



# May / June 2020 Marketing

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Exploring What's Possible

*Apache*

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## GLOBAL – Prioritizing Health & Safety Of Employees And Communities In Which We Operate

- Acted quickly to **close offices** throughout organization
- Implemented operational protocols in the field and work-from-home procedures with **minimal business disruption**
  - Temperature screenings throughout operations & upon office re-entry
  - Increased cleaning measures in the field, offshore and office locations
  - Expanded assessments of all contractor companies & vendors coming onsite to all locations
  - Enhanced measures in Suriname, including 14-day self-quarantine
- Procured a **pandemic / infectious disease response helicopter** in the North Sea and Suriname to ensure safe medical evacuations, if needed
- **Donated PPE & critical medical equipment** to hospitals & first responders as well as donations to food banks, education initiatives and women's & children's shelters
- Developed a **thorough & phased Office Re-Entry Plan**
  - Following all federal, state & local mandates across operations
  - Communicating with peer companies on best practices



# ESG – Investing in Our People, Community and Environment

## Recent ESG Initiatives

- Linked 2020 ESG performance directly to short-term incentive compensation
- Initiated alignment of disclosures with Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD) reporting recommendations

## Ongoing Initiative Highlights

### Emissions Reductions

- Working to minimize venting and flaring with automated well closure systems
- Maintaining a rigorous program for preventing, identifying and eliminating methane leaks
- These efforts and others helped drive a 40% reduction in methane leak/loss and a 4% reduction in global GHG intensity since 2014

### Sustainable Water Usage

- Our commitment to reducing fresh water use through extensive recycling and treatment programs was supported by:
  - Expanding capacity to treat & store produced water to nearly 16 million barrels in the Permian Basin
  - Using 68% nonfresh/recycled produced water for U.S. hydraulic fracturing operations in 2018

### Social Initiatives

- Supporting rural Egyptian schools for girls, building over 200 schools and providing an education for over 10,000 children to date
- Since 2005, donated over 4.7 million trees as a part of the Apache Tree Grant program
- COVID-19 donations focused on PPE & critical medical equipment to hospitals & first responders as well as supporting vulnerable populations with donations to food banks, education initiatives and women's & children's shelters



# Positioning To Withstand Volatility



## Disciplined Financial Approach

- Managing towards Cash Flow Neutrality<sup>(1)</sup>
- Preserving liquidity and protecting balance sheet
- Prioritizing returns and longer-cycle investments over production growth



## Leveraging Diversified Portfolio

- International assets generating more resilient cash flows in a falling price environment
- Balanced commodity profile and geographic pricing points diversify risk
- Recent discoveries underscore large-scale, long-term potential in Suriname



## Strong Liquidity Profile

- Manageable bond maturities over next 5 years (less than \$1 billion)
- \$4 BN committed credit facility extending through March 2024<sup>(2,3)</sup>
- Ample coverage across a wide range of scenarios

(1) See appendix for Glossary of Referenced Terms.

(2) As of 3/31/2020, \$250 million drawn on credit facility. Approximately \$800 million of letters of credit posted in April.

(3) Apache option for 1-year extension.

# Decisive Actions Taken

Managing To Cash Flow Neutrality & Preserving Liquidity

- ✓ Reduced 2020 upstream capital investment to approximately \$1.1 BN<sup>(1,2)</sup> (↓ ~55% from 2019)
- ✓ Decreased annual dividend payout by \$340 MM (↓ 90%)
- ✓ Implemented deeper cost cutting measures, doubling original estimate to >\$300 MM<sup>(3)</sup>
- ✓ Entered into protective near-term hedges
- ✓ Initiated methodical curtailment / shut-in program



(1) Approximately 60% directed to international assets.

(2) 2Q 2020 upstream capital investment guidance: \$230 MM.

(3) Approximately \$225 MM of cost savings expected in 2020 (Net of severance and re-organization costs).

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# Apache's Diversified Portfolio

## Managing Through Near-Term Volatility

### United States

- Eliminating all drilling & completion activity (final rig release in mid-May)
- Managing LOE, with safety remaining a top priority
  - Reducing contract labor / field staff
  - Reducing chemical and water usage
  - 80% reduction in workover rigs
  - Renegotiating pricing with vendors
- Optimizing cash flow through shut-in/curtailment program
- Pursuing trades to block up acreage position in core areas

**Expand Economic Inventory & Maintain Optionality**

### North Sea

- Reduced to essential personnel and strengthened continuity plans to mitigate COVID-19 effects
- Realizing cost savings in all categories
  - Reducing logistics costs & contract labor
  - Renegotiating pricing with vendors
- Focused on low F&D cost, near-field opportunities in Beryl area
- Forties 4D seismic survey on track for acquisition this summer
- Tertiary exploration program resumes in 4Q with a 2nd carried well

