

EnerCom The Oil & Gas Conference 2021

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AUGUST 16, 2021



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

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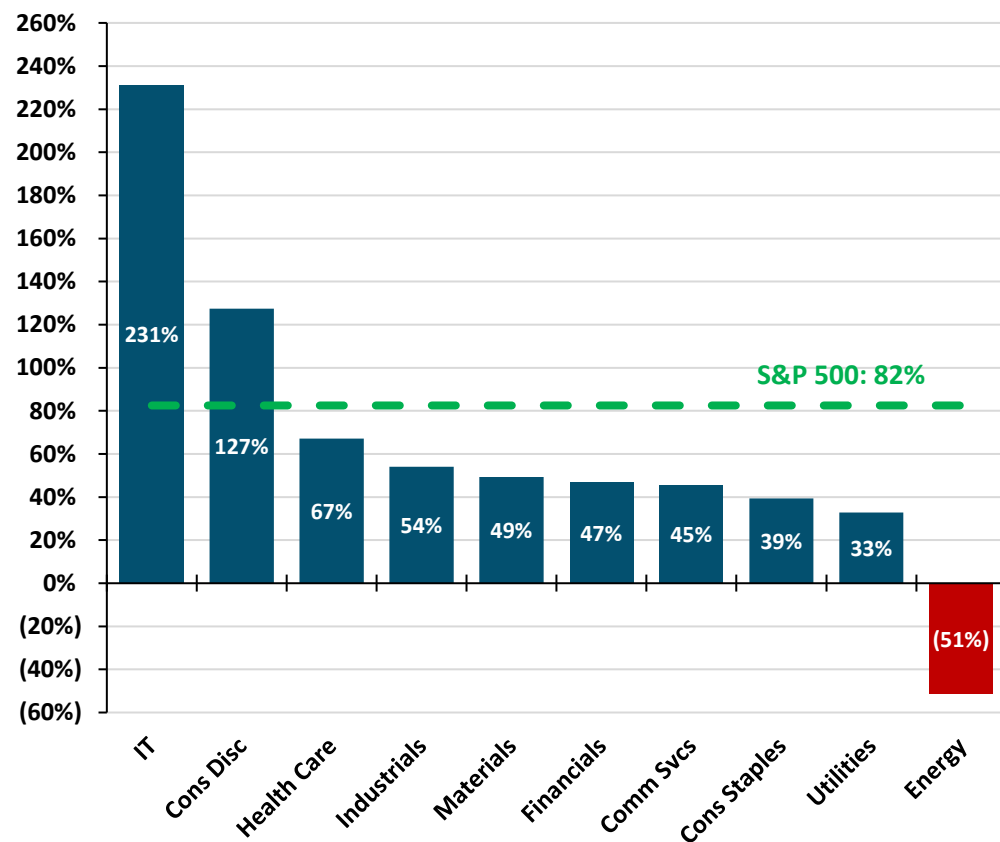
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Agenda

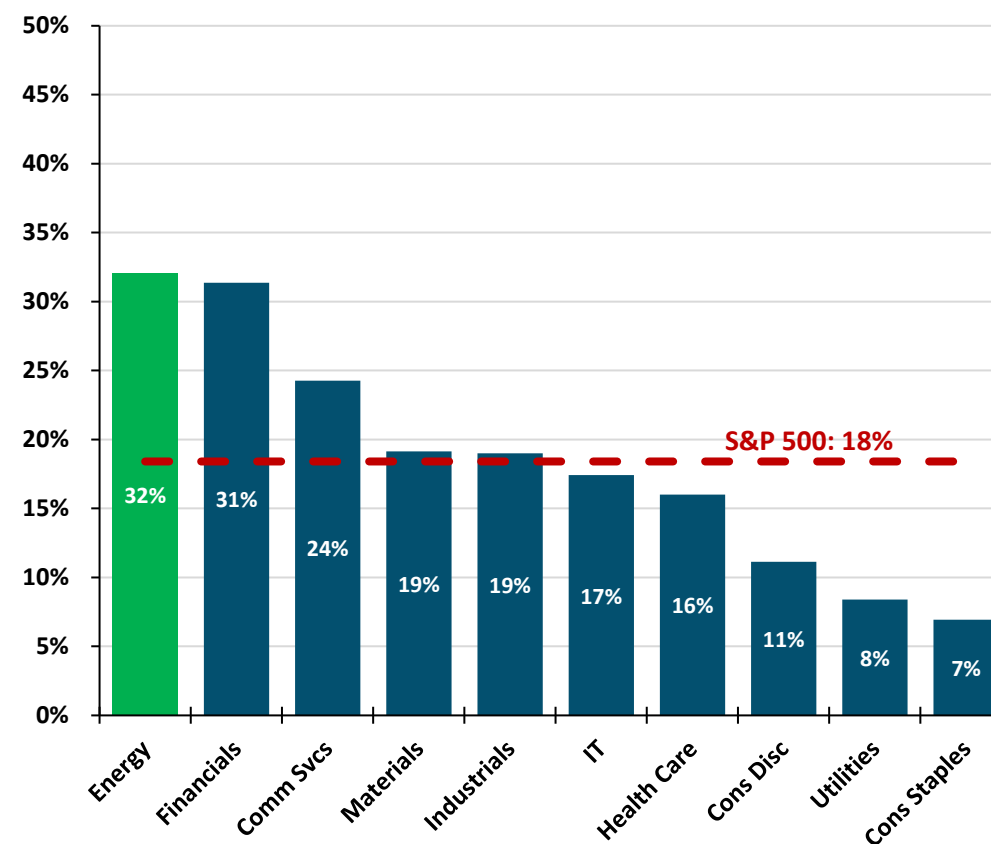
- Energy Sector Performance
- APA Overview
- Relative Valuation Considerations

Energy Sector Underperformance: Turning the Corner?

