



Second- Quarter 2023

Financial & Operational Supplement

AUGUST 2, 2023

APA
Corporation

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.apacorp.com, and in our other public filings and press releases. These forward-looking statements are based on APA Corporation's (APA) 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 the company'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," "goals," "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.

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. We 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 us 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 APA's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 available at www.apacorp.com or by writing 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.

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 APA's second quarter 2023 earnings release at www.apacorp.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. We may elect to modify the format or discontinue publication at any time, without notice to securities analysts or investors.



2Q 2023 Key Metrics

	2Q 2023
Reported Production	399 Mboe/d
Adjusted Production⁽¹⁾	325 Mboe/d
Cost Incurred in Oil and Gas Property	\$595 Million
Upstream Capital Investment⁽²⁾	\$516 Million
Net Cash Provided by Operating Activities	\$1,000 Million
Adjusted EBITDAX⁽²⁾	\$1,217 Million
Free Cash Flow⁽²⁾	\$94 Million
Diluted Earnings Per Share	\$1.23
Adjusted Earnings Per Share⁽²⁾	\$0.85

(1) Excludes production attributable to Egypt tax barrels and noncontrolling interest. Please refer to the glossary of referenced terms for definitions of Free Cash Flow and Upstream Capital Investment.

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

APA Corporation Strategy



Foundation For Long-Term Success

- Prioritize long-term, full-cycle returns through capital allocation
- Invest to sustain/slightly grow global production from pre-pandemic levels
- Focus on immediate and actionable ESG opportunities most relevant to our industry and APA



Disciplined Financial Approach

- Return a minimum of 60% of Free Cash Flow to shareholders through a competitive base dividend and share repurchases
- Aggressively manage cost structure
- Continue to strengthen the balance sheet & achieve and maintain investment grade credit rating among multiple rating agencies



Leveraging Diversified Portfolio

- Diversify risk through a balanced commodity profile and geographic pricing points
- Re-allocate capital within portfolio in response to commodity prices and other externalities
- Retain capability to build inventory through both exploration and acquire & exploit

2Q Asset Update

Recent Highlights

2Q23 Upstream Capital Investment⁽¹⁾ of **\$516 Million**



Reducing full-year Capital Investment to **\$1.9 Billion**

Returned **131% (\$123 Million)** of Free Cash Flow to Shareholders in 2Q23



Repurchased **\$46 Million** of Stock at average price of **\$33.72** per share

Execution in Egypt and the US Drives **Strong 2Q23 Results**



Adjusted Production⁽²⁾ of **325 MBOE/D**
Adjusted Oil Production⁽²⁾ of **154 MBO/D**

Progressing towards **Oil-Hub Development** on Block 58 Offshore Suriname



Completing appraisal drilling program at **Krabdagu**

(1) For a reconciliation to the most directly comparable GAAP financial measure please refer to the Non-GAAP Reconciliations. Please refer to the glossary of referenced terms for definitions of Free Cash Flow and Upstream Capital Investment.

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



2Q 2023 Global Portfolio

Global

 <p>398,930 BOE/D Reported Production</p>	 <p>50% / 16% / 34% Oil / NGL / Gas</p>	 <p>54 Gross, 53 Net Drilled & Completed Wells⁽¹⁾</p>	 <p>24 Avg Rigs</p>
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United States

	<p>212,786 BOE/D Reported Production</p>
	<p>36% / 29% / 35% Oil / NGL / Gas</p>
	<p>21 Gross, 20 Net Drilled & Completed Wells⁽¹⁾</p>
	<p>5 Avg Rigs</p>



International

	<p>186,144 BOE/D Reported Production</p>
	<p>66% / 0% / 34% Oil / NGL / Gas</p>
	<p>33 Gross, 33 Net Drilled & Completed Wells⁽¹⁾</p>
	<p>19 Avg Rigs⁽²⁾</p>

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

(2) Includes one rig averaged in Suriname.

