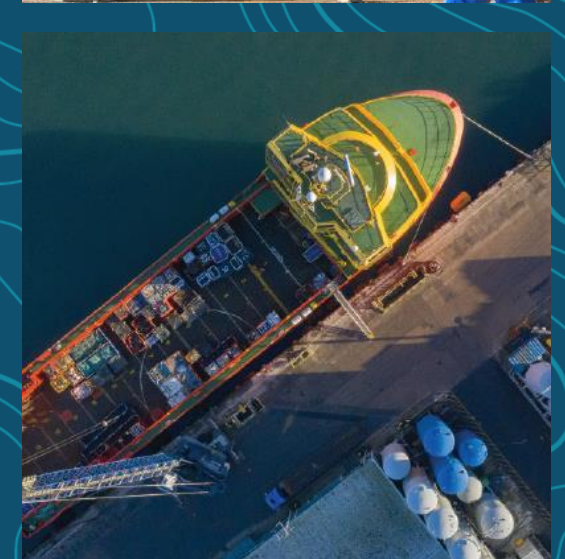


# Third-Quarter 2020

Financial & Operational Supplement

*Apache*



# Notice to Investors

---

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

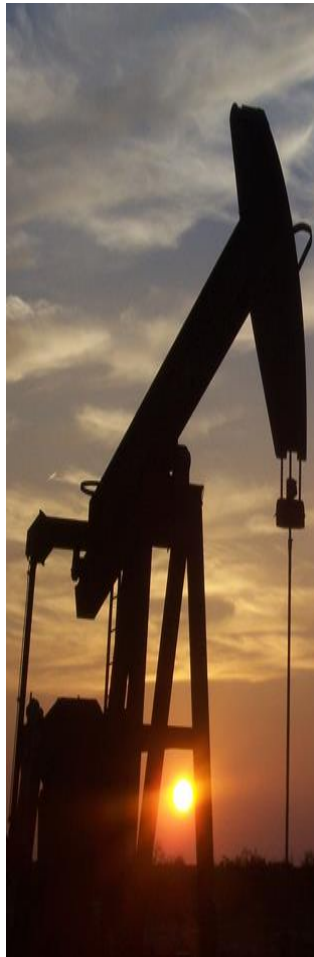
Whenever possible, these "forward-looking statements" are identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "continues," "could," "estimates," "expects," "guidance," "may," "might," "outlook," "possible," "potential," "projects," "prospects," "should," "would," "will,"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

Cautionary Note to Investors: The United States Securities and Exchange Commission (SEC) permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable, and possible reserves that meet the SEC's definitions for such terms. Apache may use certain terms in this earnings supplement, such as "resource," "resource potential," "net resource potential," "potential resource," "resource base," "identified resources," "potential net recoverable," "potential reserves," "unbooked resources," "economic resources," "net resources," "undeveloped resource," "net risked resources," "inventory," "upside," and other similar terms that the SEC guidelines strictly prohibit Apache from including in filings with the SEC. Such terms do not take into account the certainty of resource recovery, which is contingent on exploration success, technical improvements in drilling access, commerciality, and other factors, and are therefore not indicative of expected future resource recovery and should not be relied upon. Investors are urged to consider carefully the disclosure in Apache's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 available from Apache at [www.apachecorp.com](http://www.apachecorp.com) or by writing Apache at: 2000 Post Oak Blvd., Suite 100, Houston, Texas 77056 (Attn: Corporate Secretary). You can also obtain this report from the SEC by calling 1-800-SEC-0330 or from the SEC's website at [www.sec.gov](http://www.sec.gov).

Certain information may be provided in this earnings supplement that includes financial measurements that are not required by, or presented in accordance with, generally accepted accounting principles (GAAP). These non-GAAP measures should not be considered as alternatives to GAAP measures, such as net income, total debt or net cash provided by operating activities, and may be calculated differently from, and therefore may not be comparable to, similarly titled measures used at other companies. For a reconciliation to the most directly comparable GAAP financial measures, please refer to Apache's third quarter 2020 earnings release at [www.apachecorp.com](http://www.apachecorp.com) and "Non-GAAP Reconciliations" of this earnings supplement.

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

# 3Q 2020 Key Metrics



	3Q 2020
<b>Reported Production</b>	445 Mboe/d
<b>Adjusted Production<sup>(1)</sup></b>	394 Mboe/d
<b>Cost Incurred in Oil and Gas Property</b>	\$188 Million
<b>Upstream Capital Investment<sup>(2)</sup></b>	\$141 Million
<b>Net Cash Provided by Operating Activities</b>	\$304 Million
<b>Adjusted EBITDAX<sup>(2)</sup></b>	\$563 Million
<b>Diluted Loss Per Share</b>	(\$0.02)
<b>Adjusted Loss Per Share<sup>(2)</sup></b>	(\$0.16)

(1) Excludes production attributable to Egypt tax barrels and noncontrolling interest.

