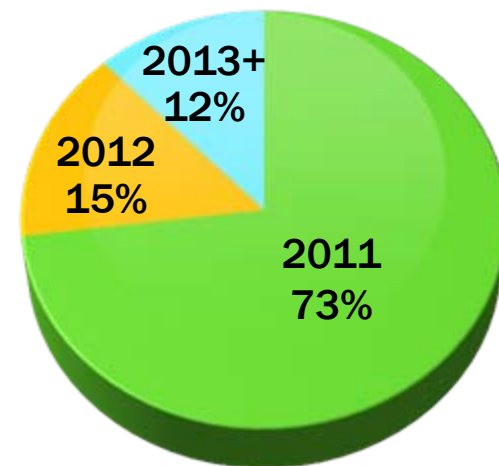
## Rockies

**13% CAGR**



# NAV-Focused Capital Allocation

- ~\$2.1 Billion 2011 Maintenance Capital
- Program Delivers Near-Term Volumes and Reserves Growth
- Continuing Efficiency Gains



2011 Investment to Revenue Realization

## Enhancing Value Through Drilling Performance (4Q09 vs. 4Q10)

	<u>Spud to Rig Release</u>	<u>Rig Mob</u>	<u>Average \$/ft</u>
Eagleford	-21% ↓	-28% ↓	-9% ↓
Marcellus	-44% ↓	-14% ↓	-44% ↓
Bone Spring	-46% ↓	-6% ↓	-30% ↓
Natural Buttes*	+3% ↑	-13% ↓	-2% ↓
Wattenberg	-5% ↓	-33% ↓	-3% ↓
Wamsutter	-37% ↓	flat ↔	-12% ↓

\*4Q10 Wells Average 600 Feet Deeper

# Driving Down Lease Operating Expense

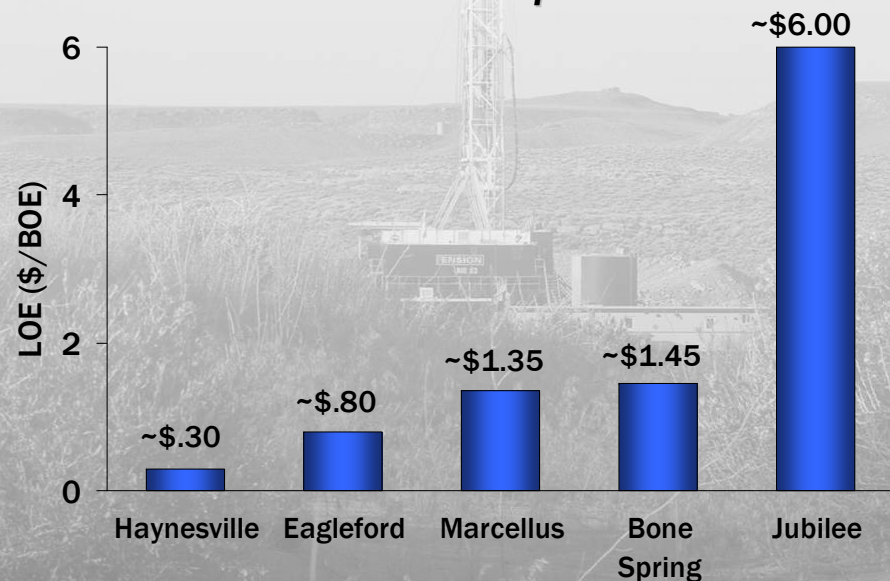
## ■ Organizational Initiatives Drive Improvements

- Leveraging Technology
- Expanding Automation
- Sharing Best Practices
- Reducing Waste

*Total Company*



*2011E Cost per BOE*

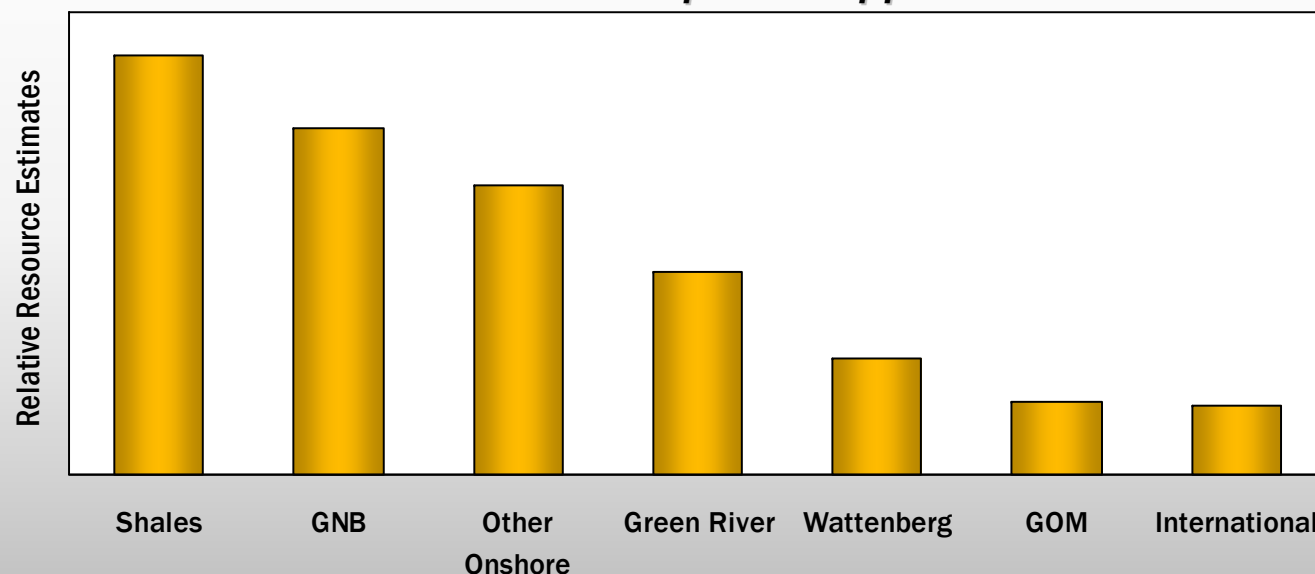


# Predictable Reserves Generator

## ■ Clear Path to 3+ BBOE by YE 2014

- Transparent Reserves Pipeline
- ~150% Reserve Replacement

### 5.5+ BBOE Lower-Risk Development Opportunities





# Gulf of Mexico and International

## ■ Gulf of Mexico

- Caesar/Tonga Completions Under Way with First Oil Expected in 2012
- Planning Lucius Flow Test in 2011
- Actively Engaged with BOEMRE on Permitting Process

## ■ International

- El Merk Project ~65% Complete
- Jubilee Producing ~50,000 BOPD from 4 Wells with Ongoing Completions



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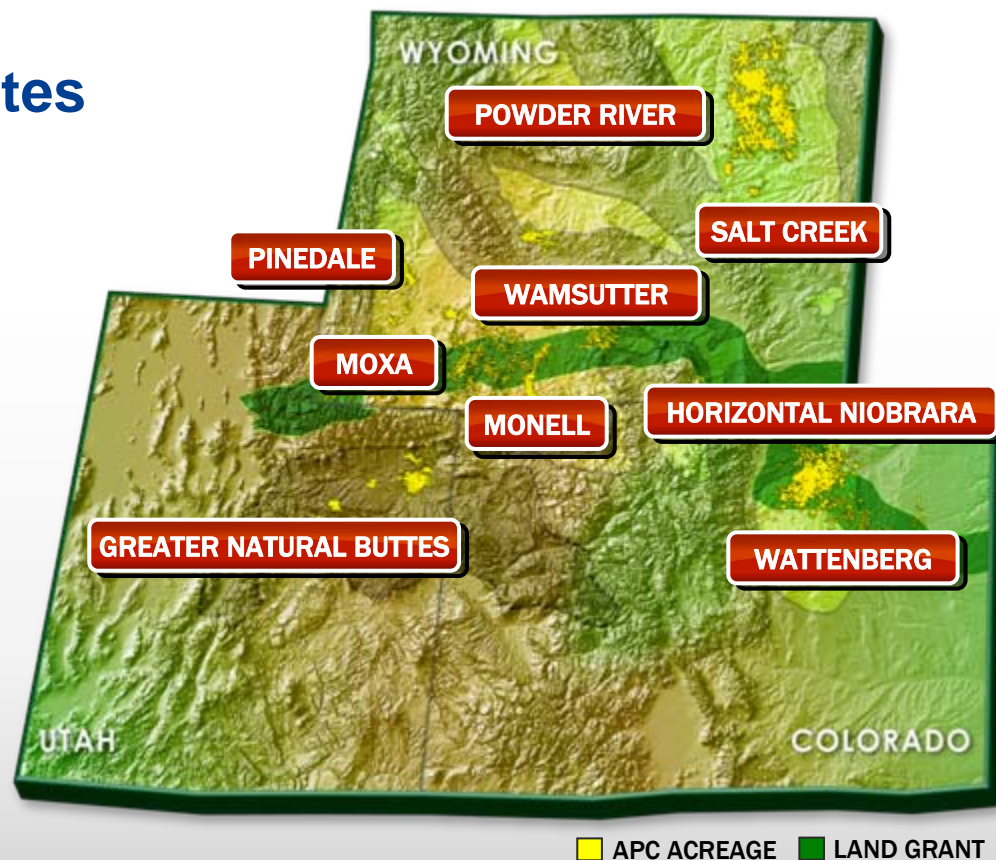
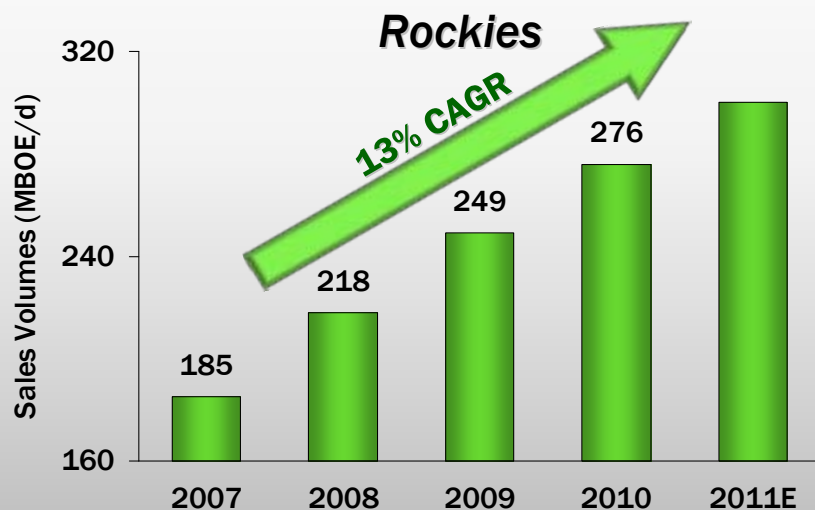
# **CAPITAL-EFFICIENT BASE**

**Jim Kleckner**  
VP, Rockies Operations

# Rockies Powerhouse

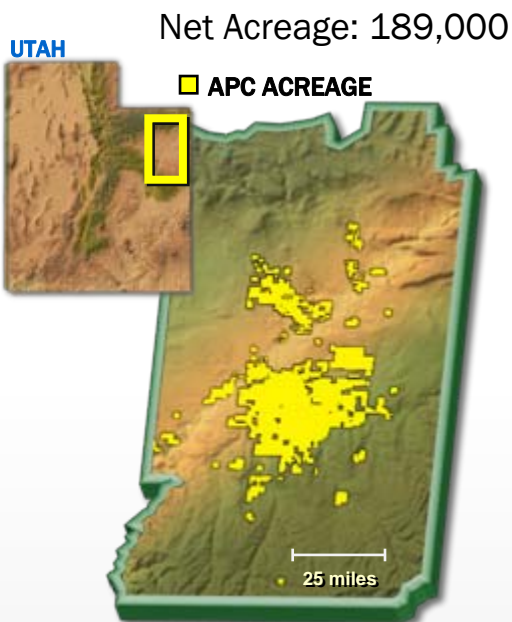
## *The Growth Engine*

- **<\$7 / BOE F&D in 2010**
- **20,000+ Lower-Risk Drill Sites**
- **Competitive Advantages**
  - Economies of Scale
  - Concentrated Acreage Positions
  - Land Grant Royalty
  - Significant Midstream Position

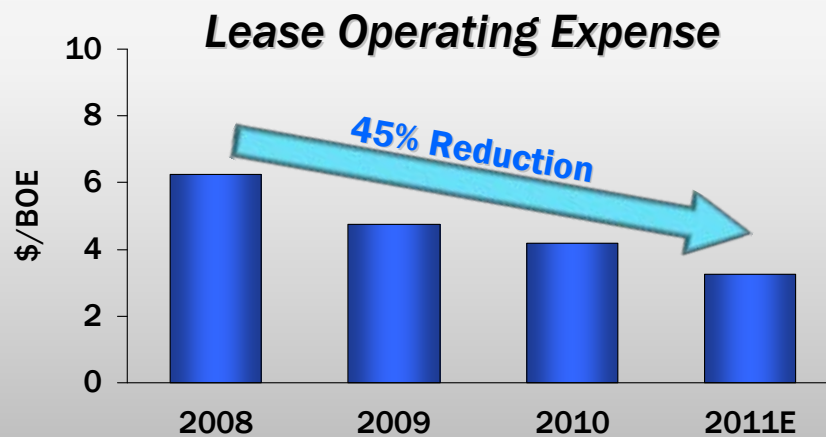
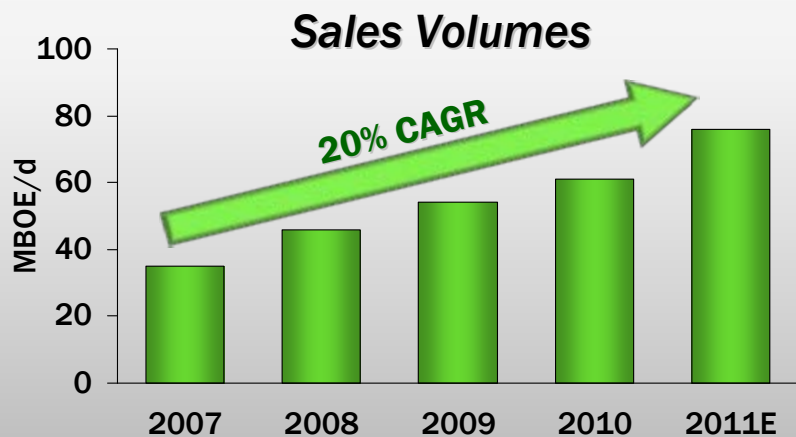




# Greater Natural Buttes Continues to Deliver



- **6,000+ Lower-Risk Drill Sites**
- **Developing Deeper Zones**
- **Enhanced Margins**
  - \$0.80/Mcfe Uplift from Processing
  - 31% LOE/BOE Reduction





# Greater Natural Buttes: Enhancing Returns

## ■ Improving Mesaverde

- Focus on Higher-EUR Fairway
- 10-Acre Spacing

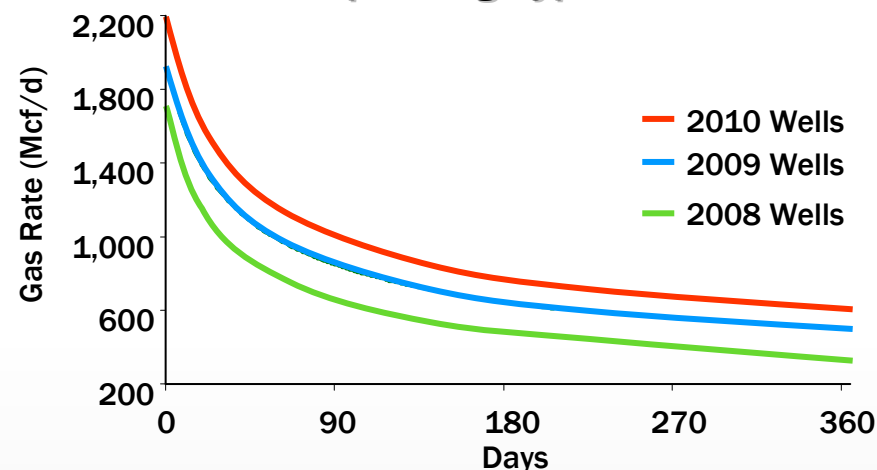
## ■ New Blackhawk Opportunities

- \$0.48/Mcfe Reserve Adds
- 30 Blackhawk Completions in 2010
- ~40 Blackhawk Completions in 2011

