

An aerial photograph of an oil field in a vast, arid landscape. In the center, a tall drilling rig stands next to a cluster of industrial buildings and storage tanks. A large, rectangular water reservoir is visible to the left of the rig. The terrain is flat and sparsely vegetated, with low mountains in the distance under a clear blue sky with some light clouds.

*Apache*

**THIRD-QUARTER 2017**

**FINANCIAL AND OPERATIONAL SUPPLEMENT**

# 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 "expects," "believes," "anticipates," "projects," "guidance," "outlook," and similar phrases. 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, 2016, 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 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 2017 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.

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# 3Q17 FINANCIAL AND OPERATIONAL RESULTS

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# THIRD-QUARTER 2017 KEY METRICS

▶ <b>Reported Production</b>	448 Mboe/d
▶ <b>Adjusted Production<sup>(1)</sup></b>	354 Mboe/d
▶ <b>Oil and Gas Capital Investment<sup>(2)</sup></b>	\$843 Million
▶ <b>Adjusted EBITDAX<sup>(2)</sup></b>	\$821 Million
▶ <b>Earnings Per Share</b>	\$0.16
▶ <b>Adjusted Earnings Per Share<sup>(2,3)</sup></b>	\$0.04

(1) Excludes Canada production, Egypt tax barrels and noncontrolling interest.

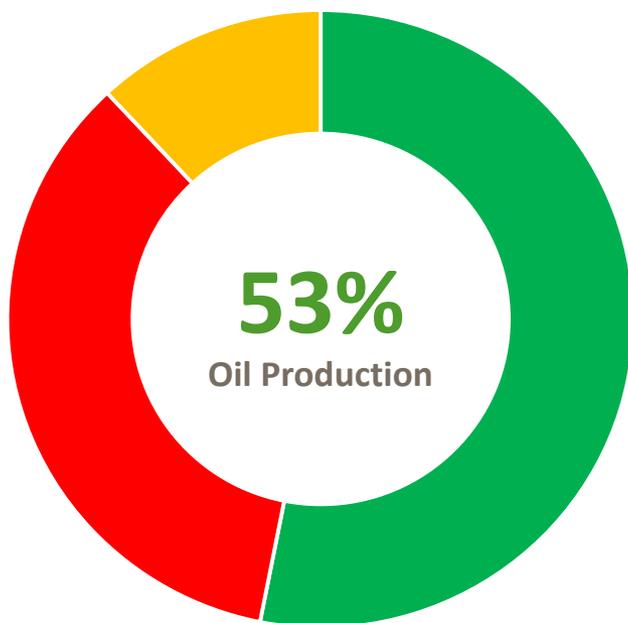
(2) For a reconciliation to the most directly comparable GAAP financial measure please refer to the Non-GAAP Reconciliations.

(3) Includes \$(0.06) per share of dry hole expense (net of tax).