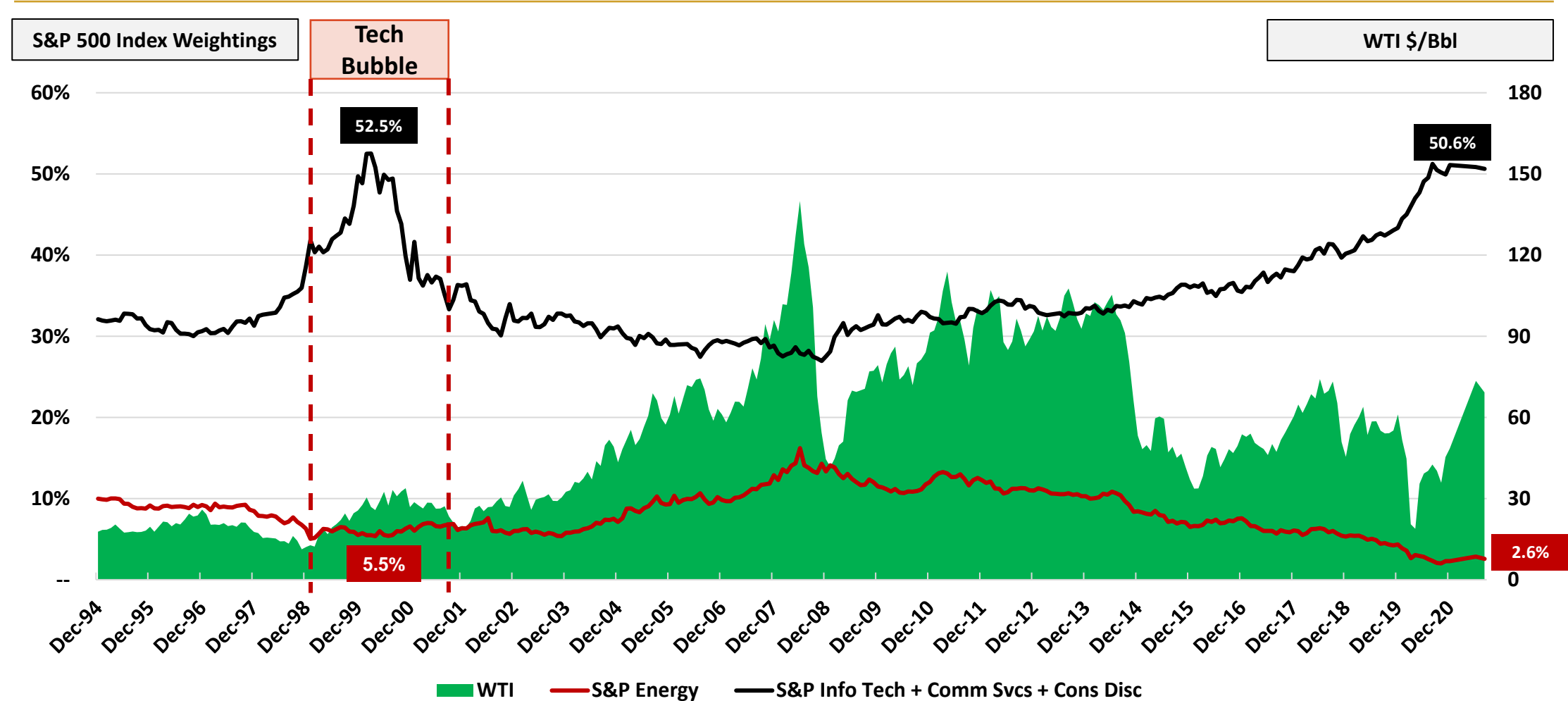
2015 - 2020



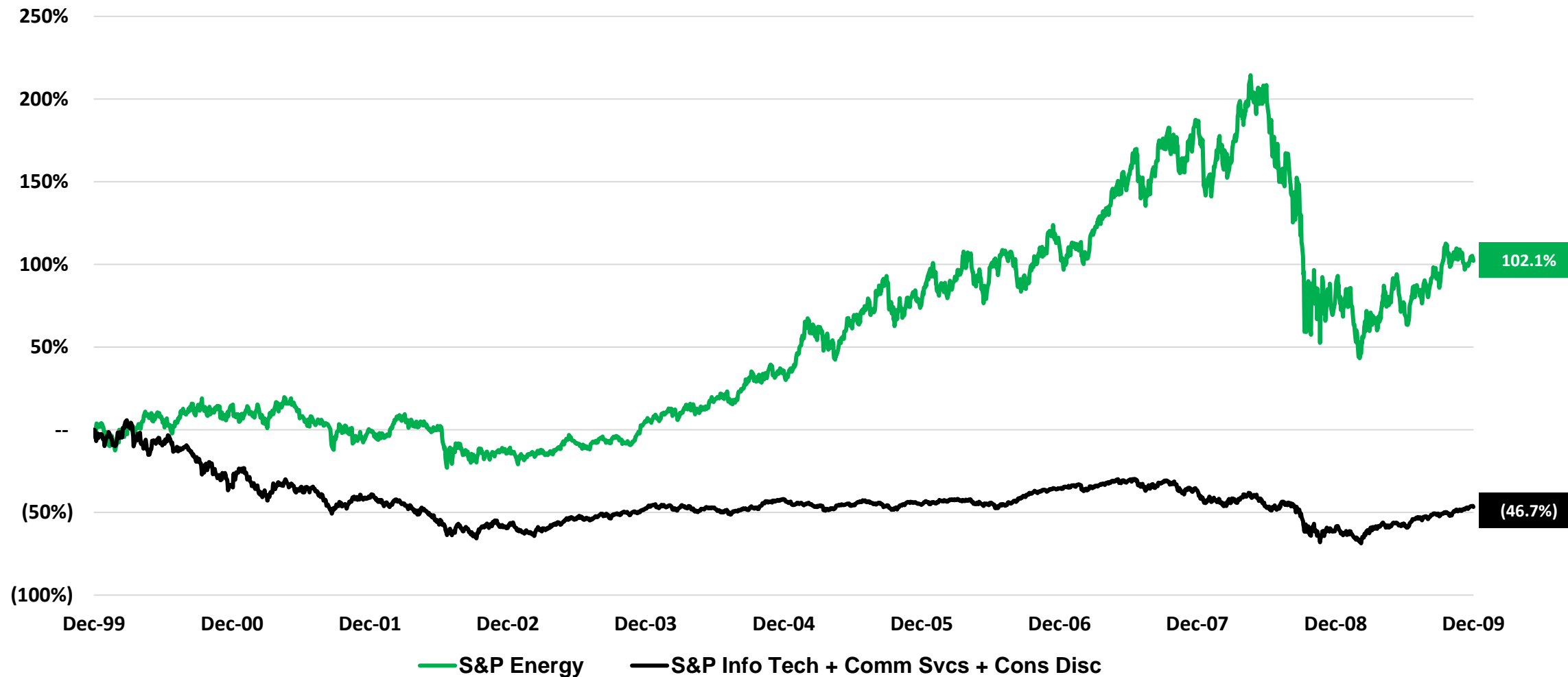
2021 YTD



Energy Sector: Historically Low Representation in S&P 500

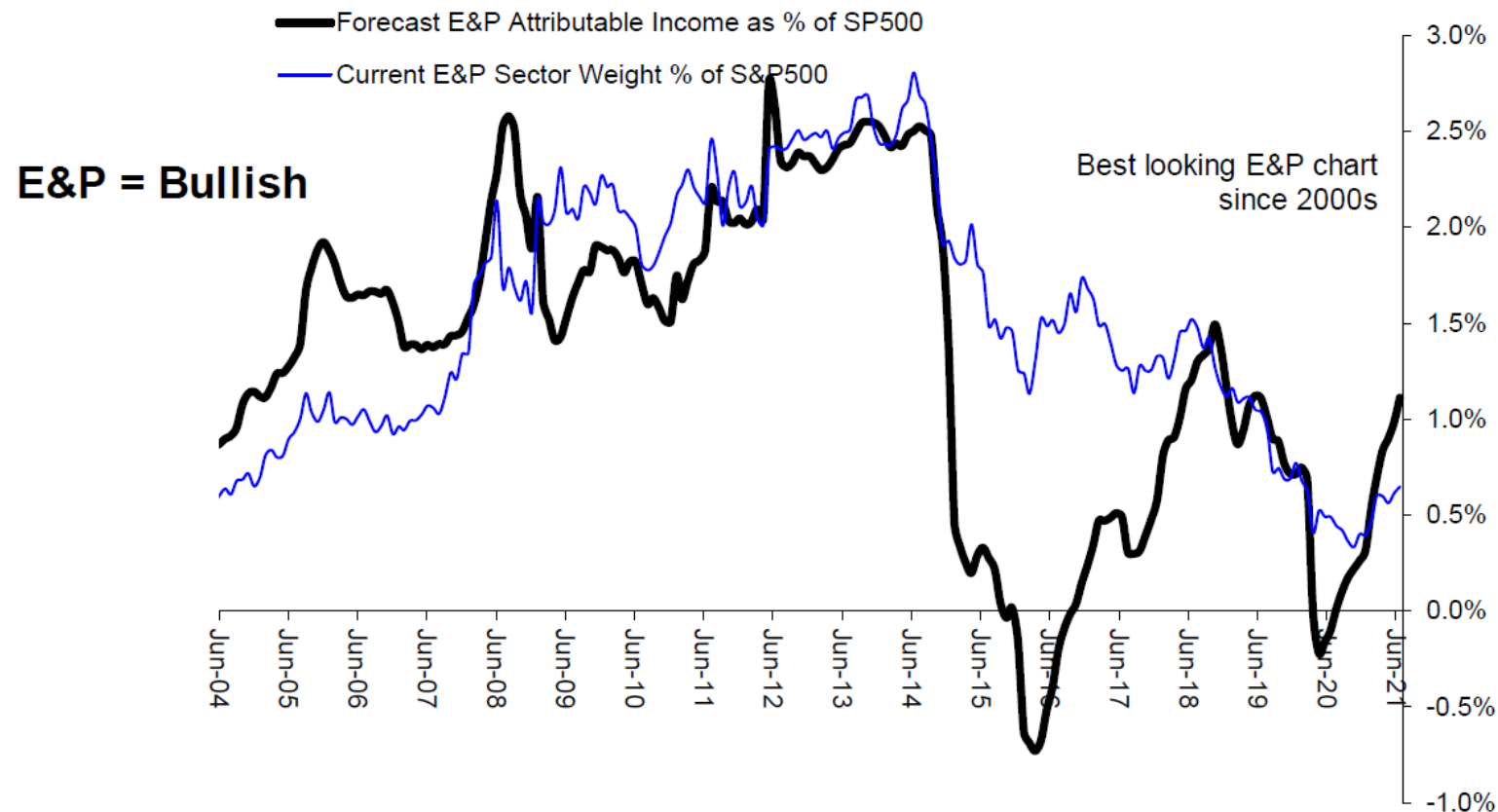


Post Tech Bubble: A Decade of Massive Energy Outperformance



Source: Factset.