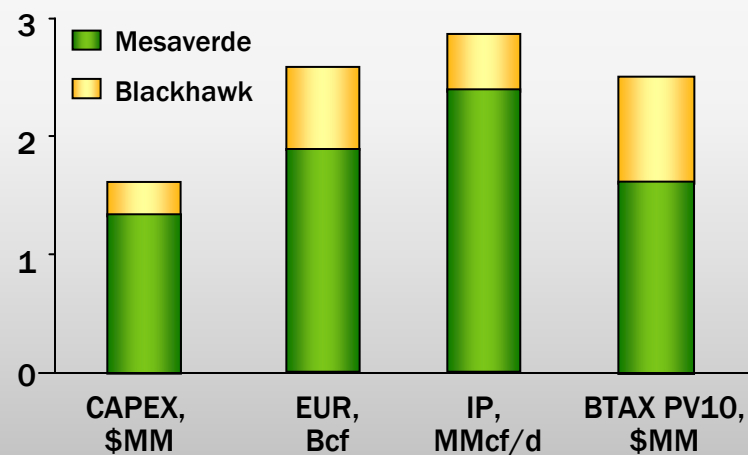
## ■ 2011 Planned Activity

- 5 - 8 Drilling Rigs
- Drill 250+ Wells

*Improving Type Curve*

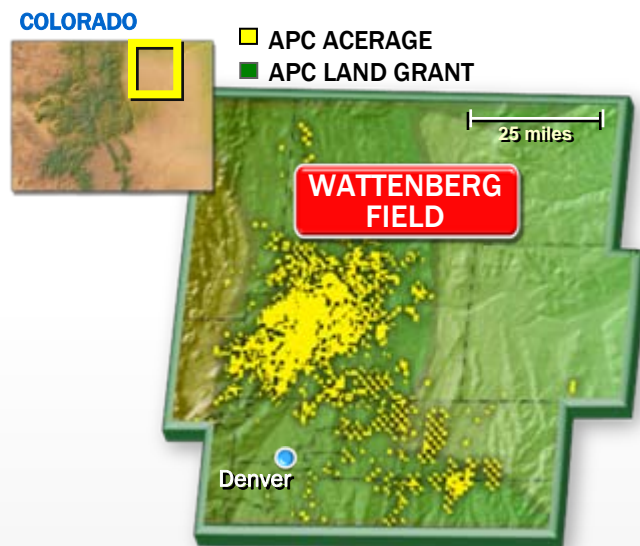


*Accretive Blackhawk Returns*



# Wattenberg Field: Getting Better and Better

Net Acreage: 350,000



## ■ Extensive High-Quality Inventory

- 6,000+ Vertical New Drills
- 6,000+ Recompletions/Refracs
- Horizontal Niobrara Potential

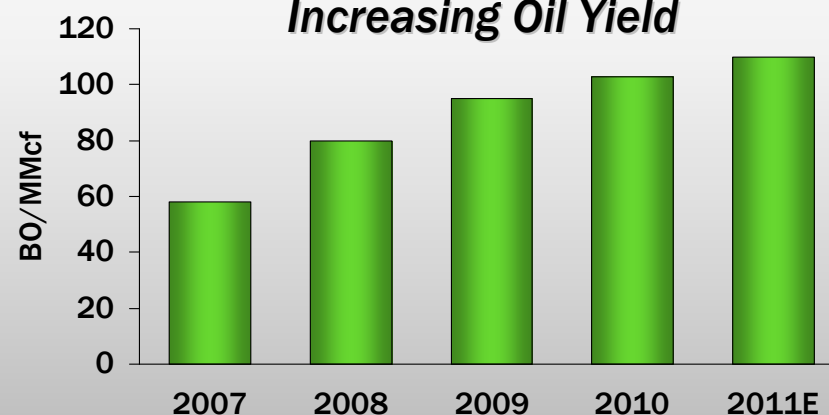
## ■ 2011 Planned Activity

- Drill 470 - 500 Vertical Wells
- Drill 20 - 30 Horizontal Wells
- Recomplete/Refrac 500+ Zones
- Expand Gathering Capacity

**Sales Volumes**



**Increasing Oil Yield**



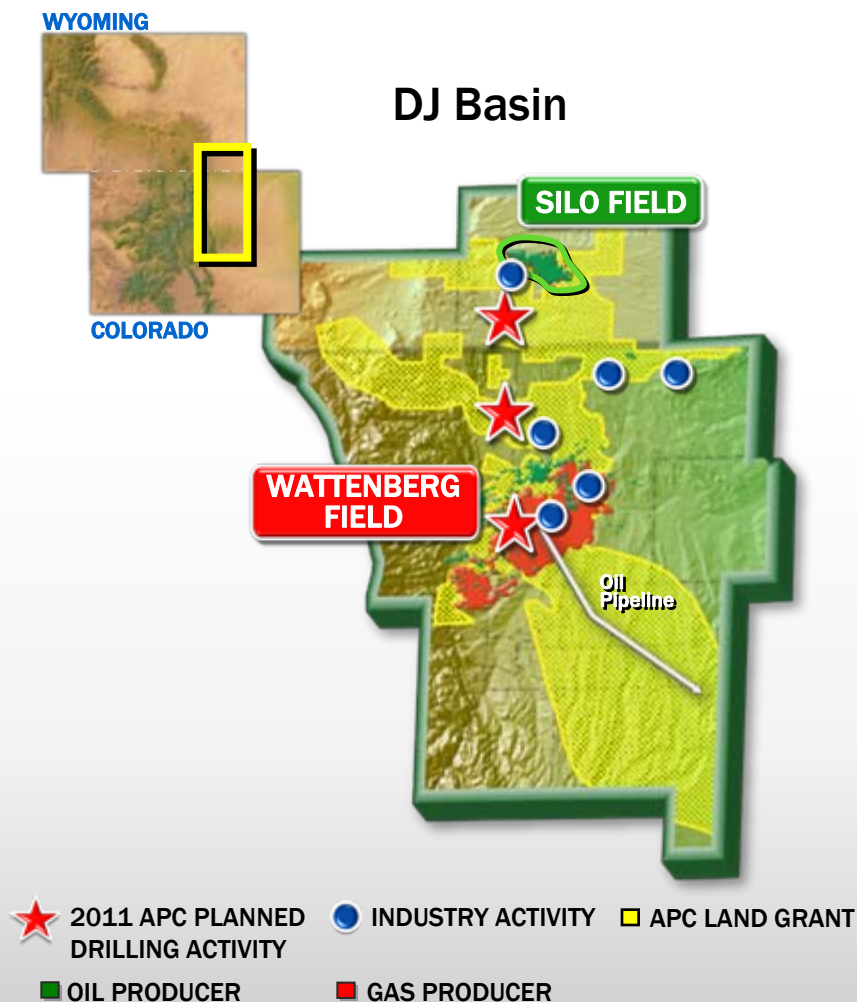
# Core Position in Emerging Niobrara Opportunity

## *The Value of the Land Grant*

Emerging Oil Play Position	Net Acres
DJ Basin Mineral & Leasehold	900,000
PRB Deep Leasehold	360,000
<b>TOTAL:</b>	<b>1,260,000</b>

### ■ Select Farm-Outs Generated Activity and Provide Knowledge

- Access to Well Data
- Access to Seismic Data
- Royalties from 25 Wells
- No Capital Investment



# Horizontal Niobrara Opportunity

## ■ Land Grant Advantage

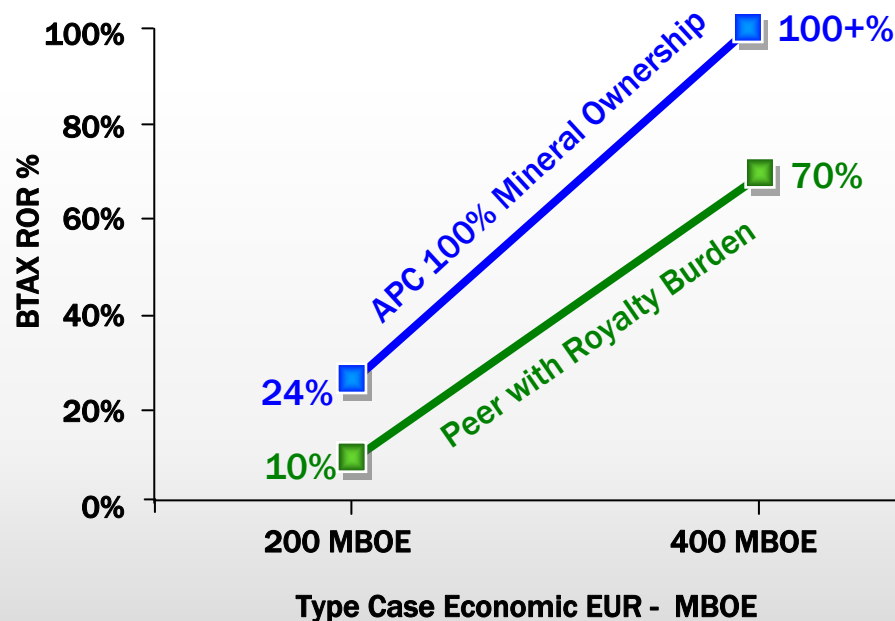
- 100% NRI on Mineral Acreage
- Held in Perpetuity
- No Lease Bonus

## ■ 2011 Planned Activity

- Operating 2 Rigs
- Ramping to 4+ Rigs
- Drill 40 - 70 Horizontal Wells

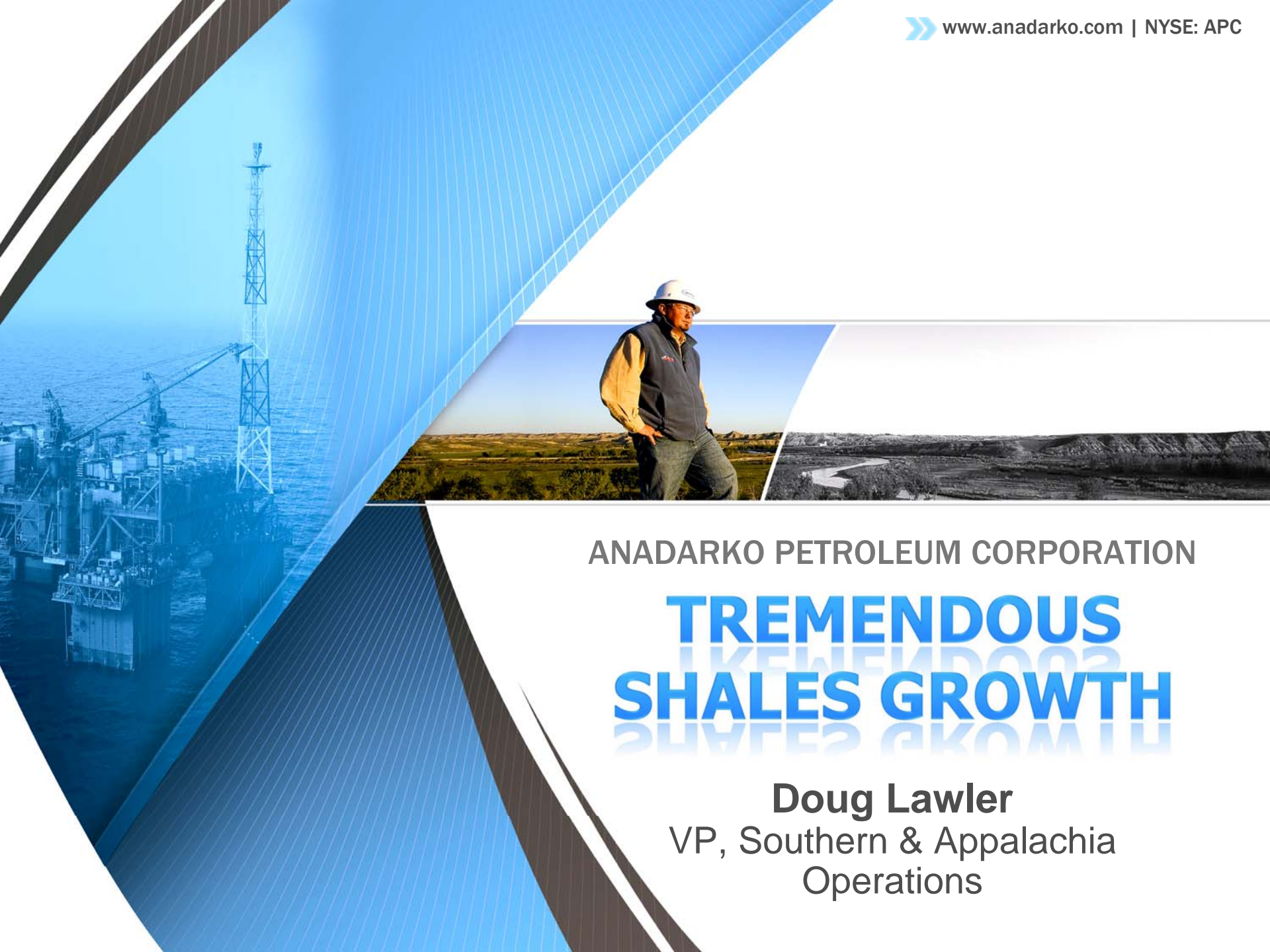
## Anadarko Economics Enhanced by Land Grant Position

EUR vs. BTAX ROR



Based on \$90/Bbl and \$4.50/Mcf





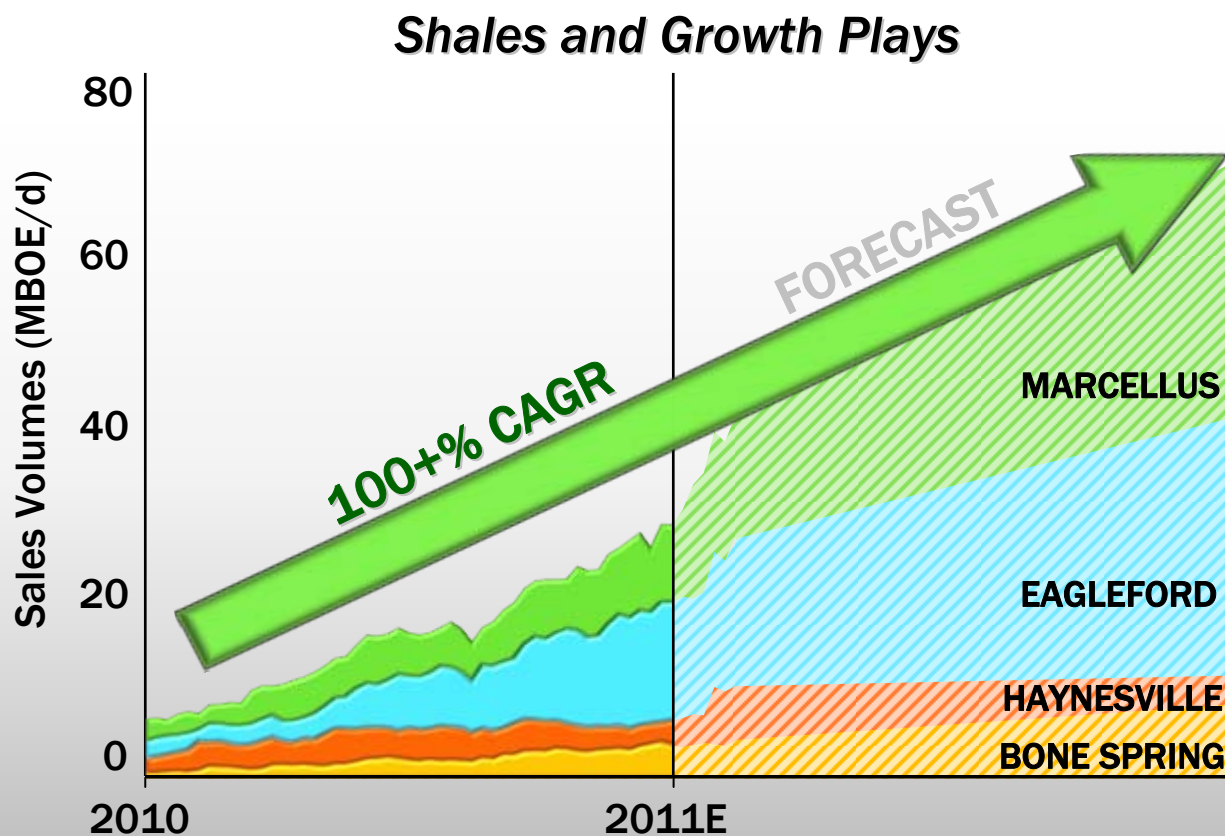
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# TREMENDOUS SHALES GROWTH

**Doug Lawler**  
VP, Southern & Appalachia  
Operations

# Tremendous Shales Growth

- ~10% of Total Company Sales Volumes at Year-End 2011
- Significant Reserves Growth Engine
- Robust Economics