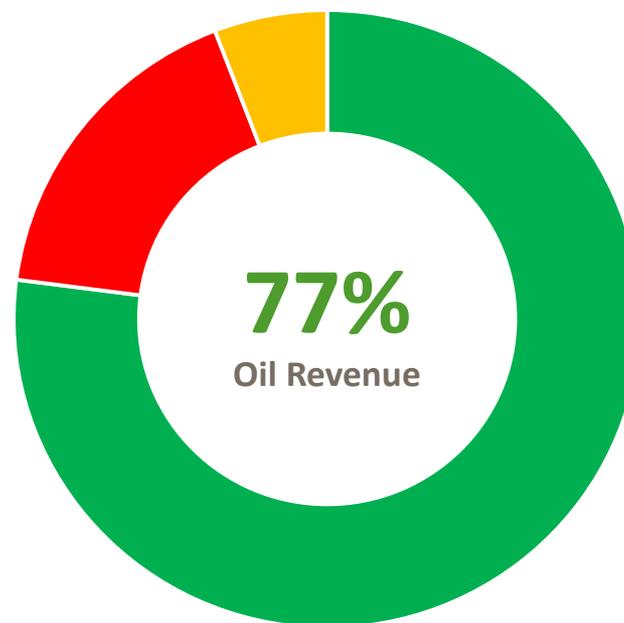
# PRODUCTION AND REVENUES BY PRODUCT

3Q 2017

Reported Production  
448 MBOE/D



Oil and Gas Revenue  
\$1.39 Billion

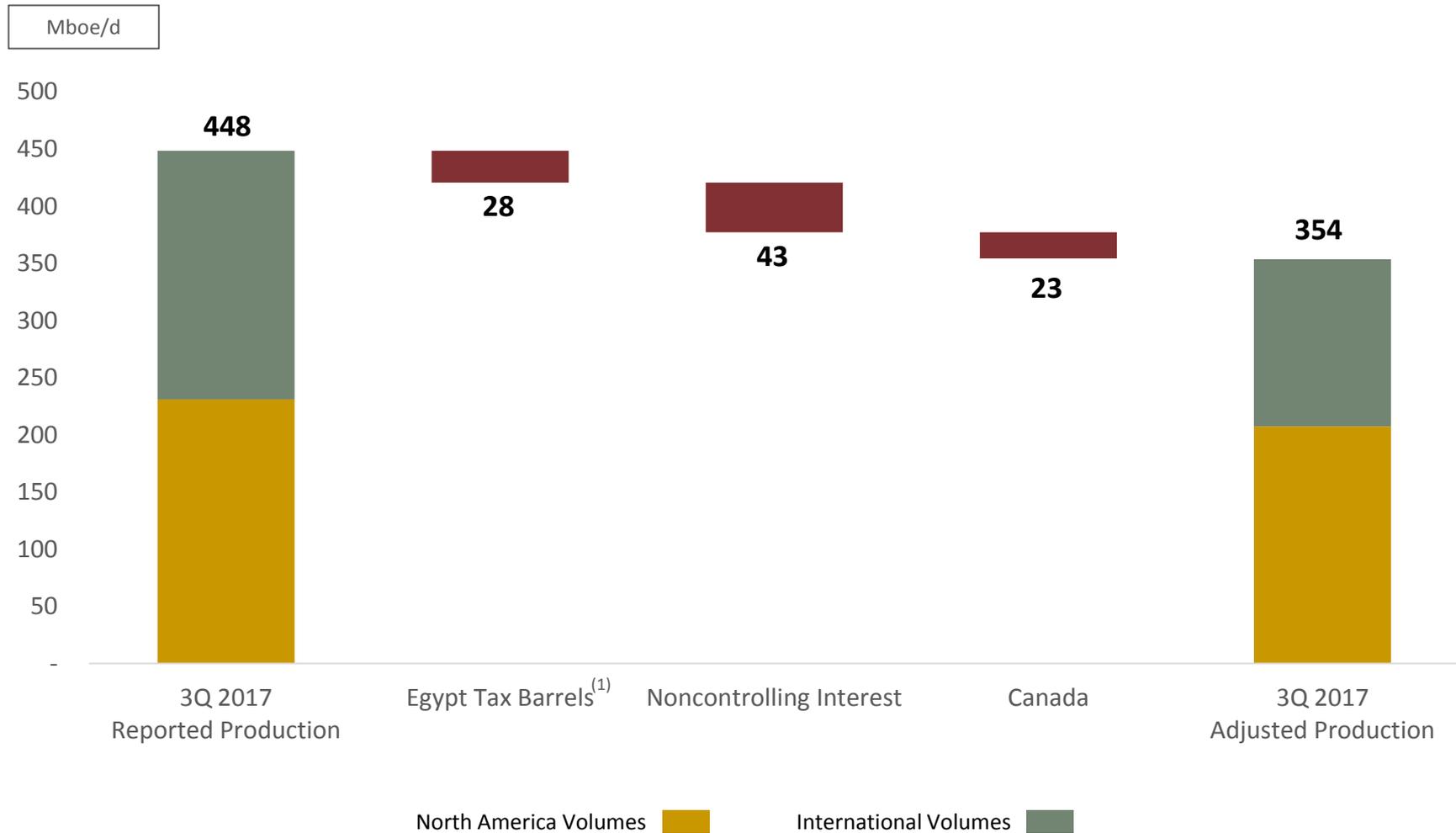


Oil Natural Gas NGLs

Note: Reported volumes include noncontrolling interest and tax barrels in Egypt as well as divestitures.

# ADJUSTED PRODUCTION RECONCILIATION

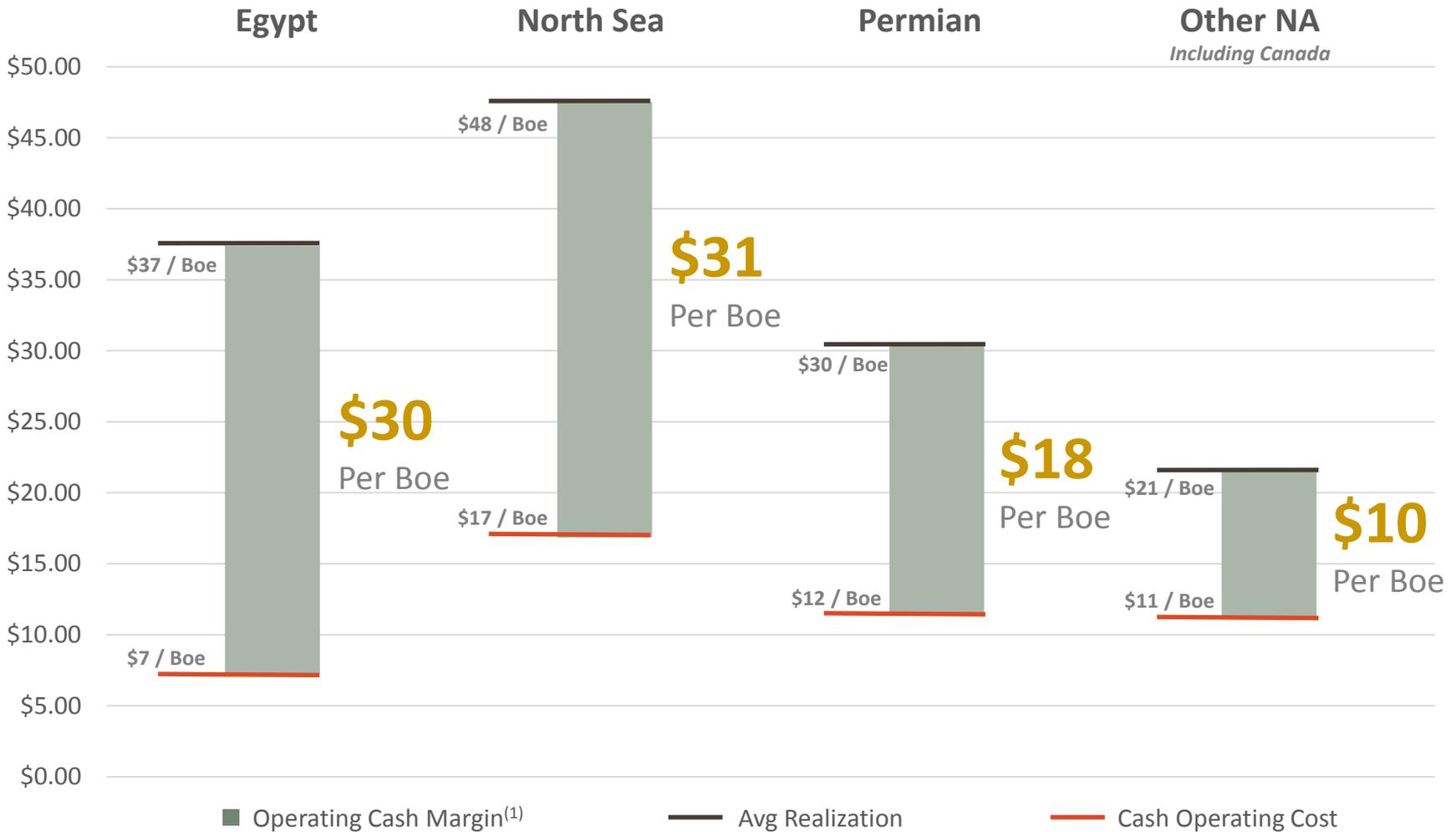
3Q 2017



(1) Includes tax barrels associated with noncontrolling interest.

