

September 2020 Marketing

Apache



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ESG Highlights

New for 2020



Linked 2020 ESG performance directly to annual incentive compensation



~60% year-over-year decrease in U.S. flared volumes YTD

Apache is a strong **community partner** in our areas of operation, focused on **protecting the safety and health of our employees, local populations and the environment.**



46% decrease in Total Recordable Incident Rate for employees and contractors since 2015



10,000+ girls educated in **201** Apache-supported schools in Egypt since 2004



4.7 million+ trees planted as a part of the Apache Tree Grant Program since 2005



Achieved our goal of reducing global methane emissions intensity to 0.37% or less of gross methane production in 2019, **6 years early**

Apache's Strategy



- Prioritizing returns over production growth
- Positioning the balance sheet and portfolio for increasing cash returns to investors
- Fostering ESG leadership through continued engagement with key stakeholders



- International assets generating more robust investment economics at lower prices
- Balanced commodity profile and geographic pricing points diversify risk
- Recent discoveries underscore large-scale potential in Suriname



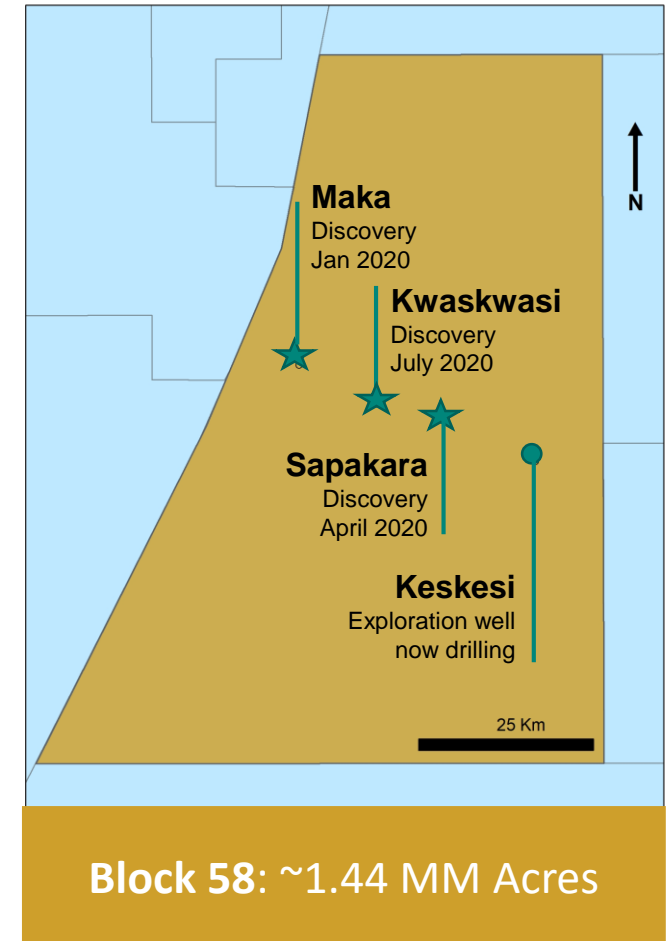
- Aggressively managing cost structure
- Aligning capital investment with commodity prices
- Preserving liquidity and strengthening balance sheet

Debt Reduction & Suriname Are Clear Priorities

INCREMENTAL CASH FLOW TO	WTI Oil Price		
	< \$30	\$30 - \$40	\$40+
RETURN TO INVESTORS Primarily focus on debt reduction until Debt/EBITDAX is reduced to at least 1.5x, then focus will shift to improving the dividend	✕	✕	✕
SURINAME	✕	✕	✕
EGYPT		✕	✕
NORTH SEA			✕
PERMIAN			✕

