# Third-Quarter 2019

Financial & Operational Supplement

# Notice to Investors

Certain statements in this earnings supplement contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 including, without limitation, expectations, beliefs, plans, and objectives regarding anticipated financial and operating results, asset divestitures, estimated reserves, drilling locations, capital expenditures, price estimates, typical well results and well profiles, type curve, and production and operating expense guidance included in this earnings supplement. Any matters that are not historical facts are forward looking and, accordingly, involve estimates, assumptions, risks, and uncertainties, including, without limitation, risks, uncertainties, and other factors discussed in our most recently filed Annual Report on Form 10-K, recently filed Quarterly Reports on Form 10-Q, recently filed Current Reports on Form 8-K available on our website, www.apachecorp.com, and in our other public filings and press releases. These forward-looking statements are based on Apache Corporation's (Apache) current expectations, estimates, and projections about the company, its industry, its management's beliefs, and certain assumptions made by management. No assurance can be given that such expectations, estimates, or projections will prove to have been correct. A number of factors could cause actual results to differ materially from the projections, anticipated results, or other expectations expressed in this earnings supplement, including, Apache's ability to meet its production targets, successfully manage its capital expenditures and to complete, test, and produce the wells and prospects identified in this earnings supplement, to successfully plan, secure necessary government approvals, finance, build, and operate the necessary infrastructure, and to achieve its production and budget expectations on its projects.

Whenever possible, these "forward-looking statements" are identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "continues," "could," "estimates," "expects," "guidance," "may," "might," "outlook," "possible," "potential," "projects," "should," "would," "will," and similar phrases, but the absence of these words does not mean that a statement is not forward-looking. Because such statements involve risks and uncertainties, Apache's actual results and performance may differ materially from the results expressed or implied by such forward-looking statements. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. Unless legally required, we assume no duty to update these statements as of any future date. However, you should review carefully reports and documents that Apache files periodically with the Securities and Exchange Commission.

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Certain information may be provided in this earnings supplement that includes financial measurements that are not required by, or presented in accordance with, generally accepted accounting principles (GAAP). These non-GAAP measures should not be considered as alternatives to GAAP measures, such as net income, total debt or net cash provided by operating activities, and may be calculated differently from, and therefore may not be comparable to, similarly titled measures used at other companies. For a reconciliation to the most directly comparable GAAP financial measures, please refer to Apache's third quarter 2019 earnings release at www.apachecorp.com and "Non-GAAP Reconciliations" of this earnings supplement.

None of the information contained in this document has been audited by any independent auditor. This earnings supplement is prepared as a convenience for securities analysts and investors and may be useful as a reference tool. Apache may elect to modify the format or discontinue publication at any time, without notice to securities analysts or investors.

# 3Q 2019 Key Metrics

| | 3Q 2019 |
|---|---|
| **Reported Production** | 451 Mboe/d |
| **Adjusted Production[1]** | 391 Mboe/d |
| **Cost Incurred in Oil and Gas Property** | $646 Million |
| **Upstream Capital Investment[2]** | $590 Million |
| **Net Cash Provided by Operating Activities** | $635 Million |
| **Adjusted EBITDAX[2]** | $905 Million |
| **Earnings Per Share** | ($0.45) |
| **Adjusted Earnings Per Share[2]** | ($0.29) |

(1) Excludes production attributable to Egypt tax barrels and noncontrolling interest.
(2) For a reconciliation to the most directly comparable GAAP financial measure please refer to the Non-GAAP Reconciliations.

# Highlights

**On track** to meet 2019 upstream capital investment budget of ~$2.4 billion

At current strip, anticipate 2020 budget **10 – 20% below** 2019 upstream capital investment

Adjusted production of **391 MBOE/D**

Exceeded guidance of 373 - 383 Mboe/d

2nd Garten well in North Sea encountered **~1,200 feet of net pay**

Significantly exceeded pre-drill estimates

**Drilling 1st Well**

Offshore Suriname

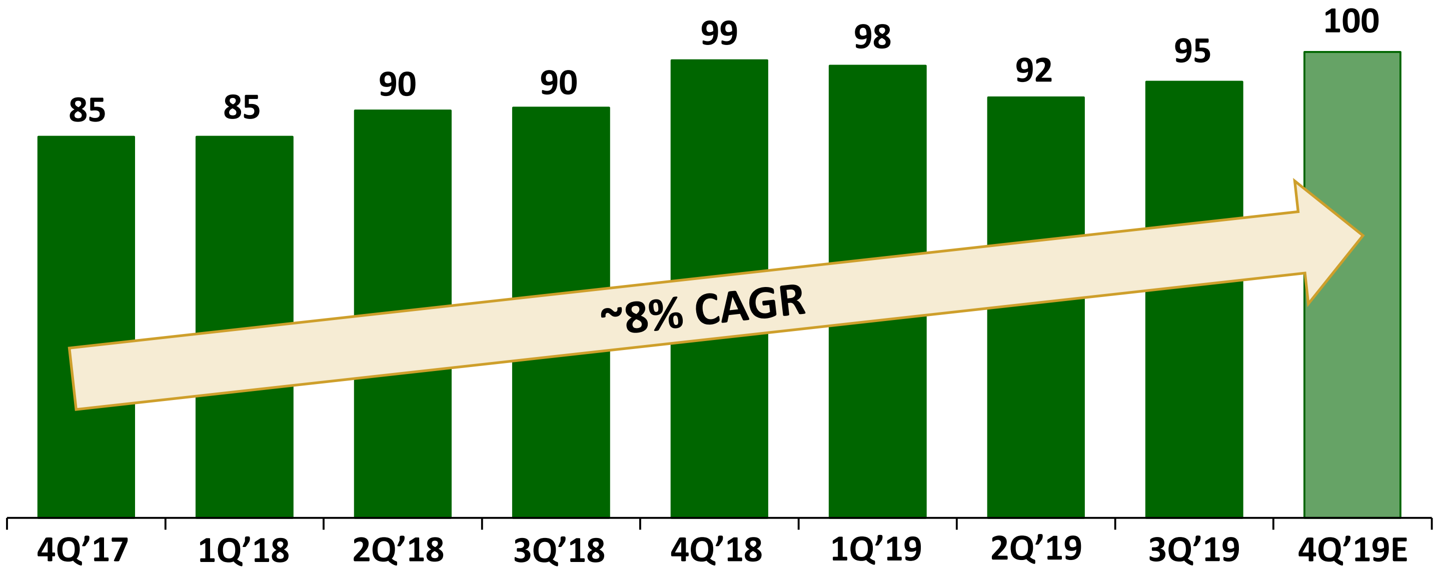
Block 58

Operational & organizational initiatives targeting annual cost savings **of at least $150 million**