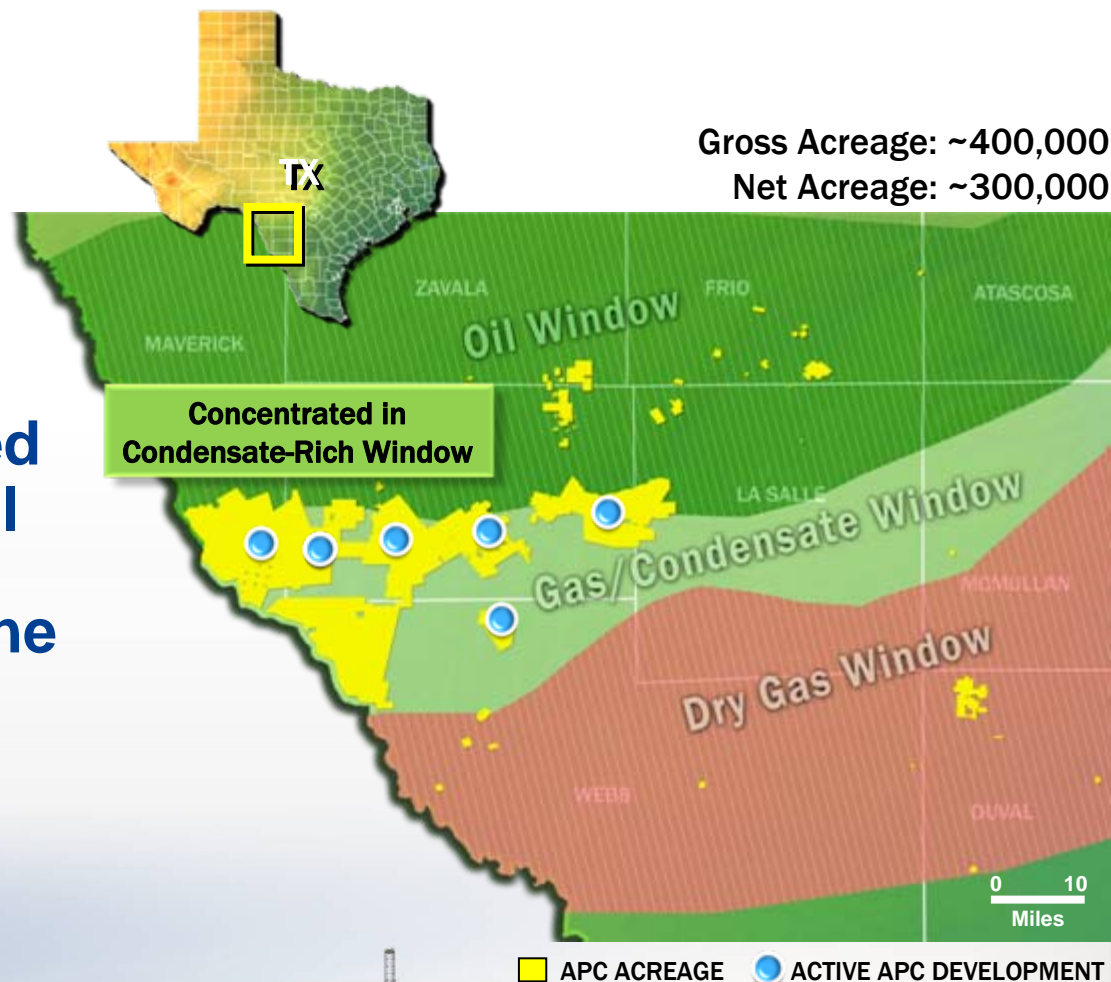
# Eagleford: Stellar Growth

## ■ Industry Leading:

- Growth Trajectory
- Cycle Times
- Value Creation

## ■ Average EUR Increased to 450+ MBOE per Well

## ■ Infrastructure Backbone in Place

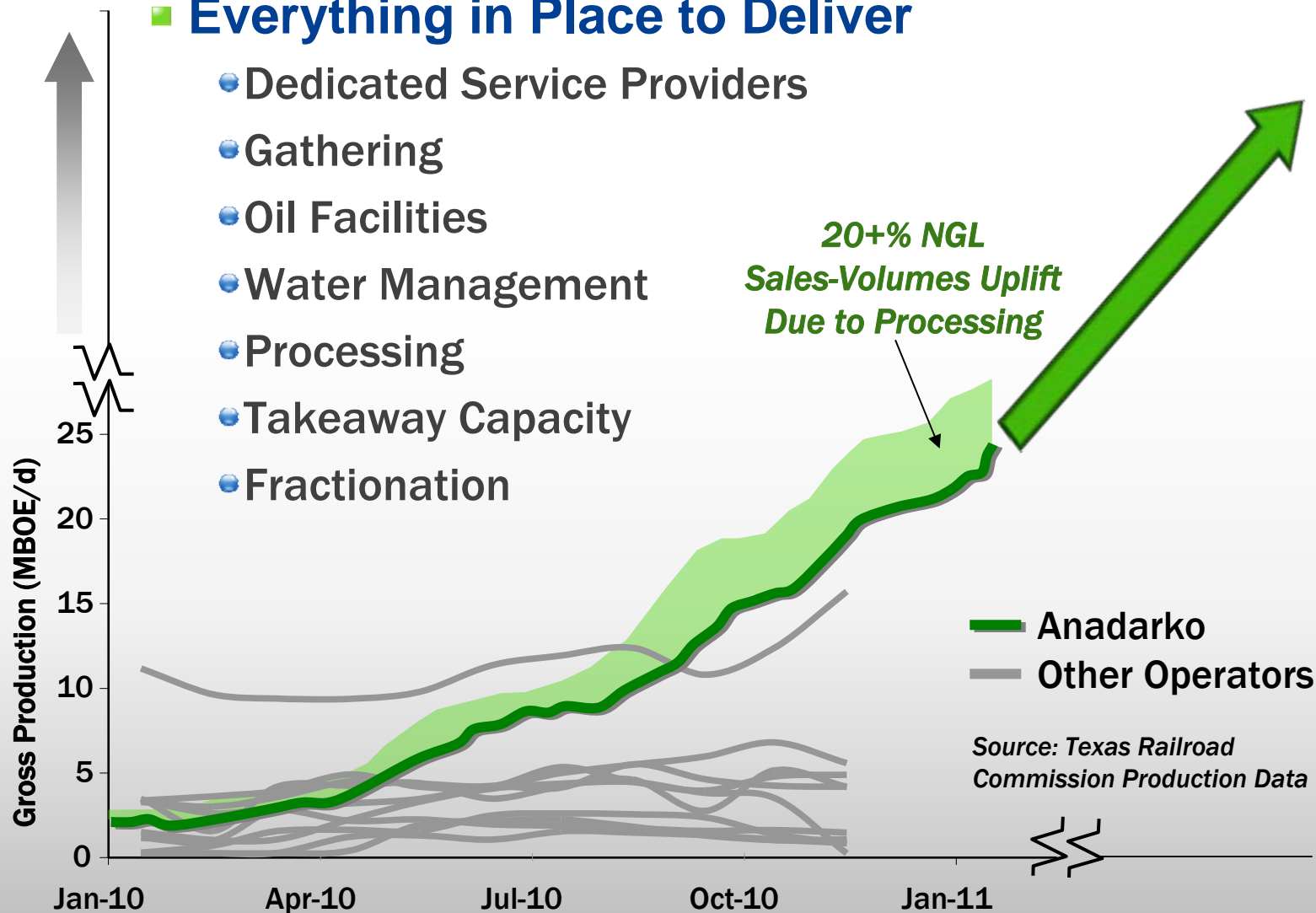




# Eagleford: Breaking Out of the Pack

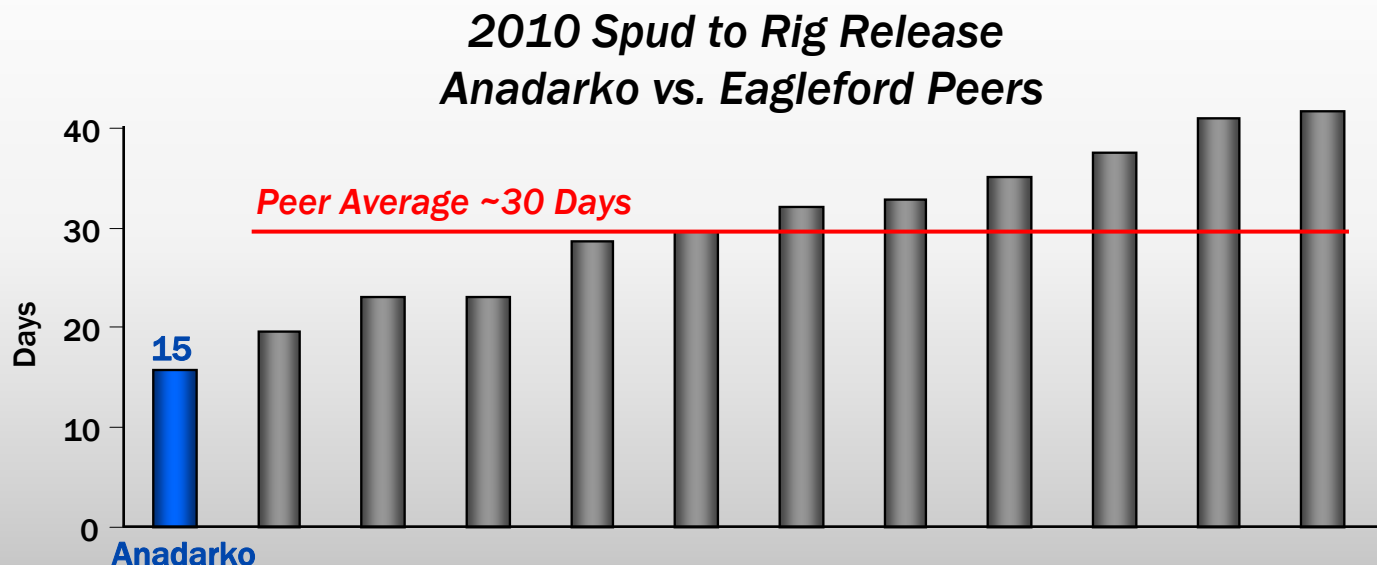
## Everything in Place to Deliver

- Dedicated Service Providers
- Gathering
- Oil Facilities
- Water Management
- Processing
- Takeaway Capacity
- Fractionation



# Eagleford: Industry-Leading Performance

- **Most Active Drilling Program with Fastest Cycle Time**
  - 100+ Wells Drilled
  - 6 Wells Drilled Under 10 Days
- **32% Cycle-Time Improvement with 64% Lateral-Length Increase**
- **35% Improvement in Completion Cycle Time**

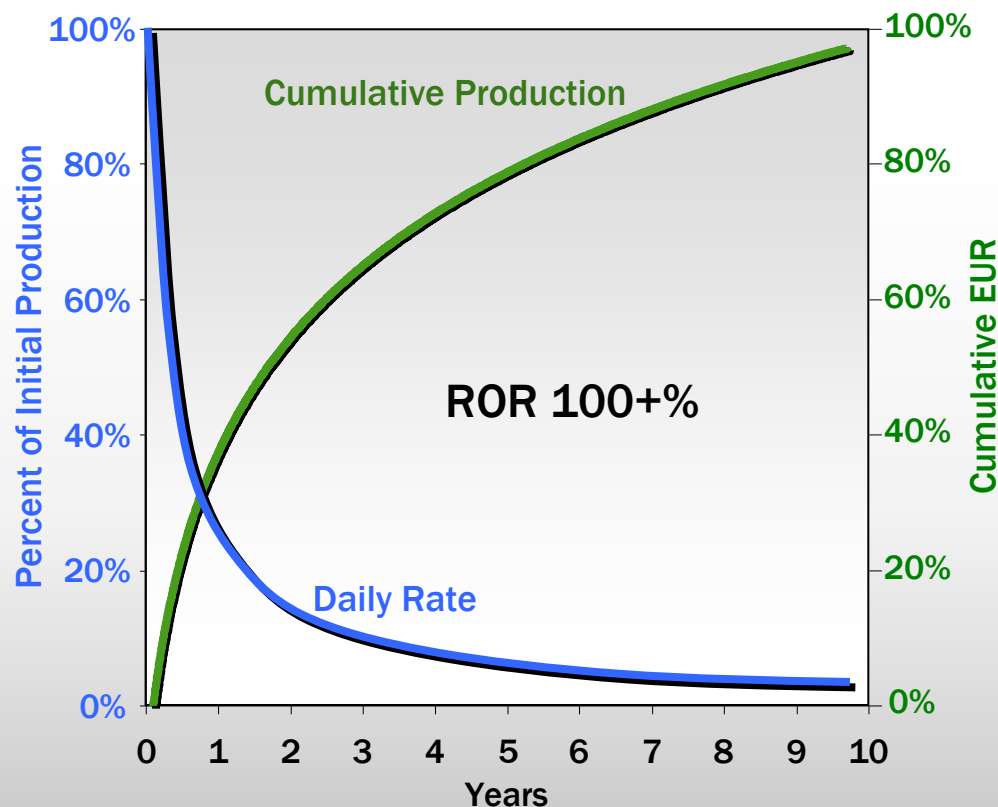
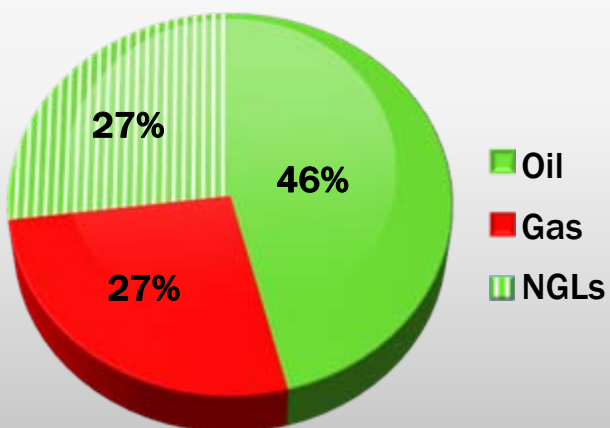


Source: James K. Dodson Company

# Eagleford: Significant Value Generator

- Exceptional Economics
- Average EUR 450+ MBOE
- \$5 - \$5.5 Million Well Cost
- ~1,000 BOE/d IPs
- High Margins

Sales-Volumes Mix

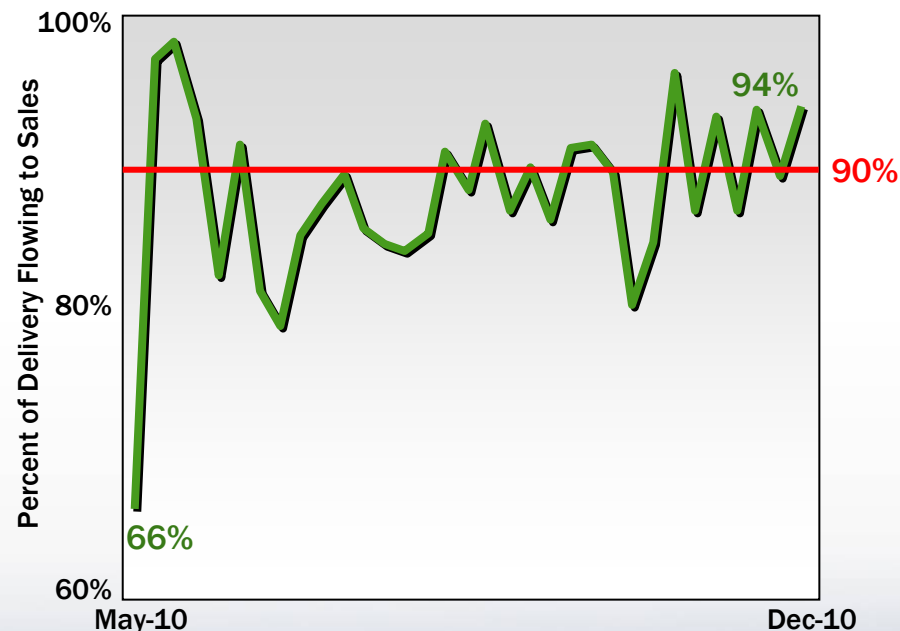


# Eagleford: Accelerating Value

## ■ 2011 Planned Activity

- Ramp to 10+ Rigs
- Drill 200+ Wells
- Perform 3,000+ Frac Stages
- Continue Infrastructure Expansion

