

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **1-4300**

APACHE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

41-0747868

(I.R.S. Employer Identification No.)

2000 W. Sam Houston Pkwy. S., Suite 200, Houston, Texas 77042-3643

(Address of principal executive offices) (Zip Code)

(713) 296-6000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Note: The registrant is a voluntary filer of reports required to be filed by certain companies under Sections 13 or 15(d) of the Securities Exchange Act of 1934.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of registrant's common stock outstanding as of July 31, 2024 (100% owned by APA Corporation)

1,000

OMISSION OF CERTAIN INFORMATION

The registrant meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this Quarterly Report on Form 10-Q with the reduced disclosure format.

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FORWARD-LOOKING STATEMENTS AND RISKS

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). All statements other than statements of historical facts included or incorporated by reference in this report, including, without limitation, statements regarding the Company’s future financial position, business strategy, budgets, projected revenues, projected costs, and plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements are based on the Company’s examination of historical operating trends, the information that was used to prepare its estimate of proved reserves as of December 31, 2023, and other data in the Company’s possession or available from third parties. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “could,” “expect,” “intend,” “project,” “estimate,” “anticipate,” “plan,” “believe,” “continue,” “seek,” “guidance,” “goal,” “might,” “outlook,” “possibly,” “potential,” “prospect,” “should,” “would,” or similar terminology, but the absence of these words does not mean that a statement is not forward looking. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable under the circumstances, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from the Company’s expectations include, but are not limited to, its assumptions about:

- changes in local, regional, national, and international economic conditions, including as a result of any epidemics or pandemics, such as the coronavirus disease (COVID-19) pandemic and any related variants;
 - the market prices of oil, natural gas, natural gas liquids (NGLs), and other products or services, including the prices received for natural gas purchased from third parties to sell and deliver to a U.S. LNG export facility;
 - the Company’s commodity hedging arrangements;
 - the supply and demand for oil, natural gas, NGLs, and other products or services;
 - production and reserve levels;
 - drilling risks;
 - economic and competitive conditions, including market and macro-economic disruptions resulting from the Russian war in Ukraine, the armed conflict in Israel and Gaza, and actions taken by foreign oil and gas producing nations, including the Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC members that participate in OPEC initiatives (OPEC+);
 - the availability of capital resources;
 - capital expenditures and other contractual obligations;
 - currency exchange rates;
 - weather conditions;
 - inflation rates;
 - the impact of changes in tax legislation;
 - the availability of goods and services;
 - the impact of political pressure and the influence of environmental groups and other stakeholders on decisions and policies related to the industries in which the Company and its affiliates operate;
 - legislative, regulatory, or policy changes, including initiatives addressing the impact of global climate change or further regulating hydraulic fracturing, methane emissions, flaring, or water disposal;
 - the Company’s performance on environmental, social, and governance measures;
 - cyberattacks and terrorism;
 - the Company’s ability to access the capital markets;
 - market-related risks, such as general credit, liquidity, and interest-rate risks;
 - the ability to retain and hire key personnel;
 - property acquisitions or divestitures;
 - the integration of acquisitions;
-

- other factors disclosed under Items 1 and 2—Business and Properties—Estimated Proved Reserves and Future Net Cash Flows, Item 1A—Risk Factors, Item 7—Management’s Narrative Analysis of Results of Operations, Item 7A—Quantitative and Qualitative Disclosures About Market Risk and elsewhere in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023;
- other risks and uncertainties disclosed in APA Corporation’s second-quarter 2024 earnings release;
- other factors disclosed under Part II, [Item 1A—Risk Factors](#) of this Quarterly Report on Form 10-Q; and
- other factors disclosed in the other filings that the Company makes with the Securities and Exchange Commission.

Other factors or events that could cause the Company’s actual results to differ materially from the Company’s expectations may emerge from time to time, and it is not possible for the Company to predict all such factors or events. All subsequent written and oral forward-looking statements attributable to the Company, or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements. All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, the Company disclaims any obligation to update or revise these statements, whether based on changes in internal estimates or expectations, new information, future developments, or otherwise.

DEFINITIONS

All defined terms under Rule 4-10(a) of Regulation S-X shall have their statutorily prescribed meanings when used in this Quarterly Report on Form 10-Q. As used herein:

“b/d” means barrels of oil or NGLs per day.

“bbl” or “bbls” means barrel or barrels of oil or NGLs.

“bcf” means billion cubic feet of natural gas.

“bcf/d” means one bcf per day.

“boe” means barrel of oil equivalent, determined by using the ratio of one barrel of oil or NGLs to six Mcf of gas.

“boe/d” means boe per day.

“Btu” means a British thermal unit, a measure of heating value.

“liquids” means oil and NGLs.

“LNG” means liquefied natural gas.

“Mb/d” means Mbbls per day.

“Mbbls” means thousand barrels of oil or NGLs.

“Mboe” means thousand boe.

“Mboe/d” means Mboe per day.

“Mcf” means thousand cubic feet of natural gas.

“Mcf/d” means Mcf per day.

“MMbbls” means million barrels of oil or NGLs.

“MMboe” means million boe.

“MMBtu” means million Btu.

“MMBtu/d” means MMBtu per day.

“MMcf” means million cubic feet of natural gas.

“MMcf/d” means MMcf per day.

“NGL” or “NGLs” means natural gas liquids, which are expressed in barrels.

“NYMEX” means New York Mercantile Exchange.

“oil” includes crude oil and condensate.

“PUD” means proved undeveloped.

“SEC” means the United States Securities and Exchange Commission.

“Tcf” means trillion cubic feet of natural gas.

“U.K.” means United Kingdom.

“U.S.” means United States.

With respect to information relating to the Company’s working interest in wells or acreage, “net” oil and gas wells or acreage is determined by multiplying gross wells or acreage by the Company’s working interest therein. Unless otherwise specified, all references to wells and acres are gross.

References to “Apache,” the “Company,” “we,” “us,” and “our” refer to Apache Corporation and its consolidated subsidiaries, unless otherwise specifically stated. References to “APA” refer to APA Corporation, the Company’s parent holding company, and its consolidated subsidiaries, including the Company, unless otherwise specifically stated.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

APACHE CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED OPERATIONS
(Unaudited)

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
(In millions)				
REVENUES AND OTHER:				
Oil, natural gas, and natural gas liquids production revenues ⁽¹⁾	\$ 1,663	\$ 1,600	\$ 3,299	\$ 3,306
Purchased oil and gas sales ⁽¹⁾	230	144	433	383
Total revenues	1,893	1,744	3,732	3,689
Derivative instrument gains, net	1	—	1	—
Gain on divestitures, net	276	5	283	6
Loss on previously sold Gulf of Mexico properties	(17)	—	(83)	—
Other, net	5	109	20	77
	2,158	1,858	3,953	3,772
OPERATING EXPENSES:				
Lease operating expenses ⁽¹⁾	369	352	695	666
Gathering, processing, and transmission ⁽¹⁾	83	75	159	148
Purchased oil and gas costs ⁽¹⁾	95	131	258	347
Taxes other than income	46	47	96	97
Exploration	28	37	70	81
General and administrative	68	66	151	124
Transaction, reorganization, and separation	5	2	14	6
Depreciation, depletion, and amortization	394	339	767	647
Asset retirement obligation accretion	34	29	74	57
Impairments	—	46	—	46
Financing costs, net	26	42	59	91
	1,148	1,166	2,343	2,310
NET INCOME BEFORE INCOME TAXES	1,010	692	1,610	1,462
Current income tax provision	336	254	636	600
Deferred income tax provision (benefit)	29	(14)	11	105
NET INCOME INCLUDING NONCONTROLLING INTERESTS	645	452	963	757
Net income attributable to noncontrolling interest – Sinopec	79	81	159	165
Net income attributable to noncontrolling interest – APA Corporation	102	81	204	165
NET INCOME ATTRIBUTABLE TO APACHE CORPORATION	\$ 464	\$ 290	\$ 600	\$ 427

(1) For transactions with Kinetik prior to the Company's sale of its remaining shares of Kinetik Class A Common Stock and the resignation of the Company's designated director from the Kinetik board of directors, refer to [Note 6—Equity Method Interests](#).

The accompanying notes to consolidated financial statements are an integral part of this statement.

APACHE CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME
(Unaudited)

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In millions)			
NET INCOME INCLUDING NONCONTROLLING INTERESTS	\$ 645	\$ 452	\$ 963	\$ 757
OTHER COMPREHENSIVE INCOME, NET OF TAX:				
Pension and postretirement benefit plan	(1)	—	(1)	3
COMPREHENSIVE INCOME INCLUDING NONCONTROLLING INTERESTS	644	452	962	760
Comprehensive income attributable to noncontrolling interest – Sinopec	79	81	159	165
Comprehensive income attributable to noncontrolling interest – APA Corporation	102	81	204	165
COMPREHENSIVE INCOME ATTRIBUTABLE TO APACHE CORPORATION	<u>\$ 463</u>	<u>\$ 290</u>	<u>\$ 599</u>	<u>\$ 430</u>

The accompanying notes to consolidated financial statements are an integral part of this statement.

APACHE CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2024	2023
	(In millions)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income including noncontrolling interests	\$ 963	\$ 757
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on divestitures, net	(283)	(6)
Exploratory dry hole expense and unproved leasehold impairments	50	61
Depreciation, depletion, and amortization	767	647
Asset retirement obligation accretion	74	57
Impairments	—	46
Provision for deferred income taxes	11	105
Gain on extinguishment of debt	—	(9)
Loss on previously sold Gulf of Mexico properties	83	—
Other, net	(70)	(113)
Changes in operating assets and liabilities:		
Receivables	(124)	92
Inventories	(11)	(45)
Drilling advances and other current assets	(26)	(106)
Deferred charges and other long-term assets	128	159
Accounts payable	(37)	(84)
Accounts receivable from/payable to APA Corporation	(16)	126
Accrued expenses	(218)	(161)
Deferred credits and noncurrent liabilities	(231)	(221)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,060</u>	<u>1,305</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to upstream oil and gas property	(842)	(962)
Leasehold and property acquisitions	(1)	(10)
Notes receivable from APA Corporation	(831)	(144)
Proceeds from asset divestitures	725	28
Proceeds from sale of Kinetik Shares	428	—
Other, net	(22)	(13)
NET CASH USED IN INVESTING ACTIVITIES	<u>(543)</u>	<u>(1,101)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on fixed-rate debt	—	(65)
Distributions to noncontrolling interest – Sinopec	(123)	(100)
Distributions to APA Corporation	(325)	(100)
Other, net	(2)	4
NET CASH USED IN FINANCING ACTIVITIES	<u>(450)</u>	<u>(261)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	67	(57)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	84	185
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 151</u>	<u>\$ 128</u>
SUPPLEMENTARY CASH FLOW DATA:		
Interest paid, net of capitalized interest	\$ 143	\$ 151
Income taxes paid, net of refunds	564	476

The accompanying notes to consolidated financial statements are an integral part of this statement.