E&P Sector Punching Above Its Weight Class

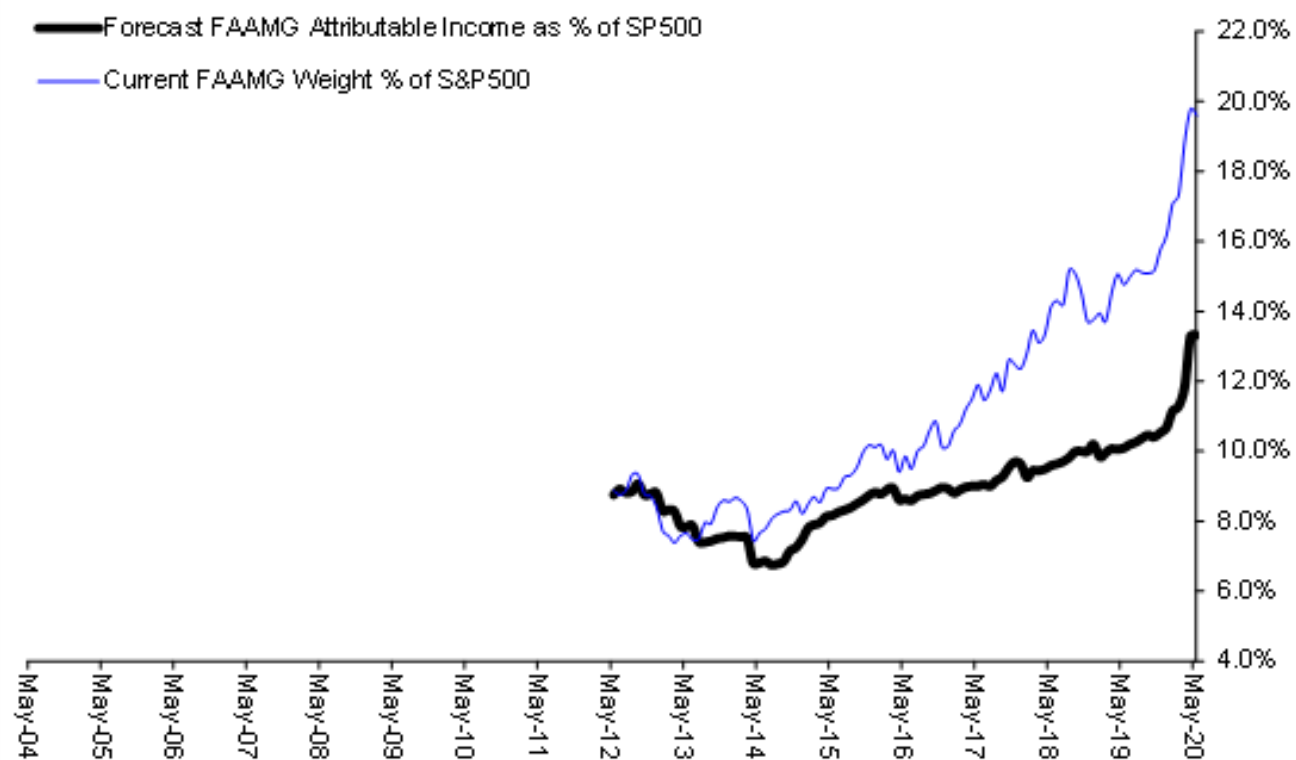


Source: Factset

Sankey Research

Sunday Sankey 7/4/2021

Big Tech: To Whom Much is Given, Much Should Be Required



Source: Factset, Sankey Research

APA Overview

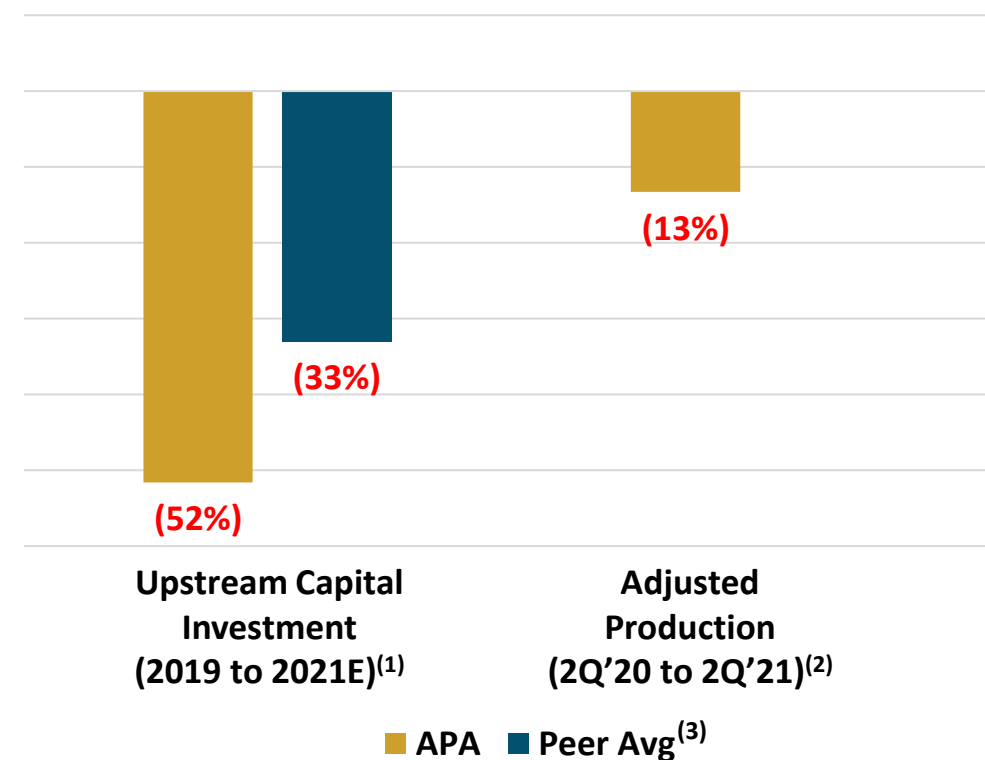
US
Egypt
North Sea
Suriname

APA's Response to Pandemic-Related Volatility

Actions

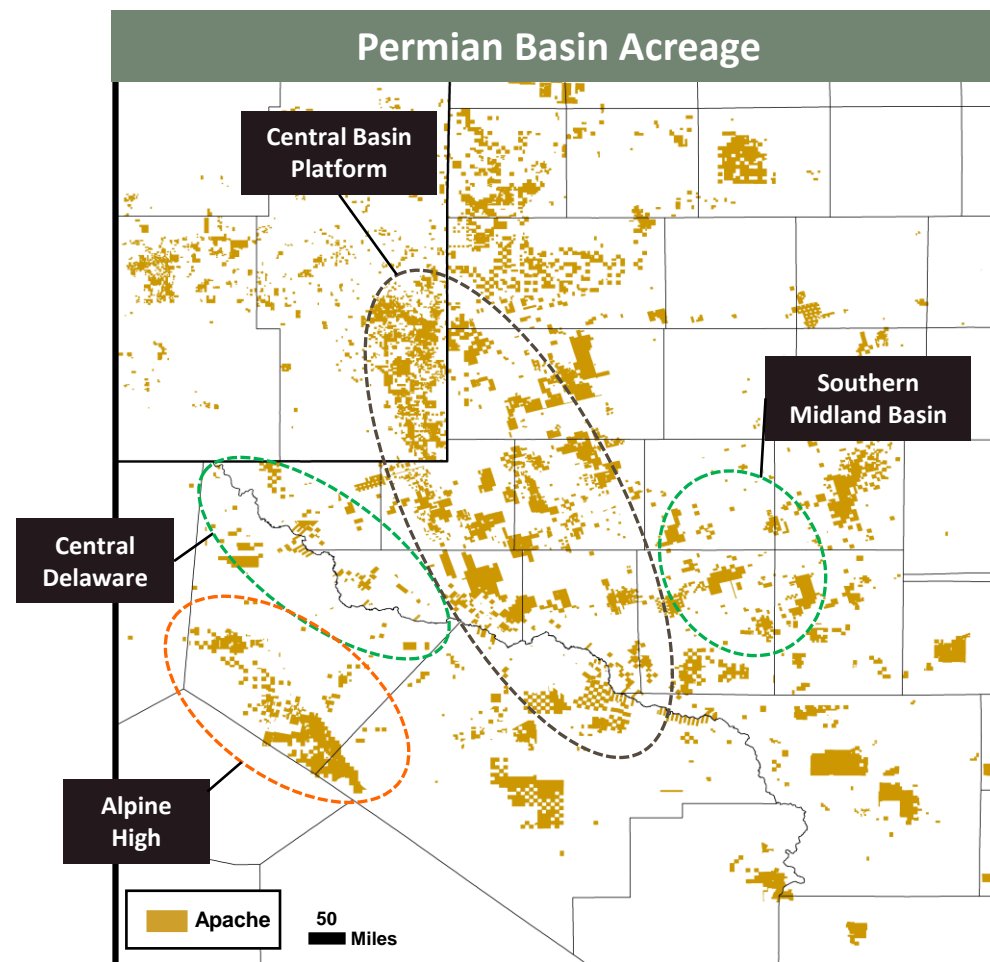
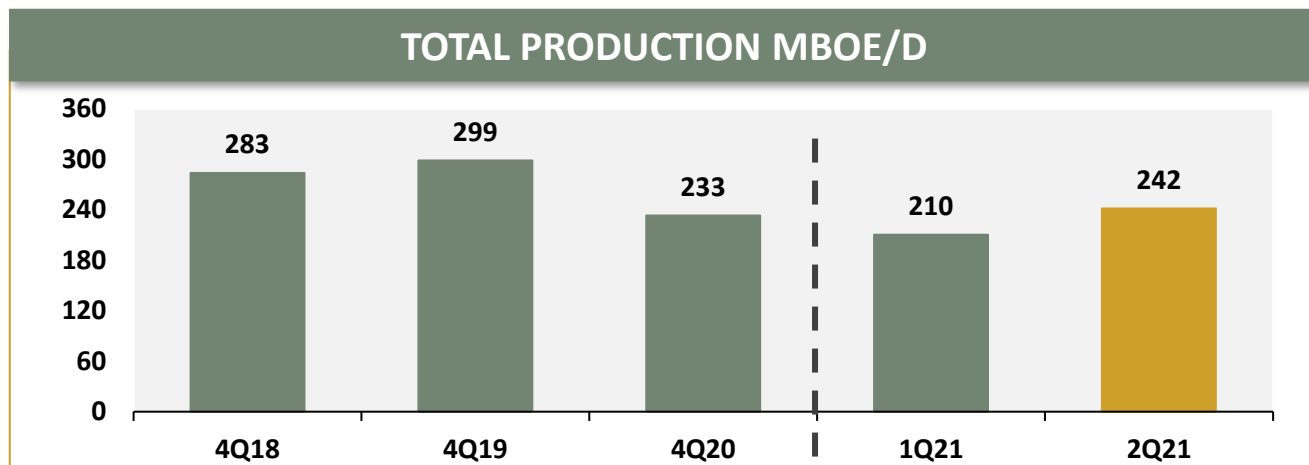
- Temporarily suspended U.S. drilling and reduced activity in Egypt & North Sea
- Deepened cost cutting efforts - more than doubled estimated annual savings for 2020
- Initiated aggressive measures to protect balance sheet, generated positive FCF in 2020
- Conducted important spacing and interference testing in Permian Basin