Success Continues in Block 58 Offshore Suriname

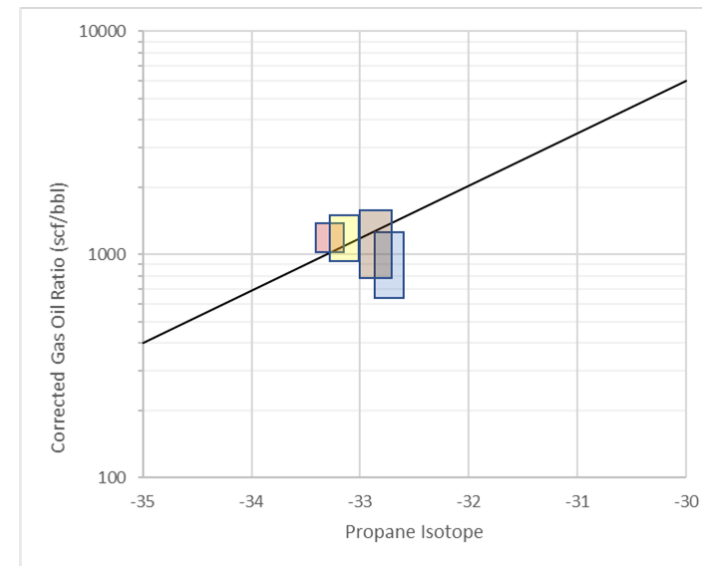
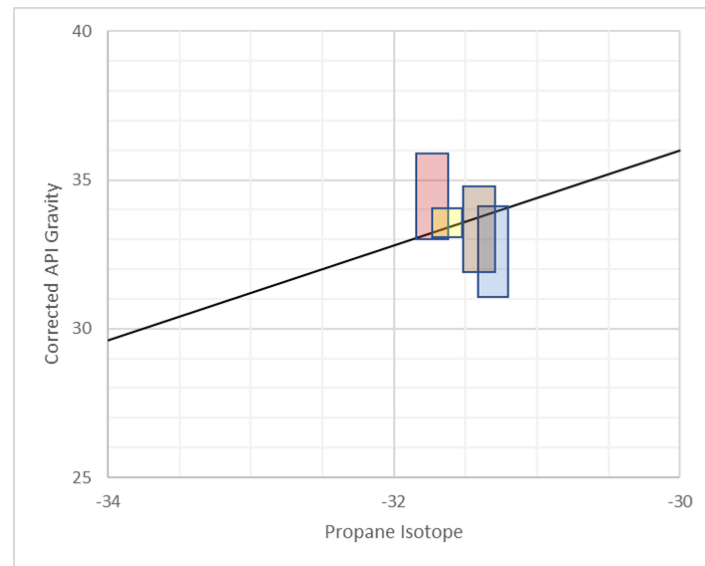
- Announced major discovery at Kwaskwasi-1 at end of July
 - 149 meters of net pay in Campanian
 - 86 meters of net volatile oil / condensate pay
 - 63 meters of net oil pay
 - Fluid samples indicated API oil gravities between 34 – 43 degrees
 - 129 meters of net pay in Santonian
 - Successfully retrieved rotary sidewall cores but was unable to collect representative reservoir fluid samples due to conditions caused by cementing operations required to mitigate increased pressure below the base of Santonian formation
 - Observed hydrocarbon shows; results of formation evaluation indicate the presence of oil
- Operations underway at Keskesi East-1 exploration well
- Sapakara appraisal plan submitted for review in early September



Kwaskwasi – 1: Santonian Drilling Fluid Isotope Analysis

API Gravity and Gas Oil Ratio Predictions

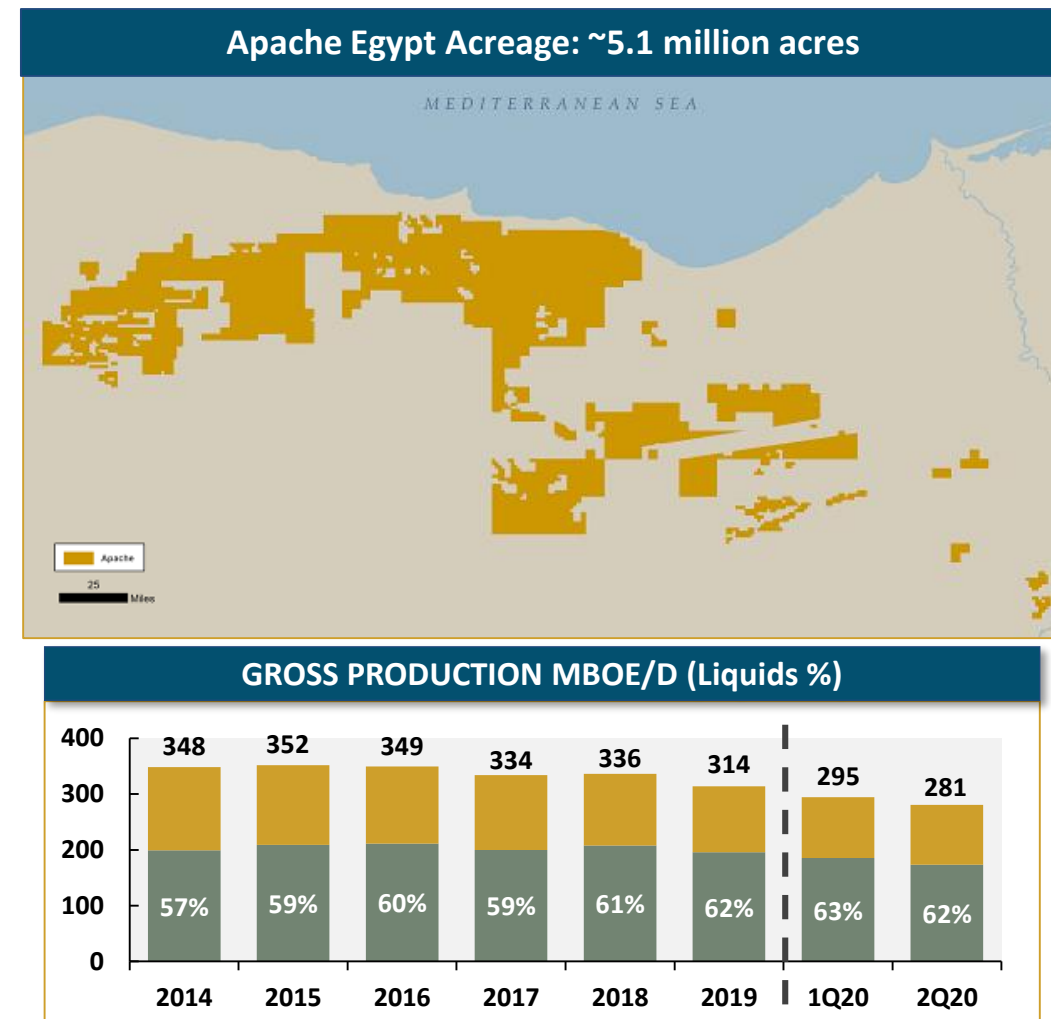
Zone	Approx. Depth	GOR avg	API avg
	(m)	(scf/bbl)	(deg)
1	5790-5925	1187	34
2	5985-6010	1070	34
3	6110-6220	1099	34
4	6362-6492	967	32