# OPERATING CASH MARGINS

3Q 2017



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

# NET DEBT RECONCILIATION

## 3Q 2017

(\$ in millions)



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

(2) Net cash provided by operating activities before changes in operating assets and liabilities. For a reconciliation to the most directly comparable GAAP financial measure please refer to the Non-GAAP Reconciliations.

(3) Excludes \$96 mm in restricted cash.

# CASH FLOW BY REGION

	For the Quarter				
	Ended September 30, 2017				
	North Sea	Egypt <sup>(1)</sup>	Canada	U.S. and Other	Consolidated
	<i>(\$ in millions)</i>				
Net cash provided by operating activities	\$ 78	\$ 221	\$ (1)	\$ 256	\$ 554
Changes in operating assets and liabilities	(49)	(71)	(14)	33	(101)
Cash flows from operations before changes in operating assets and liabilities <sup>(2)</sup>	<u>\$ 127</u>	<u>\$ 292</u>	<u>\$ 13</u>	<u>\$ 223</u>	<u>\$ 655</u>

	For the Year				
	Ended September 30, 2017				
	North Sea	Egypt <sup>(1)</sup>	Canada	U.S. and Other	Consolidated
	<i>(\$ in millions)</i>				
Net cash provided by operating activities	\$ 433	\$ 790	\$ 27	\$ 510	\$ 1,760
Changes in operating assets and liabilities	15	(106)	(28)	(108)	(227)
Cash flows from operations before changes in operating assets and liabilities <sup>(2)</sup>	<u>\$ 418</u>	<u>\$ 896</u>	<u>\$ 55</u>	<u>\$ 618</u>	<u>\$ 1,987</u>

(1) Includes non-controlling interest in Egypt.

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

# OIL AND GAS CAPITAL INVESTMENT

	<u>1Q17<sup>(1)</sup></u>	<u>2Q17<sup>(1)</sup></u>	<u>3Q17<sup>(1)</sup></u>
E&P and GTP Investment:			
Permian .....	\$ 440	\$ 486	\$ 585
MidCon / Gulf Coast .....	17	26	47
Gulf of Mexico .....	6	10	11
Canada .....	38	31	8
North America .....	501	553	651
Egypt (Apache's interest only) <sup>(2)</sup> .....	56	80	115
North Sea .....	75	100	77
Other .....	14	5	-
<b>Total</b>	<u>\$ 646</u>	<u>\$ 738</u>	<u>\$ 843</u>

<sup>(1)</sup> First quarter, second quarter and third quarter 2017 adjustments to total costs incurred and GTP capital investments:

- Includes cash plug and abandonment of \$13 million, \$9 million and \$10 million.
- Excludes non-cash plug and abandonment of \$15 million, \$104 million and \$1 million.
- Excludes exploration expense, other than dry hole expense and unproved leasehold impairments, of \$25 million, \$23 million and \$33 million.

<sup>(2)</sup> First quarter, second quarter and third quarter 2017 excludes noncontrolling interest in Egypt of \$31 million, \$41 million and \$61 million, respectively.

For a reconciliation of cost incurred and GTP capital investments to Oil and Gas Capital Investment please refer to the Non-GAAP Reconciliations.

# THIRD-QUARTER 2017 REGIONAL SUMMARY

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# THIRD-QUARTER 2017 GLOBAL OPERATIONS

## GLOBAL KEY STATS

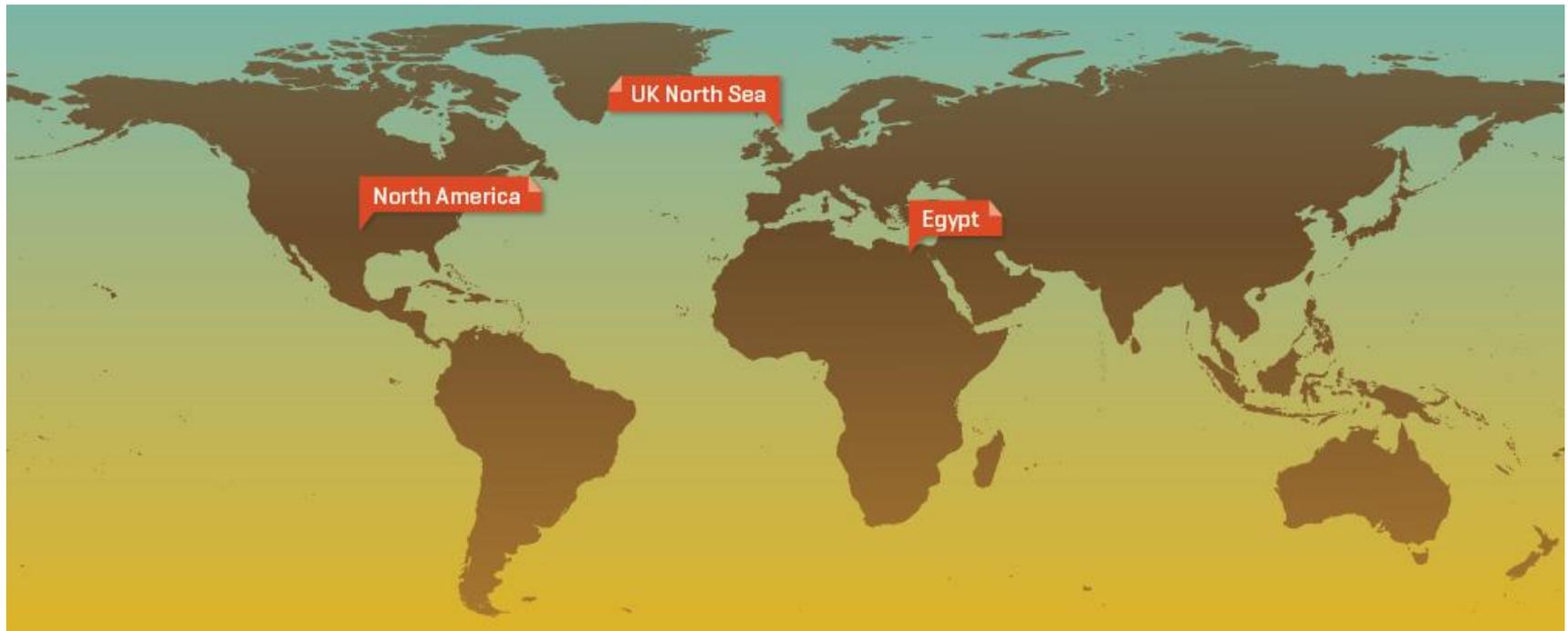
- ▶ *Reported Production:* 448,235 Boe/d
- ▶ *Drilled & Completed Wells\*:* 69 gross, 64 net
- ▶ *Rigs:* Avg 36 rigs