Relative Capital Investment and Production Impact



United States

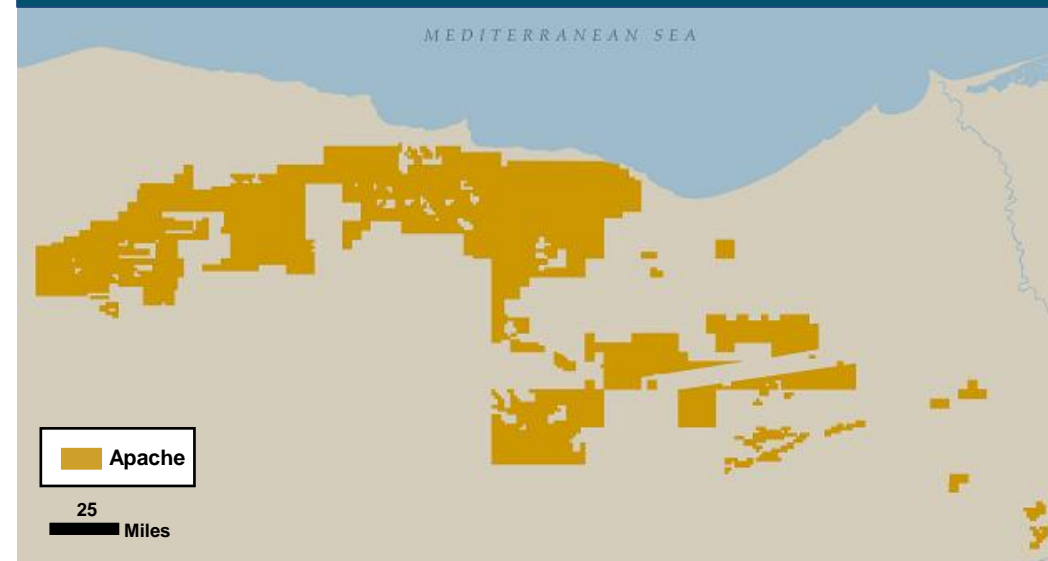
- Currently running 2 rigs in Permian Basin
- Strong performance from 2021 Permian completions
- May add 3rd rig in Permian, Alpine High, or Austin Chalk



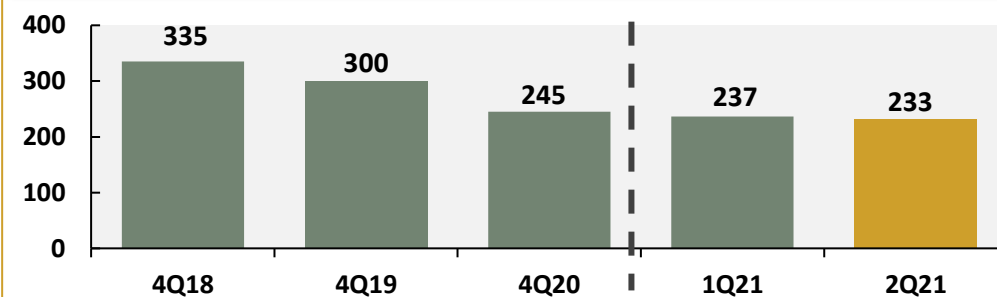
Egypt

- Country's largest oil producer and acreage holder
- Deep, high-quality inventory
- Running 8 rigs: Gross production to begin trending up in 2H'21
- Egypt PSC modernization⁽¹⁾ could enable a return to oil-focused production growth

Apache Egypt Acreage: ~5.2 million acres



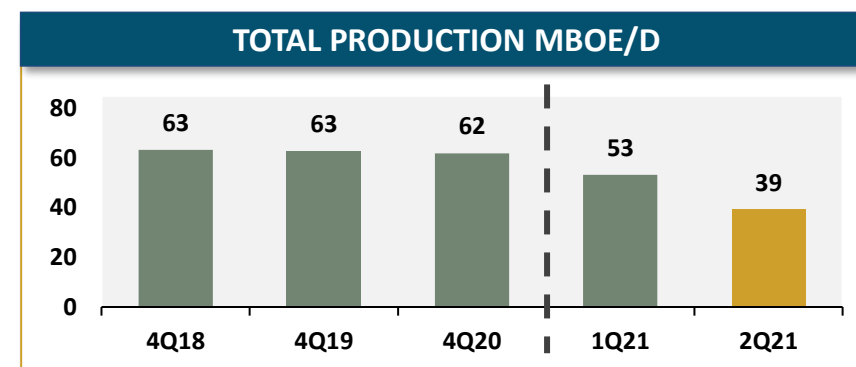
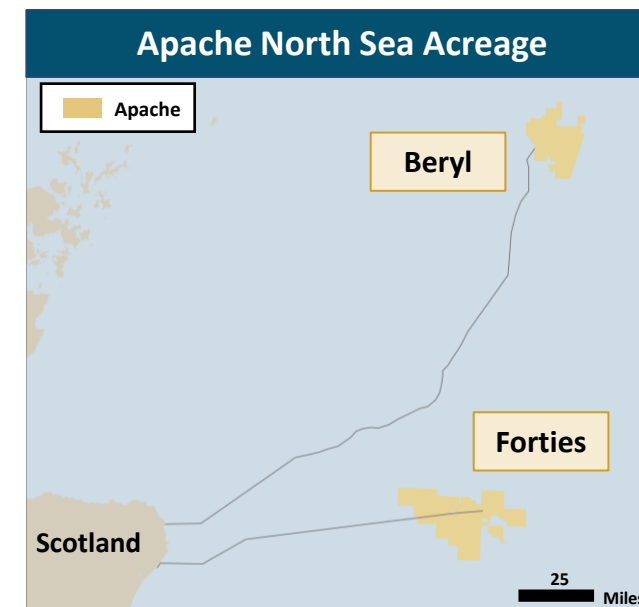
REPORTED GROSS PRODUCTION MBOE/D



(1) Pending certain approvals within the Government of Egypt and ratification by the Egyptian Parliament.

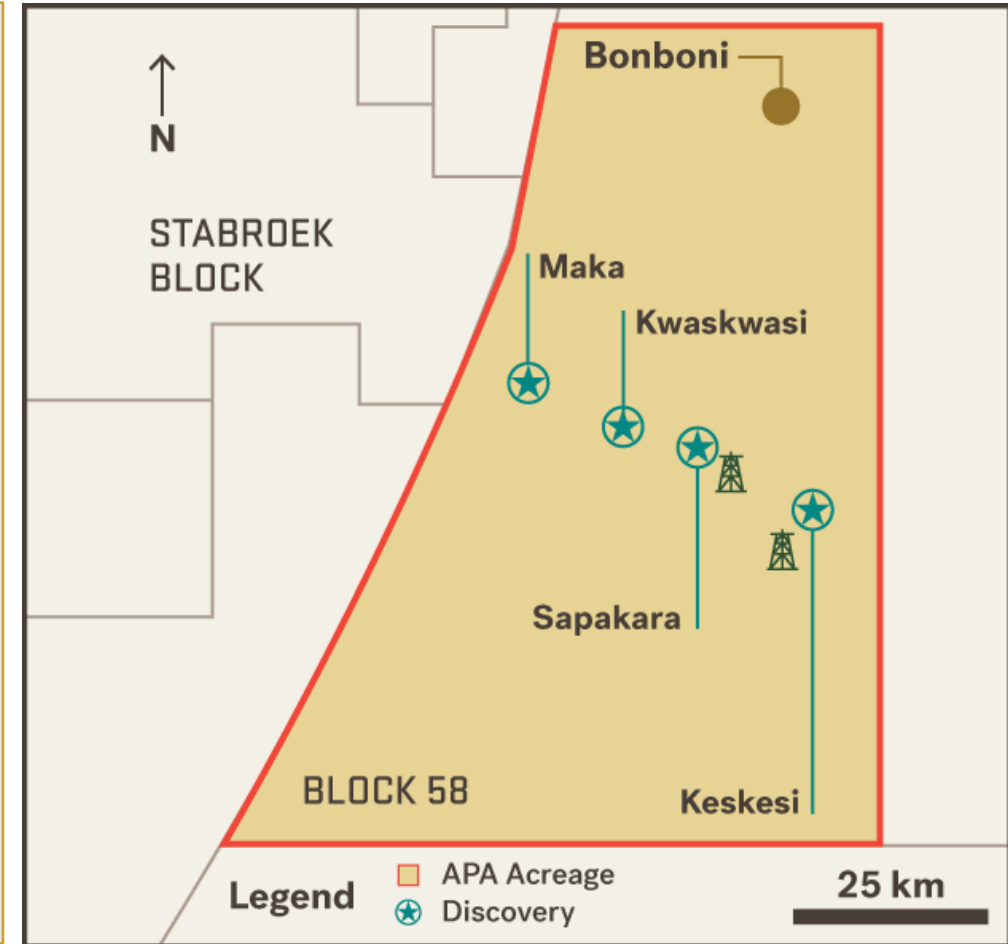
North Sea

- Maintaining 1 floating rig & 1 platform crew
- Activity set can sustain production in 55 to 60 Mboe/d range for several years
- Planned and unplanned operational downtime impacting 2021 volumes and unit costs
- Anticipate production rebound in 2H'21 and in 2022