**Flex Activity to Preserve Free Cash Flow Generation**

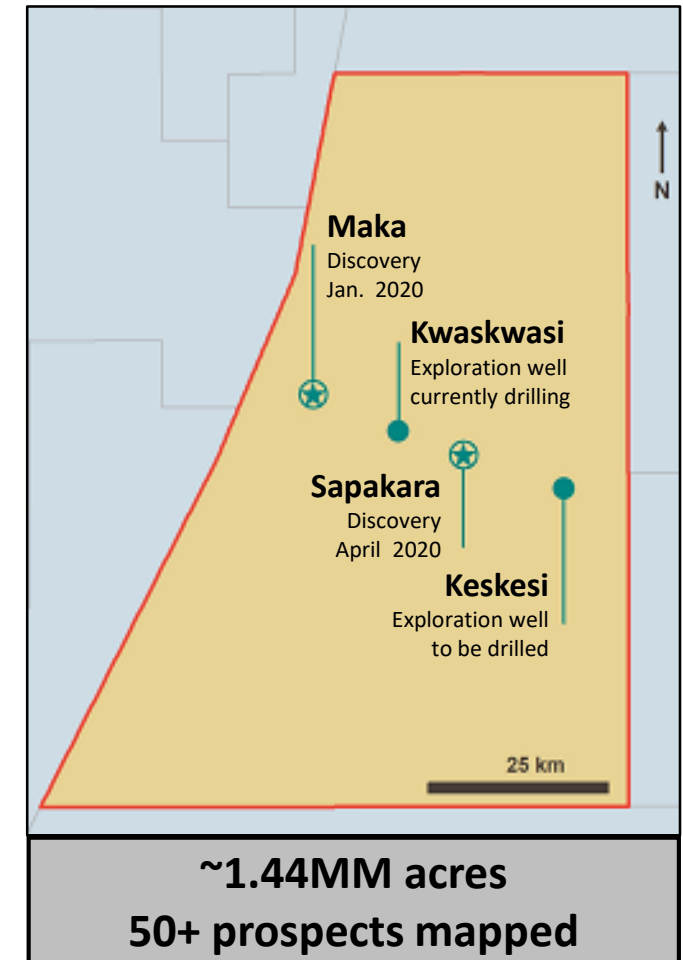
### Egypt

- Field operations unaffected thus far by COVID-19 with essential personnel extending rotation patterns and non-essential personnel working remotely
- Drilling operations high-graded, targeting 5-6 rigs in 2H 2020
- Strong exploration program with several high impact opportunities throughout 2020
- Gas realizations remain attractive at nearly \$3/Mcf and protected under PSC



# Success in Block 58 Offshore Suriname

- Announced significant oil discovery at Sapakara West-1 on April 2nd
  - Campanian / Santonian – at least 79 meters (259 feet) of net oil/gas condensate pay
  - Encountered a distinct fan system separate from Maka Central-1 discovery
- Commenced operations at Kwaskwasi-1 in second half of April; to be followed by Keskesi East-1
  - Both exploration wells to test oil-prone upper Cretaceous targets in the Campanian and Santonian intervals independent of Maka and Sapakara discoveries
- Maka appraisal plan to be finalized and submitted in 2Q
  - Appraisal planning for Sapakara underway