Note: API gravities and gas-oil-ratios are best estimates based on available data in lieu of reservoir fluid samples.

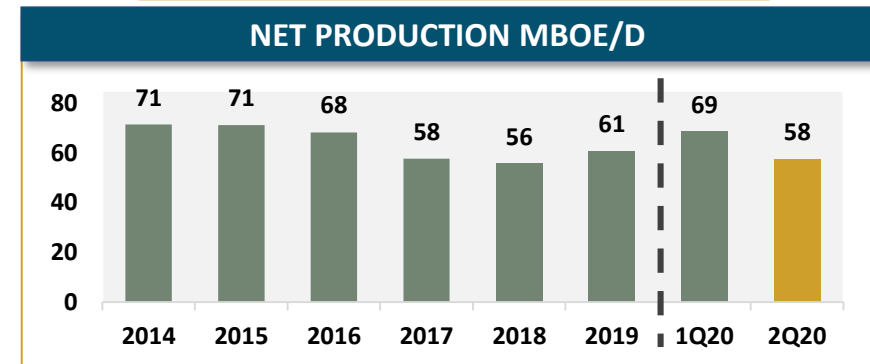
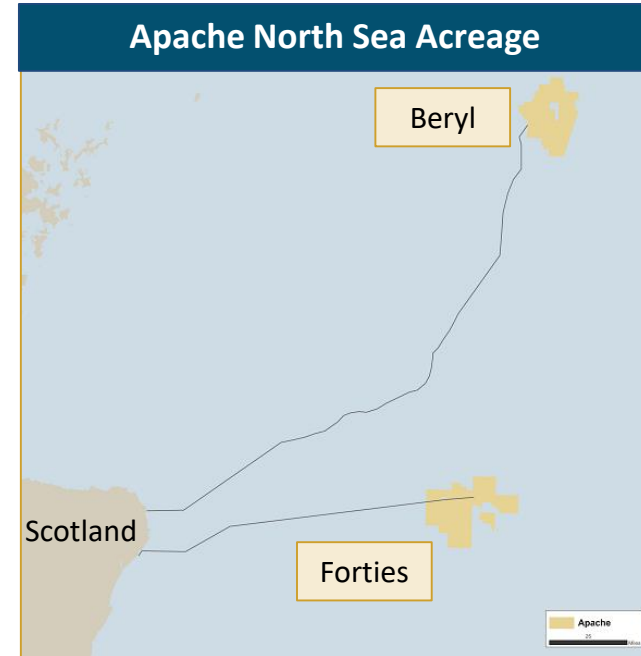
Egypt: Laying Foundation for Oil-Focused Initiatives

- Country's largest oil producer and acreage holder
- Relatively insulated at lower oil prices due to PSC mechanics
- Years of inventory through new concessions and seismic shoot
- Drilling operations high-graded, 5 rigs running at end of 2Q20