Suriname

- **Block 58 (APA 50% WI):** World Class Opportunity
 - 4 Discoveries since Jan. 2020, appraisal drilling underway
 - Recent successful appraisal result at **Sapakara South-1**, flow test planned
- **Keskesi South-1** appraisal well drilling - spud in late May
- **Bonboni** exploration prospect to be drilled next with *Maersk Valiant*
- **Block 53 (APA 45% WI):** Contracted rig to drill exploration well early '22



APA's Free Cash Flow Potential (Ex-Suriname)

APA Estimates Upstream-Only FCF Generation Capacity of \$1.6 - \$1.7 Billion Annually

Key Assumptions:

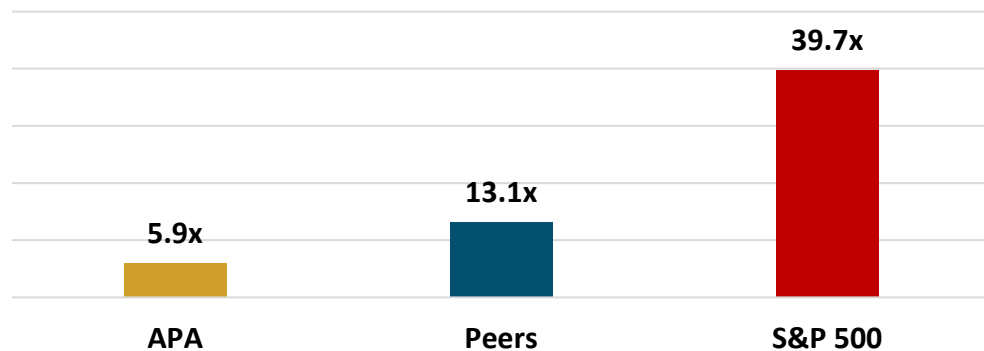
- \$1.2 billion of annual development capital (up from \$900 million in 2021E)
- Global adjusted production held relatively flat with 4Q'21E levels
- No further investment or future benefit from Suriname (simplifying assumption)
- Oil and gas prices remain flat with 2021 prices (using 1H'21 actuals / 2H'21 strip)
- No free cash flow uplift associated with Egypt modernization (pending)

Under this scenario, APA would generate Upstream FCF equal to its current market cap in approximately 4 ½ years

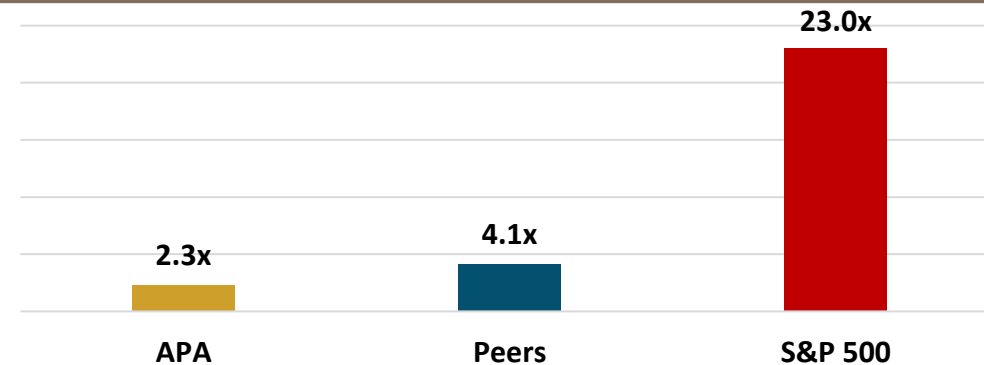
APA Relative Valuation Considerations

2021 Multiple Comparison

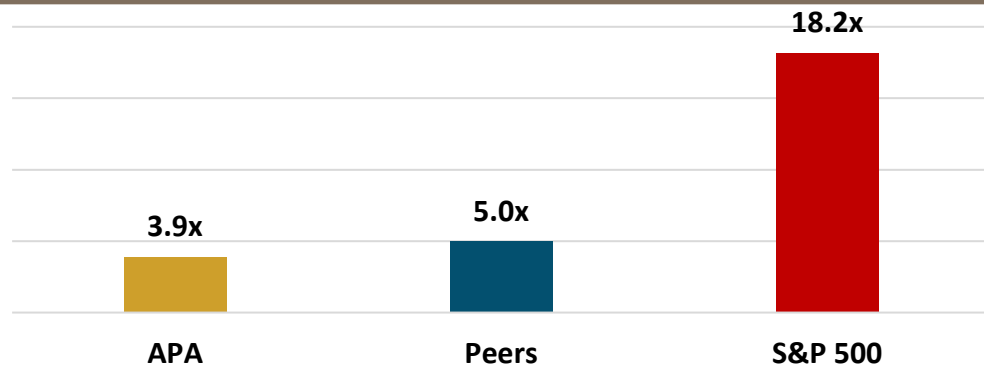
Price to Earnings (P/E) Ratio



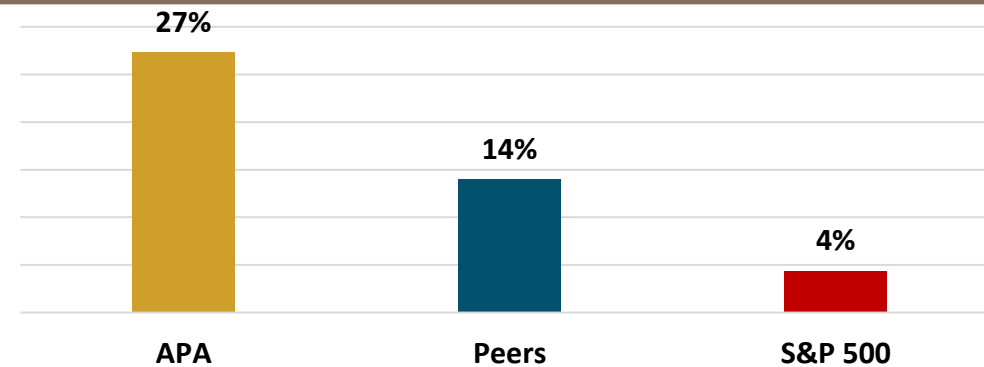
Price to Cash Flow (P/CF) Ratio



Enterprise Value / EBITDA(X)



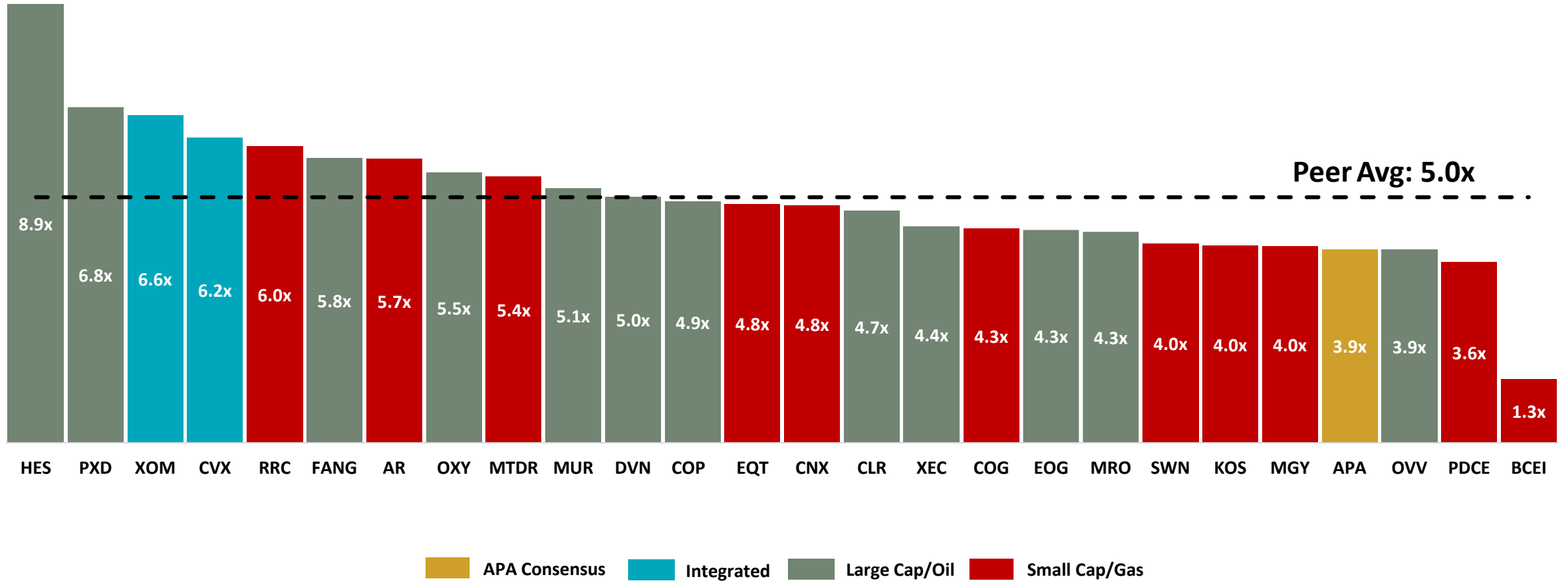
Free Cash Flow Yield (FCF/Mkt. Cap)



Source: Factset. Data as of 8/11/2021.