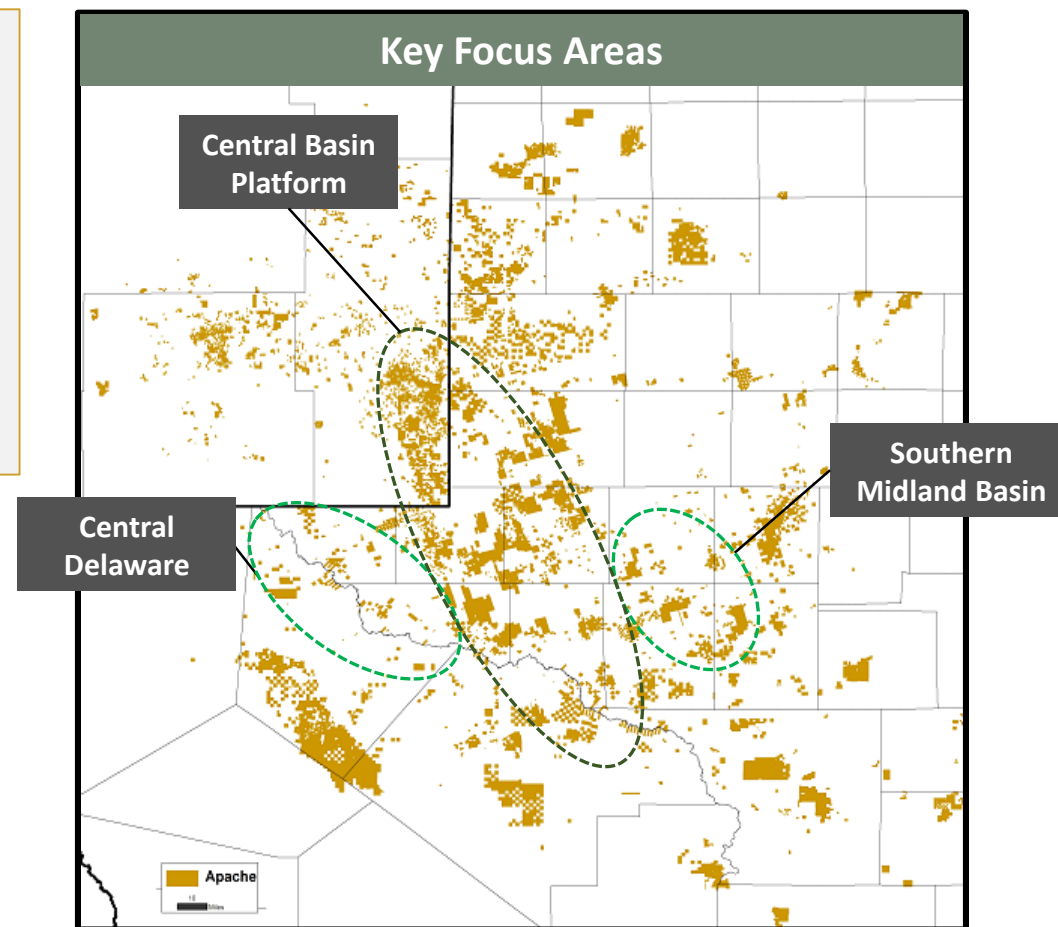
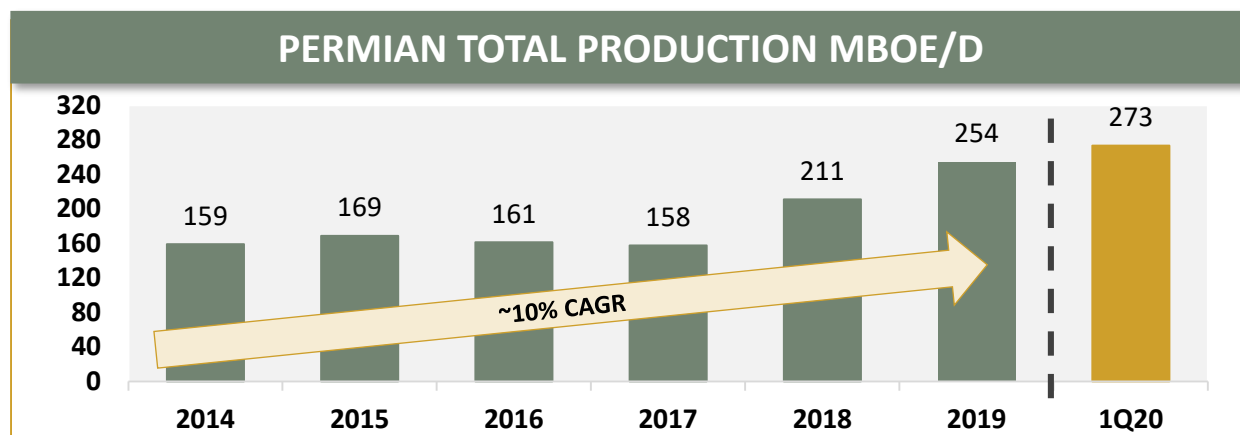


# Guyana Basin Stratigraphic Column

	Age	Formation	Type
Upper Cretaceous	Maastrichtian	Georgetown	
	Campanian	New Amsterdam	Post-Unconformity Reservoir
	Santonian		
	Coniacian		
	Turonian	Canje	Proven Source
	Cenomanian		
Lower Cretaceous	Albian	Potoce	Pre-Unconformity Reservoir
	Aptian		
	Barremian	Stabroex	Probable Source
	Hautervarian		