(2) For a reconciliation to the most directly comparable GAAP financial measure please refer to the Non-GAAP Reconciliations.

# Apache's Strategy



- Prioritizing returns over production growth
- Positioning the balance sheet and portfolio for increasing cash returns to investors
- Fostering ESG leadership through continued engagement with key stakeholders







- International assets generating more robust investment economics at lower prices
- Balanced commodity profile and geographic pricing points diversify risk
- Directing a significant percentage of capital budget to longer-term, large scale opportunity in Suriname



- Aggressively managing cost structure
- Aligning capital investment with commodity prices
- Preserving liquidity and opportunistically repurchasing debt

# ESG Leadership: Primary Focus Areas

		Is it directly related to our core business?	Can we have a material impact on the issue?	Do our stakeholders view these as important issues?	ESG Vision	Supporting Actions
E	 <b>AIR</b>	✓	✓	✓	Be at forefront of industry's efforts to measure, disclose and mitigate emissions	Enacted policies and procedures to significantly reduce overall U.S. flaring emissions; over 90% of which are directly associated with unplanned, third-party midstream disruptions
	 <b>WATER</b>	✓	✓	✓	Preserve freshwater resources and leverage technology to maximize water reuse	Evaluating evaporation technologies to reduce volumes of water disposed via downhole injection thus keeping water in the freshwater cycle
S	 <b>COMMUNITIES + PEOPLE</b>	✓	✓	✓	Creating a positive local impact, providing jobs for local populations and enabling community input	Initiated the construction of a women's shelter in Paramaribo, as well as funded the transport and logistical costs that ensured Suriname clinics received much needed COVID related medical supplies
G	 <b>GOVERNANCE</b>	<ul style="list-style-type: none"> <li>• 20% of 2020 annual incentive compensation plan is tied to ESG and safety goals</li> <li>• 40% of board members are diverse in terms of gender or ethnicity</li> <li>• Continue to actively engage with stakeholders to improve governance &amp; compensation practices</li> </ul>				

# 2021 Plan Commentary



## 2021 Plan

- Anticipate upstream capital budget of \$1 billion or less
- Based on a WTI oil price of ~\$40 per barrel and Henry Hub gas price of ~\$2.75
- Prepared to reduce capital accordingly, if NYMEX futures prices move materially below \$40 per barrel



## Direct Free Cash Flow to Debt Reduction



## Capital Allocation Priorities Remain Unchanged

- Appraisal & exploration program in Suriname
- 5 – 6 rig program in Egypt
- 1 floating rig / 1 platform crew in the North Sea
- Permian DUC completion program
- Monitor oil prices and service costs to assess resumption of a sustained Permian drilling program