# Permian Oil Production

## 2019 Production Guidance Update (Mbo/d)

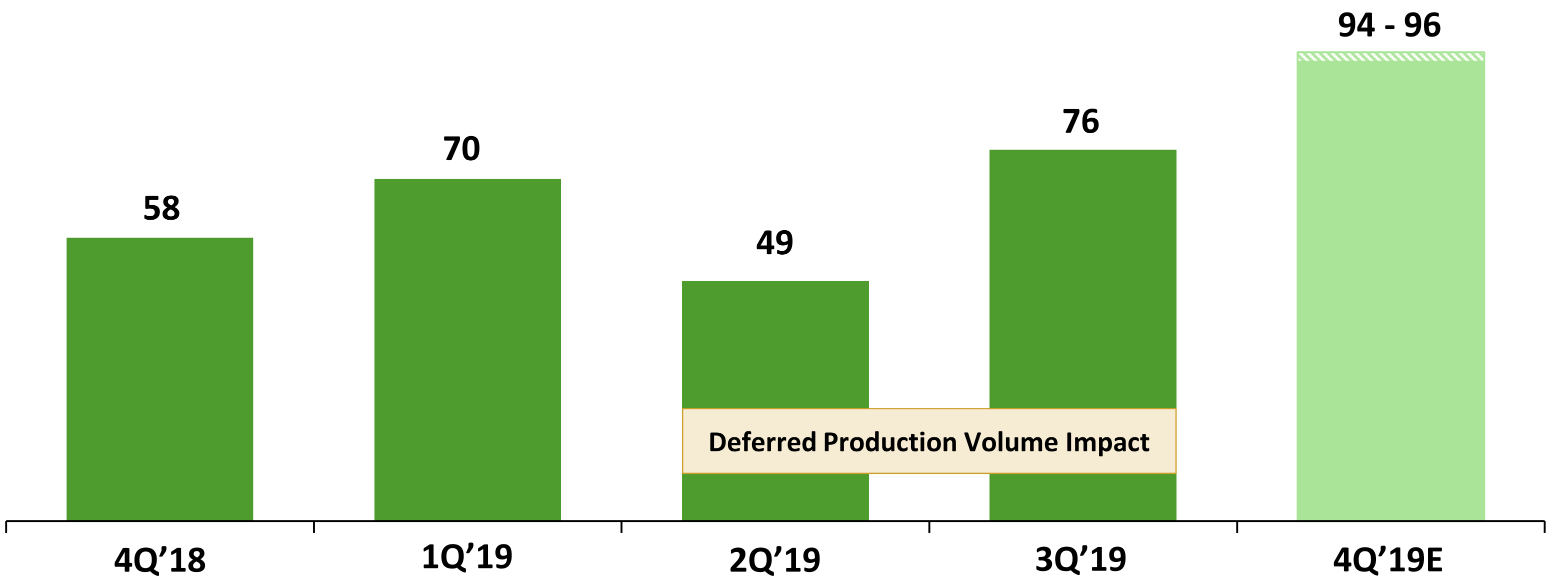
- 4Q'19E approximately 100 Mbo/d (lower end of prior guidance range)
  - Combination of unplanned downtime, delay in completions and well maintenance timing



# Alpine High Production

## 2019 Production Guidance Update (Mboe/d)

- **Reduced 4Q guidance by 5% due to reduced activity and lower than expected production from our recent Blackfoot pad**
  - **4Q guidance assumes no deferrals and 100% ethane recovery**

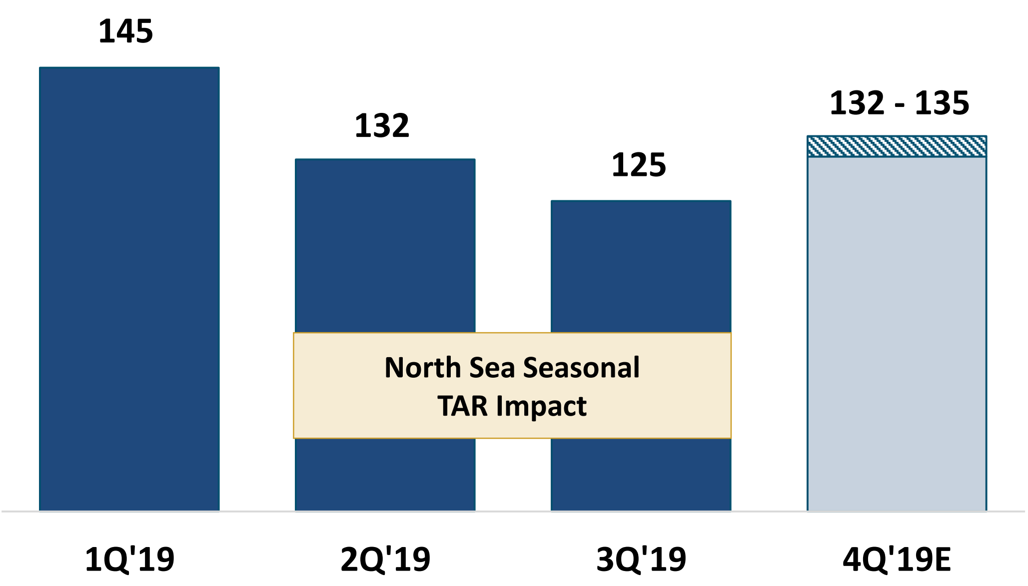


# International Production

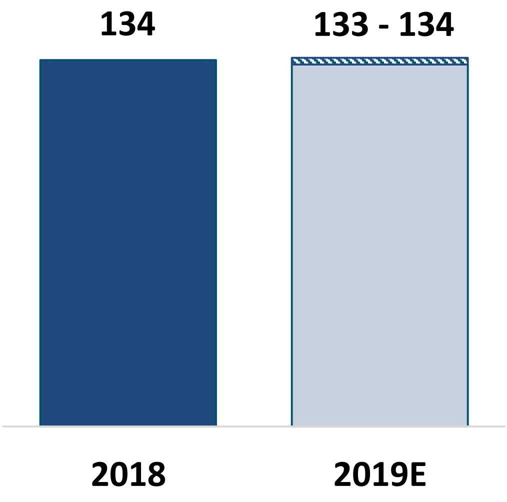
## 2019 Production Guidance Update (Mboe/d)

