



# FIRST-QUARTER 2018

FINANCIAL & 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.

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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 first quarter 2018 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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# 2018 GUIDANCE UPDATE

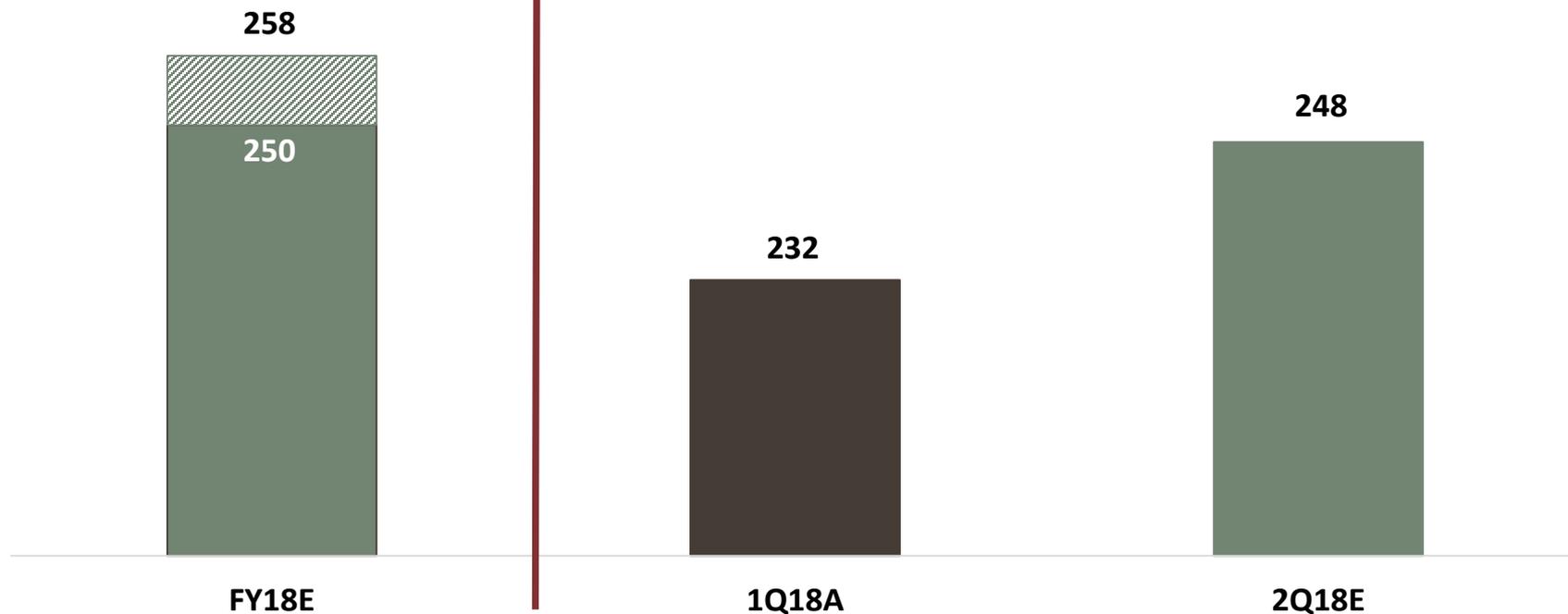
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# UNITED STATES PRODUCTION OUTLOOK

## 2018 Production Guidance Update (Mboe/d)

- Raised lower end by 5 Mboe/d
- Raised upper end by 3 Mboe/d

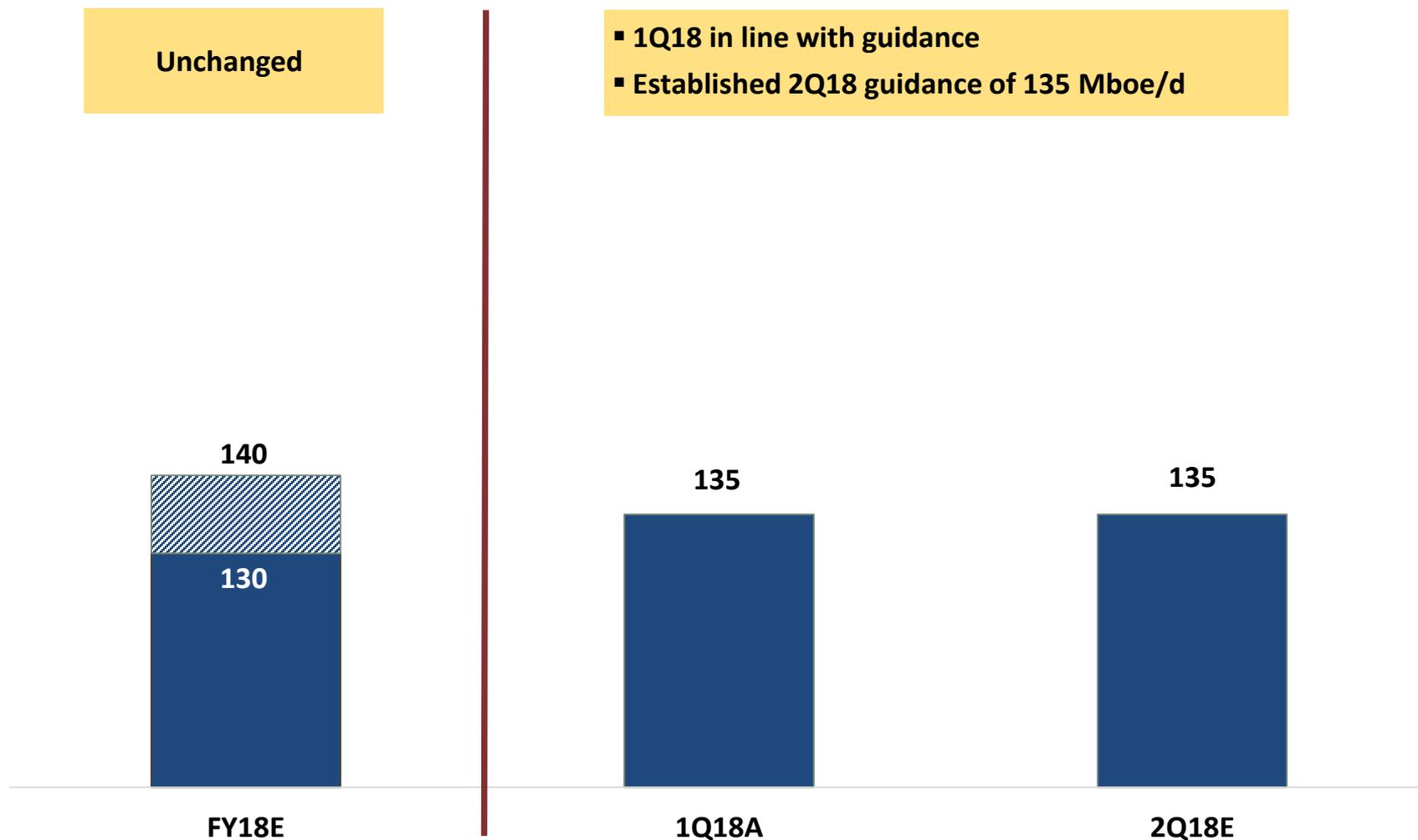
- 1Q18 exceeded guidance by 9 Mboe/d (+4%)
- Established 2Q18 guidance of 248 Mboe/d