# Permian Basin

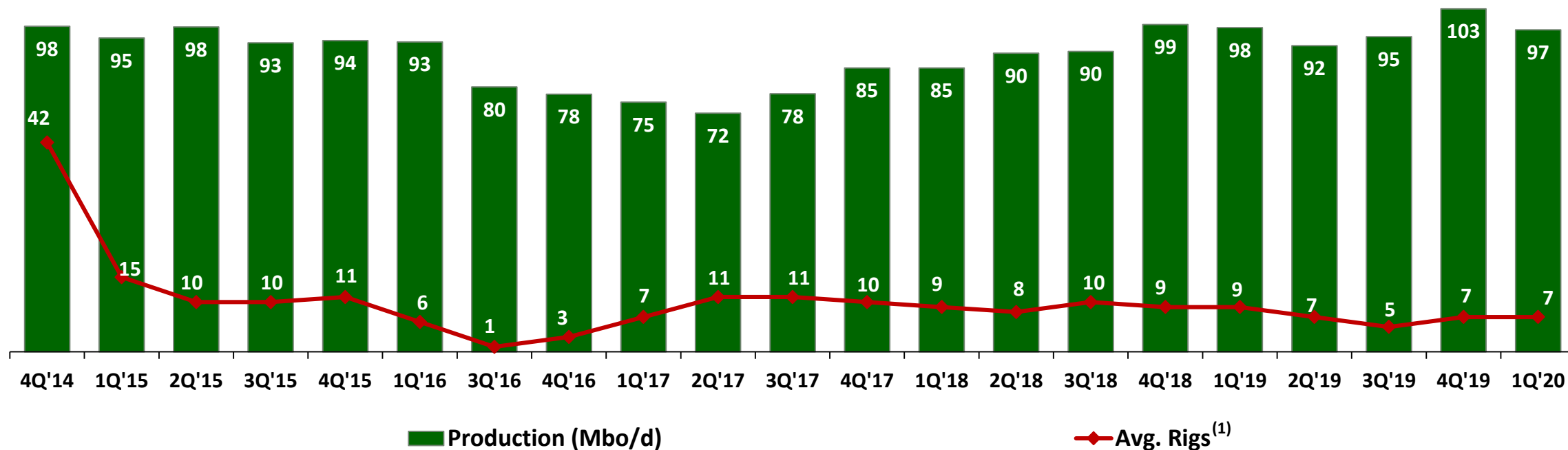
- Over 2.9MM gross acres (1.8MM net acres) at year-end 2019
- Eliminating all drilling & completion activity
- Managing LOE, with safety remaining a top priority
- Optimizing cash flow through shut-in/curtailment program
- Pursuing trades to block up acreage position in core areas



# Steady Permian Oil Activity Since Mid - 2017

## Permian Oil Production & Rig Count

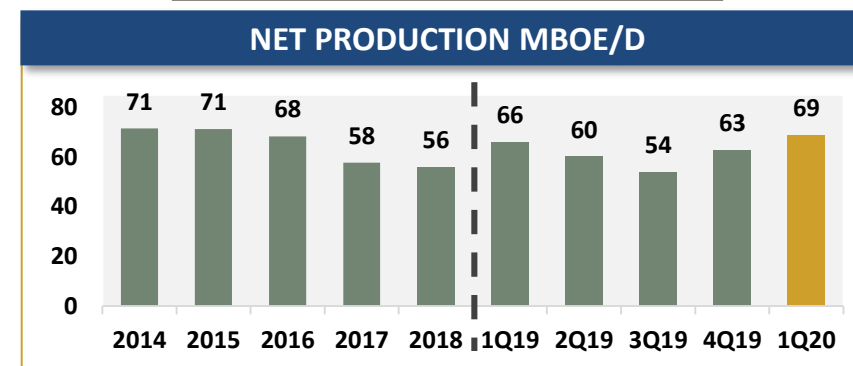
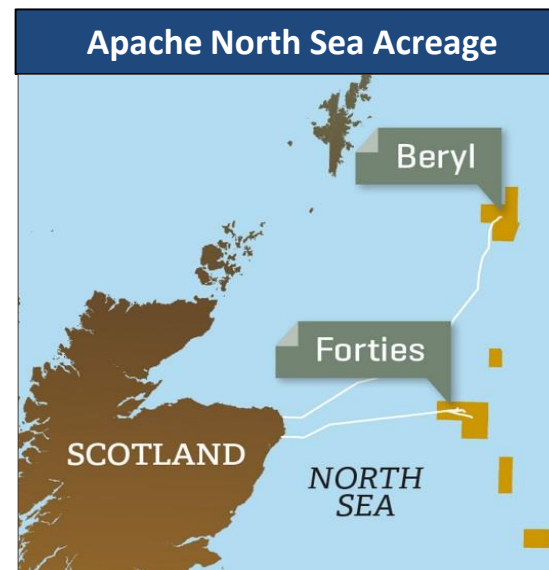
Released All Permian Rigs in  
Mid-May 2020



(1) Avg. Rigs exclude Alpine High rigs.

