ANADARKO PETROLEUM CORPORATION

ACTS: Anadarko Completion Transport System

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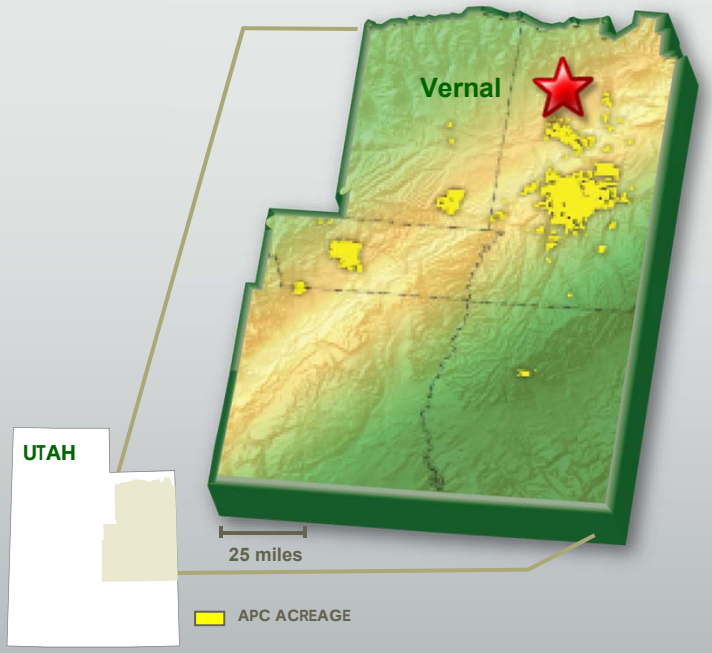
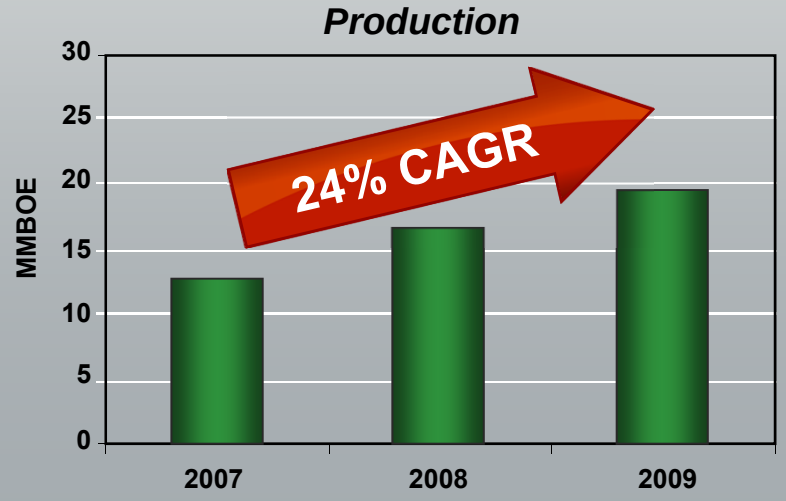
Greater Natural Buttes