Note: Includes Permian Basin, Mid-Continent/Gulf Coast, and Gulf of Mexico regions.

# INTERNATIONAL PRODUCTION OUTLOOK

## 2018 Production Guidance Update (Mboe/d)



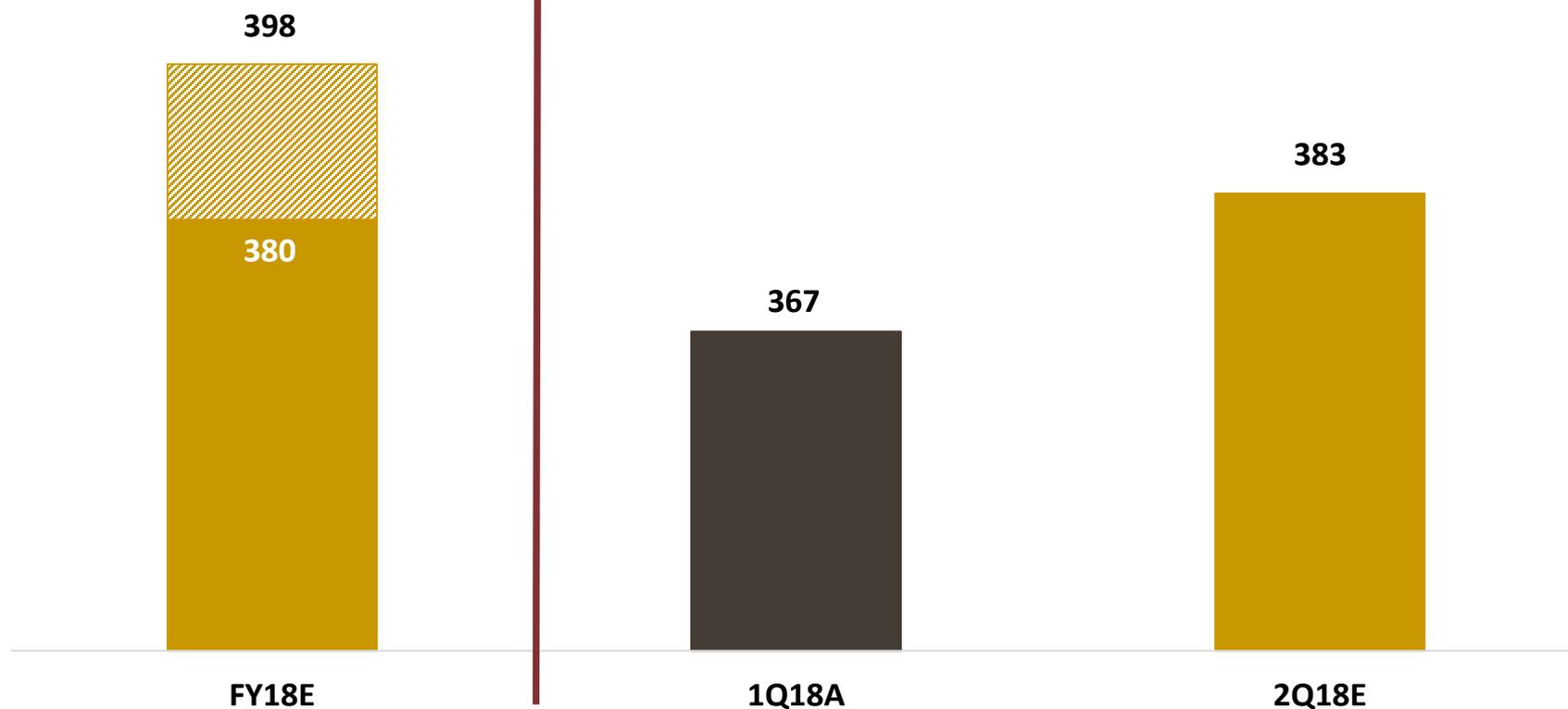
Note: Includes adjusted production for North Sea & Egypt. This excludes production attributable to Egypt tax barrels and noncontrolling interest.

# APA ADJUSTED PRODUCTION OUTLOOK

## 2018 Production Guidance Update (Mboe/d)

- Raised lower end by 5 Mboe/d
- Raised upper end by 3 Mboe/d

- 1Q18 exceeded guidance by 9 Mboe/d (+3%)
- Established 2Q18 guidance of 383 Mboe/d



Note: Excludes production attributable to Egypt tax barrels and noncontrolling interest.

# FY 2018 GUIDANCE

## Production & Capital

	Previous 2018 Guidance Range	Updated 2018 Guidance Range
<b>Daily Production (MBOE/D)</b>		
United States	245 - 255	250 - 258
International.....	203 - 214	203 - 214
Reported Production.....	448 - 469	453 - 472
Less: Egypt Tax Barrels.....	33 - 34	33 - 34
Less: Egypt Noncontrolling Interest.....	40 - 40	40 - 40
<b>Total Adjusted Production</b>	<b>375 - 395</b>	<b>380 - 398</b>
<b>Estimated Product Mix: Oil/NGLs/Natural Gas</b>		
United States	39% / 22% / 39%	40% / 22% / 38%
International (Adjusted).....	70% / 1% / 29%	Unchanged
<b>Capital Guidance (\$ in millions)*</b>		
United States.....	\$2,300	Unchanged
International.....	\$700	
Total.....	\$3,000	

\* Includes exploration and production capital, gathering, transmission, and processing capital, capitalized general and administrative expenses, capitalized interest, and non-oil & gas capital. Excludes noncontrolling interest capital (Sinopec).