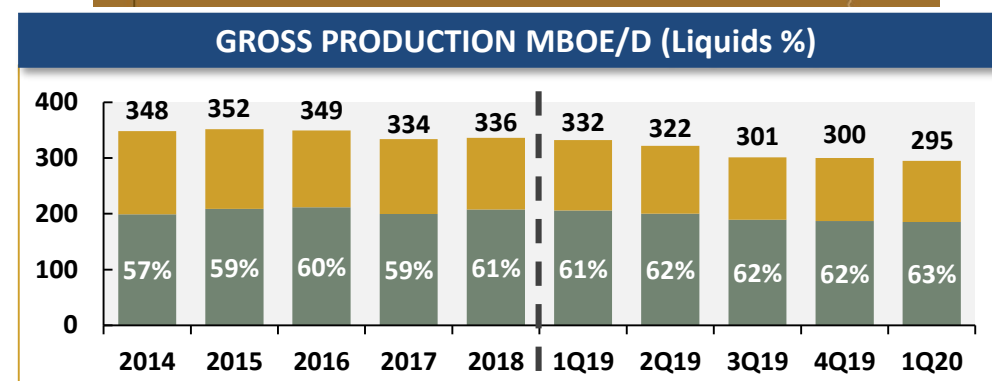
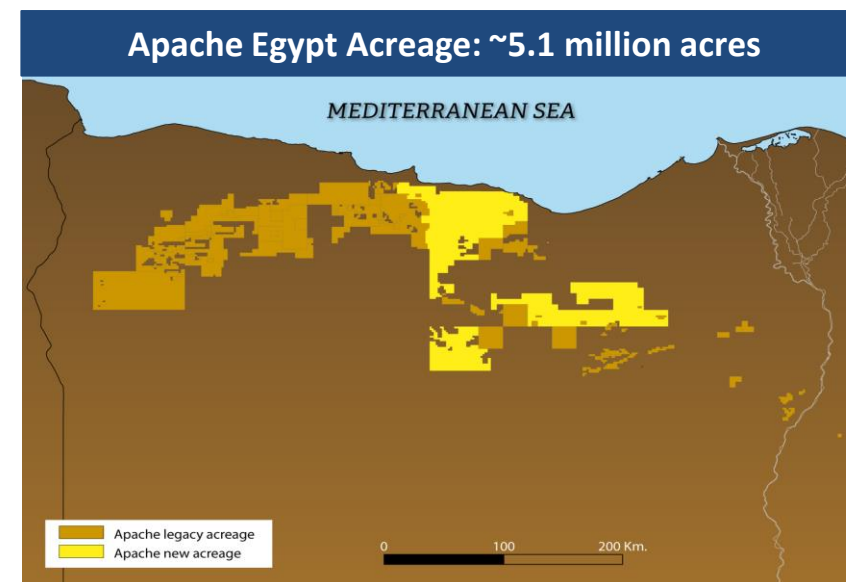
# North Sea: High Margins, High Returns, Free Cash Flow

- 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
  - High-impact tertiary exploration portfolio resumes in 4Q with 2<sup>nd</sup> carried well
- Mitigating declines in Forties through water injection



# Egypt: Laying Foundation for Oil-Focused Initiatives

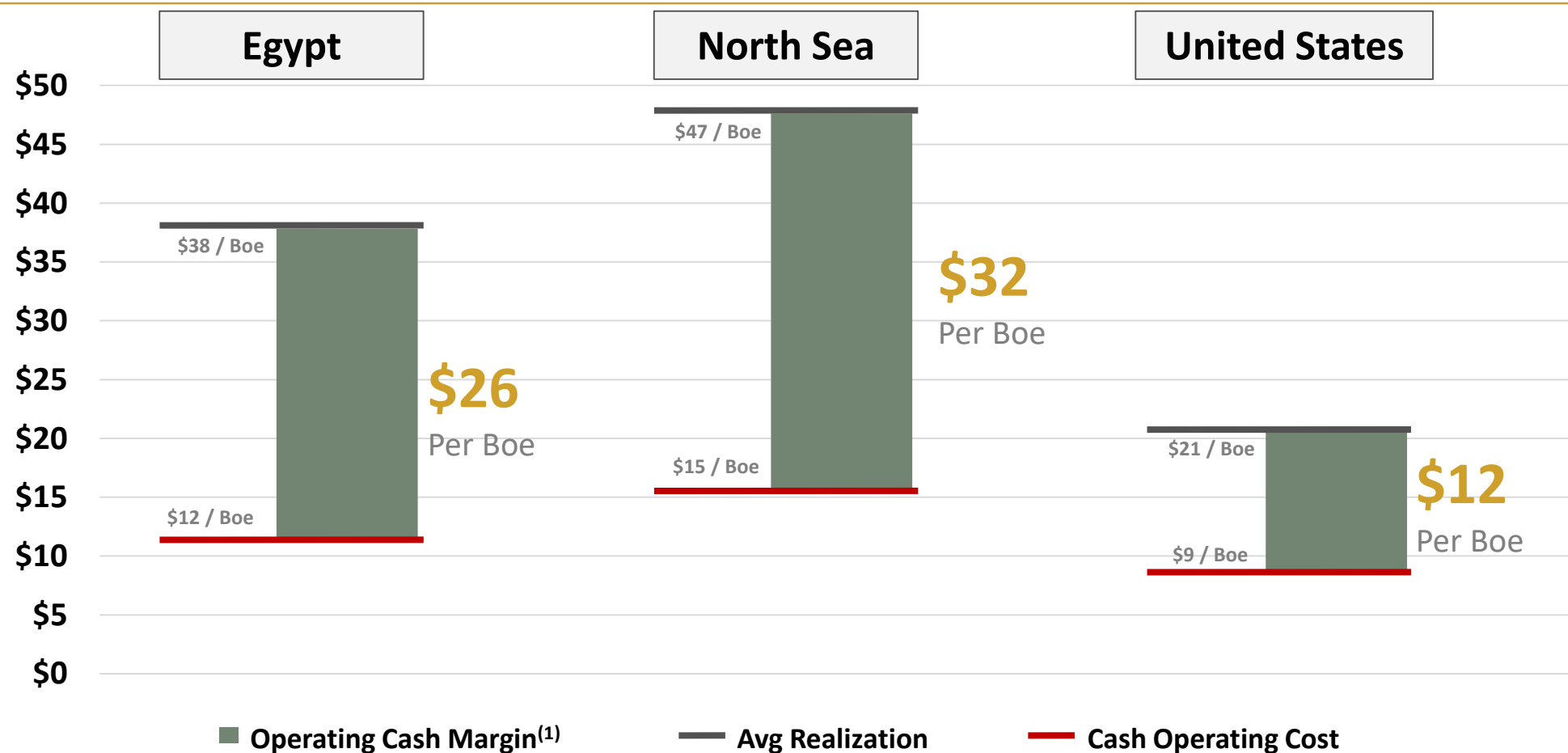
- Country's largest oil producer and acreage holder
- Relatively insulated at lower oil prices due to PSC mechanics
- Years of inventory through new concessions and seismic shoot
- Strong inventory of high-impact wells to be drilled in 2020
- Drilling operations high-graded, targeting 5-6 rigs in 2H 2020