## Production Trajectory

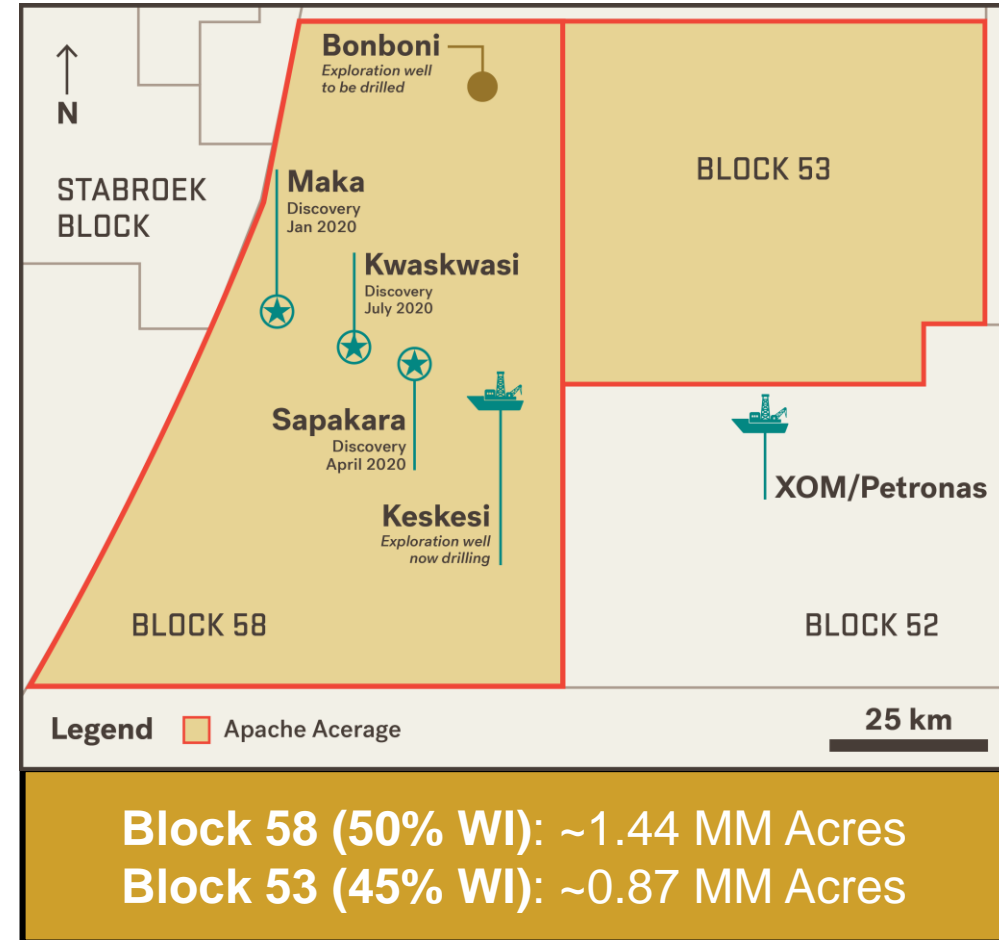
- Anticipate U.S. oil volumes will stabilize at a level consistent with 4Q'20 levels
- Modest declines in Egypt and the North Sea

# Debt Reduction & Advancing Suriname Remain Clear Priorities

INCREMENTAL CASH FLOW TO	WTI Oil Price	
	\$30 - \$40	\$40+
<b>RETURN TO INVESTORS</b> Primarily focus on debt reduction until Debt/EBITDAX is reduced to at least 1.5x, then focus will shift to improving the dividend	×	×
<b>SURINAME</b>	×	×
<b>EGYPT</b>	×	×
<b>NORTH SEA</b>		×
<b>PERMIAN</b>		×

# Success Continues in Block 58 Offshore Suriname

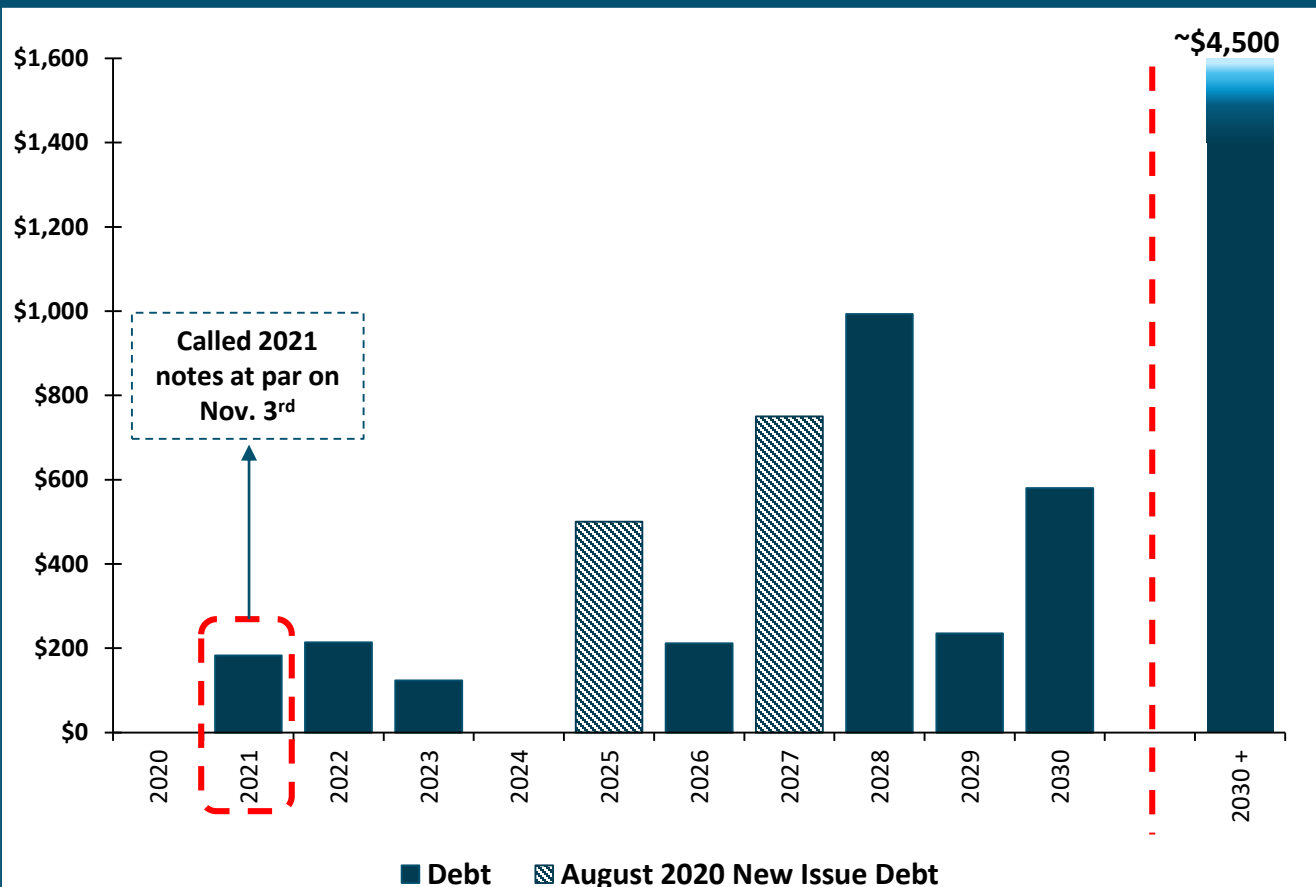
- **Keskesi East-1** exploration well currently drilling
- Announced major discovery at **Kwaskwasi-1** at end of July
  - Targeting submission of appraisal plan before year-end
- **Sapakara** appraisal plan finalized in September
- Selected location of 5<sup>th</sup> exploration well, **Bonboni**
- Nearing award of **2 rigs** for 2021 exploration & appraisal program





