Produced Water: Optionality

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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. Anadarko believes that its expectations are based on reasonable assumptions. No assurance, however, 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 Anadarko’s ability to execute upon its capital program and meet financial and operating guidance, including the impact of response efforts in Colorado; timely complete and commercially operate the projects and drilling prospects identified in this presentation; successfully drill, complete, test and produce the wells identified in this presentation; meet the long-term goals identified in this presentation; finalize the necessary steps to ensure operatorship; achieve further drilling cost reductions and efficiencies; successfully plan, secure necessary government approvals, enter into long-term sales contracts, finance, build, and operate the necessary infrastructure and LNG park in Mozambique. See “Risk Factors” in the company’s 2016 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other public filings and press releases. Anadarko undertakes no obligation to publicly update or revise any forward-looking statements.

Please see the appendix slides or our website at www.anadarko.com under “Investor Relations” for reconciliations of the differences between any non-GAAP measure used in this presentation and the most directly comparable GAAP financial measures.

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U.S. Investors are urged to consider closely the oil and gas disclosures in our Form 10-K for the year ended December 31, 2016, File No. 001-08968, available from us at www.anadarko.com or by writing to 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: Streamlined for Growth & Value

- High-Graded Portfolio
- Efficient Capital Allocation
- Exceptional Cash Generation
- Material Future Upside

FOCUS AREAS
U.S. ONSHORE & DEEPWATER GOM

CASH GENERATION
INTERNATIONAL OIL

FUTURE VALUE
EXPLORATION & LNG
Key Water Statistics

- 80% of water used in US is surface water
- 50% of the US population relies on groundwater for drinking water supply
- 30% of stream flow in US is from groundwater discharging into streams
- For many aquifers withdrawal is greater than natural seepage
Life Cycle of Water: Oil & Gas Operations
Formation Water as a Product

Oil was King
natural gas was considered
a waste product from
an oil well

Both Oil & Natural Gas
became a profitable
commodity

Produced or Formation Water
can it also become a
useable by-product?
US Water Policy

• Water is a common resource in the US
  • Water use – no national policy
  • Water quality – mix of state and federal authorities

• Surface water is managed by states
  • Prior Appropriation doctrine used in western states
    • “First in time, first in right”
    • Reflects scarcity of water
    • Rigid in allocating new users of water
  • Riparian doctrine in eastern states
    • Water belongs to the land owner for reasonable use
    • Reflects abundance of water
    • Vague and minimal means to protect certain uses

• Groundwater use is managed by states
US Water Policy: Quality Matters

Texas Groundwater Resources: Comparison of Fresh vs. Moderately Saline Water Resources

Key Point:
In Texas, the volume of moderately saline water resources is 5x the volume of fresh water – providing a plentiful resource for future water demands.

General water use criteria for human consumption and irrigation

Sources: LBG-Guyton, 2003; Ruesink, 1982; Kalaswad et al., 2004. (Note: Similar data are not presently available for California.)

Source: Guerra et al., 2011; USEPA, 2016b.
WATER OPTIONS

1. Pretreatment Standards
2. Publicly Owned Treatment Works (POTW)
3. Discharge NPDES Permit
4. Pretreatment Standards
5. Centralized Waste Treatment (CWT)
6. Discharge NPDES Permit
7. Recycle
8. Other Uses (e.g., “dewatering”)
9. Reuse
10. Onshore Oil and Natural Gas Facility

Direct Discharge
Only allowed as Beneficial Reuse West of 98th meridian

NOTE: The numbers are intended to facilitate discussion of this figure. They simply represent flow of water from one point to another.
Federal Clean Water Act (CWA)

- Regulates discharges of pollutants into “Waters of the US” (WOTUS)
- National Pollutant Discharge Elimination System (NPDES)
  - Direct discharge permit for “point sources”
  - 98th meridian matters
- Publicly Owned Water Treatment Systems (POTWs)
  - Pretreatment permits to those sending wastewater
  - EPA issued regulation allowing “zero” pollutants for unconventional oil and natural gas
Federal Safe Drinking Water Act (SDWA)

• Underground Injection Control (UIC) Class II permits
  • Permits for oil and natural gas waste injection
  • Must be effective in protecting US drinking water sources
  • States can be delegated primacy

• UIC Class II Permits (>144,000 active)
  • Enhanced oil recovery, salt water disposal, hydrocarbon storage
  • Hydraulic fracturing is NOT subject to the UIC program
Anadarko’s Water Strategy

Strategic Water Committee (SWC) – Five-part Strategy

- Assurance
  - Identify sustainable, reliable and resilient water sources for each asset

- Prudent Use
  - Support operations in reviewing and testing use

- Technology Development
  - Be aware of new and emerging technologies

- Communication
  - Focus on the development and documentation of emerging good practices

- Advocacy
  - Work with industry trade groups and stakeholders

Committee Continuing Advancements

2015

- Completed Water Data Mapping Project
- Issued EWI U.S. Onshore Unconventional E&P Water Case Studies Report
- EWI Sharing Technical Water Information

2016

- Implemented Water Lifecycle Cost Tool
- Completed Disposal Well Mapping
- Presented to Groundwater Protection Council
- Issued Texas A&M Cotton Growing Study Report

Q1

- Held Water Summit
- Initiated Water Data Team
- Created Delaware Basin Water Team

Q2

- Piloted and Developed Water Risk Tool
- Issued Seismicity Guidance
- Created Midstream Commercial Water Role

Q3

Q4

- Developed Water Lifecycle Cost Tool
- Conducted Disposal Well Mapping Project

Q5

- Formed Water Company
- Met with Colorado on Discharge Permit
- Presented to National Academy of Sciences
- Spoke at EPA Hydraulic Fracturing Water Study

- Joined Texas Center for Integrated Seismicity Research
- Presented to National Governors Association
- Presented to National Association of Utility Regulatory Commissions (NAURC)

Q6

- Finalized Revised Seismicity Guidance
- Met with federal policy makers about maintaining produced water as a resource