



Carbon Disclosure Project (CDP5) Greenhouse Gas Emissions Questionnaire

We request a reply to the following questions by the 31st May 2007. Please answer the questions as comprehensively as possible or state the reasons why you are unable to supply the information requested. If at this stage you can only provide indicative information we still welcome this, as a 'best guess' is more valuable to us than no response.

One of the main objectives this year is to improve the quality of the responses and standardize reporting to facilitate better comparison of data across and within sectors. We therefore request that answers to the following questions are provided for your company as defined in your consolidated audited financial statements. If you are unable to respond on this basis, please explain why and detail the reporting boundaries you have used.

We recognize GHG emissions and climate change have varying impacts on sectors and companies. We have therefore divided the questionnaire into two sections to reflect these differences. Companies are encouraged to answer both parts of the questionnaire where relevant.

Section A: For all companies to complete.

Section B: For the following companies to complete:

1. Companies with combustion installations with a rated thermal input exceeding 20 MW.
2. Companies involved in the following sectors:
 - automobiles & components
 - aerospace & defense
 - chemicals
 - construction materials
 - electric utilities
 - energy equipment & services
 - oil, gas & consumable fuels
 - metals & mining
 - paper & forest products
 - transportation
3. Companies in any sector that may be significantly influenced by GHG emissions or climate change.

New procedures for CDP in 2007.

Please use our website for direct data entry via www.cdproject.net/cdp5. If necessary, send your response electronically in English to the Project Coordinator at info@cdproject.net.

Your response will be made publicly available at www.cdproject.net in September 2007, unless you notify us to the contrary. If you inform us that you do not want your information disclosed, we will only use it in production of aggregate statistics.

For additional guidance and information please see the Further Information attached to this questionnaire, or refer to the Reporting Guidance section at www.cdproject.net.

Below (in italics) is Anadarko Petroleum Corporation (Anadarko) response to the Carbon Disclosure Project (CDP5) Greenhouse Gas Emissions Questionnaire.

Section A: For all companies to complete

1 Climate Change Risks, Opportunities and Strategy

For each question please state the time period and where possible the associated financial implications.

- a Risks:** What commercial risks does climate change present to your company including, but not limited to, those listed below?
- i Regulatory risks associated with current and/or expected government policy on climate change e.g. emissions limits or energy efficiency standards.
 - ii Physical risks to your business operations from scenarios identified by the Intergovernmental Panel on Climate Change or other expert bodies, such as sea level rise, extreme weather events and resource shortages.
 - iii Other risks including shifts in consumer attitude and demand.

Anadarko's primary commercial risks are regulatory. For its hydrocarbon exploration and production activities, the risk lies in uncertainty around potential carbon taxes being imposed on the resource as opposed to the end use of that resource. Anadarko's portfolio is relatively balanced between oil and natural gas, so the risks are spread among higher and lower carbon intensity fuels. Anadarko has limited exposure to risks associated with emissions limits or efficiency standards within its operations and it seeks to minimize those risks through voluntary participation in programs such as US EPA Natural Gas STAR and API Climate Action Challenge.

Anadarko has physical risks to its operations in the offshore Gulf of Mexico and other areas. These risks are primarily related to extreme weather events (e.g., hurricanes). The 2005 hurricane season in the Gulf of Mexico demonstrated the potential damage and business impact that severe weather can have on the oil and gas industry. Anadarko had a strong record in that season, with no injuries to its employees and relatively minimal risk to its platforms and the environment. Anadarko continues to analyze data from that season to better prepare for future weather events.

Anadarko also has some minimal risk in onshore operations related to tornado activity or operational shut-ins areas where extreme cold may become a factor. Overall, climate is most likely to affect offshore operations, but we are aware that onshore weather patterns may also change in ways that affect our operations.

Shifting consumer attitude and demand for hydrocarbons does present some broad risks to the industry as a whole. Anadarko's portfolio of strong North American assets including large volumes of natural gas and enhanced oil recovery that incorporates carbon sequestration positions the company well to remain in line with changing consumer awareness and preferences in the US energy markets. Anadarko's commitment to apply best practices and high environmental standards across all of its operations, both at home and abroad, is in keeping with its desire to be a responsible operator.

- b Opportunities:** What commercial opportunities does climate change present to your company for both existing and new products and services?

Anadarko sees a primary opportunity to supply the US market with clean-burning natural gas fuel. Anadarko's Eastern Gulf of Mexico projects (coming on line in the third-quarter 2007) will account for approximately 2% of the nation's overall supply of natural gas. As consumers seek to shift to less carbon-intensive fuels, Anadarko believes that its ability to deliver this resource will serve it well under a carbon-constrained regulatory environment.