# Positioning the Balance Sheet in 2020

Updated Debt Maturity Profile (\$MM)<sup>(1)</sup>



- Issued \$1.25BN of 5- and 7-year notes at sub 5% coupons in 3Q20
- Use of proceeds<sup>(2)</sup>:
  - ~\$638MM cash tender for notes in 3Q20
  - ~\$341MM open market debt repurchases in 2Q & 3Q20
  - ~\$183MM call of 2021 notes on Nov. 3<sup>rd</sup>
  - ~\$75MM remaining for additional debt repurchases
- Ended 3Q20 with \$160MM cash<sup>(3)</sup> and only \$87MM borrowed on APA credit facility

(1) Amount outstanding is as of 9/30/2020, excludes Altus, borrowings on \$4BN revolving credit facility, finance lease obligations, and is before unamortized discount and debt issuance costs.

(2) Excludes cash paid for accrued interest and broker fees.

(3) Excludes Altus.

# 4Q20 Guidance





Quarterly Guidance	New
	4Q 2020 Guidance
Production (Mboe/d)	
United States.....	225
International (Adjusted).....	130
Total Adjusted Production.....	355
United States Oil (Mbo/d).....	73
Upstream Capital Investment (\$ in millions) <sup>(1)</sup> .....	\$200
Upstream Lease Operating Expense (\$ in millions).....	\$270
DD&A (\$ in millions).....	\$400
General & Administrative Expenses (\$ in millions).....	\$75 - \$80
North Sea Current Tax Expense (\$ in millions).....	\$25

(1) Refer to glossary of referenced terms for definition of Upstream Capital Investment.





# 3Q Results

# 3Q 2020 Global Portfolio

**GLOBAL**





 <b>445,241 BOE/D</b> Reported Production	 <b>47% / 18% / 35%</b> Oil / NGL / Gas	 <b>19 Gross, 17 Net</b> Drilled & Completed Wells <sup>(1)</sup>	 <b>8</b> Avg Rigs
---	---	---	--

**UNITED STATES**

 <b>258,058 BOE/D</b> Reported Production	 <b>32% / 29% / 39%</b> Oil / NGL / Gas	 <b>1 Gross, 1 Net</b> Drilled & Completed Wells <sup>(1)</sup>	 <b>0</b> Avg Rigs
--	--	--	---