APACHE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Unaudited)

	June 30, 2024	December 31, 2023
(In millions, except share data)		
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 151	\$ 84
Receivables, net of allowance of \$114 and \$114	1,680	1,559
Other current assets (Note 5)	772	725
Accounts receivable from APA Corporation (Note 2)	68	52
	2,671	2,420
PROPERTY AND EQUIPMENT:		
Oil and gas properties	42,970	43,349
Gathering, processing, and transmission facilities	447	448
Other	537	634
Less: Accumulated depreciation, depletion, and amortization	(35,496)	(35,707)
	8,458	8,724
OTHER ASSETS:		
Equity method interests (Note 6)	—	437
Decommissioning security for sold Gulf of Mexico properties (Note 11)	21	21
Deferred tax asset (Note 10)	1,620	1,747
Deferred charges and other	531	522
Noncurrent receivable from APA Corporation (Note 2)	470	93
Notes receivable from APA Corporation (Note 2)	3,514	2,980
	\$ 17,285	\$ 16,944
LIABILITIES, NONCONTROLLING INTERESTS, AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 533	\$ 560
Current debt	2	2
Other current liabilities (Note 7)	1,580	1,669
	2,115	2,231
LONG-TERM DEBT (Note 9)	4,814	4,814
DEFERRED CREDITS AND OTHER NONCURRENT LIABILITIES:		
Deferred tax liability (Note 10)	256	371
Asset retirement obligation (Note 8)	2,367	2,354
Decommissioning contingency for sold Gulf of Mexico properties (Note 11)	768	764
Other	489	466
	3,880	3,955
EQUITY:		
Common stock, \$0.625 par, 1,000 and 1,000 shares authorized, respectively, 1,000 and 1,000 shares issued, respectively	—	—
Paid-in capital	7,822	7,972
Accumulated deficit	(2,655)	(3,255)
Accumulated other comprehensive income	14	15
EQUITY ATTRIBUTABLE TO APACHE CORPORATION	5,181	4,732
Noncontrolling interest – Sinopec	1,072	1,036
Noncontrolling interest – APA Corporation	223	176
TOTAL EQUITY	6,476	5,944
	\$ 17,285	\$ 16,944

The accompanying notes to consolidated financial statements are an integral part of this statement.

APACHE CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED CHANGES IN EQUITY AND NONCONTROLLING INTERESTS
(Unaudited)

	Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	EQUITY ATTRIBUTABLE TO APACHE CORPORATION	Noncontrolling Interests	TOTAL EQUITY
(In millions)						
For the Quarter Ended June 30, 2023						
Balance at March 31, 2023	\$ 8,031	\$ (5,644)	\$ 17	\$ 2,404	\$ 1,118	\$ 3,522
Net income attributable to Apache Corporation	—	290	—	290	—	290
Net income attributable to noncontrolling interest – APA	—	—	—	—	81	81
Net income attributable to noncontrolling interest – Sinopec	—	—	—	—	81	81
Distributions to noncontrolling interest – Sinopec	—	—	—	—	(83)	(83)
Distributions to APA Corporation	—	—	—	—	(83)	(83)
Other	6	—	—	6	—	6
Balance at June 30, 2023	<u>\$ 8,037</u>	<u>\$ (5,354)</u>	<u>\$ 17</u>	<u>\$ 2,700</u>	<u>\$ 1,114</u>	<u>\$ 3,814</u>
For the Quarter Ended June 30, 2024						
Balance at March 31, 2024	\$ 7,904	\$ (3,119)	\$ 15	\$ 4,800	\$ 1,235	\$ 6,035
Net income attributable to Apache Corporation	—	464	—	464	—	464
Net income attributable to noncontrolling interest – APA	—	—	—	—	102	102
Net income attributable to noncontrolling interest – Sinopec	—	—	—	—	79	79
Distributions to noncontrolling interest – Sinopec	—	—	—	—	(53)	(53)
Distributions to APA Corporation	(92)	—	—	(92)	(68)	(160)
Other	10	—	(1)	9	—	9
Balance at June 30, 2024	<u>\$ 7,822</u>	<u>\$ (2,655)</u>	<u>\$ 14</u>	<u>\$ 5,181</u>	<u>\$ 1,295</u>	<u>\$ 6,476</u>

The accompanying notes to consolidated financial statements are an integral part of this statement.

APACHE CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED CHANGES IN EQUITY AND NONCONTROLLING INTERESTS - Continued
(Unaudited)

	Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	EQUITY ATTRIBUTABLE TO APACHE CORPORATION	Noncontrolling Interests	TOTAL EQUITY
(In millions)						
For the Six Months Ended June 30, 2023						
Balance at December 31, 2022	\$ 8,025	\$ (5,781)	\$ 14	\$ 2,258	\$ 984	\$ 3,242
Net income attributable to Apache Corporation		427	—	427	—	427
Net income attributable to noncontrolling interest – APA	—	—	—	—	165	165
Net income attributable to noncontrolling interest – Sinopec	—	—	—	—	165	165
Distributions to noncontrolling interest – Sinopec	—	—	—	—	(100)	(100)
Distributions to APA Corporation	—	—	—	—	(100)	(100)
Other	12	—	3	15	—	15
Balance at June 30, 2023	<u>\$ 8,037</u>	<u>\$ (5,354)</u>	<u>\$ 17</u>	<u>\$ 2,700</u>	<u>\$ 1,114</u>	<u>\$ 3,814</u>
For the Six Months Ended June 30, 2024						
Balance at December 31, 2023	\$ 7,972	\$ (3,255)	\$ 15	\$ 4,732	\$ 1,212	\$ 5,944
Net income attributable to Apache Corporation	—	600	—	600	—	600
Net income attributable to noncontrolling interest – APA	—	—	—	—	204	204
Net income attributable to noncontrolling interest – Sinopec	—	—	—	—	159	159
Distributions to noncontrolling interest – Sinopec	—	—	—	—	(123)	(123)
Distributions to APA Corporation	(168)	—	—	(168)	(157)	(325)
Other	18	—	(1)	17	—	17
Balance at June 30, 2024	<u>\$ 7,822</u>	<u>\$ (2,655)</u>	<u>\$ 14</u>	<u>\$ 5,181</u>	<u>\$ 1,295</u>	<u>\$ 6,476</u>

The accompanying notes to consolidated financial statements are an integral part of this statement.

APACHE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

These consolidated financial statements have been prepared by Apache Corporation (Apache or the Company) without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The Company files these consolidated financial statements with the SEC as a voluntary filer to comply with the terms of certain of the Company's outstanding debt instruments. They reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods, on a basis consistent with the annual audited financial statements, with the exception of any recently adopted accounting pronouncements. All such adjustments are of a normal recurring nature. Certain information, accounting policies, and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. This Quarterly Report on Form 10-Q should be read along with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which contains a summary of the Company's significant accounting policies and other disclosures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As of June 30, 2024, the Company's significant accounting policies are consistent with those discussed in Note 1—Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023. The Company's financial statements for prior periods may include reclassifications that were made to conform to the current-year presentation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Apache and its subsidiaries after elimination of intercompany balances and transactions.

The Company's undivided interests in oil and gas exploration and production ventures and partnerships are proportionately consolidated. The Company consolidates all other investments in which, either through direct or indirect ownership, it has more than a 50 percent voting interest or controls the financial and operating decisions.

Sinopec International Petroleum Exploration and Production Corporation (Sinopec) owns a one-third minority participation in the Company's consolidated Egypt oil and gas business as a noncontrolling interest, which is reflected as a separate noncontrolling interest component of equity in the Company's consolidated balance sheet. APA Corporation (APA) also owns a noncontrolling interest in Apache's consolidated Egypt oil and gas business. Refer to [Note 2—Transactions with Parent Affiliate](#) for detail regarding APA's noncontrolling interest. The Company has determined that one of its limited partnership subsidiaries, which has control over Apache's Egyptian operations, qualifies as a variable interest entity (VIE) under GAAP. Apache consolidates this limited partnership subsidiary because the Company has concluded that it has a controlling financial interest in the Egyptian operations and was determined to be the primary beneficiary of the VIE.

Investments in which the Company has significant influence, but not control, are accounted for under the equity method of accounting. During each of the periods ended March 31, 2024 and June 30, 2023, the Company had a designated director on the Kinetik Holdings Inc. (Kinetik) board of directors. The Company's designated director resigned from the Kinetik board of directors on April 3, 2024. As a result, the Company is considered to have had significant influence over Kinetik for all periods presented except for the quarter ended June 30, 2024.

As of December 31, 2023, the Company held shares of Kinetik Class A Common Stock (Kinetik Shares), which were recorded separately as "Equity method interests" in the Company's consolidated balance sheet. On March 18, 2024, the Company sold its remaining Kinetik Shares. Refer to [Note 6—Equity Method Interests](#) for further detail.

Use of Estimates

Preparation of financial statements in conformity with GAAP and disclosure of contingent assets and liabilities requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. The Company evaluates its estimates and assumptions on a regular basis. Actual results may differ from these estimates and assumptions used in preparation of the Company's financial statements, and changes in these estimates are recorded when known.

Significant estimates with regard to these financial statements include the estimates of fair value for long-lived assets (refer to "Fair Value Measurements" and "Property and Equipment" sections in this Note 1 below), the fair value determination of acquired assets and liabilities (refer to [Note 3—Acquisitions and Divestitures](#)), the assessment of asset retirement obligations (refer to [Note 8—Asset Retirement Obligation](#)), the estimate of income taxes (refer to [Note 10—Income Taxes](#)), the estimation of the contingent liability representing Apache's potential decommissioning obligations on sold properties in the Gulf of Mexico (refer to [Note 11—Commitments and Contingencies](#)), and the estimate of proved oil and gas reserves and related present value estimates of future net cash flows therefrom.

Fair Value Measurements

Certain assets and liabilities are reported at fair value on a recurring basis in the Company's consolidated balance sheet. Accounting Standards Codification (ASC) 820-10-35, "Fair Value Measurement" (ASC 820), provides a hierarchy that prioritizes and defines the types of inputs used to measure fair value. The fair value hierarchy gives the highest priority to Level 1 inputs, which consist of unadjusted quoted prices for identical instruments in active markets. Level 2 inputs consist of quoted prices for similar instruments. Level 3 valuations are derived from inputs that are significant and unobservable; hence, these valuations have the lowest priority.

The valuation techniques that may be used to measure fair value include a market approach, an income approach, and a cost approach. A market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. An income approach uses valuation techniques to convert future amounts to a single present amount based on current market expectations, including present value techniques, option-pricing models, and the excess earnings method. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Refer to [Note 6—Equity Method Interests](#) and [Note 9—Debt and Financing Costs](#) for further detail regarding the Company's fair value measurements recorded on a recurring basis.

During the three and six months ended June 30, 2024 and 2023, the Company recorded no asset impairments in connection with fair value assessments.

Receivable from / Payable to APA

Receivable from or payable to APA represents the net result of Apache's administrative and support services provided to APA and other miscellaneous cash management transactions to be settled between the two affiliated entities. Cash will be transferred to Apache or paid to APA over time in order to manage affiliate balances for cash management purposes. Refer to [Note 2—Transactions with Parent Affiliate](#) for more detail.

Revenue Recognition

Receivables from contracts with customers, including receivables for purchased oil and gas sales and net of allowance for credit losses, were \$1.6 billion and \$1.4 billion as of June 30, 2024 and December 31, 2023, respectively. Payments under all contracts with customers are typically due and received within a short-term period of one year or less, after physical delivery of the product or service has been rendered. Over the past year, the Company experienced a gradual decline in the timeliness of receipts from the Egyptian General Petroleum Corporation (EGPC) for the Company's Egyptian oil and gas sales. The Company is conducting ongoing discussions with the Government of Egypt to resolve the delay in EGPC payments. The Company continues to collect on these receivables, albeit late, and management believes that the Company will be able to collect the total balance of its receivables from this customer.

Oil and gas production revenues include income taxes that will be paid to the Arab Republic of Egypt by EGPC on behalf of the Company. Revenue and associated expenses related to such tax volumes are recorded as “Oil, natural gas, and natural gas liquids production revenues” and “Current income tax provision,” respectively, in the Company’s statement of consolidated operations.

Refer to [Note 12—Business Segment Information](#) for a disaggregation of oil, gas, and natural gas production revenue by product and reporting segment.

In accordance with the provisions of ASC 606, “Revenue from Contracts with Customers,” variable market prices for each short-term commodity sale are allocated entirely to each performance obligation as the terms of payment relate specifically to the Company’s efforts to satisfy its obligations. As such, the Company has elected the practical expedients available under the standard to not disclose the aggregate transaction price allocated to unsatisfied, or partially unsatisfied, performance obligations as of the end of the reporting period.

Inventories

Inventories consist principally of tubular goods and equipment and are stated at the lower of weighted-average cost or net realizable value. Oil produced but not sold, primarily in the North Sea, is also recorded to inventory and is stated at the lower of the cost to produce or net realizable value.