## NORTH AMERICA STATS

- ▶ *Reported Production:* 230,991 Boe/d
- ▶ *Drilled & Completed Wells\*:* 41 gross, 39 net
- ▶ *Rigs:* Avg 21 rigs

## INTERNATIONAL STATS

- ▶ *Reported Production:* 217,244 Boe/d
- ▶ *Drilled & Completed Wells\*:* 28 gross, 25 net
- ▶ *Rigs:* Avg 15 rigs



\* Includes operated wells completed but not necessarily placed onto production.

# 3Q 2017 PERMIAN REGION SUMMARY

## Midland Basin

- Averaged 6 rigs and 3 frac crews in the quarter
- Brought online three pads in the Southern Midland Basin

Pad Name	Target Zones (# wells)	Wells	Well Average			% Oil
			Lateral Length (feet)	30-Day IP (boe/d)	30-Day IP/ Lateral Ft.	
June Tippet 1213	Lower Spraberry Wolfcamp B	4	7,646	1,058	138	83%
		3				
Lynch A	Lower Spraberry	6	7,774	1,142	147	85%
CC 4045	Wolfcamp B1/B3	6	10,432	1,379	132	80%

## Delaware Basin / Alpine High

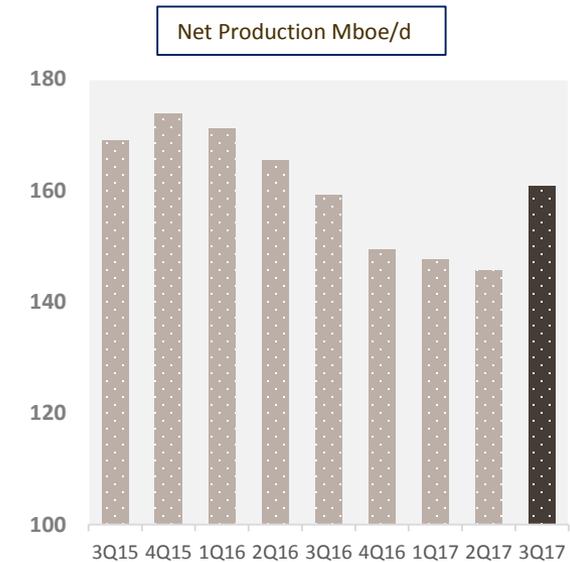
- Averaged 9 rigs (6 at Alpine High) and 3 frac crews in the quarter
- Averaged 13,300 boe/d during the third quarter at Alpine High, anticipate 2017 exit rate of ~25,000 boe/d
- Drilled and completed three Alpine High wells with an average lateral length of 4,500 feet for an average cost of \$5.5 million
- Brought online three Pelican Unit wells at Pecos Bend (avg. lateral length of ~4,900 ft.) with an average 30-day peak rate of ~1,450 boe/d (62% oil)

## PERMIAN KEY STATS

THIRD-QUARTER 2017

- ▶ Reported Production: 160,823 Boe/d
- ▶ Drilled & Completed Wells\*: 40 gross, 38 net
- ▶ Rigs: Avg 17 rigs

\*Operated wells completed but not necessarily placed onto production.



# 3Q 2017 INTERNATIONAL SUMMARY

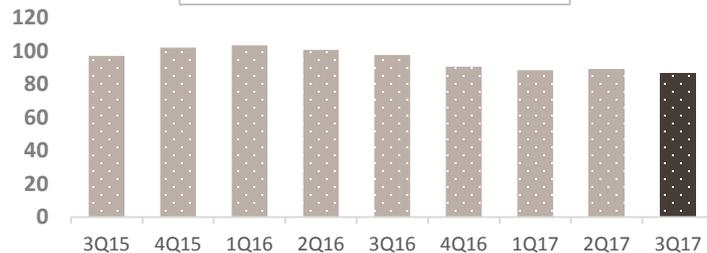
## EGYPT KEY STATS

THIRD-QUARTER 2017

- Reported Production: 157,737 Boe/d
- Drilled & Completed Wells\*: 25 gross, 23 net
- Rigs: Avg 12 rigs

\*Operated wells completed but not necessarily placed onto production.

