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by Bob Daniels
Anadarko

Winning with Strategy: Anadarko's History and Future Outlook for the Gulf of Mexico

In 2004, Anadarko embarked on a new corporate strategy that involves using competitive advantages such as strong acreage positions to leverage exploration in key high-potential basins of the world. Central to this strategy is continued growth in the US Gulf of Mexico (GOM). With a historical presence in the since 1970, Anadarko has steadily grown its position, presently holding the rights to explore on 267 blocks equaling 1.5 million gross acres across the region. Today, 11% of the company's proved reserves are located in discoveries from the Central foldbelt to the Eastern. The company owes this growth to the combination of talented staff, technology and a strategic approach to leasing, infrastructure and partnering.

Decades after its first success in the shelf, a discovery at Matagorda Island Block 263, Anadarko was among the first to venture into sub-salt, with discoveries at Hickory and Tanzanite in the late 90s. The knowledge acquired in these difficult plays helped to develop expertise and to establish Anadarko's commitment to exploration and technology application in the basin. Anadarko experienced its first deepwater discovery at Marco Polo in 2000 with subsequent discoveries at K2 and K2 North. These discoveries are in the delineation phase and are expected to add substantial production over the next two years. Building on this momentum, 2005 was an active drilling year for Anadarko and its partners, yielding three discoveries in the Miocene foldbelt: Genghis Khan, Knotty Head and Big Foot.

Outside the deepwater, Anadarko has been successful in establishing a preeminent position in the eastern Gulf, holding 177K acres. From 2003 to 2005, Anadarko has drilled seven discoveries in the region and entered into a cost-effective third-party ownership agreement for the production facility. As part of a producer group, Anadarko and partners authorized the construction of the

first Eastern export pipeline, the Independence Hub, which will have a 1 Bcf/day capacity and is due to be installed later this year. Anadarko's strategy for sustained success has four prongs:

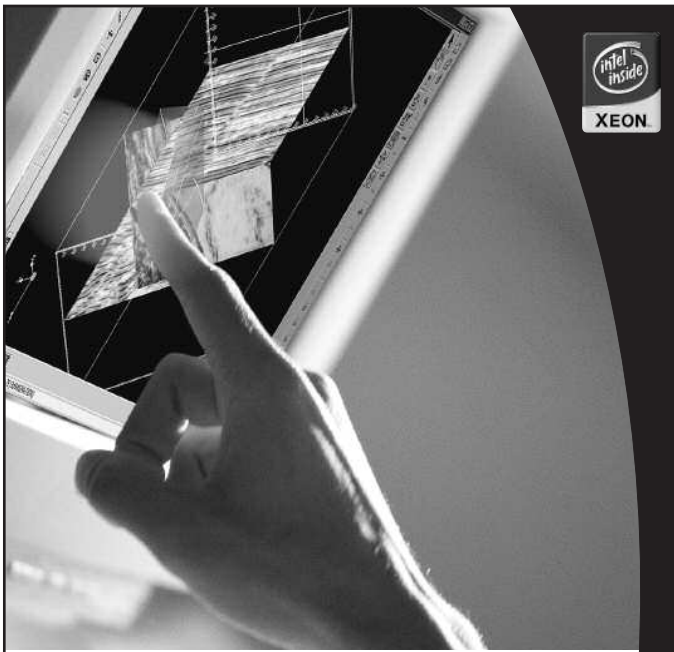
- Early, disciplined play identification—Anadarko Petroleum Corporation (APC) has used an approach focused tightly on material opportunities in a few selected plays. This proactive approach has been important in being able to focus valuable resources on the best projects and avoiding distraction by second-tier opportunities.

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- Strategic leasing and partnering—Starting from a small lease position, APC used strategic farm-ins and partnerships to build its current strength. The goal is to be the partner of choice by leveraging expertise and project development skills.
- Application of the best technology—Anadarko believes that opportunities emerge when existing technologies can be applied in new ways. The company is active in applying the best tools available and in drilling and producing from new areas and depths. Succeeding in these endeavors requires careful risk management, a willingness to learn and creativity.

- Creative service and infrastructure solutions—Recognizing that access to drilling infrastructure was critical to execution and could help capture opportunities. Anadarko has signed long-term contracts for scarce deepwater rigs. In addition, our infrastructure development model has been to build strategic hubs (centralized production platforms), then bring in a third party to finance, build and operate the infrastructure. This approach benefits us by ensuring that we have access to infrastructure while freeing funds to do what we do best?exploring and developing oil and gas fields.

The future is even more exciting, given the pending acquisition of Kerr-McGee. This deal will **HGS General Dinner** *continued on page 11*



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further enhance our position by uniting two of the strongest independent players in the region, with combined acreage totaling 768 Blocks (2.6 million net acres), making Anadarko the third largest acreage holder in the behind Shell and BP. The strategy will continue to evolve as we move forward to bring the 's resources to the marketplace. ■

Biographical Sketch

ROBERT (BOB) P. DANIELS has served as Senior Vice President, Exploration and Production for Anadarko Petroleum Corporation since 2004. He has responsibility for the company's international exploration and worldwide deepwater exploration activities. Bob joined Anadarko in 1985 and has held several key positions within the company including Manager of Geology for Algeria Exploration, Manager of U.S. Onshore Exploration and Vice President for Canada. Bob holds an MS in Petroleum Geology from the Colorado School of Mines, an MA in Economics from The Colorado College, and recently completed executive studies at Harvard Business School.



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