

**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 September 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 October 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;
 - 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 third-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 September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
(In millions)				
REVENUES AND OTHER:				
Oil, natural gas, and natural gas liquids production revenues ⁽¹⁾	\$ 1,544	\$ 1,983	\$ 4,843	\$ 5,289
Purchased oil and gas sales ⁽¹⁾	434	229	867	612
Total revenues	1,978	2,212	5,710	5,901
Derivative instrument gains, net	—	—	1	—
Gain on divestitures, net	1	1	284	7
Loss on previously sold Gulf of Mexico properties	—	—	(83)	—
Other, net	20	7	40	84
	1,999	2,220	5,952	5,992
OPERATING EXPENSES:				
Lease operating expenses ⁽¹⁾	321	381	1,016	1,047
Gathering, processing, and transmission ⁽¹⁾	78	83	237	231
Purchased oil and gas costs ⁽¹⁾	253	211	511	558
Taxes other than income	41	56	137	153
Exploration	25	39	95	120
General and administrative	78	132	229	256
Transaction, reorganization, and separation	3	5	17	11
Depreciation, depletion, and amortization	418	377	1,185	1,024
Asset retirement obligation accretion	33	29	107	86
Impairments	1,111	—	1,111	46
Financing costs, net	20	40	79	131
	2,381	1,353	4,724	3,663
NET INCOME (LOSS) BEFORE INCOME TAXES	(382)	867	1,228	2,329
Current income tax provision	267	422	903	1,022
Deferred income tax benefit	(522)	(134)	(511)	(29)
NET INCOME (LOSS) INCLUDING NONCONTROLLING INTERESTS	(127)	579	836	1,336
Net income attributable to noncontrolling interest – Sinopec	84	96	243	261
Net income attributable to noncontrolling interest – APA Corporation	107	96	311	261
NET INCOME (LOSS) ATTRIBUTABLE TO APACHE CORPORATION	\$ (318)	\$ 387	\$ 282	\$ 814

(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 (LOSS)
(Unaudited)

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In millions)			
NET INCOME (LOSS) INCLUDING NONCONTROLLING INTERESTS	\$ (127)	\$ 579	\$ 836	\$ 1,336
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:				
Pension and postretirement benefit plan	—	—	(1)	3
COMPREHENSIVE INCOME (LOSS) INCLUDING NONCONTROLLING INTERESTS	(127)	579	835	1,339
Comprehensive income attributable to noncontrolling interest – Sinopec	84	96	243	261
Comprehensive income attributable to noncontrolling interest – APA Corporation	107	96	311	261
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO APACHE CORPORATION	<u>\$ (318)</u>	<u>\$ 387</u>	<u>\$ 281</u>	<u>\$ 817</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 Nine Months Ended September 30,	
	2024	2023
	(In millions)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income including noncontrolling interests	\$ 836	\$ 1,336
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on divestitures, net	(284)	(7)
Exploratory dry hole expense and unproved leasehold impairments	63	86
Depreciation, depletion, and amortization	1,185	1,024
Asset retirement obligation accretion	107	86
Impairments	1,111	46
Benefit from deferred income taxes	(511)	(29)
Gain on extinguishment of debt	—	(9)
Loss on previously sold Gulf of Mexico properties	83	—
Other, net	(164)	(119)
Changes in operating assets and liabilities:		
Receivables	122	(278)
Inventories	(35)	19
Drilling advances and other current assets	11	78
Deferred charges and other long-term assets	(225)	226
Accounts payable	20	(5)
Accounts receivable from/payable to APA Corporation	(24)	(46)
Accrued expenses	(197)	—
Deferred credits and noncurrent liabilities	84	(436)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,182	1,972
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to upstream oil and gas property	(1,447)	(1,480)
Leasehold and property acquisitions	(1)	(10)
Notes receivable from APA Corporation	(1,169)	(207)
Proceeds from asset divestitures	719	29
Proceeds from sale of Kinetik Shares	428	—
Other, net	58	(29)
NET CASH USED IN INVESTING ACTIVITIES	(1,412)	(1,697)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on fixed-rate debt	—	(65)
Distributions to noncontrolling interest – Sinopec	(233)	(154)
Distributions to APA Corporation	(558)	(154)
Other, net	(2)	5
NET CASH USED IN FINANCING ACTIVITIES	(793)	(368)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(23)	(93)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	84	185
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 61	\$ 92
SUPPLEMENTARY CASH FLOW DATA:		
Interest paid, net of capitalized interest	\$ 240	\$ 250
Income taxes paid, net of refunds	874	867

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

APACHE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Unaudited)