During the three and six months ended June 30, 2023, the Company recorded \$46 million of impairments in connection with valuations of drilling and operations equipment inventory upon the Company’s decision to suspend drilling operations in the North Sea. There were no impairments recorded during the three and six months ended June 30, 2024.

Property and Equipment

The carrying value of the Company’s property and equipment represents the cost incurred to acquire the property and equipment, including capitalized interest, net of any impairments. For business combinations and acquisitions, property and equipment cost is based on the fair values at the acquisition date.

Oil and Gas Property

The Company follows the successful efforts method of accounting for its oil and gas property. Under this method of accounting, exploration costs, production costs, general corporate overhead, and similar activities are expensed as incurred. If an exploratory well provides evidence to justify potential development of reserves, drilling costs associated with the well are initially capitalized, or suspended, pending a determination as to whether a commercially sufficient quantity of proved reserves can be attributed to the area as a result of drilling. At the end of each quarter, management reviews the status of all suspended exploratory well costs in light of ongoing exploration activities, and if management determines that future appraisal drilling or development activities are unlikely to occur, associated suspended exploratory well costs are expensed.

Costs to develop proved reserves, including the costs of all development wells and related equipment used in the production of crude oil and natural gas, are capitalized. Depreciation of the cost of proved oil and gas properties is calculated using the unit-of-production (UOP) method. The UOP calculation multiplies the percentage of estimated proved reserves produced each quarter by the carrying value of associated proved oil and gas properties.

When circumstances indicate that the carrying value of proved oil and gas properties may not be recoverable, the Company compares unamortized capitalized costs to the expected undiscounted pre-tax future cash flows for the associated assets grouped at the lowest level for which identifiable cash flows are independent of cash flows of other assets. If the expected undiscounted pre-tax future cash flows, based on the Company’s estimate of future crude oil and natural gas prices, operating costs, anticipated production from proved reserves and other relevant data, are lower than the unamortized capitalized cost, the capitalized cost is reduced to fair value.

Unproved leasehold impairments are typically recorded as a component of “Exploration” expense in the Company’s statement of consolidated operations. Gains and losses on divestitures of the Company’s oil and gas properties are recognized in the statement of consolidated operations upon closing of the transaction. Refer to [Note 3—Acquisitions and Divestitures](#) for more detail.

Gathering, Processing, and Transmission (GPT) Facilities

GPT facilities are depreciated on a straight-line basis over the estimated useful lives of the assets. The estimation of useful life takes into consideration anticipated production lives from the fields serviced by the GPT assets, whether Apache-operated or third party-operated, as well as potential development plans by the Company for undeveloped acreage within, or close to, those fields.

The Company assesses the carrying amount of its GPT facilities whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount of these facilities is more than the sum of the undiscounted cash flows, an impairment loss is recognized for the excess of the carrying value over its fair value.

New Pronouncements Issued But Not Yet Adopted

There were no material changes in recently issued or adopted accounting standards from those disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

2. TRANSACTIONS WITH PARENT AFFILIATE

Apache is a direct, wholly owned subsidiary of APA. Apache holds assets in the U.S., Egypt, and the U.K. and provides administrative and support operations for certain APA subsidiaries with interests in the U.S., Suriname, and other international locations. The Company incurred \$14 million and \$6 million in the second quarters of 2024 and 2023, respectively, and \$22 million and \$11 million in the first six months of 2024 and 2023, respectively, in reimbursable corporate overhead charges in connection with these administration and support operations.

Notes Receivable from APA Corporation

On March 1, 2021, Apache sold to APA all of the equity in the three Apache subsidiaries through which Apache's interests in Suriname and the Dominican Republic were held. The purchase price is payable pursuant to a senior promissory note made by APA payable to Apache, dated March 1, 2021. The note has a seven-year term, maturing on February 29, 2028, and bears interest at a rate of 4.5 percent per annum, payable semi-annually, subject to APA's option to allow accrued interest to convert to principal (PIK) during the first 5.5 years of the note's term (to August 31, 2026). The note is guaranteed by each of the three subsidiaries sold by Apache to APA. APA allowed interest accrued from August 31, 2023 through February 29, 2024, totaling \$192 million, to PIK pursuant to the note. At each of June 30, 2024 and December 31, 2023, there was approximately \$1.5 billion in principal outstanding under this note.

APA also made a senior promissory note payable to Apache, dated March 31, 2023, as amended April 30, 2024, pursuant to which Apache may loan and APA may borrow, repay, and reborrow up to \$2.0 billion in aggregate principal amount outstanding at any time. The note has a five-year term, maturing March 31, 2028. The note bears interest at a rate per annum of 6.0 percent, payable semi-annually; however, APA may allow accrued interest to convert to principal, subject to the aggregate maximum principal amount of the note. As of June 30, 2024 and December 31, 2023, there were approximately \$2.0 billion and \$1.5 billion, respectively, in borrowings outstanding under this note. The note is intended to facilitate cash management of APA and Apache.

These notes are both reflected in "Notes receivable from APA Corporation" on the Company's consolidated balance sheet. The Company recognized interest income on these notes totaling \$44 million and \$29 million during the second quarters of 2024 and 2023, respectively, and \$80 million and \$45 million during the first six months of 2024 and 2023, respectively. The interest income related to these notes is reflected in "Financing costs, net" on the Company's statement of consolidated operations.

Noncontrolling Interest – APA Corporation

In the fourth quarter of 2021, in conjunction with the ratification of a new merged concession agreement (MCA) with the EGPC, Apache entered into an agreement with APA under which the historical value of existing concessions prior to ratifying the MCA was retained by Apache, with any excess value from the MCA terms being allocated to APA. Sinopec owns a one-third minority participation in the Company's consolidated Egypt oil and gas business, and 64 percent and 50 percent of the remaining net income and distributable cash flow for the Company's Egyptian operations is allocated to APA in 2024 and 2023, respectively. Apache consolidates its Egyptian operations, with APA's noncontrolling interest reflected as a separate component in the Company's consolidated balance sheet. The Company recorded net income attributable to APA's noncontrolling interest of \$102 million and \$81 million in the second quarters of 2024 and 2023, respectively, and \$204 million and \$165 million in the first six months of 2024 and 2023, respectively. The Company also distributed \$157 million and \$100 million in the first six months of 2024 and 2023, respectively, of cash to APA in association with its noncontrolling interest.

Accounts Receivable from / Accounts Payable to APA

In connection with the Company's role as service provider to APA, Apache is reimbursed by APA for employee costs, certain internal costs, and third-party costs paid by the Company on behalf of APA. All reimbursements are based on actual costs incurred, and no market premium is applied by the Company to APA. The Company also collects third-party receivables on behalf of APA. As of June 30, 2024 and December 31, 2023, the Company had accounts receivable from APA in connection with these services totaling \$68 million and \$52 million, respectively, which is reflected in "Accounts receivable from APA Corporation" on the Company's consolidated balance sheet.

As of June 30, 2024 and December 31, 2023, the Company had receivables from APA totaling \$470 million and \$93 million, respectively. This balance is reflected in "Noncurrent receivable from APA Corporation" on the Company's consolidated balance sheet.

Other Transactions with APA Corporation

From time to time, the Company may, at its discretion, make distributions of capital to APA. Capital distributions totaling \$168 million were made during the first six months of 2024 primarily in support of dividend payments and capital transactions completed by APA during the period. No capital distributions were made during the first six months of 2023.

3. ACQUISITIONS AND DIVESTITURES

2024 Activity

U.S. Divestitures

In the second quarter of 2024, the Company completed the sale of non-core acreage in the East Texas Austin Chalk and Eagle Ford plays that had a carrying value of \$347 million for aggregate cash proceeds of \$253 million and the assumption of asset retirement obligations of \$48 million. The Company recognized a \$46 million loss during the second quarter of 2024 in association with this sale.

In the second quarter of 2024, the Company also completed the sale of non-core mineral and royalty interests in the Permian Basin that had a carrying value of \$71 million for approximately \$392 million after post-closing adjustments. The Company recognized a gain of \$321 million during the second quarter of 2024 in association with this sale.

Additionally, during the second quarter and first six months of 2024, the Company completed the sale of non-core assets and leasehold in multiple transactions for aggregate cash proceeds of \$41 million and \$68 million, respectively, recognizing a gain of approximately \$1 million and \$8 million, respectively, upon closing of these transactions.

Sale of Kinetik Shares

On March 18, 2024, the Company sold its remaining Kinetik Shares for cash proceeds of \$428 million. Refer to [Note 6—Equity Method Interests](#) for further detail.

Leasehold and Property Acquisitions

During the second quarter of 2024, the Company completed leasehold and property acquisitions, primarily in the Permian Basin, for aggregate cash consideration of approximately \$1 million.

2023 Activity

Leasehold and Property Acquisitions

During the second quarter and first six months of 2023, the Company completed leasehold and property acquisitions, primarily in the Permian Basin, for aggregate cash consideration of approximately \$5 million and \$10 million, respectively.

U.S. Divestitures

During the second quarter and first six months of 2023, the Company completed the sale of non-core assets and leasehold in multiple transactions for aggregate cash proceeds of \$7 million and \$28 million, respectively, recognizing a gain of approximately \$5 million and \$6 million, respectively, upon closing of these transactions.

4. CAPITALIZED EXPLORATORY WELL COSTS

The Company's capitalized exploratory well costs were \$78 million and \$47 million as of June 30, 2024 and December 31, 2023, respectively. The balance is primarily attributable to additional drilling activity in Egypt, partially offset by the transfer of successful well costs during the quarter. No suspended exploratory well costs previously capitalized for greater than one year at December 31, 2023 were charged to dry hole expense during the second quarter of 2024. During the first quarter of 2024, approximately \$9 million of suspended well costs previously capitalized for greater than one year at December 31, 2023 were charged to dry hole expense.

Projects with suspended exploratory well costs capitalized for a period greater than one year since the completion of drilling are those identified by management as exhibiting sufficient quantities of hydrocarbons to justify potential development. Management is actively pursuing efforts to assess whether proved reserves can be attributed to these projects.

5. OTHER CURRENT ASSETS

The following table provides detail of the Company's other current assets:

	June 30, 2024	December 31, 2023
	(In millions)	
Inventories	\$ 456	\$ 439
Drilling advances	97	68
Prepaid assets and other	53	40
Current decommissioning security for sold Gulf of Mexico assets	166	178
Total Other current assets	<u>\$ 772</u>	<u>\$ 725</u>

6. EQUITY METHOD INTERESTS

As of December 31, 2023, the Company held 13.1 million Kinetik Shares, which were recorded at fair value of \$437 million and reflected separately as "Equity method interests" in the Company's consolidated balance sheet. The Company elected the fair value option for measuring its equity method interest in Kinetik based on practical expedience, variances in reporting timelines, and cost-benefit considerations. The fair value of the Company's interest in Kinetik was determined using observable share prices on a major exchange, a Level 1 fair value measurement. On March 18, 2024, the Company sold its remaining Kinetik Shares for cash proceeds of \$428 million.

Prior to the Company's sale of its remaining Kinetik Shares and the resignation of the Company's designated director from the Kinetik board of directors, the Company recorded changes in the fair value of its equity method interest in Kinetik totaling a loss of \$9 million in the first quarter of 2024, and gains of \$90 million and \$71 million in the second quarter and the first six months of 2023, respectively. This loss and these gains were recorded as a component of "Revenues and Other" in the Company's statement of consolidated operations.