Adjusted Production Mboe/d<sup>(1)</sup>



- Received final award of two concessions covering 1.6 mm acres; drilling likely to commence in 4Q17/1Q18
- Adjusted production sequentially lower than 2Q17, primarily due to impact of higher oil prices on cost recovery mechanism in production sharing contracts
- Brought online 4 Ptah wells with average 30-day peak oil rate of approximately 2,600 bo/d
- Commenced 1,800 km<sup>2</sup> 3D seismic shoot at West Kalabsha concession at end of 3Q17

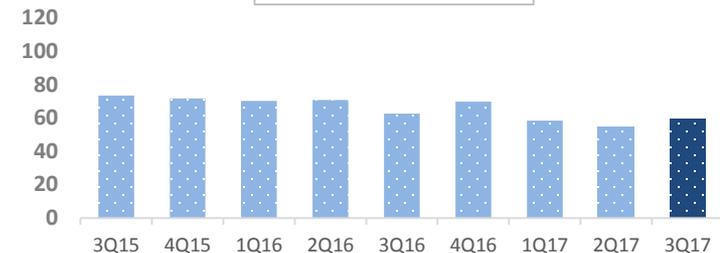
## NORTH SEA KEY STATS

THIRD-QUARTER 2017

- Reported Production: 59,507 Boe/d
- Drilled & Completed Wells\*: 3 gross, 2 net
- Rigs: Avg 3 rigs

\*Operated wells completed but not necessarily placed onto production.

Net Production Mboe/d



- Net production from the Callater field is currently averaging approximately 14,000 boe/d (60% Oil) from two wells
- A third Callater well, the CB1, scheduled to be brought online in November
- Brought online the BHP well in Beryl field with an average 30-day peak rate of approximately 2,500 boe/d (85% Oil)

# EGYPT: PRODUCTION DETAIL

	2Q 2017			3Q 2017		
	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d
Gross Production	196,838	825,947	334,496	202,677	818,350	339,069
Net Production	97,841	383,296	161,724	94,665	378,426	157,737
% Gross	49%	46%	48%	47%	46%	47%
Less: Tax Barrels	19,367	53,204	28,234	18,876	52,940	27,700
Net Production Excluding Tax Barrels	78,474	330,092	133,490	75,789	325,486	130,037
% Gross	40%	40%	40%	37%	40%	38%
Less: Noncontrolling Interest	26,158	110,031	44,497	25,263	108,495	43,346
Adjusted Production	52,316	220,061	88,993	50,526	216,991	86,691
% Gross	26%	27%	27%	25%	27%	26%

	2015			2016				2017		
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<i>Mboe/d</i>										
Gross Production	349	362	352	353	350	350	345	328	334	339
Net Production	185	165	103 <sup>(1)</sup>	166	175	180	160	171	162	158
Adjusted Production	95	97	102	103	101	98	90	88	89	87
Brent Oil Benchmark Pricing	\$64	\$51	\$45	\$33	\$45	\$47	\$49	\$53	\$48	\$51

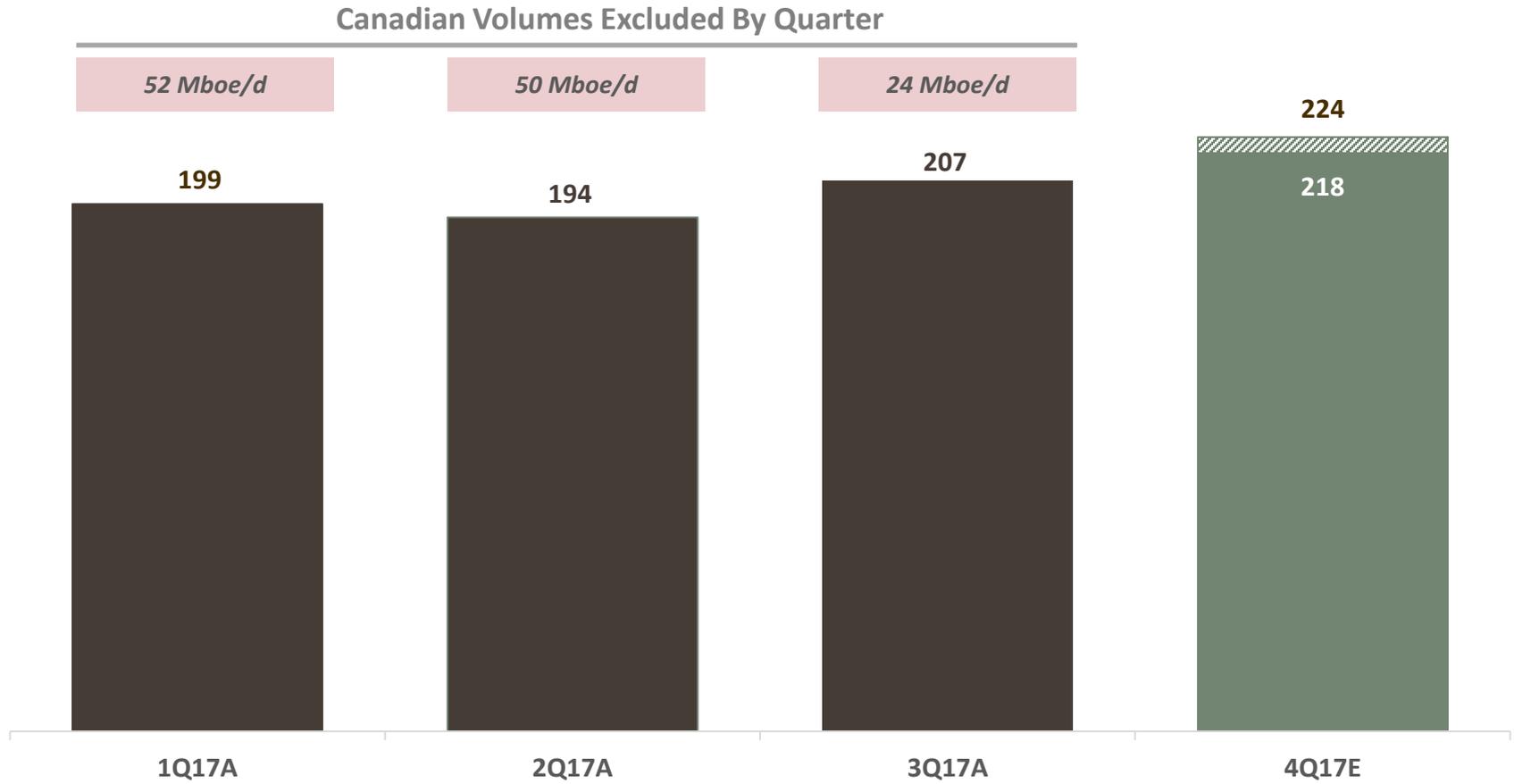
(1) Includes the impact of a negative tax barrel adjustment.