	September 30, 2024	December 31, 2023
(In millions, except share data)		
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 61	\$ 84
Receivables, net of allowance of \$116 and \$114	1,434	1,559
Assets held for sale	1,091	—
Other current assets (Note 5)	781	725
Accounts receivable from APA Corporation (Note 2)	76	52
	<u>3,443</u>	<u>2,420</u>
PROPERTY AND EQUIPMENT:		
Oil and gas properties	37,359	43,349
Gathering, processing, and transmission facilities	447	448
Other	556	634
Less: Accumulated depreciation, depletion, and amortization	(31,803)	(35,707)
	<u>6,559</u>	<u>8,724</u>
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)	1,973	1,747
Deferred charges and other	571	522
Noncurrent receivable from APA Corporation (Note 2)	821	93
Notes receivable from APA Corporation (Note 2)	3,548	2,980
	<u>\$ 16,936</u>	<u>\$ 16,944</u>
LIABILITIES, NONCONTROLLING INTERESTS, AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 584	\$ 560
Current debt	2	2
Liabilities held for sale	224	—
Other current liabilities (Note 7)	1,567	1,669
	<u>2,377</u>	<u>2,231</u>
LONG-TERM DEBT (Note 9)	<u>4,814</u>	<u>4,814</u>
DEFERRED CREDITS AND OTHER NONCURRENT LIABILITIES:		
Deferred tax liability (Note 10)	86	371
Asset retirement obligation (Note 8)	2,349	2,354
Decommissioning contingency for sold Gulf of Mexico properties (Note 11)	759	764
Other	536	466
	<u>3,730</u>	<u>3,955</u>
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	7,738	7,972
Accumulated deficit	(2,973)	(3,255)
Accumulated other comprehensive income	14	15
EQUITY ATTRIBUTABLE TO APACHE CORPORATION	<u>4,779</u>	<u>4,732</u>
Noncontrolling interest – Sinopec	1,046	1,036
Noncontrolling interest – APA Corporation	190	176
TOTAL EQUITY	<u>\$ 6,015</u>	<u>\$ 5,944</u>
	<u>\$ 16,936</u>	<u>\$ 16,944</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
(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 September 30, 2023						
Balance at June 30, 2023	\$ 8,037	\$ (5,354)	\$ 17	\$ 2,700	\$ 1,114	\$ 3,814
Net income attributable to Apache Corporation	—	387	—	387	—	387
Net income attributable to noncontrolling interest – APA	—	—	—	—	96	96
Net income attributable to noncontrolling interest – Sinopec	—	—	—	—	96	96
Distributions to noncontrolling interest – Sinopec	—	—	—	—	(54)	(54)
Distributions to APA Corporation	—	—	—	—	(54)	(54)
Other	7	—	—	7	—	7
Balance at September 30, 2023	<u>\$ 8,044</u>	<u>\$ (4,967)</u>	<u>\$ 17</u>	<u>\$ 3,094</u>	<u>\$ 1,198</u>	<u>\$ 4,292</u>
For the Quarter Ended September 30, 2024						
Balance at June 30, 2024	\$ 7,822	\$ (2,655)	\$ 14	\$ 5,181	\$ 1,295	\$ 6,476
Net loss attributable to Apache Corporation	—	(318)	—	(318)	—	(318)
Net income attributable to noncontrolling interest – APA	—	—	—	—	107	107
Net income attributable to noncontrolling interest – Sinopec	—	—	—	—	84	84
Distributions to noncontrolling interest – Sinopec	—	—	—	—	(110)	(110)
Distributions to APA Corporation	(93)	—	—	(93)	(140)	(233)
Other	9	—	—	9	—	9
Balance at September 30, 2024	<u>\$ 7,738</u>	<u>\$ (2,973)</u>	<u>\$ 14</u>	<u>\$ 4,779</u>	<u>\$ 1,236</u>	<u>\$ 6,015</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 Nine Months Ended September 30, 2023						
Balance at December 31, 2022	\$ 8,025	\$ (5,781)	\$ 14	\$ 2,258	\$ 984	\$ 3,242
Net income attributable to Apache Corporation	—	814	—	814	—	814
Net income attributable to noncontrolling interest – APA	—	—	—	—	261	261
Net income attributable to noncontrolling interest – Sinopec	—	—	—	—	261	261
Distributions to noncontrolling interest – Sinopec	—	—	—	—	(154)	(154)
Distributions to APA Corporation	—	—	—	—	(154)	(154)
Other	19	—	3	22	—	22
Balance at September 30, 2023	<u>\$ 8,044</u>	<u>\$ (4,967)</u>	<u>\$ 17</u>	<u>\$ 3,094</u>	<u>\$ 1,198</u>	<u>\$ 4,292</u>
For the Nine Months Ended September 30, 2024						
Balance at December 31, 2023	\$ 7,972	\$ (3,255)	\$ 15	\$ 4,732	\$ 1,212	\$ 5,944
Net income attributable to Apache Corporation	—	282	—	282	—	282
Net income attributable to noncontrolling interest – APA	—	—	—	—	311	311
Net income attributable to noncontrolling interest – Sinopec	—	—	—	—	243	243
Distributions to noncontrolling interest – Sinopec	—	—	—	—	(233)	(233)
Distributions to APA Corporation	(261)	—	—	(261)	(297)	(558)
Other	27	—	(1)	26	—	26
Balance at September 30, 2024	<u>\$ 7,738</u>	<u>\$ (2,973)</u>	<u>\$ 14</u>	<u>\$ 4,779</u>	<u>\$ 1,236</u>	<u>\$ 6,015</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 September 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 the nine months ended September 30, 2023 and the quarter ended March 31, 2024, 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 during the periods presented prior to the designated director's resignation from the Kinetik board of directors.

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.

The Company also uses fair value measurements on a nonrecurring basis when certain qualitative assessments of its assets indicate a potential impairment.

During the third quarter of 2024, the Company continued its economic assessment of its North Sea assets in light of several new regulatory guidelines and obligations surrounding significant tax levies and modernization of aging infrastructure. The Company determined the expected returns do not economically support making investments required under the combined impact of the regulations, and it will cease production at its facilities in the North Sea prior to 2030. As a result, the Company performed a fair value assessment of the present value of its oil and gas assets in the North Sea as of September 30, 2024. Accordingly, in the third quarter of 2024, the Company recognized impairments of \$793 million on certain proved properties in the North Sea, which were written down to their estimated fair values. This impairment is discussed in further detail below in "Property and Equipment — Oil and Gas Property."

Additionally, in the third quarter of 2024, the Company entered into an agreement to sell certain non-core U.S. oil and gas producing properties in the Permian Basin. As a result of this agreement, a separate impairment analysis was performed for each of the assets within the disposal group. The analyses were based on the agreed-upon proceeds less costs to sell for the transaction, a Level 1 fair value measurement. The historical carrying value of the net assets to be divested exceeded the fair value implied by the expected net proceeds, resulting in an impairment totaling \$315 million on the Company's proved properties in the U.S. Refer to [Note 3—Acquisitions and Divestitures](#) for more detail.

During the three and nine months ended September 30, 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 \$1.3 billion and \$1.4 billion as of September 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. In the past year, the Company's receivable balance from the Egyptian General Petroleum Corporation (EGPC) has gradually increased as payments for the Company's Egyptian oil and gas sales have been delayed for periods longer than historically experienced. The Company is actively engaged in discussions with the Government of Egypt to resolve the delay in EGPC payments. The Company has received payments throughout the period, 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. The Company recorded impairments to inventory of \$3 million in the third quarter and the nine months ended September 30, 2024 and \$46 million in the nine months ended September 30, 2023.

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. Fair value is generally estimated using the income approach described in ASC 820. The expected future cash flows used for impairment reviews and related fair value calculations are typically based on judgmental assessments, a Level 3 fair value measurement.

The change in cessation-of-production dates in the North Sea discussed above in "Fair Value Measurements" significantly altered the Company's remaining oil and gas reserves in the North Sea and triggered an impairment assessment of the Company's proved oil and gas properties at the end of the third quarter of 2024. Future production volumes and estimated future commodity prices are the largest drivers in variability of future cash flows. Expected cash flows were estimated based on management's views of forward pricing as of the balance sheet dates. A discount rate based on a market-based weighted-average cost of capital estimate was applied to the undiscounted cash flow estimate to value the Company's North Sea assets. In connection with this assessment, the Company recorded impairments totaling \$793 million on certain of the Company's North Sea proved properties to an aggregate fair value of \$263 million.