# 1Q 2020 Operating Cash Margins

International Assets Benefit From Premium Pricing & Product Mix



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

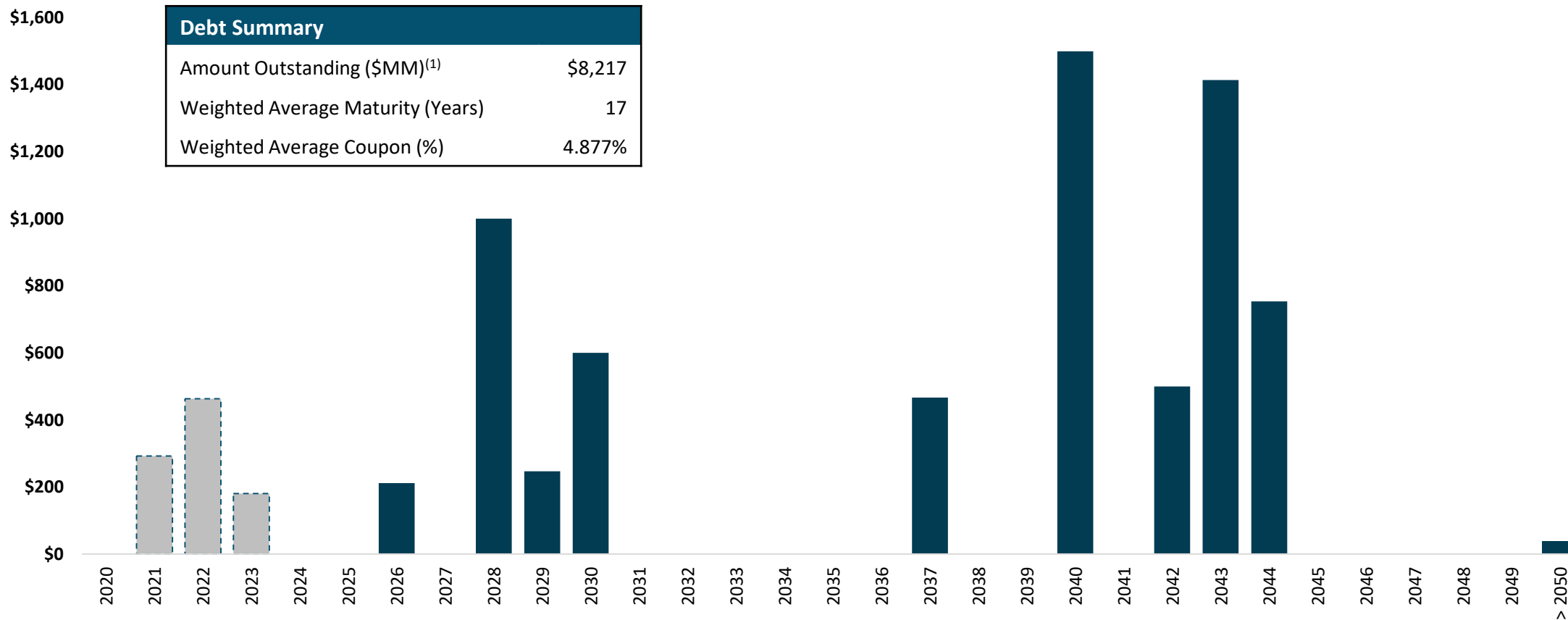


# Appendix

# Bond Maturity Profile

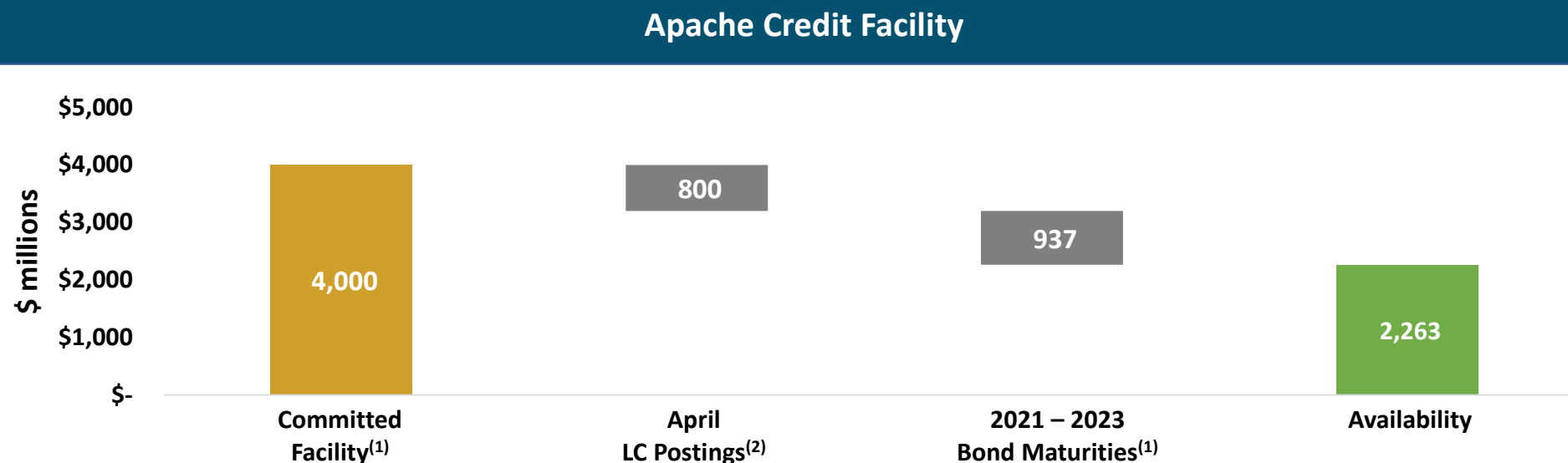
## Manageable Near-Term Maturities

\$MM



(1) Amount outstanding is as of 3/31/2020, excludes Altus, finance lease obligations, and is before unamortized discount and debt issuance costs.

# Ample Liquidity Runway



- ~\$3.2 BN of availability when giving effect to April LC postings
- Plan to repay or refinance 2021-2023 maturities
- If needed, credit facility could easily accommodate 2021-2023 bond maturities as due



(1) As of 3/31/2020. Apache (ex Altus) cash position of \$409 MM and facility borrowings of \$250 MM.