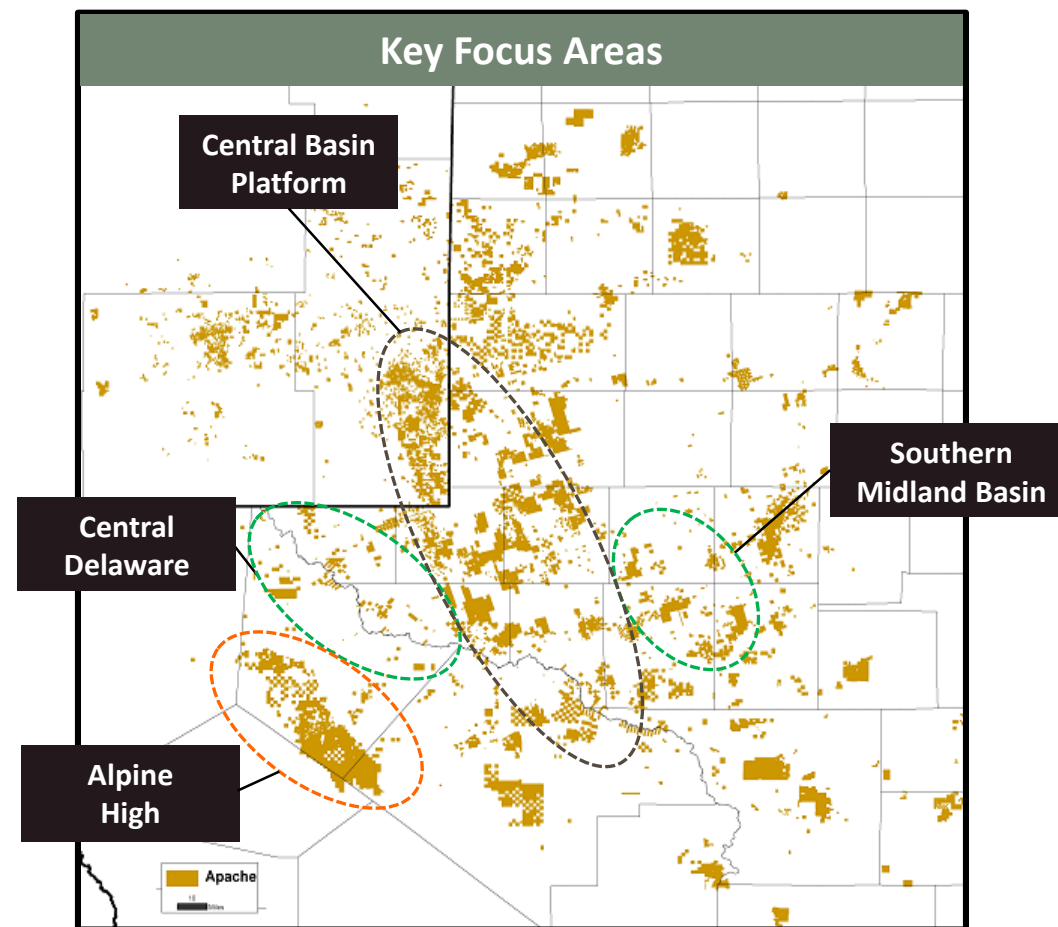
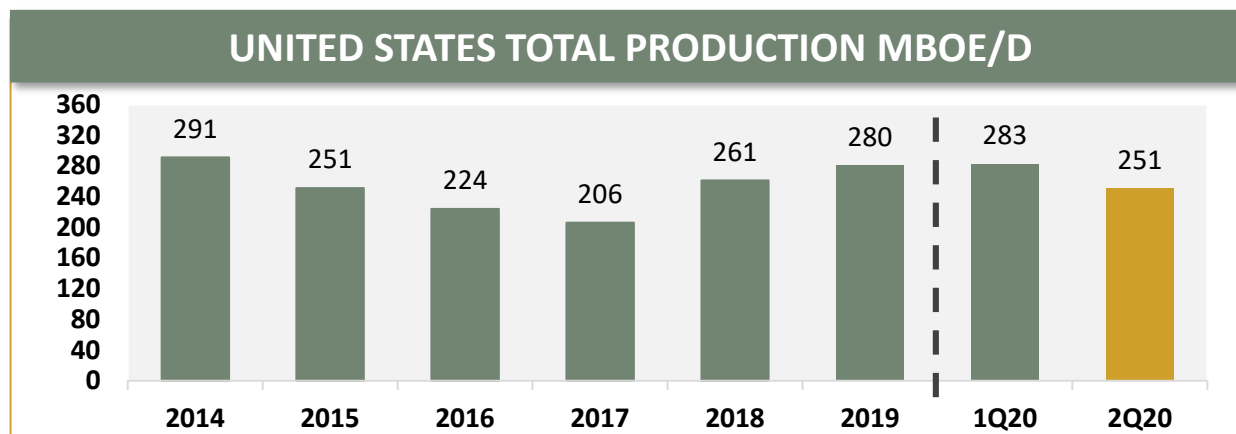
North Sea: High Margins, Cash Flow Generator

- Focused on sustaining cash flow generation capacity
- Realizing cost savings in all categories
- Attractive exploration opportunities in Beryl area:
 - Focused on low F&D cost, near-field opportunities
 - Tertiary exploration program resumes in 2H with a 2nd carried well
- Latest 4D seismic survey commenced in Forties Field to support waterflood optimization and future drilling programs



United States

- Over 2.9MM gross acres (1.8MM net acres) at year-end 2019
- Focused on LOE reductions, minimal capital activity
- Permian curtailments of ~4,500 BOE/D remain offline



Appendix

3Q20 Guidance

Quarterly Guidance

Production (Mboe/d)
United States.....
International (Adjusted).....
Total Adjusted Production.....
Upstream Capital Investment (\$ in millions) ⁽¹⁾
Upstream Lease Operating Expense (\$ in millions).....
DD&A (\$ in millions).....
General & Administrative Expenses (\$ in millions).....
North Sea Current Tax Expense (\$ in millions).....