Additionally, in the third quarter of 2024, the Company recorded impairments totaling \$315 million in connection with an agreement to sell certain non-core producing properties in the Permian Basin. These impairments are discussed in further detail above in "Fair Value Measurements" and in [Note 3—Acquisitions and Divestitures](#). The associated U.S. properties had an aggregate fair value of \$1.1 billion as of September 30, 2024.

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

In November 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2024-03, "Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40)," which expands disclosures around a public entity's costs and expenses of specific items (i.e. employee compensation, DD&A), requires the inclusion of amounts that are required to be disclosed under GAAP in the same disclosure as other disaggregation requirements, requires qualitative descriptions of amounts remaining in expense captions that are not separately disaggregated quantitatively, and requires disclosure of total selling expenses, and in annual periods, the definition of selling expenses. The amendment does not change or remove existing disclosure requirements. The amendment is effective for fiscal years beginning after December 15, 2026, and interim periods with fiscal years beginning after December 15, 2027. Early adoption is permitted, and the amendment can be adopted prospectively or retrospectively to any or all periods presented in the financial statements. The Company is currently assessing the impact of adopting this standard.

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 third quarters of 2024 and 2023, respectively, and \$36 million and \$17 million in the first nine 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 March 1, 2021 through August 31, 2024, totaling \$226 million, to PIK pursuant to the note. At each of September 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 September 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 \$48 million and \$30 million during the third quarters of 2024 and 2023, respectively, and \$128 million and \$75 million during the first nine 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 \$107 million and \$96 million in the third quarters of 2024 and 2023, respectively, and \$311 million and \$261 million in the first nine months of 2024 and 2023, respectively. The Company also distributed \$297 million and \$154 million in the first nine 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 September 30, 2024 and December 31, 2023, the Company had accounts receivable from APA in connection with these services totaling \$76 million and \$52 million, respectively, which is reflected in "Accounts receivable from APA Corporation" on the Company's consolidated balance sheet.

As of September 30, 2024 and December 31, 2023, the Company had receivables from APA totaling \$821 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 \$261 million were made during the first nine 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 nine months of 2023.

3. ACQUISITIONS AND DIVESTITURES

2024 Activity

Sale of Non-core Properties in the Permian Basin

On September 10, 2024, the Company announced it entered into an agreement to sell non-core producing properties in the Permian Basin to an undisclosed buyer for cash proceeds of \$950 million, prior to customary closing adjustments. The properties are located in the Central Basin Platform, Texas and New Mexico Shelf, and Northwest Shelf and currently represent estimated net production of 21,000 barrels of oil equivalent per day, of which approximately 57 percent is oil. Proceeds from this sale are expected to be used primarily to reduce debt. The effective date of the transaction is July 1, 2024, and the transaction is expected to close during the fourth quarter of 2024. The Company received a deposit of \$95 million in connection with the sale during the third quarter of 2024.

As a result of the agreement, the Company performed a fair value assessment of the associated assets and liabilities and recorded an impairment of \$315 million to the carrying value of associated oil and gas properties. These assets met the criteria of held for sale classification as of September 30, 2024. U.S. oil and gas properties totaling \$1.1 billion and the associated asset retirement obligation of \$224 million were classified as current assets held for sale and current liabilities held for sale, respectively, as of September 30, 2024.

U.S. Divestitures

In the first nine months 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 first nine months of 2024 in association with this sale.

In the first nine months 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 first nine months of 2024 in association with this sale.

Additionally, during the third quarter and first nine months of 2024, the Company completed the sale of non-core assets and leasehold in multiple transactions for aggregate cash proceeds of \$1 million and \$69 million, respectively, recognizing a gain of approximately \$1 million and \$9 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 first nine months 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 first nine months of 2023, the Company completed leasehold and property acquisitions, primarily in the Permian Basin, for aggregate cash consideration of approximately \$10 million.

U.S. Divestitures

During the third quarter and first nine months of 2023, the Company completed the sale of non-core assets and leasehold in multiple transactions for aggregate cash proceeds of \$1 million and \$29 million, respectively, recognizing a gain of approximately \$1 million and \$7 million, respectively, upon closing of these transactions.

4. CAPITALIZED EXPLORATORY WELL COSTS

The Company's capitalized exploratory well costs were \$62 million and \$47 million as of September 30, 2024 and December 31, 2023, respectively. The increase 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 third quarter of 2024. During the first nine months 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:

	September 30, 2024	December 31, 2023
	(In millions)	
Inventories	\$ 501	\$ 439
Drilling advances	39	68
Current decommissioning security for sold Gulf of Mexico assets	167	178
Prepaid assets and other	74	40
Total Other current assets	<u>\$ 781</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 a loss of \$14 million and a gain of \$57 million in the third quarter and the first nine months of 2023, respectively. These changes in fair value 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 September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In millions)			
Natural gas and NGLs sales	\$ —	\$ 27	\$ 7	\$ 56
Purchased oil and gas sales	—	11	22	18
	<u>\$ —</u>	<u>\$ 38</u>	<u>\$ 29</u>	<u>\$ 74</u>
Gathering, processing, and transmission costs	\$ —	\$ 24	\$ 21	\$ 74
Purchased oil and gas costs	—	37	23	65
Lease operating expenses	—	—	2	—
	<u>\$ —</u>	<u>\$ 61</u>	<u>\$ 46</u>	<u>\$ 139</u>

7. OTHER CURRENT LIABILITIES

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

	September 30, 2024	December 31, 2023
	(In millions)	
Accrued operating expenses	\$ 195	\$ 158
Accrued exploration and development	415	307
Accrued compensation and benefits	189	390
Accrued interest	65	92
Accrued income taxes	209	138
Current asset retirement obligation	75	76
Current operating lease liability	98	115
Current decommissioning contingency for sold Gulf of Mexico properties	94	60
Other	227	333
Total Other current liabilities	<u>\$ 1,567</u>	<u>\$ 1,669</u>

8. ASSET RETIREMENT OBLIGATION

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

	September 30, 2024
	(In millions)
Asset retirement obligation, December 31, 2023	\$ 2,430
Liabilities incurred	9
Liabilities settled	(45)
Liabilities divested	(48)
Liabilities held for sale	(224)
Accretion expense	107
Revisions in estimated liabilities	195
Asset retirement obligation, September 30, 2024	2,424
Less current portion	(75)
Asset retirement obligation, long-term	<u>\$ 2,349</u>

9. DEBT AND FINANCING COSTS

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

	September 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	30	32
Unamortized discount	(25)	(26)
Debt issuance costs	(24)	(25)
Total debt	4,816	4,816
Current maturities	(2)	(2)
Long-term debt	<u>\$ 4,814</u>	<u>\$ 4,814</u>

(1) The fair values of the Company's notes and debentures were \$4.5 billion and \$4.3 billion as of September 30, 2024 and December 31, 2023, respectively.