## Production Deliverability





# Marcellus Shale Growth Engine

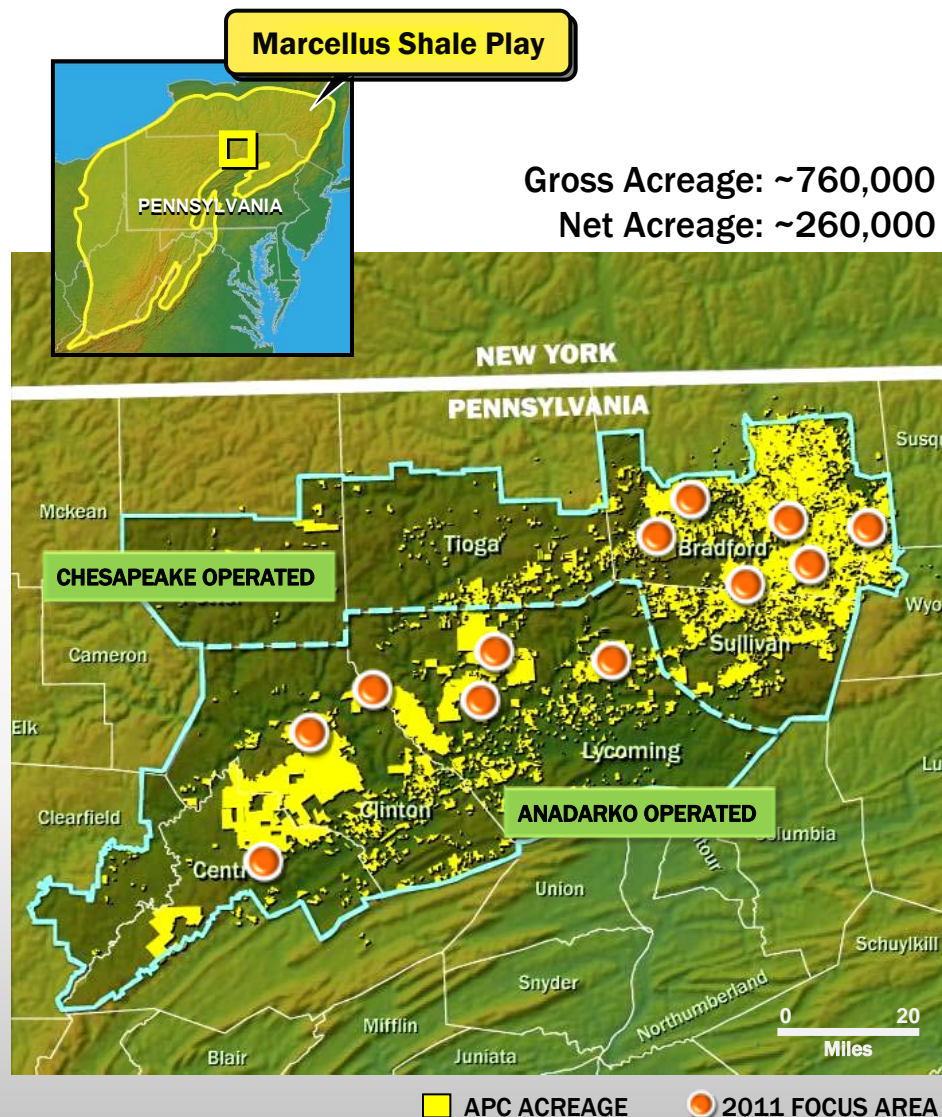
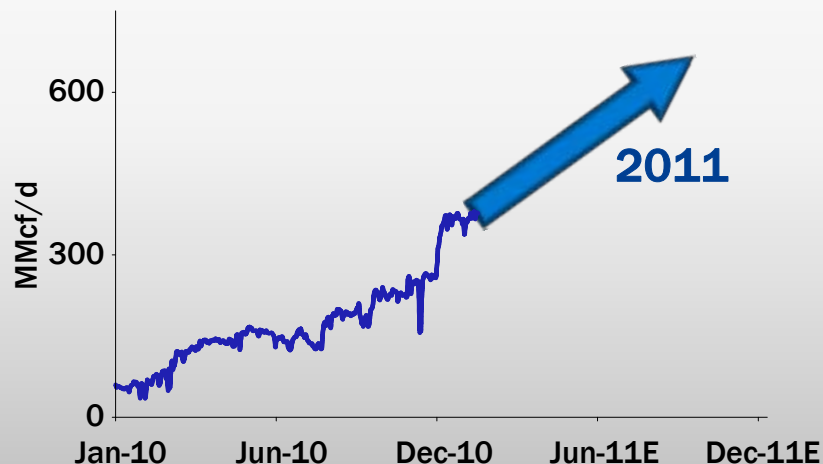
## ■ Significant Outperformance

- 1+ BBOE Net Risked Resources
- Increasing Average EURs

## ■ Ramping Up in 2011

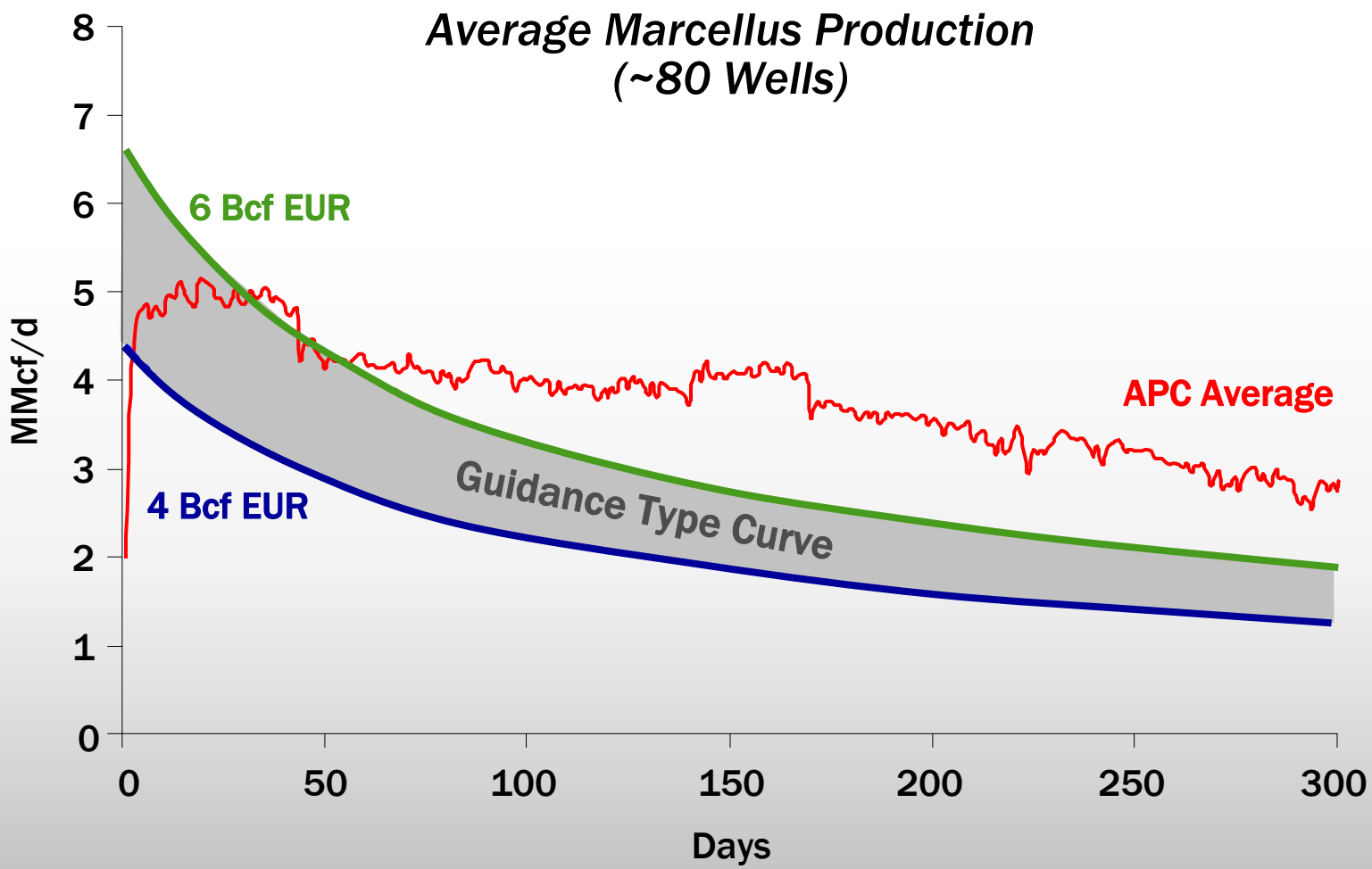
- 10+ Operated Rigs
- Services Secured
- Infrastructure Expansion

*Marcellus Gross Production*



# Marcellus Shale Growth Engine

*Exceeding Expectations*



# Marcellus Shale Growth Engine

*Driving Value Through Efficiencies*

## ■ Cycle-Time Improvements

- 40% Drilling
- 50% Completions

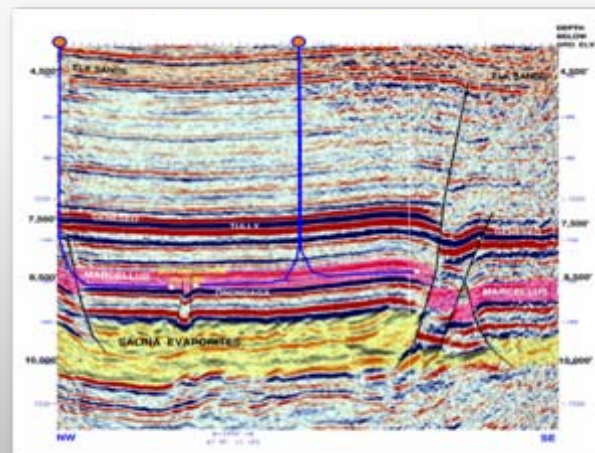
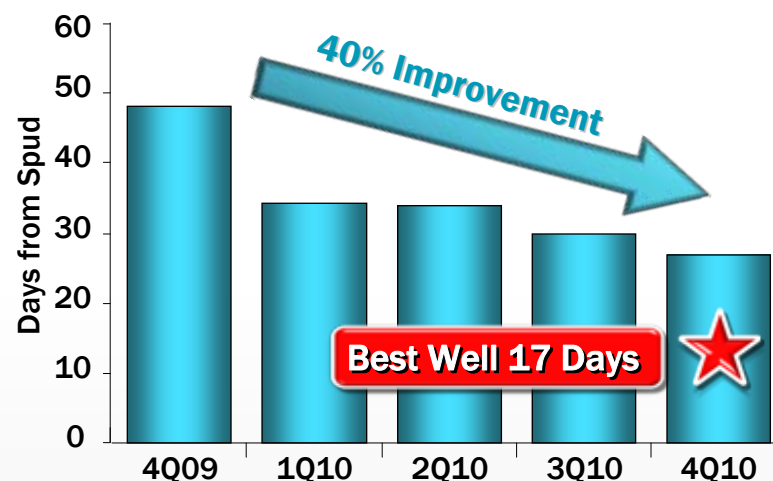
## ■ 30% Longer Laterals

## ■ Additional Opportunities ...

- Improving Target Selection
- Downspacing
- Utilizing Spudder Rig
- Multiple Horizons

## Marcellus Drilling Cycle Time

Avg. Days from Spud to Rig Release



Proprietary APC Data. May Not Be Used for Any Purpose Without APC's Written Permission

# Permian Oil: New Plays in Old Basins

Gross Acreage: ~600,000

Net Acreage: ~330,000

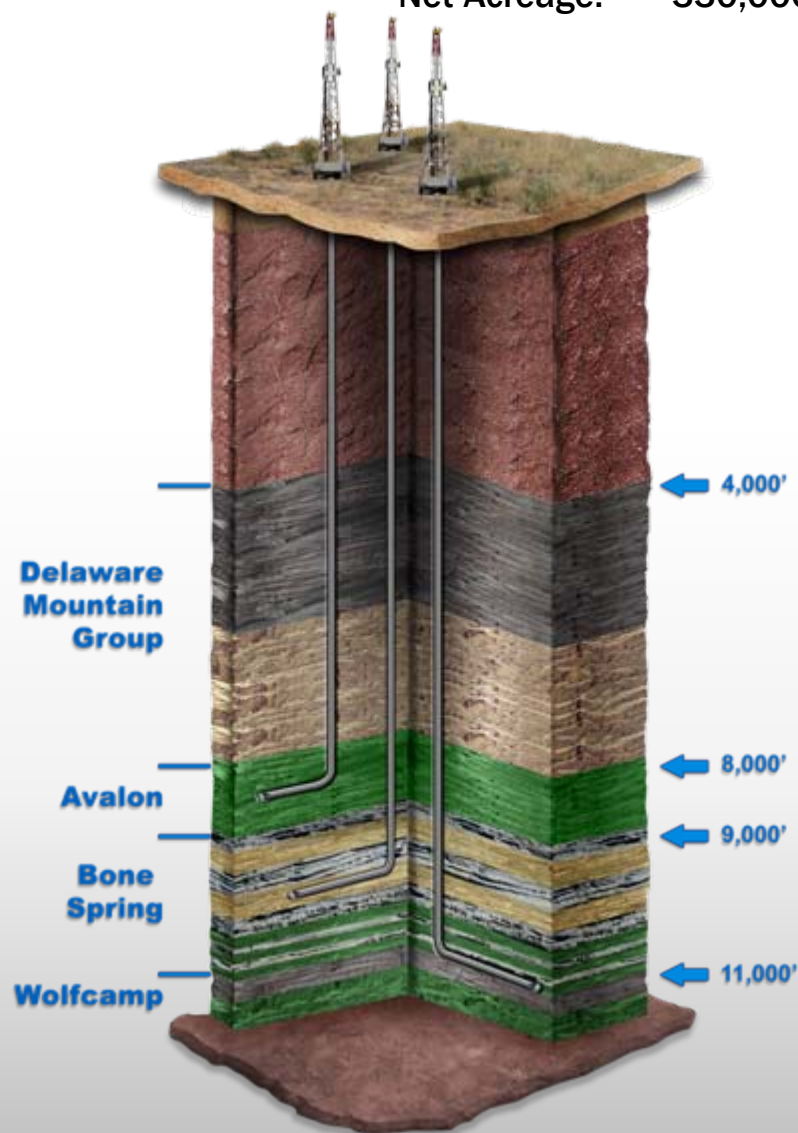
## ■ Large Prospective Leasehold

## ■ Multiple Targets / High IPs

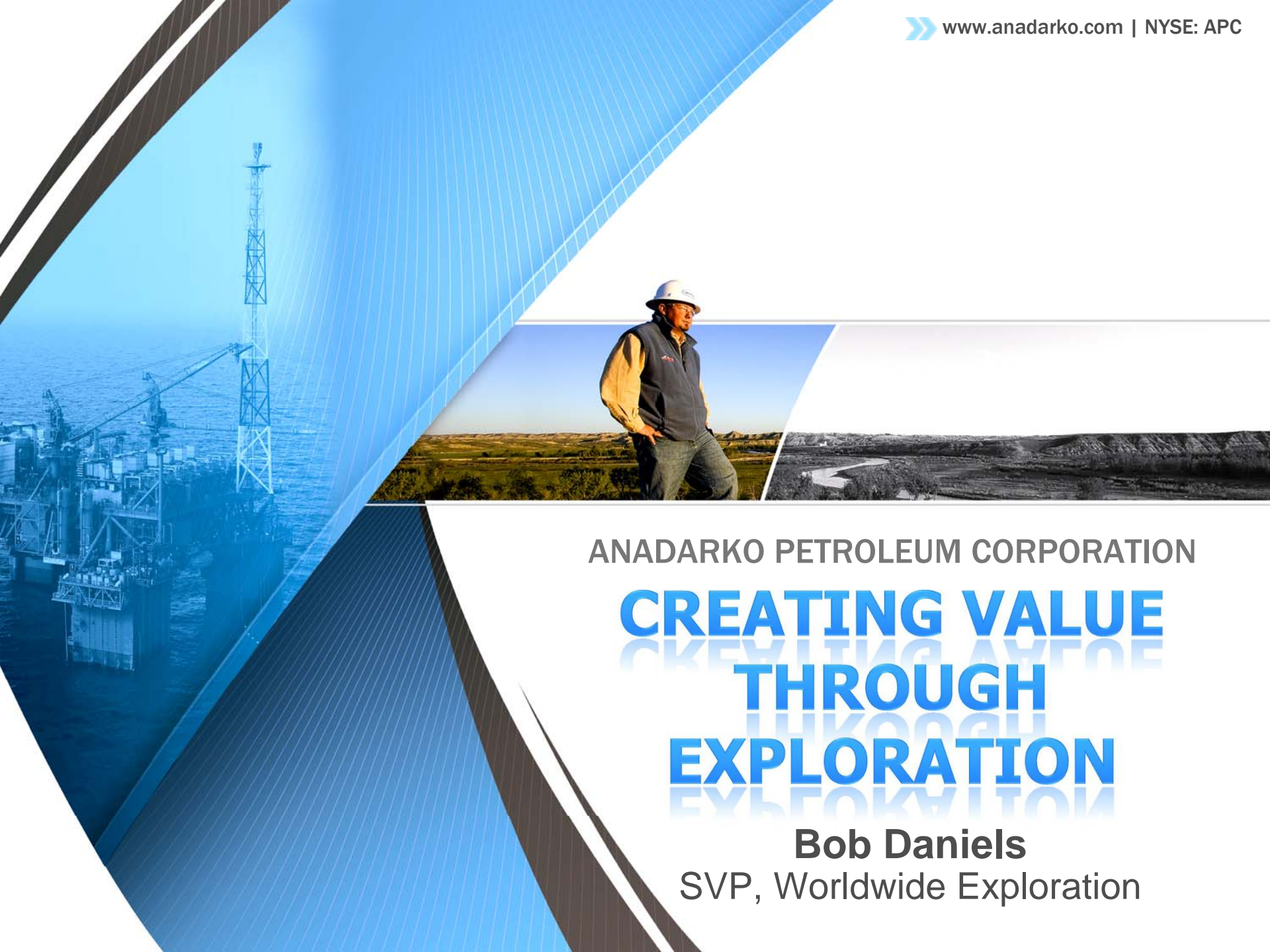
- Avalon 900+ BOE/d
- Bone Spring 1,500+ BOE/d
- Wolfcamp 1,500+ BOE/d