# GUIDANCE UPDATE

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# NORTH AMERICA ADJUSTED PRODUCTION OUTLOOK

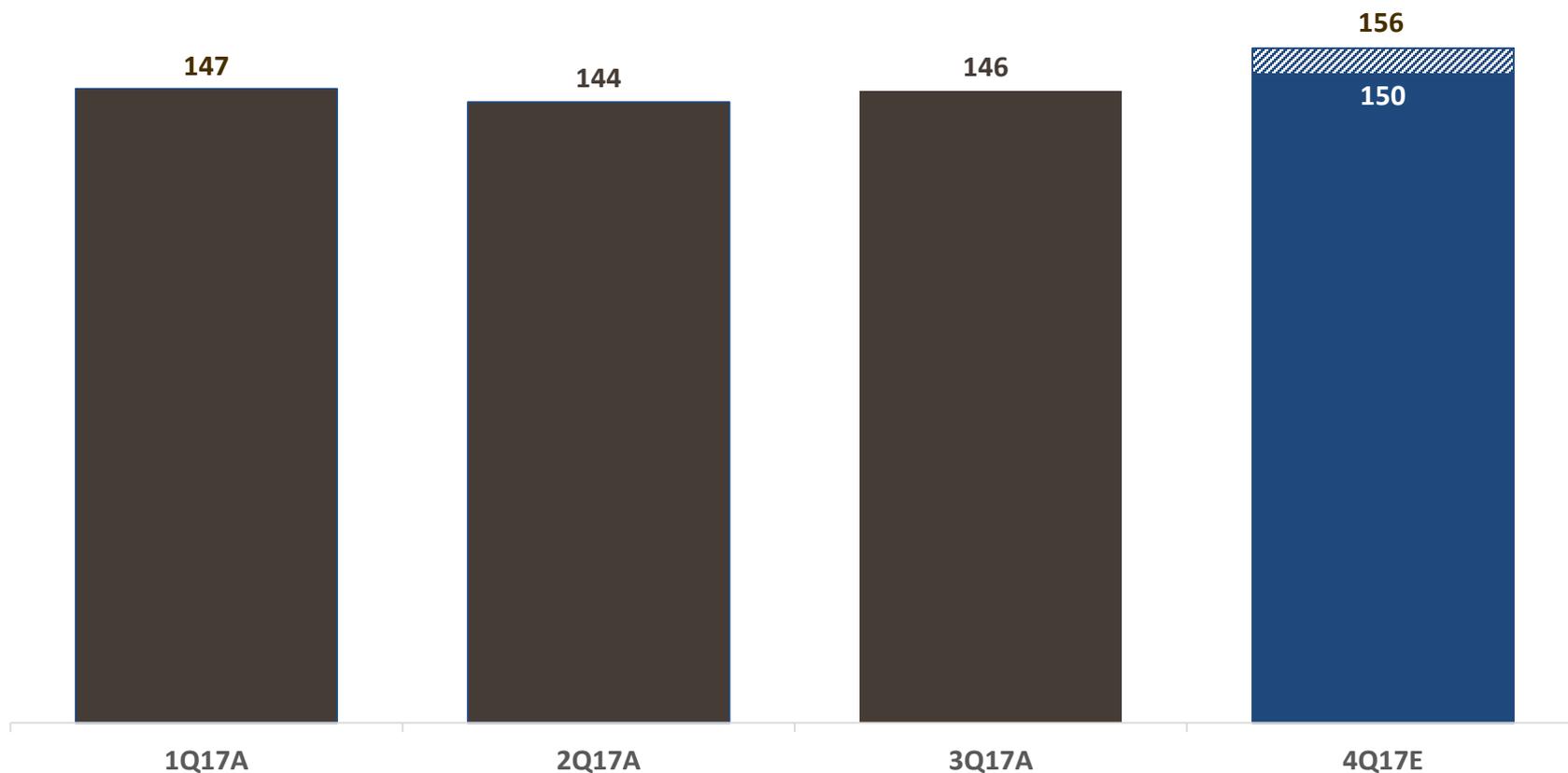
Guidance from 10/9/17 Webcast Unchanged (*Mboe/d*)



Note: Adjusted production excludes production related to divested assets. Comprises Permian Basin, MidContinent/Gulf Coast and Gulf of Mexico regions.