# FY 2018 GUIDANCE

## Other Income Statement Items

<b>Income Statement Items</b>	<b>Previous 2018 Guidance Range</b>	<b>Updated 2018 Guidance Range</b>
<b>Operating Costs</b>		
Lease Operating Expenses (\$ in millions).....	\$1,450 - \$1,500	<b>Unchanged</b>
Lease Operating Expenses (\$ per BOE).....	\$8.60 - \$8.80	<b>Unchanged</b>
Gathering, Transmission, and Processing (\$ in millions) <sup>(1)</sup> .....	\$275 - \$300	<b>Unchanged</b>
General and Administrative Expenses (\$ in millions).....	\$450 - \$475	<b>Unchanged</b>
Net Interest Expense (\$ in millions).....	\$385	<b>Unchanged</b>
Exploration Expense (\$ in millions) <sup>(2)</sup> .....	\$170	<b>Unchanged</b>
DD&A (\$ per BOE).....	\$14.25 - \$14.75	<b>Unchanged</b>
Cash Taxes (\$ in millions).....	\$150 - \$175	\$175 - \$225

(1) Apache adopted a new accounting regulation in 2018 that changed the way certain gathering, transmission and processing (GTP) costs related to natural gas and natural gas liquids are reported. Beginning with the first quarter of 2018, fees that were previously netted from revenue are recorded as GTP expense. This accounting change does not impact per-unit cash margins or net earnings, but does result in offsetting increases in both revenues and GTP expense and higher price realizations.

(2) Excludes dry hole and unproved leasehold impairments.

# 2Q 2018 GUIDANCE

<b>Quarterly Guidance</b>	<b>New</b>
	<b>2018</b>
	<b>Guidance Range</b>
Production	
United States.....	248
International (Adjusted).....	135
Total Adjusted Production.....	383
Capex (\$ in millions).....	\$800
Cash Exploration Costs (\$ in millions).....	\$30
General and Administrative Expenses (\$ in millions).....	\$120
Financing Costs (\$ in millions).....	\$95

# 1Q18 FINANCIAL AND OPERATIONAL RESULTS

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# FIRST-QUARTER 2018 KEY METRICS

Reported Production	440 Mboe/d
Adjusted Production <sup>(1)</sup>	367 Mboe/d
Oil and Gas Capital Investment <sup>(2)</sup>	\$857 Million
Adjusted EBITDAX <sup>(2)</sup>	\$1.1 Billion
Earnings Per Share	\$0.38
Adjusted Earnings Per Share <sup>(2)(3)</sup>	\$0.32

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

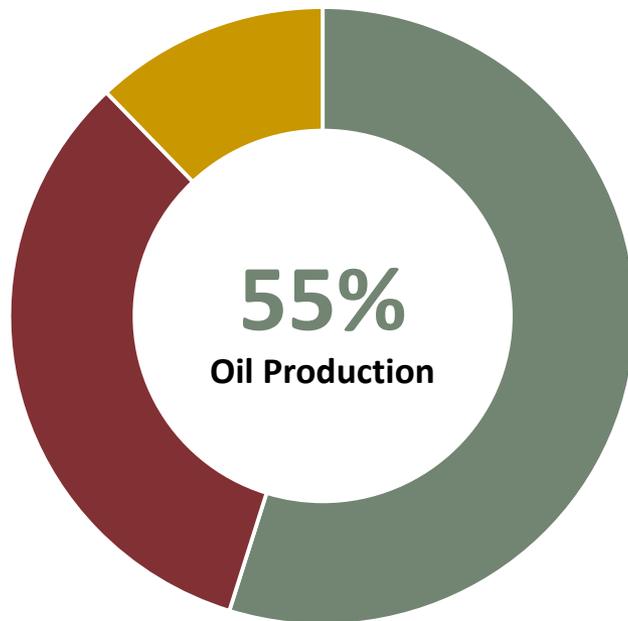
(2) For a reconciliation to the most directly comparable GAAP financial measure please refer to the Non-GAAP Reconciliations.

(3) Includes \$(0.03) per share of dry hole expense (net of tax).