Anadarko sees additional opportunities in carbon sequestration and enhanced oil recovery. Anadarko's highly successful Salt Creek project in the onshore US uses anthropogenic CO₂ to produce oil from a 100 year old field, effectively sequestering this greenhouse gas in the subsurface. Anadarko has partnered with research entities including the Rocky Mountain Oilfield Test Center to provide data to assist in scientific research validating geologic sequestration of CO₂. Anadarko continues to evaluate additional opportunities to apply the lessons it has learned at Salt Creek to create "win-win" situations for its business and the environment.

- c **Strategy:** Please detail the objectives and targets of the strategies you have undertaken or are planning to take to manage these risks and opportunities. Please include adaptation to physical risks.

Anadarko continues to monitor and evaluate the changing regulatory environment for GHG in the US and abroad. Anadarko is committed to establishing a new corporate baseline of GHG emissions for 2006, based on its finalized portfolio after announced acquisitions and divestitures. Anadarko has validated protocols for carbon sequestration in its existing operations at Monell and Salt Creek Wyoming, and plans to continue to evaluate opportunities to expand this type of operation.

- d **Reduction targets:** What are your emissions reduction targets and time frames to achieve them? What renewable energy and energy efficiency activities are you undertaking to manage your emissions? (This question not required if answering Section B.)

See Section B

2 Greenhouse Gas Emissions Accounting¹

- a **Methodology:** Please provide the following information on your company's emissions measurements:

- i The accounting year used to report GHG emissions.²
- ii The methodology by which emissions are calculated.
- iii Whether the information provided has been externally verified or audited.
- iv An explanation for any significant variations in emissions from year to year, e.g. due to major acquisitions, divestments, introduction of new technologies, etc.

Anadarko completed its first global corporate-wide GHG emissions inventory on a calendar year basis beginning in 2004 and thereafter using its established Corporate GHG Protocol. Anadarko's methodology is consistent with established industry guidelines found in the IPIECA/API/OGP Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions report, and standards set by the World Business Council for Sustainable Development and the World Resource Institute. The GHG emissions inventory is currently only internally audited; however, Anadarko's GHG Emission Reductions resulting from Enhanced Oil Recovery (EOR) Projects have been externally verified and audited.

In August 2006, Anadarko completed the acquisitions of Kerr-McGee Corporation (Kerr-McGee) and Western Gas Resources, Inc (Western). Currently, Anadarko is divesting itself of certain properties to pay down the debt associated with those acquisitions. These acquisitions and divestitures will have a significant effect on the 2006 GHG emissions inventory. As a result, Anadarko is recalculating its GHG baseline for 2006 using its established Corporate GHG Protocol.

- b **Scope 1 and 2 of GHG Protocol:** Direct and Indirect GHG emissions and electricity consumption.³
Please complete the table below for tonnes CO₂e emitted and electricity consumption:

	Globally	Annex B Countries
Scope 1 activity tonnes CO ₂ e emitted	4,504,071 tonnes	4,430,821 tonnes
Scope 2 activity tonnes CO ₂ e emitted	826,651 tonnes	826,651 tonnes
MWh of purchased electricity	1,014,870	1,014,870
Percentage of purchased MWh from renewables	Unknown	Unknown

GHG emissions provided above represent operations in calendar year 2005, prior to the acquisition of Kerr-McGee and Western. Scope 1 activities are those direct emission estimates reported only for Anadarko-operated facilities. Scope 2 activities are those indirect emissions (associated primarily with electricity consumption) reported only for Anadarko-operated facilities. It is unknown what percentage of purchased MWh utilized by Anadarko-operated facilities comes from renewable resources.

- c **Scope 3 of GHG Protocol:** Other Indirect GHG emissions. Where feasible please provide estimates for the following categories of emissions:
 - i Use/disposal of company's products and services.
 - ii Your supply chain.
 - iii External distribution/logistics.
 - iv Employee business travel.

Anadarko is an upstream exploration and production (E&P) oil and gas company that explores for and produces crude oil and natural gas. Anadarko does not operate refineries or petrochemical plants. Products are sold shortly after production to commercial end users for fuel and raw materials. Anadarko believes that the GHG emissions associated with these products should be estimated by those consumers.

GHG emissions associated with employee business travel (corporate jets and company fleet vehicles) are not included in our GHG emissions inventory because calculated emissions have been deemed insignificant.

¹The six main Greenhouse Gases are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆).