(2) North Sea LC's subject to GBP/USD exchange rate fluctuation and other potential adjustments.

# Credit Facility Profile

## Substantial Revolver Capacity and Long Runway

\$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 <sup>(1)</sup>	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<sup>(2)</sup> 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



(1) Adjusted debt-to-capital ratio is calculated per the terms of the credit facility and excludes effects of non-cash write-downs, impairments, and related charges occurring after June 30, 2015. At 3/31/20, this ratio was 32%.

(2) No drawdown restrictions or prepayment obligations in the event of a decline in credit ratings.

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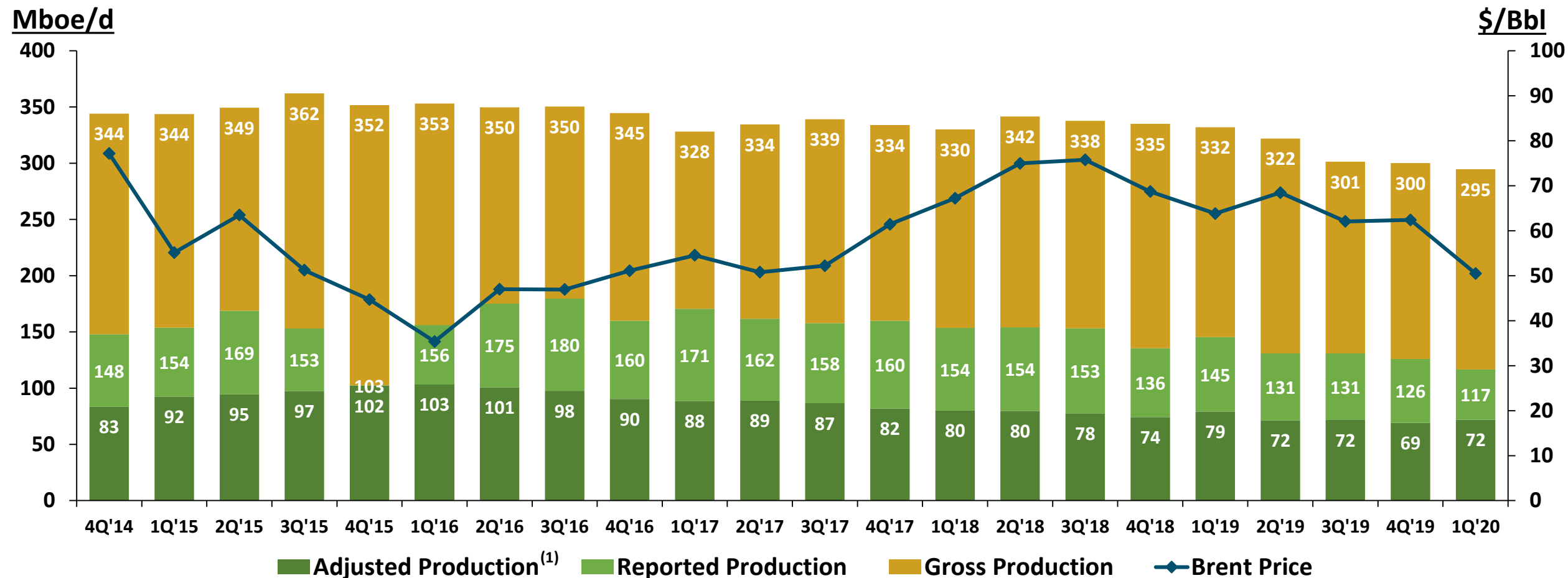
# Commodity Hedging Program