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 September 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 September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In millions)			
Interest expense	\$ 71	\$ 71	\$ 214	\$ 220
Amortization of debt issuance costs	1	1	2	2
Gain on extinguishment of debt	—	—	—	(9)
Interest income	(4)	(2)	(9)	(7)
Interest income from APA Corporation, net (Note 2)	(48)	(30)	(128)	(75)
Financing costs, net	<u>\$ 20</u>	<u>\$ 40</u>	<u>\$ 79</u>	<u>\$ 131</u>

During the nine months ended September 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 September 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 September 30, 2024, APA had \$232 million of borrowings under the USD Agreement and an aggregate £303 million in letters of credit outstanding under the GBP Agreement. As of September 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 September 30, 2024 and December 31, 2023, there were no outstanding borrowings under these facilities. As of September 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 September 30, 2024, APA had \$330 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 entered into by APA and Callon (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 September 30, 2024, \$1.0 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 nine months ended September 30, 2024 differed from the U.S. federal statutory income tax rate of 21 percent due to taxes on foreign operations. During the third 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 nine months ended September 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.

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022 (IRA). The IRA includes a new 15 percent corporate alternative minimum tax (CAMT) on applicable corporations with an average annual adjusted financial statement income that exceeds \$1.0 billion for any three consecutive years preceding the tax year at issue. The CAMT is effective for tax years beginning after December 31, 2022. The Company became an applicable corporation subject to CAMT beginning on January 1, 2024. On September 12, 2024, the U.S. Department of Treasury and the Internal Revenue Service released proposed regulations relating to the application and implementation of CAMT. The Company is continuing to evaluate the proposed regulations and their effect on the Company's consolidated financial statements.

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 September 30, 2024, the Company has an accrued liability of approximately \$18 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 consideration paid by the Company in the settlement did 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 one remaining coastal zone lawsuit, which was filed by the City of New Orleans against the Company and a number of oil and gas operators.

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. These cases were then consolidated before a single judge in a multi-district litigation (MDL) proceeding. On August 14, 2024, in the MDL, the plaintiffs agreed to dismiss Apache with prejudice from all matters, and a dismissal has been entered by the court.

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.

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 has been preliminarily approved by the court, and final approval of the settlement is expected to occur prior to the end of 2024. The settlement will not have a material impact 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. Those cases were consolidated as *In Re APA Corporation Derivative Litigation*, Case No. 4:23-cv-00636 in the Southern District of Texas and purported 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 asserting 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, and on September 26, 2024, the federal court issued a final judgment granting the defendants' motion and dismissing the consolidated claims against the defendants.

Environmental Matters

As of September 30, 2024, the Company had an undiscounted reserve for environmental remediation of approximately \$2 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 included a \$4 million payment, did not have a material impact on the Company's financial position.

The Company is not aware of any environmental claims existing as of September 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). 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. On September 12, 2024, the bankruptcy court issued its opinion (1) finding that sureties' state court lawsuit against Apache was void; (2) holding that Apache's claims against the sureties for unpaid amounts may proceed in bankruptcy court; and (3) holding the sureties in civil contempt and awarding attorneys' fees to Apache as a sanction in an amount to be determined in a future hearing. That hearing took place on October 24, 2024, although the Court has not yet issued a ruling on the issues addressed, including any award of attorney's fees to Apache. Apache is vigorously pursuing its claims against the sureties.

As of September 30, 2024, the Company has recorded a \$188 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 \$853 million and \$824 million as of September 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 \$83 million in the first nine months of 2024 of "Loss on previously sold Gulf of Mexico properties." Amounts recorded in the first nine months of 2024 included \$50 million related to orders received during the period from BSEE to decommission properties previously sold to Cox Operating LLC and to decommission a property operated and produced by Fieldwood Energy Offshore and Dynamic Offshore Resources NS, LLC. The Company recognized no losses for decommissioning previously sold properties during the third quarter and the first nine 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 September 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 September 30, 2024	(In millions)				
Revenues:					
Oil revenues	\$ 555	\$ 673	\$ 117	\$ —	\$ 1,345
Natural gas revenues	3	81	15	—	99
Natural gas liquids revenues	95	—	5	—	100
Oil, natural gas, and natural gas liquids production revenues	653	754	137	—	1,544
Purchased oil and gas sales	434	—	—	—	434
	1,087	754	137	—	1,978
Operating Expenses:					
Lease operating expenses	125	109	87	—	321
Gathering, processing, and transmission	65	6	7	—	78
Purchased oil and gas costs	253	—	—	—	253
Taxes other than income	41	—	—	—	41
Exploration	4	21	—	—	25
Depreciation, depletion, and amortization	178	167	73	—	418
Asset retirement obligation accretion	7	—	26	—	33
Impairments	315	—	796	—	1,111
	988	303	989	—	2,280
Operating Income (Loss) ⁽²⁾	\$ 99	\$ 451	\$ (852)	\$ —	(302)
Other Income (Expense):					
Gain on divestitures, net					1
Other, net					20
General and administrative					(78)
Transaction, reorganization, and separation					(3)
Financing costs, net					(20)
Loss Before Income Taxes					\$ (382)

	U.S.	Egypt ⁽¹⁾	North Sea	Intersegment Eliminations & Other	Total ⁽⁴⁾
For the Nine Months Ended September 30, 2024	(In millions)				
Revenues:					
Oil revenues	\$ 1,610	\$ 2,003	\$ 517	\$ —	\$ 4,130
Natural gas revenues	61	231	104	—	396
Natural gas liquids revenues	296	—	21	—	317
Oil, natural gas, and natural gas liquids production revenues	1,967	2,234	642	—	4,843
Purchased oil and gas sales	867	—	—	—	867
	<u>2,834</u>	<u>2,234</u>	<u>642</u>	<u>—</u>	<u>5,710</u>
Operating Expenses:					
Lease operating expenses	382	352	282	—	1,016
Gathering, processing, and transmission	181	19	37	—	237
Purchased oil and gas costs	511	—	—	—	511
Taxes other than income	137	—	—	—	137
Exploration	16	77	1	1	95
Depreciation, depletion, and amortization	502	464	219	—	1,185
Asset retirement obligation accretion	30	—	77	—	107
Impairments	315	—	796	—	1,111
	<u>2,074</u>	<u>912</u>	<u>1,412</u>	<u>1</u>	<u>4,399</u>
Operating Income (Loss) ⁽²⁾	<u>\$ 760</u>	<u>\$ 1,322</u>	<u>\$ (770)</u>	<u>\$ (1)</u>	<u>1,311</u>
Other Income (Expense):					
Derivative instrument gains, net					1
Loss on offshore decommissioning contingency					(83)
Gain on divestitures, net					284
Other, net					40
General and administrative					(229)
Transaction, reorganization, and separation					(17)
Financing costs, net					(79)
Income Before Income Taxes					<u>\$ 1,228</u>
Total Assets ⁽³⁾	<u>\$ 11,973</u>	<u>\$ 3,525</u>	<u>\$ 1,439</u>	<u>\$ (1)</u>	<u>\$ 16,936</u>