The following table represents related party sales and costs associated with Kinetik prior to the Company's sale of its remaining Kinetik Shares and the resignation of the Company's designated director from the Kinetik board of directors:

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In millions)			
Natural gas and NGLs sales	\$ —	\$ 22	\$ 7	\$ 29
Purchased oil and gas sales	—	7	22	7
	<u>\$ —</u>	<u>\$ 29</u>	<u>\$ 29</u>	<u>\$ 36</u>
Gathering, processing, and transmission costs	\$ —	\$ 26	\$ 21	\$ 50
Purchased oil and gas costs	—	26	23	28
Lease operating expenses	—	—	2	—
	<u>\$ —</u>	<u>\$ 52</u>	<u>\$ 46</u>	<u>\$ 78</u>

7. OTHER CURRENT LIABILITIES

The following table provides detail of the Company's other current liabilities:

	June 30, 2024	December 31, 2023
	(In millions)	
Accrued operating expenses	\$ 161	\$ 158
Accrued exploration and development	482	307
Accrued compensation and benefits	162	390
Accrued interest	92	92
Accrued income taxes	224	138
Current asset retirement obligation	75	76
Current operating lease liability	102	115
Current decommissioning contingency for sold Gulf of Mexico properties	94	60
Other	188	333
Total Other current liabilities	<u>\$ 1,580</u>	<u>\$ 1,669</u>

8. ASSET RETIREMENT OBLIGATION

The following table describes changes to the Company's asset retirement obligation (ARO) liability:

	June 30, 2024
	(In millions)
Asset retirement obligation, December 31, 2023	\$ 2,430
Liabilities incurred	5
Liabilities settled	(20)
Liabilities divested	(48)
Accretion expense	74
Revisions in estimated liabilities	1
Asset retirement obligation, June 30, 2024	<u>2,442</u>
Less current portion	(75)
Asset retirement obligation, long-term	<u>\$ 2,367</u>

9. DEBT AND FINANCING COSTS

The following table presents the carrying values of the Company's debt:

	June 30, 2024	December 31, 2023
	(In millions)	
Notes and debentures before unamortized discount and debt issuance costs ⁽¹⁾	\$ 4,835	\$ 4,835
Finance lease obligations	31	32
Unamortized discount	(26)	(26)
Debt issuance costs	(24)	(25)
Total debt	4,816	4,816
Current maturities	(2)	(2)
Long-term debt	\$ 4,814	\$ 4,814

(1) The fair values of the Company's notes and debentures were \$4.3 billion at each of June 30, 2024 and December 31, 2023.

Apache uses a market approach to determine the fair values of its notes and debentures using estimates provided by an independent investment financial data services firm (a Level 2 fair value measurement).

At each of June 30, 2024 and December 31, 2023, current debt included \$2 million of finance lease obligations.

Financing Costs, Net

The following table presents the components of the Company's financing costs, net:

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In millions)			
Interest expense	\$ 71	\$ 74	\$ 143	\$ 149
Amortization of debt issuance costs	—	—	1	1
Gain on extinguishment of debt	—	—	—	(9)
Interest income	(1)	(3)	(5)	(5)
Interest income from APA Corporation, net (Note 2)	(44)	(29)	(80)	(45)
Financing costs, net	\$ 26	\$ 42	\$ 59	\$ 91

During the six months ended June 30, 2023, Apache purchased in the open market and canceled senior notes issued under its indentures in an aggregate principal amount of \$74 million for an aggregate purchase price of \$65 million in cash. The Company recognized a \$9 million gain on these repurchases.

APA Unsecured 2022 Committed Credit Facilities

On April 29, 2022, Apache entered into two unsecured guaranties of obligations under two unsecured syndicated credit agreements then entered into by APA, of which Apache is a wholly owned subsidiary. These APA credit agreements are for general corporate purposes.

- One agreement is denominated in US dollars (the USD Agreement) and provides for an unsecured five-year revolving credit facility, with aggregate commitments of US\$1.8 billion (including a letter of credit subfacility of up to US\$750 million, of which US\$150 million currently is committed). APA may increase commitments up to an aggregate US\$2.3 billion by adding new lenders or obtaining the consent of any increasing existing lenders. This facility matures in April 2027, subject to APA's two, one-year extension options.
- The second agreement is denominated in pounds sterling (the GBP Agreement) and provides for an unsecured five-year revolving credit facility, with aggregate commitments of £1.5 billion for loans and letters of credit. This facility matures in April 2027, subject to APA's two, one-year extension options.

Apache may borrow under APA's USD Agreement up to an aggregate principal amount of US\$300 million outstanding at any given time. As of June 30, 2024 and December 31, 2023, there were no borrowings by Apache outstanding under the USD Agreement. Apache has guaranteed obligations under each of the USD Agreement and GBP Agreement effective until the aggregate principal amount of indebtedness under senior notes and debentures outstanding under Apache's existing indentures first is less than US\$1.0 billion.

As of June 30, 2024, APA had \$395 million of borrowings under the USD Agreement and an aggregate £348 million in letters of credit outstanding under the GBP Agreement. As of June 30, 2024, there were no letters of credit outstanding under the USD Agreement. As of December 31, 2023, there were \$372 million of borrowings under the USD Agreement and an aggregate £348 million in letters of credit outstanding under the GBP Agreement. As of December 31, 2023, there were no letters of credit outstanding under the USD Agreement.

Uncommitted Lines of Credit

Apache, from time to time, has and uses uncommitted credit and letter of credit facilities for working capital and credit support purposes. As of June 30, 2024 and December 31, 2023, there were no outstanding borrowings under these facilities. As of June 30, 2024, there were £296 million and \$11 million, respectively, in letters of credit outstanding under these facilities. As of December 31, 2023, there were £296 million and \$2 million, respectively, in letters of credit outstanding under these facilities.

APA Commercial Paper Program

In December 2023, APA established a commercial paper program under which it from time to time may issue in private placements exempt from registration under the Securities Act short-term unsecured promissory notes (CP Notes) up to a maximum aggregate face amount of \$1.8 billion outstanding at any time. The maturities of CP Notes may vary but may not exceed 397 days from the date of issuance.

Payment of CP Notes has been unconditionally guaranteed on an unsecured basis by Apache, such guarantee effective until the first time that the aggregate principal amount of indebtedness under senior notes and debentures outstanding under Apache's existing indentures is less than US\$1.0 billion.

As of June 30, 2024, APA had \$40 million in aggregate face amount of CP Notes outstanding. As of December 31, 2023, there were no CP Notes outstanding.

APA Unsecured Committed Term Loan Facility

On January 30, 2024, Apache entered into an unsecured guaranty of obligations under an unsecured syndicated credit agreement then entered into by APA under which the lenders committed an aggregate \$2.0 billion for senior unsecured delayed-draw term loans to APA (Term Loan Credit Agreement), the proceeds of which could be used to refinance certain indebtedness of Callon Petroleum Company, a Delaware corporation (Callon), only on the date of closing of transactions under the Merger Agreement. Apache has guaranteed obligations under the Term Loan Credit Agreement effective until the aggregate principal amount of indebtedness under senior notes and debentures outstanding under Apache's existing indentures first is less than \$1.0 billion.

On April 1, 2024, APA closed the transactions under the Term Loan Credit Agreement. APA borrowed an aggregate \$1.5 billion in senior unsecured term loans that mature April 1, 2027. Loan proceeds were used to refinance certain indebtedness of Callon upon the substantially simultaneous closing of APA's acquisition of Callon pursuant to the Merger Agreement and to pay related fees and expenses. APA may at any time prepay loans under the Term Loan Credit Agreement. As of June 30, 2024, \$1.5 billion in borrowings remained outstanding under the Term Loan Credit Agreement.

The lenders under the Term Loan Credit Agreement committed an aggregate \$2.0 billion for senior unsecured delayed-draw term loans to APA available for borrowing only once upon the date of the closings under the Merger Agreement and Term Loan Credit Agreement, of which \$1.5 billion was for term loans that would mature three years after the date of such closings (3-Year Tranche Loans) and \$500 million was for term loans that would mature 364 days after the date of such closings (364-Day Tranche Loans). APA elected to borrow only under the 3-Year Tranche Loans and to allow the lender commitments for the 364-Day Tranche Loans to expire.

10. INCOME TAXES

The Company estimates its annual effective income tax rate in recording its quarterly provision for income taxes in the various jurisdictions in which the Company operates. Non-cash impairments on the carrying value of the Company's oil and gas properties, gains and losses on the sale of assets, statutory tax rate changes, and other significant or unusual items are recognized as discrete items in the quarter in which they occur.

The Company's effective income tax rate for the three and six months ended June 30, 2024 differed from the U.S. federal statutory income tax rate of 21 percent due to taxes on foreign operations. During the second quarter of 2023, the Company's effective income tax rate differed from the U.S. federal statutory income tax rate of 21 percent due to taxes on foreign operations and a decrease in the amount of valuation allowance against its U.S. deferred tax assets. The Company's effective income tax rate for the six months ended June 30, 2023 differed from the U.S. federal statutory income tax rate of 21 percent due to taxes on foreign operations, a deferred tax expense related to the remeasurement of taxes in the U.K. as a result of the enactment of Finance Act 2023, and a decrease in the amount of valuation allowance against its U.S. deferred tax assets.

In December 2021, the Organisation for Economic Co-operation and Development issued Pillar Two Model Rules introducing a new global minimum tax of 15 percent on a country-by-country basis, with certain aspects effective in certain jurisdictions on January 1, 2024. Although the Company continues to monitor enacted legislation to implement these rules in countries where the Company could be impacted, Apache does not expect that the Pillar Two framework will have a material impact on its consolidated financial statements.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income or capital taxes in various states and foreign jurisdictions. The Company's tax reserves are related to tax years that may be subject to examination by the relevant taxing authority.

11. COMMITMENTS AND CONTINGENCIES

Legal Matters

The Company is party to various legal actions arising in the ordinary course of business, including litigation and governmental and regulatory controls, which also may include controls related to the potential impacts of climate change. As of June 30, 2024, the Company has an accrued liability of approximately \$76 million for all legal contingencies that are deemed to be probable of occurring and can be reasonably estimated. The Company's estimates are based on information known about the matters and its experience in contesting, litigating, and settling similar matters. Although actual amounts could differ from management's estimate, none of the actions are believed by management to involve future amounts that would be material to the Company's financial position, results of operations, or liquidity after consideration of recorded accruals. With respect to material matters for which the Company believes an unfavorable outcome is reasonably possible, the Company has disclosed the nature of the matter and a range of potential exposure, unless an estimate cannot be made at this time. It is management's opinion that the loss for any other litigation matters and claims that are reasonably possible to occur will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

For additional information on Legal Matters described below, refer to Note 12—Commitments and Contingencies to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Argentine Environmental Claims

On March 12, 2014, the Company and its subsidiaries completed the sale of all of the Company's subsidiaries' operations and properties in Argentina to YPF Sociedad Anonima (YPF). As part of that sale, YPF assumed responsibility for all of the past, present, and future litigation in Argentina involving Company subsidiaries, except that Company subsidiaries have agreed to indemnify YPF for certain environmental, tax, and royalty obligations capped at an aggregate of \$100 million. The indemnity is subject to specific agreed conditions precedent, thresholds, contingencies, limitations, claim deadlines, loss sharing, and other terms and conditions. On April 11, 2014, YPF provided its first notice of claims pursuant to the indemnity. Company subsidiaries have not paid any amounts under the indemnity but will continue to review and consider claims presented by YPF. Further, Company subsidiaries retain the right to enforce certain Argentina-related indemnification obligations against Pioneer Natural Resources Company (Pioneer) in an amount up to \$45 million pursuant to the terms and conditions of stock purchase agreements entered in 2006 between Company subsidiaries and subsidiaries of Pioneer.

Louisiana Restoration

As more fully described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, Louisiana surface owners often file lawsuits or assert claims against oil and gas companies, including the Company, claiming that operators and working interest owners in the chain of title are liable for environmental damages on the leased premises, including damages measured by the cost of restoration of the leased premises to its original condition, regardless of the value of the underlying property. From time to time, restoration lawsuits and claims are resolved by the Company for amounts that are not material to the Company, while new lawsuits and claims are asserted against the Company. With respect to each of the pending lawsuits and claims, the amount claimed is not currently determinable or is not material. Further, the overall exposure related to these lawsuits and claims is not currently determinable. While adverse judgments against the Company are possible, the Company intends to actively defend these lawsuits and claims.