### Quarterly

- No change to prior guidance for 4Q'19 & FY 2019




### Annual



# 3Q Results

# 3Q 2019 Global Portfolio

## Balanced Portfolio Aligns Returns Focus & Strategic Objectives

### GLOBAL

**450,644 BOE/D**
Reported Production

**51% / 33% / 16%**
Oil / Gas / NGL

**64 Gross, 63 Net**
Drilled & Completed Wells(1)

**20**
Avg Rigs

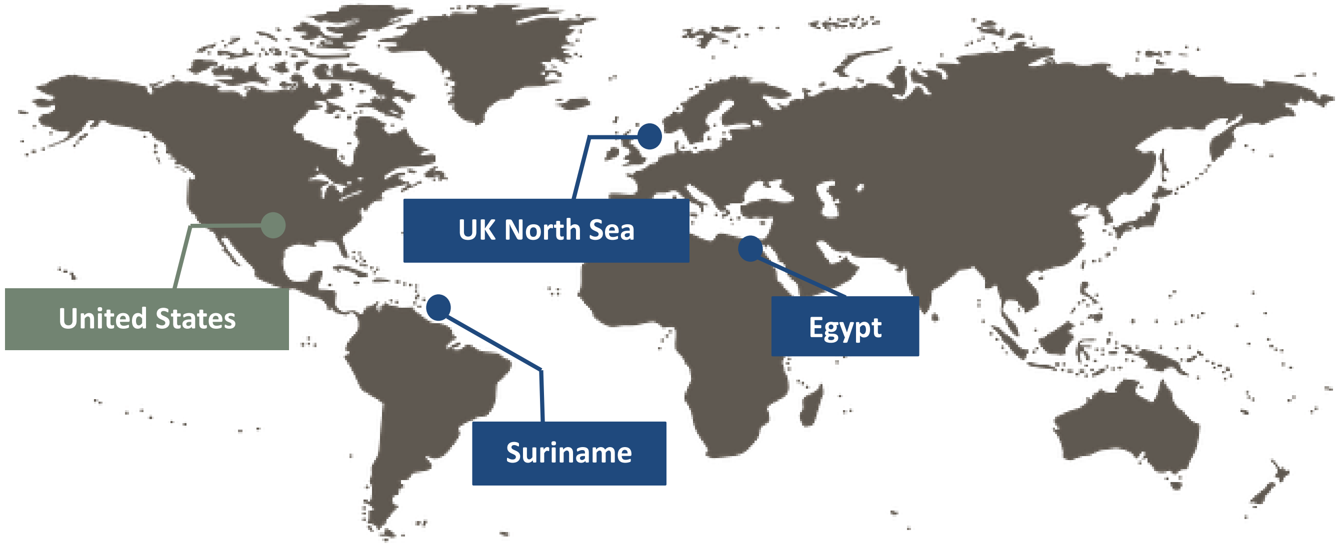
### UNITED STATES

**265,910 BOE/D**
Reported Production

**38% / 35% / 27%**
Oil / Gas / NGL

**48 Gross, 47 Net**
Drilled & Completed Wells(1)

**10**
Avg Rigs




### INTERNATIONAL

**184,734 BOE/D**
Reported Production

**70% / 29% / 1%**
Oil / Gas / NGL

**16 Gross, 16 Net**
Drilled & Completed Wells(1)

**10**
Avg Rigs

(1) Includes operated wells completed but not necessarily placed onto production.

# 3Q Permian Summary

## Midland Basin

- Averaged 3 rigs, 2 frac crews and placed 20 wells on production
- **Strong results from Lower Cline test well at Azalea (Driver Schrock pad)**
  - Average 30-day IP: 1,269 Mboe/d (72% oil)
  - Core inventory to expand upon successful follow-on tests

## Other Delaware Basin

- Averaged 2 rigs and placed 9 wells on production
- **Strong results from 2 pads at Dixieland and Palmillo pad in New Mexico**

## Alpine High

- Averaged 5 rigs, 1 frac crew and placed 15 wells on production
- **Average drilling & completions costs per foot down 28% and 41%** through end of third quarter, compared to 2017

## REGION STATS

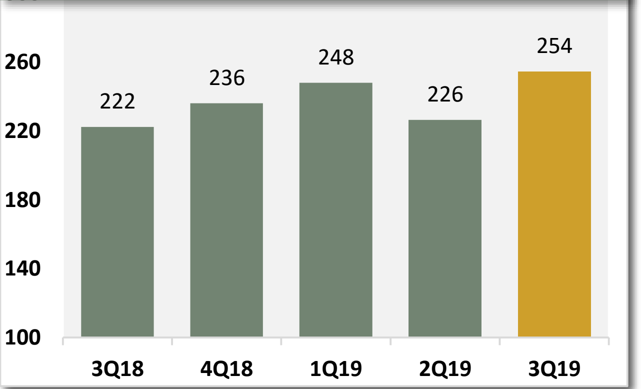
**254,432 BOE/D**
Reported Production

**37% / 35% / 28%**
Oil / Gas / NGL

**47 Gross, 46 Net**
Drilled & Completed Wells[1]

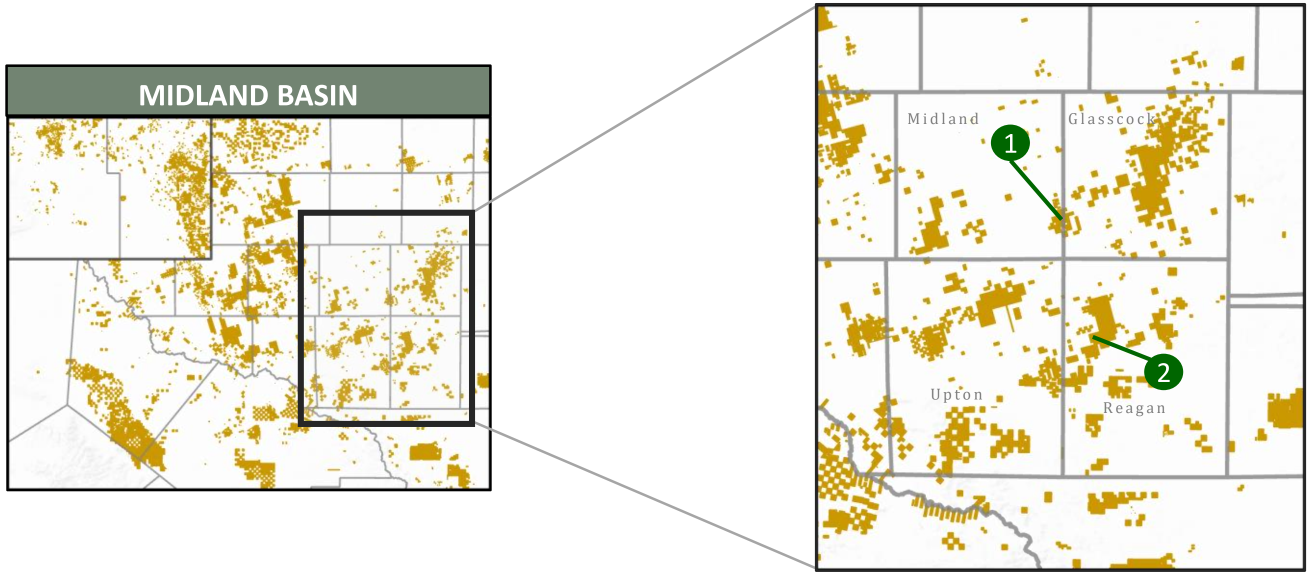
**10**
Avg Rigs

## NET PRODUCTION MBOE/D




(1) Operated wells completed but not necessarily placed onto production.