## ■ Planned 2011 Activity

- 8 - 10 Op and Non-Op Rigs
- Drill 90+ Wells
- Expand Infrastructure







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# CREATING VALUE THROUGH EXPLORATION

**Bob Daniels**  
SVP, Worldwide Exploration

# 2010 Exploration Success

- **Delivered 650+ MMBOE of Net Risked Resources**
- **~60% Offshore Exploration Success**
- **100% Offshore Appraisal Success**
- **2 Top-10 Worldwide Discoveries\***
  - Windjammer
  - Lagosta
- **Strong Start to 2011**
  - Tubarão
  - Teak



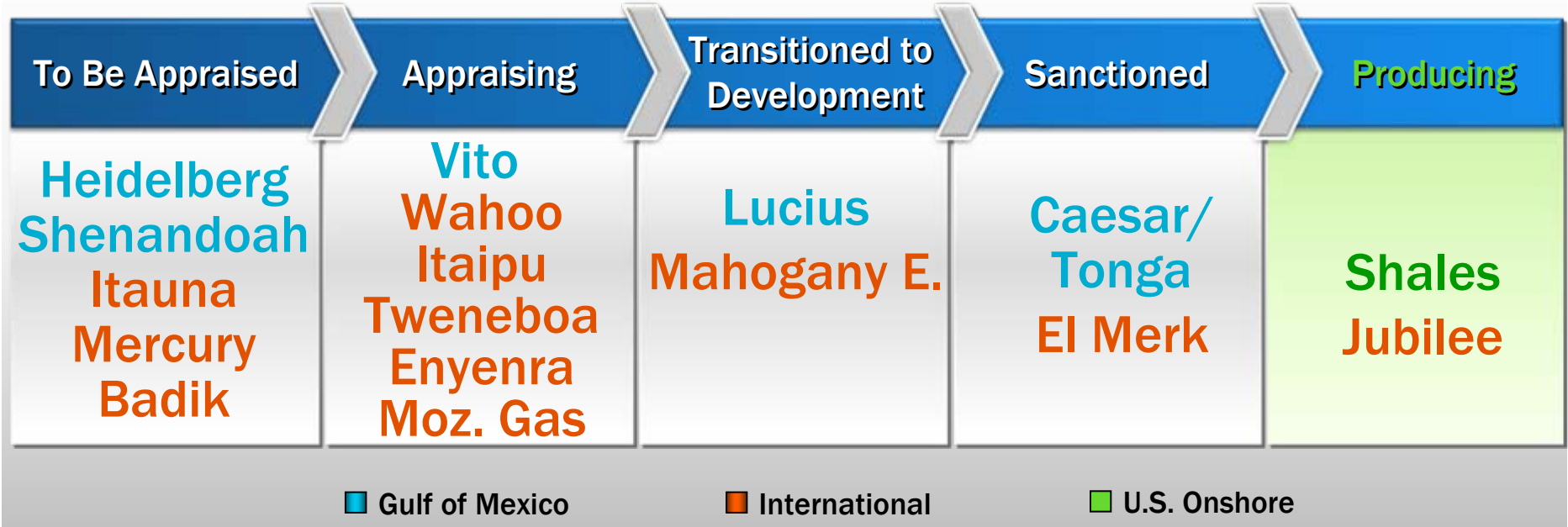
\* IHS Energy, January 2011

# Creating Value Through Exploration

2004 - 2010 Net Risked Resources Discovered: 3.5 BBOE

- Exploration Capital Spent: ~\$6 Billion
- Exploration Monetization: ~\$6 Billion

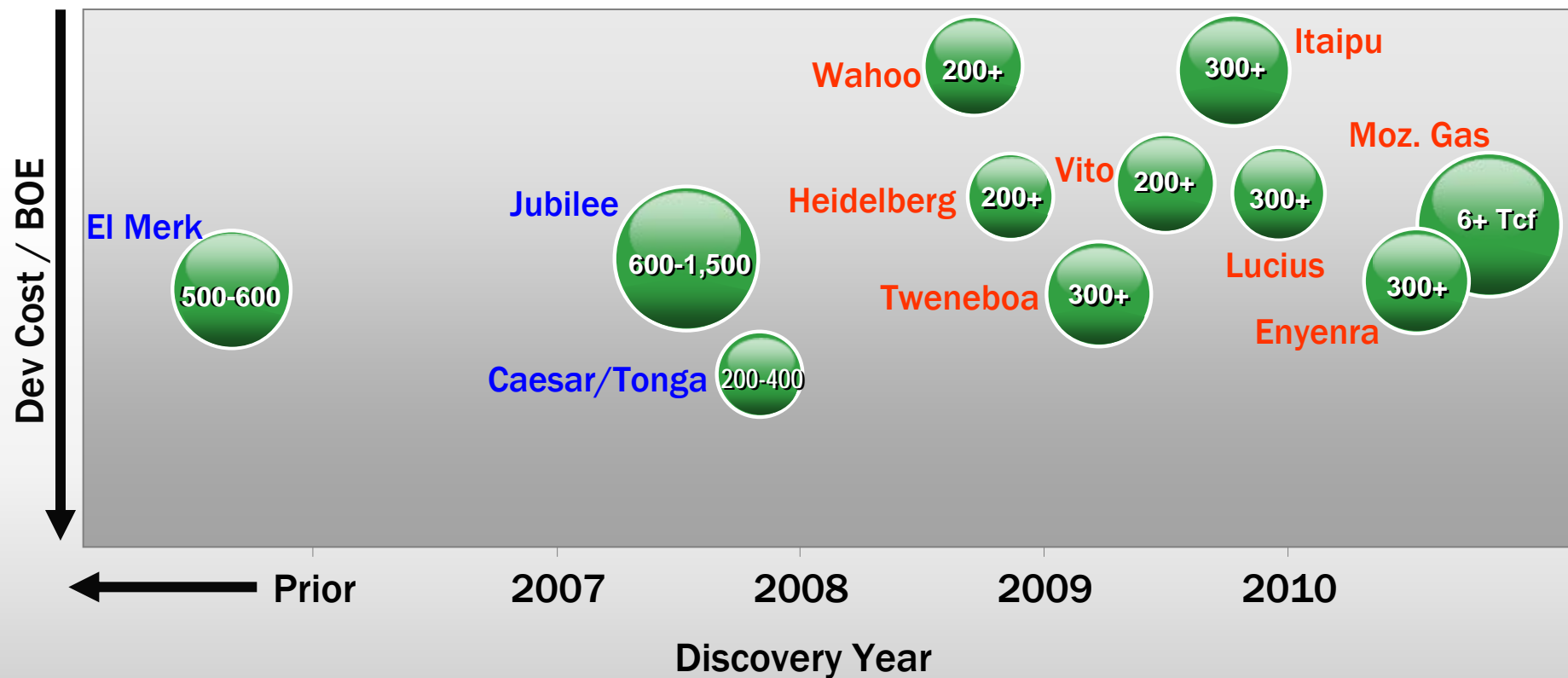
## Transitioning Discoveries to Development



# Our Big Boys are BIG

## ■ 1+ BBOE Net Risked Resources

*Gross Resource Potential in MMBOE*

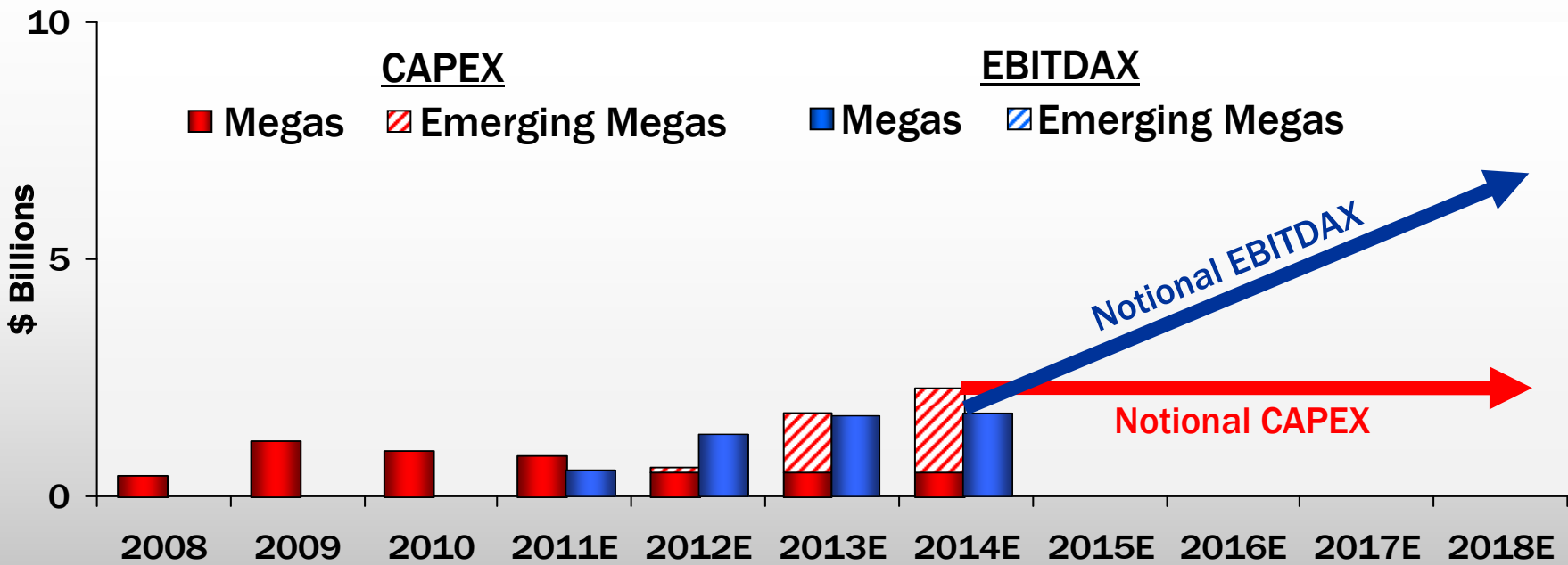
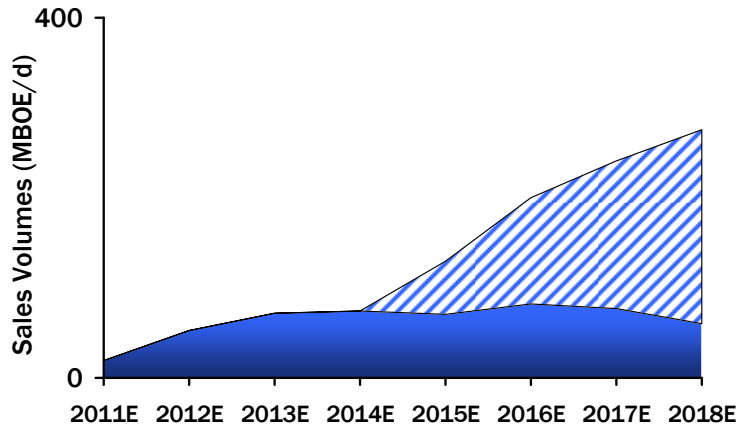




# Mega Projects Deliver Differentiating Value

*Estimates Based on \$90/Bbl and \$4.50/Mcf*

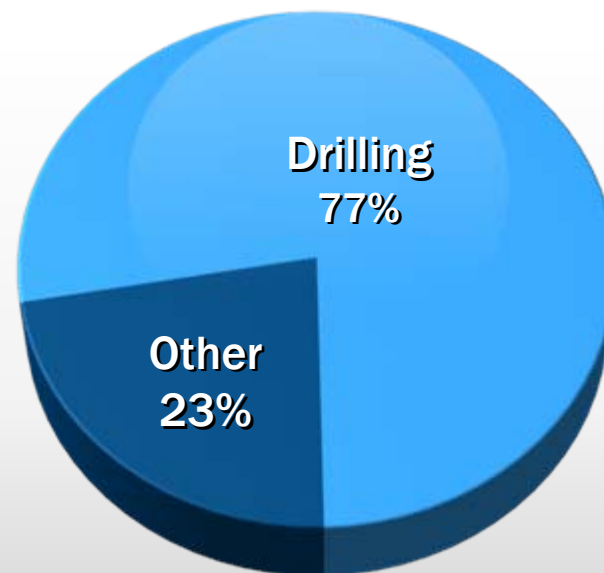
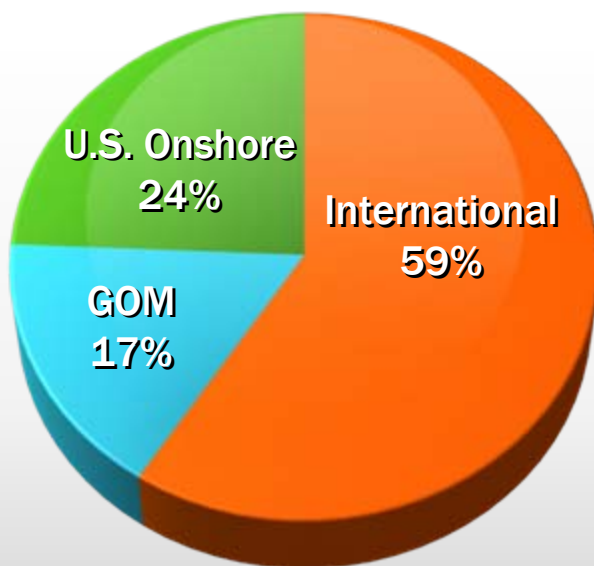
- Significant Oil Volumes and Reserves
- Robust Economics and Margins
- World-Class Projects with Optionality



*Notional Estimates Assume No Monetizations*

# 2011 Exploration Capital Allocation

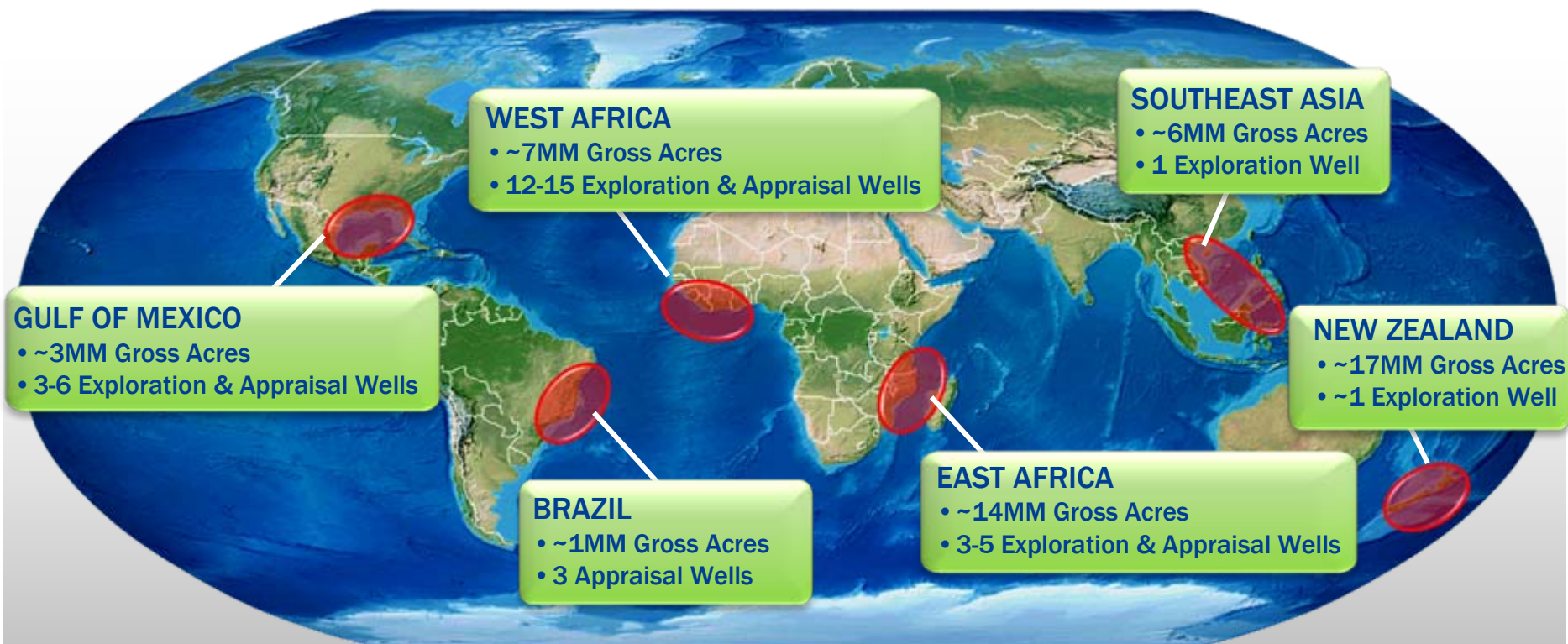
- **Accelerating International Programs**
- **77% Directed to Drilling Activities**
  - 60% Exploration
  - 40% Appraisal



