Houston, Jan. 18, 2001 – One of the most actively drilled areas in North America is about to get a lot busier. Anadarko Petroleum Corporation (NYSE: APC) announced today that the company plans to spend $535 million during 2001 to expand its operations in the East Texas natural gas play known as the Bossier play. This year’s planned Bossier spending represents a 32 percent increase over last year’s.

Approximately $420 million will go towards drilling and completing 36 new exploratory and 186 development wells in the Bossier play. Also included is more than $100 million for lease acquisition, expansion and upgrades of gathering lines and treating facilities.

“This increase in our spending for East Texas will allow us to carry out an expanded exploration program and build on the success we’ve enjoyed so far,” said John N. Seitz, Anadarko President and Chief Operating Officer.

“Our strategy in 2000 was to expand our lease position. Now we’re in a good position to pursue a more extensive drilling campaign, and we have the resources, the people and the rigs to do that,” Seitz added. “Our leadership position, confirmed by our exploratory drilling successes last year, gives us the confidence to expand the limits of the play. We plan to increase our Bossier exploratory program by roughly 70 percent in 2001.”

Seven wildcats drilled last year in East Texas encountered commercial amounts of gas in the Bossier. Along a similar trend in North Louisiana, the company drilled two wildcats; one was not commercial, and the second is still under evaluation.
The best Bossier well of the year was the Blair A-3, an extension of the Dew field in Freestone County, which flowed at a record rate of 50 MMcf a day with 4,600 pounds of casing pressure.

Another standout well was the Thigpen A-1, also an extension of the Dew field in Freestone County, which had initial production of 15.7 MMcf a day with 3,400 pounds of casing pressure. That well is 13,500 feet deep.

“Each new well provides Anadarko additional confirmation about the Bossier petroleum system model. We analyze each new data point quickly, incorporate the information into our regional models, and then we act on this new information,” said Mike Cochran, Anadarko Vice President of Exploration. “This constant refining of our models gives us an advantage in technical understanding and immediately directs us to new expansion areas and opportunities.”

Anadarko drilled 142 development wells in the Bossier last year and increased its lease acreage holdings for the play by 150 percent, to 250,000 acres, in East Texas and parts of North Louisiana.

“Our development success rate has been phenomenal – almost 100 percent,” Cochran said.

The company produced 60 billion cubic feet (Bcf) of natural gas (net) from both areas of the Bossier development last year – up from 22 Bcf in 1999 – and it expects to increase Bossier production to 90 Bcf (net) for 2001.

“Demand for natural gas – one of the world’s cleanest burning fuels available – is at an all-time high in North America,” Seitz said. “The Bossier play in East Texas is an important source for domestic natural gas production.

“The Bossier accounted for over one-third of our total gas production last year and became our single biggest U.S. natural gas field – bigger than the giant Hugoton gas field in southwest Kansas, where Anadarko began,” Seitz said. “The steady and predictable performance of these Bossier wells, plus our very high success rate, good cost control and improvements in reservoir productivity through fracture stimulation all combine to make this project one of the most attractive investments in Anadarko’s portfolio.”

Anadarko currently has 27 rigs drilling for the Bossier sands in East Texas and six drilling a similar type play in Jackson Parish, Louisiana. This week, Anadarko will drill its 300th well in the Bossier. The company expects the total producing well count to be more than 500 in the region by the end of 2001.
Anadarko recently expanded its Bossier holdings in East Texas by purchasing proved reserves and exploration acreage in Freestone, Robertson and Leon counties from Broughton Associates Joint Venture and CV Reef Company for an undisclosed amount. This package included approximately 31,000 acres of leases and 10 MMcf a day (net) of gas production from various interests in 80 wells.

“These properties complement our operations south of our original discoveries in Freestone County and provide for another 17 proved development drilling locations and 32 delineation locations that we intend to drill this year,” Seitz said. “The acreage also covers some excellent exploratory prospects that will be drilled this year.”

To handle the steady production growth expected in East Texas, Anadarko plans to expand its Bethel treating plant in Anderson County, which it purchased in December from Western Gas Resources.

Part of that acquisition also included the Pinnacle Pipeline, which Anadarko is currently integrating into its existing gathering system. The 60-mile Pinnacle pipeline tracks the Bossier trend from Franklin to Bethel through portions of Freestone, Anderson, Leon and Robertson counties. It can carry as much as 500 million cubic feet of gas a day.

In addition to the East Texas region, Anadarko plans to spend another $110 million this year for drilling activity in Central and Northeast Texas.

In the Giddings field area of Central Texas, a new program of re-entering existing wells and drilling horizontal laterals in the Georgetown and Buda limestone formations has breathed new life into the company’s existing Austin Chalk play. It has also helped transform it from primarily an oil play into a significant natural gas play.

Some 90 wells (net) are planned this year in the Giddings area – two-thirds of which will be re-entries of existing wells. Anadarko currently produces more than 182 MMcf (net) of gas a day and 13,200 barrels a day (net) of oil from the Giddings area.

In the Carthage field in Northeast Texas, the company will continue a four-rig infill drilling program, developing tight sands in the Cotton Valley interval. “This is a mature field that’s been producing for more than 65 years. But despite its age, we’re still getting some pleasant surprises here, with several wells flowing as much as 1.5 million to 2 million cubic feet a day,” Seitz said.

The company plans to drill 48 wells in the Carthage area this year, and production is expected to increase about 5 percent.
Houston-based Anadarko Petroleum Corporation is one of the world’s largest independent E&P companies, with 1.94 billion energy equivalent barrels of proved reserves. Domestically, it has operations in Texas, Louisiana, the Mid-Continent and Rocky Mountain regions, and in the shallow and deep waters of the Gulf of Mexico. Internationally, it has operations in Algeria, Tunisia, Canada, Guatemala and Venezuela.

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