# Well Highlights: Midland Basin




| PAD | FORMATION | AREA | COUNTY | LATERAL (FT) | AVG 30-DAY IP/WELL | AVG 30-DAY IP BOEPD/1,000 FT | OIL |
|---|---|---|---|---|---|---|---|
| 1 **Driver Schrock (11 Wells)** | Wolfcamp, Spraberry, Cline | Azalea | Midland | 7,252 | 1,037 BOE/D | 143 | 77% |
| 2 **Aldwell (5 Wells)** | Wolfcamp | Hartgrove | Reagan | 9,939 | 1,154 BOE/D | 116 | 79% |

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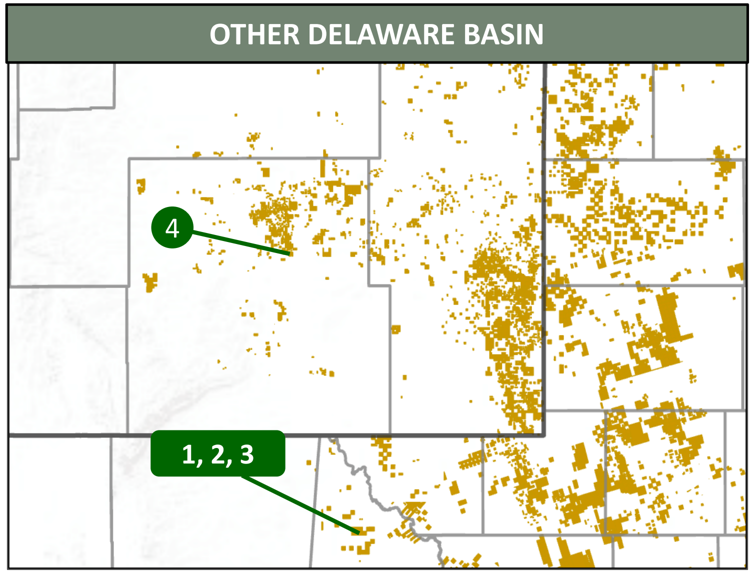
# Well Highlights: Other Delaware Basin




| PAD / WELL | FORMATION | AREA | COUNTY | LATERAL (FT) | AVG 30-DAY IP/WELL | AVG 30-DAY IP BOEPD/1,000 FT | Oil % |
|---|---|---|---|---|---|---|---|
| 1 **Jackson (2 Wells)** | Wolfcamp | Dixieland | Reeves | 4,615 | 1,685 BOE/D | 367 | 44% |
| 2 **Lee (2 Wells)** | Wolfcamp | Dixieland | Reeves | 4,568 | 1,540 BOE/D | 336 | 43% |
| 3 **Bragg 407AH** | Wolfcamp | Dixieland | Reeves | 4,426 | 1,403 BOE/D | 317 | 48% |
| 4 **Palmillo 21 Pad (4 Wells)** | Bone Spring | Palm | Eddy | 4,568 | 1,167 BOE/D | 255 | 72% |

# 3Q Egypt Summary

## REGION HIGHLIGHTS

- **Second well brought online in Cobra field (East Bahariya concession)**
  - Cobra-2 well flowing at 3,000 BOPD from the lower Bahariya formation
  - Follow-up to exploration success (Bolt-150X)
- **Matruh Basin Biruni-1X well tested at 5,000 BOPD**
  - Currently drilling an offset and have future expansion potential
- **Recent exploration successes adds to future production potential**
  - Shushan Basin Anti-1X well tested at 47 MMCFD and 1,685 BCPD
  - High quality gas condensate discovery (Barakat Deep – 01X)
    - Close proximity to new gas infrastructure
    - De-risks numerous Paleozoic prospects in the area

## REGION STATS

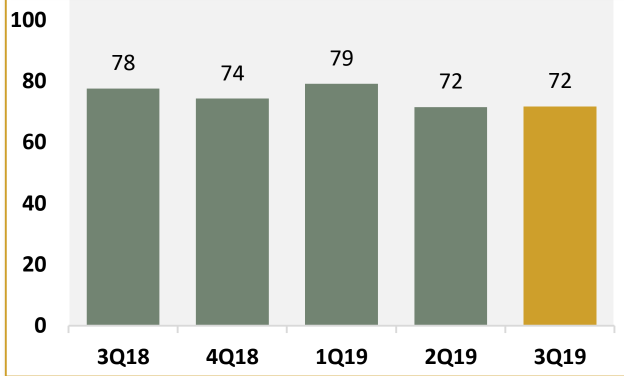
**130,934 BOE/D**
Reported Production

**64% / 35% / 1%**
Oil / Gas / NGL

**14 Gross, 14 Net**
Drilled & Completed Wells(1)

**7**
Avg Rigs

## ADJUSTED PRODUCTION MBOE/D (2)




| Well Name | Basin | 30-Day Average IP | Oil |
|---|---|---|---|
| Berenice 11 | Faghur | 6,220 Boe/d | 99% |
| Ptah 19 | Faghur | 2,283 Boe/d | 92% |
| Ptah 31 | Faghur | 1,969 Boe/d | 92% |
| Herunefer W-13 | Matruh | 1,555 Boe/d | 94% |

| Program Success Rate |
|---|
| **71%** (10 out of 14) |

(1) Operated wells completed but not necessarily placed onto production.
(2) Excludes tax barrels and noncontrolling interest.

