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Anadarko Loss Widens to \$3.1 Billion After BP Spill Settlement  
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By Edward Klump

Nov. 1 (Bloomberg) -- Anadarko Petroleum Corp., the Texas company that had a stake in the well that caused a record Gulf of Mexico oil spill last year, said it lost \$3.1 billion in the third quarter after agreeing to a settlement with BP Plc.

The net loss was \$6.12 a share, The Woodlands, Texas-based company said in a statement yesterday. A year earlier, Anadarko reported a net loss of \$26 million, or 5 cents a share, citing contracts to lock in interest rates.

Anadarko said Oct. 17 it agreed to pay BP \$4 billion to settle claims related to an explosion and oil spill at the Macondo well in the Gulf in April 2010. Excluding such items as the settlement, profit was about 66 cents a share, equal to the average of 29 analysts' estimates compiled by Bloomberg.

"It's right in line with what folks were expecting," said Curtis Trimble, an analyst at MKM Partners in Houston who has a "neutral" rating on Anadarko shares and owns none. Still, it's "shocking" to see a loss in the billions of dollars even if it's expected, he said.

Anadarko said third-quarter sales volumes were at the high end of its forecast, climbing to the equivalent of 61 million barrels of oil from 58 million barrels a year earlier. The company said output for the year will be 245 million to 248 million barrels of oil equivalent. An earlier forecast was for 244 million to 248 million barrels.

Revenue in the third quarter rose 25 percent from a year earlier to about \$3.2 billion. Anadarko lowered its capital spending forecast for this year to a range of \$6.1 billion to \$6.4 billion, compared with as much as \$6.6 billion previously.

#### Crude Rises

Brent crude futures, a benchmark global oil price, jumped 46 percent from a year earlier to average \$112.09 a barrel in the third quarter. Natural-gas futures traded in New York averaged \$4.06 per million British thermal units in the quarter, a decline of 4.3 percent.

Anadarko had a 25 percent stake in Macondo, which created the largest offshore oil spill in U.S. history. The company previously blamed BP, the operator, for the spill and withheld paying an estimated \$6.1 billion in invoices from BP.

The settlement is equivalent to about \$5 a share on an after-tax basis, Anadarko Chairman and Chief Executive Officer Jim Hackett said in a statement on Oct. 17. He said the agreement "eliminates all significant exposure to historical and future claims," though it doesn't provide protection against items such as fines, penalties or punitive damages.

Anadarko agreed to transfer its interest in Macondo to BP as part of the settlement.

## Utica Shale

Anadarko is focused on developing projects in areas such as Africa, the onshore U.S. and the Gulf of Mexico to boost output in future years. In North America, Anadarko has onshore projects in such states as Texas and Pennsylvania.

The company said it has acquired interests in about 300,000 gross acres in Ohio's Utica Shale as it seeks to increase petroleum liquids output. Anadarko said it has started a first well and plans an active program in the area.

The Jubilee project off Ghana has encountered mechanical issues related to completion techniques, Anadarko said yesterday. The company previously has said Jubilee may hold 1.5 billion gross barrels of oil equivalent. Anadarko said yesterday a resource estimate for Jubilee hasn't changed.

Gross production at the project is more than 85,000 barrels a day, and the company said partners will seek to increase capacity once there's a resolution. Anadarko said in December that Jubilee was heading for output of 120,000 barrels a day.

Anadarko also continues to tout offshore Mozambique, where the company said it's confident a complex holds more than 10 trillion cubic feet of recoverable gas.

## Takeover Candidate?

Removing the uncertainty about oil-spill liability may revive interest among investors who believe the company may be a takeover candidate, said Bob Brackett, a senior analyst at Sanford C. Bernstein in New York who has a "market perform" rating on Anadarko shares and owns none.

"So now people no longer focus on that, and they can focus on what's Anadarko worth on the market and what could it be worth to an acquirer," he said.

The settlement provided an immediate boost to Anadarko's stock, which has climbed 11 percent to \$78.50 since the close in New York on Oct. 14, the last day of trading before the BP agreement was announced. Anadarko plunged by more than half after the Macondo spill began, before recovering by the end of 2010.

(Anadarko will hold an earnings conference call for investors and analysts today at 10 a.m. New York time. To listen, go to <http://www.anadarko.com>.)

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