# INTERNATIONAL ADJUSTED PRODUCTION OUTLOOK

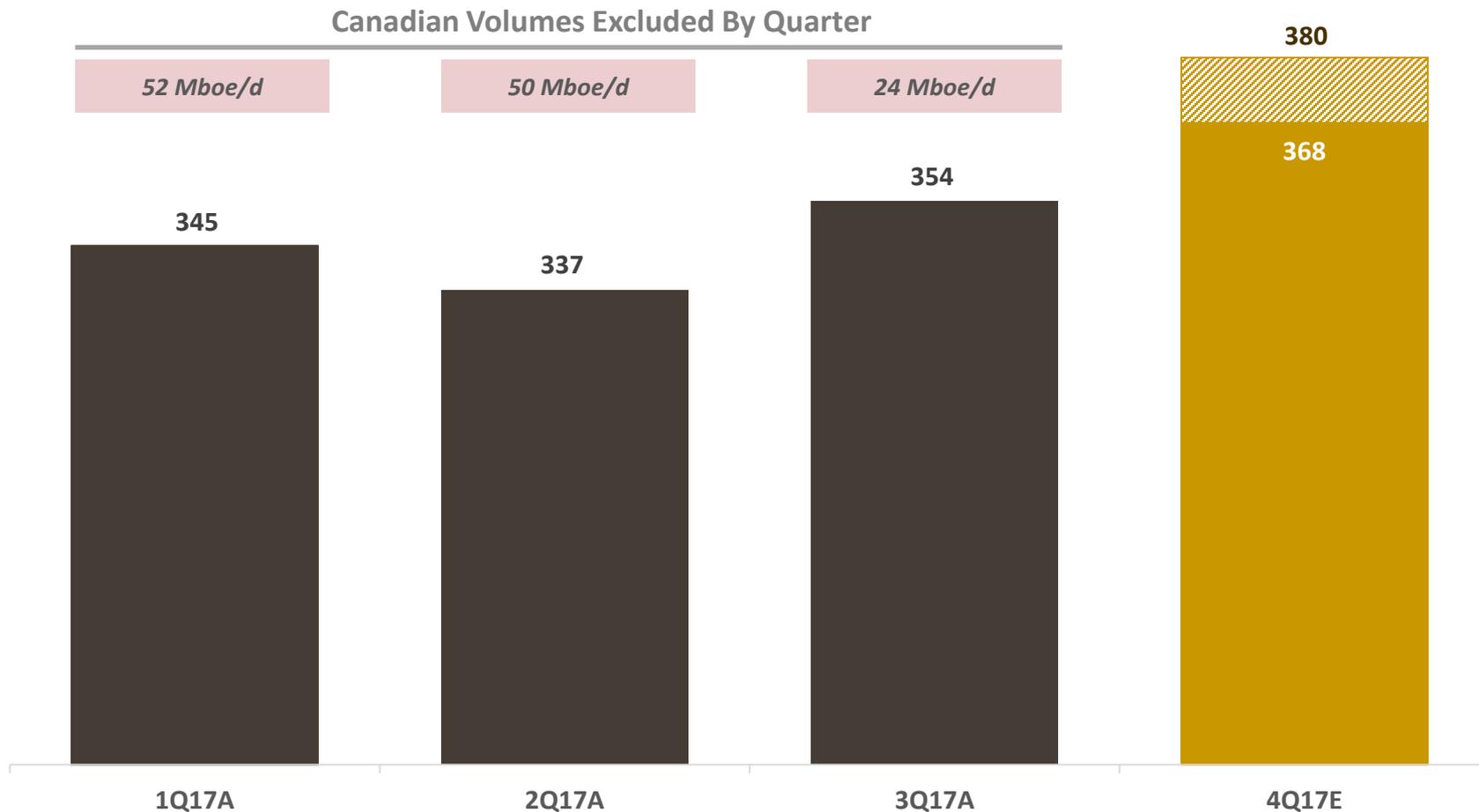
Guidance from 10/9/17 Webcast Unchanged (*Mboe/d*)



Note: Adjusted production excludes Egypt tax barrels and noncontrolling interest. Comprises North Sea and Egypt production.

# APACHE ADJUSTED PRODUCTION OUTLOOK

Guidance from 10/9/17 Webcast Unchanged (*Mboe/d*)



Note: Adjusted production excludes production related to divested assets, Egypt tax barrels, and noncontrolling interest.

# 2017 GUIDANCE: PRODUCTION & CAPITAL

Production Guidance from 10/9/17 Webcast Unchanged

## Daily Production (MBOE/D)

North America (ex-Canada).....
International.....
Total Adjusted Production.....
<i>Add: Canada</i> .....
<i>Add: Egypt Tax Barrels*</i> .....
<i>Add: Egypt Noncontrolling Interest</i> .....
Total Reported Production.....

## Capital Expenditures (\$ in millions) \*

North America.....
International.....
Total .....

2017 Guidance Range		
205	-	206
147	-	148
351	-	354
31	-	31
30	-	32
43	-	44
456	-	462
		~\$2,350
		~\$750
		\$3,100

Note: Annual production updated for quarterly guidance revisions provided in 10/9/17 webcast.

\* Excludes noncontrolling interest.

# 2017 GUIDANCE: OTHER INCOME STATEMENT ITEMS

## Guidance Unchanged

### Other Income Statement Items

#### Operating Costs

Lease Operating Expenses (\$ per BOE).....

Gathering and Transportation (\$ in millions).....

General and Administrative Expenses (\$ in millions).....

Net Interest Expense (\$ in millions).....

Exploration Expense (\$ in millions)\*.....

DD&A (\$ per BOE).....

Cash Taxes (\$ in millions).....

2017 Guidance Range		
\$8.25	-	\$8.75
\$180	-	\$220
		\$425
		\$400
		\$150
		\$14.25
		\$125

\* Excludes dry hole and unproved leasehold impairments.

