

## Question Sheet 1

### **(2) How will risks to marine mammals be managed?**

- a) As one of the worlds' most experienced deep water petroleum explorers, Anadarko has had long experience working in areas where marine mammals are to be found. These include the waters of the Gulf of Mexico, South Africa, East Africa, Australia and New Zealand.
- b) Anadarko will adhere to and abide by the Department of Conservation's 2012 Code of Conduct for Minimizing Acoustic Disturbance to Marine Mammals. Even before these guidelines came into being Anadarko set the standards for minimizing any potential risk to marine mammals by requiring four Marine Mammal Observers (MMO's) on seismic vessels instead of the normally-required two. Four MMO's is now the standard required under the DOC guidelines. Anadarko also insists on the use of Passive Acoustic Monitoring (PAM) during hours of darkness or times of poor visibility when the effectiveness of MMO's is restricted. Additional details were presented to Ngati Kuri and community members during the Hui in Kaikoura on February 8th.
- c) Anadarko is happy to consider ways in which we might work with local communities and groups to ensure that marine mammals are protected.

### **(3) How will oil spill risks be managed?**

- a) The primary means of managing the risk of oil spills is to focus on prevention. For Anadarko, spill prevention is paramount. Our focus on spill prevention is illustrated by the fact that our track record in this regard is second to none.
- b) Anadarko is happy to share information on its approach to oil spill risk management and oil spill response with the community; indeed this has been a focus of our discussions with communities and iwi in other parts of the country where our exploration programme is more advanced.
- c) The petroleum industry as a whole has learned valuable lessons from the April 2010 Gulf of Mexico well blowout and these lessons are applied to all of Anadarko's offshore activities as a matter of best practice. This includes the development and utilization of new and improved equipment, rigorous testing protocols and techniques.

Anadarko is a member of several international consortia whose function is to respond with suitable equipment and personnel in the unlikely event of a serious incident. These groups hold stocks of specialized equipment at strategic locations around the world that can be deployed (some by air) to anywhere it may be required. These assets can be put into service within a short time of any event occurring.

### **Community benefits**

### **(4) How will petroleum exploration and extraction benefit Kaikoura?**

- a) It is too early to say exactly how this would play out in a town like Kaikoura; much would depend on a commercial discovery being made; of what kind; and how large.

- b) Anadarko is committed to carrying out comprehensive consultations and maintaining an active dialogue with the Kaikoura community and to explore ways in which the community might benefit from any company activity in the locality.
- c) Anadarko is actively discussing with the Department of Conservation the possibility of conducting research into marine mammals in the Pegasus area and beyond, and would consider a proposal to include Te Korowai o Te Tai o Marokura in the formulation and execution of any research project that may result.

## Question Sheet 2

### **2b. Does Anadarko think it already has permission to drill an exploratory well in each of these blocks or do they understand that they will need further permission to drill?**

Anadarko does not yet have a permit to drill an exploratory well in either of the Pegasus blocks. Any decision to drill is 4 to 5 years away, and Anadarko will be required to comply with the appropriate EEZ regulations for activities it plans to conduct in the EEZ. Anadarko will adhere to the laws and regulations of New Zealand and the requirements of the regulatory agencies which oversee and administer oil and gas exploration and production activities in areas where we hold Petroleum Exploration Permits (PEP's). We will adhere to all filing and permitting requirements and secure all necessary approvals before proceeding with our relevant exploration activities.

### **3. \*Considering the NZ Government's assurance that any company to be considered for exploration of these blocks would have a good track record, what are Anadarko's 10 most serious incidents in which they had any liability?**

Anadarko takes any incident as "serious", which is why we focus on prevention and adhere to all appropriate regulations, as well as industry standards and best practices ... so that we do protect the safety of our stakeholders and the environment.

### **4. \* In light of the \$37 Billion dollar price tag on the Gulf Spill, what kind of bond is Anadarko willing to post in case of a spill in New Zealand? Will Anadarko accept full liability in the case of environmental damage caused by its activities including:**

- a. Full environmental clean-up beyond what appears on the surface.
- b. Economic loss to affected communities.
- c. Health impacts.

Anadarko will fully comply with and abide by laws, regulations and requirements of New Zealand which govern Oil and Gas Exploration and Production activities. Anadarko has not been asked to post a bond and as such it is not our practice.

Anadarko is one of the largest Independent Oil and Gas companies in the world with over \$ 50 Billion in assets. Anadarko, as a normal business practice carries 100's of millions of dollars in insurance related to its operations around the world to ensure that the financial capacity is available to enable an immediate response to any mishap.

In the unlikely event of any mishap we will fully co-operate to determine the cause, and accept accountability as appropriate.

As always, our primary and unrelenting focus is on prevention, safety and protection of the environment, and we demand the same from our contractors. It is built into our culture, and the success of this approach is illustrated by the fact that even though we are one of the world's most prolific deep water explorers, we maintain a spill prevention performance record that is second to none. This is a record we hold dear, and we will spare no effort to preserve it. Our responsibilities in this regard are heightened by our awareness of the special place New Zealand's environment occupies in the hearts and minds of its people.