U.S. Update

Asset Highlights

- **Connected 21 new wells**, over two-thirds of which were placed on-line during June. Timing expected to drive significant production increase again in 3Q23
- **Southern Midland Basin:** Averaged 2 rigs; placed 10 wells on production in 2Q23. Strong well performance contributed to higher volumes during the period
- **Delaware Basin:** Averaged 3 rigs; placed 11 oil wells on production in late 2Q23. New Alpine High drilling and completion activity deferred, pending improved gas / NGL price environment

*Driving capital efficient, profitable oil growth near-term;
material gas optionality*

2Q 2023 Asset Stats



212,786 BOE/D
Reported Production



36% / 29% / 35%
Oil / NGL / Gas

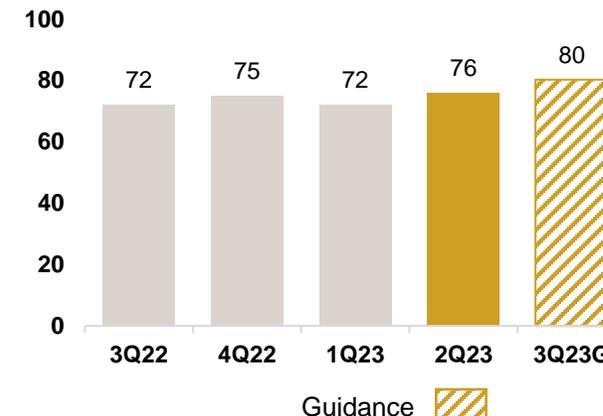


21 Gross, 20 Net
Drilled & Completed Wells⁽¹⁾



5
Avg Rigs

Net Oil Production Mb/d



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

Egypt Update

Asset Highlights

- 2Q23 gross oil production and well completions in-line with expectations
- Exploration drilling success rate of 50% year to date (14 of 28 wells), in line with our historical performance
- 2Q23 delivery on drilling efficiencies, new well connections, recompletions and exploration success expected to drive gross oil volumes up 5% in 3Q23
- BOE volume growth relatively flat due to the impact of declining production at the mature Qasr natural gas field
 - Gross gas volumes expected to decline 12% year over year

Returning to sustainable oil growth

2Q 2023 Asset Stats



144,026 BOE/D

Reported Production



61% / 0% / 39%

Oil / NGL / Gas



32 Gross, 32 Net

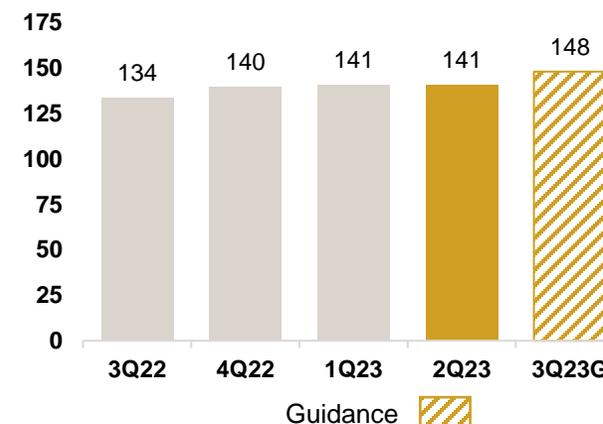
Drilled & Completed Wells⁽¹⁾



17

Avg Rigs

Gross Oil Production Mb/d



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

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

North Sea Update

Asset Highlights

- Prolonged operational downtime impacted 2Q23 results by approximately 2 Mboe/d
- Production commencement from Storr North (59% WI) expected to drive increase in 3Q volumes
- Released Ocean Patriot semi-submersible rig and deferred 2023 platform drilling in June
- Portfolio of technically attractive drilling prospects that are not economically justified at this time