Starting in November of 2013 and continuing into 2023, several parishes in Louisiana have pending lawsuits against many oil and gas producers, including the Company. In these cases, the Parishes, as plaintiffs, allege that defendants' oil and gas exploration, production, and transportation operations in specified fields were conducted in violation of the State and Local Coastal Resources Management Act of 1978, as amended, and applicable regulations, rules, orders, and ordinances promulgated or adopted thereunder by the Parish or the State of Louisiana. Plaintiffs allege that defendants caused substantial damage to land and water bodies located in the coastal zone of Louisiana. Plaintiffs seek, among other things, unspecified damages for alleged violations of applicable law within the coastal zone, the payment of costs necessary to clear, re-vegetate, detoxify, and otherwise restore the subject coastal zone as near as practicable to its original condition, and actual restoration of the coastal zone to its original condition. Without acknowledging or admitting any liability and solely to avoid the expense and uncertainty of future litigation, the Company agreed to settle with the State of Louisiana and Louisiana coastal Parishes to resolve any potential liability on the part of the Company for claims that were or could have been asserted by the coastal Parishes and/or the State of Louisiana in the pending litigation. The settlement is subject to court approval, which the parties hope to receive at some point in 2024. The consideration to be provided by the Company in the settlement will not have a material impact on the Company's financial position. Following settlement of these various lawsuits, the Company will be a defendant in only two remaining coastal zone lawsuits, one filed by the City of New Orleans against the Company and a number of oil and gas operators and the other filed against Callon Offshore Production, Inc., among many other oil and gas operators, and pending in St. Bernard Parish, Louisiana. The Company will now oversee the latter lawsuit as a result of the Callon acquisition.

Apollo Exploration Lawsuit

In a case captioned *Apollo Exploration, LLC, Cogent Exploration, Ltd. Co. & SellmoCo, LLC v. Apache Corporation*, Cause No. CV50538 in the 385th Judicial District Court, Midland County, Texas, plaintiffs alleged damages in excess of \$200 million (having previously claimed in excess of \$1.1 billion) relating to purchase and sale agreements, mineral leases, and area of mutual interest agreements concerning properties located in Hartley, Moore, Potter, and Oldham Counties, Texas. The trial court entered final judgment in favor of the Company, ruling that the plaintiffs take nothing by their claims and awarding the Company its attorneys' fees and costs incurred in defending the lawsuit. The court of appeals affirmed in part and reversed in part the trial court's judgment thereby reinstating some of plaintiffs' claims. The Texas Supreme Court granted the Company's petition for review and heard oral argument in October 2022. On April 28, 2023, the Texas Supreme Court reversed the court of appeals' decision and remanded the case back to the court of appeals for further proceedings. After plaintiffs' request for rehearing, on July 21, 2023, the Texas Supreme Court reaffirmed its reversal of the court of appeals' decision and remand of the case back to the court of appeals for further proceedings.

Australian Operations Divestiture Dispute

Pursuant to a Sale and Purchase Agreement dated April 9, 2015 (Quadrant SPA), the Company and its subsidiaries divested Australian operations to Quadrant Energy Pty Ltd (Quadrant). Closing occurred on June 5, 2015. In April 2017, the Company filed suit against Quadrant for breach of the Quadrant SPA. In its suit, the Company seeks approximately AUD \$80 million. In December 2017, Quadrant filed a defense of equitable set-off to the Company's claim and a counterclaim seeking approximately AUD \$200 million in the aggregate. The Company will vigorously prosecute its claim while vigorously defending against Quadrant's counter claims.

California and Delaware Litigation

On July 17, 2017, in three separate actions, San Mateo and Marin Counties, and the City of Imperial Beach, California, all filed suit individually and on behalf of the people of the state of California against over 30 oil and gas companies alleging damages as a result of global warming. Plaintiffs seek unspecified damages and abatement under various tort theories. On December 20, 2017, in two separate actions, the City of Santa Cruz and Santa Cruz County filed similar lawsuits against many of the same defendants. On January 22, 2018, the City of Richmond filed a similar lawsuit.

On September 10, 2020, the State of Delaware filed suit, individually and on behalf of the people of the State of Delaware, against over 25 oil and gas companies alleging damages as a result of global warming. Plaintiffs seek unspecified damages and abatement under various tort theories.

The Company intends to challenge personal jurisdiction in California and to vigorously defend the Delaware lawsuit.

Kulp Minerals Lawsuit

On or about April 7, 2023, Apache was sued in a purported class action in New Mexico styled *Kulp Minerals LLC v. Apache Corporation*, Case No. D-506-CV-2023-00352 in the Fifth Judicial District. The *Kulp Minerals* case has not been certified and seeks to represent a group of owners allegedly owed statutory interest under New Mexico law as a result of purported late oil and gas payments. The amount of this claim is not yet reasonably determinable. The Company intends to vigorously defend against the claims asserted in this lawsuit.

Shareholder and Derivative Lawsuits

On February 23, 2021, a case captioned *Plymouth County Retirement System v. Apache Corporation, et al.* was filed in the United States District Court for the Southern District of Texas (Houston Division) against the Company and certain current and former officers. The complaint, which is a shareholder lawsuit styled as a class action, alleges, among other things, that (1) the Company intentionally used unrealistic assumptions regarding the amount and composition of available oil and gas in Alpine High; (2) the Company did not have the proper infrastructure in place to safely and/or economically drill and/or transport those resources even if they existed in the amounts purported; (3) certain statements and omissions artificially inflated the value of the Company's operations in the Permian Basin; and (4) as a result, the Company's public statements were materially false and misleading. With no admission, concession, or finding of any fault, liability, or wrongdoing, but only to avoid the expense and uncertainty of litigation, the parties have agreed to a settlement resolving all claims made against the defendants by the class. The settlement agreement will be subject to court approval, and a hearing is expected to be held in the coming months. The settlement will not have a material effect on the Company's financial position, results of operations, or liquidity and is subject to insurance coverage that companies have for these types of claims.

On February 21, 2023, a case captioned *Steve Silverman, Derivatively and on behalf of Nominal Defendant APA Corp. v. John J. Christmann IV, et al.* was filed in federal district court for the Southern District of Texas. Then, on July 21, 2023, a case captioned *Yang-Li-Yu, Derivatively and on behalf of Nominal Defendant APA Corp. v. John J. Christmann IV, et al.* was filed in federal district court for the Southern District of Texas. These cases have now been consolidated as *In Re APA Corporation Derivative Litigation*, Case No. 4:23-cv-00636 in the Southern District of Texas and purport to be derivative actions brought against senior management and Company directors over many of the same allegations included in the *Plymouth County Retirement System* matter and asserts claims of (1) breach of fiduciary duty; (2) waste of corporate assets; and (3) unjust enrichment. The defendants filed a motion to dismiss the consolidated lawsuits, which is fully briefed and will remain pending following settlement of the *Plymouth County Retirement System* case noted above.

Environmental Matters

As of June 30, 2024, the Company had an undiscounted reserve for environmental remediation of approximately \$1 million.

On September 11, 2020, the Company received a Notice of Violation and Finding of Violation, and accompanying Clean Air Act Information Request, from the U.S. Environmental Protection Agency (EPA) following site inspections in April 2019 at several of the Company's oil and natural gas production facilities in Lea and Eddy Counties, New Mexico. Then on December 29, 2020, the Company received a Notice of Violation and Opportunity to Confer, and accompanying Clean Air Act Information Request, from the EPA following helicopter flyovers in September 2019 of several of the Company's oil and natural gas production facilities in Reeves County, Texas. The notices and information requests involved alleged emissions control and reporting violations. The Company cooperated with the EPA, responded to the information requests, and negotiated and entered into a consent decree to resolve the alleged violations in both New Mexico and Texas, which has been approved and entered by the Court. The consideration provided by the Company in connection with the consent decree, which includes a \$4 million payment, will not have a material impact on the Company's financial position.

The Company is not aware of any environmental claims existing as of June 30, 2024, that have not been provided for or would otherwise have a material impact on its financial position, results of operations, or liquidity. There can be no assurance, however, that current regulatory requirements will not change or past non-compliance with environmental laws will not be discovered on the Company's properties.

Potential Decommissioning Obligations on Sold Properties

In 2013, Apache sold its Gulf of Mexico (GOM) Shelf operations and properties and its GOM operating subsidiary, GOM Shelf LLC (GOM Shelf) to Fieldwood Energy LLC (Fieldwood). Fieldwood assumed the obligation to decommission the properties held by GOM Shelf and the properties acquired from Apache and its other subsidiaries (collectively, the Legacy GOM Assets). On February 14, 2018, Fieldwood filed for (and subsequently emerged from) Chapter 11 bankruptcy protection. On August 3, 2020, Fieldwood filed for (and subsequently emerged from) Chapter 11 bankruptcy protection for a second time. Upon emergence from this second bankruptcy, the Legacy GOM Assets were separated into a standalone company, which was subsequently merged into GOM Shelf. Under GOM Shelf's limited liability company agreement, the proceeds of production of the Legacy GOM Assets are to be used to fund the operation of GOM Shelf and the decommissioning of Legacy GOM Assets. Pursuant to the terms of the original transaction, as amended in the first bankruptcy, the securing of the asset retirement obligations for the Legacy GOM Assets as and when Apache is required to perform or pay for any such decommissioning was accomplished through the posting of letters of credit in favor of Apache (Letters of Credit), the provision of two bonds (Bonds) in favor of Apache, and the establishment of a trust account of which Apache was a beneficiary and which was funded by net profits interests (NPIs) depending on future oil prices. In addition, after such sources have been exhausted, Apache agreed upon resolution of GOM Shelf's second bankruptcy to provide a standby loan to GOM Shelf of up to \$400 million to perform decommissioning, with such standby loan secured by a first and prior lien on the Legacy GOM Assets.

By letter dated April 5, 2022 (replacing two earlier letters) and by subsequent letter dated March 1, 2023, GOM Shelf notified the Bureau of Safety and Environmental Enforcement (BSEE) that it was unable to fund the decommissioning obligations that it was obligated to perform on certain of the Legacy GOM Assets. As a result, Apache and other current and former owners in these assets have received orders from BSEE and demands from third parties to decommission certain of the Legacy GOM Assets included in GOM Shelf's notifications to BSEE. Apache expects to receive similar orders and demands on the other Legacy GOM Assets included in GOM Shelf's notification letters. Apache has also received orders to decommission other Legacy GOM Assets that were not included in GOM Shelf's notification letters. Further, Apache anticipates that GOM Shelf may send additional such notices to BSEE in the future and that it may receive additional orders from BSEE requiring it to decommission other Legacy GOM Assets.

On June 21, 2023, two sureties that issued Bonds directly to Apache and two sureties that issued bonds to the issuing bank on the Letters of Credit filed suit against Apache in a case styled *Zurich American Insurance Company, HCC International Insurance Company PLC, Philadelphia Indemnity Insurance Company and Everest Reinsurance Company (Insurers) v. Apache Corporation*, Cause No. 2023-38238 in the 281st Judicial District Court, Harris County Texas. The sureties sought to prevent Apache from drawing on the Bonds and Letters of Credit and further alleged that they are discharged from their reimbursement obligations related to decommissioning costs and are entitled to other relief. On July 20, 2023, the 281st Judicial District Court denied the Insurers' request for a temporary injunction. On July 26, 2023, Apache removed the suit to the United States Bankruptcy Court for the Southern District of Texas (Houston Division) which subsequently held that the sureties' state court lawsuit violated the terms of the Bankruptcy Confirmation Order and is void. Since the time the sureties filed their state court lawsuit, Apache has drawn down the entirety of the Letters of Credit. Apache has also sought to draw down on the Bonds; however, the sureties refuse to pay such Bond draws. Apache is vigorously pursuing its claims against the sureties.

As of June 30, 2024, the Company has recorded a \$187 million asset, which represents the remaining amount the Company expects to be reimbursed from security related to these decommissioning costs.