New

3Q 2020 Guidance

235 – 245

~135

370 – 380

\$190

~\$290

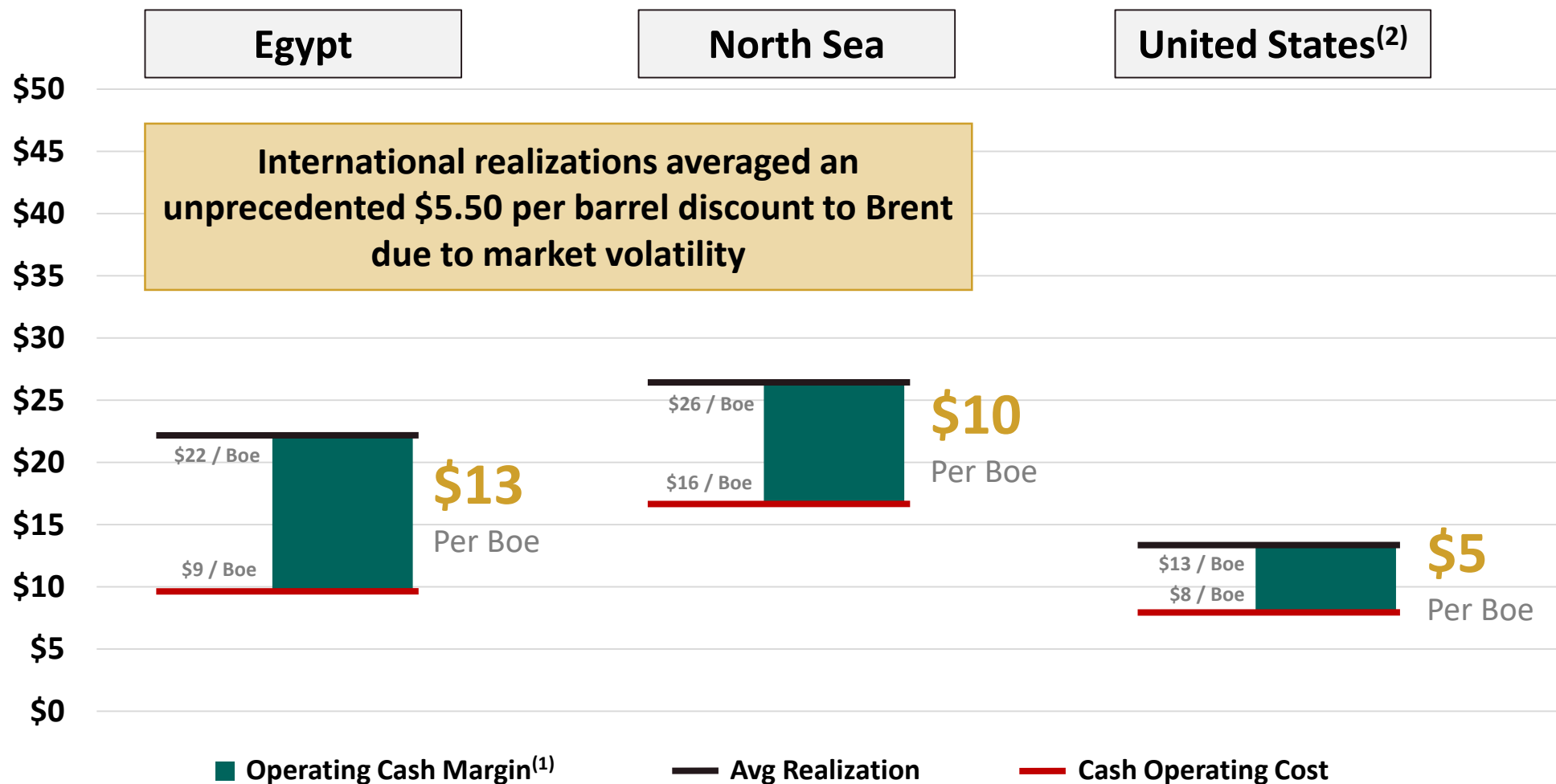
\$425

\$80

\$25

(1) Refer to glossary of referenced terms for definition of Upstream Capital Investment.