Managing for cash flow resiliency while preserving future optionality

2Q 2023 Asset Stats



42,118 BOE/D
Reported Production



83% / 2% / 15%
Oil / NGL / Gas

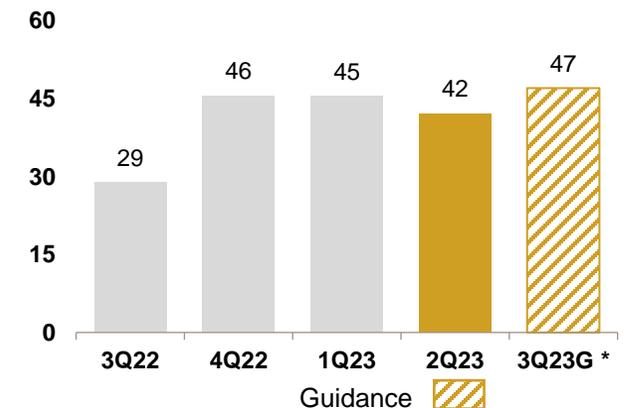


1 Gross, 1 Net
Drilled & Completed Wells



1
Avg Rigs

Net Production Mboe/d



* Represents midpoint of 46-48 guidance range

Suriname Update

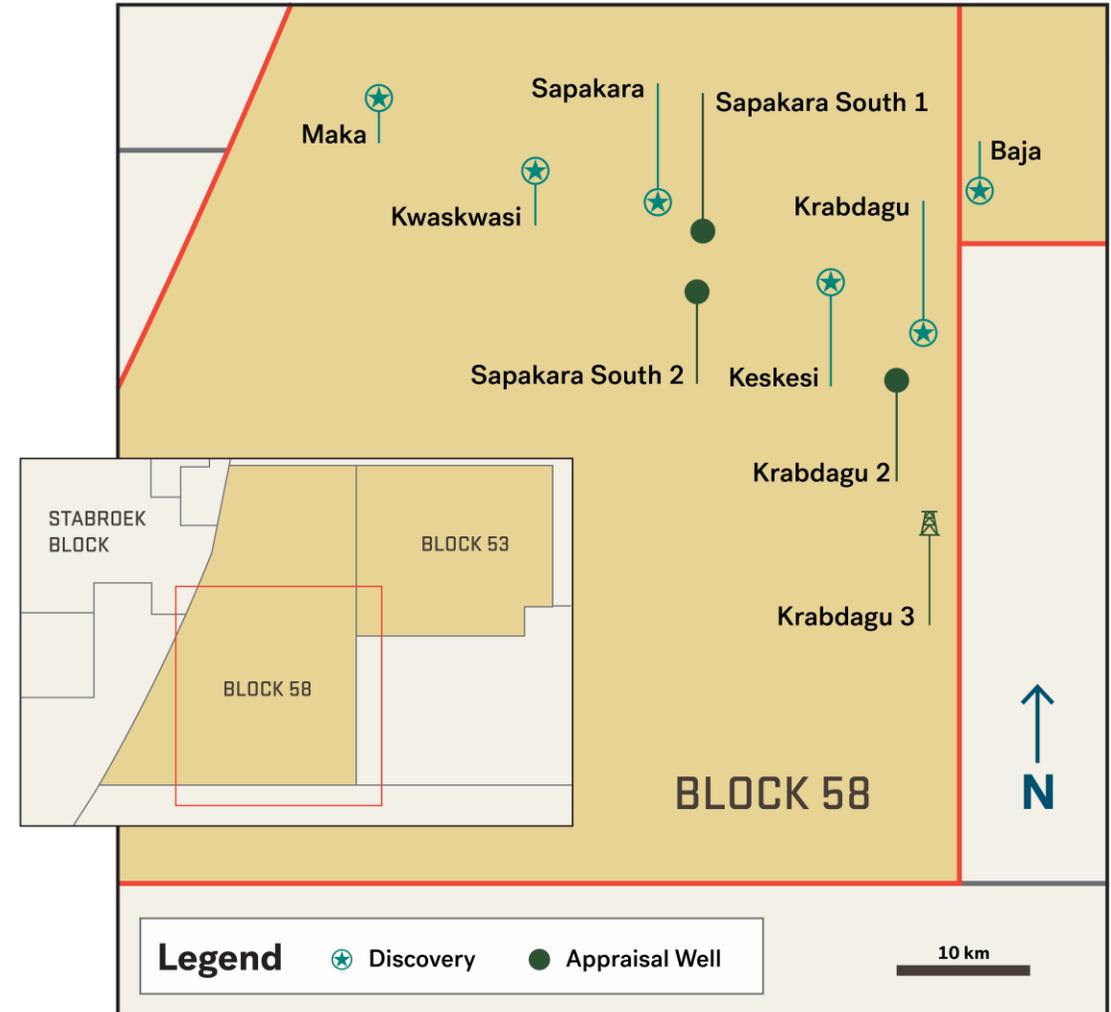
Block 58 (APA 50% WI, TTE Operated)