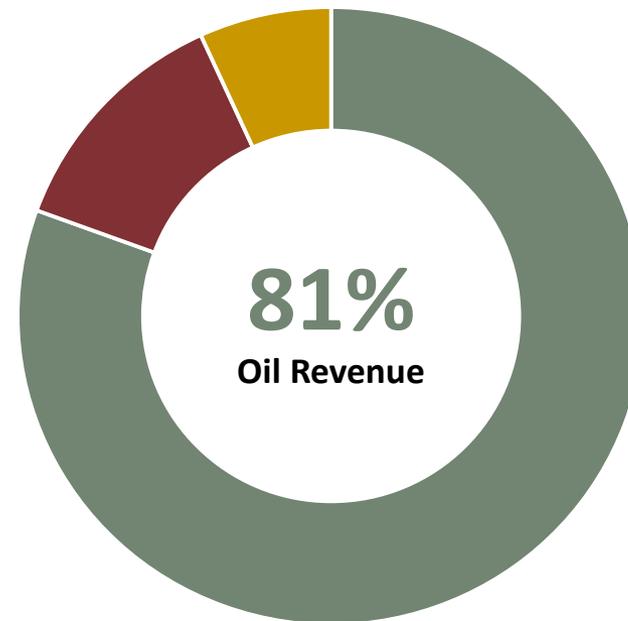
# PRODUCTION AND REVENUES BY PRODUCT

1Q 2018

Reported Production  
440 MBOE/D



Oil and Gas Revenue  
\$1.73 Billion

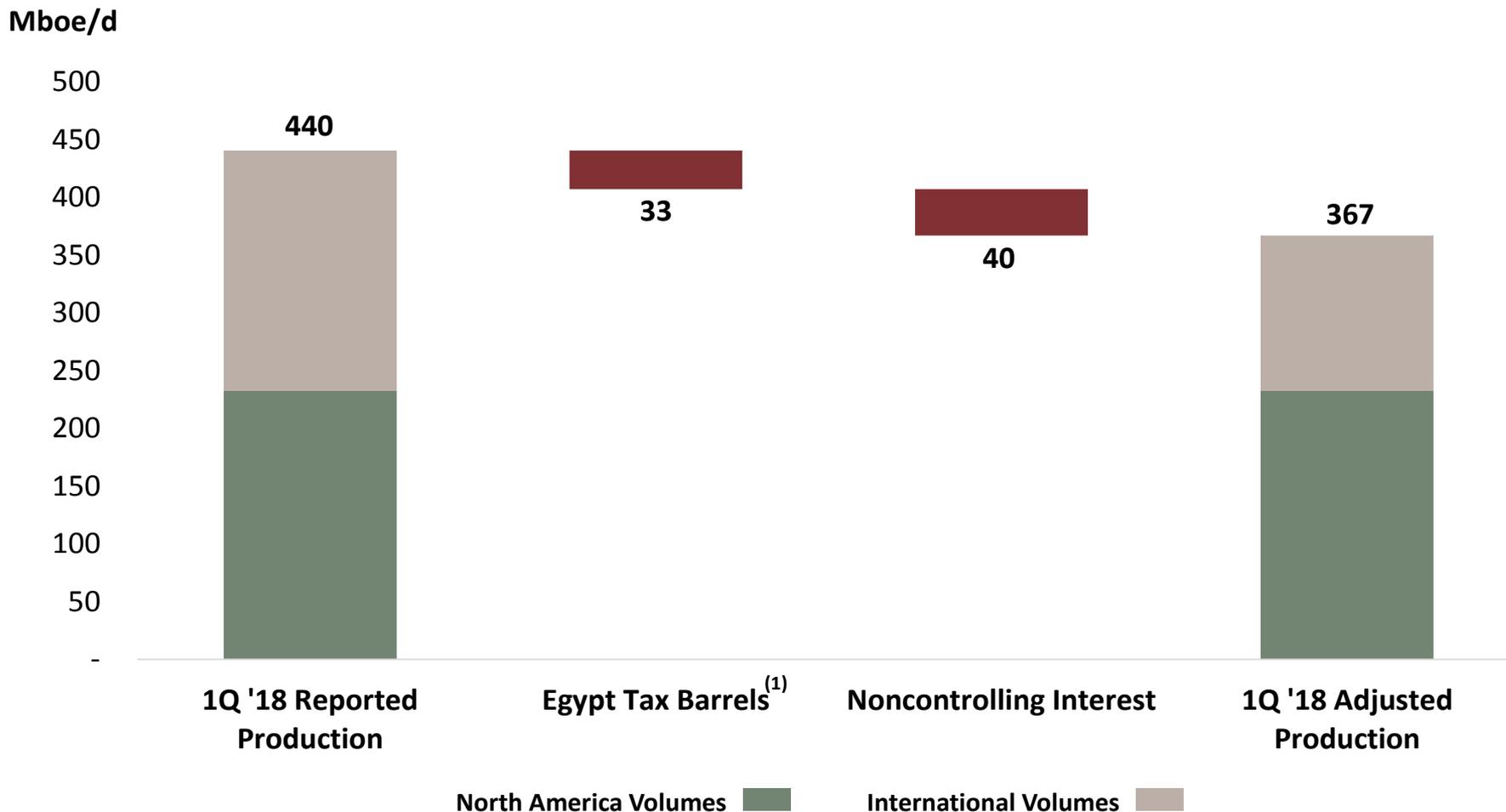


Oil Natural Gas NGLs

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

# ADJUSTED PRODUCTION RECONCILIATION

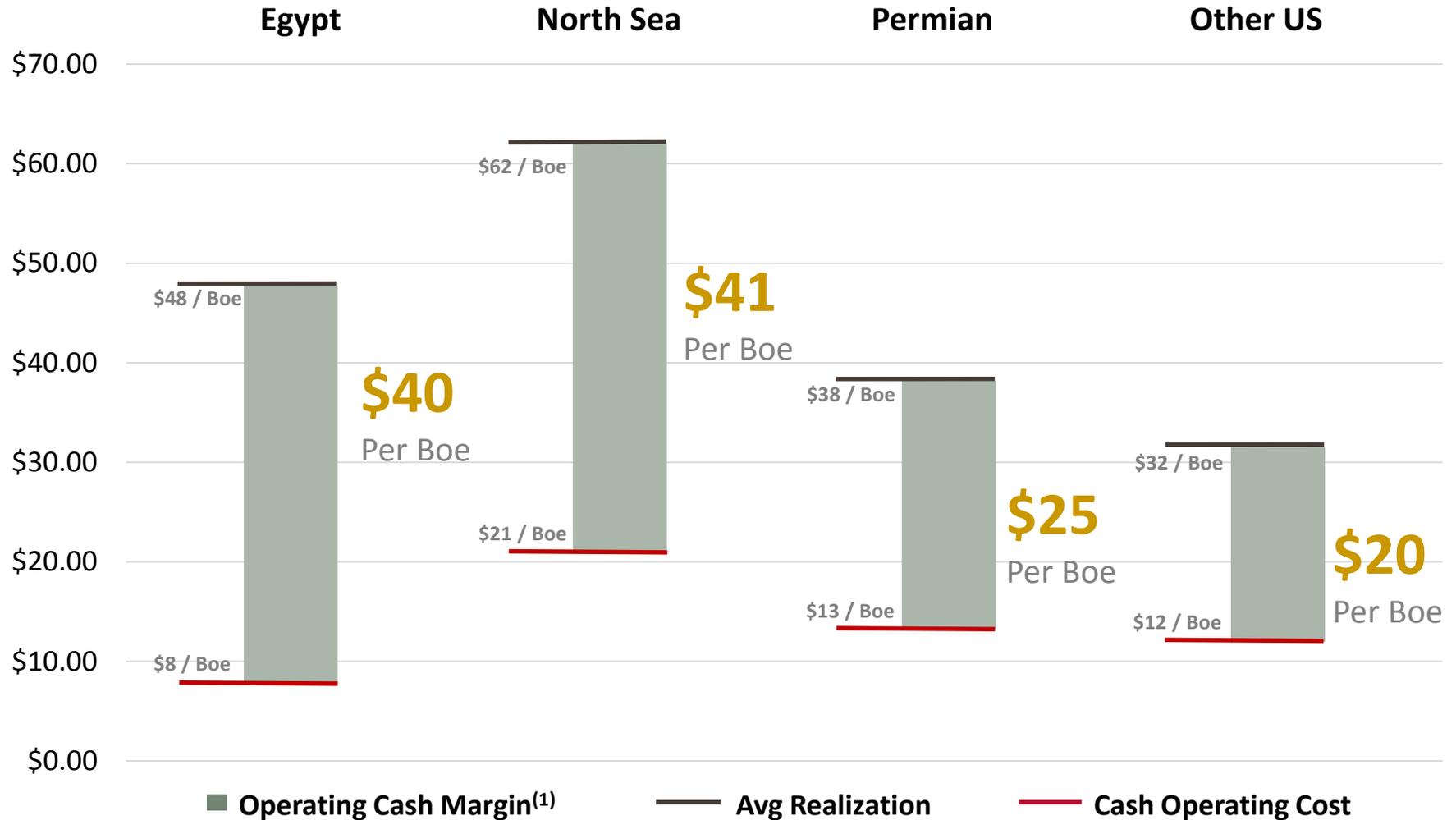
1Q 2018



(1) Includes tax barrels associated with noncontrolling interest.