2Q 2020 Operating Cash Margins

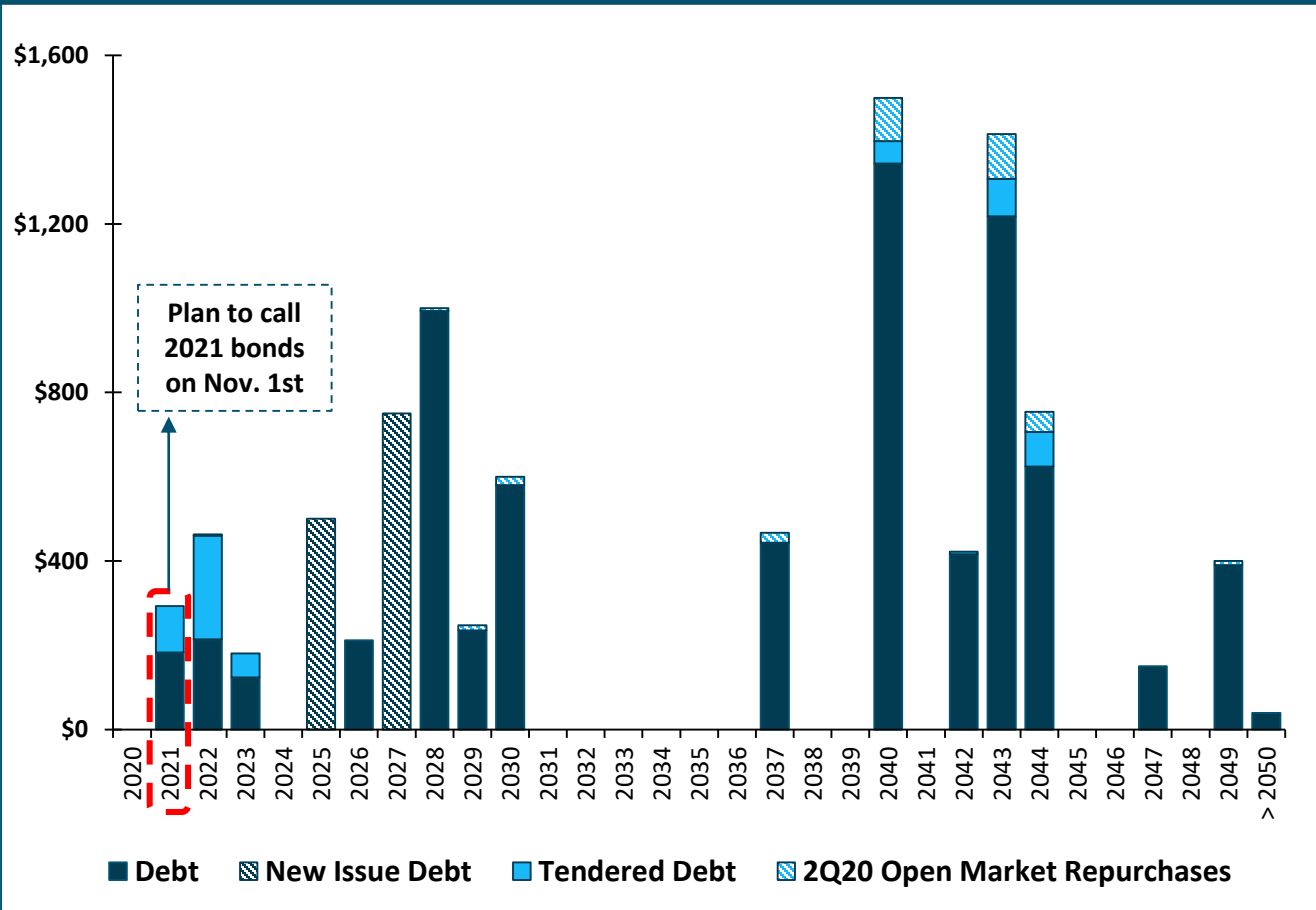


(1) Operating cash margins calculated as price realizations less lease operating expenses, gathering, processing, & transmission costs, and taxes other than income.

(2) Excludes ALTM.

2020 Liability Management Update

Updated Debt Maturity Profile (\$MM)⁽¹⁾



- 2Q 2020 open market repurchases reduced aggregate LT debt by **\$147 MM at a 36% discount to par**
- Took advantage of strong market conditions in August to refinance at attractive rates
 - Tendered **~\$644 MM** of outstanding notes, plan to call remaining 2021 bonds on November 1st
 - Only **~\$337 MM** of maturities remaining in 2022-23
 - Significantly reduced outstanding borrowings on Apache's credit facility
- Strong liquidity position with **\$3.1 billion⁽²⁾** available under Apache's credit facility
- Continue to focus on free cash flow generation and additional debt reduction