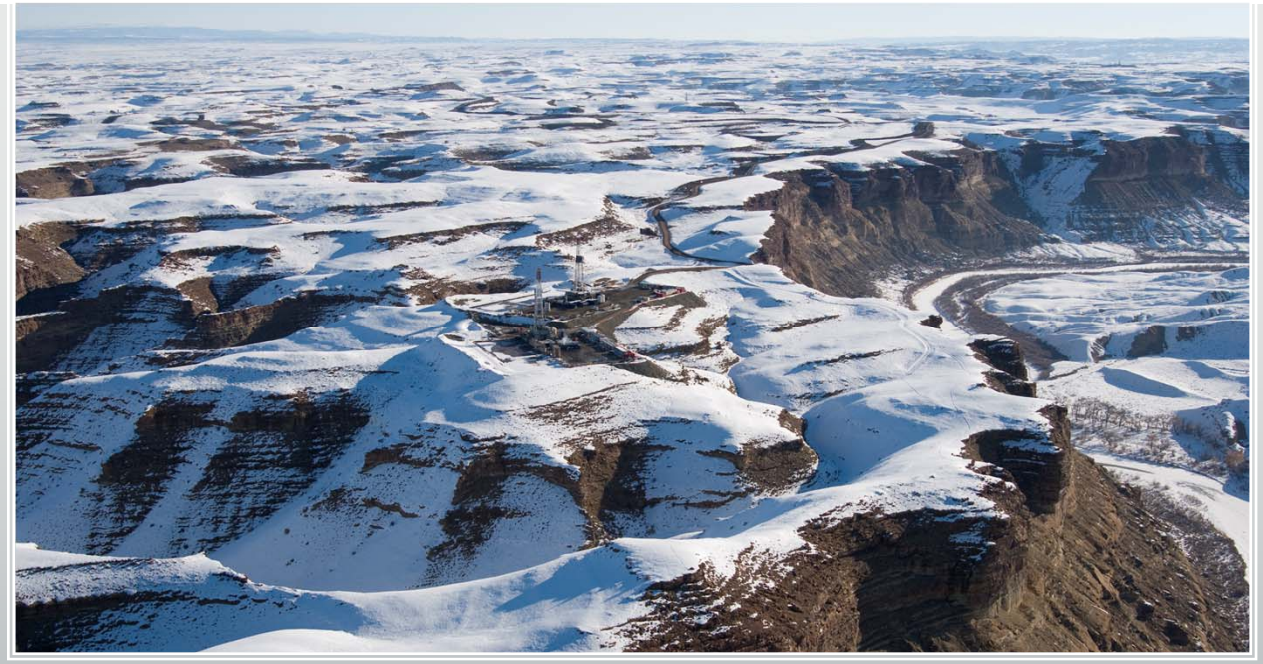
Field Statistics

- 163,000 Acres Available for Development
- Current Production of 400 MMcfd
- Peak Production in Excess of 1 Bcfd
- 9.2 TCF of Resource Potential
- 6000+ Locations in Inventory
- 180 APC Employees & 600+ Contractors