# OPERATING CASH MARGINS

1Q 2018

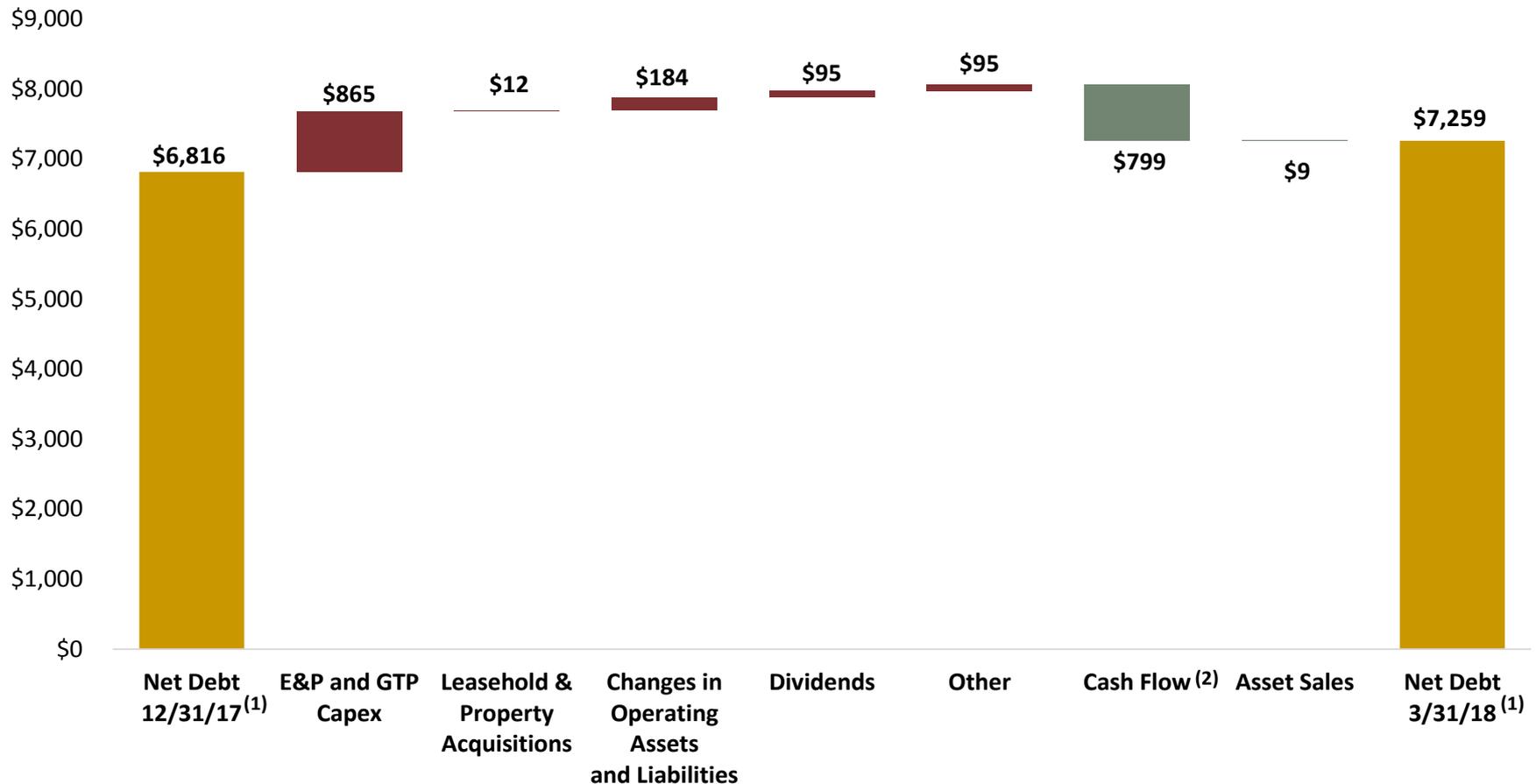


(1) Operating cash margins calculated as price realizations less lease operating expenses, gathering, transmission, & processing costs and taxes other than income.

# NET DEBT RECONCILIATION

## 1Q 2018

(\$ 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.

# OIL AND GAS CAPITAL INVESTMENT

	(in millions)
	<b>1Q18<sup>(1)</sup></b>
E&P and GTP Investment:	
Permian .....	\$ 477
MidCon / Gulf Coast .....	65
Midstream .....	115
Gulf of Mexico .....	8
United States.....	<u>665</u>
Egypt (Apache's interest only) <sup>(2)</sup> .....	104
North Sea .....	87
Other .....	<u>1</u>
Total	<u>\$ 857</u>

(1) First quarter 2018 adjustments to total costs incurred and GTP capital investments:

- ▶ Includes cash plug and abandonment of \$8 million.
- ▶ Excludes non-cash plug and abandonment of \$7 million.
- ▶ Excludes exploration expense, other than dry hole expense and unproved leasehold impairments, of \$40 million.

(2) First quarter 2018 excludes noncontrolling interest in Egypt of \$52 million.