The Company has recorded contingent liabilities in the amounts of \$862 million and \$824 million as of June 30, 2024 and December 31, 2023, respectively, representing the estimated costs of decommissioning it may be required to perform on the Legacy GOM Assets. The Company recognized \$17 million and \$83 million in the second quarter and the first six months of 2024, respectively, of "Loss on previously sold Gulf of Mexico properties." Amounts recorded in the second quarter of 2024 reflect orders received during the period from BSEE to decommission a property operated and produced by Fieldwood Energy Offshore and Dynamic Offshore Resources NS, LLC. Amounts recorded in the first six months of 2024 also include \$33 million related to orders received during the first quarter of 2024 from BSEE to decommission properties previously sold to Cox Operating LLC. The Company recognized no losses for decommissioning previously sold properties during the second quarter and the first six months of 2023. There have been no other changes in estimates from December 31, 2023 that would have a material impact on the Company's financial position, results of operations, or liquidity.

12. BUSINESS SEGMENT INFORMATION

As of June 30, 2024, the Company is engaged in exploration and production (Upstream) activities across three operating segments: the U.S., Egypt, and North Sea. The Company's Upstream business explores for, develops, and produces crude oil, natural gas, and natural gas liquids. Financial information for each segment is presented below:

	U.S.	Egypt ⁽¹⁾	North Sea	Intersegment Eliminations & Other	Total ⁽⁴⁾
For the Quarter Ended June 30, 2024	(In millions)				
Revenues:					
Oil revenues	\$ 550	\$ 673	\$ 213	\$ —	\$ 1,436
Natural gas revenues	7	73	47	—	127
Natural gas liquids revenues	93	—	7	—	100
Oil, natural gas, and natural gas liquids production revenues	650	746	267	—	1,663
Purchased oil and gas sales	230	—	—	—	230
	880	746	267	—	1,893
Operating Expenses:					
Lease operating expenses	129	123	117	—	369
Gathering, processing, and transmission	60	7	16	—	83
Purchased oil and gas costs	95	—	—	—	95
Taxes other than income	46	—	—	—	46
Exploration	1	25	1	1	28
Depreciation, depletion, and amortization	167	152	75	—	394
Asset retirement obligation accretion	8	—	26	—	34
	506	307	235	1	1,049
Operating Income (Loss) ⁽²⁾	\$ 374	\$ 439	\$ 32	\$ (1)	844
Other Income (Expense):					
Derivative instrument gains, net					1
Loss on previously sold Gulf of Mexico properties					(17)
Gain on divestitures, net					276
Other, net					5
General and administrative					(68)
Transaction, reorganization, and separation					(5)
Financing costs, net					(26)
Income Before Income Taxes					\$ 1,010

	U.S.	Egypt ⁽¹⁾	North Sea	Intersegment Eliminations & Other	Total ⁽⁶⁾
For the Six Months Ended June 30, 2024	(In millions)				
Revenues:					
Oil revenues	\$ 1,055	\$ 1,330	\$ 400	\$ —	\$ 2,785
Natural gas revenues	58	150	89	—	297
Natural gas liquids revenues	201	—	16	—	217
Oil, natural gas, and natural gas liquids production revenues	1,314	1,480	505	—	3,299
Purchased oil and gas sales	433	—	—	—	433
	<u>1,747</u>	<u>1,480</u>	<u>505</u>	<u>—</u>	<u>3,732</u>
Operating Expenses:					
Lease operating expenses	257	243	195	—	695
Gathering, processing, and transmission	116	13	30	—	159
Purchased oil and gas costs	258	—	—	—	258
Taxes other than income	96	—	—	—	96
Exploration	12	56	1	1	70
Depreciation, depletion, and amortization	324	297	146	—	767
Asset retirement obligation accretion	23	—	51	—	74
	<u>1,086</u>	<u>609</u>	<u>423</u>	<u>1</u>	<u>2,119</u>
Operating Income (Loss) ⁽²⁾	<u>\$ 661</u>	<u>\$ 871</u>	<u>\$ 82</u>	<u>\$ (1)</u>	<u>1,613</u>
Other Income (Expense):					
Derivative instrument gains, net					1
Loss on offshore decommissioning contingency					(83)
Gain on divestitures, net					283
Other, net					20
General and administrative					(151)
Transaction, reorganization, and separation					(14)
Financing costs, net					(59)
Income Before Income Taxes					<u>\$ 1,610</u>
Total Assets ⁽³⁾	<u>\$ 11,701</u>	<u>\$ 3,740</u>	<u>\$ 1,844</u>	<u>\$ —</u>	<u>\$ 17,285</u>

	U.S.	Egypt ⁽¹⁾	North Sea	Intersegment Eliminations & Other	Total ⁽⁶⁾
For the Quarter Ended June 30, 2023	(In millions)				
Revenues:					
Oil revenues	\$ 473	\$ 618	\$ 235	\$ —	\$ 1,326
Natural gas revenues	46	90	39	—	175
Natural gas liquids revenues	95	—	4	—	99
Oil, natural gas, and natural gas liquids production revenues	614	708	278	—	1,600
Purchased oil and gas sales	144	—	—	—	144
	<u>758</u>	<u>708</u>	<u>278</u>	<u>—</u>	<u>1,744</u>
Operating Expenses:					
Lease operating expenses	132	121	99	—	352
Gathering, processing, and transmission	57	6	12	—	75
Purchased oil and gas costs	131	—	—	—	131
Taxes other than income	47	—	—	—	47
Exploration	3	30	4	—	37
Depreciation, depletion, and amortization	152	126	61	—	339
Asset retirement obligation accretion	10	—	19	—	29
Impairments	—	—	46	—	46
	<u>532</u>	<u>283</u>	<u>241</u>	<u>—</u>	<u>1,056</u>
Operating Income ⁽²⁾	<u>\$ 226</u>	<u>\$ 425</u>	<u>\$ 37</u>	<u>\$ —</u>	<u>688</u>
Other Income (Expense):					
Gain on divestitures, net					5
Other, net					109
General and administrative					(66)
Transaction, reorganization, and separation					(2)
Financing costs, net					(42)
Income Before Income Taxes					<u>\$ 692</u>

	U.S.	Egypt ⁽¹⁾	North Sea	Intersegment Eliminations & Other	Total ⁽⁴⁾
For the Six Months Ended June 30, 2023	(In millions)				
Revenues:					
Oil revenues	\$ 912	\$ 1,247	\$ 517	\$ —	\$ 2,676
Natural gas revenues	131	183	99	—	413
Natural gas liquids revenues	203	—	14	—	217
Oil, natural gas, and natural gas liquids production revenues	1,246	1,430	630	—	3,306
Purchased oil and gas sales	383	—	—	—	383
	1,629	1,430	630	—	3,689
Operating Expenses:					
Lease operating expenses	272	218	176	—	666
Gathering, processing, and transmission	112	13	23	—	148
Purchased oil and gas costs	347	—	—	—	347
Taxes other than income	97	—	—	—	97
Exploration	6	66	9	—	81
Depreciation, depletion, and amortization	279	249	119	—	647
Asset retirement obligation accretion	20	—	37	—	57
Impairments	—	—	46	—	46
	1,133	546	410	—	2,089
Operating Income ⁽²⁾	\$ 496	\$ 884	\$ 220	\$ —	1,600
Other Income (Expense):					
Gain on divestitures, net					6
Other, net					77
General and administrative					(124)
Transaction, reorganization, and separation					(6)
Financing costs, net					(91)
Income Before Income Taxes					\$ 1,462
Total Assets⁽³⁾	\$ 9,489	\$ 3,365	\$ 1,719	\$ (1)	\$ 14,572

(1) Includes oil and gas production revenue that will be paid as taxes by EGPC on behalf of the Company for the quarters and six months ended June 30, 2024 and 2023 of:

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In millions)			
Oil	\$ 177	\$ 165	\$ 351	\$ 337
Natural gas	19	24	40	50

(2) Operating income includes no leasehold impairments for the second quarter of 2024.

Operating income of U.S. and North Sea includes leasehold impairments of \$3 million and \$3 million, respectively, for the second quarter of 2023. Operating income of U.S. includes leasehold impairments of \$10 million for the first six months of 2024. Operating income of U.S. and North Sea includes leasehold impairments of \$5 million and \$6 million, respectively, for the first six months of 2023.

(3) Intercompany balances are excluded from total assets.

(4) Includes noncontrolling interests of Sinopec and APA.

ITEM 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS

The following discussion relates to Apache Corporation (Apache or the Company) and its consolidated subsidiaries and should be read together with the Company's Consolidated Financial Statements and accompanying notes included in Part I, [Item 1—Financial Statements](#) of this Quarterly Report on Form 10-Q, as well as related information set forth in the Company's Consolidated Financial Statements, accompanying Notes to Consolidated Financial Statements, and Management's Narrative Analysis of Results of Operations included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Overview

Apache, a direct, wholly owned subsidiary of APA Corporation (APA), is an independent energy company that explores for, develops, and produces natural gas, crude oil, and natural gas liquids (NGLs). The Company's upstream business has oil and gas operations in three geographic areas: the U.S., Egypt, and offshore the U.K. in the North Sea (North Sea).

Apache believes energy underpins global progress, and the Company wants to be a part of the solution as society works to meet growing global demand for reliable and affordable energy. Apache strives to meet those challenges while creating value for all its stakeholders.

Uncertainties in the global supply chain and financial markets, including the impact of ongoing international conflicts, inflation, and actions taken by foreign oil and gas producing nations, including OPEC+, impact oil supply and demand and contribute to commodity price volatility. Despite these uncertainties, the Company remains committed to its longer-term objectives: (1) to invest for long-term returns in pursuit of moderate, sustainable production growth; (2) to strengthen the balance sheet to underpin the generation of cash flow in excess of its upstream exploration, appraisal, and development capital program that can be directed to debt reduction and return of capital to APA; and (3) to responsibly manage its cost structure regardless of the oil price environment. The Company closely monitors hydrocarbon pricing fundamentals to reallocate capital as part of its ongoing planning process.

Financial and Operational Highlights

In the second quarter of 2024, the Company reported net income of \$464 million compared to net income of \$290 million in the second quarter of 2023. The increase in net income in the second quarter of 2024 compared to the same prior year period was primarily driven by \$276 million of net gains on divestitures of non-core assets, higher revenues as a result of increased drilling activity in the Permian Basin, and higher realized oil and NGL prices during the period. Net income also benefited from widening margins under third-party gas agreements as a result of lower natural gas prices. These benefits to net income were partially offset by higher depreciation expense driven by an increase in the Company's depreciation, depletion, and amortization rate from the second quarter of 2023 on its oil and gas properties, and higher deferred income tax expense compared to the same prior year period.

In the first six months of 2024, the Company reported net income of \$600 million compared to net income of \$427 million in the first six months of 2023. The increase in net income in the first six months of 2024 compared to the first six months of 2023 was primarily driven by \$283 million of net gains on divestitures of non-core assets and widening margins under third-party gas agreements resulting from lower natural gas prices. These benefits to net income were partially offset by higher depreciation expense driven by increases in the Company's depreciation, depletion, and amortization rate from the first six months of 2023 on its oil and gas properties and an increase in losses on previously sold Gulf of Mexico properties related to property decommissioning, compared to the same prior year period.

The Company generated \$1.1 billion of cash from operating activities during the first six months of 2024, 19 percent lower than the first six months of 2023. The Company's lower operating cash flows for the first six months of 2024 were primarily driven by timing of working capital items.

Key operational highlights include:

United States

- Daily boe production from the Company's U.S. assets accounted for 52 percent of its total production during the second quarter of 2024 and decreased 7 percent from the second quarter of 2023. Daily oil production from the Company's U.S. assets increased 8 percent from the second quarter of 2023. During the second quarter of 2024, the Company averaged seven drilling rigs in the Permian Basin, including six rigs in the Southern Midland Basin and one rig in the Delaware Basin, and drilled and brought online 30 operated wells during the quarter. The Company's core Permian Basin development program continues to represent key growth areas for the U.S. assets.