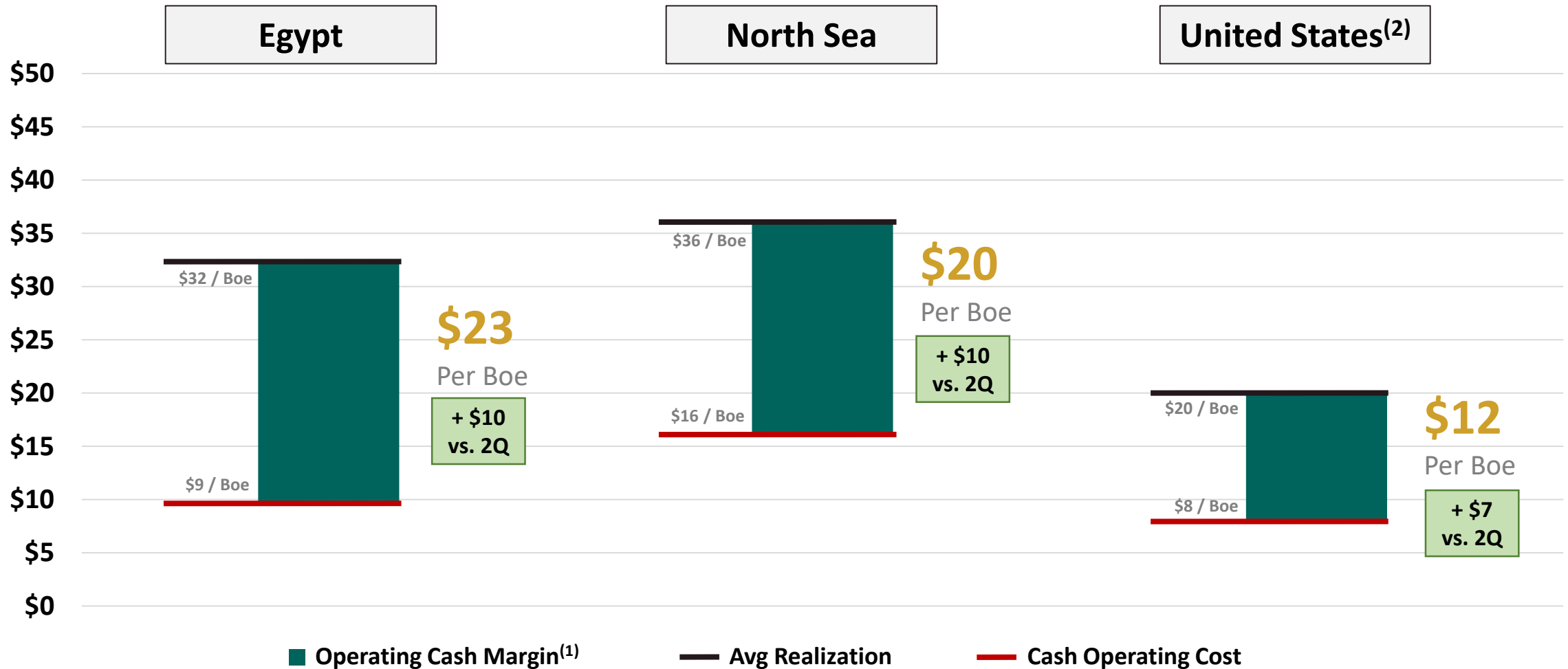


**INTERNATIONAL**

 <b>187,183 BOE/D</b> Reported Production	 <b>68% / 2% / 30%</b> Oil / NGL / Gas	 <b>18 Gross, 17 Net</b> Drilled & Completed Wells <sup>(1)</sup>	 <b>8</b> Avg Rigs <sup>(2)</sup>
---	--	---	---

(1) Includes operated wells completed and fully evaluated, but not necessarily placed onto production.  
 (2) Includes one rig in Suriname.

# 3Q 2020 Operating Cash Margins



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

(2) Excludes Altus.

# 3Q Egypt Summary

## REGION HIGHLIGHTS

- Gross production declined as a result of significant drilling activity reductions this spring & natural declines
  - 11 rigs in 1Q'20 => 5 rigs currently
- Adjusted production down 12% versus 2Q primarily due to PSC cost recovery impact of improving oil prices and lower gross production
- Drilling program success rate of 93% (13 of 14)
  - Benefitting from new and reprocessed seismic data
  - **Matruh Basin Record:** recorded 555 feet net pay at Herunefer E-2

## REGION STATS



**127,595 BOE/D**

Reported Production



**62% / 1% / 37%**

Oil / NGL / Gas



**14 Gross, 14 Net**

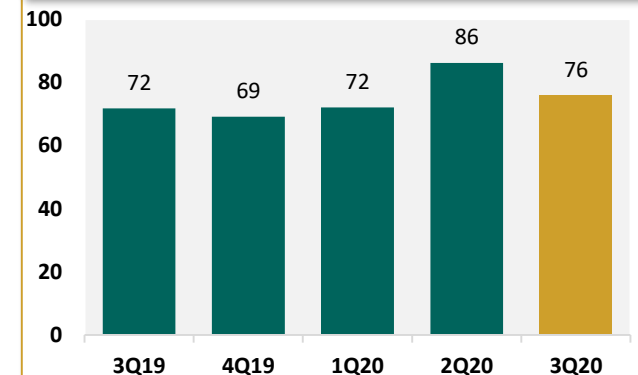
Drilled & Completed Wells<sup>(1)</sup>



**5**

Avg Rigs

## ADJUSTED PRODUCTION MBOE/D <sup>(2)</sup>



(1) Includes operated wells completed and fully evaluated, but not necessarily placed onto production.