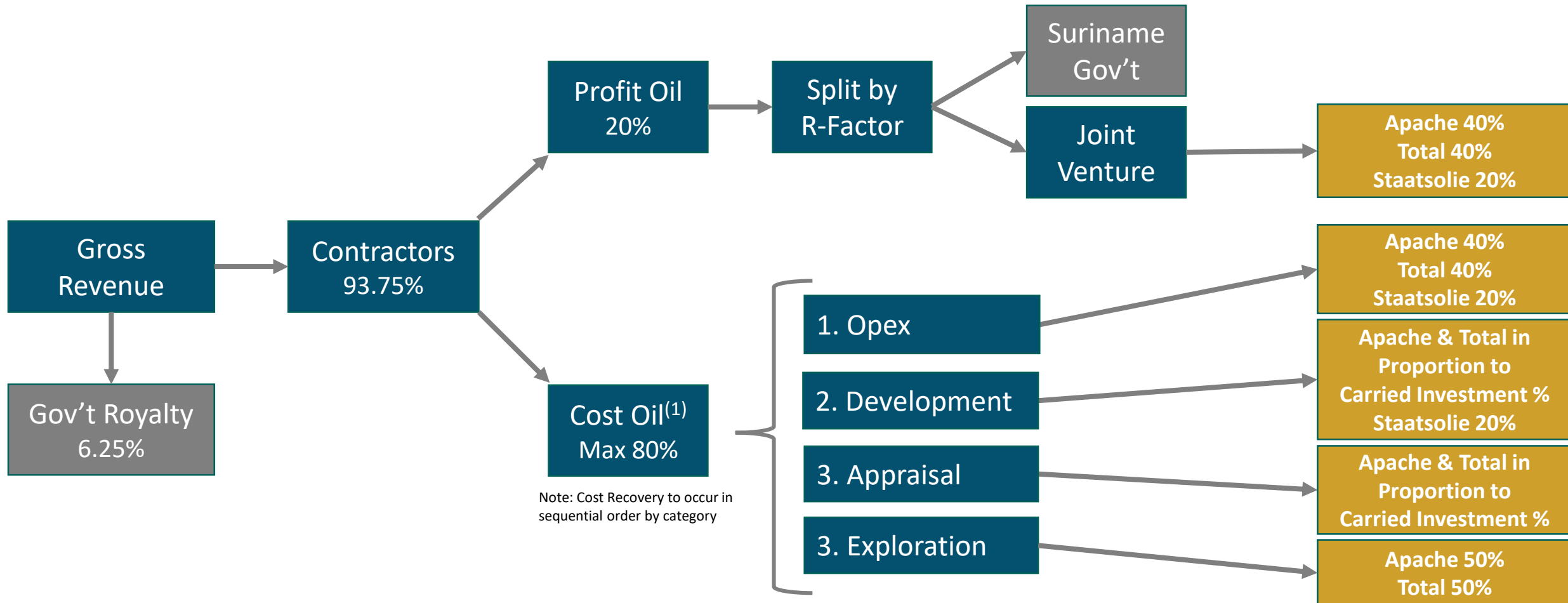
Credit Facility Profile

\$4 Billion Revolving Credit Facility	
Facility Type	Senior Unsecured
Maturity	March 2024
Borrowing Capacity	Up to \$4 billion
Letter of Credit Sublimit	Up to \$3 billion (\$2BN committed)
Financial Covenant ⁽¹⁾	Adj Debt/Cap < 60%
Accordion Option	\$1 billion
Extension Options Remaining	1-year option (Apache's option)

- Apache's \$4 BN committed credit facility for general corporate purposes, matures March 2024
 - Unsecured facility held by 18 banks, 17 of which are 'A' rated or higher
 - No ratings triggers⁽²⁾ or collateral requirements
 - Not subject to borrowing base redetermination
- Altus (ALTM) has an \$800 MM committed credit facility for general corporate purposes, matures November 2023
 - Non-recourse to and not guaranteed by Apache

Apache / Total Suriname Joint Venture

Summary Terms and Production Sharing Contract Mechanics



Note: Assumes Staatsolie exercises its participation rights of 20% at development plan approval.

(1) Cost oil becomes profit oil after full recovery. Cost oil is capped at 80%, calculated on a quarterly basis and ring-fenced by development area.

Summary of Terms

Suriname PSC

- Cost oil recovery ceiling of 80% after royalty payment
- Unrecovered cost oil balances carried forward until fully recovered on a project-by-project basis
- Staatsolie has participation rights of up to 20% at development plan approval
- Suriname corporate tax rate of 36% and NOLs carry forward
 - Taxable Income = (Cost Oil + Profit Oil + Other Income if any) – (Opex + Exploration/Appraisal Capex + Depreciation of Development Capital + Non-Recoverable Costs)
- Profit oil subject to following R-Factor calculation:

(Cum. Rev. – Cum. Roy. – Cum. Tax)
Cumulative Costs

R-Factor	Gov't %	Contractor %
0 - 1.25	20	80
1.25 - 1.50	25	75
1.50 - 1.75	30	70
1.75 - 2.00	40	60
2.00 - 3.00	50	50
3.00+	70	30