International

- In Egypt, the Company continued its drilling and workover activity with a focus on oil production. The Company averaged 15 drilling rigs and drilled 14 new productive wells during the second quarter of 2024. During the same period, the Company averaged 20 workover rigs as it continues to align its drilling and workover activity with a goal of driving improved capital efficiency. Second quarter 2024 gross production from the Company's Egypt assets decreased 7 percent from the second quarter of 2023, and net production decreased 8 percent, while daily oil production remained essentially flat.
- The Company suspended all new drilling activity in the North Sea during the second quarter of 2023. The Company's investment program in the North Sea is now directed toward safety, base production management, and asset maintenance and integrity.

Results of Operations

Oil, Natural Gas, and Natural Gas Liquids Production Revenues

Revenue

The Company's production revenues and respective contribution to total revenues by country were as follows:

	For the Quarter Ended June 30,				For the Six Months Ended June 30,			
	2024		2023		2024		2023	
	\$ Value	% Contribution	\$ Value	% Contribution	\$ Value	% Contribution	\$ Value	% Contribution
(\$ in millions)								
Oil Revenues:								
United States	\$ 550	38 %	\$ 473	36 %	\$ 1,055	38 %	\$ 912	34 %
Egypt ⁽¹⁾	673	47 %	618	47 %	1,330	48 %	1,247	47 %
North Sea	213	15 %	235	17 %	400	14 %	517	19 %
Total ⁽¹⁾	\$ 1,436	100 %	\$ 1,326	100 %	\$ 2,785	100 %	\$ 2,676	100 %
Natural Gas Revenues:								
United States	\$ 7	6 %	\$ 46	26 %	\$ 58	20 %	\$ 131	32 %
Egypt ⁽¹⁾	73	57 %	90	52 %	150	50 %	183	44 %
North Sea	47	37 %	39	22 %	89	30 %	99	24 %
Total ⁽¹⁾	\$ 127	100 %	\$ 175	100 %	\$ 297	100 %	\$ 413	100 %
NGL Revenues:								
United States	\$ 93	93 %	\$ 95	96 %	\$ 201	93 %	\$ 203	94 %
North Sea	7	7 %	4	4 %	16	7 %	14	6 %
Total ⁽¹⁾	\$ 100	100 %	\$ 99	100 %	\$ 217	100 %	\$ 217	100 %
Oil and Gas Revenues:								
United States	\$ 650	39 %	\$ 614	38 %	\$ 1,314	40 %	\$ 1,246	38 %
Egypt ⁽¹⁾	746	45 %	708	44 %	1,480	45 %	1,430	43 %
North Sea	267	16 %	278	18 %	505	15 %	630	19 %
Total ⁽¹⁾	\$ 1,663	100 %	\$ 1,600	100 %	\$ 3,299	100 %	\$ 3,306	100 %

(1) Includes revenues attributable to noncontrolling interests in Egypt.

Production

The Company's production volumes by country were as follows:

	For the Quarter Ended June 30,			For the Six Months Ended June 30,		
	2024	Increase (Decrease)	2023	2024	Increase (Decrease)	2023
Oil Volume (b/d)						
United States	75,667	8%	70,087	73,653	9%	67,515
Egypt ⁽¹⁾⁽²⁾	87,702	0%	87,790	87,235	(1)%	87,792
North Sea	26,586	(24)%	35,048	28,190	(22)%	36,268
Total	189,955	(2)%	192,925	189,078	(1)%	191,575
Natural Gas Volume (Mcf/d)						
United States	343,241	(19)%	422,325	367,103	(12)%	417,213
Egypt ⁽¹⁾⁽²⁾	273,077	(19)%	337,413	281,652	(19)%	346,829
North Sea	51,854	39%	37,194	52,229	35%	38,769
Total	668,172	(16)%	796,932	700,984	(13)%	802,811
NGL Volume (b/d)						
United States	49,972	(12)%	56,973	49,195	(9)%	54,122
North Sea	1,550	78%	872	1,477	39%	1,062
Total	51,522	(11)%	57,845	50,672	(8)%	55,184
BOE per day⁽³⁾						
United States	182,845	(7)%	197,448	184,031	(4)%	191,172
Egypt ⁽¹⁾⁽²⁾	133,215	(8)%	144,026	134,177	(8)%	145,597
North Sea ⁽⁴⁾	36,778	(13)%	42,118	38,373	(12)%	43,792
Total	352,838	(8)%	383,592	356,581	(6)%	380,561

(1) Gross oil, natural gas, and NGL production in Egypt were as follows:

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Oil (b/d)	139,490	140,652	138,731	140,708
Natural Gas (Mcf/d)	431,750	517,291	444,499	531,093

(2) Includes net production volumes per day attributable to noncontrolling interests in Egypt of:

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Oil (b/d)	66,675	58,561	66,319	58,560
Natural Gas (Mcf/d)	207,607	225,080	214,126	231,348

(3) The table shows production on a boe basis in which natural gas is converted to an equivalent barrel of oil based on a 6:1 energy equivalent ratio. This ratio is not reflective of the price ratio between the two products.

(4) Average sales volumes from the North Sea for the second quarters of 2024 and 2023 were 37,491 boe/d and 40,099 boe/d, respectively, and 36,285 boe/d and 43,347 boe/d for the first six months of 2024 and 2023, respectively. Sales volumes may vary from production volumes as a result of the timing of liftings.

Pricing

The Company's average selling prices by country were as follows:

	For the Quarter Ended June 30,			For the Six Months Ended June 30,		
	2024	Increase (Decrease)	2023	2024	Increase (Decrease)	2023
Average Oil Price – Per barrel						
United States	\$ 79.93	8%	\$ 74.04	\$ 78.71	6%	\$ 74.57
Egypt	84.30	9%	77.39	83.75	7%	78.48
North Sea	84.62	7%	79.27	83.77	4%	80.51
Total	82.62	8%	76.48	81.77	6%	77.47
Average Natural Gas Price – Per Mcf						
United States	\$ 0.21	(83)%	\$ 1.21	\$ 0.87	(50)%	\$ 1.74
Egypt	2.92	(1)%	2.95	2.93	0%	2.92
North Sea	10.61	(6)%	11.29	9.92	(31)%	14.47
Total	2.09	(14)%	2.42	2.34	(18)%	2.85
Average NGL Price – Per barrel						
United States	\$ 20.48	13%	\$ 18.13	\$ 22.48	9%	\$ 20.71
North Sea	43.43	11%	39.24	46.66	(6)%	49.52
Total	21.22	14%	18.61	23.35	9%	21.52

Second-Quarter 2024 compared to Second-Quarter 2023

Crude Oil Crude oil revenues for the second quarter of 2024 totaled \$1.4 billion, a \$110 million increase from the comparative 2023 quarter. An 8 percent increase in average realized prices primarily drove the increase in oil revenues compared to the second quarter of 2023. Crude oil revenues accounted for 86 percent of total oil and gas production revenues and 54 percent of worldwide production in the second quarter of 2024. Crude oil prices realized in the second quarter of 2024 averaged \$82.62 per barrel, compared with \$76.48 per barrel in the comparative prior-year quarter.

The Company's worldwide oil production decreased 3 Mb/d to 190 Mb/d during the second quarter of 2024 from the comparative prior-year period, primarily a result of natural production decline across all assets, partially offset by increased drilling activity in the Permian Basin.

Natural Gas Natural gas revenues for the second quarter of 2024 totaled \$127 million, a \$48 million decrease from the comparative 2023 quarter. A 14 percent decrease in average realized prices decreased second-quarter 2024 natural gas revenues by \$23 million compared to the second quarter of 2023, while 16 percent lower average daily production decreased revenues by \$25 million. Natural gas revenues accounted for 8 percent of total oil and gas production revenues and 32 percent of worldwide production during the second quarter of 2024.

The Company's worldwide natural gas production decreased 128.8 MMcf/d to 668.2 MMcf/d during the second quarter of 2024 from the comparative prior-year period, primarily a result of natural production decline across all assets, reduced gas-focused activity in Egypt, curtailment of volumes at Alpine High in response to extreme Waha basis differentials, and the sale of non-core assets in the U.S. These decreases were partially offset by increased drilling activity and recompletions in the Permian Basin and less maintenance downtime in the North Sea.

NGL NGL revenues for the second quarter of 2024 totaled \$100 million, a \$1 million increase from the comparative 2023 quarter. A 14 percent increase in average realized prices increased second-quarter 2024 NGL revenues by \$14 million compared to the second quarter of 2023, while an 11 percent lower average daily production decreased revenues by \$13 million. NGL revenues accounted for 6 percent of total oil and gas production revenues and 14 percent of worldwide production during the second quarter of 2024.

The Company's worldwide NGL production decreased 6.3 Mb/d to 51.5 Mb/d during the second quarter of 2024 from the comparative prior-year period, primarily a result of natural production decline across U.S. assets.

Year-to-Date 2024 compared to Year-to-Date 2023

Crude Oil Crude oil revenues for the first six months of 2024 totaled \$2.8 billion, a \$109 million increase from the comparative 2023 period. A 6 percent increase in average realized prices increased oil revenues by \$148 million compared to the prior-year period, while a 1 percent lower average daily production decreased oil revenues for the 2024 period by \$39 million compared to the prior-year period. Crude oil revenues accounted for 84 percent of total oil and gas production revenues and 53 percent of worldwide production for the first six months of 2024. Crude oil prices realized during the first six months of 2024 averaged \$81.77 per barrel, compared to \$77.47 per barrel in the comparative prior-year period.

The Company's worldwide oil production decreased 2.5 Mb/d to 189.1 Mb/d in the first six months of 2024 compared to the prior-year period, primarily a result of natural production decline across all assets, partially offset by increased drilling activity in the Permian Basin.

Natural Gas Natural gas revenues for the first six months of 2024 totaled \$297 million, a \$116 million decrease from the comparative 2023 period. An 18 percent decrease in average realized prices decreased natural gas revenues for the 2024 period by \$74 million compared to the prior-year period, while 13 percent lower average daily production decreased revenues by \$42 million compared to the prior-year period. Natural gas revenues accounted for 9 percent of total oil and gas production revenues and 33 percent of worldwide production for the first six months of 2024.

The Company's worldwide natural gas production decreased 101.8 MMcf/d to 701 MMcf/d in the first six months of 2024 compared to the prior-year period, primarily a result of natural production decline across all assets, reduced gas-focused activity in Egypt, curtailment of volumes at Alpine High in response to extreme Waha basis differentials, and the sale of non-core assets in the U.S. These decreases were partially offset by increased drilling activity and recompletions in the Permian Basin and less maintenance downtime in the North Sea.

NGL NGL revenues for the first six months of 2024 remained flat when compared to the first six months of 2023. An 8 percent lower average daily production decreased NGL revenues for the 2024 period by \$18 million compared to the prior-year period, while a 9 percent increase in average realized prices increased revenues by \$18 million compared to the prior-year period. NGL revenues accounted for 7 percent of total oil and gas production revenues and 14 percent of worldwide production for the first six months of 2024.

The Company's worldwide NGL production decreased 4.5 Mb/d to 50.7 Mb/d in the first six months of 2024 compared to the prior-year period, primarily a result of natural production decline across U.S. assets, partially offset by increased drilling activity and recompletions in the Permian Basin.

Purchased Oil and Gas Sales

Purchased oil and gas sales represent volumes primarily attributable to U.S. domestic oil and gas purchases that were sold by the Company to fulfill oil and natural gas takeaway obligations and delivery commitments. Sales related to these purchased volumes totaled \$230 million and \$144 million during the second quarters of 2024 and 2023, respectively, and \$433 million and \$383 million during the first six months of 2024 and 2023, respectively. Purchased oil and gas sales were offset by associated purchase costs of \$95 million and \$131 million during the second quarters of 2024 and 2023, respectively, and \$258 million and \$347 million during the first six months of 2024 and 2023, respectively. Gross purchased oil and gas sales values were higher in the second quarter and the first six months of 2024 primarily driven by third-party purchase commitments as compared to the second quarter and the first six months of 2023.