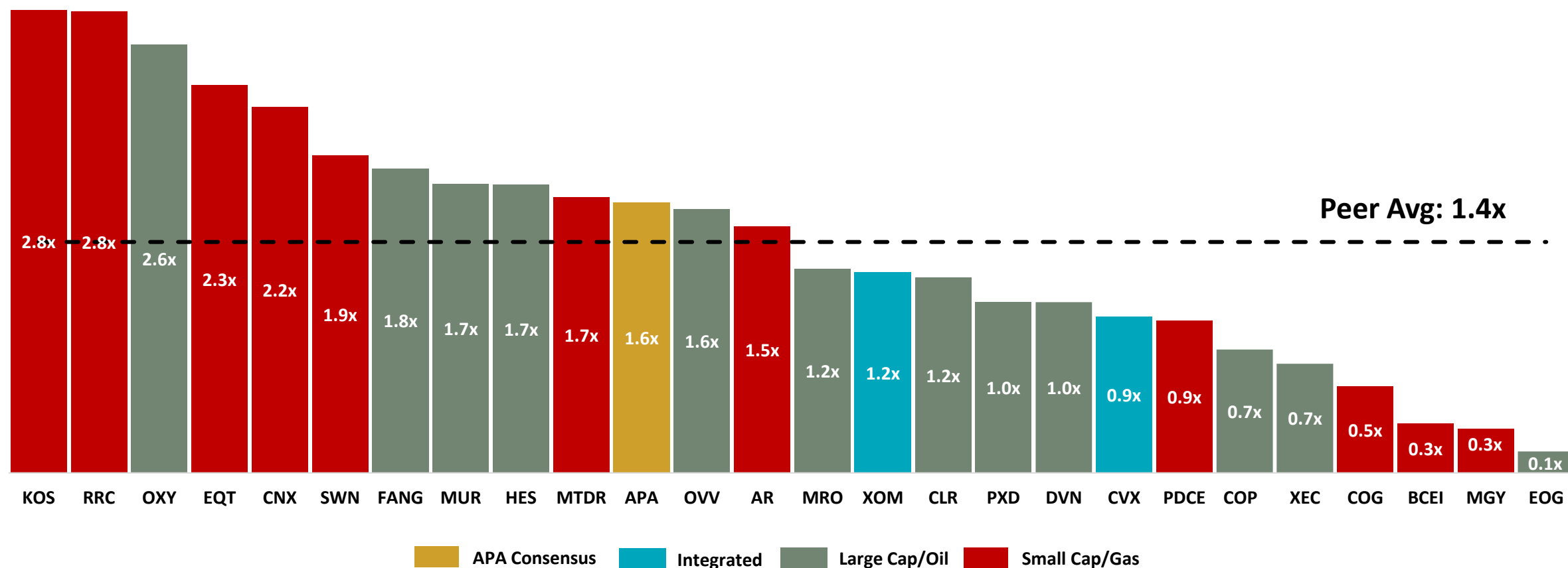
Peer Group: AR, BCEI, CLR, CNX, COG, COP, CVX, DVN, EOG, EQT, FANG, HES, KOS, MGY, MRO, MTDR, MUR, OVV, OXY, PDCE, PXD, RRC, SWN, XEC, XOM

Enterprise Value / 2021 EBITDAX



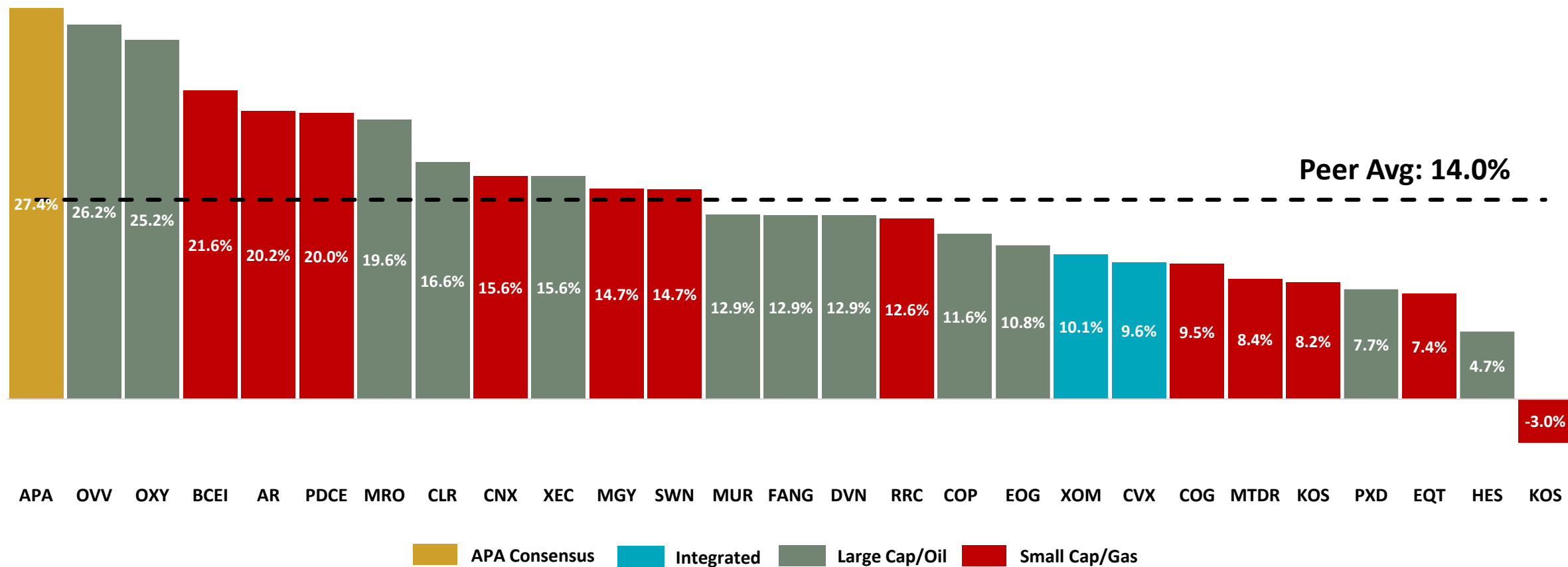
Source: Factset. Data as of 8/11/2021.

Balance Sheet: Net Debt / 2021 EBITDAX



Source: Factset. Financial Statements. Net debt using 2Q 2021 reported data. 2021 EBITDAX estimates as of 8/11/2021.

2021 Consensus Free Cash Flow Yield (Pre-Dividend)

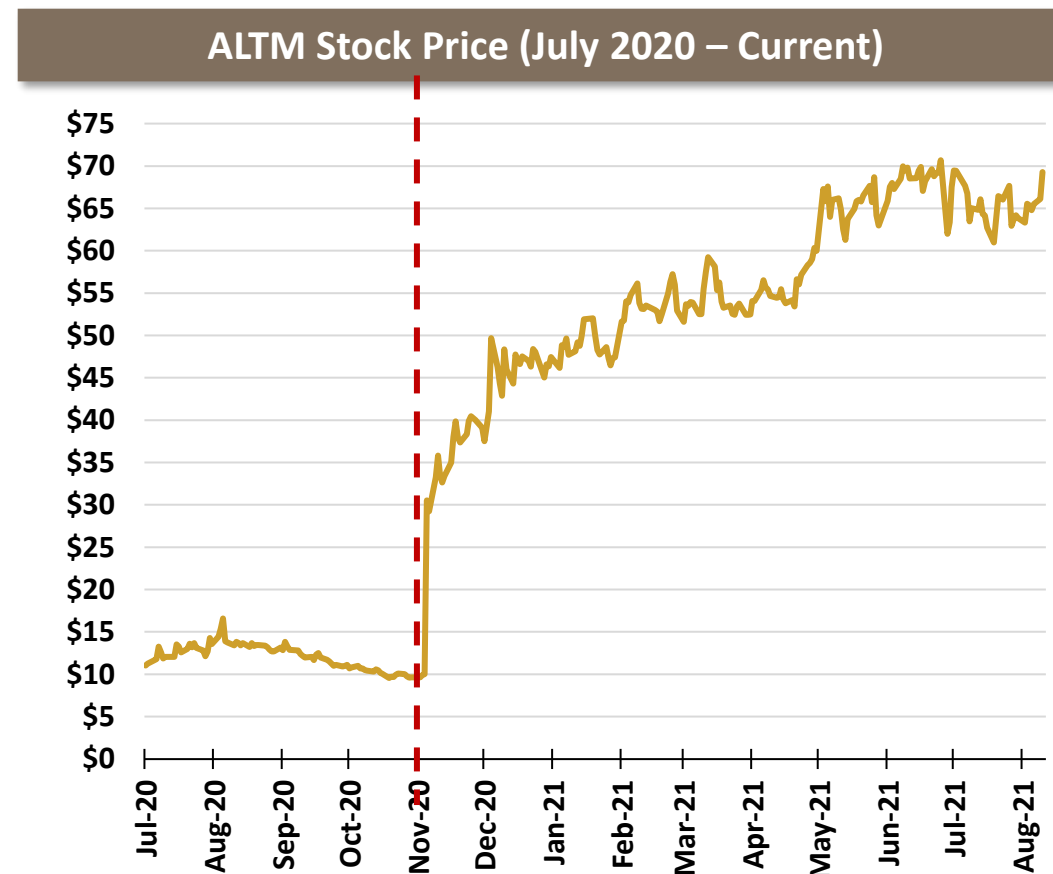


Source: Factset. Data as of 8/11/2021.