(2) Excludes production attributable to tax barrels and noncontrolling interest.

# 3Q North Sea Summary

## REGION HIGHLIGHTS

- Production increased 4% in 3Q driven by the return of 2Q curtailed production, partially offset by scheduled maintenance turnarounds
- Maintained 1 floating rig / 1 platform crew
- Tertiary exploration program ongoing
- Awarded acreage around Beryl & Forties for future exploration potential

## REGION STATS



**59,588 BOE/D**

Reported Production



**82% / 3% / 15%**

Oil / NGL / Gas



**3 Gross, 2 Net**

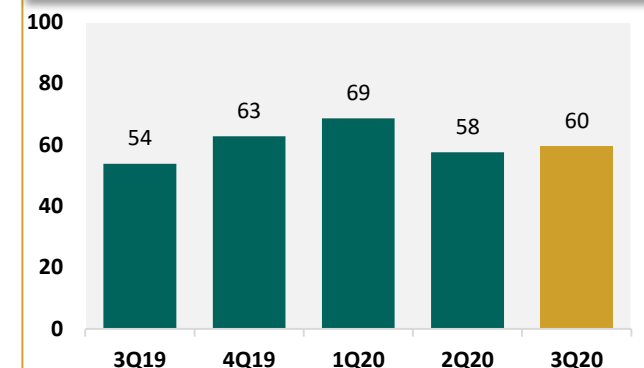
Drilled & Completed Wells<sup>(1)</sup>



**2**

Avg Rigs

## NET PRODUCTION MBOE/D



(1) Includes operated wells completed and fully evaluated, but not necessarily placed onto production.

# 3Q U.S. Summary

## REGION HIGHLIGHTS

- Changes in Permian Basin activity associated with low oil prices:
  - Suspended drilling & completion activity in April 2020
  - Curtailed workover activity
  - Conducted Midland Basin spacing tests in 3Q
  - ~4,000 barrels of oil per day<sup>(2)</sup> remained shut-in during 3Q
- Increase in 3Q NGL and gas production driven by return of previously curtailed Alpine High volumes
  - Some Alpine High volumes curtailed for the month of October due to weak Waha prices, returned to production in November
- Stabilizing Permian Basin oil production next year at 4Q'20 levels
  - Initiated completion program of Permian DUCs in November
  - Capitalizing on a ~45% decrease in pricing for completions services versus 1Q'20
  - Production contributions to begin in 2021

## REGION STATS



**258,058 BOE/D**

Reported Production



**32% / 29% / 39%**

Oil / NGL / Gas



**1 Gross, 1 Net**

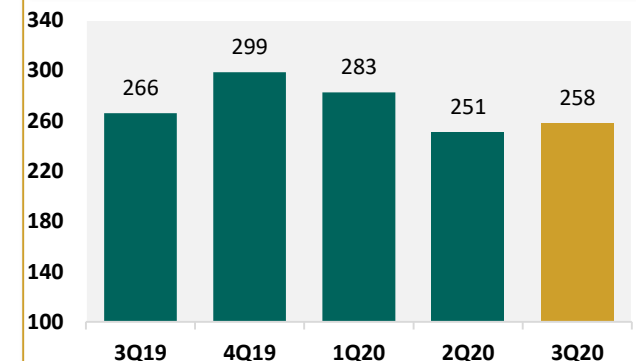
Drilled & Completed Wells<sup>(1)</sup>



**0**

Avg Rigs

## NET PRODUCTION MBOE/D



(1) Includes operated wells completed and fully evaluated, but not necessarily placed onto production.

(2) Approximately 6,000 barrels of oil equivalent per day.