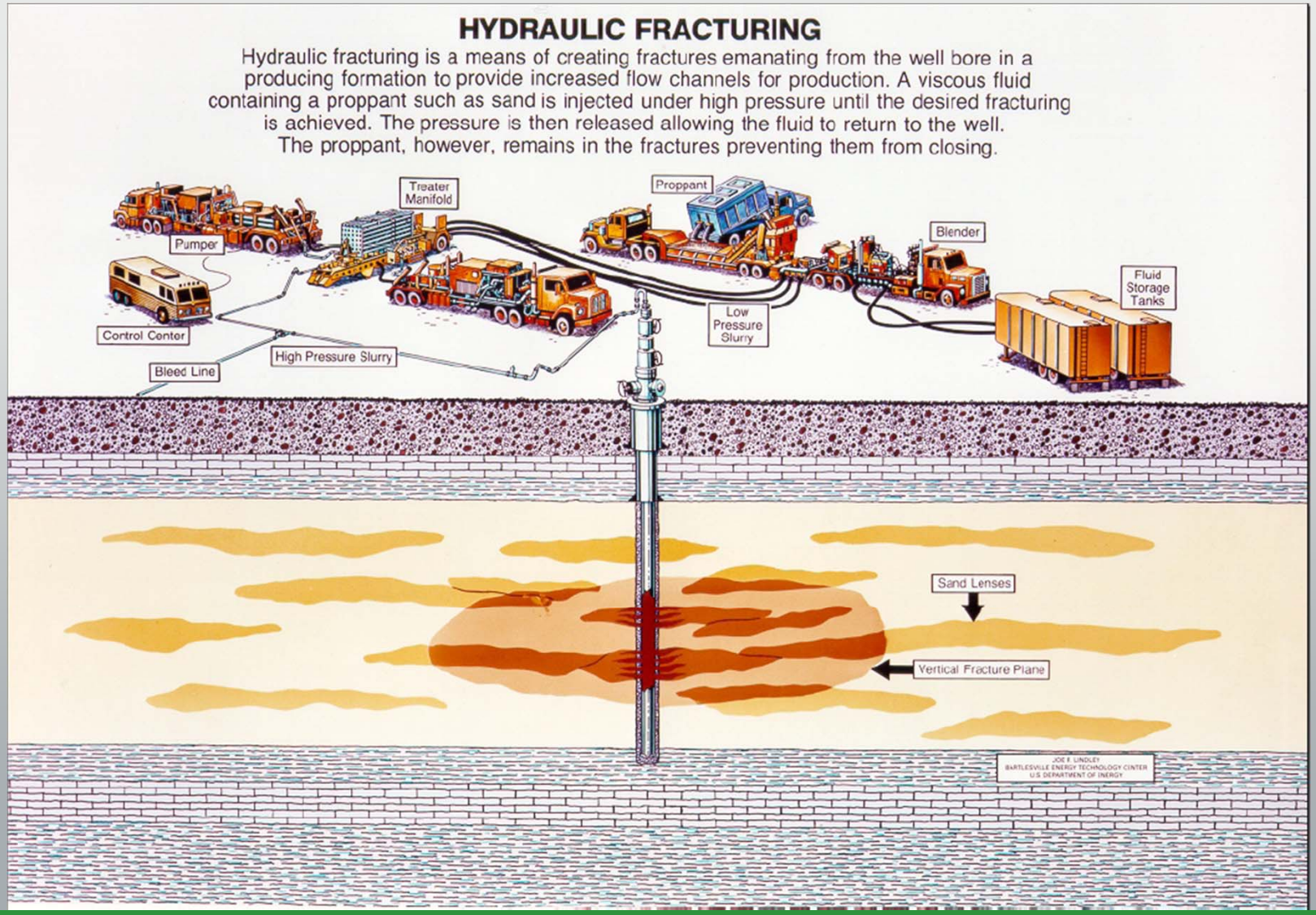


Background



- APC strives to find creative ways of developing energy resources while reducing environmental impacts
- Received the 2008 Earth Day Award from the Utah Division of Oil, Gas and Mining for “pad drilling”
- Drilling efficiencies → Completions innovations

Tight Gas Completions = “Fracing”



What is ACTS?

- Anadarko Completion Transport System
- A highly efficient method of moving large volumes of water without trucking
- Recycled flowback fluids are transferred between pads, significantly reducing fresh water usage
- Reduces truck traffic, air emissions, fresh water utilization, and cost

2008 Challenges – Prior to ACTS

- **Typical 4-well pad completion required:**
  - **~50,000 bbls of water >>> 770 truck loads**
    - *385 loads hauled in for completion fluid, 385 hauled out*
  - **~100 completion fluid tanks on location**
  - **~80% of all trucks in the field hauling water**
- **Resulting in:**
  - **Logistical challenges due to crowded locations**
  - **Potential need for larger locations and increased surface usage to accommodate completion fluid tanks and associated equipment**

2008 Challenges – Prior to ACTS

2009 ACTS Concept

Pilot Goal: To create temporary staging sites on existing locations to treat completion/flowback fluids and move filtered completion fluids by temporary pipelines directly to offset locations

- **Limit new disturbance by utilizing existing locations and/or right-of-ways**
- **Reduce truck traffic**
- **Achieve operational improvements and time savings**
  - *Move fluid once*
  - *Reduce the number of completion tanks needed*

ACTS Requirements

A refurbished pit becomes a staging site for completion fluids

- *Drilling fluid is evaporated or hauled to disposal after conclusion of drilling operations*
- *Fill dirt is mixed with remaining drilling mud solids and cuttings from the large end of the pit and moved to the small end of the pit*
- *Pit is re-lined with impermeable barrier to prevent infiltration*
- *Refurbished pits are used for completion fluids and are managed throughout the process in accordance with applicable Conditions of Approval and/or Best Management Practices*