For the Quarter Ended September 30, 2023	<u>U.S.</u>	<u>Egypt⁽¹⁾</u>	<u>North Sea</u>	<u>Intersegment Eliminations & Other</u>	<u>Total⁽⁴⁾</u>
	(In millions)				
Revenues:					
Oil revenues	\$ 557	\$ 724	\$ 348	\$ —	\$ 1,629
Natural gas revenues	83	81	66	—	230
Natural gas liquids revenues	119	—	5	—	124
Oil, natural gas, and natural gas liquids production revenues	759	805	419	—	1,983
Purchased oil and gas sales	229	—	—	—	229
	<u>988</u>	<u>805</u>	<u>419</u>	<u>—</u>	<u>2,212</u>
Operating Expenses:					
Lease operating expenses	151	128	102	—	381
Gathering, processing, and transmission	55	13	15	—	83
Purchased oil and gas costs	211	—	—	—	211
Taxes other than income	56	—	—	—	56
Exploration	4	25	9	1	39
Depreciation, depletion, and amortization	158	129	90	—	377
Asset retirement obligation accretion	9	—	20	—	29
	<u>644</u>	<u>295</u>	<u>236</u>	<u>1</u>	<u>1,176</u>
Operating Income (Loss) ⁽²⁾	<u>\$ 344</u>	<u>\$ 510</u>	<u>\$ 183</u>	<u>\$ (1)</u>	<u>1,036</u>
Other Income (Expense):					
Gain on divestitures, net					1
Other, net					7
General and administrative					(132)
Transaction, reorganization, and separation					(5)
Financing costs, net					(40)
Income Before Income Taxes					<u>\$ 867</u>

	U.S.	Egypt ⁽¹⁾	North Sea	Intersegment Eliminations & Other	Total ⁽⁴⁾
For the Nine Months Ended September 30, 2023	(In millions)				
Revenues:					
Oil revenues	\$ 1,469	\$ 1,971	\$ 865	\$ —	\$ 4,305
Natural gas revenues	214	264	165	—	643
Natural gas liquids revenues	322	—	19	—	341
Oil, natural gas, and natural gas liquids production revenues	2,005	2,235	1,049	—	5,289
Purchased oil and gas sales	612	—	—	—	612
	<u>2,617</u>	<u>2,235</u>	<u>1,049</u>	<u>—</u>	<u>5,901</u>
Operating Expenses:					
Lease operating expenses	423	346	278	—	1,047
Gathering, processing, and transmission	167	26	38	—	231
Purchased oil and gas costs	558	—	—	—	558
Taxes other than income	153	—	—	—	153
Exploration	10	91	18	1	120
Depreciation, depletion, and amortization	437	378	209	—	1,024
Asset retirement obligation accretion	29	—	57	—	86
Impairments	—	—	46	—	46
	<u>1,777</u>	<u>841</u>	<u>646</u>	<u>1</u>	<u>3,265</u>
Operating Income (Loss) ⁽²⁾	<u>\$ 840</u>	<u>\$ 1,394</u>	<u>\$ 403</u>	<u>\$ (1)</u>	<u>2,636</u>
Other Income (Expense):					
Gain on divestitures, net					7
Other, net					84
General and administrative					(256)
Transaction, reorganization, and separation					(11)
Financing costs, net					(131)
Income Before Income Taxes					<u>\$ 2,329</u>
Total Assets ⁽³⁾	<u>\$ 9,616</u>	<u>\$ 3,518</u>	<u>\$ 1,665</u>	<u>\$ —</u>	<u>\$ 14,799</u>

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

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In millions)			
Oil	\$ 182	\$ 202	\$ 533	\$ 539
Natural gas	22	23	63	73

(2) Operating income (loss) of U.S., North Sea includes leasehold impairments of \$2 million and \$6 million, respectively, for the third quarter of 2023. Operating income (loss) of U.S. includes leasehold impairments of \$10 million for the first nine months of 2024. Operating income (loss) of U.S. and North Sea includes leasehold impairments of \$7 million, \$12 million, respectively, for the first nine 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

On September 10, 2024, the Company announced it entered into an agreement to sell non-core producing properties in the Permian Basin to an undisclosed buyer for \$950 million, prior to customary closing adjustments. The properties are located in the Central Basin Platform, Texas and New Mexico Shelf, and Northwest Shelf and currently represent estimated net production of 21,000 barrels of oil equivalent per day, of which approximately 57 percent is oil. Proceeds from this sale are expected to be used primarily to reduce debt. The effective date of the transaction is July 1, 2024, and the transaction is expected to close during the fourth quarter of 2024.

In the third quarter of 2024, the Company reported a net loss of \$318 million compared to net income of \$387 million in the third quarter of 2023. The decrease in net income in the third quarter of 2024 compared to the third quarter of 2023 was primarily driven by \$1.1 billion of impairments, which included \$793 million of oil and gas property impairments in the North Sea, a \$315 million impairment of assets held for sale in the Permian Basin, and \$3 million inventory impairments in the North Sea. The decrease in net income was further impacted by lower revenues as a result of decreased total production, primarily in the North Sea, and lower realized oil and natural gas prices. These impacts to net loss were partially offset by lower income tax expense coupled with widening margins under third-party gas agreements resulting from lower natural gas prices compared to the same prior-year period.

In the first nine months of 2024, the Company reported net income of \$282 million compared to net income of \$814 million in the first nine months of 2023. The decrease in net income in the first nine months of 2024 compared to the first nine months of 2023 was primarily driven by \$1.1 billion of impairments recorded during the third quarter of 2024 and the related tax impacts. The decrease in net income was further impacted by lower revenues as a result of decreased total production, primarily in the North Sea, lower realized oil and natural gas prices, and higher depreciation. These impacts to net income were partially offset by net gains on divestitures of non-core assets, widening margins under third-party gas agreements resulting from lower natural gas prices, and lower income tax expense compared to the same prior-year period.