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

# FIRST-QUARTER 2018 REGIONAL SUMMARY

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# FIRST-QUARTER 2018 GLOBAL OPERATIONS

## GLOBAL KEY STATS

- Reported Production: 440,336 Boe/d
- Drilled & Completed Wells\*: 89 gross, 80 net
- Rigs: Avg 34 rigs

## UNITED STATES STATS

- Reported Production: 232,456 Boe/d
- Drilled & Completed Wells\*: 60 gross, 56 net
- Rigs: Avg 17 rigs

## INTERNATIONAL STATS

- Reported Production: 207,880 Boe/d
- Drilled & Completed Wells\*: 29 gross, 24 net
- Rigs: Avg 17 rigs



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

# 1Q 2018 PERMIAN REGION SUMMARY

## Midland Basin

- ▶ Averaged 5 rigs and 2 frac crews in the quarter
- ▶ Placed on production 2 multi-well pads
- ▶ Completed initial test of the Wolfcamp C in the Azalea field with a 30 day peak IP of nearly 1,150 boe/d

## Delaware Basin / Alpine High

- ▶ Averaged 10 rigs and 1.5 frac crews in the quarter
  - Averaged 7 rigs and 1 frac crew at Alpine High
- ▶ Averaged 26,300 boe/d in the first quarter at Alpine High, a 33% increase from the fourth quarter 2017
- ▶ Achieved 20% well cost reduction at Alpine High during the quarter compared to 2017
- ▶ Flowing back initial multi-well pattern and spacing tests in wet gas and dry gas windows of Alpine High

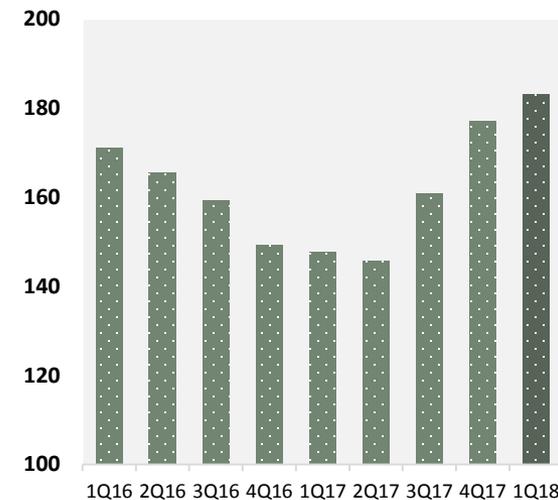
## PERMIAN KEY STATS

FIRST-QUARTER 2018

- ▶ Reported Production: 182,972 Boe/d
- ▶ Drilled & Completed Wells\*: 46 gross, 45 net
- ▶ Rigs: Avg 16 rigs

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

Net Production Mboe/d

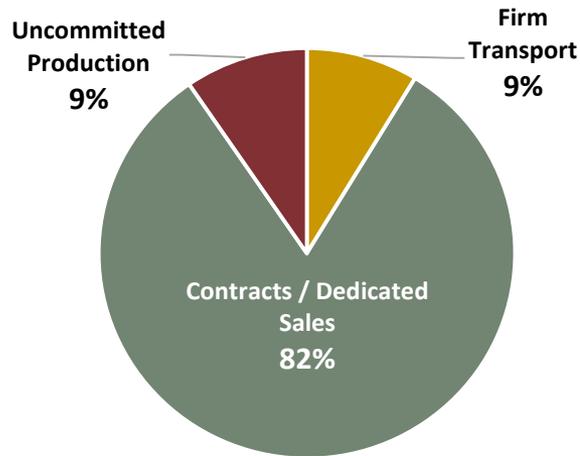


# UNITED STATES ONSHORE WELL HIGHLIGHTS

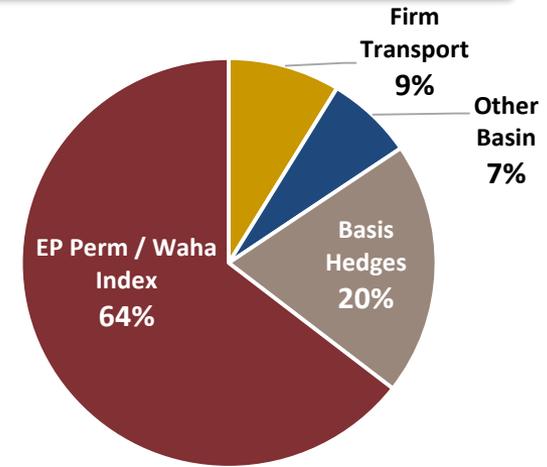
Well Name	Formation	Area	County	Lateral	Average 30-Day IP/Well	Avg 30-Day IP Boepd / 1,000 Lateral Ft	% Oil
<b>MIDLAND BASIN</b>							
CC42 / CC43 (4 Wells)	Wolfcamp B	Powell	Upton	5,058	912 Boe/d	180	79%
Schrock 2326 Pad (6 Wells)	Wolfcamp A (2) Wolfcamp B (3) Wolfcamp C (1)	Azalea	Upton	7,286	1,287 Boe/d	177	76%
SRH North 1526/1527 (2 Wells)	Wolfcamp A (1) Wolfcamp B (1)	SRH	Reagan	9,009	1,355 Boe/d	150	65%
<b>DELAWARE BASIN</b>							
Burnside Pad (2 Wells)	Upper Wolfcamp (1) Middle Wolfcamp (1)	Dixieland	Reeves	4,438	2,130 Boe/d	481	42%
Bull Run Pad (7 Wells)	Upper Wolfcamp (4) Middle Wolfcamp (3)	Dixieland	Reeves	4,360	1,684 Boe/d	387	45%
<b>ALPINE HIGH</b>							
Chinook Pad (4 Wells)*	Woodford (3) Barnett (1)	Northern Flank	Reeves	4,792	1,366 Boe/d	286	14%
Mohican Unit (2 Wells)*	Woodford	Northern Flank	Reeves	4,957	2,796 Boe/d	564	1%
<b>SCOOP</b>							
Truman 28-6-6 Pad (2 Wells)	Woodford	SCOOP	Grady	4,851	1,484 Boe/d	306	18%

# 2018 PERMIAN BASIN GAS POSITIONING

## Production Flow Risk



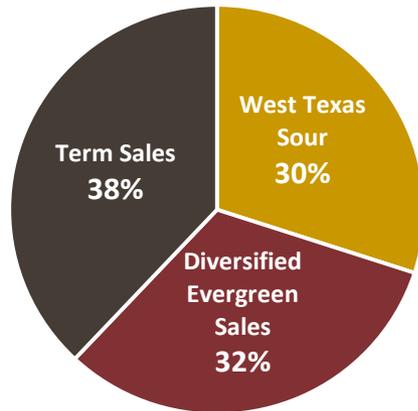
## Price Exposure



- ▶ Firm transport and other basin-based contracts generally access Gulf Coast pricing
- ▶ Waha basis hedges average approximately ~\$0.50 per MMBtu for 2018

