

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2931 SCOMM 128: HOUSE SPEC. COMM. ON OIL AND GAS, 2001-02

9.4 Termination. [If Buyer wishes to have the right to terminate the contract or to reduce the quantities shown in Schedule 1 by more than 50 percent, there will be a fee to be negotiated as part of the contract.]

9.5 Article Survives Termination. This Article survives termination of the Agreement.

ARTICLE X DISPOSITION OF ROYALTY GAS

10.1 Disposition of Royalty Gas Upon Default or Termination. Buyer acknowledges that the State may be required to provide six Months notice to the Lessees before the State may decrease its in-kind Nomination of Royalty Gas in any Month. It is within the Commissioner's sole discretion to request a waiver of any notice provision, condition, or requirement of a Lease, Unit Agreement, settlement agreement or other agreement. If this Agreement terminates for default or any other reason, Buyer shall continue to accept and pay for Royalty Gas through the first Day of the Month following expiration of six months after the date of termination, if the Commissioner, in the Commissioner's sole discretion, so requires. If this Agreement terminates for default or any other reason, and the Commissioner, in the Commissioner's sole discretion, chooses to dispose of the Royalty Gas to a third party during the notice period for decreases in in-kind nominations, Buyer shall be and remain liable to the State for the amount of the difference between the Price for the Royalty Gas under Article III and the actual price the State receives from disposition of the Royalty Gas to third parties.

10.2 Inability to Receive Royalty Gas. If Buyer is unable or refuses to accept or receive Royalty Gas, Buyer shall nevertheless remain liable for disposal and payment for Royalty Gas as though it had been accepted by Buyer. The Commissioner may, in the Commissioner's sole discretion, waive this requirement.

10.3 Security for Disposal of Royalty Gas. To secure Buyer's obligations to purchase and dispose of Royalty Gas, upon the Commissioner's request, Buyer shall assign or otherwise transfer to the State, or its designee, all or part of Buyer's right, title, and interest in any arrangements for transportation of the Royalty Gas to, through, and away from the Gas Pipeline, whether such interests are under nominations, leases, contracts, tariffs, or other agreements. The State will incur liability or obligations under any assignment or transfer only to the extent the State actually exercises its rights to succeed to Buyer's interests under and obtain the benefits of the assignments or transfer.

ARTICLE XI **NON-WAIVER**

11.1 Non-Waiver. The failure of either party to insist upon strict or a certain performance, or acceptance by either party of a certain performance or course of performance under this Agreement shall not: (1) constitute a waiver or estoppel of the right to require certain performance or claim breach by similar performance in the future; (2) affect the right of either party to enforce any provision; or (3) affect the validity of any part of this Agreement.

ARTICLE XII **INTERPRETATION OF TERMS AND CONDITIONS**

12.1 Interpretation of Terms and Conditions. Any disagreement or dispute about the meaning or application of a word, term, or condition, or about a right or obligation in this Agreement shall be decided according to the dispute resolution procedure set forth in this Article. The procedure set forth in this Article shall be initiated by either party providing written notice of the disagreement or dispute to the other party. No later than sixty Days after either party provides written notice, Buyer and the State shall each present any arguments and evidence supporting their views of the disputed term or condition in writing to the Commissioner for consideration. Buyer

shall not have the right to civil litigation-type discovery or a civil litigation-type trial with the right to call or cross-examine witnesses unless granted by the Commissioner, after request. Within thirty Days after both parties submit their arguments and evidence, the Commissioner shall issue a finding interpreting the meaning or application of the disputed word, term, or condition, and shall set forth the basis for the conclusions. Buyer agrees to accept findings of the Commissioner under this Article that are reasonable and not arbitrary.

ARTICLE XIII **SEVERABILITY**

13.1 **Severability.** If a court decrees any provision of this Agreement to be invalid, all other provisions of this Agreement shall remain valid. If, however, invalidation of a provision impairs a material right or remedy under this Agreement, either party may terminate this Agreement by notice to the other party as provided under Article XV.

ARTICLE XIV **FORCE MAJEURE**

14.1 **Effect of Force Majeure.** Except for Buyer's absolute obligations to pay for the Royalty Gas, provide security, pay reservation fees, and purchase, transport and dispose of Royalty Gas, neither party shall be liable for failure to perform if performance is substantially prevented by force majeure after good faith efforts to perform. If Buyer is prevented by force majeure from performing any material obligation for sixty successive Days or more, the State, in the Commissioner's sole discretion, shall have the right to terminate this Agreement. Before the State exercises this right, the Commissioner may require Buyer to negotiate in good faith to restore performance.

14.2 **Notice of Force Majeure.** If a party believes that force majeure has occurred, the party shall immediately notify the other party of its claim of force majeure. Except for Buyer's

CORRECTION

**THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION**



Central Microfilm Services
Department of Education & Early Development
State of Alaska

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absolute obligations to pay for the Royalty Gas, provide security, pay reservation fees, and purchase, transport and dispose of Royalty Gas, the disabled party's obligations to perform that are affected by the force majeure shall be suspended from the time of notification to the other party until the disability caused by the force majeure should have been remedied with reasonable diligence.

ARTICLE XV **NOTICES**

15.1 Method. Unless otherwise specifically provided in this Agreement, all notices, requests, demands, or statements shall be in writing and delivered to the address specified in this Article in person, by telecopier or other form of facsimile, by United States mail, postage prepaid, registered or certified with a return receipt requested, to the party to be notified. A statement of account the State delivers to Buyer by telecopy shall be deemed delivered to Buyer when the State's telecopier confirms that it was received at Buyer's telecopy number. A notice, request, demand, or statement delivered by United States mail shall be deemed delivered on the earlier of expiration of seven Days after it is deposited in the mail, or upon the date of receipt by the party to whom it is directed. A notice, request, demand, or statement delivered in any other manner shall be effective only if and when received by the party to whom it is directed. The address of the parties shall be as follows:

State: State of Alaska
Commissioner of Natural Resources
400 Willoughby Avenue
Juneau, Alaska 99801

and Director, Division of Oil and Gas
550 W 7th Avenue, Suite 800
Anchorage, Alaska 99501-3560
Telecopy No.: 907-269-8938

Buyer: _____

Telecopy No.: _____

15.2 Change of Address. Each party may notify the other of changes in its address by delivering written notice of the change.

ARTICLE XVI
RULES AND REGULATIONS

16.1 Rules and Regulations. This Agreement is subject to all applicable laws of the State of Alaska, and orders, rules, and regulations of the United States, the State of Alaska, and any duly constituted agency of the State of Alaska.

ARTICLE XVII
SOVEREIGN POWER OF THE STATE

17.1 Sovereign Power of the State. This Agreement shall not be interpreted to limit in any way the State's ability to exercise any sovereign or regulatory powers, whether conferred by constitution, statute, or regulation. The State's exercise of any sovereign or regulatory power shall not be deemed to enlarge any of Buyer's rights, or limit any of Buyer's obligations or liabilities under this Agreement.

ARTICLE XVIII
APPLICABLE LAW

18.1 Governing Law. This Agreement, and all matters arising from or related to this Agreement, shall be governed, construed, and determined by the laws of the State of Alaska.

18.2 Jurisdiction. After exhaustion of the dispute resolution provisions in Article XII, any legal action or proceeding arising out of or related to this Agreement shall be brought in a state court of general jurisdiction sitting in the State of Alaska, and Buyer hereby irrevocably submits to the jurisdiction of that court in any such action or proceeding.

ARTICLE XIX
WARRANTIES

19.1 Warranties by State. The purchase and sale of Royalty Gas under this Agreement are subject only to the warranties the State has expressly set forth in this Agreement. The State disclaims and Buyer waives all other warranties, express or implied in law.

ARTICLE XX
AMENDMENT

20.1 Amendment. This Agreement may be supplemented, amended, or modified only by written instrument duly executed by the parties and, where required, approved under Alaska Statute 38.06.055.

ARTICLE XXI
SUCCESSORS AND ASSIGNS

21.1 Successors and Assigns. No assignment, pledge, or encumbrance of this Agreement shall be made by either party without first obtaining the written consent of the other party, which shall not be unreasonably withheld. The Commissioner may consent on behalf of the State. Subject to the requirement of written consent, this Agreement shall be binding upon and inure to the benefit of each of the parties and their successors and permitted assignees, and they must agree in writing to be bound by this Agreement.

ARTICLE XXII
RECORDS

22.1 Preservation of Records. Buyer shall maintain and preserve all books, accounts, and records that relate to or arise from performance of this Agreement for six years from the date of the transaction or date of the latest adjustment relating to the transaction, or for any longer period requested by the State if, in the State's sole discretion and opinion, the books, accounts, and records are relevant to a pending audit, arbitration, or litigation. Buyer shall also maintain and preserve all

books, accounts, and records, in its possession or control, that belong to any third party with whom Buyer contracts for the performance of any part of this Agreement. Buyer and the State shall not be required to retain any records for more than six years from the time of a transaction unless retention of such records is specifically required by applicable law or regulation, or this Agreement. Buyer shall maintain its records within the State or make the records available to the State at Buyer's principal office in the State within thirty Days after written request by the State.

22.2 Inspection of Records. Buyer and the State shall each accord to the other and the other's authorized agents, attorneys, and auditors access during reasonable business hours to any and all property, records, books, documents, or indices related to Buyer's or the State's performance under this Agreement and which are under possession or control of the party from which access is sought, so the other party may inspect, photograph, and make copies of the property, records, books, documents, or indices. The State shall not be required to disclose any information, data, or records that is required by state or federal law or regulation, or by agreement with the person supplying the record, to be held confidential. If information the State obtains from Buyer may be held confidential under state or federal law or regulation, Buyer must request in writing that the State hold the information confidential, and the State shall keep the information confidential to the extent and for the term provided by the applicable law or regulation.

ARTICLE XXIII

EMPLOYMENT OF ALASKA RESIDENTS

23.1 Employment of Alaska Residents. Buyer shall comply with all valid federal, state, and local laws in hiring Alaska residents and companies, and shall not discriminate against Alaska residents and companies. Within the constraints of law, Buyer voluntarily agrees to employ Alaska residents and Alaska companies to the extent they are available, willing, and qualified for work performed in Alaska in connection with this Agreement. "Alaska resident" means an individual who

is physically present in Alaska with the intent to remain in the state indefinitely. An individual may demonstrate an intent to remain in the state by maintaining a residence in the state, possessing a resident fishing, trapping or hunting license, or receiving a permanent fund dividend. "Alaska companies" means companies incorporated in Alaska or whose principal place of business is in Alaska. If a court invalidates any portion of this provision, Buyer agrees to employ Alaska residents and Alaska companies to the extent permitted by law.

ARTICLE XXIV **COUNTERPARTS**

24.1 Counterparts. This Agreement may be executed in multiple counterparts. It is not necessary for the parties to sign the same counterpart. Each duly executed counterpart shall be deemed to be an original and all executed counterparts taken together shall be considered to be one and the same instrument.

ARTICLE XXV **MISCELLANEOUS**

25.1 Agreement Not to Be Construed Against Either Party as Drafter. The Parties recognize that this Agreement is the product of the joint efforts of the Parties and agree that it shall not be construed against either Party as drafter.

25.2 Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Parties about the subject matter of this transaction and all prior agreements, understandings, and representations, whether oral or written, about this subject matter are merged into and superseded by this written Agreement.

25.3 Headings. The headings throughout this Agreement are for reference purposes only and shall not be construed or considered in interpreting the terms and provisions of this Agreement.

25.4 Authority to Sign. Each person signing this Agreement warrants that he or she has authority to sign the Agreement.

25.5 Further Assurances. The Parties agree to do such further acts or execute such further documents as may reasonably be required to implement this Agreement.

ARTICLE XXVI
REOPENER

[This Article is reserved for any reopeners which the Parties consider necessary.]

STATE OF ALASKA:

By _____
Its _____
Date _____

BUYER:

By _____
Its _____
Date _____

SCHEDULE 1

Royalty Gas Purchase Schedule	
Month¹	Quantity (MMcf/Day)

¹Because the date of first production is not known, the "month" column will be expressed as first production month, second production month, and so on.

SAMPLE CONTRACT

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EXHIBIT 1

EXAMPLE OF CALCULATION OF BASE PRICE

[To be prepared as part of the final contract.]

EXHIBIT 2**SAMPLE CALCULATION OF INVOICE PRICE**

[To be prepared as part of the final contract.]

EXHIBIT 3

SAMPLE CALCULATION OF INTEREST
AND LATE PAYMENT PENALTY

[To be prepared as part of the final contract.]

N:\SJWVLM\Gas Agreement (12-20)

SOLICITATION FOR OFFERS .
TO PURCHASE ALASKA NORTH SLOPE
ROYALTY GAS



Alaska Department of
NATURAL
RESOURCES
DIVISION OF OIL & GAS

550 West 7th Avenue, Suite 800
Anchorage, Alaska 99501-3510

December 26, 2001

STATE OF ALASKA
SOLICITATION FOR OFFERS
TO PURCHASE ALASKA NORTH SLOPE
ROYALTY GAS

DECEMBER 26, 2001

The Department of Natural Resource, Division of Oil and Gas ("Division"), gives notice under Title 38, Alaska Statutes, of its intention to sell royalty gas that may be produced from Alaska's North Slope (ANS) upon completion of a natural gas pipeline. By this notice, potential buyers are invited to submit offers to purchase the State's royalty-in-kind (RIK) gas. Offers must be received at the address listed below no later than **January 31, 2002**. All offers received by the deadline will be opened and announced at a public meeting scheduled on **February 1, 2002** at 8:30 a.m. in Room 240 of the Robert B. Atwood Building, 550 West Seventh Avenue, Anchorage, Alaska.

DNR reserves the right to amend or cancel this Solicitation for Offers at any time. Any interested person who wants to be notified directly of amendments or cancellation should provide the name, telephone number and address of the contact person to Kevin Banks at krb@dnr.state.ak.us; by fax to (907) 269-8938; or by mail to DO&G, 550 West Seventh Avenue, Suite 800, Anchorage, Alaska 99501-3510.

To be considered under this Solicitation, offers must meet the following Minimum Cash Bonus and Base Price conditions. Paragraphs 1-7, below, are negotiable terms.

1. **MINIMUM CASH BONUS.** In order to participate in the competitive sale, the potential buyer's offer must commit to a minimum cash bonus. The minimum cash bonus must equal \$1.00 per Mcf per day of Maximum Quantities the buyer proposes to purchase (see e.g., *Sample Contract* at Article 3.1.1).
2. **BASE PRICE.** The potential buyer must offer a base price. For the purposes of this competitive RIK sale offer "Base Price" is defined in Article 3.3.1 in the *Sample Contract*. The State will consider offers that include a different mechanism than the method outlined in the *Sample Contract* to calculate the Base Price so long as it is consistent with the definition of Base Price as the volume-weighted average of the amounts paid by the lessees for royalty gas in-value. If the State is not satisfied with a proposed Base Price mechanism, the State will detail a mechanism it considers acceptable.

In addition to the Minimum cash Bonus and Minimum Base Price, potential buyers are encouraged to include some or all of the following terms in their offers. The Division will consider the benefits to the State that the additional terms would provide when it evaluates the offers.