Operating Expenses

The Company's operating expenses were as follows and include costs attributable to noncontrolling interests in Egypt:

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In millions)			
Lease operating expenses	\$ 369	\$ 352	\$ 695	\$ 666
Gathering, processing, and transmission	83	75	159	148
Purchased oil and gas costs	95	131	258	347
Taxes other than income	46	47	96	97
Exploration	28	37	70	81
General and administrative	68	66	151	124
Transaction, reorganization, and separation	5	2	14	6
Depreciation, depletion, and amortization:				
Oil and gas property and equipment	388	326	750	627
Gathering, processing, and transmission assets	1	1	3	3
Other assets	5	12	14	17
Asset retirement obligation accretion	34	29	74	57
Impairments	—	46	—	46
Financing costs, net	26	42	59	91
Total Operating Expenses	\$ 1,148	\$ 1,166	\$ 2,343	\$ 2,310

Lease Operating Expenses (LOE)

LOE increased \$17 million and \$29 million compared to the second quarter and the first six months of 2023, respectively. On a per-unit basis, LOE increased 13 percent and 11 percent in the second quarter and the first six months of 2024, respectively, from the comparative prior-year periods. During the second quarter and first six months of 2024, higher operating and labor costs as well as higher workover activity drove the increase in absolute LOE costs compared to the same prior-year periods.

Gathering, Processing, and Transmission (GPT)

The Company's GPT expenses were as follows:

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In millions)			
Third-party processing and transmission costs	\$ 83	\$ 49	\$ 138	\$ 98
Midstream service costs – Kinetik	—	26	21	50
Total gathering, processing, and transmission	\$ 83	\$ 75	\$ 159	\$ 148

GPT costs increased \$8 million and \$11 million in the second quarter and the first six months of 2024, respectively, when compared to the second quarter and the first six months of 2023, primarily driven by an increase in natural gas production volumes in the North Sea.

Purchased Oil and Gas Costs

Purchased oil and gas costs decreased \$36 million and \$89 million in the second quarter and the first six months of 2024, respectively, when compared to the second quarter and the first six months of 2023. The decrease is primarily driven by lower average natural gas prices in the second quarter and the first six months of 2024 compared to the second quarter and first six months of 2023. With widening margins under third-party gas agreements, purchased oil and gas costs were more than offset by associated sales to fulfill natural gas takeaway obligations and delivery commitments totaling \$230 million and \$433 million in the second quarter and the first six months of 2024, respectively, as discussed above.

Exploration Expenses

The Company's exploration expenses were as follows:

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In millions)			
Unproved leasehold impairments	\$ —	\$ 6	\$ 10	\$ 11
Dry hole expense	18	22	40	50
Geological and geophysical expense	—	—	1	1
Exploration overhead and other	10	9	19	19
Total Exploration	\$ 28	\$ 37	\$ 70	\$ 81

Exploration expenses decreased \$9 million and \$11 million from the second quarter and the first six months of 2023, respectively, driven by lower dry hole expenses and unproved leasehold impairments compared to the prior-year periods.

General and Administrative (G&A) Expenses

G&A expenses increased \$2 million and \$27 million compared to the second quarter and the first six months of 2023, respectively. The increase in G&A expenses for the second quarter of 2024 compared to the second quarter of 2023 was primarily driven by higher overall labor costs across the Company. The increase in G&A expenses for the first six months of 2024 compared to the first six months of 2023 was primarily driven by higher overall labor costs across the Company and higher cash-based stock compensation expense resulting from changes in APA's stock price.

Transaction, Reorganization, and Separation (TRS) Costs

TRS costs increased \$3 million and \$8 million from the second quarter and the first six months of 2023, respectively. Higher TRS costs during the second quarter and the first six months of 2024 were primarily a result of higher separation costs in the North Sea compared to the prior-year periods.

Depreciation, Depletion, and Amortization (DD&A)

Total DD&A expenses increased \$55 million and \$120 million from the second quarter and the first six months of 2023, respectively, primarily driven by DD&A on the Company's oil and gas properties. The Company's DD&A rate on its oil and gas properties increased \$2.70 per boe and \$2.52 per boe from the second quarter and the first six months of 2023, respectively. The increase in DD&A on an absolute and per boe basis were driven by negative price-related reserve revisions in prior periods.

Impairments

During the three and six months ended June 30, 2023, the Company recorded \$46 million of impairments in connection with valuations of drilling and operations equipment inventory upon the Company's decision to suspend drilling operations in the North Sea. There were no impairments recorded during the three and six months ended June 30, 2024.

Financing Costs, Net

The Company's Financing costs were as follows:

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In millions)			
Interest expense	\$ 71	\$ 74	\$ 143	\$ 149
Amortization of debt issuance costs	—	—	1	1
Gain on extinguishment of debt	—	—	—	(9)
Interest income	(1)	(3)	(5)	(5)
Interest income from APA Corporation, net	(44)	(29)	(80)	(45)
Total Financing costs, net	\$ 26	\$ 42	\$ 59	\$ 91

Net financing costs decreased \$16 million and \$32 million from the second quarter and the first six months of 2023, respectively. The decrease in costs during the second quarter and the first six months of 2024 was primarily a result of higher intercompany interest income from APA Corporation and lower interest expense from lower average long-term debt balances compared to the same prior-year periods.

Provision for Income Taxes

The Company estimates its annual effective income tax rate in recording its quarterly provision for income taxes in the various jurisdictions in which the Company operates. Non-cash impairments on the carrying value of the Company's oil and gas properties, gains and losses on the sale of assets, statutory tax rate changes, and other significant or unusual items are recognized as discrete items in the quarter in which they occur.

The Company's effective income tax rate for the three and six months ended June 30, 2024 differed from the U.S. federal statutory income tax rate of 21 percent due to taxes on foreign operations. During the second quarter of 2023, the Company's effective income tax rate differed from the U.S. federal statutory income tax rate of 21 percent due to taxes on foreign operations and a decrease in the amount of valuation allowance against its U.S. deferred tax assets. The Company's effective income tax rate for the six months ended June 30, 2023 differed from the U.S. federal statutory income tax rate of 21 percent due to taxes on foreign operations, a deferred tax expense related to the remeasurement of taxes in the U.K. as a result of the enactment of Finance Act 2023, and a decrease in the amount of valuation allowance against its U.S. deferred tax assets.

In December 2021, the Organisation for Economic Co-operation and Development issued Pillar Two Model Rules introducing a new global minimum tax of 15 percent on a country-by-country basis, with certain aspects effective in certain jurisdictions on January 1, 2024. Although the Company continues to monitor enacted legislation to implement these rules in countries where the Company could be impacted, Apache does not expect that the Pillar Two framework will have a material impact on its consolidated financial statements.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income or capital taxes in various states and foreign jurisdictions. The Company's tax reserves are related to tax years that may be subject to examination by the relevant taxing authority.

Critical Accounting Estimates

The Company prepares its financial statements and accompanying notes in conformity with accounting principles generally accepted in the U.S., which require management to make estimates and assumptions about future events that affect reported amounts in the financial statements and the accompanying notes. The Company identifies certain accounting policies involving estimation as critical accounting estimates based on, among other things, their impact on the portrayal of the Company's financial condition, results of operations, or liquidity, as well as the degree of difficulty, subjectivity, and complexity in their deployment. Critical accounting estimates address accounting matters that are inherently uncertain due to unknown future resolution of such matters. Management routinely discusses the development, selection, and disclosure of each critical accounting estimate. For a discussion of the Company's most critical accounting estimates, please see the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023. Some of the more significant estimates include reserve estimates, oil and gas exploration costs, offshore decommissioning contingency, long-lived asset impairments, asset retirement obligations, and income taxes.

New Accounting Pronouncements

There were no material changes in recently issued or adopted accounting standards from those disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Omitted.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

John J. Christmann IV, the Company's Chief Executive Officer, in his capacity as principal executive officer, and Stephen J. Riney, the Company's President and Chief Financial Officer, in his capacity as principal financial officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2024, the end of the period covered by this report. Based on that evaluation and as of the date of that evaluation, these officers concluded that the Company's disclosure controls and procedures were effective, providing effective means to ensure that the information the Company is required to disclose under applicable laws and regulations is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

The Company periodically reviews the design and effectiveness of its disclosure controls, including compliance with various laws and regulations that apply to its operations, both inside and outside the United States. The Company makes modifications to improve the design and effectiveness of our disclosure controls, and may take other corrective action, if the Company's reviews identify deficiencies or weaknesses in its controls.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal controls over financial reporting that occurred during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Refer to Part I, Item 3—Legal Proceedings of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and [Note 11—Commitments and Contingencies](#) in the Notes to the Consolidated Financial Statements set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q (which is hereby incorporated by reference herein), for a description of material legal proceedings.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Part I, Item 1A—Risk Factors of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Given the nature of its business, APA Corporation may be subject to different or additional risks than those applicable to the Company. For a description of these risks, refer to the disclosures in APA Corporation’s Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2024 and June 30, 2024 and APA Corporation’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

ITEM 6. EXHIBITS

EXHIBIT NO.	DESCRIPTION	Incorporated by Reference			
		Form	Exhibit	Filing Date	SEC File No.
3.1	Amended and Restated Certificate of Incorporation of Registrant, dated March 1, 2021, as attached as Annex A to the Certificate of Merger of APA Merger Sub, Inc. with and into Registrant, filed with the Secretary of State of the State of Delaware on March 1, 2021.	8-K	3.1	3/1/2021	001-04300
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Registrant, dated June 7, 2021, filed with the Secretary of State of the State of Delaware on June 10, 2021.	8-K	3.1	6/14/2021	001-04300
3.3	Amended and Restated Bylaws of Registrant, dated March 1, 2021.	8-K	3.2	3/1/2021	001-04300
*31.1	Certification (pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act) by Principal Executive Officer.				
*31.2	Certification (pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act) by Principal Financial Officer.				
**32.1	Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principal Executive Officer and Principal Financial Officer.				
*101	The following financial statements from the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline XBRL: (i) Statement of Consolidated Operations, (ii) Statement of Consolidated Comprehensive Income, (iii) Statement of Consolidated Cash Flows, (iv) Consolidated Balance Sheet, (v) Statement of Consolidated Changes in Equity (Deficit) and Noncontrolling Interests and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.				
*101.SCH	Inline XBRL Taxonomy Schema Document.				
*101.CAL	Inline XBRL Calculation Linkbase Document.				
*101.DEF	Inline XBRL Definition Linkbase Document.				
*101.LAB	Inline XBRL Label Linkbase Document.				
*101.PRE	Inline XBRL Presentation Linkbase Document.				
*104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

APACHE CORPORATION

Dated: August 1, 2024

/s/ STEPHEN J. RINEY

Stephen J. Riney
President and Chief Financial Officer
(Principal Financial Officer)

Dated: August 1, 2024

/s/ REBECCA A. HOYT

Rebecca A. Hoyt
Senior Vice President, Chief Accounting Officer, and Controller
(Principal Accounting Officer)

CERTIFICATIONS

I, John J. Christmann IV, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Apache Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2024

/s/ John J. Christmann IV

John J. Christmann IV

Chief Executive Officer

(principal executive officer)

CERTIFICATIONS

I, Stephen J. Riney, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Apache Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2024

/s/ Stephen J. Riney

Stephen J. Riney

President and Chief Financial Officer

(principal financial officer)

APACHE CORPORATION

**Certification of Principal Executive Officer
and Principal Financial Officer**

I, John J. Christmann IV, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the quarterly report on Form 10-Q of Apache Corporation for the quarterly period ending June 30, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §78m or §78o (d)) and that information contained in such report fairly represents, in all material respects, the financial condition and results of operations of Apache Corporation.

Date: August 1, 2024

/s/ John J. Christmann IV

By: John J. Christmann IV
Title: Chief Executive Officer
(principal executive officer)

I, Stephen J. Riney, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the quarterly report on Form 10-Q of Apache Corporation for the quarterly period ending June 30, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §78m or §78o (d)) and that information contained in such report fairly represents, in all material respects, the financial condition and results of operations of Apache Corporation.

Date: August 1, 2024

/s/ Stephen J. Riney

By: Stephen J. Riney
Title: President and Chief Financial Officer
(principal financial officer)