# OPEN COMMODITY DERIVATIVE POSITIONS

As of October 31, 2017

## Oil Hedges

Instrument	Index	Period	Volume (bbls/d)	Strike			
Put Option	WTI	Oct - Dec 2017	92,000	50.00			
Put Option	Dated Brent	Oct - Dec 2017	83,000	51.00			
Put Option	Dated Brent	Jan - Dec 2018	10,000	50.00			
Swap	WTI	Jan - Jun 2018	15,000	51.23			
Swap	Dated Brent	Jan - Jun 2018	12,000	54.57			
Instrument	Index	Period	Volume (bbls/d)	Bought Put	Sold Call	Purchased Call	
Collar	WTI	Jan - Jun 2018	15,000	45.00	56.45	-	
Collar	Dated Brent	Jan - Jun 2018	12,000	50.00	58.77	-	
Collar + Call	WTI	Jan - Dec 2018	18,500	45.00	57.00	60.03	

## Natural Gas Hedges

Instrument	Index	Period	Volume (mmbtu/d)	Strike
Swap	NYMEX HH	Oct - Dec 2017	47,500	3.32
Swap	NYMEX HH	Jan - Mar 2018	150,000	3.39
Swap	NYMEX HH	Jan - Jun 2018	125,000	3.17
Swap	NYMEX HH	Apr - Jun 2018	185,000	2.92
Swap	NYMEX HH	Jul - Dec 2018	182,500	2.96

## Basis Hedges

Instrument	Index	Period	Volume (mmbtu/d)	Strike
Basis Swap	IF Waha/NYMEX	Jan - Mar 2018	105,000	(0.43)
Basis Swap	IF Waha/NYMEX	Jul - Dec 2018	180,000	(0.53)
Basis Swap	IF Waha/NYMEX	Oct - Dec 2018	15,000	(0.51)
Basis Swap	IF Waha/NYMEX	Jan - Mar 2019	15,000	(0.54)
Basis Swap	IF Waha/NYMEX	Jan - Jun 2019	180,000	(0.53)
Basis Swap	IF Waha/NYMEX	Jan - Dec 2019	40,000	(0.45)

# NON-GAAP RECONCILIATIONS

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# NON-GAAP RECONCILIATION

## Adjusted Earnings

### Reconciliation of income (loss) 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, 2017			
	Before Tax	Tax Impact	After Tax	Diluted EPS
	<i>(\$ in millions, except per share data)</i>			
Income (loss) attributable to common stock (GAAP)	\$ 51	\$ 12	\$ 63	0.16
Adjustments: *				
Valuation allowance and other tax adjustments	-	(1)	(1)	-
Gain on divestitures	(296)	77	(219)	(0.56)
Asset impairments	160	(56)	104	0.27
Unrealized derivative instrument loss	83	(29)	54	0.14
Transaction, reorganization & separation costs	20	(7)	13	0.03
Elimination of PRT liability	-	-	-	-
Discontinued Operations	-	-	-	-
Contract termination charges	-	-	-	-
Adjusted earnings (Non-GAAP)	<u>\$ 18</u>	<u>\$ (4)</u>	<u>\$ 14</u>	<u>0.04</u>

\* 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.

	For the Quarter Ended		
	(\$ in millions)		
	September 30, 2017	June 30, 2017	September 30, 2016
Net cash provided by operating activities	\$ 554	\$ 751	\$ 651
Adjustments:			
Exploration expense other than dry hole expense and unproved leasehold impairments	33	23	40
Current income tax provision (benefit)	99	126	150
Other adjustments to reconcile net loss to net cash provided by operating activities	(87)	(5)	(35)
Changes in operating assets and liabilities	101	(148)	(31)
Financing costs, net	101	99	102
Transaction, reorganization & separation costs	20	4	12
Contract termination charges	-	-	7
Adjusted EBITDAX (Non-GAAP)	<u>\$ 821</u>	<u>\$ 850</u>	<u>\$ 896</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 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			For the Nine Months Ended	
	(\$ in millions)			(\$ in millions)	
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Net cash provided by operating activities	\$ 554	\$ 751	\$ 651	\$ 1,760	\$ 1,634
Changes in operating assets and liabilities	101	(148)	(31)	228	(1)
Cash flows from operations before changes in operating assets and liabilities	<u>\$ 655</u>	<u>\$ 603</u>	<u>\$ 620</u>	<u>\$ 1,988</u>	<u>\$ 1,633</u>
Net cash used in investing activities	(94)	(436)	(396)	(623)	(1,362)
Net cash used in financing activities	(185)	(169)	(226)	(572)	(509)

# 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.

	<u>September 30,</u> <u>2017</u>	<u>June 30,</u> <u>2017</u>	<u>March 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
	<i>(\$ in millions)</i>			
Current debt	\$ 550	\$ 150	\$ 150	\$ -
Long-term debt	7,933	8,329	8,327	8,544
Total debt	<u>8,483</u>	<u>8,479</u>	<u>8,477</u>	<u>8,544</u>
Cash and cash equivalents	1,846	1,667	1,521	1,377
Net debt	<u>\$ 6,637</u>	<u>\$ 6,812</u>	<u>\$ 6,956</u>	<u>\$ 7,167</u>

# NON-GAAP RECONCILIATION

## Oil and Gas Capital Investment

### Reconciliation of costs incurred and GTP capital investments to Oil and Gas Capital Investment

Management believes the presentation of oil and gas capital investments is useful for investors to assess Apache's expenditures related to our oil and gas capital activity. We define oil and gas capital investments as costs incurred for oil and gas activities and GTP activities, adjusted to exclude asset retirement obligations revisions and liabilities incurred, while including amounts paid during the period for abandonment and decommissioning expenditures. 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 oil and gas capital activity and is consistent with how we plan our capital budget.

	<b>For the Quarter Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
	<i>(\$ in millions)</i>	
Costs incurred in oil and gas property:		
Acquisitions		
Proved	\$ -	\$ 2
Unproved	85	52
Exploration and development	734	408
	<u>819</u>	<u>462</u>
GTP capital investments:		
GTP facilities	109	31
Total Costs incurred and GTP capital investments	<u>\$ 928</u>	<u>\$ 493</u>
Reconciliation of Costs incurred and GTP to Oil and gas capital investment		
Asset retirement obligations incurred and revisions	\$ (1)	\$ (1)
Asset retirement obligations settled	10	8
Exploration expense other than dry hole expense and unproved leasehold impairments	(33)	(40)
Less noncontrolling interest	(61)	(28)
Total Oil and gas capital investment	<u>\$ 843</u>	<u>\$ 432</u>