²If you are responding to CDP for the first time, please provide details where available, of emissions for the last three measurement cycles.

³For the purposes of responding to this section, please follow the World Resources Institute (WRI), World Business Council for Sustainable Development's (WBCSD's) Greenhouse Gas Protocol (corporate standard revised version), details of which can be found at www.ghgprotocol.org.

Section B:

To be completed by companies defined in the introduction to this questionnaire

3 Additional Greenhouse Gas Emissions Accounting

Using the methodology as set out in 2(a), please state your Scope 1 and 2 emissions as follows:

a Countries: For each country in which you have operations, where available.

For the 2005 GHG emissions inventory year, GHG emissions from Anadarko-operated facilities in the United States, Canada, and Qatar were calculated. GHG emissions estimates can be found in Section A.2.b.

b Facilities: For facilities covered by the EU Emissions Trading Scheme (EU ETS). Please also include the number of allowances you were issued under the applicable National Allocation Plans.

Anadarko does not have any facilities covered by the EU Emissions Trading Scheme.

c EU ETS impact: What has been the impact on your profitability of the EU Emissions Trading Scheme?

Because Anadarko does not have any facilities affected by the EU Emissions Trading Scheme, there has been no monetary impact.

4 Greenhouse Gas Emissions Management

a Reduction programmes: What emission reduction programs does your company have in place? Please include any reduction programs related to your operations, energy consumption, supply chain and product use/disposal.

- i What is the baseline year for the emissions reduction program?
- ii What are the emissions reduction targets and over what period do those targets extend?
- iii What investment has been/will be required to achieve the targets and over what time period?
- iv What emissions reductions and associated costs or savings have been achieved to date as a result of the program?
- v What renewable energy and energy efficiency activities are you undertaking to manage your emissions?

Anadarko is revising its current 2004 baseline year due to the acquisitions of Kerr-McGee and Western. The new baseline year will be calendar year 2006. Anadarko does not currently have emission reduction targets, but plans to evaluate the potential role such targets, after the completion of its new corporate baseline. Barring unforeseen circumstances, Anadarko plans to establish intensity-based reduction targets in 2008.

b Emissions trading: What is your company's strategy for trading in the EU Emissions Trading Scheme, CDM/JI projects and other trading systems (e.g. CCX, RGGI, etc), where relevant?

As a U.S. company with no EU-based operations, Anadarko does not qualify to participate in the EU ETS. Anadarko is investigating its options for private transactions in the U.S. market for verified emissions reductions from its EOR operations.

c Emissions intensity: Please state which measurement you believe best describes your company's emissions intensity performance? What are your historical and current emissions intensity measurements? What are your targets?

GHG emissions intensity is best represented as metric tons CO₂ equivalent per unit of production, typically thousand barrels of oil equivalent (MBOE). Anadarko's GHG emissions intensity in 2005 was 27.4 metric tons CO₂e/MBOE.

d Energy costs: What are the total costs of your energy consumption e.g. from fossil fuels and electric power? What percentage of your total operating costs does this represent?

As an E&P or energy supply company, the commodity price is one factor that affects Anadarko's profitability. The energy used to fuel E&P operations is provided in many forms from natural gas, electricity and liquid hydrocarbons. The price and volume of energy consumption is unique to each operation and specific data is proprietary.

e Planning: Do you estimate your company's future emissions? If so please provide details of these estimates and summarize the methodology for this. How do you factor the cost of future emissions into capital expenditure planning? Have these considerations made an impact on your investment decisions?

At this time, Anadarko does not estimate future emissions.

5 Climate Change Governance

a Responsibility:

- i Which Board Committee or other executive body has overall responsibility for climate change?

Board of Directors' Nominating and Corporate Governance Committee and the Climate Change Committee

- ii What is the mechanism by which the Board or other executive body reviews the company's progress and status regarding climate change?

A Climate Change Committee, composed of employees representing disciplines across the Company, continues to organize, evaluate and advise on climate change and GHG issues within Anadarko. The Committee meets, in full or in part, on a quarterly basis or more frequently, as necessary. The Committee reports annually through executive management to the Board of Directors' Nominating and Corporate Governance Committee.

- b **Individual performance:** Do you provide incentive mechanisms for managers with reference to activities relating to climate change strategy, including attainment of GHG targets? If so, please provide details.

Indirectly. Since methane is the major component of natural gas, it is inherently in Anadarko's best interest to capture the gas produced for sale in lieu of emissions. Utilizing best management practice and partner related opportunities provided by the US EPA Natural Gas STAR program, Anadarko reports methane reductions achieved annually.