# Appendix

# Commodity Hedging Program

## Open Commodity Derivative Positions As of November 3, 2020

Production Period	Trade Type	Index	Units	Daily Volume	Weighted Avg Price \$ / Unit
<b>Midland Basis Hedges</b>					
October – December 2020	Basis Swap (S)	Midland / WTI	BBL	73,000	(\$2.15)
October – December 2020	Basis Swap (B)	Midland / WTI	BBL	9,000	\$0.20
<b>WTI Hedges</b>					
October – December 2020	3-Way Collar	NYMEX WTI	BBL	19,000	\$15 / \$20 / \$45.55
<b>Brent Hedges</b>					
October – December 2020	3-Way Collar	Dated Brent	BBL	16,500	\$15 / \$20 / \$51.63
<b>Natural Gas Basis Hedges</b>					
April 2021 – December 2021	Basis Swap	IF Waha / IF HSC	MMBtu	136,655	(\$0.36)
January 2022 – December 2022	Basis Swap	IF Waha / IF HSC	MMBtu	120,000	(\$0.37)

# Credit Facility Profile

\$4 Billion Revolving Credit Facility	
Facility Type	Senior Unsecured
Maturity	March 2024
Borrowing Capacity	Up to \$4 billion
Letter of Credit Sublimit	Up to \$3 billion (\$2BN committed)
Financial Covenant <sup>(1)</sup>	Adj Debt/Cap < 60%
Accordion Option	\$1 billion
Extension Options Remaining	1-year option (Apache's option)

- Apache's \$4 BN committed credit facility for general corporate purposes, matures March 2024
  - Unsecured facility held by 18 banks, 17 of which are 'A' rated or higher
  - No ratings triggers<sup>(2)</sup> or collateral requirements
  - Not subject to borrowing base redetermination
- Altus (ALTM) has an \$800 MM committed credit facility for general corporate purposes, matures November 2023
  - Non-recourse to and not guaranteed by Apache

# Upstream Capital Investment

(\$ in Millions)	1Q20	2Q20	3Q20
United States.....	\$ 261	\$ 52	\$ 6
Egypt (Apache's interest only).....	99	79	65
North Sea.....	51	52	40
Suriname.....	<u>31</u>	<u>33</u>	<u>30</u>
Upstream Capital Investment Total.....	\$ <u>442</u>	\$ <u>216</u>	\$ <u>141</u>

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

# Egypt: Production Detail

	2Q 2020			3Q 2020							
	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d					
<b>Gross Production</b>	173,546	642,003	280,547	161,116	649,566	269,377					
<b>Reported Production</b>	80,749	279,561	127,342	79,804	286,744	127,595					
<b>% Gross</b>	47%	44%	45%	50%	44%	47%					
<b>Less: Tax Barrels</b>	(1,865)	(20)	(1,868)	9,896	23,245	13,771					
<b>Net Production Excluding Tax Barrels</b>	82,613	279,581	129,210	69,908	263,500	113,825					
<b>% Gross</b>	48%	44%	46%	43%	41%	42%					
<b>Less: Noncontrolling Interest</b>	27,538	93,194	43,070	23,303	87,833	37,942					
<b>Adjusted Production</b>	55,076	186,387	86,140	46,605	175,667	75,883					
<b>% Gross</b>	32%	29%	31%	29%	27%	28%					
<i>MBOE/D</i>	2018				2019				2020		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Gross Production</b>	330	342	338	335	332	322	301	300	295	281	269
<b>Reported Production</b>	154	154	153	136	145	131	131	126	117	127	128
<b>Adjusted Production</b>	80	80	78	74	79	72	72	69	72	86	76
<b>Brent Oil Benchmark Pricing</b>	\$67	\$75	\$76	\$69	\$64	\$68	\$62	\$62	\$50	\$33	\$43

# Glossary of Referenced Terms

---

- **Upstream Capital Investment:** Includes exploration, development, gathering, processing, and transmission capital, capitalized overhead, and settled asset retirement obligations, and excludes capitalized interest, non-cash asset retirement additions and revisions, and Egypt noncontrolling interest, in each case associated with Apache's upstream business.
- **Free Cash Flow:** Excess cash flow from operations before working capital changes after upstream capital investment, distributions to noncontrolling interest and dividend payments. The impacts of ALTM are excluded from this definition, as development of the ALTM midstream assets is separately funded by ALTM.
- **Cash Flow Neutrality:** Free Cash Flow equal to zero.
- In addition to the terms above, a list of commonly used definitions and abbreviations can be found in Apache's Form 10-K for the year ended December 31, 2019.