**5. \*Jack-up rigs to drill relief wells in case of a blowout are thousands of kilometers and months away from New Zealand.**

**a. Is it Anadarko's intention to have jack up rigs in New Zealand waters? If not, please explain the time frame in which Anadarko believes such rigs could be in place in the event of a blowout.**

**b. Would Anadarko object to a requirement that would have at least 2 jack-up rigs in close proximity to a drilling activity?**

Anadarko will fully comply with and abide by the laws, regulations and requirements of New Zealand which govern oil and gas exploration and production activities. It is not Anadarko's intention to have a second deep water drilling rig in New Zealand waters on a stand-by basis. We are among the most experienced deepwater explorers and operators in the world, and we focus heavily on prevention. Strict adherence to regulations, best practices and proven operating standards is the most appropriate way to safely drill a well in a manner that protects personnel and the environment.

Anadarko retains under contract, other deep-water drilling units and vessels deployed at various locations around the world which could be mobilized in the highly unlikely event they were needed to address a well control issue. In addition, Anadarko maintains an up to date scan on where suitable drilling assets are available around the world in case one is needed as part of a response to a mishap in this country. Anadarko will seek to establish mutual aid agreements with other operators who have mobile drilling units with the necessary capabilities should such an asset be needed to respond to an incident in this country's waters.

**6. \*What would Anadarko do to assist in mitigating the current under capacity of Maritime NZ clean up and response capabilities? Does Anadarko believe they are prepared for a serious spill?**

Anadarko would play any part required of it by Maritime New Zealand to respond to an emergency. We believe we are adequately prepared for an emergency, but it is worth repeating and emphasizing that our primary focus is on prevention and avoidance in the first place. Abiding by best practices and proven standards are the most appropriate way to safely drill a well in a manner that protects personnel and the environment. In addition, as a matter of standard practice, we also plan and prepare for emergency spill response scenarios. Anadarko is a member of several international organizations that stockpile equipment and employ spill containment specialists with the capability to mobilize rapid response and containment assistance.

**7. What liability does Anadarko accept for the Gulf spill in light of the findings of the US Federal Judge in February 2012?**

Anadarko was a non-operating, passive investor in the Macondo well and had no role in the planning, design or execution of the well. At no time did Anadarko have any involvement in the decisions or actions that occurred on the rig. Anadarko and BP have since reached a settlement regarding their respective obligations under their Operating Agreement.

In December 2010, the U.S. Department of Justice (DOJ), on behalf of the United States, filed a civil lawsuit in the U.S. District Court in New Orleans, Louisiana (Louisiana District Court) against several parties, including Anadarko, seeking an assessment of civil penalties under the Clean Water Act (CWA) in an amount to be determined by the Louisiana District Court. In February 2012, the Louisiana District Court entered a declaratory judgment that, as a partial owner of the Macondo well, Anadarko is liable for civil penalties under Section 311 of the CWA. The declaratory judgment addresses liability only, and does not address the amount of any civil penalty. The assessment of a civil penalty against Anadarko has been reserved until a later proceeding to be scheduled by the Louisiana District Court. Given the Company's lack of direct operational involvement in the event, as confirmed by the Louisiana District Court, and the subjective criteria of the CWA, the Company believes that its exposure to CWA penalties will not have a material impact on the Company .

**8. Considering that dispersants like Corexit may be more toxic than the spilled oil itself and only serve to hide the oil from the surface, spreading it throughout the food chain, what are Anadarko's views on its application in the case of a spill?**

As always, our primary and unrelenting focus is on prevention, safety and protection of the environment. Anadarko maintains a comprehensive set of response options, including but not limited to dispersants, as part of its prevention and protection strategy in the unlikely event they would be needed. Anadarko would not use dispersants without the prior consent of the appropriate regulatory authorities. There are many kinds of dispersant available, and the use of any of them would depend on a range of factors such as the nature of any spill, its scale, sea state conditions and advice and direction from other parties such as Maritime New Zealand and the EPA.

**9. Will Anadarko and the Ministry be willing to come back to discuss these issues with a larger group from our community, in greater depth than can be done in a couple hours and at a time when most people are not at work?**

We value open communication as central to the way we do business. We will be very happy to discuss these issues with community groups in greater depth. Our discussions have given us an appreciation for the concerns iwi and local communities may have and allowed us to share how we intend to conduct exploration activities.

### **Question Sheet 3**

**1. If there is complete failure of blow-out prevention devices and a blow-out occurs as happened with the Deepwater Horizon then what is your blow-out response plan?**

See response to question above – “How will oil spill risks be managed?”