Changing the Market's Perception of Value: Altus Midstream Example

- In November 2020, ALTМ announced its plan to initiate a \$1.50 per/sh quarterly dividend (**implied annual yield of ~60%**)
- Within 5 months, ALTМ stock appreciated by more than 5x
 - Outperformed Alerian MLP index by **~475%**
- Just prior to the announcement, ALTМ traded at Free Cash Flow (FCF) yield of 86%⁽¹⁾, now at a more reasonable 13% FCF yield⁽²⁾

Cash Return is King!



Source: Factset. Data as of 8/11/2021.

(1) FCF based on company's 2021 guidance disclosed on 11/4/2020.

(2) FCF based on company's 2021 guidance disclosed on 8/4/2021.

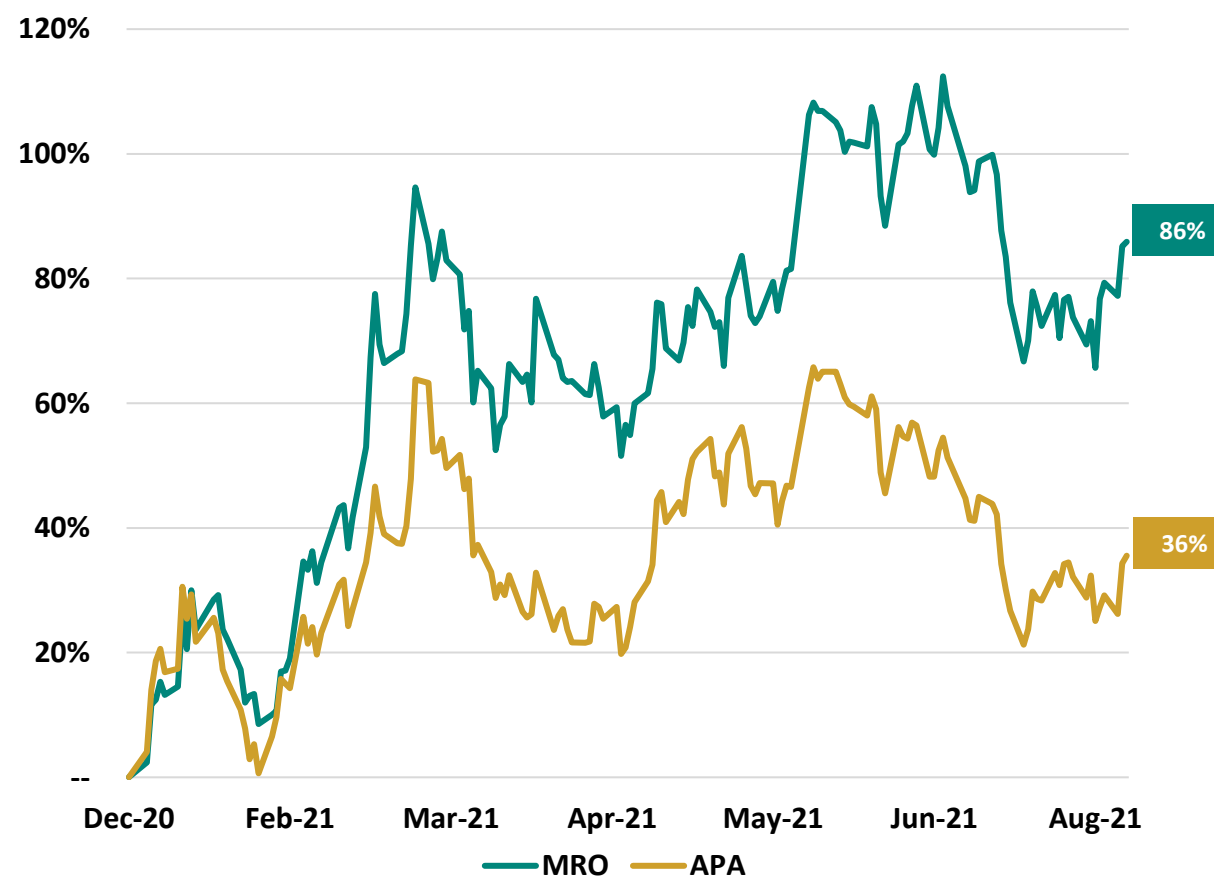
Thoughts on APA and MRO

	MRO	APA
2Q'21 Production ⁽¹⁾	348 Mboe/d	342 Mboe/d
2021E Free Cash Flow (\$MM) ⁽²⁾	\$1,913	\$1,993
Market Cap (\$MM)	\$9,776	\$7,269
2Q'21 Net Debt (\$MM) ⁽³⁾	\$3,938	\$6,804
Enterprise Value (\$MM)	\$13,715	\$16,335
Enterprise Value / 2021E EBITDAX ⁽⁴⁾	4.3x	3.9x

- MRO outperformance began following its Feb. '21 disclosure of 5-year Benchmark Maintenance Scenario
- In Aug'21, MRO committed to returning > 40% of CFO to equity investors in \$60/bbl+ environment

More debt reduction and communication around longer-term outlook & cash return are coming from APA

Stock Price Performance (2021 YTD)



Source: Factset. Financial Statements. Data as of 8/11/2021.

(1) Using APA adjusted production (excludes Egypt minority interest and tax barrels).

(2) Represents 2021 Free Cash Flow consensus estimate per Factset.

(3) Excludes Altus Midstream (ALTM). Refer to the Glossary of Referenced Terms and Non-GAAP Reconciliation.

(4) Calculated using 2021 EBITDAX consensus estimate per Factset.

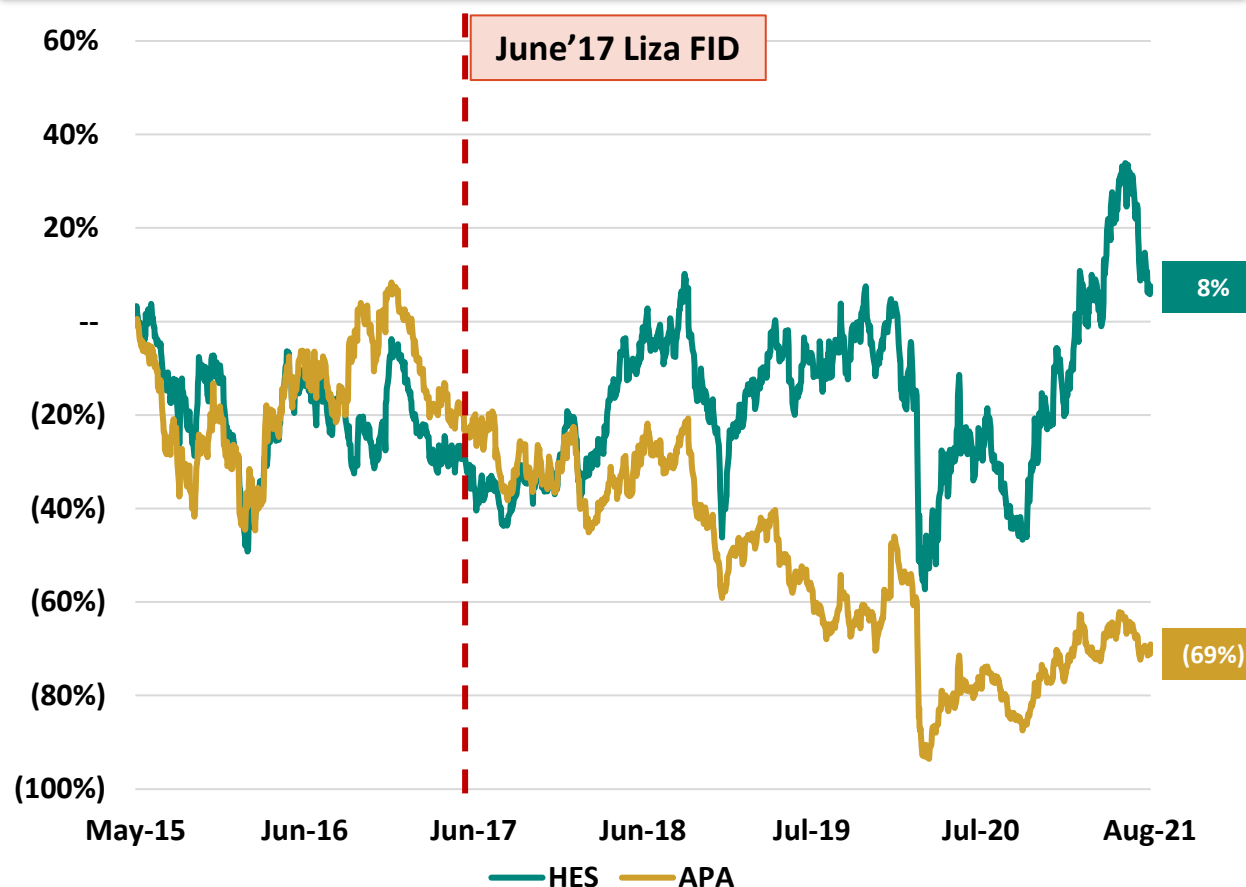
Thoughts on APA and HES

	HES	APA
2Q'21 Production ⁽¹⁾	328 Mboe/d	342 Mboe/d
2021E EBITDAX (\$MM) ⁽²⁾	\$3,345	\$4,188
Market Cap (\$MM)	\$22,538	\$7,269
2Q'21 Net Debt (\$MM) ⁽³⁾	\$5,793	\$6,804
Enterprise Value (\$MM)	\$29,646	\$16,335
Enterprise Value / 2021E EBITDAX ⁽²⁾	8.9x	3.9x

- HES' first Guyana discovery was in May 2015, nearly 4 ½ years before APA's first discovery in Block 58 Suriname
- HES' equity outperformance began after Liza FID

Most analysts believe APA stock price currently reflects little-to-no value for Suriname.