# 3Q North Sea Summary

## REGION HIGHLIGHTS

- **Impressive results from BK-7 well at Buckland**
  - Gross rates of over **11,500 BOPD** (APA 59% WI)
  - Additional up-hole potential
- **2nd Garten well expected online in late 4Q 2019**
  - Contains approximately **1,200 feet of net pay** compared to 700 feet from initial Garten discovery
  - 1st Garten well currently ~6,400 BOE per day (on production for nearly one year)
- **High quality gas condensate well at Storr expected online in November**

| Well Name | Basin | 30-Day Average IP | Oil | Working Interest | Program Success Rate |
|---|---|---|---|---|---|
| BK-7 | Beryl | 11,700 Boe/d | 83% | 59% | **100%** |

## REGION STATS

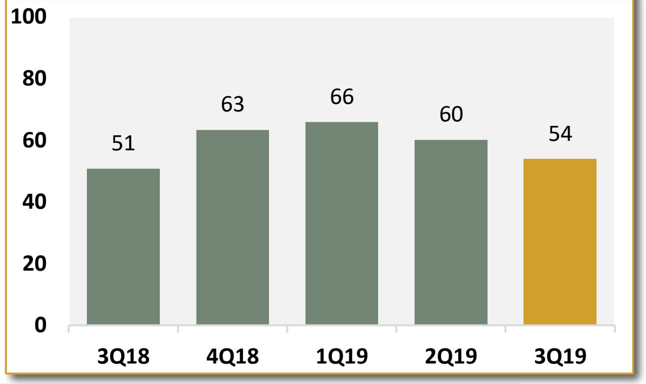
**53,800 BOE/D**
Reported Production

**82% / 15% / 3%**
Oil / Gas / NGL

**2 Gross, 2 Net**
Drilled & Completed Wells[(1)]

**3**
Avg Rigs

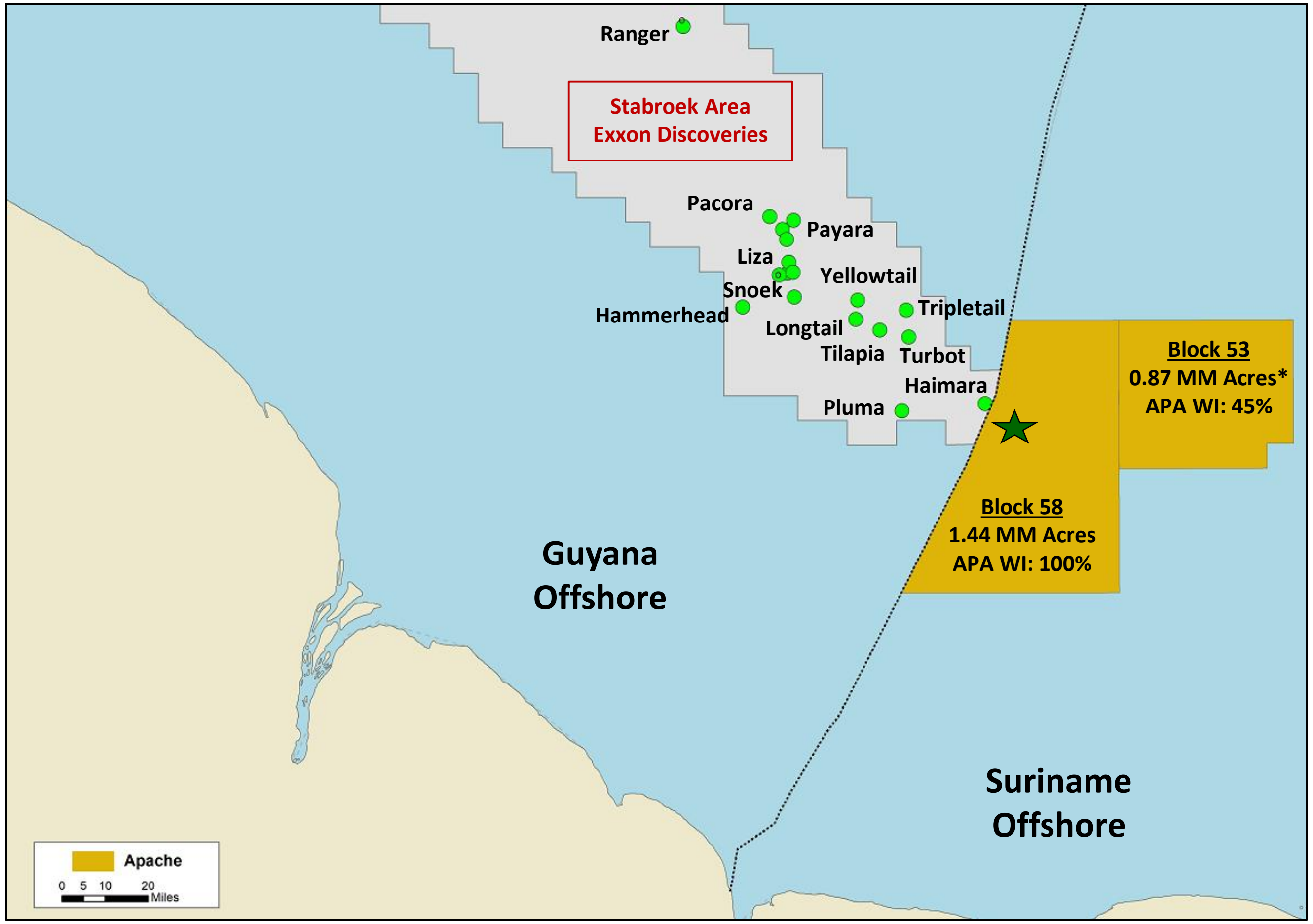
## NET PRODUCTION MBOE/D




(1) Operated wells completed but not necessarily placed onto production.