3. **PRICE PREMIUM.** Potential buyers may offer a price premium over and above the Base Price. It will be considered along with proposed Special Commitments in evaluating the benefits of an offer to the State.
4. **OPTION PRICE.** If the potential buyer wishes to have the right to terminate the contract or reduce the Maximum Quantities (i.e., the amount of gas the buyer has contracted to purchase) by more than 50 percent, the buyer should include the option price it proposes to pay for the right (see e.g., *Sample Contract* at Article 9.4).
5. **SPECIAL COMMITMENTS.** Potential buyers may offer Special Commitments in addition to the Minimum Cash Bonus and Base Price. Special Commitments may be offered with or without a price premium or option price. The price premium or option price and Special Commitments that are offered will be considered separately and jointly to determine the potential benefits to the State. Performance of Special Commitments must be measurable and enforceable by the State (see e.g., *Sample Contract* at Article II).
6. **QUANTITY OF GAS.** The State will offer up to 70 percent of its royalty gas from the Prudhoe Bay and Point Thomson Units. Offers must include an estimate of the amount of gas the buyer proposes to purchase (see, e.g., *Sample Contract* at Article 3.1.1 and Schedule I concerning "Maximum Quantities").
7. **TERM.** Potential Buyers must specify in their offers the time period proposed for a State Royalty Gas Sale Contract. In no case will the term of a contract entered into as a result of this Solicitation to Offer begin until a gas pipeline and related facilities are constructed to deliver ANS gas to markets inside or outside of Alaska. No gas will be delivered under a State Royalty Gas Sale Contract until ANS gas is produced and delivered by the lessees to the State. The term of any contract entered into as a result of this Solicitation to Offer will be contingent as provided in the terms of Articles 8.1, 8.2, 8.3 and 8.4 of the *Sample Contract*.
8. **SOURCE OF GAS.** The State assumes that royalty gas delivered under a State Royalty Gas Sale Contract will come from the Prudhoe Bay Unit and the presently undeveloped Point Thomson Unit (see the *Sample Contract* at Article 3.1.5). The right of the State to determine the source of the royalty gas to be delivered under the State Royalty Gas Sale Contract is a non-negotiable term.
9. **POINT OF DELIVERY.** For purposes of this Solicitation for Offers, the points of delivery for the State's RIK gas are not yet determined. The State Royalty Gas Sale Contract will define the Point(s) of Delivery as the transfer point(s) where the State receives its royalty gas in-kind from the lessees (see e.g., *Sample Contract* at Article 1.14). This term is non-negotiable.
10. **FIELD AND CONDITIONING COSTS.** The State Royalty Gas Sale Contract will require that the buyer pay any and all field and conditioning costs chargeable against the State's royalty share of gas delivered under the contract. This term is non-negotiable.

11. **PAYMENTS.** The State Royalty Gas Sale Contract gas contract will specify that the State will bill the buyer each month using a "best estimate" of price and volume. The State will make adjustments in later months as additional information about price and volume becomes available. This term is non-negotiable.
12. **SECURITY.** The potential buyer is required to provide security to protect the State's interests. The *Sample Contract* discusses potentially acceptable forms of security (see the *Sample Contract* at Article VI). Although the requirement to provide security is non-negotiable, the security terms may be negotiated to some degree.
13. **PREQUALIFICATION.** In order to be eligible to submit an offer, an individual, corporation, or other entity must first apply to the Division of Oil and Gas for qualification to offer. In order to qualify, an applicant must be (A) a person who has reached the age of majority and who is a citizen of the United States; (B) a corporation organized and existing under and by virtue of the laws of the United States or of any state, territory, or the District of Columbia and qualified to do business in Alaska; or (C) an association of the above. To qualify, a corporation must be authorized to do business in the State of Alaska.
 - a. **APPLICATION FOR QUALIFICATION.** An individual, corporation or other entity who is not already qualified with the Division of Oil and Gas must prequalify by completing the attached form entitled "Qualification to Offer," before submitting an offer under this Solicitation for Offers. The completed application must be received by the Division of Oil and Gas, Attn: Kevin Banks, at 550 West Seventh Avenue, Suite 800, Anchorage, AK 99501-3510, no later than 4:30 p.m., Alaska Standard Time, **January 17, 2002.**

An applicant must provide additional information concerning the applicant's financial standing and financial capability to perform the terms of a State Royalty Gas Sale Contract if the Division of Oil and Gas requests such information. Upon the applicant's written request as provided in AS 38.05.035(a)(9)(D), the Commissioner will hold confidential cost data and financial information contained in the application to the extent provided by law.
 - b. **QUALIFICATION DETERMINATIONS.** No later than **January 25, 2002**, the Commissioner will determine the applicant's eligibility to submit an offer. The Division will notify each applicant of its eligibility by mail or telefax.
14. **OTHER QUALIFICATIONS.** A prospective buyer must be able to demonstrate to the Commissioner's satisfaction that it has the financial ability, necessary management skills, and experience to perform the terms of a State Royalty Gas Sale Contract.
15. **OFFERS.** Only prequalified applicants may submit offers. Each offer must be submitted on the "Offer for State Royalty Gas" form (Offer form) attached to this Solicitation.

- a. **SIGNATURES.** Each prospective buyer, or the buyer's authorized representative, must sign the Offer form. By signing the Offer form, the prospective buyer, or the buyer's authorized representative, certifies that it has full authority to submit an offer to purchase the State's royalty gas, and to negotiate and bind the prospective buyer to the terms and conditions of a State Royalty Gas Sale Contract if such a contract results from the offer.
- b. **SUBMITTING OFFERS.** Offers must be submitted to the Director, Division of Oil and Gas, 550 West Seventh Avenue, Suite 800, Anchorage, AK 99501-3510. Offers may be delivered personally or by mail. Offers must be received no later than 4:30 p.m., Alaska Standard Time, **January 31, 2002.**

Offers must be submitted separately in a sealed envelope that has the prospective buyer's name, address, and "OFFER FOR ROYALTY GAS, January 31, 2002" clearly printed on the front.

- c. **LATE OFFERS.** Only offers received at the location specified in this Solicitation by 4:30 p.m., Alaska Standard Time on **January 31, 2002** will be accepted. Late offers will be returned unopened.
16. **REJECTION OF OFFERS.** The Commissioner may reject any or all offers at any time before or after the opening. The Commissioner may reject any offer that does not conform to the requirements of this Solicitation. The Commissioner will reject any offer as provided under 11 AAC 03.210 and any offer that proposes a Royalty Gas Price that is not equal to at least Royalty Value as it is defined in at Article 3.3 of the *Sample Contract* ("the volume-weighted average of the amounts per Mcf paid in royalty by all lessees each month on total royalty gas not taken in-kind, plus any processing and field costs incurred by the State on the royalty gas which would not have been incurred if the royalty gas had been taken in value").
17. **OPENING OF OFFERS.** Offers will be opened and considered in the following manner:
- a. **OPENING.** Offers will be opened and read at a public meeting at 8:30 a.m. on **January 29, 2002.** Immediately after the opening, the Division of Oil and Gas will evaluate offers and the Commissioner will determine whether any offers should be rejected as provided in paragraph 16 of this Solicitation. The remaining offers will then be evaluated for contract awards.
 - b. **REJECTED OFFERS.** A prospective buyer who believes that its offer was rejected in error may request a conference with the Commissioner. A request for a conference must be received by mail or telefax no later than 4:30 p.m. Alaska Standard Time, **February 8, 2000,** at the Division of Oil and Gas, 550 West Seventh Avenue, Suite 800, Anchorage, Alaska 99501-3510, FAX at (907) 269-8938. Conferences will be held no later than **February 15, 2002.** At the

conference, any and all objections to the Commissioner's rejection of the offer must be presented in writing.

- c. **FINAL ACCEPTANCE OF OFFER.** On or before **February 15, 2002**, the Commissioner will announce the offers that have been awarded State Royalty Gas Sale Contracts.

18. **EXECUTION OF STATE ROYALTY GAS SALE CONTRACTS.** The Commissioner and the successful buyers will execute State Royalty Gas Sale Contracts approximately **March 15, 2002**. The parties to the State Royalty Gas Sale Contracts will agree that neither party may bring an action against the other concerning any provision of this Solicitation for Offers or the process that resulted in the State Royalty Gas Sale Contract between the parties, except as expressly provided in the State Royalty Gas Sale Contract.
19. **APPROVAL.** Legislative approval of the State Royalty Gas Sale Contract is required under AS 38.05.055. Prior to submission to the legislature for approval, the Alaska Royalty Oil and Gas Development Advisory Board must review the contract and make a recommendation to the Legislature.
20. **NON-ASSIGNABILITY OF RIGHTS.** Any rights, privileges and obligations of an individual, corporation, or other entity that may arise under this Solicitation may be exercised only by the individual, corporation, or entity to which they have accrued, unless the Commissioner consents in writing to an assignment of the rights, privileges, or obligations.
21. **TERMINATION OF SOLICITATION FOR OFFERS.** This Solicitation for Offers will be of no further force and effect and any rights, privileges, or obligations created or accruing under it shall terminate upon the earliest of the following occurrences: 1) the Commissioner withdraws the Solicitation for Offers before any offers are received by the State; 2) the Commissioner's rejection of all offers that are submitted under the Solicitation; or 3) the Commissioner's announcement of the offers that have been accepted for State Royalty Gas Sale Contracts. .
22. **TERMINATION OF RIGHTS ON DEFAULT.** In the event that a potential buyer fails to accept the State's award of the buyer's offer, or fails or refuses to execute the State Royalty Gas Sale Contract, any and all rights the potential buyer may have or have acquired under the Solicitation or any subsequent related event or procedure are terminated immediately upon the default.

In evaluating offers, the Commissioner will consider:

1. The cash value offered;
2. The projected effects of the sale, exchange or other disposal on the economy of the State;
3. The projected benefits of refining or processing the gas in the State;

4. The ability of the prospective buyer to provide refined products or by-products for distribution and sale in the State with price or supply benefits to the citizens of the State;
5. The revenue needs and projected fiscal condition of the State;
6. The existence and extent of present and projected local and regional needs for gas products and by-products, the effect of State or federal commodity allocation requirements which might be applicable to those products and by-products, and the priorities among competing needs;
7. The desirability of localized capital investment, increased payroll, secondary development and other possible effects of the sale, exchange or other disposition of gas or both;
8. The projected social impacts of the transaction;
9. The projected additional costs and responsibilities which could be imposed upon the State and affected political subdivisions by development related to the transaction;
10. The existence of specific local or regional labor or consumption markets or both which should be met by the transaction;
11. The projected positive and negative environmental effects related to the transaction; and
12. The projected effects of the proposed transaction upon existing private commercial enterprise and patterns of investments.

In addition, the Commissioner will consider the financial responsibility of the prospective buyers.

**State of Alaska
Department of Natural Resources**

**Alaska North Slope
Royalty Gas Sale
Qualification to Offer**

An individual, corporation or other entity must be qualified with the Division of Oil and Gas before they are entitled to submit an offer for the Alaska North Slope Royalty Gas Sale. In order to apply for qualification, an applicant must submit this completed application form to the Division of Oil and Gas by the close of business on **January 17, 2002**, at the address listed below.

Name of Applicant: _____
(Individual, Corporation or other entity name)

Mailing Address: _____

Telephone: _____

In order to qualify, the applicant must be (A) any person who has reached the age of majority and who is a citizen of the United States; (B) any corporation organized and existing under and by virtue of the laws of the United States or of any state, territory or the District of Columbia and qualified to do business in Alaska; or (C) any association of the above.

A. Individuals must complete this section:

I, _____, certify, that as an applicant for qualification to offer in the State of Alaska Royalty Gas Sale, I am a citizen of the United States, and am of the age of majority. (The age of majority in Alaska is 18 years, except for those who are emancipated earlier by marriage or court order.)

Dated _____

Signature: _____

(Full Name)

(Printed or Typed Name)

Street Address or P.O. Box

City, State, Zip Code

(Area Code) Telephone Number

Social Security Number *

An agent who is signing this application form on behalf of an individual or other unincorporated entity must submit, with the application, an original or certified copy of a notarized power of attorney instrument authorizing the agent to act on behalf of the individual.

*Provision of social security number is voluntary, used solely to prevent duplication of records and assure accuracy.

B. Corporations must have on file at the Division of Oil and Gas, or submit with this application, the following information:

1. A copy of the 2001 Certificate of Compliance for those corporations which have been incorporated in the State of Alaska (also known as "Domestic" corporations), or a Certificate of Authority from those corporations which have been incorporated outside the State of Alaska (also known as "Foreign" corporations).
2. A list of current officers authorized to sign a offer on behalf of the corporation.
3. An original or certified copy of a notarized power of attorney if an agent who is not a current officer of the corporation is authorized to act on its behalf.

If this information is already on file with the Division of Oil and Gas, the qualification number is _____.

If the information is not already on file with DO&G, it may be obtained from the Alaska Department of Community and Economic Development, Division of Banking, Securities and Corporations. Inquiries about incorporating in Alaska or qualifying a foreign corporation to do business in Alaska may also be addressed.

C. A partnership or unincorporated association must submit the following:

1. A statement describing the business relationship between members of the association or partnership.
2. A statement of qualifications for each member of the association or partnership attesting that each member has reached the age of majority. If some or all of the members are incorporated entities, all information required for corporations (described in Section B of this form) must also be submitted.
3. If an agent is signing the offer form on behalf of the partnership or association, an original or certified copy of a notarized power of attorney defining the agent's authority to sign the offer on behalf of the partnership or association must be attached to this application.

D. All Applicants must submit the following:

To qualify for eligibility to submit an offer in the Royalty Gas Sale, the applicant must demonstrate that it possesses the management skills and experience the Commissioner determines necessary to perform all terms of the Royalty Gas Sale contract. The Commissioner will consider the applicant's demonstrated capability in financial management, gas movement, and contract management.

Describe below, and on any additional pages necessary, the applicant's experience with the purchase and disposal of gas and the transportation facilities and equipment available to the applicant for performance under the sample royalty gas contract:

The applicant must provide additional information if requested by the Division of Oil and Gas concerning the applicant's financial standing and financial capability to perform the terms of the State Royalty Gas Sale Contract. Upon the applicant's written request, the Commissioner will hold confidential, to the extent provided by law, cost data or financial information contained in the application that the applicant designates as confidential under AS 38.05.035(a)(9)(D).

The completed application must be addressed to the Division of Oil and Gas, Attn: Kevin Banks, 550 West Seventh Avenue, Suite 800, Anchorage, AK 99501-3510, and be received no later than 4:30 p.m., Alaska Standard Time, January 17, 2002.

Submission of false information in this application or in support of this application may result in the immediate withdrawal of the application or award, the cancellation of a contract if it has been executed or, if discovered prior to the opening, may result in disqualification from participating in the sale. In addition, the commissioner may disqualify a potential purchaser from participating in future sales of state royalty gas.

I certify that all of the information provided on this application or in support of this application is accurate and complete.

Date

Authorized Signature

Printed or Typed Name

THE UNITED STATES OF AMERICA)) ss.
STATE OF _____)

On this _____ day of _____, 20__, before me, the undersigned, a Notary Public duly commissioned and sworn, appeared _____, personally known to me, or proved to me on the basis of satisfactory evidence, to be the person whose name is subscribed to the within Statement.

WITNESS my hand and official seal.

Notary Public in and for the State of _____
My commission expires _____

**State of Alaska
Department of Natural Resources
Alaska North Slope Royalty Gas Sale
Offer**

Name of Offeror _____

Address _____

Contact Person _____ Phone No _____

To the Commissioner of Natural Resources:

In response to the State's Solicitation for Offers issued December 26, 2001, the undersigned offeror, having been qualified by the Commissioner, makes the attached offer for Alaska North Slope Royalty Gas.