# 2018 PERMIAN BASIN OIL POSITIONING

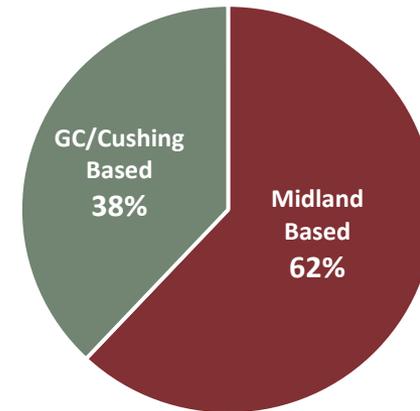
## Production Flow Risk



- Term sales backed by customers' firm transport
- West Texas Sour less subject to oversupply and takeaway capacity constraints than WTI
- Diversified evergreen sales represent agreements with multiple buyers across multiple systems<sup>(1)</sup>

(1) Consists of approximately 22 contracts with 10 counterparties of varying term lengths; subject to cancellation, but only with a minimum of 30 days notice.

## Price Exposure



- Contracts provide various options for higher of Gulf Coast/Cushing/Midland pricing
- Midland Basis hedging initiated in 2Q 2018

# 1Q 2018 INTERNATIONAL SUMMARY

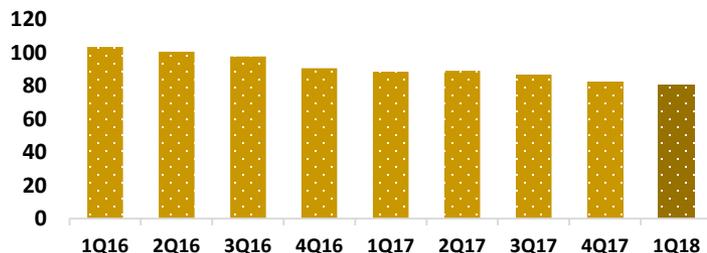
## EGYPT KEY STATS

FIRST-QUARTER 2018

- ▶ Reported Production: 153,524 Boe/d
- ▶ Drilled & Completed Wells\*: 28 gross, 23 net
- ▶ Rigs: Avg 14 rigs

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

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



- ▶ Completed 7 wells with 24-hour initial production rates exceeding 1,000 BOE per day
- ▶ Step-out discovery at Apries E-1X (gas / condensate)
- ▶ Acquired 710,000 acres of a planned 2.6 million acre 3-D seismic survey covering 4 different basins
- ▶ Adjusted production sequentially lower than 4Q17 primarily due to impact of higher oil prices on cost recovery mechanisms in production sharing contracts

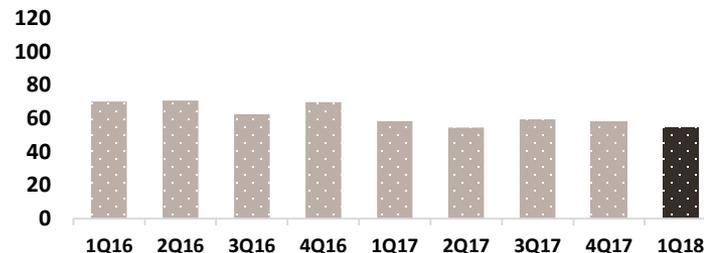
## NORTH SEA KEY STATS

FIRST-QUARTER 2018

- ▶ Reported Production: 54,356 Boe/d
- ▶ Drilled & Completed Wells\*: 1 gross, 1 net
- ▶ Rigs: Avg 3 rigs

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

### Net Production Mboe/d



- ▶ Announced 10MM+ barrel oil discovery at Garten
  - Drilling, completion and tie back cost estimated at \$60 million
  - Short tie back to Beryl Alpha facilities 6 kilometers away
- ▶ 1Q 18 production impacted by:
  - Gas compressor outages in Beryl Area
  - Severe weather
  - Forties pipeline outage

(1) Excludes tax barrels and noncontrolling interest

# 1Q 2018 INTERNATIONAL WELL HIGHLIGHTS

## Egypt Well Highlights

Well Name	Basin	30-Day Average IP	% Oil
Kadesh 4	Matruh	4,616 Boe/d	18%
Apries E-1X	Shushan	2,061 Boe/d <sup>(1)</sup>	53%
West Kal A-21	Faghur	1,651 Boe/d <sup>(1)</sup>	100%
W Razzak 167	Alamein	943 Boe/d	100%
W Razzak 176	Alamein	694 Boe/d	100%

Q1 2018  
Program Success  
Rate

**86%**

## North Sea Well Highlights

Well Name	Play	30-Day Average IP	% Oil
No new wells placed on production during the quarter			

Q1 2018  
Program Success  
Rate

**50%**  
(2 exploratory wells)

(1) Less than 30 days, but more than a test rate

# EGYPT: PRODUCTION DETAIL

	4Q 2017			1Q 2018		
	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d
Gross Production	203,820	780,545	333,911	203,684	758,275	330,063
Reported Production	97,150	376,285	159,864	96,207	343,901	153,524
% Gross	48%	48%	48%	47%	45%	47%
Less: Tax Barrels	23,981	78,076	36,994	23,473	58,928	33,295
Net Production Excluding Tax Barrels	73,169	298,209	122,870	72,734	284,973	120,229
% Gross	36%	38%	37%	36%	38%	36%
Less: Noncontrolling Interest	24,389	99,403	40,956	24,245	94,991	40,076
Adjusted Production	48,780	198,806	81,914	48,489	189,982	80,153
% Gross	24%	25%	25%	24%	25%	24%

	2016				2017				2018
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<i>Mboe/d</i>									
Gross Production	353	350	350	345	328	334	339	334	330
Reported Production	166	175	180	160	171	162	158	160	154
Adjusted Production	103	101	98	90	88	89	87	82	80
Brent Oil Benchmark Pricing	\$33	\$45	\$47	\$49	\$53	\$48	\$51	\$61	\$66

# OPEN COMMODITY DERIVATIVE POSITIONS

As of April 30, 2018

## Oil Hedges

Instrument	Index	Period	Volume (bbls/d)	Strike			
Put Option	WTI	Jul - Dec 2018	30,000	53.00			
Put Option	Dated Brent	Apr - Dec 2018	10,000	50.00			
Put Option	Dated Brent	Jul - Dec 2018	30,000	58.00			
Swap	WTI	Apr - Jun 2018	15,000	51.23			
Swap	Dated Brent	Apr - Jun 2018	12,000	54.57			
Instrument	Index	Period	Volume (bbls/d)	Bought Put	Sold Call	Purchased Call	
Collar	WTI	Apr - Jun 2018	15,000	45.00	56.45	-	
Collar	Dated Brent	Apr - Jun 2018	12,000	50.00	58.77	-	
Collar + Call	WTI	Apr - Dec 2018	18,500	45.00	57.00	60.03	