- Ongoing oil resource assessment at **Krabdagu**
 - Successfully tested three oil reservoirs, confirming high quality and deliverability
 - Krabdagu-3 confirms and extends the oil resource 14 kilometers from the discovery well
 - Technical analysis underway to quantify the resource in the Krabdagu fairway, which is greater than 25 kilometers
- Scoping an oil hub project that combines **Sapakara** and Krabdagu

Block 53 (APA 45% WI)

- Assessing next steps at **Baja** discovery

Progressing differentiated, large-scale organic oil opportunity



KBD-3 is located 14 kilometers (~9 miles) south of KBD-1.

Guidance

	3Q 2023	FY 2023 ⁽¹⁾	FY 2023 Commentary
Production (Mboe/d)			
United States.....	223 (36% oil)	217 (36% oil)	Excludes impact of future gas curtailments in event of Waha price weakness
Egypt (Reported).....	140 (64% oil)	143 (64% oil)	
North Sea.....	46-48 (76% oil)	45-47 (77% oil)	Tightened range, reduced oil mix slightly
Total Reported Production.....	409-411	404 – 408	
Less: Egypt Tax Barrels.....	38	39	
Less: Egypt Noncontrolling Interest.....	34	34	
Total Adjusted Production.....	337-339	330 – 334	
Total Adjusted Oil Production (Mbo/d).....	159-161	159	
Upstream Capital Investment (\$ in millions) ⁽²⁾	\$450	\$1,900	Reduced offshore drilling activity and minor service cost reductions
Upstream Lease Operating Expense (\$ in millions).....	\$375	\$1,400	Cost management programs capturing savings across multiple categories
DD&A (\$ in millions).....	\$415	\$1,500	
General & Administrative Expense (\$ in millions).....	\$100	\$340	Reduced to reflect MTM impact of stock price changes through 6/30/2023
Gathering, Processing & Transmission Expense (\$ in millions).....	\$90	\$330	Reduced to reflect impact of lower prices on POP contracts
Net Gain (Loss) on Oil and Gas Purchases and Sales (\$ in millions)...	--	\$25	Excludes the Cheniere contract and basis hedges
North Sea Current Tax Expense (\$ in millions).....	\$150	\$475-500	Reduced to reflect impact of lower commodity prices

Note: Guidance reflects 7/13/2023 strip pricing assumptions.

(1) Full-year guidance unchanged (issued 2/22/2023) unless otherwise noted

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

Appendix

Cash Return Summary

	1Q 2023	2Q 2023	2021	2022	2023 YTD 6/30/2023	Total
Shares Repurchased (MM)	3.7	1.3	31.2	36.2	5.0	72.4
Average Stock Repurchased Price	\$38.93	\$33.72	\$27.14	\$39.34	\$37.53	\$33.96
Share Repurchases (\$MM)	\$142	\$46	\$847	\$1,423	\$188	\$2,458
Dividends (\$MM)	\$78	\$77	\$52	\$207	\$155	\$414
Total Cash Return (\$MM)	\$220	\$123	\$899	\$1,630	\$343	\$2,872
Free Cash Flow (\$MM)	\$272	\$94	\$1,823	\$2,458	\$366	\$4,647
% Free Cash Flow Returned	81%	131%	49%	66%	94%	62%
Total Bond Debt Reduction (\$MM)	(\$74)	\$0	(\$1,708)	(\$1,436)	(\$74)	(\$3,218)