- Substantial 2020 hedges centered around 2Q/3Q to mitigate near-term risk of full crude oil storage
- Significant Midland/Cushing basis hedges for remainder of 2020
  - Protects against weak basis if storage fills in Cushing and U.S. Gulf Coast, widening regional pricing

## Open Commodity Derivative Positions as of May 6, 2020

Production Period	Trade Type	Daily Volume BBL/D	Weighted Average Price \$/BBL
<b>Midland Basis Hedges</b>			
April - December 2020	Basis Swap	72,127	(2.10)
<b>WTI Hedges</b>			
April - June 2020	Fixed Swap	87,000	\$25.84
July - September 2020	Fixed Swap	24,000	\$26.65
July - September 2020	3-Way Collar	24,000	\$20/\$25/\$38.83
October - December 2020	3-Way Collar	19,000	\$15/\$20/\$45.55
<b>Brent Hedges</b>			
April - June 2020	Fixed Swap	61,500	\$27.45
July - September 2020	Fixed Swap	25,000	\$29.75
July - September 2020	3-Way Collar	9,500	\$20/\$25/\$43.66
October - December 2020	3-Way Collar	16,500	\$15/\$20/\$51.63

# Historical Egypt Production



(1) Adjusted production excludes production attributable to tax barrels and noncontrolling interest.

# Egypt: Production Detail

	4Q 2019			1Q 2020					
	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d			
Gross Production	187,166	677,819	300,136	185,408	655,410	294,643			
Reported Production	79,907	275,811	125,875	74,095	254,579	116,525			
% Gross	43%	41%	42%	40%	39%	40%			
Less: Tax Barrels	16,015	36,948	22,173	6,442	12,275	8,488			
Net Production Excluding Tax Barrels	63,892	238,863	103,702	67,654	242,304	108,038			
% Gross	34%	35%	35%	36%	37%	37%			
Less: Noncontrolling Interest	21,298	79,621	34,567	22,551	80,768	36,013			
Adjusted Production	42,594	159,242	69,134	45,102	161,536	72,025			
% Gross	23%	23%	23%	24%	25%	24%			
MBOE/D	2018				2019				2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Gross Production	330	342	338	335	332	322	301	300	295
Reported Production	154	154	153	136	145	131	131	126	117
Adjusted Production	80	80	78	74	79	72	72	69	72
Brent Oil Benchmark Pricing	\$67	\$75	\$76	\$69	\$64	\$68	\$62	\$62	\$50

# Upstream Capital Investment

(\$ in Millions)		1Q20
Permian.....	\$	239
MidCon / Gulf Coast.....		5
Gulf of Mexico.....		17
United States.....		<u>261</u>
Egypt (Apache's interest only).....		99
North Sea.....		51
Other .....		<u>31</u>
Upstream Capital Investment Total.....	\$	<u>442</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)	
	<b>For the Quarter</b>	
	<b>Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Costs incurred in oil and gas property:		
Acquisitions		
Proved	\$ 6	\$ -
Unproved	1	19
Exploration and development	490	655
Total Costs incurred in oil and gas property	<u>\$ 497</u>	<u>\$ 674</u>
Reconciliation of Costs incurred to Upstream capital investment:		
Total Costs incurred in oil and gas property	\$ 497	\$ 674
Asset retirement obligations settled vs. incurred - oil and gas property	8	10
Capitalized interest	-	(8)
Exploration seismic and administration costs	(14)	(36)
Less noncontrolling interest - Egypt	(49)	(43)
Total Upstream capital investment	<u>\$ 442</u>	<u>\$ 597</u>