## Natural Gas Hedges

Instrument	Index	Period	Volume (mmbtu/d)	Strike
Swap	NYMEX HH	Apr - Jun 2018	310,000	3.02
Swap	NYMEX HH	Jul - Dec 2018	182,500	2.96

## Basis Hedges

Instrument	Index	Period	Volume (mmbtu/d)	Strike
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

# GLOSSARY OF REFERENCED TERMS

- ▶ **Capital Budget:** Includes exploration and production capital, gathering, transmission, and processing capital, capitalized general and administrative expenses, capitalized interest; excludes non-oil & gas capital and noncontrolling interest capital
- ▶ **CROIC (Cash Return On Invested Capital):** Calculated with the numerator as cash flow from operations before changes in working capital, excluding noncontrolling interest, with financing costs added back; and the denominator as average debt plus average Apache shareholders' equity
- ▶ **Net Debt:** Total debt (long-term and short-term) less cash and cash equivalents
- ▶ **ROCE (Return on Capital Employed):** Calculated with the numerator as adjusted earnings plus financing costs and taxes (excluding Egypt taxes); and the denominator as average debt plus average Apache shareholders' equity
- ▶ **Cash Flow Neutrality:** Ending the year with the same amount of cash on hand as the beginning of the year excluding effects of asset sales and changes to debt or equity issuances

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, 2017.

# NON-GAAP RECONCILIATIONS

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# 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.

(\$ in millions, except per share data)

	For the Quarter Ended March 31, 2018				For the Quarter Ended March 31, 2017			
	Before Tax	Tax Impact	After Tax	Diluted EPS	Before Tax	Tax Impact	After Tax	Diluted EPS
Income including noncontrolling interest (GAAP)	\$ 388	\$ (182)	\$ 206	\$ 0.54	\$ 538	\$ (271)	\$ 267	\$ 0.70
Income attributable to noncontrolling interest	112	(51)	61	0.16	100	(46)	54	0.14
Net income attributable to common stock	276	(131)	145	0.38	438	(225)	213	0.56
Adjustments: *								
Unrealized derivative instrument gain	(49)	10	(39)	(0.10)	-	-	-	-
Gain on divestitures	(7)	1	(6)	(0.01)	(341)	119	(222)	(0.58)
Asset impairments	16	(3)	13	0.03	23	(8)	15	0.04
Modification of stock comp plans	14	(4)	10	0.02	-	-	-	-
Valuation allowance and other tax adjustments	-	1	1	-	-	31	31	0.08
Transaction, reorganization & separation costs	-	-	-	-	(10)	3	(7)	(0.02)
Loss on extinguishment of debt	-	-	-	-	1	-	1	-
Adjusted earnings (Non-GAAP)	\$ 250	\$ (126)	\$ 124	\$ 0.32	\$ 111	\$ (80)	\$ 31	\$ 0.08

\* 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		
	March 31, 2018	December 31, 2017	March 31, 2017
Net cash provided by operating activities	\$ 615	\$ 668	\$ 455
Adjustments:			
Exploration expense other than dry hole expense and unproved leasehold impairments	40	39	25
Current income tax provision	198	182	188
Other adjustments to reconcile net loss to net cash provided by operating activities	(49)	(29)	(34)
Changes in operating assets and liabilities	184	142	275
Financing costs, net	99	97	100
Transaction, reorganization & separation costs	-	2	(10)
Adjusted EBITDAX (Non-GAAP)	<u>\$ 1,087</u>	<u>\$ 1,101</u>	<u>\$ 999</u>

# NON-GAAP RECONCILIATION

## Regional 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.

	(\$ in millions)			
	For the Quarter			
	Ended March 31, 2018			
	North Sea	Egypt <sup>(1)</sup>	U.S. and Other	Consolidated
Net cash provided by operating activities	\$ 96	\$ 327	\$ 192	\$ 615
Changes in operating assets and liabilities	51	55	78	184
Cash flows from operations before changes in operating assets and liabilities	<u>\$ 147</u>	<u>\$ 382</u>	<u>\$ 270</u>	<u>\$ 799</u>

(1) Includes non-controlling interest in Egypt.

# 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

	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2017</u>
Net cash provided by operating activities (GAAP)	\$ 615	\$ 668	\$ 455
Changes in operating assets and liabilities	184	142	275
Cash flows from operations before changes in operating assets and liabilities	<u>\$ 799</u>	<u>\$ 810</u>	<u>\$ 730</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)				
	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>	<u>June 30, 2017</u>	<u>March 31, 2017</u>
Current debt	\$ 400	\$ 550	\$ 550	\$ 150	\$ 150
Long-term debt	<u>7,936</u>	<u>7,934</u>	<u>7,933</u>	<u>8,329</u>	<u>8,327</u>
Total debt	8,336	8,484	8,483	8,479	8,477
Cash and cash equivalents	<u>1,077</u>	<u>1,668</u>	<u>1,846</u>	<u>1,667</u>	<u>1,521</u>
Net debt	<u>\$ 7,259</u>	<u>\$ 6,816</u>	<u>\$ 6,637</u>	<u>\$ 6,812</u>	<u>\$ 6,956</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 non-controlling 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.

	(\$ in millions)	
	For the Quarter Ended March 31,	
	2018	2017
Costs incurred in oil and gas property:		
Acquisitions		
Unproved	\$ 12	\$ 49
Exploration and development	817	513
	<u>829</u>	<u>562</u>
GTP capital investments:		
GTP facilities	119	142
Total Costs incurred and GTP capital investments	<u>\$ 948</u>	<u>\$ 704</u>
Reconciliation of Costs incurred and GTP to Oil and gas capital investment		
Asset retirement obligations incurred and revisions	\$ (7)	\$ (15)
Asset retirement obligations settled	8	13
Exploration expense other than dry hole expense and unproved leasehold impairments	(40)	(25)
Less noncontrolling interest	<u>(52)</u>	<u>(31)</u>
Oil and gas capital investment	<u>\$ 857</u>	<u>\$ 646</u>