Upstream Capital Investment

	1Q23	2Q23	Total
United States	\$291	\$308	\$599
Egypt (excluding noncontrolling interest)	\$123	\$133	\$256
North Sea	\$54	\$56	\$110
Suriname	\$27	\$19	\$46
Upstream Capital Investment Total	\$495	\$516	\$1,011

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

Egypt Production Detail

	1Q 2023			2Q 2023		
	Oil (Bbls/d)	Gas (Mcf/d)	Boe/d	Oil (Bbls/d)	Gas (Mcf/d)	Boe/d
Gross Production	140,764	545,049	231,606	140,652	517,291	226,867
Reported Production	87,794	356,350	147,186	87,790	337,413	144,026
% Gross	62%	65%	64%	62%	65%	63%
Less: Tax Barrels	23,965	98,422	40,369	23,163	91,269	38,374
Net Production Excluding Tax Barrels	63,829	257,927	106,817	64,627	246,144	105,652
% Gross	45%	47%	46%	46%	48%	47%
Less: Noncontrolling Interest	21,276	85,976	35,606	21,542	82,048	35,217
Adjusted Production	42,553	171,952	71,211	43,085	164,096	70,434
% Gross	30%	32%	31%	31%	32%	31%

MBoe/d	2021				2022				2023	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Gross Production	237	233	229	235	235	235	219	233	232	227
Reported Production	119	114	111	115	150	144	134	151	147	144
Adjusted Production	63	61	58	60	68	64	62	71	71	70
Brent Oil Benchmark Pricing	\$61	\$69	\$73	\$80	\$98	\$112	\$97	\$89	\$82	\$78

Glossary of Referenced Terms

- **Upstream Capital Investment:** Includes exploration, development, gathering, processing, and transmission capital, capitalized overhead, and settled asset retirement obligations. Excludes capital investment for property acquisitions, capitalized interest, non-cash asset retirement additions and revisions, and Egypt noncontrolling interest.
- **Free Cash Flow:** Cash flow from operations before changes in operating assets and liabilities (including Egypt minority interest)
 - **Minus:**
 - Upstream capital investment (including Egypt minority interest)
 - Non-oil and gas capital investment
 - Distributions to noncontrolling interest (Egypt)
- In addition to the terms above, a list of commonly used definitions and abbreviations can be found in APA Corporation's Form 10-K for the year ended December 31, 2022.



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				For the Quarter Ended			
	June 30, 2023				June 30, 2022			
	Before Tax	Tax Impact	After Tax	Diluted EPS	Before Tax	Tax Impact	After Tax	Diluted EPS
Net income including noncontrolling interests (GAAP)	\$ 700	\$ (238)	\$ 462	\$ 1.49	\$ 1,462	\$ (395)	\$ 1,067	\$ 3.12
Income attributable to noncontrolling interests	144	(63)	81	0.26	251	(110)	141	0.41
Net income attributable to common stock	556	(175)	381	1.23	1,211	(285)	926	2.71
Adjustments: *								
Asset and unproved leasehold impairments	52	(37)	15	0.05	2	-	2	-
Valuation allowance and other tax adjustments	-	(30)	(30)	(0.10)	-	(157)	(157)	(0.46)
(Gain) loss on extinguishment of debt	-	-	-	-	-	-	-	-
Unrealized derivative instrument (gain) loss	(47)	9	(38)	(0.12)	26	(6)	20	0.06
Kinetik equity investment mark-to-market gain	(77)	16	(61)	(0.20)	(29)	-	(29)	(0.08)
Transaction, reorganization & separation costs	2	(1)	1	-	3	(1)	2	0.01
(Gain) loss on divestitures, net	(5)	1	(4)	(0.01)	27	(6)	21	0.06
Adjusted earnings (Non-GAAP)	\$ 481	\$ (217)	\$ 264	\$ 0.85	\$ 1,240	\$ (455)	\$ 785	\$ 2.30