**~\$1.3 Billion Capital Budget**

# Focused Exploration in High-Potential Basins

- Deliver 500+ MMBOE of Net Risked Resources
- ~25 High-Impact Deepwater Exploration / Appraisal Wells
- Deep, Multi-Year Inventory of Identified Prospects



*Planned 2011 Activity*



ANADARKO PETROLEUM CORPORATION

# BUILDING ON SUCCESS

**Frank Patterson**  
VP, International Exploration



# West Africa: Multi-Billion Barrel Potential

## 2011 Planned Activity:

### ■ Ghana

- Drill 4+ Exploration Wells
- Drill 4+ Appraisal Wells
- Transfer Tweneboa / Enyenra to Development

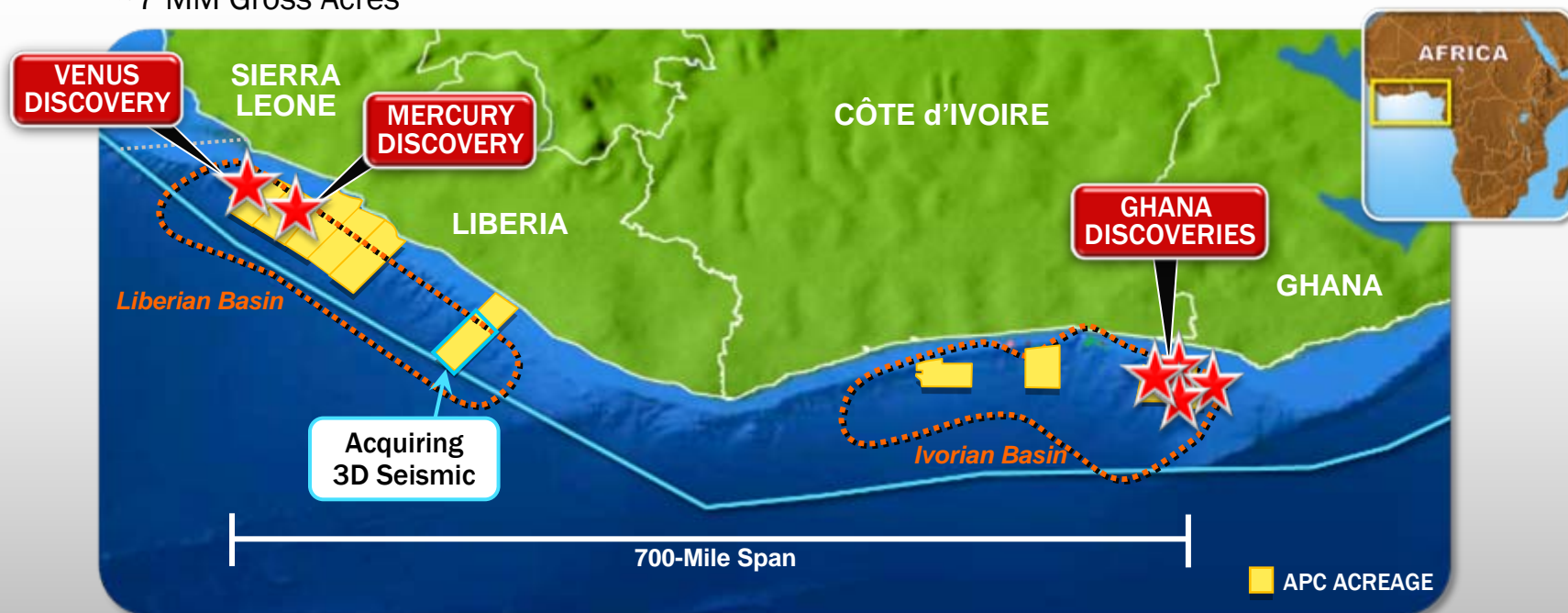
### ■ Sierra Leone / Liberia

- Drill 2 Exploration Wells
- Drill Mercury Appraisal Well
- Perform DST

### ■ Côte d'Ivoire

- Drill-Ready Prospects

~7 MM Gross Acres



# Ghana: Line of Sight to Next Development

## ■ Jubilee Producing ■ 4 Additional Major Discoveries

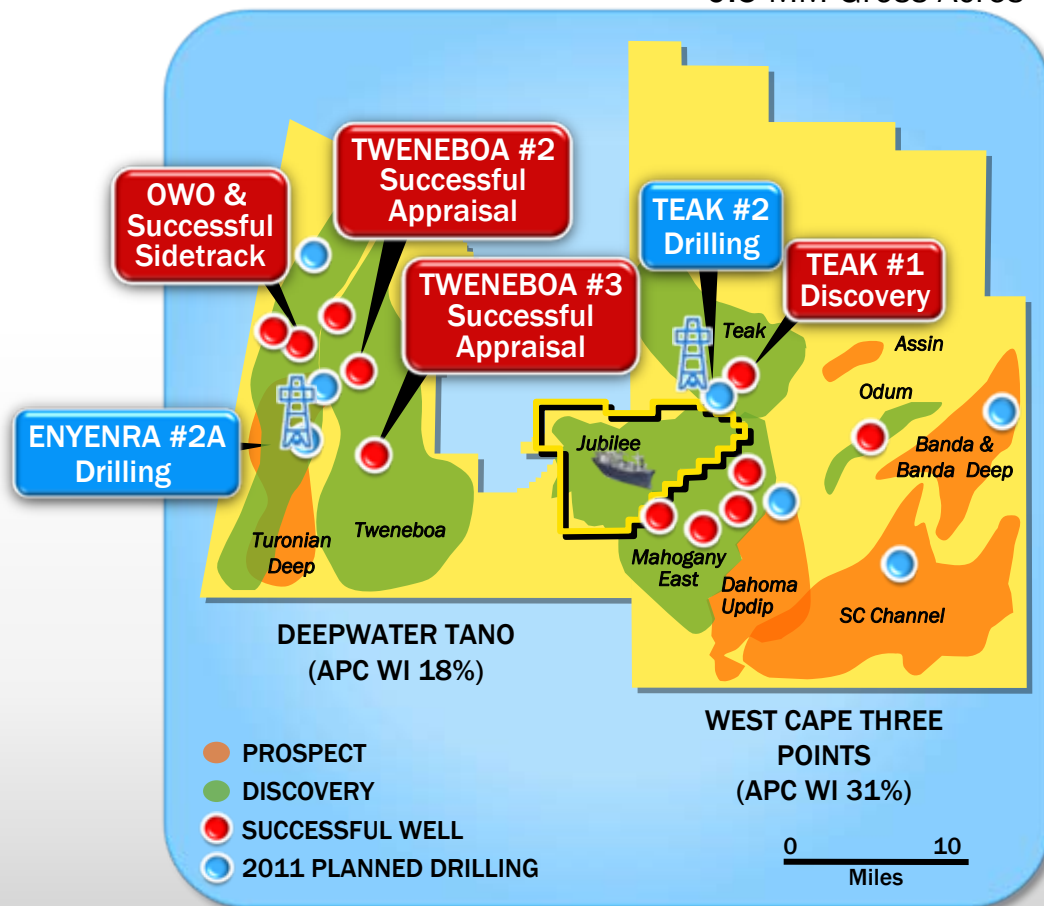
- Mahogany East
- Tweneboa
- Enyenra
- Teak

## ■ Transition Discoveries to Development

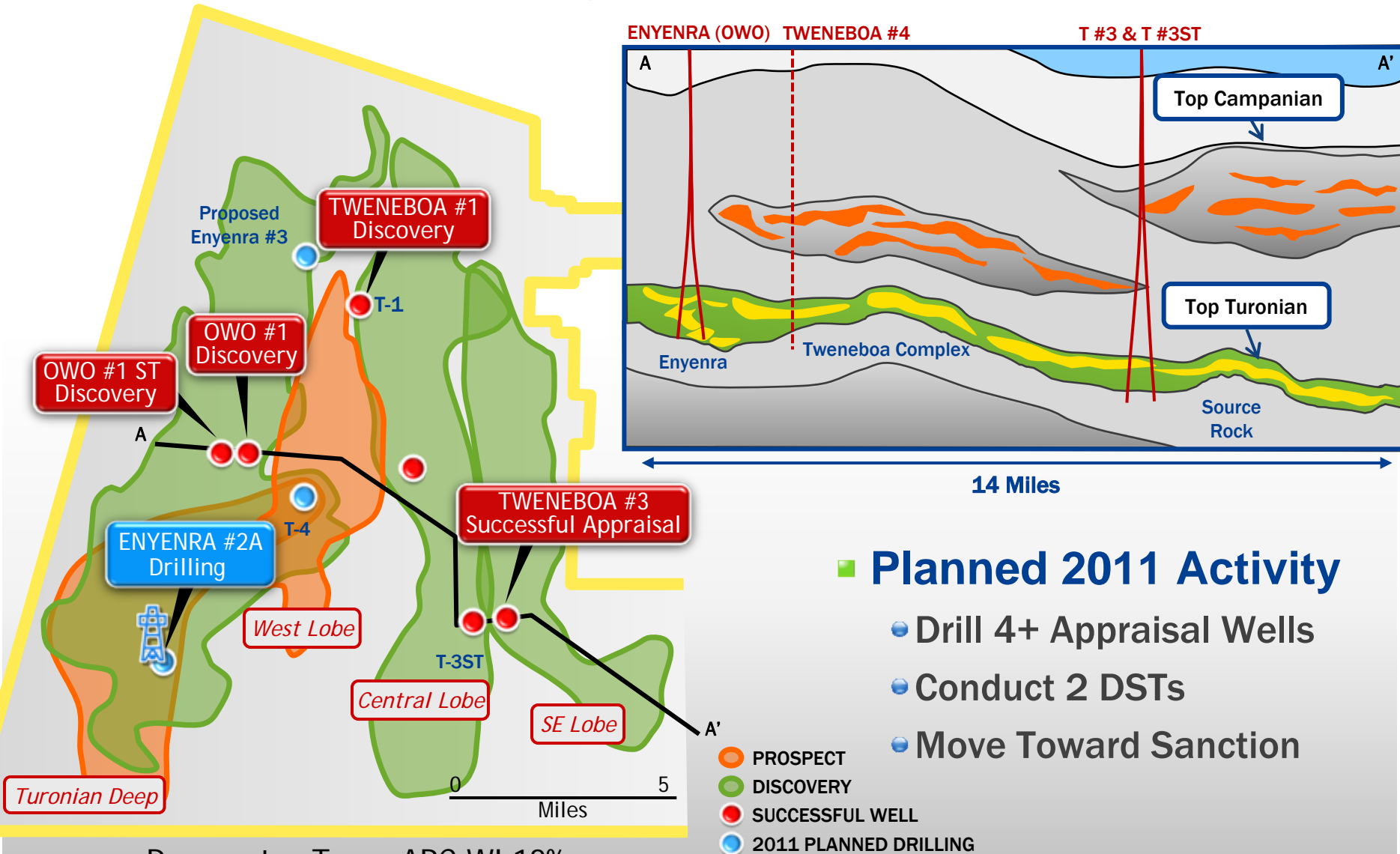
## ■ 2011 Planned Activity

- Drill 4+ Exploration Wells
- Drill 4+ Appraisal Wells
- Conduct DSTs

~0.5 MM Gross Acres



# Ghana: Transitioning Tweneboa / Enyenra

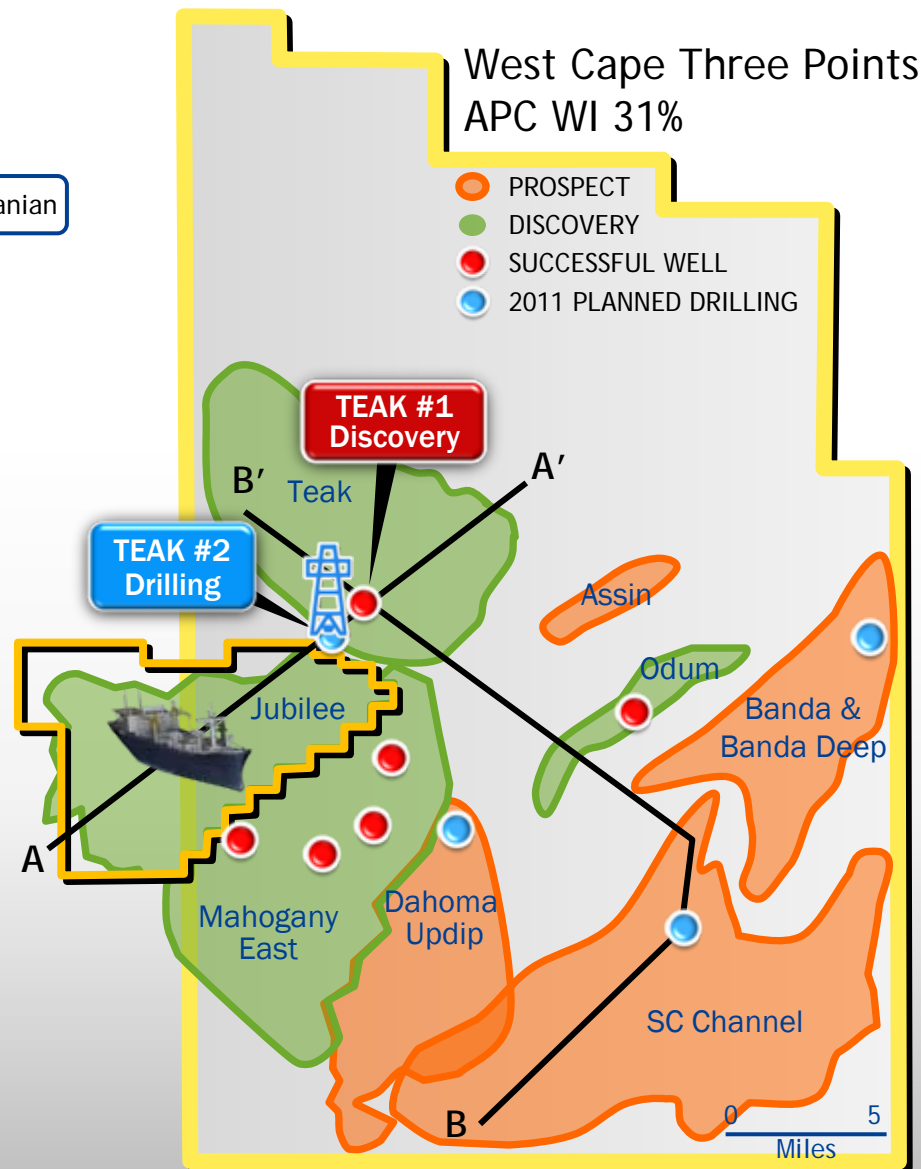
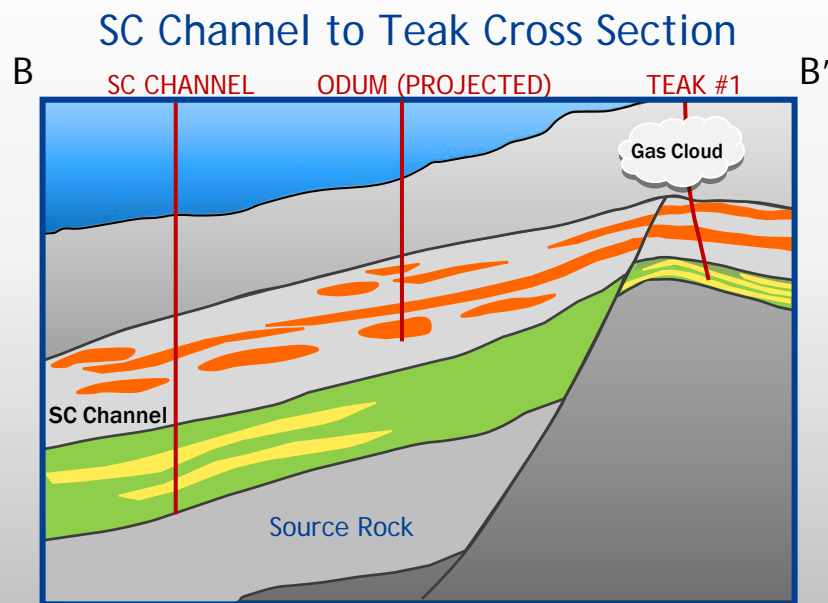
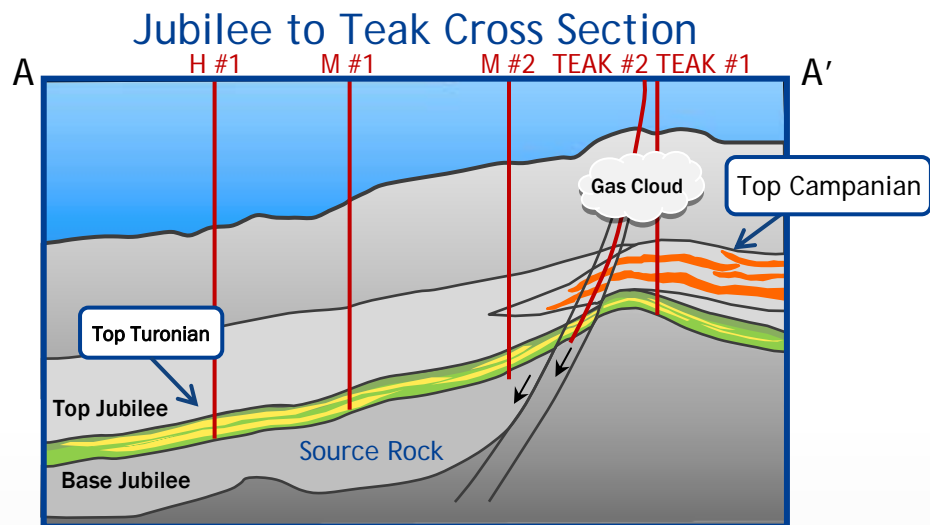