The Company generated \$2.2 billion of cash from operating activities during the first nine months of 2024, 11 percent higher than the first nine months of 2023. The Company's higher operating cash flows for the first nine 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 third quarter of 2024 and decreased 12 percent from the third quarter of 2023. Daily oil production from the Company's U.S. assets increased 7 percent from the third quarter of 2023. During the third quarter of 2024, the Company averaged seven drilling rigs in the Permian Basin, including five rigs in the Southern Midland Basin and two rig in the Delaware Basin, and brought online 15 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 12 drilling rigs and drilled 15 new productive wells during the third 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. Third quarter 2024 gross production from the Company's Egypt assets decreased 5 percent from the third quarter of 2023, and net production increased 2 percent.
- Subsequent to September 30, 2024, but prior to the date of this filing, the Company entered into a new pricing agreement for incremental gas volumes produced in Egypt, making gas exploration and development more economically competitive with oil development.
- The Company suspended all new drilling activity in the North Sea during the second quarter of 2023. During the third quarter of 2024, the Company continued its economic assessment of its North Sea assets in light of several new regulatory guidelines and obligations surrounding significant tax levies and modernization of aging infrastructure. The Company determined the expected returns do not economically support making investments required under the combined impact of the regulations, and it will cease production at its facilities in the North Sea prior to 2030. The Company's investment program in the North Sea is now directed toward asset safety 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 September 30,				For the Nine Months Ended September 30,			
	2024		2023		2024		2023	
	\$ Value	% Contribution	\$ Value	% Contribution	\$ Value	% Contribution	\$ Value	% Contribution
(\$ in millions)								
Oil Revenues:								
United States	\$ 555	41 %	\$ 557	34 %	\$ 1,610	39 %	\$ 1,469	34 %
Egypt ⁽¹⁾	673	50 %	724	45 %	2,003	48 %	1,971	46 %
North Sea	117	9 %	348	21 %	517	13 %	865	20 %
Total ⁽¹⁾	\$ 1,345	100 %	\$ 1,629	100 %	\$ 4,130	100 %	\$ 4,305	100 %
Natural Gas Revenues:								
United States	\$ 3	3 %	\$ 83	36 %	\$ 61	15 %	\$ 214	33 %
Egypt ⁽¹⁾	81	82 %	81	35 %	231	59 %	264	41 %
North Sea	15	15 %	66	29 %	104	26 %	165	26 %
Total ⁽¹⁾	\$ 99	100 %	\$ 230	100 %	\$ 396	100 %	\$ 643	100 %
NGL Revenues:								
United States	\$ 95	95 %	\$ 119	96 %	\$ 296	93 %	\$ 322	94 %
North Sea	5	5 %	5	4 %	21	7 %	19	6 %
Total ⁽¹⁾	\$ 100	100 %	\$ 124	100 %	\$ 317	100 %	\$ 341	100 %
Oil and Gas Revenues:								
United States	\$ 653	42 %	\$ 759	38 %	\$ 1,967	41 %	\$ 2,005	38 %
Egypt ⁽¹⁾	754	49 %	805	41 %	2,234	46 %	2,235	42 %
North Sea	137	9 %	419	21 %	642	13 %	1,049	20 %
Total ⁽¹⁾	\$ 1,544	100 %	\$ 1,983	100 %	\$ 4,843	100 %	\$ 5,289	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 September 30,			For the Nine Months Ended September 30,		
	2024	Increase (Decrease)	2023	2024	Increase (Decrease)	2023
Oil Volume (b/d)						
United States	78,457	7%	73,562	75,266	8%	69,552
Egypt ⁽¹⁾⁽²⁾	91,673	4%	88,521	88,725	1%	88,038
North Sea	21,334	(40)%	35,680	25,888	(28)%	36,070
Total	191,464	(3)%	197,763	189,879	(2)%	193,660
Natural Gas Volume (Mcf/d)						
United States	300,863	(28)%	418,354	344,862	(17)%	417,597
Egypt ⁽¹⁾⁽²⁾	300,418	0%	300,326	287,953	(13)%	331,158
North Sea	18,911	(71)%	65,168	41,042	(14)%	47,665
Total	620,192	(21)%	783,848	673,857	(15)%	796,420
NGL Volume (b/d)						
United States	49,894	(16)%	59,512	49,429	(12)%	55,938
North Sea	543	(64)%	1,497	1,164	(4)%	1,209
Total	50,437	(17)%	61,009	50,593	(11)%	57,147
BOE per day⁽³⁾						
United States	178,495	(12)%	202,800	182,172	(7)%	195,091
Egypt ⁽¹⁾⁽²⁾	141,742	2%	138,575	136,718	(5)%	143,231
North Sea ⁽⁴⁾	25,029	(48)%	48,038	33,892	(25)%	45,222
Total	345,266	(11)%	389,413	352,782	(8)%	383,544

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

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Oil (b/d)	136,670	144,528	138,039	141,995
Natural Gas (Mcf/d)	447,173	472,744	445,397	511,430

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

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Oil (b/d)	69,693	59,021	67,452	58,715
Natural Gas (Mcf/d)	228,389	200,231	218,914	220,862

(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 third quarters of 2024 and 2023 were 19,374 boe/d and 55,283 boe/d, respectively, and 30,607 boe/d and 47,370 boe/d for the first nine 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 September 30,			For the Nine Months Ended September 30,		
	2024	Increase (Decrease)	2023	2024	Increase (Decrease)	2023
Average Oil Price – Per barrel						
United States	\$ 76.80	(7)%	\$ 82.38	\$ 78.04	1%	\$ 77.36
Egypt	79.88	(10)%	88.99	82.41	0%	82.04
North Sea	83.36	(5)%	87.70	83.67	1%	83.25
Total	78.86	(9)%	86.35	80.80	0%	80.61
Average Natural Gas Price – Per Mcf						
United States	\$ 0.11	(95)%	\$ 2.14	\$ 0.64	(66)%	\$ 1.87
Egypt	2.93	1%	2.91	2.93	0%	2.92
North Sea	9.76	(11)%	10.98	9.89	(23)%	12.83
Total	1.75	(45)%	3.17	2.15	(27)%	2.96
Average NGL Price – Per barrel						
United States	\$ 20.65	(5)%	\$ 21.74	\$ 21.86	4%	\$ 21.08
North Sea	45.93	7%	42.78	46.47	(2)%	47.58
Total	21.26	(4)%	22.17	22.65	4%	21.76

Third-Quarter 2024 compared to Third-Quarter 2023

Crude Oil Crude oil revenues for the third quarter of 2024 totaled \$1.3 billion, a \$284 million decrease from the comparative 2023 quarter. A 3 percent lower average daily production decreased third-quarter 2024 oil revenues by \$144 million compared to the third quarter of 2023, while a 9 percent decrease in average realized prices decreased revenues by \$140 million. Crude oil revenues accounted for 88 percent of total oil and gas production revenues and 55 percent of worldwide production in the third quarter of 2024. Crude oil prices realized in the third quarter of 2024 averaged \$78.86 per barrel, compared with \$86.35 per barrel in the comparative prior-year quarter.