# Offshore Suriname: High-Impact Oil Exploration

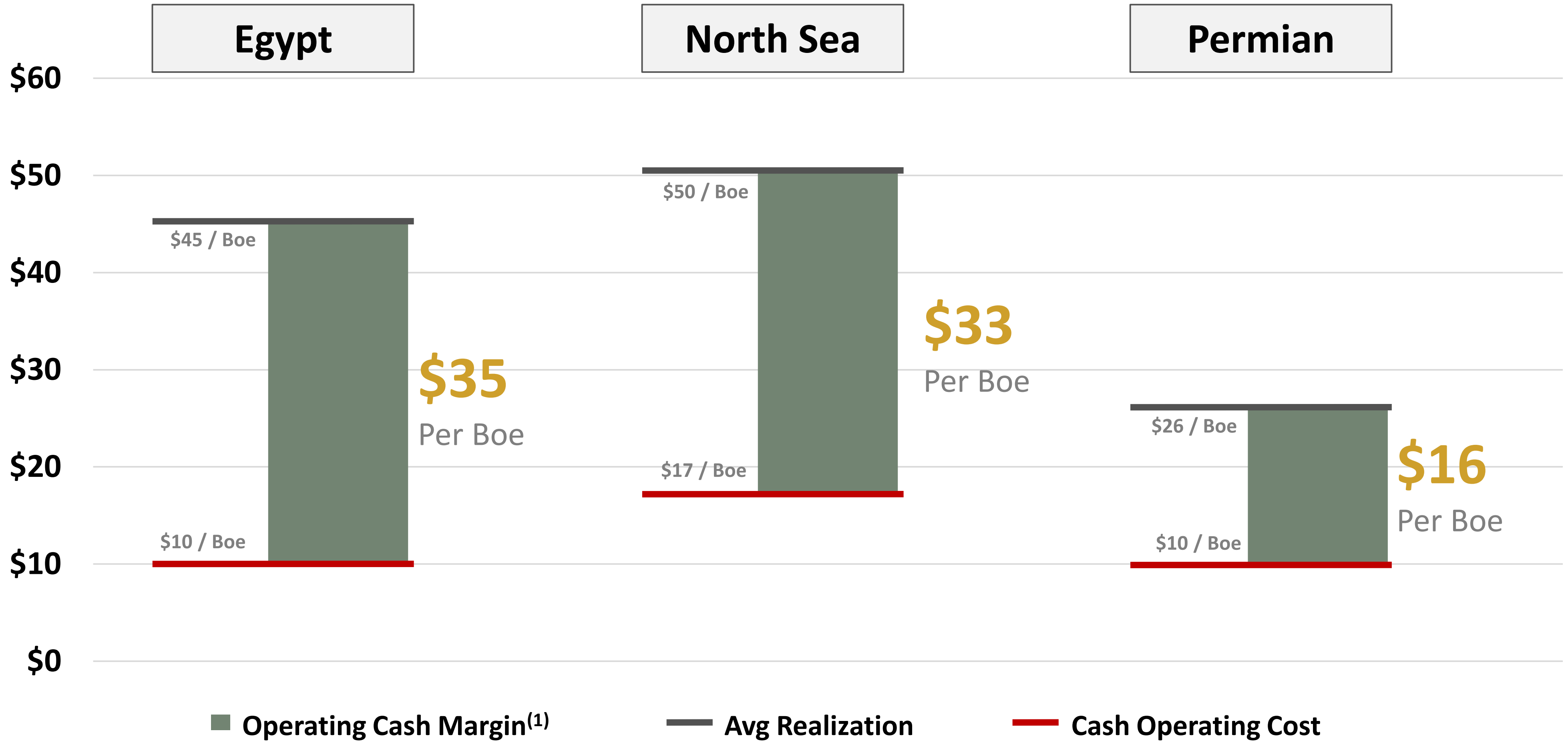
- **Block 58 comprises 1.4 MM acres in an active hydrocarbon system**
  - Acquired in June 2015, 100% Apache owned
  - 3-D seismic surveys & processing completed
  - Multiple plays with more than **50 significant prospects** mapped to date
- **On trend with Exxon's Stabroek block**
  - To date > 6 billion barrels of recoverable resource announced
- **Apache began drilling first Block 58 well on September 24th (Maka Central #1)**
- **Exercised option to drill two additional wells with the *Noble Sam Croft***
  - Expanded exploration phase timeline




*Gross acres

# 3Q 2019 Operating Cash Margins

## Brent Oil Price Exposure and Premium NGL / Gas Prices Drives Strong International Margins




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

# 4Q 2019 Guidance

| Quarterly Guidance | New 4Q 2019 Guidance |
|---|---|
| Production (Mboe/d) | |
| United States | 286 - 290 |
| International (Adjusted) | 132 - 135 |
| Total Adjusted Production | 418 - 425 |
| Upstream Lease Operating Expenses ($ per BOE) | $8.00 |
| Cash Exploration Costs ($ in millions)[1] | $30 |
| General and Administrative Expenses ($ in millions) | $100 |
| North Sea Current Tax Expense ($ in millions) | $55 |
| North Sea Cash Taxes Paid ($ in millions) | $72 |

(1) Excludes dry hole expense and unproved leasehold impairments.

# 2019 Guidance

| Daily Production (MBOE/D) | Aug'19 Guidance 2019 | Current Guidance 2019 |
|---|---|---|
| United States | 270 - 280 | 270 - 280 |
| International | 195 - 196 | 195 - 196 |
| Reported Production | 465 - 476 | 465 - 476 |
| Less: Egypt Tax Barrels | 26 | 25 |
| Less: Egypt Noncontrolling Interest | 36 | 37 |
| Total Adjusted Production | 403 - 414 | 403 - 414 |
| Alpine High | 72 - 75 | 72 - 75 |
| **Estimated Product Mix: Oil/NGLs/Natural Gas** | | |
| United States | 37% / 26% / 37% | 37% / 26% / 37% |
| International (Adjusted) | 70% / 2% / 28% | 70% / 2% / 28% |
| **Upstream Capital Investment Guidance ($ in Billions)[1]** | | |
| United States | 75% | 72% |
| International | 25% | 28% |
| Upstream Total | $2.4 | $2.4 |
| **Income Statement Items** | | |
| Upstream Lease Operating Expenses ($ per BOE) | $8.55 | $8.55 |
| Gathering, Processing, and Transmission ($ in millions)[2] | $350 | $350 |
| DD&A ($ per BOE) | $14.75 | $15.25 |
| Cash Exploration Costs ($ in millions)[3] | $120 | $140 |
| General and Administrative Expenses ($ in millions) | $450 | $450 |
| Financing Costs ($ in millions)[4] | $400 | $400 |
| North Sea Current Tax Expense ($ in millions) | $240 | $240 |

(1) Refer to glossary of referenced terms for definition of Upstream Capital Investment.
(2) Represents combination of 100% Altus Midstream Company operating expense and Apache upstream GPT costs.
(3) Excludes dry hole expense and unproved leasehold impairments.
(4) Excludes loss on debt extinguishment of $75 million that occurred in 2Q 2019.

# Appendix

# Framework for Long-Term Value Creation

## BALANCED PORTFOLIO APPROACH

*Exploration / Development*
*Conventional / Unconventional*
*Oil / Liquids Rich Gas / Lean Gas*

## OPERATIONAL FLEXIBILITY

*Actively Manage Capital Allocation to Reflect Commodity Price Environment*

## FREE CASH FLOW GENERATION

*Capital Discipline, Long-Term Returns-Focused Investment*

## RETURN OF CAPITAL

*Plan for Increasing Returns to Investors – Debt Reduction, Dividends and Share Repurchases*

## SUSTAINABLE, MODERATE PRODUCTION GROWTH

*Prioritize Returns / Growth is an Outcome*

## EXPLORATION TO PROVIDE LONG-TERM OPPORTUNITY

*Suriname / Egypt / North Sea / U.S. Onshore*

# 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.

- **CROIC (Cash Return On Invested Capital)**: Calculated with the numerator as cash flow from operations before changes in working capital, excluding Egypt noncontrolling interest, with financing costs added back; and the denominator as average debt plus average Apache shareholders' equity.