## Planned 2011 Activity

- Drill 4+ Appraisal Wells
- Conduct 2 DSTs
- Move Toward Sanction

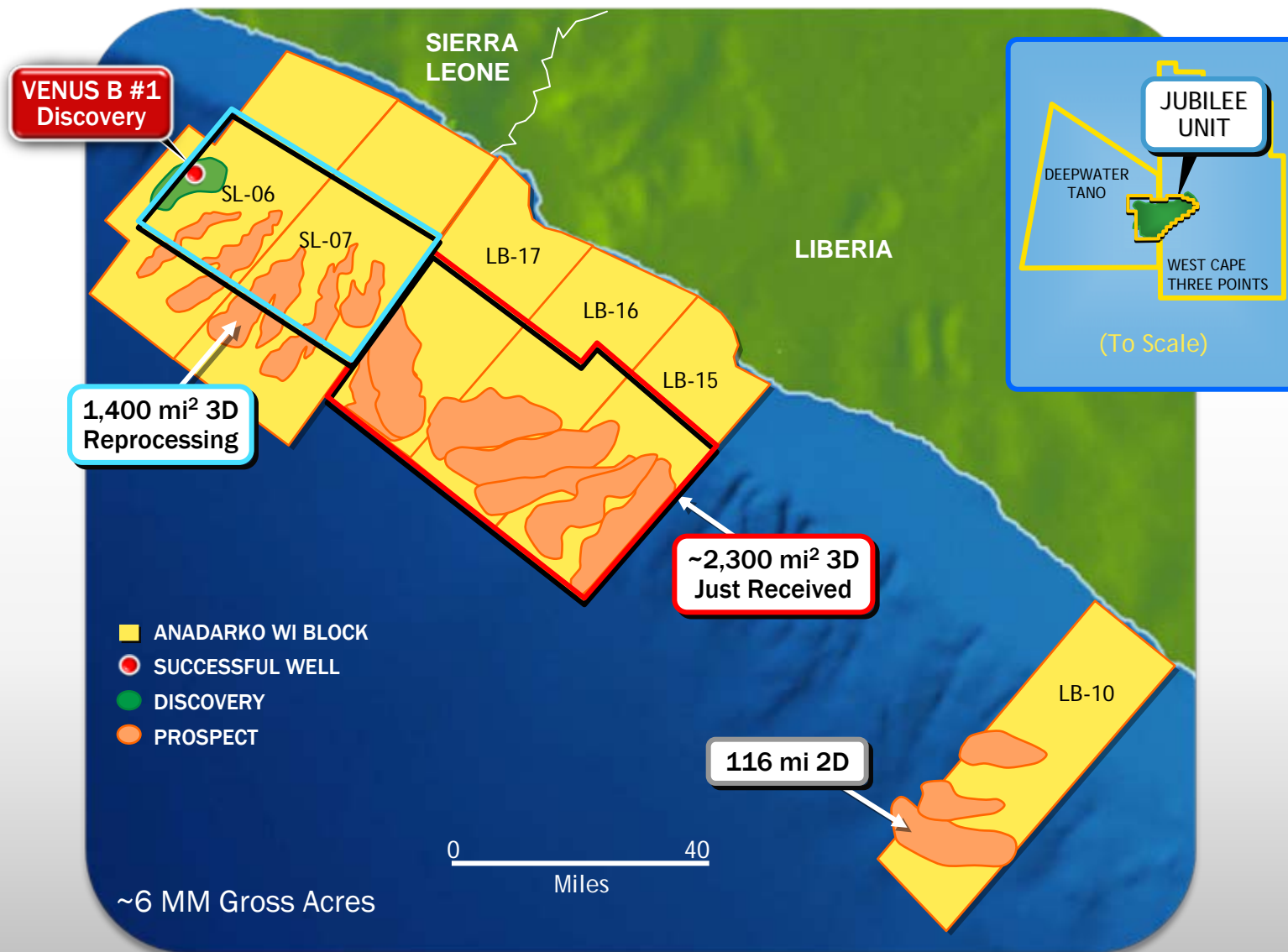
Deepwater Tano APC WI 18%

# Ghana: Expanding Opportunities

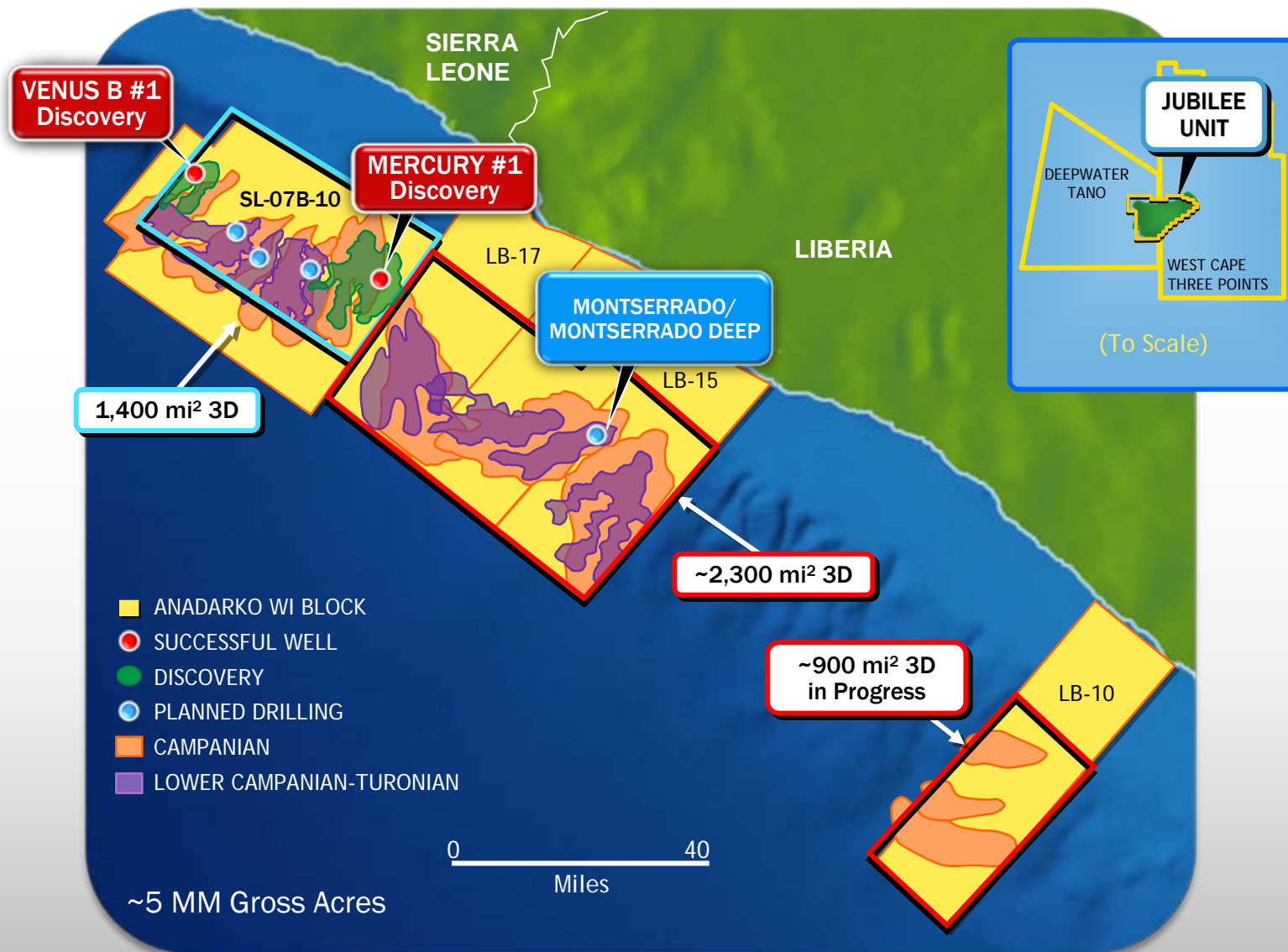




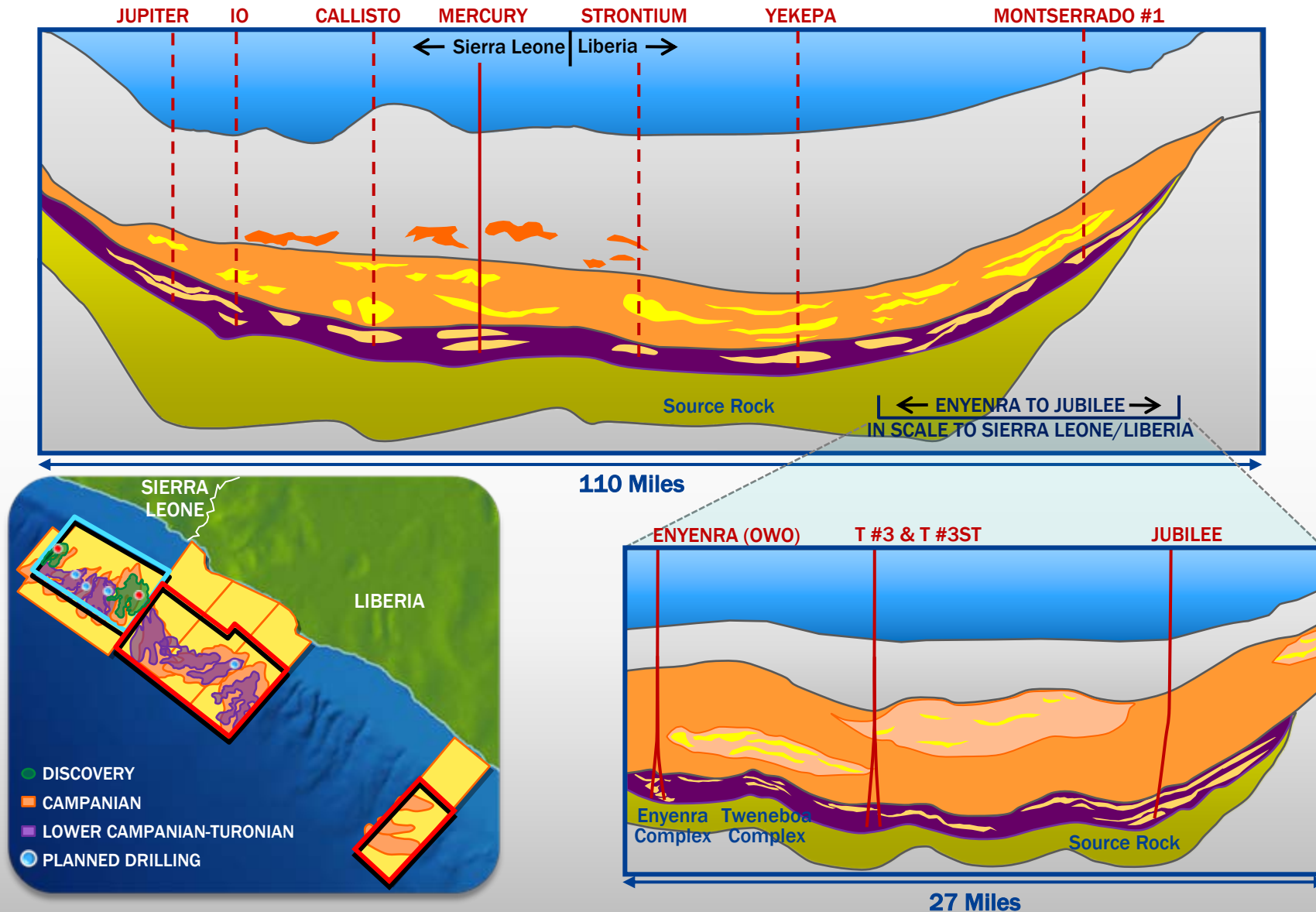
# Sierra Leone and Liberia: 1 Year Ago ...



# Sierra Leone and Liberia: Current View

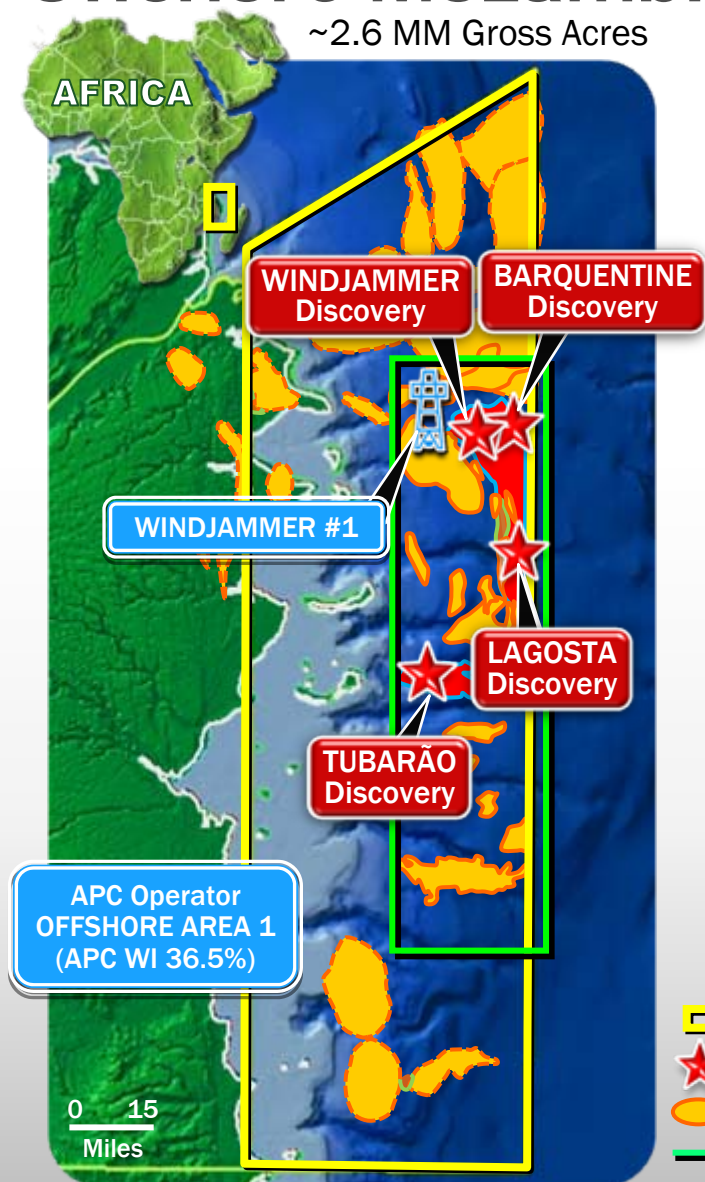


# Sierra Leone and Liberia: A Familiar Look



# Offshore Mozambique Success Story

~2.6 MM Gross Acres



## ■ 4 Major Discoveries

- Lagosta - 550 Net Feet of Pay
- Barquentine - 416 Net Feet of Pay
- Windjammer - 555 Net Feet of Pay
- Tubarão - 110 Net Feet of Pay

## ■ 2011 Planned Activity

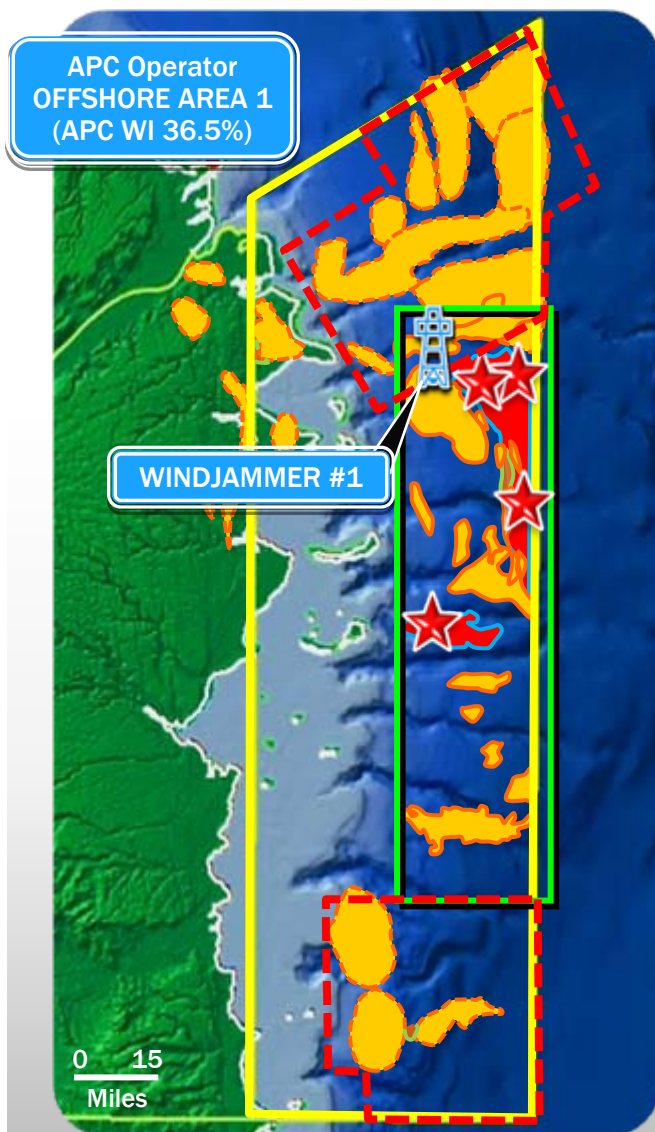
- Dedicated Rig
- Add Second Rig in Q4
- Appraise Discoveries
- Continue Exploration Program