Additional information that the Commissioner may read at the public hearing to be held February 1, 2002 is below:

Offeror: _____

Date: _____

By: _____

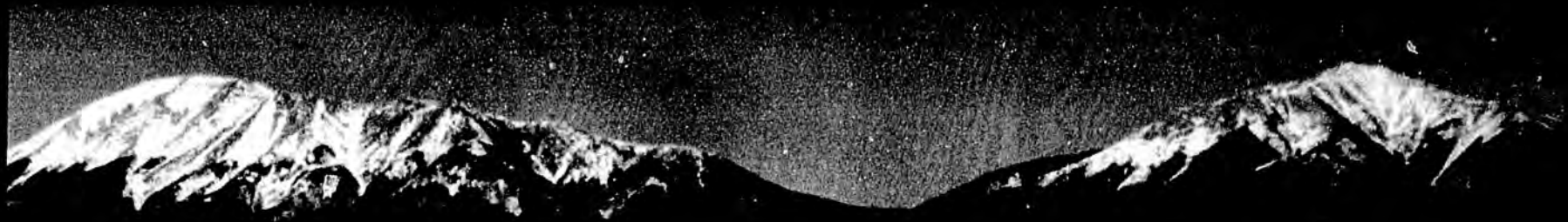
Title: _____

Attach Proposal

SCOMM

128:15

EVERGREEN



EVERGREEN RESOURCES, INC.

Corporate Presentation

**Alaska State House of Representatives
Resources and Oil & Gas Committees**

January 29, 2002

Company Profile

EVERGREEN

What Exactly is Unconventional Gas?

The definition continues to evolve as technology and reservoir understanding continues to improve.

Certainly Coal Bed Methane applies.

Certain Tight Gas Sand plays and projects qualify.

Conventional Gas: Relatively hard to find;
Relatively easy to produce.

Unconventional Gas: Relatively easy to find;
Relatively hard to produce.
Very process intensive.

Company Profile

EVERGREEN

Our Niche: Rockies and Unconventional Gas!

Focused on Coal Bed Methane Opportunities

Recognized CBM Technology Leader

Completely Integrated Approach to CBM Development

Operations & Services & Infrastructure

Main Drilling Project: Raton Basin CBM

Primary Unevaluated Projects: UK CBM
N. Ireland Tight Gas
Alaska CBM

Accelerated Growth Since 1994

EVERGREEN

Focused on Raton Basin Coal Bed Methane

Sold all other producing O&G properties

Consolidated 274,000+ quality acres in the Basin

Drilled & Acquired 700+ Raton Basin CBM producing wells

Expanded gas transportation infrastructure

CIG Campo and Picketwire Laterals: Better gas markets

Gas collection and compression facilities: Internal growth

Accelerated drilling program

140+ wells in 2001

150+ wells in 2002

Community Relations/Awards

EVERGREEN

State of Colorado Oil and Gas Conservation Commission

Outstanding Oil and Gas Operations Awards in 1996, 1997, and 2001

Interstate Oil and Gas

Compact Commission

2001 Chairman's Stewardship Awards

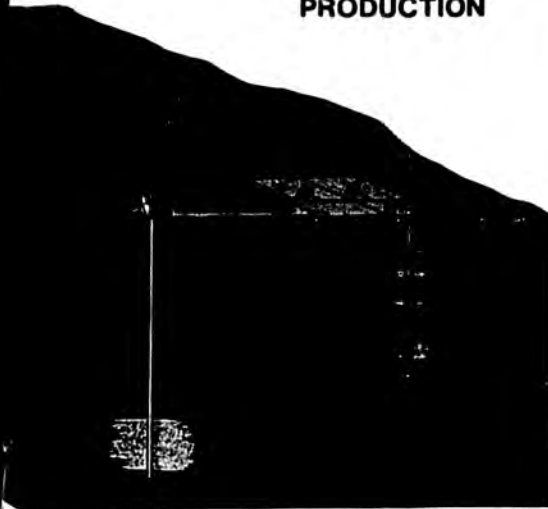
Independent/Small Company



*In our Corporate Mission Statement, we are Explicitly
Committed to Environmentally Responsible Development
and Community Enrichment.*

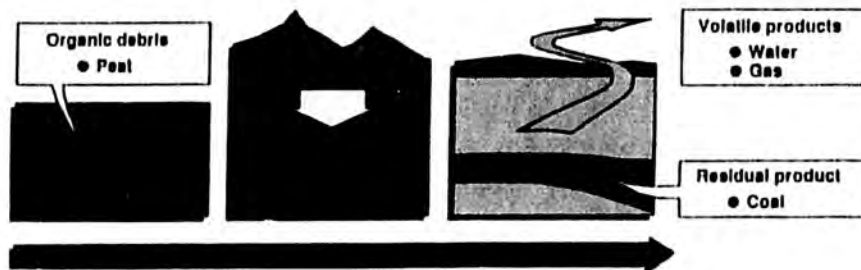
EVERGREEN

COALBED METHANE PRODUCTION

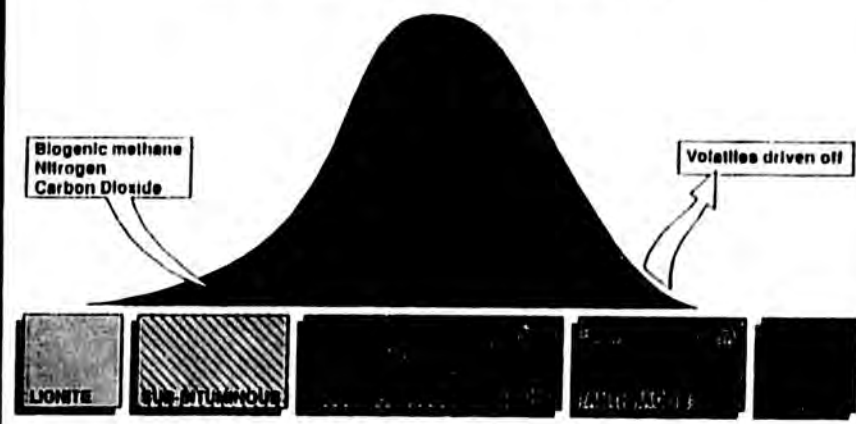


EVERGREEN

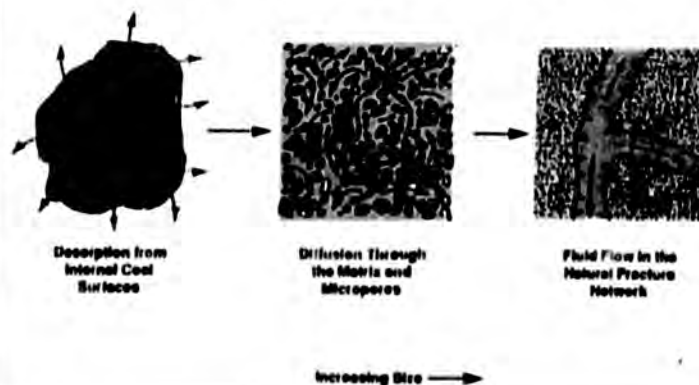
COALIFICATION



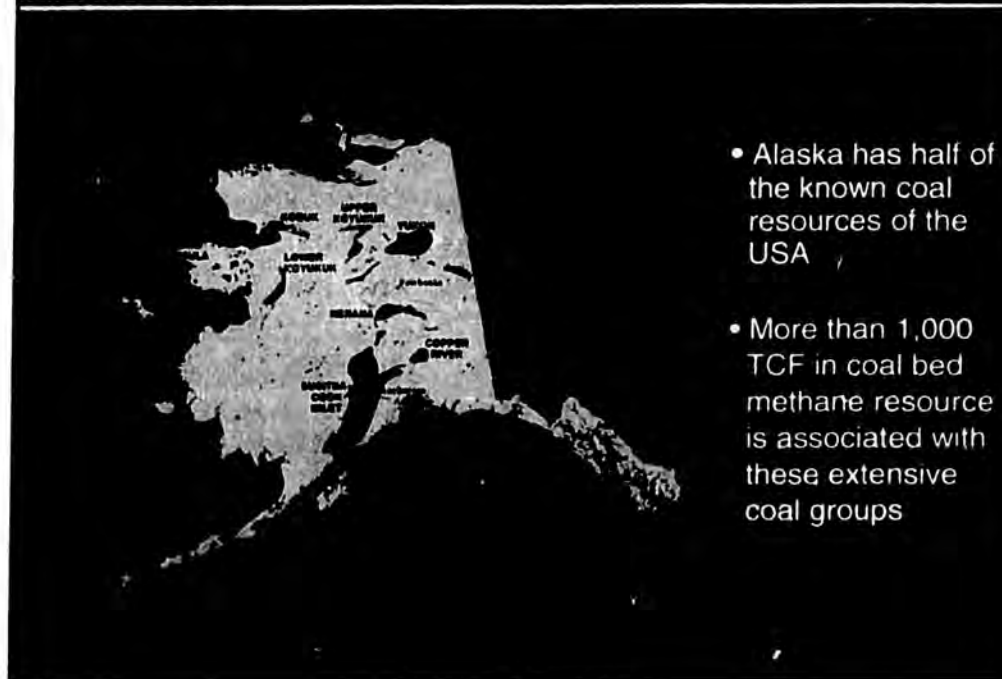
GAS GENERATION IN COAL



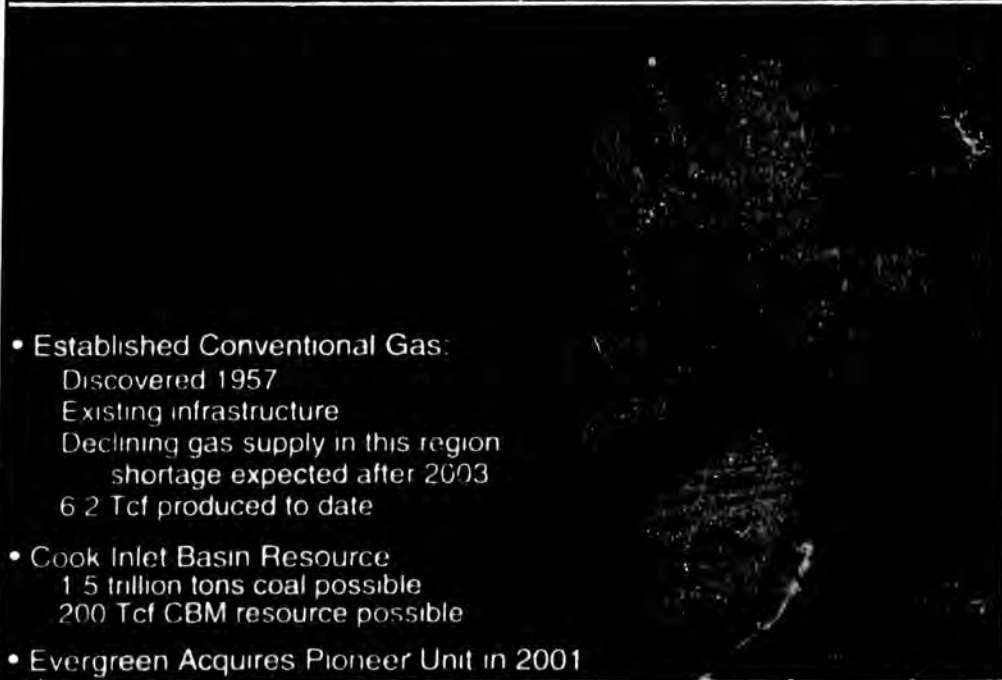
PROCESSES IN THE TRANSPORT OF COALBED METHANE GAS



EVERGREEN



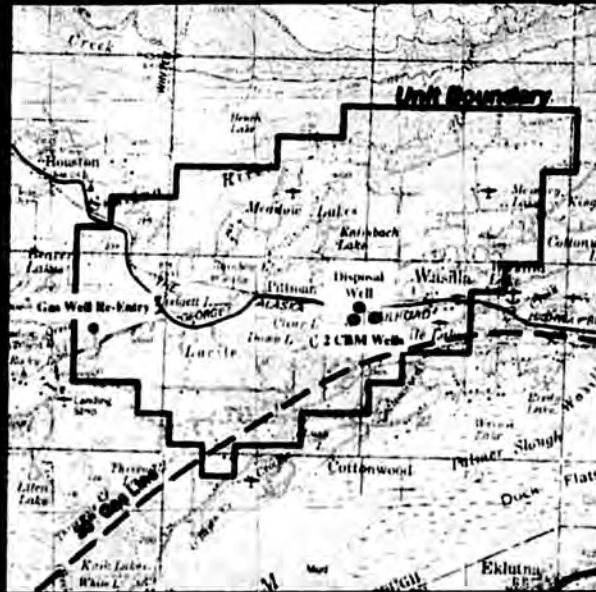
- Alaska has half of the known coal resources of the USA
- More than 1,000 TCF in coal bed methane resource is associated with these extensive coal groups

EVERGREEN

- **Established Conventional Gas:**
 - Discovered 1957
 - Existing infrastructure
 - Declining gas supply in this region
 - shortage expected after 2003
 - 6.2 Tcf produced to date
- **Cook Inlet Basin Resource**
 - 1.5 trillion tons coal possible
 - 200 Tcf CBM resource possible
- **Evergreen Acquires Pioneer Unit in 2001**

Pioneer Unit

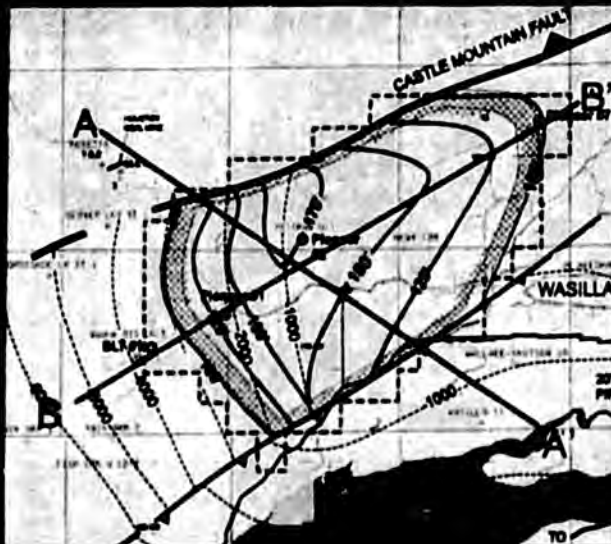
EVERGREEN



- 48,000 acres
- 100% working interest
- Infrastructure
Gas pipeline nearby
- Wells drilled - 2000
2 CBM
1 Water disposal
1 Gas Well Re-entry
- Future Plans
Drill/Comp 6-10 wells '02
Complete Disposal Well