Apache / Total JV

- Parties have the right to alternate proposals of exploration wells up to 8 wells per year
- Either party may non-consent any exploration, appraisal or development. Once out, there is no back-in option
- If parties do not agree on location of exploration wells, Total and Apache will alternate selections
- Total pays disproportionate percentage of Appraisal / Development costs (see below table)
 - Total recovers carry through cost oil mechanism at the same disproportionate percentage
- Apache receives royalty on first 1.5B bbls of gross production
 - Paid quarterly based on average Brent price
- Total makes \$75 million cash payment to Apache on first oil production

Appraisal / Development Spend ⁽¹⁾		
Spend (\$)	Total %	Apache %
0 – 10B	87.5%	12.5%
>10B – 15B	75.0%	25.0%
>15B	62.5%	37.5%

Royalty	
Brent	Royalty / bbl
≤ \$65	\$0.25
> \$65 ≤ \$80	\$0.375
> \$80	\$0.5

(1) Percentages apply to the capital spend between Apache and Total, whether Staatsolie participates or not.

Commodity Hedging Program

Open Commodity Derivative Positions As of July 28, 2020						
Production Period		Trade Type	Index	Units	Daily Volume	Weighted Avg. Price \$/Unit
Midland Basis Hedges						
July -	December 2020	Basis Swap (S)	Midland / WTI	BBL	73,000	(2.15)
October -	December 2020	Basis Swap (B)	Midland / WTI	BBL	9,000	0.20
WTI Hedges						
July -	September 2020	Fixed Swap	NYMEX WTI	BBL	24,000	\$26.65
July -	September 2020	3-Way Collar	NYMEX WTI	BBL	24,000	\$20/\$25/\$38.83
October -	December 2020	3-Way Collar	NYMEX WTI	BBL	19,000	\$15/\$20/\$45.55
Brent Hedges						
July -	September 2020	Fixed Swap	Dated Brent	BBL	25,000	\$29.75
July -	September 2020	3-Way Collar	Dated Brent	BBL	9,500	\$20/\$25/\$43.66
October -	December 2020	3-Way Collar	Dated Brent	BBL	16,500	\$15/\$20/\$51.63
Natural Gas Basis Hedges						
April '21 -	December 2021	Basis Swap	IF Waha / IF HSC	MMBtu	108,345	(0.36)
January '22 -	December 2022	Basis Swap	IF Waha / IF HSC	MMBtu	100,000	(0.38)

Note: B – Bought; S – Sold

Upstream Capital Investment

(\$ in Millions)	1Q20	2Q20
United States.....	\$ 261	\$ 52
Egypt (Apache's interest only).....	99	79
North Sea.....	51	52
Other.....	31	33
Upstream Capital Investment Total.....	\$ <u>442</u>	\$ <u>216</u>

For a reconciliation of Cost Incurred to Upstream Capital Investment please refer to the Non-GAAP Reconciliations.

Glossary of Referenced Terms

- **Upstream Capital Investment:** Includes exploration, development, gathering, processing, and transmission capital, capitalized overhead, and settled asset retirement obligations, and excludes capitalized interest, non-cash asset retirement additions and revisions, and Egypt noncontrolling interest, in each case associated with Apache's upstream business.
- **Free Cash Flow:** Excess cash flow from operations before working capital changes after upstream capital investment, distributions to noncontrolling interest and dividend payments. The impacts of ALTM are excluded from this definition, as development of the ALTM midstream assets is separately funded by ALTM.
- **Cash Flow Neutrality:** Free Cash Flow equal to zero.
- In addition to the terms above, a list of commonly used definitions and abbreviations can be found in Apache's Form 10-K for the year ended December 31, 2019.

Non – GAAP Reconciliation

Upstream Capital Investment

Reconciliation of Costs Incurred to Upstream Capital Investment

Management believes the presentation of upstream capital investments is useful for investors to assess Apache's expenditures related to our upstream capital activity. We define capital investments as costs incurred for oil and gas activities, adjusted to exclude asset retirement obligation revisions and liabilities incurred, capitalized interest, and certain exploration expenses, while including amounts paid during the period for abandonment and decommissioning expenditures. Upstream capital expenditures attributable to a one-third noncontrolling interest in Egypt are also excluded. Management believes this provides a more accurate reflection of Apache's cash expenditures related to upstream capital activity and is consistent with how we plan our capital budget.

	(\$ in millions)	
	For the Quarter Ended	
	June 30,	
	2020	2019
Costs incurred in oil and gas property:		
Acquisitions		
Proved	\$ 1	\$ -
Unproved	2	22
Exploration and development	266	639
Total Costs incurred in oil and gas property	\$ 269	\$ 661
Reconciliation of Costs incurred to Upstream capital investment:		
Total Costs incurred in oil and gas property	\$ 269	\$ 661
Asset retirement obligations settled vs. incurred - oil and gas property	5	9
Capitalized interest	-	(8)
Exploration seismic and administration costs	(18)	(38)
Less noncontrolling interest - Egypt	(40)	(35)
Total Upstream capital investment	\$ 216	\$ 589