The Company's worldwide oil production decreased 6 Mb/d to 191 Mb/d during the third quarter of 2024 from the comparative prior-year period, primarily a result of natural production decline, the sale of non-core assets in the U.S., and operational downtime due to maintenance activities in the North Sea., partially offset by increased drilling activity in the Permian Basin.

Natural Gas Natural gas revenues for the third quarter of 2024 totaled \$99 million, an \$131 million decrease from the comparative 2023 quarter. A 45 percent decrease in average realized prices decreased third-quarter 2024 natural gas revenues by \$104 million compared to the third quarter of 2023, while a 21 percent lower average daily production decreased revenues by \$27 million. Natural gas revenues accounted for 6 percent of total oil and gas production revenues and 30 percent of worldwide production during the third quarter of 2024.

The Company's worldwide natural gas production decreased 163.7 MMcf/d to 620.2 MMcf/d during the third quarter of 2024 from the comparative prior-year period, primarily a result of operational downtime due to maintenance activities in the North Sea, curtailment of volumes at Alpine High in response to extreme Waha basis differentials, natural production decline, and the sale of non-core assets in the U.S. These decreases were offset by increased drilling activity and recompletions in the Permian Basin.

NGL NGL revenues for the third quarter of 2024 totaled \$100 million, a \$24 million decrease from the comparative 2023 quarter. A 4 percent increase in average realized prices decreased third-quarter 2024 NGL revenues by \$5 million compared to the third quarter of 2023, while a 17 percent lower average daily production decreased revenues by \$19 million. NGL revenues accounted for 6 percent of total oil and gas production revenues and 15 percent of worldwide production during the third quarter of 2024.

The Company's worldwide NGL production decreased 10.6 Mb/d to 50.4 Mb/d during the third quarter of 2024 from the comparative prior-year period, primarily a result of natural production decline, curtailment of volumes at Alpine High in response to extreme Waha basis differentials, the sale of non-core assets in the U.S., and operational downtime due to maintenance activities in the North Sea. These decreases were partially offset by increased drilling activity and recompletions in the Permian Basin.

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

Crude Oil Crude oil revenues for the first nine months of 2024 totaled \$4.1 billion, a \$175 million decrease from the comparative 2023 period. A 2 percent lower average daily production primarily drove the decrease in oil revenues for the 2024 period compared to the prior-year period. Crude oil revenues accounted for 85 percent of total oil and gas production revenues and 54 percent of worldwide production for the first nine months of 2024. Crude oil prices realized during the first nine months of 2024 averaged \$80.80 per barrel, compared to \$80.61 per barrel in the comparative prior-year period.

The Company's worldwide oil production decreased 3.8 Mb/d to 189.9 Mb/d in the first nine months of 2024 compared to the prior-year period, primarily a result of natural production decline across all assets, the sale of non-core assets in the U.S., and operational downtime due to maintenance activities in the North Sea., partially offset by increased drilling activity in the Permian Basin.

Natural Gas Natural gas revenues for the first nine months of 2024 totaled \$396 million, a \$247 million decrease from the comparative 2023 period. A 27 percent decrease in average realized prices decreased natural gas revenues for the 2024 period by \$174 million compared to the prior-year period, while 15 percent lower average daily production decreased revenues by \$73 million compared to the prior-year period. Natural gas revenues accounted for 8 percent of total oil and gas production revenues and 32 percent of worldwide production for the first nine months of 2024.

The Company's worldwide natural gas production decreased 122.6 MMcf/d to 674 MMcf/d in the first nine months of 2024 compared to the prior-year period, primarily a result of operational downtime due to maintenance activities in the North Sea, reduced gas-focused activity in Egypt, natural production decline, 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 in the Permian Basin

NGL NGL revenues for the first nine months of 2024 totaled \$317 million, a \$24 million decrease from the comparative 2023 period. An 11 percent lower average daily production decreased NGL revenues for the 2024 period by \$38 million compared to the prior-year period, while a 4 percent increase in average realized prices increased revenues by \$14 million . NGL revenues accounted for 7 percent of total oil and gas production revenues and 14 percent of worldwide production for the first nine months of 2024.

The Company's worldwide NGL production decreased 6.6 Mb/d to 50.6 Mb/d in the first nine months of 2024 compared to the prior-year period, primarily a result of natural production decline, 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 further impacted by operational downtime due to maintenance activities in the North Sea, partially offset by increased drilling activity 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 \$434 million and \$229 million during the third quarters of 2024 and 2023, respectively, and \$867 million and \$612 million during the first nine months of 2024 and 2023, respectively. Purchased oil and gas sales were offset by associated purchase costs of \$253 million and \$211 million during the third quarters of 2024 and 2023, respectively, and \$511 million and \$558 million during the first nine months of 2024 and 2023, respectively. Gross purchased oil and gas sales values were higher in the third quarter and the first nine months of 2024 primarily driven by third-party purchase commitments as compared to the third quarter and the first nine 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 September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In millions)			
Lease operating expenses	\$ 321	\$ 381	\$ 1,016	\$ 1,047
Gathering, processing, and transmission	78	83	237	231
Purchased oil and gas costs	253	211	511	558
Taxes other than income	41	56	137	153
Exploration	25	39	95	120
General and administrative	78	132	229	256
Transaction, reorganization, and separation	3	5	17	11
Depreciation, depletion, and amortization:				
Oil and gas property and equipment	411	366	1,161	993
Gathering, processing, and transmission assets	2	2	5	5
Other assets	5	9	19	26
Asset retirement obligation accretion	33	29	107	86
Impairments	1,111	—	1,111	46
Financing costs, net	20	40	79	131
Total Operating Expenses	\$ 2,381	\$ 1,353	\$ 4,724	\$ 3,663

Lease Operating Expenses (LOE)

LOE decreased \$60 million and \$31 million compared to the third quarter and the first nine months of 2023, respectively. On a per-unit basis, LOE decreased 2 percent and increased 7 percent in the third quarter and the first nine months of 2024, respectively, from the comparative prior-year periods. The decrease in absolute LOE costs for the third quarter and first nine months of 2024 compared to the same prior-year periods was primarily driven by lower operating and labor costs in Egypt and the North Sea, and lower cash-based stock compensation expense resulting from changes in APA's stock price, partially offset by higher workover activity.