Pioneer Coals

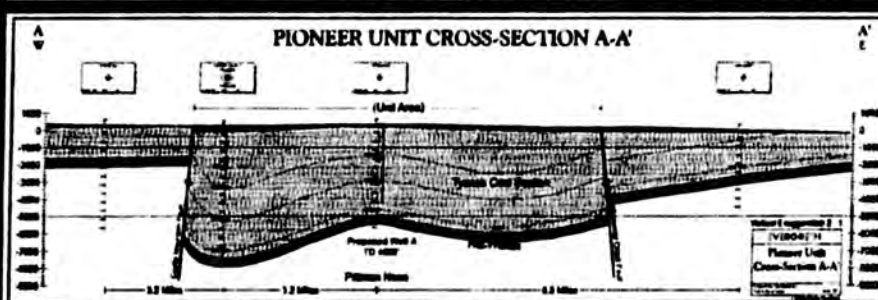
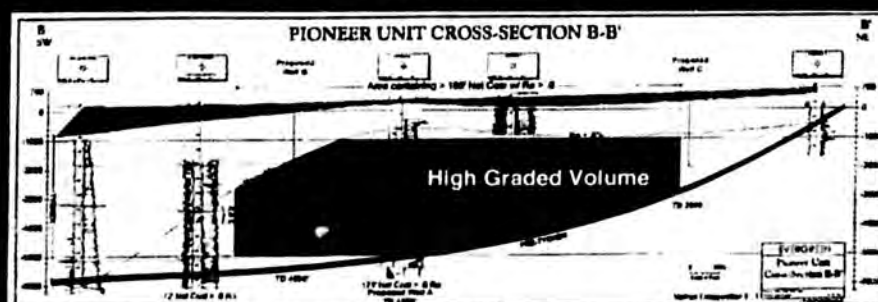
EVERGREEN



- Target
Tyonek Coals
Tyonek Sandstone
- Avg Coal Thickness
138 feet
- Number of Zones
15 +
- Depths
250 to 5 000 ft

Cross Sections

EVERGREEN



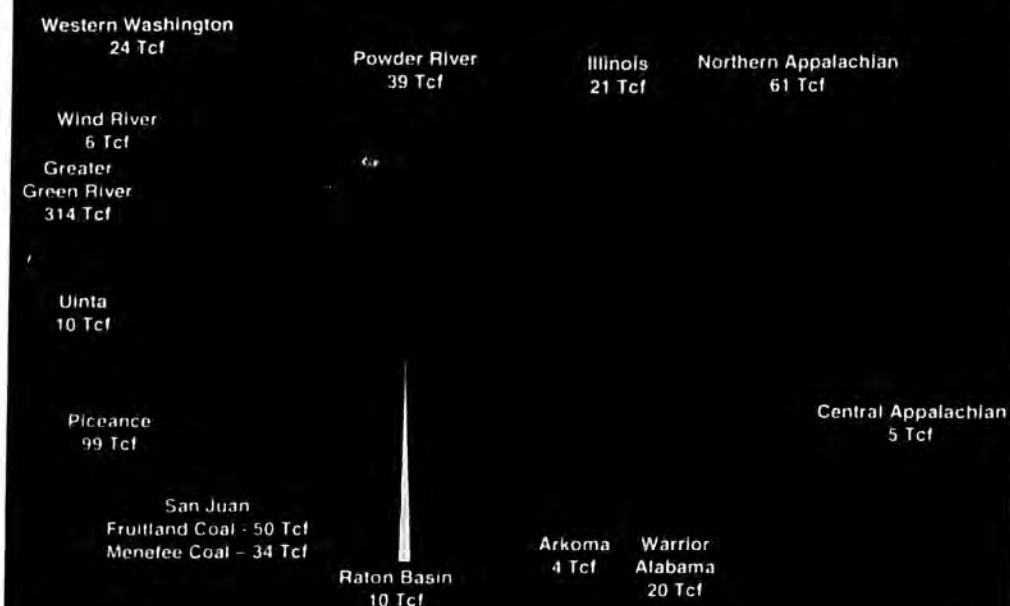
Raton Basin

EVERGREEN



U.S. Coalbed Methane Resources

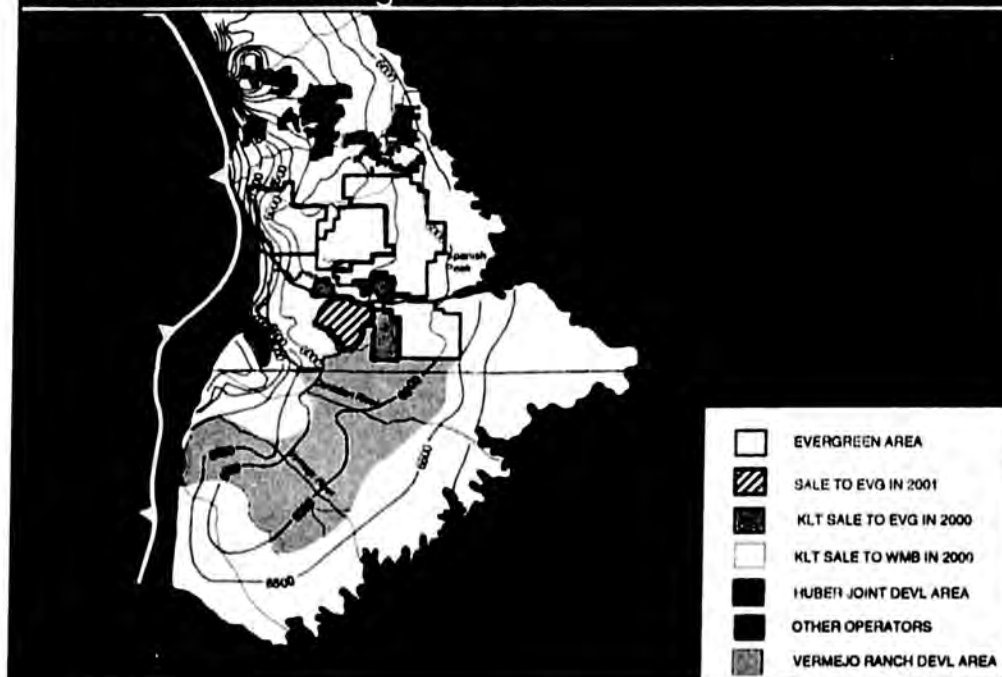
EVERGREEN



Source: CH2M

Raton Basin Acreage Position

EVERGREEN



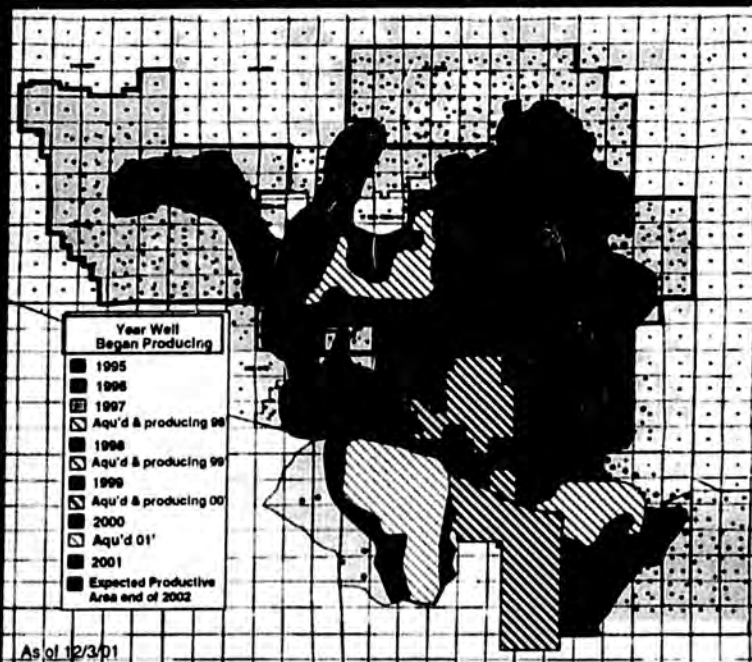
Raton Basin Stratigraphy

EVERGREEN



Field Development By Year

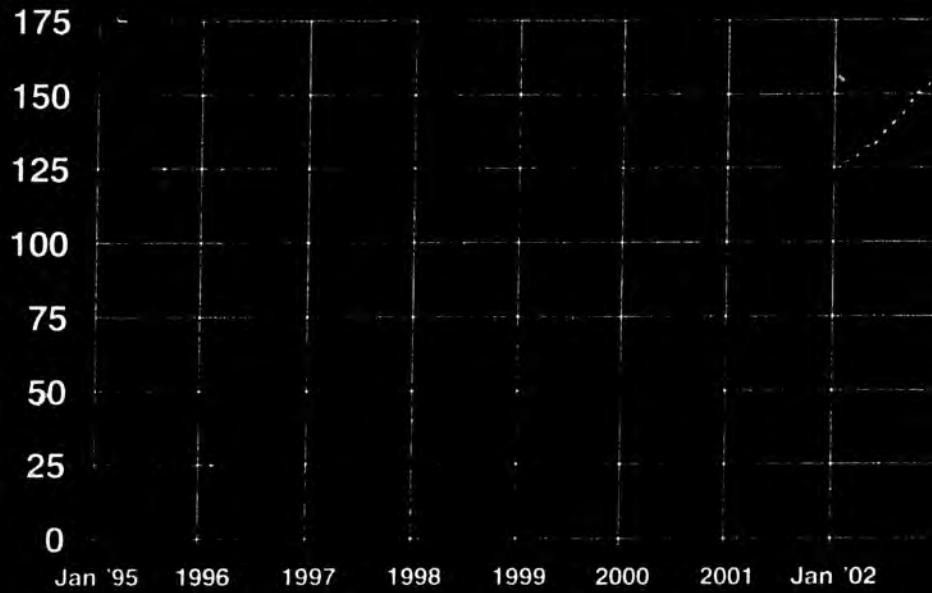
EVERGREEN



Gross Daily Production

EVERGREEN

(Million Cubic Feet)



Evergreen Air Drilling Rig

EVERGREEN



Evergreen Cement Equipment

EVERGREEN



Evergreen Hydraulic Fracture Treatment

EVERGREEN



Portable Frac Equipment

EVERGREEN



Portable Frac Equipment

EVERGREEN



Key Operating Focus

EVERGREEN

Constant experimentation to
improve productivity through
new technologies

Overall drilling
success since
1993: 98%



New Completion Technology



Electric Well Pump

EVERGREEN



Enclosed Gas Engine and Well Pump

EVERGREEN



Produced Water-- Evaporation Ponds

EVERGREEN



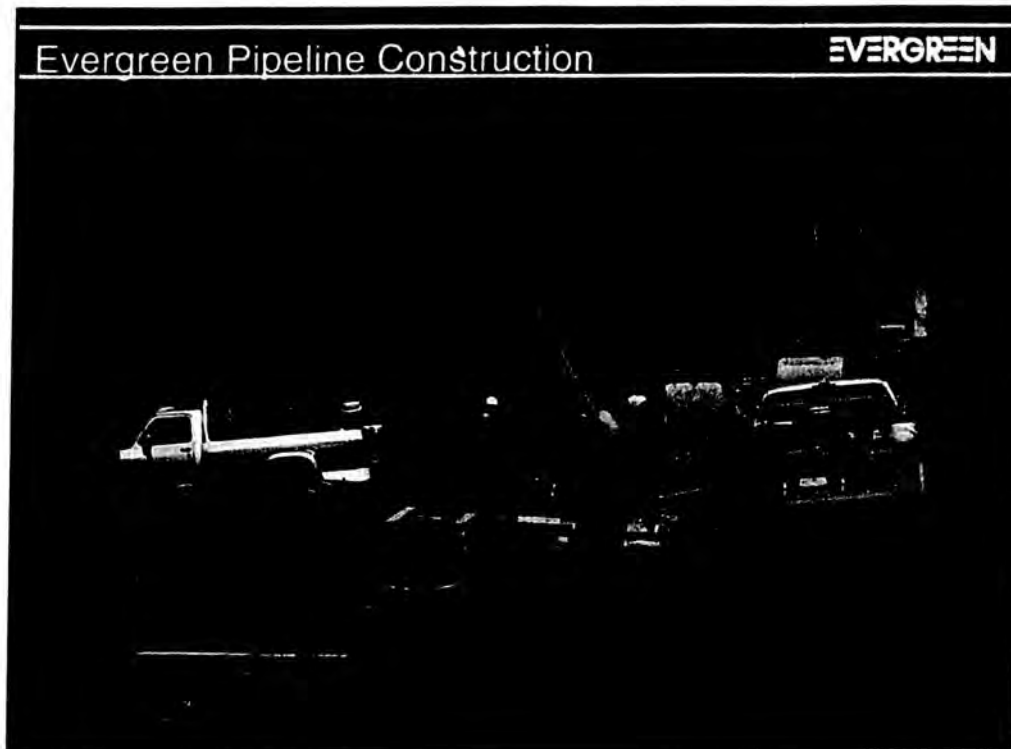
Produced Water-- Erosion Control

EVERGREEN



Evergreen Pipeline Construction

EVERGREEN



Evergreen Compressor Station

EVERGREEN



Compressor Noise Reducing Structure

EVERGREEN



Concluding Remarks

EVERGREEN

- Evergreen's and Alaska's Shared Goal:
Provide Long-Term Natural Gas Supply for Alaskans
- CBM is a long lived resource and provides us the opportunity to make a long term investment in Alaska and Alaskan jobs. Successful CBM will require several hundred million dollars in capital investments and generate hundreds of jobs.
- We support Alaska's gas pipeline efforts to the lower 48. CBM development could be the solution to solve future projected gas supply shortages in the Anchorage, Kenai, and Mat-Su Valley areas.
- The summary benefit of a successful Evergreen CBM drilling program will be environmentally responsible development, resulting in a clean, reliable, long term energy source. We have done this in the Raton Basin of Colorado, we look forward to replicating that success here in Alaska. Community enrichment is a specific part of our corporate mission statement.

Forward Looking Statements

EVERGREEN

This presentation contains forward-looking statements within the meaning of federal securities laws, including statements regarding, among other things, the company's growth strategies, anticipated trends in the company's business and its future results of operations; market conditions in the oil and gas industry; the ability of the company to make and integrate acquisitions; and the impact of government regulations. These forward looking statements are based largely on the company's expectations and are subject to a number of risks and uncertainties, many of which are beyond the company's control. Actual results could differ materially from those implied by these forward-looking statements as a result of, among other things, a decline in natural gas production, a decline in natural gas prices, incorrect estimations of required capital expenditures, increases in the cost of drilling, completion and gas collection, an increase in the cost of production and operations, an inability to meet projections, and/or changes in general economic conditions. In light of these and other risks and uncertainties of which the company may be unaware or which the company currently deems immaterial, there can be no assurance that actual results will be as projected in the forward looking statements. These and other risks and uncertainties are described in more detail in the company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission.