Stock Price Performance (Liza Discovery – Today)



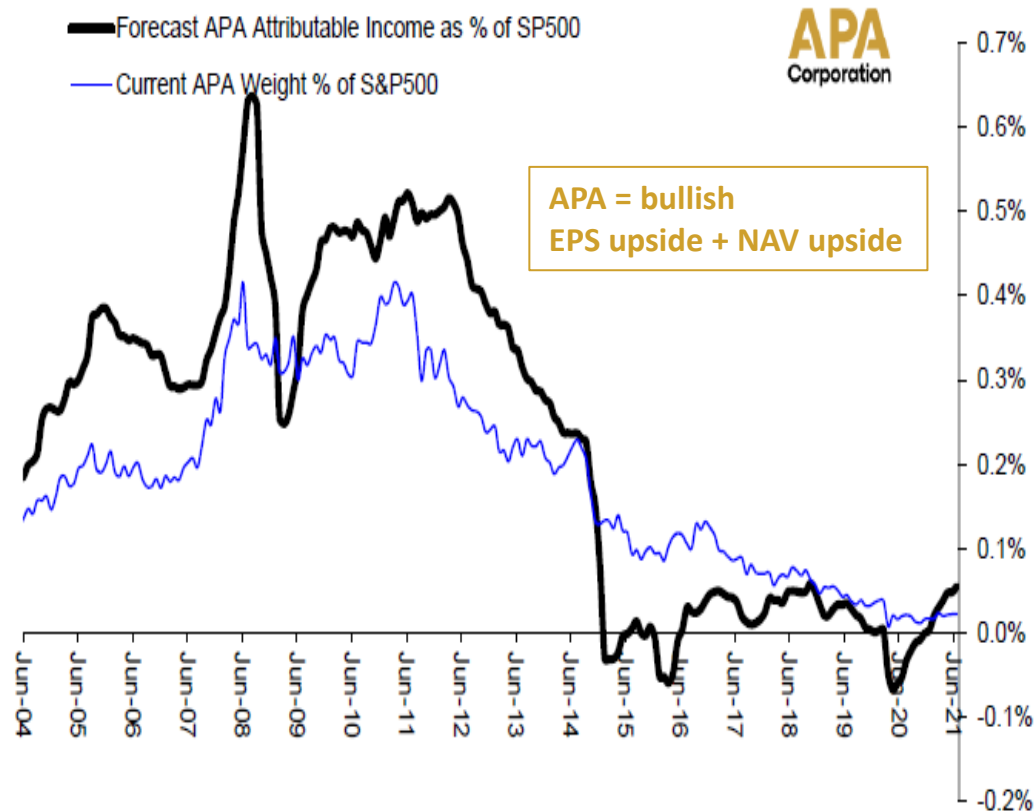
Source: Factset. Financial Statements. Data as of 8/11/2021.

(1) Using APA adjusted production (excludes Egypt minority interest and tax barrels).

(2) Represents 2021 EBITDAX consensus estimate per Factset.

(3) Excludes Altus Midstream (ALTM). Refer to the Glossary of Referenced Terms and Non-GAAP Reconciliation.

APA Has Strong Current Earnings + NAV Catalyst in Suriname



Source: Sankey Research. Sunday Sankey 7/4/2021.

Summary

- E&P companies are capital disciplined, cheap and committed to returning cash
- APA making excellent progress on debt reduction, plan for cash return to come
- Robust FCF generation and visibility into many years of sustained production, ex-Suriname
- Valuation is among the lowest of its peers, with significant upside catalysts

Glossary of Referenced Terms & Non-GAAP Reconciliations

Glossary of Referenced Terms

- **Upstream Capital Investment:** Includes exploration, development, gathering, processing, and transmission capital, capitalized overhead, and settled asset retirement obligations, and excludes capitalized interest, non-cash asset retirement additions and revisions, and Egypt noncontrolling interest, in each case associated with Apache's upstream business.
- **Free Cash Flow:** Cash flow from operations before changes in operating assets and liabilities (including Egypt minority interest) plus dividends received from Altus (ALTM), minus:
 - Upstream capital investment (including Egypt minority interest)
 - Distributions to noncontrolling interest (Egypt)
 - APA Corp. dividend payments
 - Cash flow impacts of ALTM
- In addition to the terms above, a list of commonly used definitions and abbreviations can be found in Apache Corporation's Form 10-K for the year ended December 31, 2020.

Non – GAAP Reconciliation

Upstream Capital Investment

Reconciliation of Costs Incurred to Upstream Capital Investment

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

	(\$ in millions)	
	For the Year Ended December 31,	
	2020	2019
Costs incurred in oil and gas property:		
Acquisitions		
Proved	\$ 7	\$ 8
Unproved	4	57
Exploration and development	1,200	2,464
Total Costs incurred in oil and gas property	\$ 1,211	\$ 2,529
Reconciliation of Costs incurred to Upstream capital investment:		
Total Costs incurred in oil and gas property	\$ 1,211	\$ 2,529
Asset retirement obligations settled vs. incurred - oil and gas property	(5)	153
Capitalized interest	-	(32)
Exploration seismic and administration costs	(63)	(129)
Less noncontrolling interest - Egypt	(155)	(155)
Total Upstream capital investment	\$ 988	\$ 2,366

Non – GAAP Reconciliation

Net Debt

Reconciliation of Debt to Net Debt

Net debt, or outstanding debt obligations less cash and cash equivalents, is a non-GAAP financial measure. Management uses net debt as a measure of the Company's outstanding debt obligations that would not be readily satisfied by its cash and cash equivalents on hand. The Altus Midstream LP credit facility is unsecured and is not guaranteed by the Company or any of its other subsidiaries.

(\$ in millions)

	June 30, 2021			December 31, 2020		
	APA Upstream	Altus Midstream	APA Consolidated	APA Upstream	Altus Midstream	APA Consolidated
Current debt - Apache	\$ 215	\$ -	\$ 215	\$ 2	\$ -	\$ 2
Long-term debt - Apache	7,763	-	7,763	8,146	-	8,146
Long-term debt - Altus	-	657	657	-	624	624
Total debt	7,978	657	8,635	8,148	624	8,772
Cash and cash equivalents	1,174	75	1,249	238	24	262
Net debt	<u>\$ 6,804</u>	<u>\$ 582</u>	<u>\$ 7,386</u>	<u>\$ 7,910</u>	<u>\$ 600</u>	<u>\$ 8,510</u>

Non – GAAP Reconciliation

Cash Flow Before Changes in Operating Assets & Liabilities and Free Cash Flow

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

Cash flows from operations before changes in operating assets and liabilities and free cash flow are non-GAAP financial measures. APA uses these measures internally and provides this information because management believes it is useful in evaluating the company's ability to generate cash to internally fund exploration and development activities, fund dividend programs, and service debt, as well as to compare our results from period to period. We believe these measures are also used by research analysts and investors to value and compare oil and gas exploration and production companies and are frequently included in published research reports when providing investment recommendations. Cash flows from operations before changes in operating assets and liabilities and free cash flow are additional measures of liquidity but are not measures of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing, or financing activities. Additionally, this presentation of free cash flow may not be comparable to similar measures presented by other companies in our industry.

(\$ in millions)

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Net cash provided by operating activities	\$ 969	\$ 84	\$ 1,640	\$ 586
Changes in operating assets and liabilities	(212)	66	(37)	87
Cash flows from operations before changes in operating assets and liabilities	\$ 757	\$ 150	\$ 1,603	\$ 673
Adjustments to free cash flow:				
Altus Midstream cash flows from operations before changes in operating assets and liabilities	(56)	(32)	(95)	(76)
Upstream capital investment including noncontrolling interest - Egypt	(294)	(256)	(569)	(747)
Distributions to Sinopec noncontrolling interest	(20)	(8)	(60)	(40)
Dividends paid to APA common stockholders	(10)	(10)	(19)	(104)
Upstream free cash flow	\$ 377	\$ (156)	\$ 860	\$ (294)
Dividends received from Altus Midstream	19	-	38	-
Free cash flow	\$ 396	\$ (156)	\$ 898	\$ (294)