Refurbishing the Pit

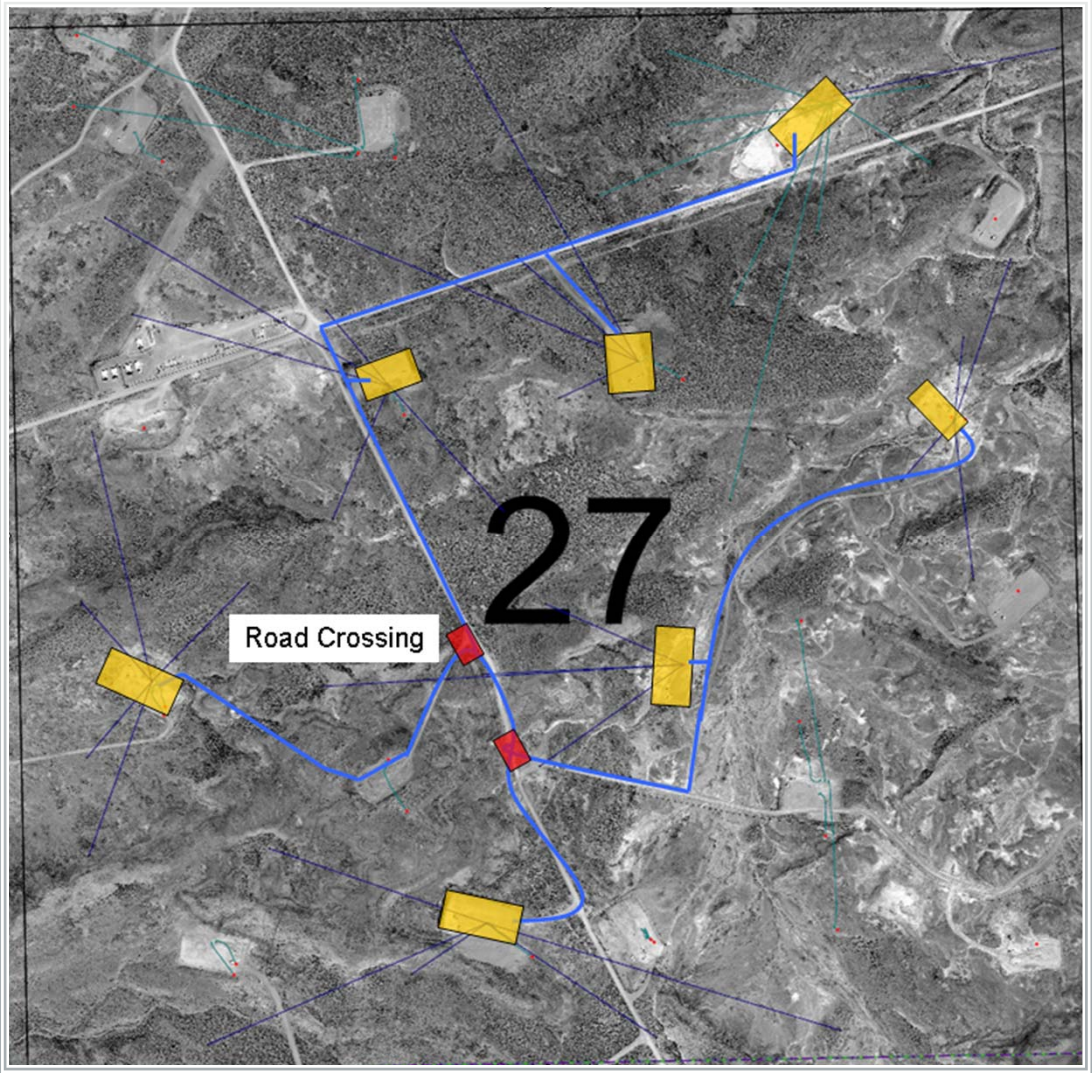
ACTS Requirements

Temporary surface lines move completion fluids from one staging site to another

- *Lines are hand-placed along existing roads and/or rights-of-way*
- *Lines are pressure tested to 100 psi by filling lines with fresh water and compressed air and held for 15-30 minutes*
  - Lines are walked for visual inspection during the test
- *While transferring completion fluid, temporary lines and pits are frequently walked, inspected and documented daily*
- *Temporary surface lines are flushed with fresh water and then purged with compressed air into a truck or to the reserve pits before they are removed*

Temporary Surface Lines

Sample Section of ACTS Implementation



Key

- Existing Pads
- Road Crossing
- Temporary Surface Lines

Results

Innovative Program Results in Positive Outcomes:

- **Reduces number of tanks on a 4-well pad from ~100 to ~20**
- **Decreased the need for fresh water by approximately 1.6 million bbls in 2009, by recycling ~70% of completion fluids**
- **Truck traffic reduced by approximately 30,000 miles per 4-well pad**
  - **Less Road dust and emissions**
  - **Will reduce truck traffic in excess of 1.5 million miles in 2010**
- **Accelerates reclamation by expediting pit closures**
- **Uses existing rights-of-way thus limiting the use of cross- country lines**
- **Preserves county and lease roads, improves driving conditions and safety**
- **Water costs savings estimated at $50,000 per 4 - well pad (~ $1.00 per bbl)**

Results

2010 Earth Day Award

from Utah's Division of Oil, Gas and Mining

Conclusions

- Through ACTS Anadarko demonstrates the commitment to continually improve development processes in order to:
  - Reduce surface usage
  - Decrease impacts on air quality
  - Decrease the need for fresh water
  - Save money
- ACTS implementation on a section-by-section scale is believed to be the most effective means of planning and operations
- Future ACTS optimization has the potential to further reduce truck traffic and fresh water consumption due to the proximity of wells and pads within a single section