**3. Will you have a relief rig alongside at the time of exploratory drilling?**

See response above to Question Sheet 2, question 5

**4. Is it correct that a relief rig is likely to be essential to plugging a blow out at these great depths?**

A loss of well control or a “blow-out” does not necessarily result in the need for the drilling of a relief well or the destruction of the drilling rig on the well. In the highly unlikely event that a relief well was needed to deal with a loss of well control, the rig drilling the original well would, in all likelihood, be utilized to drill it. Depending on the situation, several concurrent operations would likely be conducted to contain the well:

1. Attempts would be made to contain the well via the use of a remotely operated vehicle to function the existing Blow-Out Preventers.
2. A capping stack would be mobilized into the country, which would attach to the well and provide a means to secure the well
3. A relief well would be started.

### **Liability**

**6. What is the extent of your liability if a disaster occurs such as a blowout?**

If, in the very unlikely event, we would work co-operatively with the relevant authorities and third parties to bring the well incident under control, and fully cooperate to determine the cause and accept accountability if, and when appropriate.

## **7. Will you accept unlimited liability for any oil spill, blowout or accident?**

Anadarko takes great pride in its reputation for integrity and as a responsible operator. Anadarko will certainly bear the liabilities that are adjudged to be ours.

### **Local benefits**

**19. How many jobs are the people of Kaikoura likely to get from this activity?** It is nearly impossible to say at this very early stage how many jobs are likely to result from our activities for the people of Kaikoura. Benefits of this kind will ultimately depend on there being a commercially viable oil or natural gas discovery, and we are years away from that point.

### **20. Is it true that the lionshare of benefits such as royalties will go to Government coffers?**

The Government will receive production royalty payments and taxes which are payable as the result of oil and gas production in this country. These payments and taxes total up to as much as 45% of the revenues from this activity.

### **21. Given the extent of the risk we are taking and the importance of our oceans to our culture, economy, way of life, food, reputation and livelihoods then the benefits seem very small if not virtually non-existent to us. How can you convince us otherwise?**

We hear your concerns. New Zealand is a beautiful place and its natural beauty, biodiversity, cultures and traditions must be protected and respected. New Zealanders need not look far to learn of the benefits that well managed, oil and gas energy development can bring to a region. The Taranaki region has been an established oil and gas producing region for 45 years. The benefits to the region and to greater New Zealand resulting from the oil and gas sector have been well documented. In Taranaki, the oil and gas industry coexists with the important agricultural, dairy and tourism industries without incident, making it one of New Zealand's most prosperous and desirable regions to live and work.

### **22. Do you agree with the final report to the President of the USA by the National Commission on the Deepwater Horizon disaster 'Deep Water' which stated;**

*"But drilling in deepwater brings new risks, not yet completely addressed by the reviews of where it is safe to drill, what could go wrong, and how to respond if something does go awry. The drilling rigs themselves bristle with potentially dangerous machinery. The deepwater environment is cold, dark, distant, and under high pressures—and the oil and gas reservoirs, when found, exist at even higher pressures, compounding the risks if a well gets out of control. The Deepwater Horizon and Macondo well vividly illustrated all of those very real risks. When a failure happens at such depths, regaining control is a formidable engineering challenge—and the costs of failure, we now know, can be catastrophically high."*

Anadarko views the risks as similar, whether drilling on land or in deepwater, including the response. The manner of remedying the problem is complicated by the subsea conditions, but methods commonly used have been modified to facilitate their application in the deepwater environment. Currently, three

corporations have designed and constructed capping stacks through funding by consortiums of deepwater operators. Anadarko is currently a member of 3 of these organizations, providing us with access to these systems to cap a well. Anadarko's primary focus remains on avoiding these types of occurrences through rigid application of philosophies, policies, standards and operating practices.

**23. You would therefore agree that comparing what you intend to do in the deep waters of the Pegasus Basin at depths of up to 2700 meters is entirely different to the shallow water drilling currently occurring in Taranaki at depths of only around 120 meters?**

The deepwater drilling process is consistent to the drilling process in shallower waters. The major difference is adapting to the extreme water depths, resulting in the need to use differing rig designs, operating practices and equipment.

**24. You have come to us to consult us on the deep sea oil drilling you wish to undertake. If we express that we do not wish the drilling to take place will you proceed with or abandon your plans?**

We hear your concerns. New Zealand is a beautiful place and its natural beauty, biodiversity, cultures and traditions must be protected and respected. Kaikoura has a unique interest in our proposed activities in the Pegasus Basin given the importance of the coastal environment and associated tourist activities such as whale watching. This is why we have made it a priority to begin consultation with this community immediately following the awarding of the exploration permits in the basin. During the first five years of our exploration programme, we will work to earn your cooperation and support, and to build trust and confidence in Anadarko's ability to safely and responsibly carry out its programme. Energy development represents a tremendous opportunity for New Zealand to benefit in terms of revenue for the government, economic activity in the communities around operations and local job creation.

However there are other communities and stakeholders that have an interest in our activities and who want to see exploration of this nature go ahead because of the massive potential benefits to the country as a whole. While we are happy to consult with and listen to the concerns of the Kaikoura community, they cannot be the sole determinants of whether the programme goes ahead.

***Additional information on Anadarko Petroleum Corporation and Anadarko in New Zealand is available on our website [www.Anadarko.com](http://www.Anadarko.com) .***