

ANADARKO CLOSES DEEPWATER GULF OF MEXICO ACQUISITION AND RAISES OIL-GROWTH EXPECTATIONS

Successful Gulf of Mexico Drilling Activity Expands Opportunities

HOUSTON, Dec. 15, 2016 /PRNewswire/ -- Anadarko Petroleum Corporation (NYSE: APC) announced today it has closed the acquisition of Freeport-McMoRan Oil & Gas's deepwater **Gulf of Mexico** assets. The transaction is effective Aug. 1, 2016. Anadarko also increased its oil-growth expectations and discussed plans to further accelerate its rig activity in the **Delaware** and DJ basins. In addition, the company provided an update on its deepwater drilling activities in the **Gulf of Mexico**, highlighted by successes at Warrior and Phobos, which add to its inventory of future tieback opportunities, as well as a successful development well in the Heidelberg field.

ACQUISITION BENEFITS

- Doubles ownership in the Lucius development to approximately 49 percent
- Doubles **Gulf of Mexico** production to more than 160,000 net barrels of oil equivalent (BOE) per day
- Adds three operated deepwater facilities, bringing Anadarko's total operated facilities to 10
- Enhances cash flow to accelerate activity in the **Delaware** and DJ basins



"As a result of closing this transaction, Anadarko now operates the largest number of floating production facilities in the deepwater **Gulf of Mexico**, which provides a competitive advantage to leverage this infrastructure into attractive new investment opportunities," said Anadarko Chairman, President and CEO Al Walker. "This region continues to play a key role in our portfolio by contributing to our higher-margin oil growth profile, while generating substantial future free cash flow to accelerate the growth of our world-class U.S. onshore assets in the **Delaware** and DJ basins. The expanded portfolio of deepwater facilities provides numerous hub-and-spoke opportunities that can generate rates of return of better than 50 percent at today's prices. Given our industry-leading capabilities in deepwater project management, production solutions and exploration success, adding these high-quality assets greatly improves our ability to deliver strong performance in a volatile commodity environment."

INCREASED OIL-GROWTH OUTLOOK

At the time the acquisition was announced, Anadarko indicated the acquired assets would generate substantial free cash flow over time, which would facilitate increased investment in the U.S. onshore and position the company to deliver a five-year compounded oil growth rate of 10

to 12 percent in a \$50 to \$60 oil-price environment. As previously announced, in anticipation of closing the acquisition, Anadarko added two rigs in each of its **Delaware** and DJ basin positions early in the fourth quarter. Going forward, the company plans to further increase activity in each area, with expectations of ending the first quarter of 2017 with 14 operated rigs in the **Delaware** Basin and six operated rigs in the DJ Basin. This compares to seven operated rigs and one operated rig in each of these basins, respectively, at the end of the third-quarter 2016. The company's new investments in these basins generate rates of return of 35 percent to more than 60 percent at today's prices.

"As a result of our large and well-located acreage positions, improving cost structure, midstream infrastructure advantages, and commodity-price outlook, we now believe we have the ability to deliver a five-year compounded annual oil growth rate of 12 to 14 percent, while investing within expected cash inflows," said Walker.

RECENT DRILLING ACTIVITY ADDS TO POTENTIAL TIEBACK INVENTORY

Further highlighting the value of Anadarko's deepwater **Gulf of Mexico** tieback and exploration program, the company today announced its Warrior exploration well encountered more than 210 net feet of oil pay in multiple high-quality Miocene-aged reservoirs. The Warrior discovery is located approximately 3 miles from the Anadarko-operated K2 field and is expected to be tied back to its Marco Polo production facility. Anadarko is the operator at Warrior with a 65-percent working interest. Other partners include Ecopetrol (20 percent) and Mitsubishi Corporation Exploration Co., Ltd. (15 percent).

At the Phobos appraisal well, which is located approximately 12 miles south of the Anadarko-operated Lucius facility, the company has already encountered more than 90 net feet of high-quality oil pay in a Pliocene-aged reservoir similar to the nearby Lucius field. This secondary accumulation was present in the Phobos discovery well and will be evaluated for tieback to the Lucius facility. Meanwhile, drilling is ongoing toward the primary objective in the Wilcox formation. Anadarko has a 100-percent working interest at Phobos.

At the Heidelberg field, the fifth production well currently being drilled has encountered the reservoir sand with more than 150 net feet of oil pay to date. The well will be completed immediately following drilling operations and is expected to be brought on production early next year.

"The successes to date at Warrior and Phobos further demonstrate the value of our assets in the deepwater **Gulf of Mexico** and our tieback strategy. It also illustrates why we have tremendous confidence in the potential of our '3 Ds' – the Deepwater, **Delaware** and DJ – to drive growth and value for many years to come," added Walker. "We look forward to providing further details on these successful developments and other results during the first quarter of next year."

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Anadarko Petroleum Corporation's mission is to deliver a competitive and sustainable rate of return to shareholders by exploring for, acquiring and developing oil and natural gas resources vital to the world's health and welfare. As of year-end 2015, the company had approximately 2.06 billion barrels-equivalent of proved reserves, making it one of the world's largest independent exploration and production companies. For more information about Anadarko and Flash Feed updates, please visit www.anadarko.com.

This news release 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 news release, including Anadarko's ability to realize its expectations regarding performance and timely complete and commercially operate the projects and drilling prospects identified in this release. See "Risk Factors" in the company's 2015 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.

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