- **Net Debt**: Total debt (long-term and short-term) less cash and cash equivalents.

- **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 future development of the ALTM midstream assets is expected to be 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, 2018.

# Upstream Capital Investment

| ($ in Millions) | 1Q19 | 2Q19 | 3Q19 |
|---|---|---|---|
| Permian…………………………………….. | $ 415 | $ 426 | $ 388 |
| MidCon / Gulf Coast…………………….. | 18 | 12 | 1 |
| Gulf of Mexico……………………………. | 12 | 16 | 31 |
| United States……………………… | 445 | 454 | 420 |
| Egypt (Apache's interest only)………. | 88 | 71 | 65 |
| North Sea…………………………………… | 62 | 62 | 83 |
| Other ……………………………………….. | 2 | 2 | 22 |
| Upstream Capital Investment Total………….. | $ 597 | $ 589 | $ 590 |

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

# Open Commodity Derivative Positions

## As of October 30, 2019

### Oil Basis Hedges

| Production Period | Index | BBL (per day) | Weighted Average Price Differential |
|---|---|---|---|
| October- December 2019 | Midland/WTI | 15,000 | (3.72) |

### Natural Gas Basis Hedges

| Production Period | Index | MMBtu (per day) | Weighted Average Price Differential |
|---|---|---|---|
| October- December 2019 | Waha/NYMEX | 40,000 | (0.45) |

# Egypt: Production Detail

| | 2Q 2019 | | | 3Q 2019 | | |
|---|---|---|---|---|---|---|
| | Liquids (Bbls/d) | Gas (Mcf/d) | Boe/d | Liquids (Bbls/d) | Gas (Mcf/d) | Boe/d |
| **Gross Production** | 200,374 | 729,378 | 321,937 | 189,118 | 673,065 | 301,296 |
| **Reported Production** | 84,659 | 277,552 | 130,917 | 85,005 | 275,569 | 130,934 |
| **% Gross** | 42% | 38% | 41% | 45% | 41% | 43% |
| **Less: Tax Barrels** | 17,470 | 37,093 | 23,652 | 17,536 | 35,175 | 23,399 |
| **Net Production Excluding Tax Barrels** | 67,189 | 240,459 | 107,265 | 67,469 | 240,394 | 107,535 |
| **% Gross** | 34% | 33% | 33% | 36% | 36% | 36% |
| **Less: Noncontrolling Interest** | 22,397 | 80,153 | 35,755 | 22,490 | 80,131 | 35,845 |
| **Adjusted Production** | 44,792 | 160,306 | 71,510 | 44,979 | 160,263 | 71,690 |
| **% Gross** | 22% | 22% | 22% | 24% | 24% | 24% |

| | 2017 | | | | 2018 | | | | 2019 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *MBOE/D* | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| **Gross Production** | 328 | 334 | 339 | 334 | 330 | 342 | 338 | 335 | 332 | 322 | 301 |
| **Reported Production** | 171 | 162 | 158 | 160 | 154 | 154 | 153 | 136 | 145 | 131 | 131 |
| **Adjusted Production** | 88 | 89 | 87 | 82 | 80 | 80 | 78 | 74 | 79 | 72 | 72 |
| **Brent Oil Benchmark Pricing** | $53 | $48 | $51 | $61 | $67 | $75 | $76 | $69 | $64 | $68 | $62 |

# Non – GAAP Reconciliations

# Non – GAAP Reconciliation

## Adjusted Earnings

### Reconciliation of Income Attributable to Common Stock to Adjusted Earnings

Our presentation of adjusted earnings and adjusted earnings per share are non-GAAP measures because they exclude the effect of certain items included in Income Attributable to Common Stock. Management believes that adjusted earnings and adjusted earnings per share provides relevant and useful information, which is widely used by analysts, investors and competitors in our industry as well as by our management in assessing the Company's operational trends and comparability of results to our peers.

Management uses adjusted earnings and adjusted earnings per share to evaluate our operating and financial performance because it eliminates the impact of certain items that management does not consider to be representative of the Company's on-going business operations. As a performance measure, adjusted earnings may be useful to investors in facilitating comparisons to others in the Company's industry because certain items can vary substantially in the oil and gas industry from company to company depending upon accounting methods, book value of assets, capital structure and asset sales and other divestitures, among other factors. Management believes excluding these items facilitates investors and analysts in evaluating and comparing the underlying operating and financial performance of our business from period to period by eliminating differences caused by the existence and timing of certain expense and income items that would not otherwise be apparent on a GAAP basis. However, our presentation of adjusted earnings and adjusted earnings per share may not be comparable to similar measures of other companies in our industry.

| | For the Quarter Ended September 30, 2019 | | | | For the Quarter Ended September 30, 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | Before Tax | Tax Impact | After Tax | Diluted EPS | Before Tax | Tax Impact | After Tax | Diluted EPS |
| Income including noncontrolling interest (GAAP) | $ 14 | $ (131) | $ (117) | $ (0.31) | $ 406 | $ (245) | $ 161 | $ 0.42 |
| Income attributable to noncontrolling interest | 70 | (35) | 35 | 0.09 | 147 | (67) | 80 | 0.21 |
| Loss attributable to Altus preferred unit limited partner | 18 | - | 18 | 0.05 | - | - | - | - |
| Net income attributable to common stock | (74) | (96) | (170) | (0.45) | 259 | (178) | 81 | 0.21 |
| Adjustments: * | | | | | | | | |
| Asset impairments | 21 | (5) | 16 | 0.04 | 49 | (13) | 36 | 0.10 |
| Valuation allowance and other tax adjustments | - | 53 | 53 | 0.14 | - | 24 | 24 | 0.06 |
| Loss on extinguishment of debt | - | - | - | - | 94 | (19) | 75 | 0.19 |
| Unrealized derivative instrument (gain)/loss | (14) | 2 | (12) | (0.03) | 16 | (3) | 13 | 0.03 |
| Transaction, reorganization & separation costs | 7 | (2) | 5 | 0.01 | 8 | (1) | 7 | 0.02 |
| Modification of stock comp plans | - | - | - | - | 11 | (2) | 9 | 0.02 |
| (Gain)/loss on divestitures | - | - | - | - | (1) | - | (1) | - |
| Adjusted earnings (Non-GAAP) | $ (60) | $ (48) | $ (108) | $ (0.29) | $ 436 | $ (192) | $ 244 | $ 0.63 |

*The income tax effect of the reconciling items are calculated based on the statutory rate of the jurisdiction in which the discrete item resides.