Gathering, Processing, and Transmission (GPT)

The Company's GPT expenses were as follows:

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In millions)			
Third-party processing and transmission costs	\$ 78	\$ 59	\$ 216	\$ 157
Midstream service costs – Kinetik	—	24	21	74
Total Gathering, processing, and transmission	\$ 78	\$ 83	\$ 237	\$ 231

GPT costs decreased \$5 million and increased \$6 million in the third quarter and the first nine months of 2024, respectively, when compared to the third quarter and the first nine months of 2023. The decrease in GPT costs for the third quarter of 2024 compared to the third quarter of 2023, was primarily driven by a decrease in natural gas and NGL production volumes in the North Sea. The increase in GPT costs for the first nine months of 2024 compared to the first nine months of 2023 was primarily driven by higher oil production volumes in the U.S., partially offset by lower natural gas and NGL production volumes.

Purchased Oil and Gas Costs

Purchased oil and gas costs increased \$42 million and decreased \$47 million in the third quarter and the first nine months of 2024, respectively, when compared to the third quarter and the first nine months of 2023. The increase in the third quarter of 2024 compared to the third quarter of 2023 was primarily driven by third-party purchase commitments, partially offset by lower average natural gas prices. The decrease in the first nine months of 2024 compared to the first nine months of 2023 was primarily driven by lower average natural gas prices. 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 \$434 million and \$867 million in the third quarter and the first nine months of 2024, respectively, as discussed above.

Taxes Other Than Income

Taxes other than income decreased \$15 million and \$16 million from the third quarter and the first nine months of 2023, respectively, primarily from lower ad valorem taxes compared to the same prior-year periods.

Exploration Expenses

The Company's exploration expenses were as follows:

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In millions)			
Unproved leasehold impairments	\$ —	\$ 8	\$ 10	\$ 19
Dry hole expense	13	17	53	67
Geological and geophysical expense	1	1	2	2
Exploration overhead and other	11	13	30	32
Total Exploration	<u>\$ 25</u>	<u>\$ 39</u>	<u>\$ 95</u>	<u>\$ 120</u>

Exploration expenses decreased \$14 million and \$25 million from the third quarter and the first nine 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 decreased \$54 million and \$27 million from the third quarter and the first nine months of 2023, respectively. The decrease in G&A expenses for the third quarter and the first nine months of 2024 compared to the same prior-year periods was primarily driven by higher cash-based stock compensation expense in the 2023 period resulting from changes in APA's stock price, partially offset by higher overall labor costs across the Company.

Transaction, Reorganization, and Separation (TRS) Costs

TRS costs remained relatively flat in the third quarter of 2024 compared to the third quarter of 2023 and increased \$6 million from the first nine months of 2023. Higher TRS costs in the first nine months of 2024 compared to the first nine months of 2023 were primarily a result of higher separation costs in the North Sea compared to the prior-year period.

Depreciation, Depletion, and Amortization (DD&A)

Total DD&A expenses increased \$41 million and \$161 million from the third quarter and the first nine 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 \$3.11 per boe and \$2.70 per boe from the third quarter and the first nine months of 2023, respectively. The increase in DD&A on a per boe basis was driven by negative gas price-related reserve revisions in prior periods. Higher absolute dollar amount of DD&A was driven primarily by higher capital expenditures incurred in the U.S. and Egypt.

Impairments

During the third quarter and the first nine months of 2024, the Company recorded \$1.1 billion of impairments, which includes \$793 million of oil and gas property impairments in the North Sea, \$315 million impairment of assets held for sale in the Permian Basin, and \$3 million of inventory impairments in the North Sea.

During the first nine months of 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.

Financing Costs, Net

The Company's Financing costs were as follows:

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In millions)			
Interest expense	\$ 71	\$ 71	\$ 214	\$ 220
Amortization of debt issuance costs	1	1	2	2
Gain on extinguishment of debt	—	—	—	(9)
Interest income	(4)	(2)	(9)	(7)
Interest income from APA Corporation, net	(48)	(30)	(128)	(75)
Total Financing costs, net	<u>\$ 20</u>	<u>\$ 40</u>	<u>\$ 79</u>	<u>\$ 131</u>

Net financing costs decreased \$20 million and \$52 million from the third quarter and the first nine months of 2023, respectively. The decrease in costs during the third quarter and the first nine 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 nine months ended September 30, 2024 differed from the U.S. federal statutory income tax rate of 21 percent due to taxes on foreign operations. During the third 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 nine months ended September 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.

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022 (IRA). The IRA includes a new 15 percent corporate alternative minimum tax (CAMT) on applicable corporations with an average annual adjusted financial statement income that exceeds \$1.0 billion for any three consecutive years preceding the tax year at issue. The CAMT is effective for tax years beginning after December 31, 2022. The Company became an applicable corporation subject to CAMT beginning on January 1, 2024. On September 12, 2024, the U.S. Department of Treasury and the Internal Revenue Service released proposed regulations relating to the application and implementation of CAMT. The Company is continuing to evaluate the proposed regulations and their effect on the Company's consolidated financial statements.

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

In November 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2024-03, "Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40)," which expands disclosures around a public entity's costs and expenses of specific items (i.e. employee compensation, DD&A), requires the inclusion of amounts that are required to be disclosed under GAAP in the same disclosure as other disaggregation requirements, requires qualitative descriptions of amounts remaining in expense captions that are not separately disaggregated quantitatively, and requires disclosure of total selling expenses, and in annual periods, the definition of selling expenses. The amendment does not change or remove existing disclosure requirements. The amendment is effective for fiscal years beginning after December 15, 2026, and interim periods with fiscal years beginning after December 15, 2027. Early adoption is permitted, and the amendment can be adopted prospectively or retrospectively to any or all periods presented in the financial statements. The Company is currently assessing the impact of adopting this standard.

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 September 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 the Company's management, including its 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 September 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, June 30, 2024, and September 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 September 30, 2024, formatted in Inline XBRL: (i) Statement of Consolidated Operations, (ii) Statement of Consolidated Comprehensive Income (Loss), (iii) Statement of Consolidated Cash Flows, (iv) Consolidated Balance Sheet, (v) Statement of Consolidated Changes in Equity 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: November 7, 2024

/s/ STEPHEN J. RINEY

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

Dated: November 7, 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: November 7, 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: November 7, 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 September 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: November 7, 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 September 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: November 7, 2024

/s/ Stephen J. Riney

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