EVERGREEN

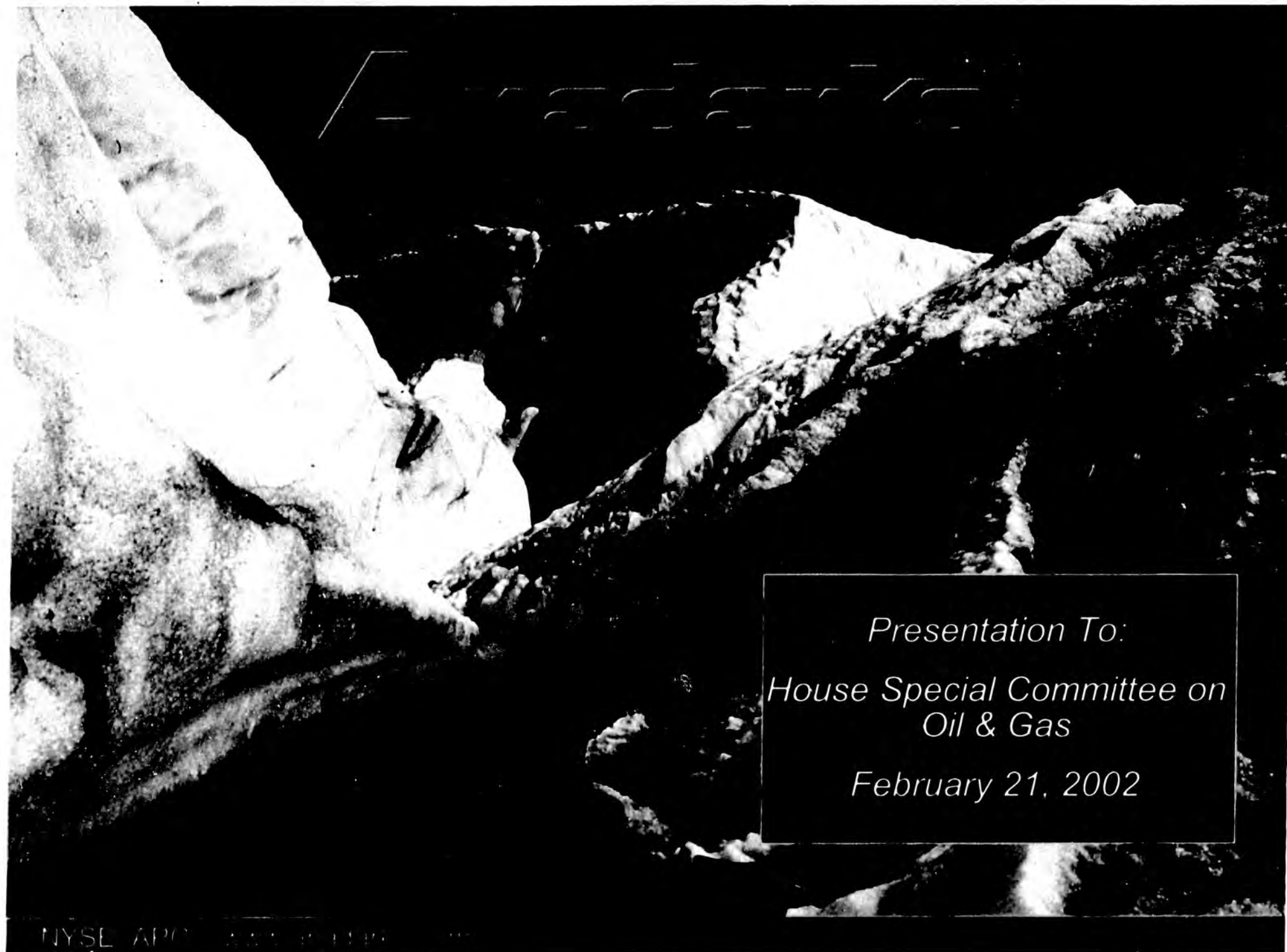


Recognized Leader in Coal Bed Methane
Technology & Development

EVERGREEN RESOURCES, INC.

SCOMM

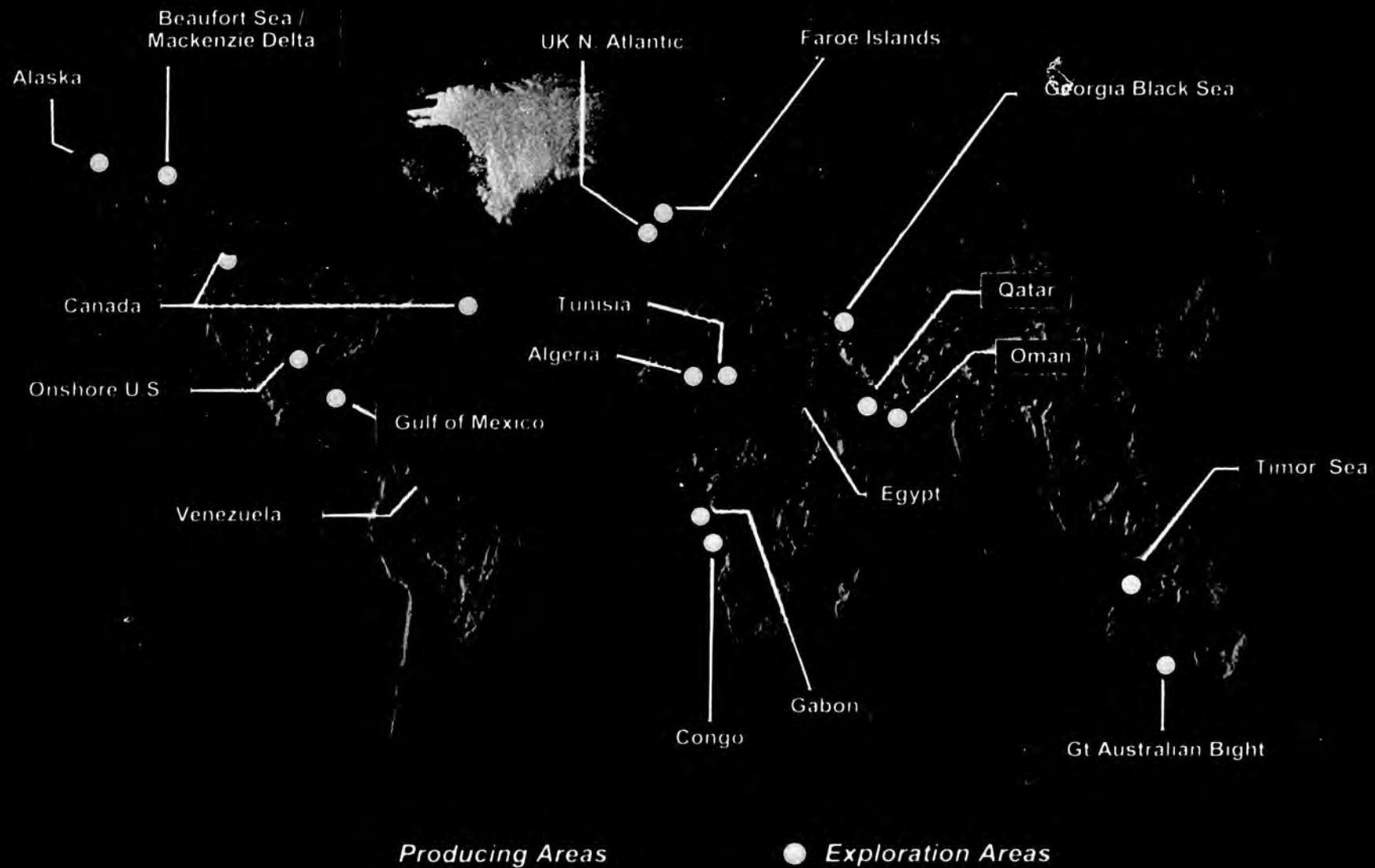
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Presentation To:
House Special Committee on
Oil & Gas
February 21, 2002



Global Super-Independent



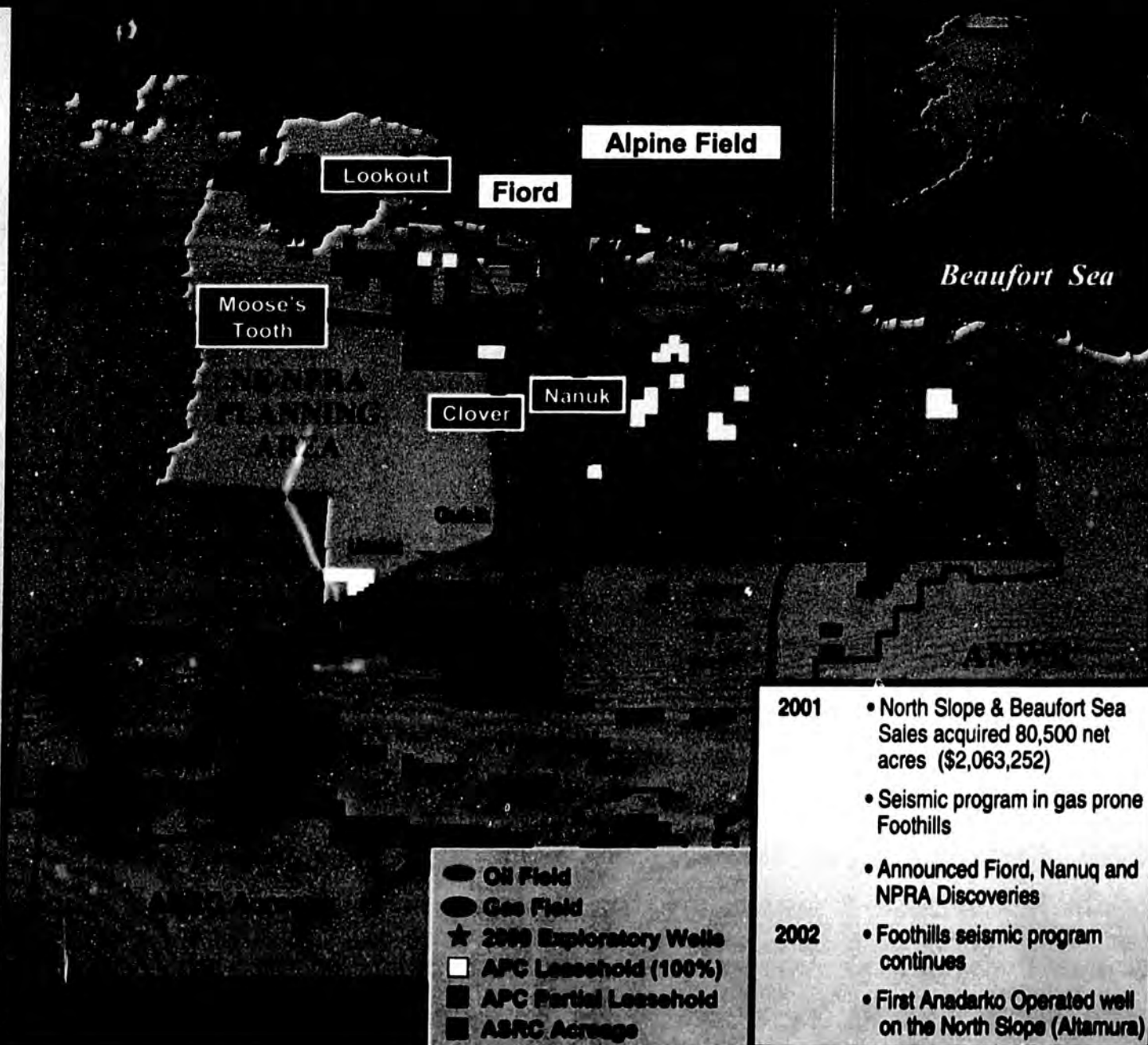


Market Capitalization (\$ in billions)

Exxon - Mobil	268.0
BP	182.9
Royal Dutch Shell	173.2
Total Fina SA	100.7
Chevron Texaco	86.8
Eni Spa	53.4
Phillips	21.8
Conoco	16.9
BG Group	14.8
Anadarko	12.3
Norsk Hydro	11.0
Occidental	9.4
Marathon	8.5
Unocal	8.6
Burlington Resources	7.0

North Slope History

- 1993**
 - Thetis Island - Exploration Well Exxon Operated, non commercial
- 1994-96**
 - Colville Delta Drilling (Arco)
- 1996**
 - Sales 144 & 86A acquired 8788 net acres (\$638,616)
 - Alpine declared commercial
- 1997**
 - Alpine reserves of 365 Million Barrels (gross) announced
 - Contracts for Alpine facility construction awarded
 - Sale 86 - acquired 10,257 net acres (\$245,591)
- 1998**
 - Alpine development
 - Sale 87 - Acquired 107,591 net acres (\$8,043,454)
 - Anadarko signs Agreement with ASRC for exploration rights on 3.3 million acres
- 1999**
 - NPR-A sale acquired 181,121 net acres (\$16,509,259)
 - North Slope Area Wide Sale acquired 11,520 net acres (\$117,619)
- 2000**
 - 3 exploration wells in NPR-A & one satellite well in CRU (Phillips operated)
 - Alpine: First production 40,000 BOPD.
- 2001**
 - Foothills Area Wide Sale acquired 103,680 net acres (\$1,095,782)



- 2001**
 - North Slope & Beaufort Sea Sales acquired 80,500 net acres (\$2,063,252)
 - Seismic program in gas prone Foothills
 - Announced Fiord, Nanuk and NPR-A Discoveries
- 2002**
 - Foothills seismic program continues
 - First Anadarko Operated well on the North Slope (Altamura)



Anadarko's Investment in Alaska

Investment to date: \$430 million

2002 capital budget: \$100 million

ALASKA





Anadarko's Land Position

-  Anadarko Operated
 -  Anadarko Non-Operated
 -  Oil field
 -  Gas field
- Anadarko's Land Position**
- * 5.10 million acres (gross)
 - * 1.98 million acres (net)