## ■ Robust Exploration Inventory

- ANADARKO WI BLOCK
- ★ GAS DISCOVERY
- PROSPECTS AND LEADS
- EXISTING 3D SEISMIC

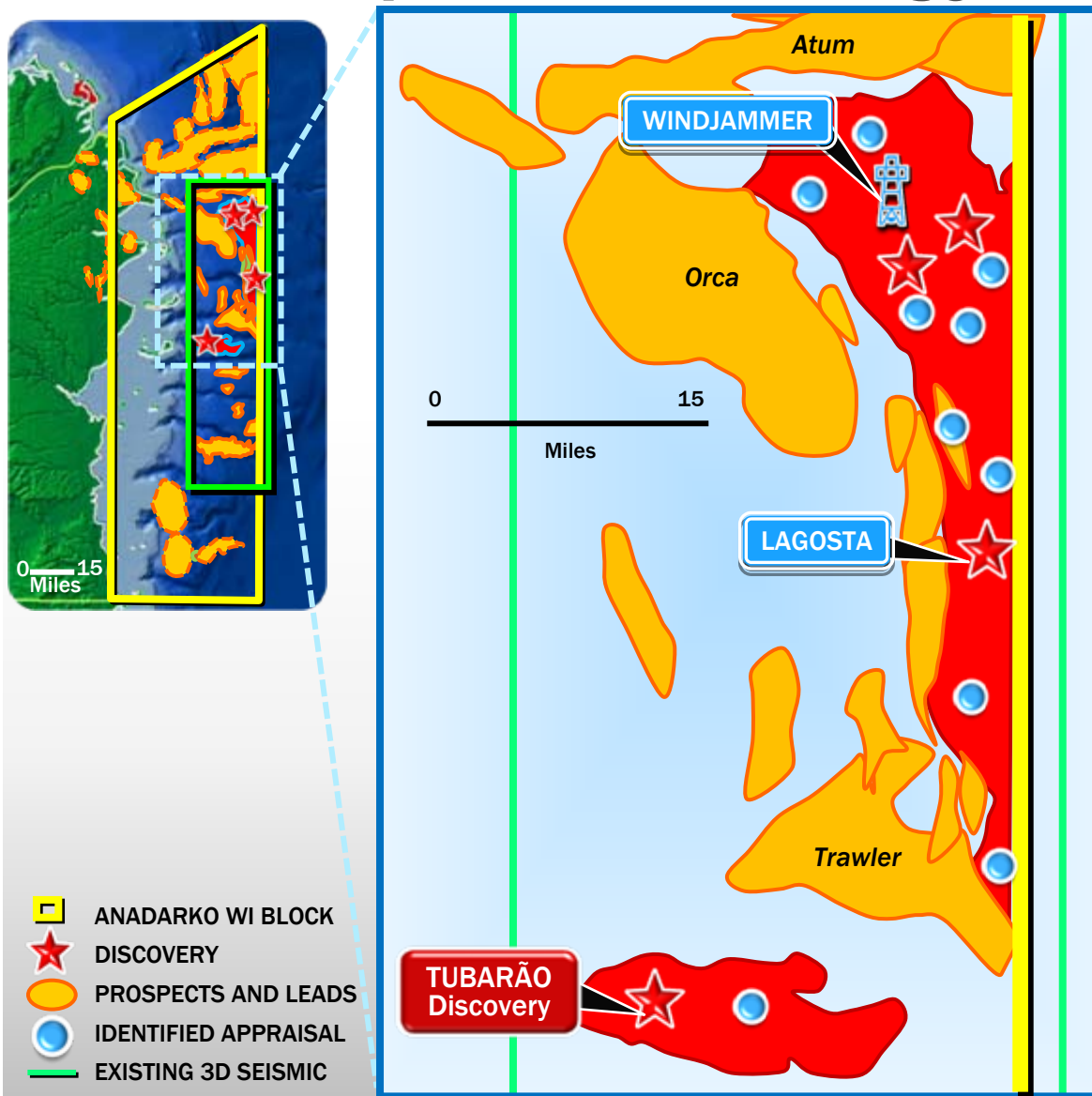


# Mozambique: Building on Success



- Acquire and Evaluate 3D
- Integrate Well Results
- Extend Gas Play
- Test New Concepts
- Evaluate Liquid Targets

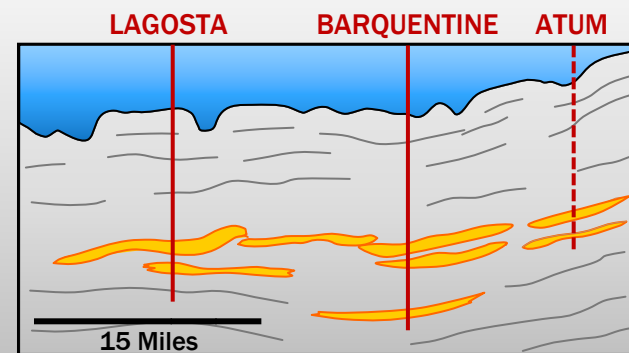
# Mozambique: The Geology of Size



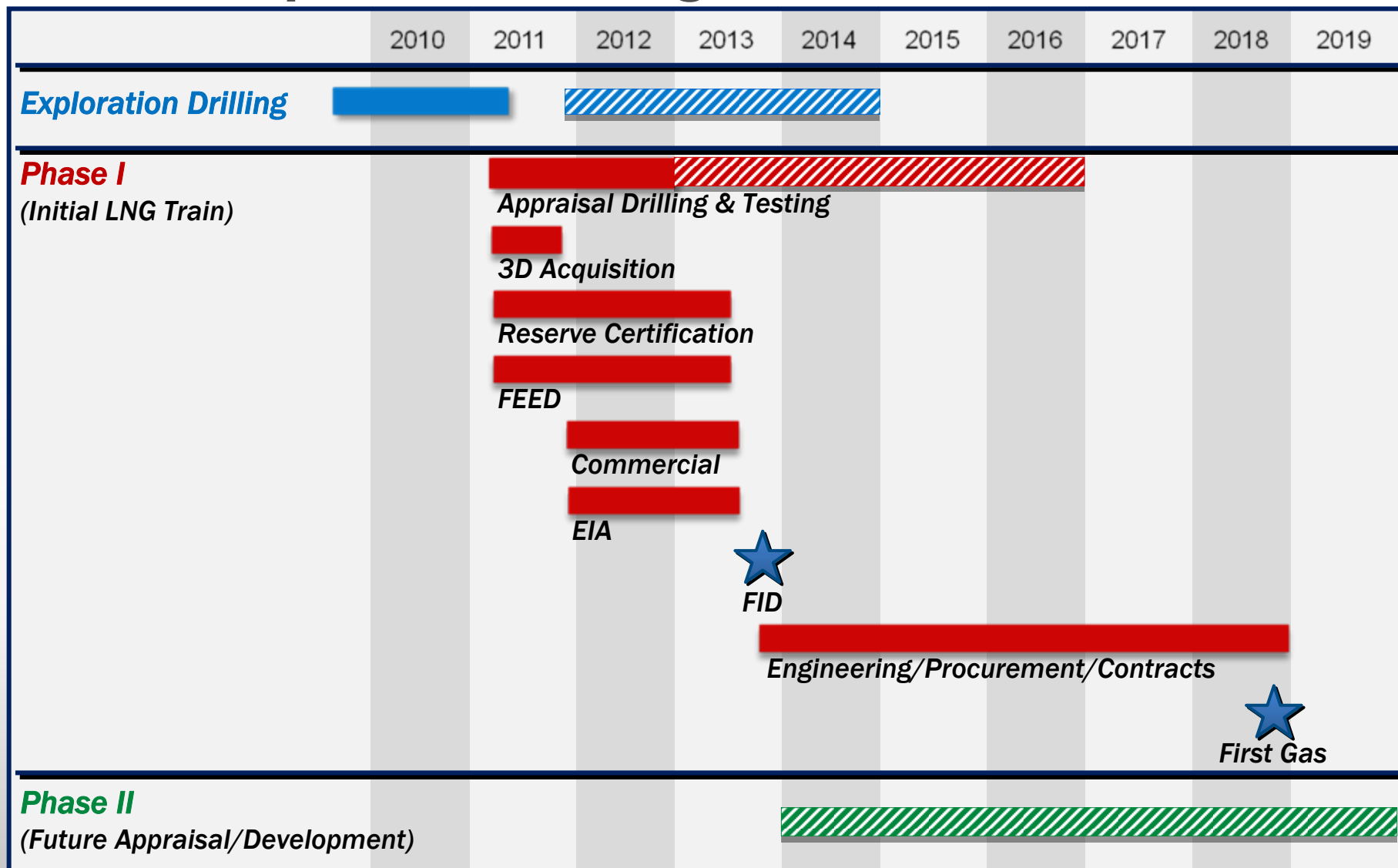
## ■ Vast Areal Extent and Huge Resource Potential

- High-Quality Continuous Sands
- Very Low Dip Rates
- Combination Traps

## ■ Appraisal Under Way

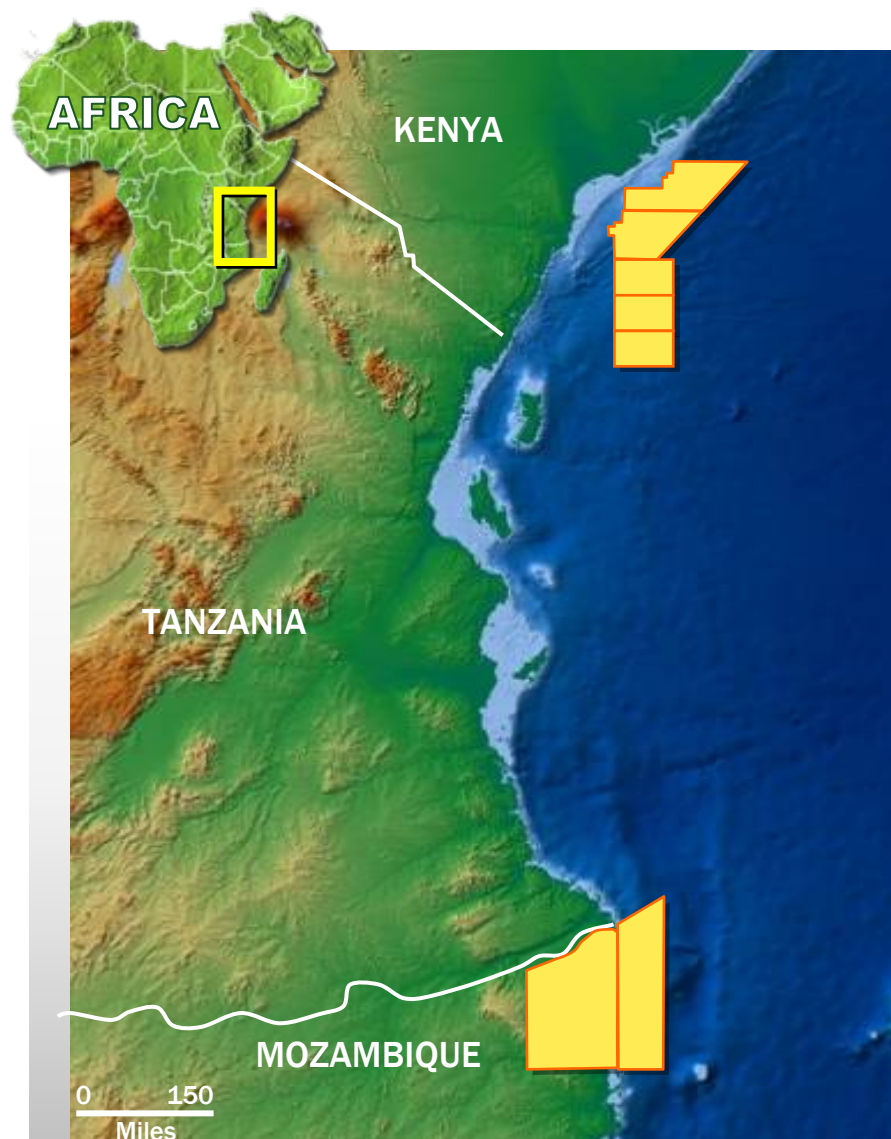


# Mozambique: Advancing Commercial Solution



▨ Probable Activities

# Kenya: An Emerging Opportunity

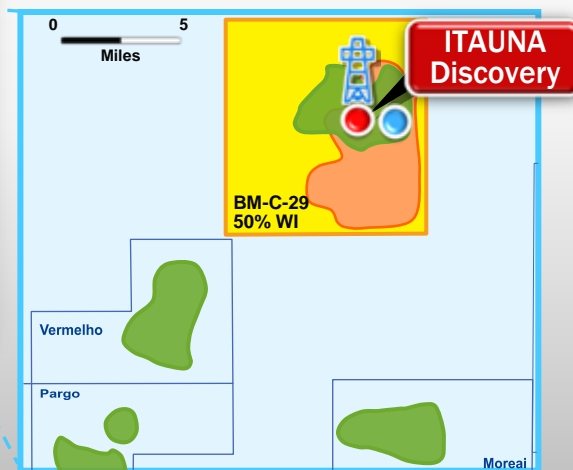
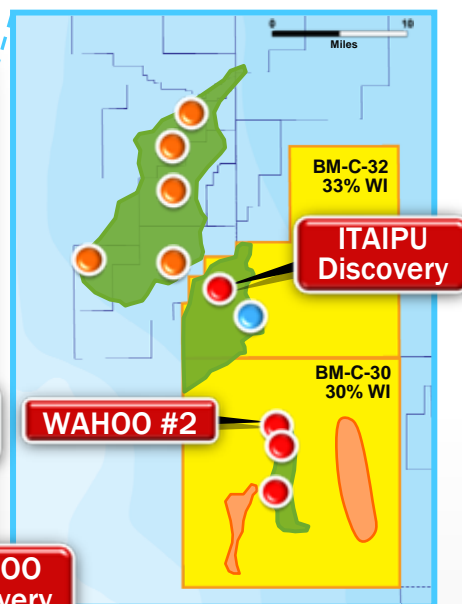


- **Similar Depositional Environment to Rovuma Basin in Mozambique**
- **~7.6 Million Gross Acres**
- **Operator with 70% WI**
- **Planned Activity**
  - 3D Seismic in 2011
  - Drilling in 2012



# Brazil: Appraising Success

~1 MM Gross Acreage



## ■ Itauna Post-Salt Discovery

### ● Tertiary Pay

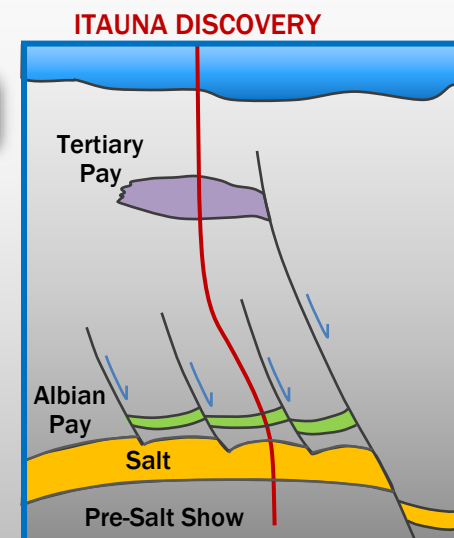
- ~820 Feet of Show
- 150+ Net Feet of Pay
- Heavy Oil Discovery

### ● Albion Pay

- ~125 Net Feet of Pay
- Full Core
- 31° API Oil

## ■ 2011 Planned Activity

- Drill 3+ Appraisal Wells





ANADARKO PETROLEUM CORPORATION

# A COMPELLING INVESTMENT OPPORTUNITY

**Jim Hackett**  
Chairman and CEO

# Anadarko's Competitive Edge

- Low-Cost, Stable Production Base
- Capital-Efficient, Lower-Risk Development Activities
- Excellent Economics in Shale Plays
- Premier Exploration Portfolio
- Strong Balance Sheet

***Delivering Growth and Differentiating Value***