# Non – GAAP Reconciliation

## Adjusted EBITDAX

### Reconciliation of Net Cash Provided by Operating Activities to Adjusted EBITDAX

Management believes EBITDAX, or earnings before income tax expense, interest expense, depreciation, amortization and exploration expense is a widely accepted financial indicator, and useful for investors, to assess a company's ability to incur and service debt, fund capital expenditures, and make distributions to shareholders. We define adjusted EBITDAX, a non-GAAP financial measure, as EBITDAX adjusted for certain items presented in the accompanying reconciliation. Management uses adjusted EBITDAX to evaluate our ability to fund our capital expenditures, debt services and other operational requirements and to compare our results from period to period by eliminating the impact of certain items that management does not consider to be representative of the Company's on-going operations. Management also believes adjusted EBITDAX facilitates investors and analysts in evaluating and comparing EBITDAX from period to period by eliminating differences caused by the existence and timing of certain operating expenses that would not otherwise be apparent on a GAAP basis. However, our presentation of adjusted EBITDAX may not be comparable to similar measures of other companies in our industry.

($ in millions)

| | For the Quarter Ended | | |
|---|---|---|---|
| | September 30, 2019 | June 30, 2019 | September 30, 2018 |
| Net cash provided by operating activities | $ 635 | $ 856 | $ 1,006 |
| Adjustments: | | | |
| Exploration seismic and administration costs | 39 | 38 | 39 |
| Current income tax provision | 141 | 187 | 262 |
| Other adjustments to reconcile net income to net cash provided by operating activities | (13) | (13) | (14) |
| Changes in operating assets and liabilities | 1 | (178) | (32) |
| Financing costs, net (excluding loss on early extinguishment of debt) | 95 | 98 | 98 |
| Transaction, reorganization & separation costs | 7 | 6 | 8 |
| Adjusted EBITDAX (Non-GAAP) | $ 905 | $ 994 | $ 1,367 |

# Non – GAAP Reconciliation

## Regional Cash Flows

### Reconciliation of Net Cash Provided by Operating Activities to Cash Flows from Continuing Operations before Changes in Operating Assets and Liabilities

Cash flows from continuing operations before changes in operating assets and liabilities is a non-GAAP financial measure. Apache uses it internally and provides the information because management believes it is useful for investors and widely accepted by those following the oil and gas industry as a financial indicator of a company's ability to generate cash to internally fund exploration and development activities, fund dividend programs, and service debt. It is also used by research analysts to value and compare oil and gas exploration and production companies and is frequently included in published research when providing investment recommendations. Cash flows from operations before changes in operating assets and liabilities, therefore, is an additional measure of liquidity but is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing, or financing activities.

| | For the Quarter Ended September 30, 2019 | | | |
|---|---|---|---|---|
| | North Sea | Egypt | U.S. and Other | Consolidated |
| | ($ in millions) | | | |
| Net cash provided by operating activities | $ 116 | $ 360 | $ 159 | $ 635 |
| Changes in operating assets and liabilities | 16 | (61) | 46 | 1 |
| Cash flows from operations before changes in operating assets and liabilities | $ 132 | $ 299 | $ 205 | $ 636 |

| | For the Year Ended September 30, 2019 | | | |
|---|---|---|---|---|
| | North Sea | Egypt | U.S. and Other | Consolidated |
| | ($ in millions) | | | |
| Net cash provided by operating activities | $ 559 | $ 995 | $ 535 | $ 2,089 |
| Changes in operating assets and liabilities | (48) | (44) | 53 | (39) |
| Cash flows from operations before changes in operating assets and liabilities | $ 511 | $ 951 | $ 588 | $ 2,050 |

(1) Includes non-controlling interest in Egypt.

# Non – GAAP Reconciliation

## Cash Flow From Operations Before Changes in Operating Assets and Liabilities

### Reconciliation of Net Cash Provided by Operating Activities to Cash Flows from Operations before Changes in Operating Assets and Liabilities

Cash flows from operations before changes in operating assets and liabilities is a non-GAAP financial measure. Apache uses it internally and provides the information because management believes it is useful for investors and widely accepted by those following the oil and gas industry as a financial indicator of a company's ability to generate cash to internally fund exploration and development activities, fund dividend programs, and service debt. It is also used by research analysts to value and compare oil and gas exploration and production companies and is frequently included in published research when providing investment recommendations. Cash flows from operations before changes in operating assets and liabilities, therefore, is an additional measure of liquidity but is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing, or financing activities.

($ in millions)

| | For the Quarter Ended | | |
|---|---|---|---|
| | September 30, 2019 | June 30, 2019 | September 30, 2018 |
| Net cash provided by operating activities | $ 635 | $ 856 | $ 1,006 |
| Changes in operating assets and liabilities | 1 | (178) | (32) |
| Cash flows from operations before changes in operating assets and liabilities | $ 636 | $ 678 | $ 974 |

(1) Includes non-controlling interest in Egypt.

# Non – GAAP Reconciliation

## Net Debt

### Reconciliation of Debt to Net Debt

Net debt, or outstanding debt obligations less cash and cash equivalents, is a non-GAAP financial measure. Management uses net debt as a measure of the Company's outstanding debt obligations that would not be readily satisfied by its cash and cash equivalents on hand.

($ in millions)

| | September 30, 2019 | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 |
|---|---|---|---|---|---|
| Current debt | $ 19 | $ 175 | $ 339 | $ 151 | $ 151 |
| Long-term debt | 8,393 | 8,157 | 8,094 | 8,093 | 8,092 |
| Total debt | 8,412 | 8,332 | 8,433 | 8,244 | 8,243 |
| Cash and cash equivalents | 163 | 549 | 327 | 714 | 593 |
| Net debt | $ 8,249 | $ 7,783 | $ 8,106 | $ 7,530 | $ 7,650 |

# 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 September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Costs incurred in oil and gas property: | | | | |
| Acquisitions | | | | |
| Proved | $ 4 | $ - | $ 7 | $ 5 |
| Unproved | 5 | 48 | 43 | 81 |
| Exploration and development | 637 | 872 | 1,931 | 2,461 |
| Total Costs incurred in oil and gas property | $ 646 | $ 920 | $ 1,981 | $ 2,547 |
| | | | | |
| Reconciliation of Costs incurred to Upstream capital investment: | | | | |
| Total Costs incurred in oil and gas property | $ 646 | $ 920 | $ 1,981 | $ 2,547 |
| Asset retirement obligations settled vs. incurred - oil and gas property | 24 | 3 | 43 | 21 |
| Capitalized interest | (8) | (8) | (24) | (28) |
| Exploration seismic and administration costs | (39) | (39) | (113) | (118) |
| Less noncontrolling interest - Egypt | (33) | (44) | (111) | (151) |
| Total Upstream capital investment | $ 590 | $ 832 | $ 1,776 | $ 2,271 |