# Non – GAAP Reconciliations

# Non – GAAP Reconciliation

## Adjusted Earnings

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

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

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

	For the Quarter Ended September 30, 2020				For the Quarter Ended September 30, 2019			
	Before Tax	Tax Impact	After Tax	Diluted EPS	Before Tax	Tax Impact	After Tax	Diluted EPS
Net income (loss) including noncontrolling interests (GAAP)	\$ 72	\$ (31)	\$ 41	\$ 0.11	\$ 14	\$ (131)	\$ (117)	\$ (0.31)
Income attributable to noncontrolling interests	41	(15)	26	0.07	70	(35)	35	0.09
Income attributable to Altus preferred unit limited partner	19	-	19	0.05	18	-	18	0.05
Net loss attributable to common stock - Basic	12	(16)	(4)	(0.01)	(74)	(96)	(170)	(0.45)
Effect of dilutive securities **	(4)	-	(4)	(0.01)	-	-	-	-
Net loss attributable to common stock - Diluted	8	(16)	(8)	(0.02)	(74)	(96)	(170)	(0.45)
Adjustments: *								
Asset and unproved leasehold impairments	36	(7)	29	0.08	21	(5)	16	0.04
Noncontrolling interest & tax barrel impact on Egypt adjustments	(1)	-	(1)	-	-	-	-	-
Valuation allowance and other tax adjustments	-	-	-	-	-	53	53	0.14
Gain on extinguishment of debt	(12)	3	(9)	(0.03)	-	-	-	-
Unrealized derivative instrument gain, net	(99)	21	(78)	(0.20)	(14)	3	(11)	(0.03)
Noncontrolling interest on Altus preferred units embedded derivative	(1)	-	(1)	-	(1)	-	(1)	-
Transaction, reorganization & separation costs	7	(1)	6	0.01	7	(2)	5	0.01
Loss on divestitures, net	1	-	1	-	-	-	-	-
Drilling contract termination charges	3	(1)	2	-	-	-	-	-
Adjusted earnings (Non-GAAP)	\$ (58)	\$ (1)	\$ (59)	\$ (0.16)	\$ (61)	\$ (47)	\$ (108)	\$ (0.29)

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

\*\*The assumed conversion of Altus' Preferred Unit limited partner would have been anti-dilutive for the nine months ended 2020 and prior year periods.



# Non – GAAP Reconciliation

## Adjusted EBITDAX

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

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

(\$ in millions)

	For the Quarter Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
Net cash provided by operating activities	\$ 304	\$ 84	\$ 635
Adjustments:			
Exploration expense other than dry hole expense and unproved leasehold impairments	17	18	39
Current income tax provision (benefit)	58	(27)	141
Other adjustments to reconcile net income to net cash provided by operating activities	(31)	(22)	(13)
Changes in operating assets and liabilities	97	66	1
Financing costs, net	111	106	95
Transaction, reorganization & separation costs	7	10	7
Adjusted EBITDAX (Non-GAAP)	<u>\$ 563</u>	<u>\$ 235</u>	<u>\$ 905</u>

# Non – GAAP Reconciliation

## Segment Cash Flows

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

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

	For the Quarter			
	Ended September 30, 2020			
	North Sea	Egypt	U.S. and Other	Consolidated
	(\$ in millions)			
Net cash provided by operating activities	\$ 57	\$ 238	\$ 9	\$ 304
Changes in operating assets and liabilities	15	(19)	101	97
Cash flows from operations before changes in operating assets and liabilities	<u>\$ 72</u>	<u>\$ 219</u>	<u>\$ 110</u>	<u>\$ 401</u>

# Non – GAAP Reconciliation

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

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

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

(\$ in millions)

	For the Quarter Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
Net cash provided by operating activities	\$ 304	\$ 84	\$ 635
Changes in operating assets and liabilities	97	66	1
Cash flows from operations before changes in operating assets and liabilities	<u>\$ 401</u>	<u>\$ 150</u>	<u>\$ 636</u>

# 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.

	For the Quarter Ended		For the Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2020	2019	2020	2019
(\$ in millions)				
Costs incurred in oil and gas property:				
Acquisitions				
Proved	\$ -	\$ 4	\$ 7	\$ 7
Unproved	-	5	3	43
Exploration and development	188	637	944	1,931
Total Costs incurred in oil and gas property	\$ 188	\$ 646	\$ 954	\$ 1,981
Reconciliation of Costs incurred to Upstream capital investment:				
Total Costs incurred in oil and gas property	\$ 188	\$ 646	\$ 954	\$ 1,981
Asset retirement obligations settled vs. incurred - oil and gas property	4	24	17	43
Capitalized interest	-	(8)	-	(24)
Exploration seismic and administration costs	(17)	(39)	(49)	(113)
Less noncontrolling interest - Egypt	(34)	(33)	(123)	(111)
Total Upstream capital investment	\$ 141	\$ 590	\$ 799	\$ 1,776