NPRA

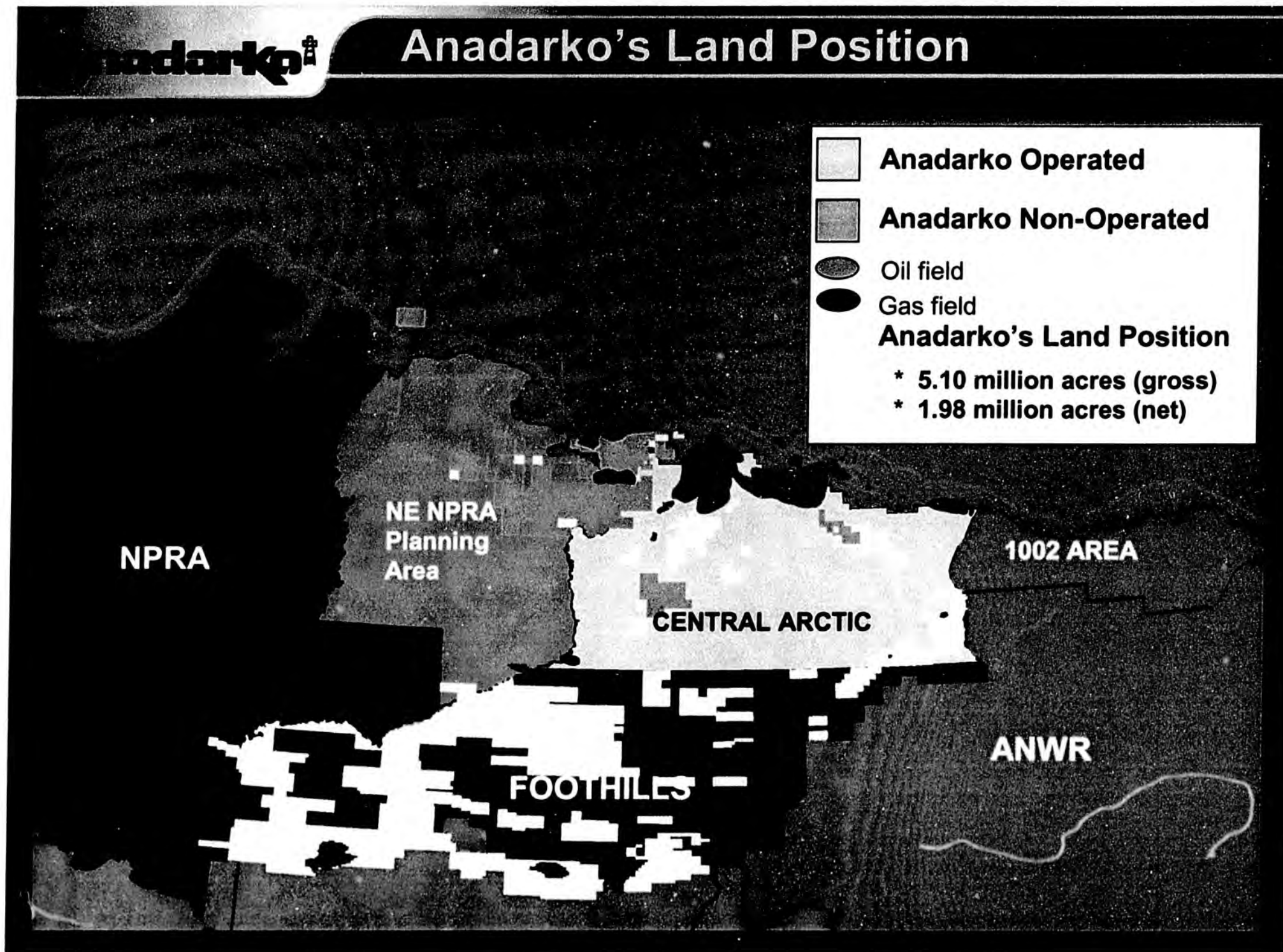
NE NPRA
Planning
Area

CENTRAL ARCTIC

1002 AREA

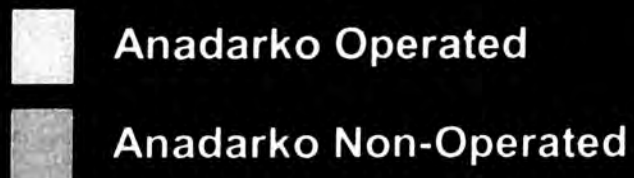
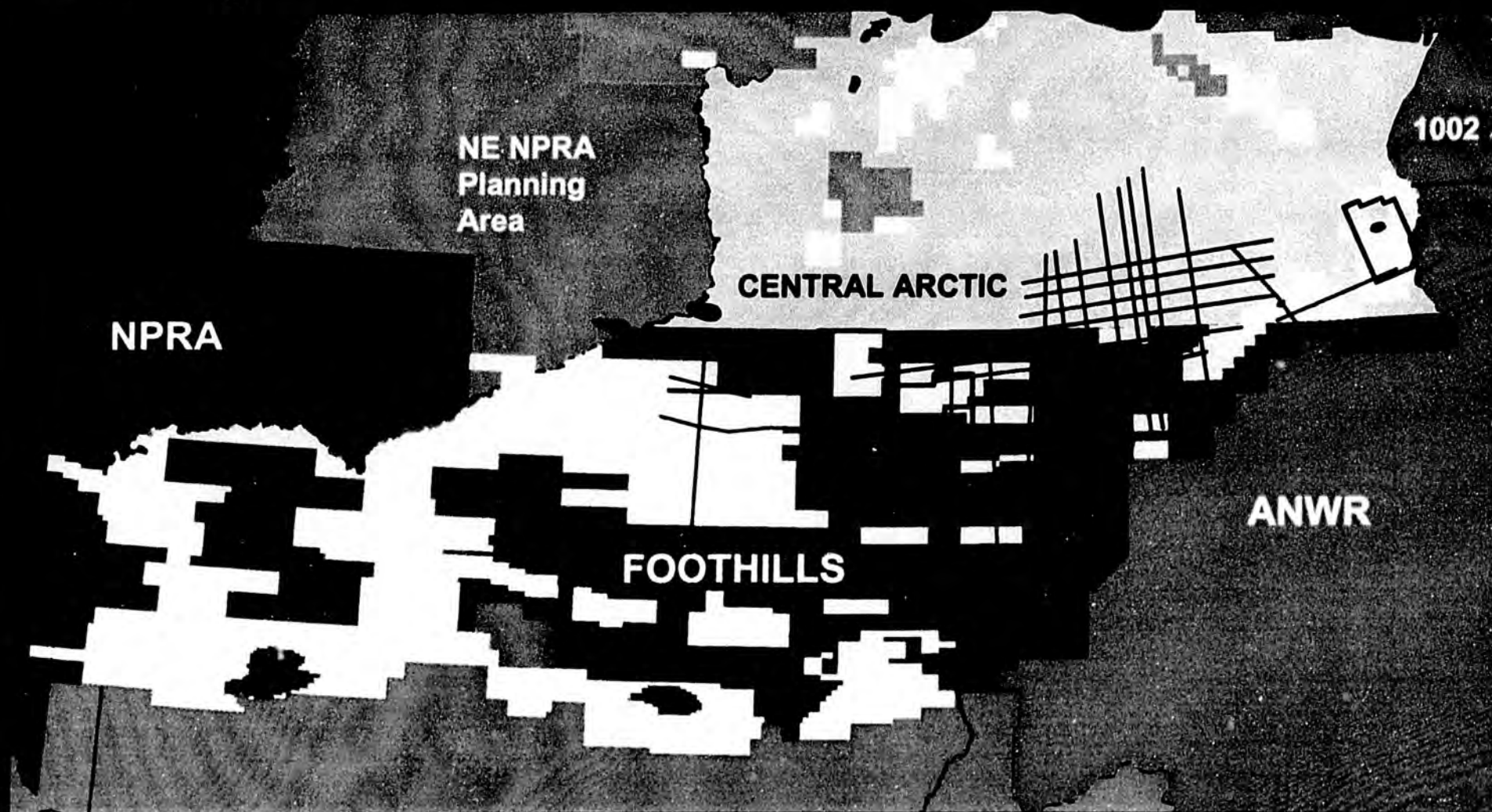
ANWR

FOOTHILLS





Prospecting for New Alaska Gas in the Foothills



Planned 2002 Seismic
2001 Seismic
 Oil field
 Gas field

Anadarko's Land Position

- * 5.10 million acres (gross)
- * 1.98 million acres (net)

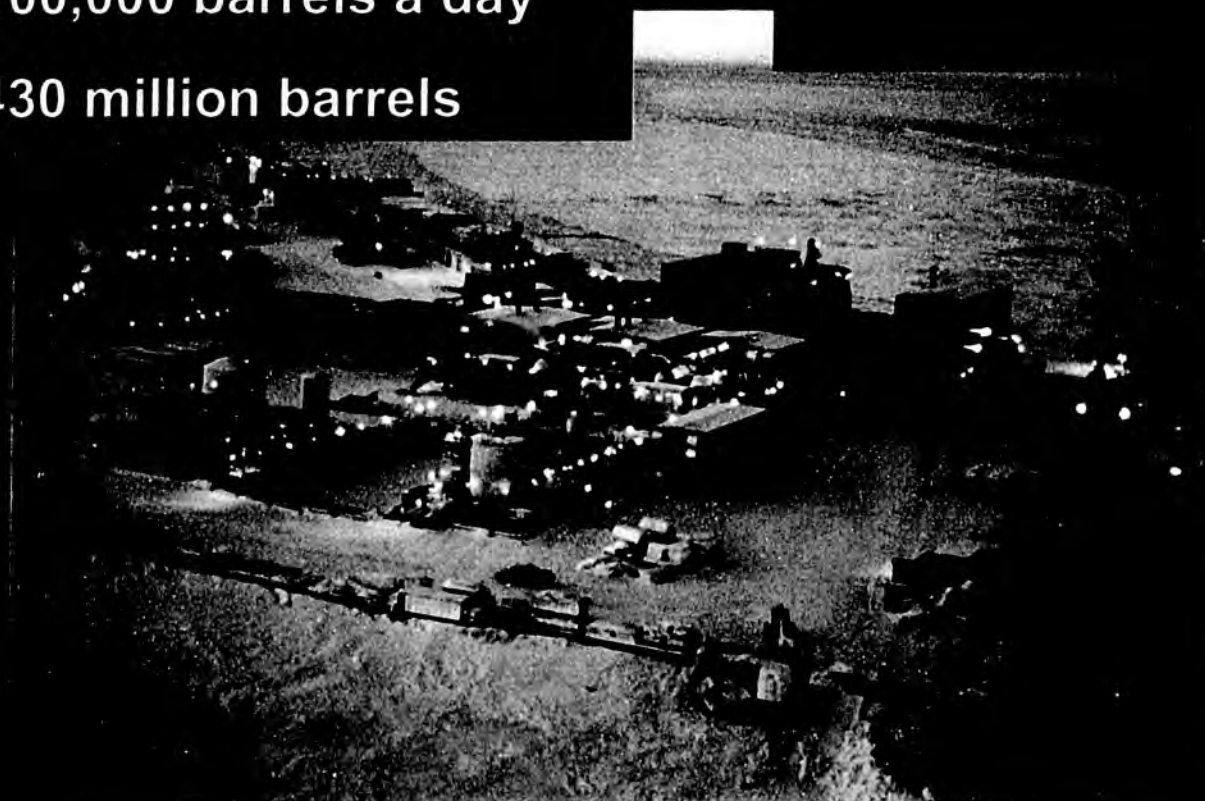


The Alpine Field

Discovered: 1994
First oil: November 2000
Ownership: Phillips - 78% (operator)
Anadarko - 22%
Current production: 100,000 barrels a day
Reserves: 430 million barrels

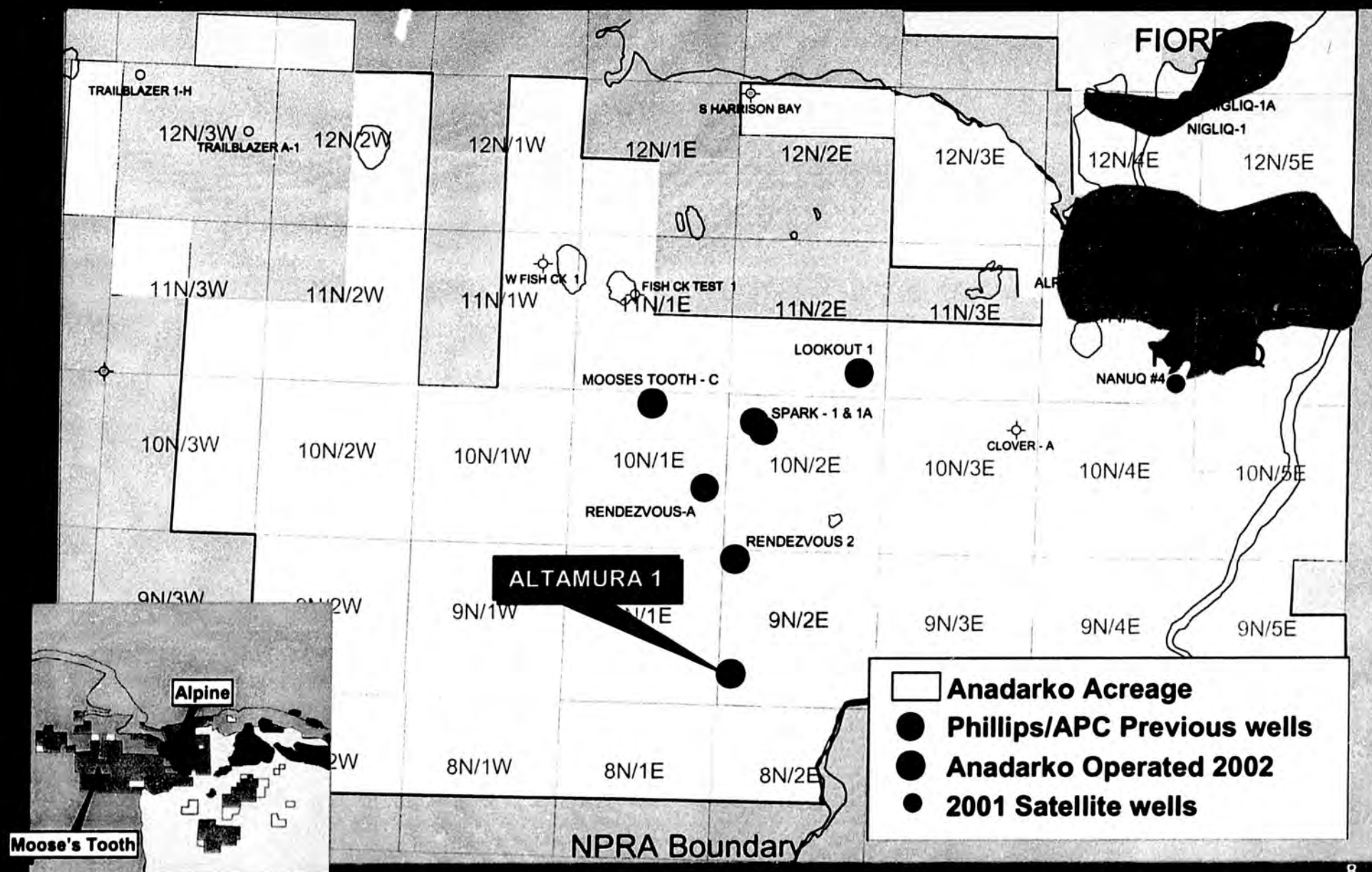
Alpine Field

ALASKA





Anadarko's Altamura Well in NPRA



- Anadarko awarded a DOE/NETL Hydrate Research Project in Alaska
- Three year, \$7.7M project
- Drill/core 3 wells on Anadarko leases in FY 2003
- Tie together geology, geophysics, logs, drilling and production data
- Goal is to provide a technical and economic evaluation of reservoir potential of hydrates

Anadarko Investment Factors

- Stable Taxes
- Reasonable Regulations
- Access to Acreage
- Access to Infrastructure



PETROLEUM NEWS

A L A S K A

■ GOVERNMENT

Affordable access to facilities key to attracting new oil companies

Oil and gas division director thinks North Slope producers should get a 'reasonable return' on their investments but if they charge too much for facilities it will make for an 'uneven playing field' for new explorers

By Kay Cashman
PNA Publisher

If the state does only one thing to help new players on Alaska's North Slope, Division of Oil and Gas Director Mark Myers says it should be to make sure they have "fair access" to pipelines and processing facilities, which are largely owned by the slope's big three producers, BP Exploration (Alaska) Inc., Exxon Mobil Corp. and Phillips Alaska Inc.

Myers, who testified before the House finance and oil and gas committees on Jan. 15 and Jan. 17, told legislators if they want to maintain or increase oil production from the North Slope, it's important Alaska continue to attract new oil and gas companies to replace the exploration dollars the state's largest oil company, BP, has stripped from its Alaska budget.

The roster of recent new — or returning — independents and majors to the North Slope includes Shell Exploration and Production Inc., Alberta Energy Co., Petro-Canada, AVCG LLC, Armstrong Oil & Gas, Winstar Petroleum LLC, Burlington Resources, Andex Resources LLC, Forest Oil Corp., Unocal and Arctic Falcon Exploration. Anadarko, a non-operating partner of BP and Phillips, is drilling its first exploration well on the North Slope this winter as an operator.



Mark Myers, director, Alaska Division of Oil and Gas

"One of our biggest ... problems in trying to bring in new companies is their access to existing facilities. Smaller companies exploring near infrastructure need to have some assurance that they can get into TAPS at a reasonable rate or that they can use an underutilized processing facility in Kuparuk or in Prudhoe Bay. As we see exploration move out from core areas, infrastructure access is a huge issue and is going to be a huge issue with the gasline. A lot of our exploration today, especially in the

see ACCESS page 17

Continued on back →

continued from page 1

ACCESS

foothills, is being driven by the belief there is going to be a gasline, a way to commercialize North Slope gas," Myers said. "Access becomes really crucial."

Because the trans-Alaska oil pipeline is a common carrier, access to it is not as serious a problem as access to other facilities on the North Slope where the producers "have very high expectations of return because facilities are not regulated in the same way that a common carrier is," Myers boss, Alaska Department of Natural Resources Commissioner Pat Pourchot, told committee members.

Myers said he would like to see state government take a "proactive role" in working out the issues involved in negotiating facility-sharing agreements between facility owners and non-owners who want to use facilities and pipelines to process and ship their oil and gas.