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

Non – GAAP Reconciliation

Adjusted EBITDAX

Reconciliation of Net Cash Provided by Operating Activities to Adjusted EBITDAX

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

(\$ in millions)

	For the Quarter Ended		
	June 30, 2023	March 31, 2023	June 30, 2022
Net cash provided by operating activities	\$ 1,000	\$ 335	\$ 1,535
Adjustments:			
Exploration expense other than dry hole expense and unproved leasehold impairments	14	17	18
Current income tax provision	254	346	415
Other adjustments to reconcile net income (loss) to net cash provided by operating activities	97	(30)	59
Changes in operating assets and liabilities	(232)	511	(149)
Financing costs, net	82	81	76
Transaction, reorganization & separation costs	2	4	3
Adjusted EBITDAX (Non-GAAP)	<u>\$ 1,217</u>	<u>\$ 1,264</u>	<u>\$ 1,957</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,	
	2023	2022
Net cash provided by operating activities	\$ 1,000	\$ 1,535
Changes in operating assets and liabilities	(232)	(149)
Cash flows from operations before changes in operating assets and liabilities	\$ 768	\$ 1,386
Adjustments to free cash flow:		
Upstream capital investment including noncontrolling interest - Egypt	(583)	(482)
Non oil and gas capital investment	(8)	-
Distributions to Sinopec noncontrolling interest	(83)	(90)
Upstream free cash flow	\$ 94	\$ 814

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 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 June 30, 2023			
	North Sea	Egypt	U.S. and Other	Consolidated
	<i>(\$ in millions)</i>			
Net cash provided by operating activities	\$ 217	\$ 474	\$ 309	\$ 1,000
Changes in operating assets and liabilities	(116)	(83)	(33)	(232)
Cash flows from operations before changes in operating assets and liabilities	<u>\$ 101</u>	<u>\$ 391</u>	<u>\$ 276</u>	<u>\$ 768</u>

Non – GAAP Reconciliation

Net Debt

Reconciliation of Debt to Net Debt

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

(\$ in millions)

	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Current debt	\$ 2	\$ 2	\$ 2	\$ 125
Long-term debt	5,574	5,796	5,451	5,404
Total debt	5,576	5,798	5,453	5,529
Cash and cash equivalents	142	154	245	268
Net debt	\$ 5,434	\$ 5,644	\$ 5,208	\$ 5,261

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 APA's expenditures related to our upstream capital activity. We define capital investments as costs incurred for oil and gas activities, adjusted to exclude property acquisitions, 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 APA's cash expenditures related to upstream capital activity and is consistent with how we plan our capital budget.

	(\$ in millions)	
	For the Quarter Ended	
	June 30,	
	2023	2022
Costs incurred in oil and gas property:		
Asset and leasehold acquisitions		
Proved	\$ 1	\$ -
Unproved	4	6
Exploration and development	590	492
Total Costs incurred in oil and gas property	\$ 595	\$ 498
Reconciliation of Costs incurred to Upstream capital investment:		
Total Costs incurred in oil and gas property	\$ 595	\$ 498
Property acquisitions	-	-
Asset retirement obligations settled vs. incurred - oil and gas property	7	7
Capitalized interest	(5)	(5)
Exploration seismic and administration costs	(14)	(18)
Upstream capital investment including noncontrolling interest - Egypt	\$ 583	\$ 482
Less noncontrolling interest - Egypt	(67)	(54)
Total Upstream capital investment	\$ 516	\$ 428



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