He'd like to see North Slope facilities utilized to their maximum and user charges reasonable.

"It is a concern that new companies are treated fairly and the playing field is level," he said. ... "We need to be aggressive to ensure there is a fair and even playing field for new entrants."

State has limited authority

But Myers acknowledged the state has "limited authority" to impact commercial agreements in the private sector.

The three big North Slope producers built the facilities and should get a "reasonable return on their investments," he said. But if the charges are too high it will make for an "uneven playing field" for new players. "Facilities can be made into profit centers in the extreme."

It is in the best interest of BP, ExxonMobil and Phillips to "take the most aggressive position" in facilities negotiations and get as much money as they can from non-owner users, he said.

What the state can do

There are some things the state can do to ensure fair facilities access to non-owners, Myers said.

"When it is appropriate we can expand units to include discovery satellites (that belong to non-owner companies) ... when it makes sense," he said.

DNR has been "fairly aggressive in trying to protect the correlative rights of other parties. ... We have held hearings et cetera. ... The state has been willing to take a proactive role. That is a personnel issue more than anything else," Myers said, explaining that it takes the right people and enough people to handle the hearings. Enough people are important when "you have 54 participating areas that you have to worry about and you're expanding them at a fairly rapid number."

DNR personnel "walk on a sharp edge" to also protect the producers rights, "their right to reasonable profit." The producers who built those facilities "shouldn't be penalized. ... But it certainly gives them an edge, an economic advantage" as exploration moves away from infrastructure," he said.

New legislation a consideration

When Pourchot was asked if legislative action was needed to ensure access, Pourchot said he didn't have any recommendations for legislation "at this time."

Myers promised to further explore the issue with North Slope explorers and other industry representatives. ♦

1



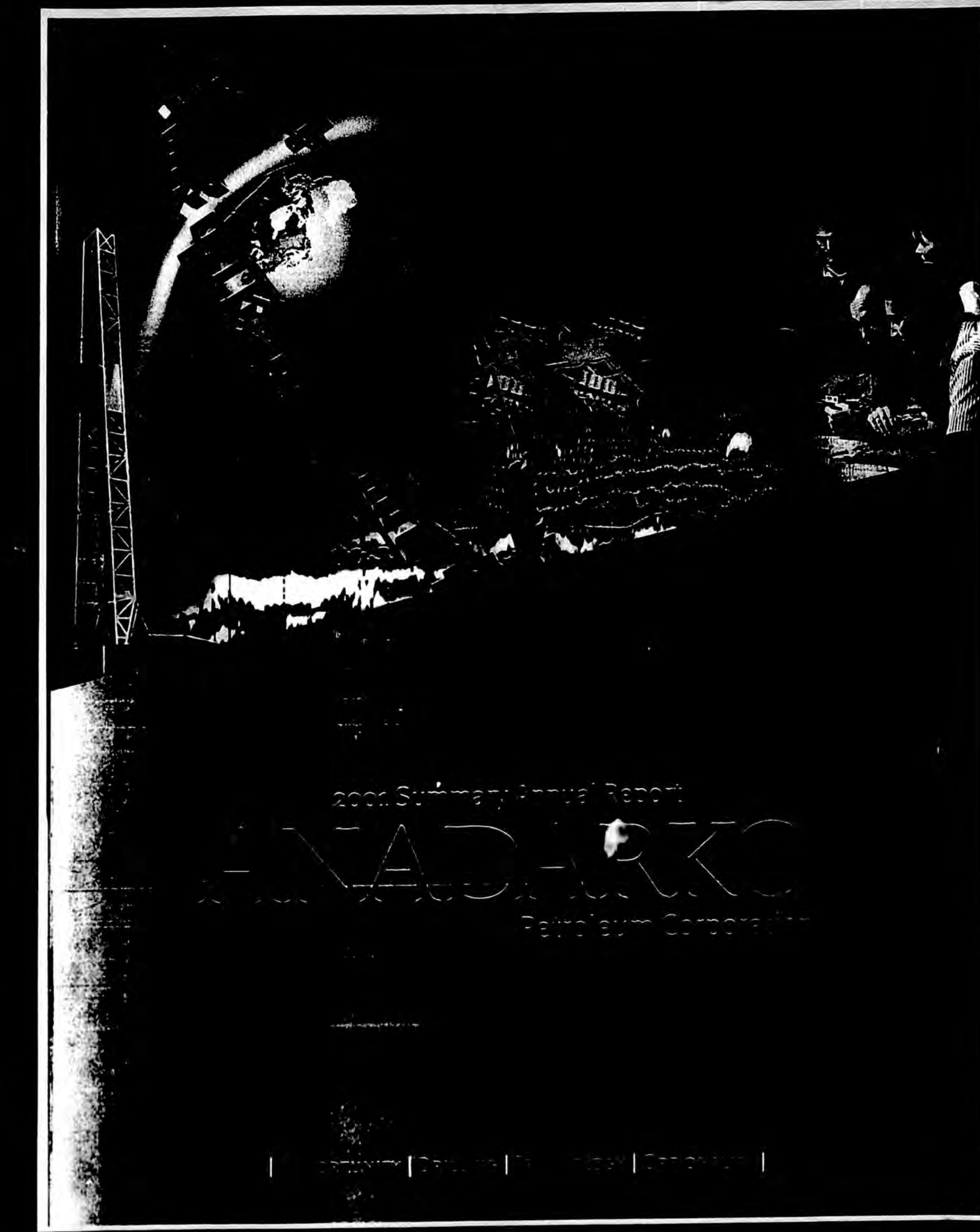
CORRECTION

**THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION**



Central Microfilm Services
Department of Education & Early Development
State of Alaska





2006 Summary Annual Report

ANADARKO

Petroleum Corporation

| INTEGRITY | DEVELOPMENT | TECHNOLOGY | ENVIRONMENTAL |

ANADARKO

the world's profile

Anadarko Petroleum Corporation (NYSE:APC) is among the largest independent oil and gas exploration and production companies in the world, with proved reserves of 2.3 billion barrels of oil equivalent and production of about 200 million barrels equivalent in 2001. Anadarko's primary operational focus follows a sweeping path from the deepwater Gulf of Mexico and prolific Texas, Louisiana and Mid Continent basins, up through the Rockies and western Canada and onto the North Slope of Alaska. Anadarko also has significant operations in Algeria and is active in Qatar, Oman, Timor, Congo, Gabon, Venezuela and Australia.

Sustained growth has been the defining characteristic of Anadarko's success, spanning more than four decades in business. Growth in production, reserves, earnings and cash flow per share, along with demonstrated growth in shareholder value. Growth is achieved primarily through the drillbit, but we also continue to opportunities for profitable expansion through acquisitions and other individual properties or entire companies.

At Anadarko, we strive for excellence in all that we do. We hire the best people in the business, then challenge and reward them for their efforts. We provide them training, technology and resources to do the job right. Our very low turnover rate is a true competitive advantage, helping us earn the reputation as a world class oil and gas exploration and production company.

Everywhere we operate, we manage our assets in a manner that protects the environment and the health and safety of employees, contractors, local laboring communities, customers and partners. And we give back to the communities in which we work.

Our goals are to provide the energy that fuels economic growth and improves lives, and to do so while delivering an attractive financial return for Anadarko shareholders.

To learn more about our company, visit our website at www.anadarko.com.

ANADARKO

Executive Compensation

For the year ended December 31, 2001, the compensation of the executive officers of Anadarko Petroleum Corporation is as follows:

Mr. J. Mark McWhorter, Chairman and Chief Executive Officer
Mr. J. Mark McWhorter, Chairman and Chief Executive Officer
Mr. J. Mark McWhorter, Chairman and Chief Executive Officer
Mr. J. Mark McWhorter, Chairman and Chief Executive Officer

For a full list of the Anadarko paid and potential compensation:

See the Compensation Committee report on the compensation of the executive officers of Anadarko Petroleum Corporation for the year ended December 31, 2001.

For a full list of the Anadarko paid and potential compensation:

See the Compensation Committee report on the compensation of the executive officers of Anadarko Petroleum Corporation for the year ended December 31, 2001.

For a full list of the Anadarko paid and potential compensation:

CORPORATE OFFICERS

Robert J. Allison, Jr.

Chairman of the Board

John N. Seitz

President and Chief Executive Officer

Charles G. Manley

Executive Vice President

Administrative Affairs

Michael E. Rose

Executive Vice President, Finance

and Controller

William D. Sullivan

Executive Vice President

Manufacturing

Rex Alman III

Secretary

Manufacturing

Michael D. Cochran

Senior Vice President

Manufacturing

Richard J. Sharples

Senior Vice President, Marketing

and Sales

Bruce H. Stover

Senior Vice President, Worldwide

Business Development

Robert P. Daniels

General Counsel

James J. Imme

Chief, Product Support

Morris L. Helbach

Executive Vice President, U.S.

Manufacturing and Customer Care

James R. Larson

Executive Vice President

Marketing

Richard A. Lewis

Executive Vice President, Europe

J. Stephen Martin

Executive Vice President, Canada

J. Anthony Meyer

Vice President, Absorbents

Mark E. Pease

Vice President, Canada and U.S.

Manufacturing

Gregory M. Pensabene

Vice President, Customer Care

Albert E. Richey

Vice President, Europe

A. Paul Taylor, Jr.

Executive Vice President

Marketing

Donald R. Willis

Executive Vice President, Europe

Suzanne Suter

Secretary

BOARD OF DIRECTORS

Conrad P. Albert

Chairman of the Board

(Retired, General Electric)

Robert J. Allison, Jr.

Chairman of the Board

(Retired, General Electric)

Larry Barons

Vice Chairman

(Retired, General Electric)

(Retired, General Electric)

(Retired, General Electric)

Ronald Brown

Executive Vice President

(Retired, General Electric)

James E. Bryan

Executive Vice President

(Retired, General Electric)

John R. Butler, Jr.

Executive Vice President

(Retired, General Electric)

(Retired, General Electric)

(Retired, General Electric)

Preston M. Geren III

Executive Vice President

(Retired, General Electric)

(Retired, General Electric)

John R. Gordon

Executive Vice President

(Retired, General Electric)

(Retired, General Electric)

(Retired, General Electric)

George Lindahl III

Executive Vice President

(Retired, General Electric)

(Retired, General Electric)

(Retired, General Electric)

John W. Poduska, Sr.

Executive Vice President

(Retired, General Electric)

(Retired, General Electric)

(Retired, General Electric)

Jeff D. Sandeler

Executive Vice President

(Retired, General Electric)

(Retired, General Electric)

(Retired, General Electric)

John N. Seitz

Executive Vice President

(Retired, General Electric)

(Retired, General Electric)

(Retired, General Electric)

Anadarko
Energy Services Corporation

12201 Greengrass Lane
The Woodlands, Texas 77380-1160
P.O. Box 930
Houston, Texas 77251-1330
832-636-1300

www.anadarko.com

STOCKHOLDER INFORMATION

The common stock of Anadarko Petroleum Corporation is traded on the New York Stock Exchange. Average daily trading volume was 2,726,000 shares in 2001, 1,618,000 in 2000 and 672,000 shares in 1999. The ticker symbol for Anadarko is APC and the daily stock reports published in local newspapers carry trading summaries for the company under the headings **Anadrk** or **AnadrkPete**. The following shows information regarding the closing market price of and dividends paid on the company's common stock by quarter for 2001 and 2000.

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
2001				
Market Price				
High	\$ 72.99	\$ 69.00	\$ 59.75	\$ 60.44
Low	\$ 54.63	\$ 53.40	\$ 44.05	\$ 47.45
Dividends	\$ 0.050	\$ 0.050	\$ 0.050	\$ 0.075
2000				
Market Price				
High	\$ 38.69	\$ 53.25	\$ 68.05	\$ 74.85
Low	\$ 28.44	\$ 34.50	\$ 44.44	\$ 58.45
Dividends	\$ 0.050	\$ 0.050	\$ 0.050	\$ 0.050

Stockholder Services: The transfer agent and registrar for Anadarko common stock is Mellon Investor Services LLC. Stockholders who need assistance with their accounts or wish to eliminate duplicate mailings should contact:

Mellon Investor Services LLC
P.O. Box 3315
South Hackensack, NJ 07606-1915
Website: www.melloninvestor.com

Anadarko offers a Dividend Reinvestment and Stock Purchase Plan (DRIP) to its stockholders. The DRIP provides an opportunity to reinvest dividends and offers an alternative to traditional methods of buying, holding and selling Anadarko common stock. For more information about Anadarko's DRIP, please contact Mellon Investor Services at 1-888-470-5786.

Anadarko will make available to any stockholder, without charge, copies of its Annual Report on Form 10-K as filed with the Securities Exchange Commission. For copies of this or any Anadarko publication, please contact:

Anadarko Petroleum Corporation
Public Affairs Department
P.O. Box 1330
Houston, Texas 77251-1330
(281) 874-3498

As a service to stockholders, copies of the company's news releases can be obtained at no charge via fax by calling 1-800-758-5804 ext. 038950 or through our website, www.anadarko.com.

Annual Stockholders' Meeting: Anadarko's annual stockholders' meeting will be held Thursday, April 25, 2002 at the Cynthia Woods Mitchell Pavilion, 2005 Lake Robbins Drive, The Woodlands, Texas. Details of the meeting will be mailed with proxy materials.

For More Information: For additional information concerning Anadarko's operations or financial results, analysts and investors, please contact Paul Taylor, Vice President, Investor Relations, at (281) 874-3471. News media please contact Teresa Wong, Manager of Public Affairs and Corporate Communications, at (281) 873-1203.

ANADARKO PETROLEUM CORPORATION
OIL AND GAS RESERVES (CONTINUED)
(Unaudited)

	Total (MMBOE)				
	U.S.	Canada	Algeria	Other Int'l	Total
Proved Reserves					
December 31, 1998	690	-	245	-	935
Revisions of prior estimates	9	-	-	-	9
Extensions, discoveries and other additions	19	-	73	-	92
Improved recovery	16	-	-	-	16
Purchases in place	18	-	-	-	18
Sales in place	(6)	-	(23)	-	(29)
Production	(44)	-	(6)	-	(50)
December 31, 1999	702	-	289	-	991
Revisions of prior estimates	39	(10)	-	6	35
Extensions, discoveries and other additions	118	6	84	-	208
Improved recovery	14	-	-	-	14
Purchases in place	537	237	-	152	926
Sales in place	-	-	-	(1)	(1)
Production	(83)	(13)	(9)	(7)	(112)
December 31, 2000	1,327	220	364	150	2,061
Revisions of prior estimates	(52)	(6)	(12)	15	(55)
Extensions, discoveries and other additions	290	36	44	30	400
Improved recovery	(6)	9	-	-	3
Purchases in place	1	99	-	57	157
Sales in place	(1)	(9)	-	(50)	(60)
Production	(144)	(34)	(9)	(14)	(201)
December 31, 2001	1,415	315	387	188	2,305
Proved Developed Reserves					
December 31, 1998	393	-	44	-	437
December 31, 1999	412	-	61	-	473
December 31, 2000	1,092	179	98	88	1,457
December 31, 2001	1,029	250	154	72	1,505

ANADARKO PETROLEUM CORPORATION
OIL AND GAS RESERVES
(Unaudited)

	Natural Gas (Bcf)				Oil, Condensate and NGLs (MMBbl)				
	U.S.	Canada	Other Int'l	Total	U.S.	Canada	Algeria	Other Int'l	Total
Proved Reserves									
December 31, 1998	2,647	-	-	2,647	249	-	245	-	494
Revisions of prior estimates	(188)	-	-	(188)	40	-	-	-	40
Extensions, discoveries and other additions	112	-	-	112	1	-	73	-	74
Improved recovery	34	-	-	34	10	-	-	-	10
Purchases in place	99	-	-	99	1	-	-	-	1
Sales in place	(27)	-	-	(27)	(2)	-	(23)	-	(25)
Production	(170)	-	-	(170)	(15)	-	(6)	-	(21)
December 31, 1999	2,507	-	-	2,507	284	-	289	-	573
Revisions of prior estimates	102	(30)	(5)	67	23	(5)	-	6	24
Extensions, discoveries and other additions	665	15	-	680	8	3	84	-	95
Improved recovery	30	-	-	30	9	-	-	-	9
Purchases in place	2,253	910	33	3,196	161	85	-	147	393
Sales in place	-	(2)	-	(2)	-	-	-	(1)	(1)
Production	(338)	(46)	(1)	(385)	(27)	(4)	(9)	(7)	(47)
December 31, 2000	5,219	847	27	6,093	458	79	364	145	1,046
Revisions of prior estimates	(172)	(17)	-	(189)	(23)	(3)	(12)	15	(23)
Extensions, discoveries and other additions	1,186	171	-	1,357	91	8	44	30	173
Improved recovery	(9)	2	-	(7)	(5)	9	-	-	4
Purchases in place	2	407	146	555	1	30	-	33	64
Sales in place	(5)	(48)	(26)	(79)	(1)	(1)	-	(45)	(47)
Production	(573)	(121)	(1)	(695)	(48)	(14)	(9)	(14)	(85)
December 31, 2001	5,648	1,241	146	7,035	473	108	387	164	1,132
Proved Developed Reserves									
December 31, 1998	1,640	-	-	1,640	120	-	44	-	164
December 31, 1999	1,672	-	-	1,672	134	-	61	-	195
December 31, 2000	4,424	720	16	5,160	355	59	98	85	597
December 31, 2001	4,247	1,028	-	5,275	321	79	154	72	626

ANADARKO PETROLEUM CORPORATION
ANNUAL SALES VOLUMES AND AVERAGE PRICES
(Unaudited)

	2001	2000	1999
Natural Gas			
United States (Bcf)	573	338	170
MMcf/d	1,569	922	465
Price per Mcf	\$ 4.15	\$ 4.11	\$ 2.08
Canada (Bcf)	121	46	-
MMcf/d	331	127	-
Price per Mcf	\$ 4.27	\$ 4.38	\$ -
Other International (Bcf)	1	1	-
MMcf/d	4	3	-
Price per Mcf	\$ 1.22	\$ 1.08	\$ -
Total (Bcf)	695	385	170
MMcf/d	1,904	1,052	465
Price per Mcf	\$ 4.16	\$ 4.13	\$ 2.08
Crude Oil and Condensate			
United States (MMBbl)	34	15	9
MBbl/d	93	40	23
Price per barrel	\$ 22.92	\$ 28.72	\$ 15.79
Canada (MMBbl)	13	4	-
MBbl/d	35	12	-
Price per barrel	\$ 17.33	\$ 27.38	\$ -
Algeria (MMBbl)	8	10	6
MBbl/d	22	26	17
Price per barrel	\$ 23.97	\$ 28.76	\$ 18.23
Other International (MMBbl)	13	7	-
MBbl/d	36	20	-
Price per barrel	\$ 14.35	\$ 18.35	\$ -
Total (MMBbl)	68	36	15
MBbl/d	186	98	40
Price per barrel	\$ 20.32	\$ 26.49	\$ 16.83
Natural Gas Liquids			
Total (MMBbl)	15	12	7
MBbl/d	42	33	18
Price per barrel	\$ 16.51	\$ 21.70	\$ 13.40
Barrels of Oil Equivalent (millions)			
United States	144	83	44
Canada	34	12	-
Algeria	8	10	6
Other International	13	7	-
Total	199	112	50
Barrels of Oil Equivalent per Day (thousands)			
United States	394	225	118
Canada	93	34	-
Algeria	22	26	17
Other International	37	21	-
Total	546	306	135

ANADARKO PETROLEUM CORPORATION
CONSOLIDATED CONDENSED CASH FLOW AND BALANCE SHEET INFORMATION
(Unaudited)

millions

Years Ended December 31

Cash Flow from Operations before Changes in Assets and Liabilities

	2001	2000	1999
Net income (loss) before cumulative effect of change in accounting principle	\$ (176)	\$ 824	\$ 43
Depreciation, depletion and amortization	1,155	594	220
Amortization of goodwill	73	31	-
Non-cash merger expenses	15	33	-
Interest expense - zero coupon debentures	13	10	-
Deferred income taxes	(319)	457	26
Provisions for doubtful accounts	-	23	-
Impairments related to oil and gas properties	2,546	50	24
Other non-cash items	122	(147)	-
Total	<u>\$ 3,429</u>	<u>\$ 1,875</u>	<u>\$ 313</u>

December 31

Condensed Balance Sheet

	2001	2000	1999
Current Assets	\$ 1,201	\$ 1,894	\$ 356
Net Properties and Equipment	13,637	13,011	3,681
Other Assets	503	368	61
Goodwill, Net of Amortization	1,430	1,317	-
Total Assets	<u>\$ 16,771</u>	<u>\$ 16,590</u>	<u>\$ 4,098</u>
Current Liabilities	\$ 1,831	\$ 1,676	\$ 387
Long-term Debt	4,608	3,984	1,443
Other Long-term Liabilities	3,947	4,144	733
Stockholders' Equity	6,385	6,786	1,535
Commitments and Contingencies	-	-	-
Total Liabilities and Stockholders' Equity	<u>\$ 16,771</u>	<u>\$ 16,590</u>	<u>\$ 4,098</u>

Capitalization

Total Debt	\$ 5,050	\$ 3,984	\$ 1,443
Stockholders' Equity	6,385	6,786	1,535
Total	<u>\$ 11,435</u>	<u>\$ 10,770</u>	<u>\$ 2,978</u>

Capitalization Ratios

Total Debt	44%	37%	48%
Stockholders' Equity	56%	63%	52%

ANADARKO PETROLEUM CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

millions except per share amounts

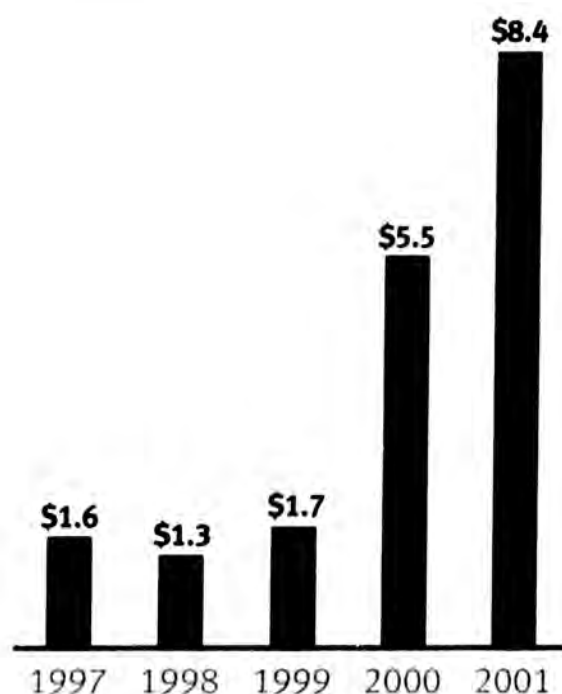
Years Ended December 31

	2001	2000	1999
Revenues			
Gas sales	\$ 2,893	\$ 1,591	\$ 353
Oil and condensate sales	1,380	948	247
Natural gas liquids sales	255	264	88
Marketing sales	3,776	2,637	1,016
Minerals and other	65	60	2
Total	8,369	5,500	1,706
Costs and Expenses			
Marketing purchases and transportation	3,704	2,638	972
Operating expenses	716	438	179
Administrative and general	247	180	102
Depreciation, depletion and amortization	1,154	593	218
Other taxes	247	128	36
Provisions for doubtful accounts	-	23	-
Impairments related to oil and gas properties	2,546	50	24
Amortization of goodwill	73	31	-
Total	8,687	4,081	1,531
Operating Income (Loss)	(318)	1,419	175
Other (Income) Expense			
Merger expenses	45	67	-
Interest expense	92	93	74
Other (income) expense	(65)	(167)	(4)
Total	72	(7)	70
Income (Loss) Before Income Taxes	(390)	1,426	105
Income Taxes			
Income taxes	(183)	602	62
Effect of change in Canadian income tax rate	(31)	-	-
Total	(214)	602	62
Net Income (Loss) Before Cumulative Effect of Change in Accounting Principle	\$ (176)	\$ 824	\$ 43
Preferred Stock Dividends	7	11	11
Net Income (Loss) Available to Common Stockholders Before Cumulative Effect of Change in Accounting Principle	\$ (183)	\$ 813	\$ 32
Cumulative Effect of Change in Accounting Principle	5	17	-
Net Income (Loss) Available to Common Stockholders	\$ (188)	\$ 796	\$ 32
Per Common Share			
Net income (loss) - before change in accounting principle - basic	\$ (0.73)	\$ 4.42	\$ 0.25
Net income (loss) - before change in accounting principle - diluted	\$ (0.73)	\$ 4.25	\$ 0.25
Change in accounting principle - basic	\$ (0.02)	\$ (0.09)	\$ -
Change in accounting principle - diluted	\$ (0.02)	\$ (0.09)	\$ -
Net income (loss) - basic	\$ (0.75)	\$ 4.32	\$ 0.25
Net income (loss) - diluted	\$ (0.75)	\$ 4.16	\$ 0.25
Dividends	\$ 0.225	\$ 0.20	\$ 0.20
Average Number of Common Shares Outstanding - Basic	25	184	125
Average Number of Common Shares Outstanding - Diluted	250	193	126

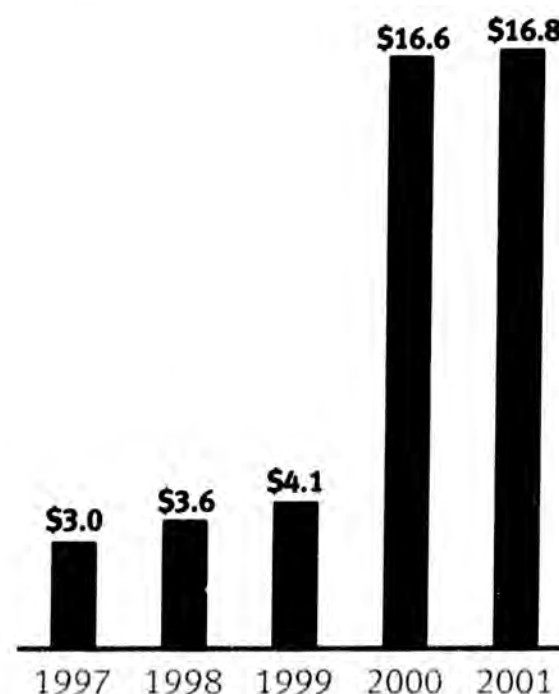
SUMMARY FINANCIAL

statements

Revenues
(\$ Billions)



Total Assets
(\$ Billions)



This Summary Annual Report contains forward-looking statements and projections made in reliance of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Anadarko believes these forward-looking statements are based on current, reasonable and complete information and assumptions. However, a number of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this report. While Anadarko makes these forward-looking statements in good faith, neither Anadarko nor its management can guarantee that the anticipated results will be achieved. Reference should be made to Anadarko's Securities and Exchange Commission filings for additional important factors that may affect actual results, including the section titled "Additional Factors Affecting Business" in the Management's Discussion and Analysis included in the company's most recent Annual Report on Form 10-K. Anadarko discloses proved reserves in the oil and gas reserves tables that comply with the SEC's definitions. In the narrative portion of this Summary Annual Report, Anadarko has disclosed estimated and net unrisked recoverable reserves, which the SEC's guidelines do not allow us to include in filings with the SEC. Investors are urged to consider closely the disclosures of proved reserves in Anadarko's Annual Report on Form 10-K.

OPTIONALITY

highest-value capital allocation

Anadarko seeks to maximize enterprise value by maintaining a strong balance sheet and applying option theory to assist investment decision-making. In plain English, that means we keep our debt levels relatively low so we can afford to buy properties, fund drilling programs and buy back our own stock when opportunities emerge. We remain flexible in deciding where – and when – to invest.

Our staff conducts in-depth market analyses and financial modeling to identify emerging opportunities and help determine the most profitable allocation of capital. This allows us to focus our investments on activities that create the most value for shareholders, rather than setting and sticking to artificially rigid goals.

Finding and development (F&D) costs, reserve additions, and production growth rates are all excellent performance measures. However, setting inflexible goals based on such measures can sometimes reduce rather than create value. For example, we recognized that aggressive development drilling in the first half of 2001 – at a time when drilling and other service costs had soared – would inflate the year's F&D costs. But that program helped us increase production 78%, maximizing value by selling into a record-high-price natural gas market.

Similarly, when developing the 2002 capital budget, we recognized that sticking to a goal of double-digit production growth in a low-price environment would be shortsighted. Our modeling demonstrated that we would maximize present value by drilling only enough development locations to hold organic production flat while maintaining a high level of exploration to grow reserves and drilling locations for future development. These

Through industry upturns and downturns, Anadarko has maintained its focus on creating long-term value for shareholders. Using optionality to determine the highest-value allocation of capital at each stage of a market cycle, we have rewarded shareholders during the past 10 years with an average annual total return of 17.5%, compared with 12.9% for the S&P index and a slightly negative return for our peer index.

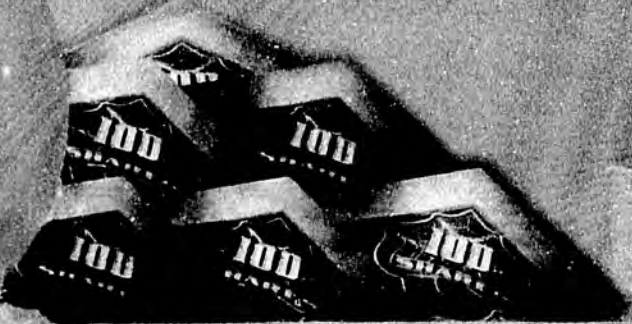


calculations assumed existing, low gas prices in the near term and the return to mid-cycle prices within a year. When the upturn comes, we will begin bringing on new production by drilling immediate-impact projects from our inventory.

We continuously monitor market conditions to check our assumptions and revise expectations and capital allocation, allowing a level of flexibility that should provide superior performance. This is how we were able to quickly recognize and get out ahead of the curve on both the industry upturn in early 2000 and the downturn in mid 2001.

Entering 2002, our analysis shows the next upturn coming in mid to late 2002, depending on weather and the strength of the U.S. economy. The optionality built into our 2002 action plan prepares us to maximize value whenever the upturn *does* arrive.

This flexible, analytical approach has been honed over the years, with great results. Anadarko has far outperformed its peer group and the general market indices in creating value for shareholders. That remains our number one goal – a goal that *never* wavers.



Anadarko has far outperformed its peer group and the general market indices in creating value for shareholders. That remains our number one goal – a goal that never wavers.

Total Shareholder Returns
(percent)

600

Anadarko Petroleum Corporation

500

S&P 500 Index

400

S&P Oil – Exploration & Production

Anadarko
403.65%

S&P 500 Index
237.23%