Apache

FOURTH-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, 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, (and Apache's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, when filed) available from Apache at 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.

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 fourth quarter 2017 earnings release at 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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4Q17 FINANCIAL AND OPERATIONAL RESULTS

FOURTH-QUARTER 2017 KEY METRICS

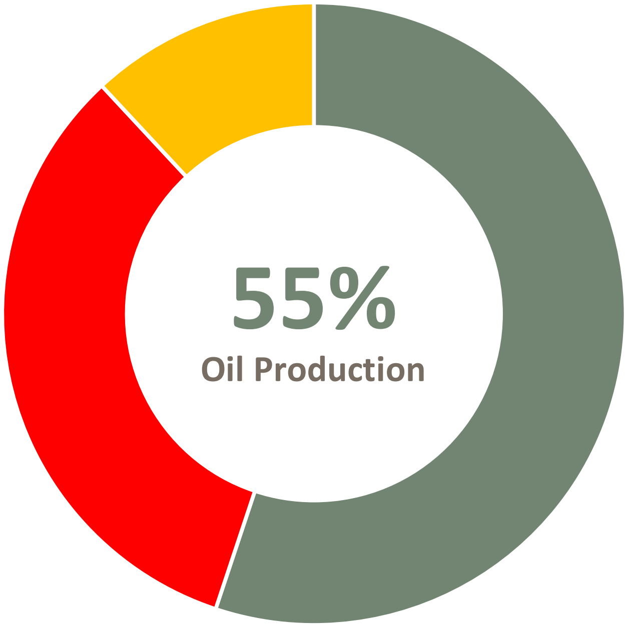
Reported Production	440 Mboe/d
Adjusted Production(1)	362 Mboe/d
Oil and Gas Capital Investment(2)	$862 Million
Adjusted EBITDAX(2)	$1.1 Billion
Earnings Per Share	$1.19
Adjusted Earnings Per Share(2,3)	$0.33

(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 $(0.08) per share of dry hole expense (net of tax).

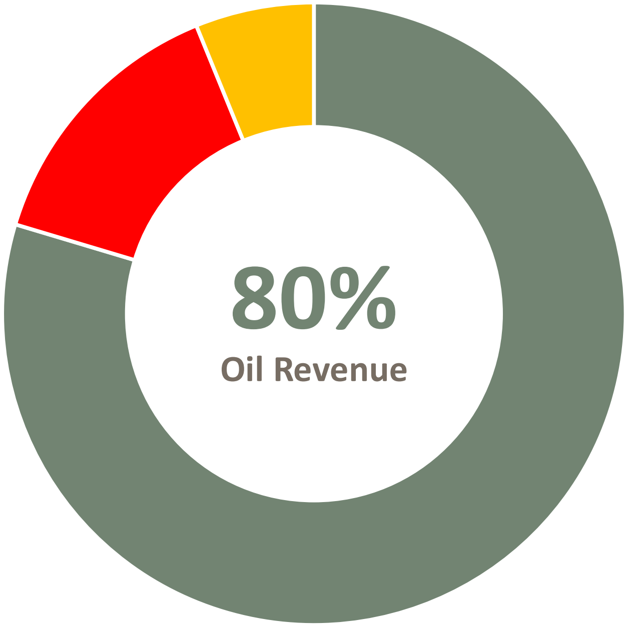
PRODUCTION AND REVENUES BY PRODUCT

4Q 2017

Reported Production
440 MBOE/D



Oil and Gas Revenue
$1.64 Billion

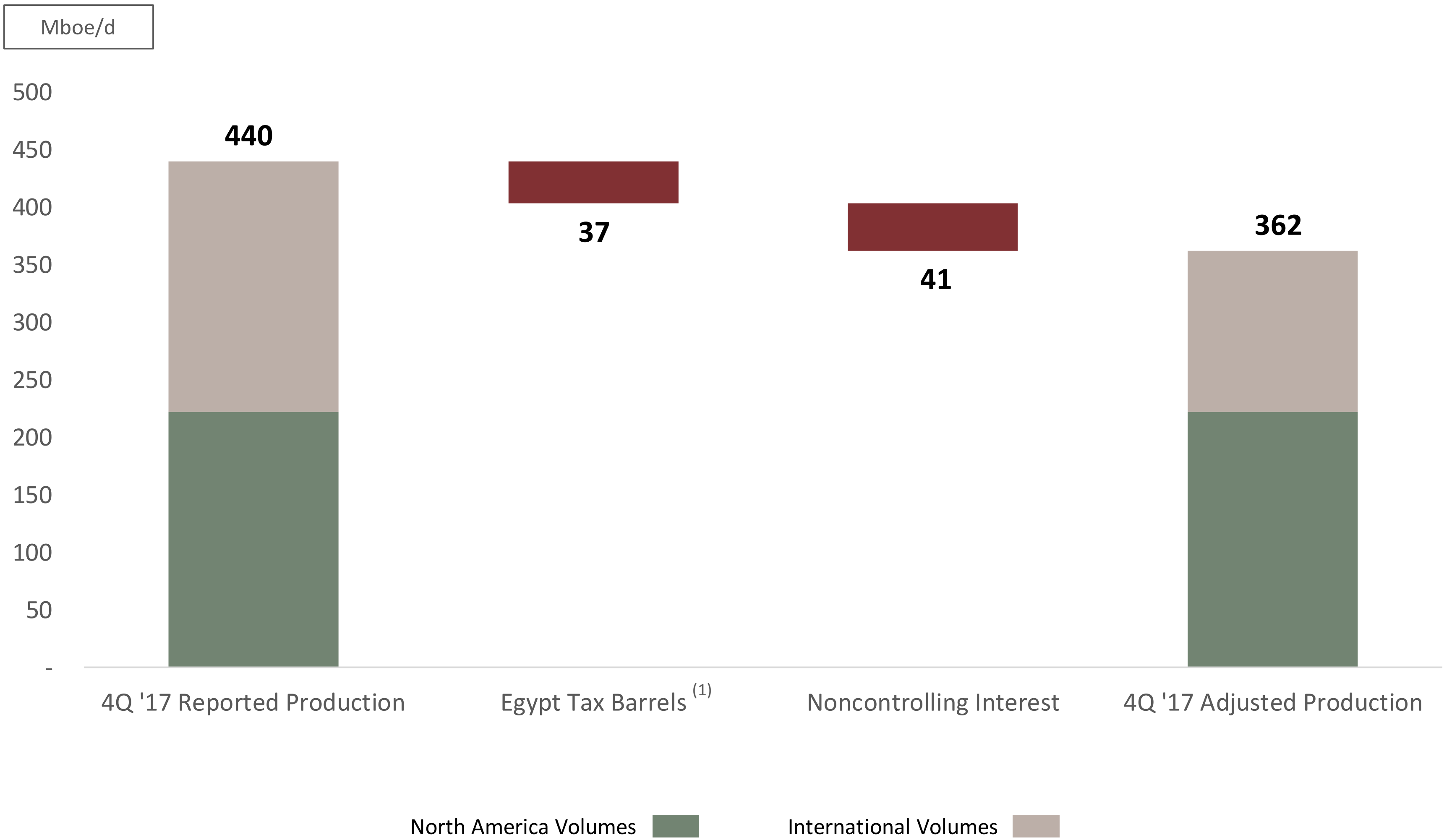


Oil Natural Gas NGLs

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

ADJUSTED PRODUCTION RECONCILIATION

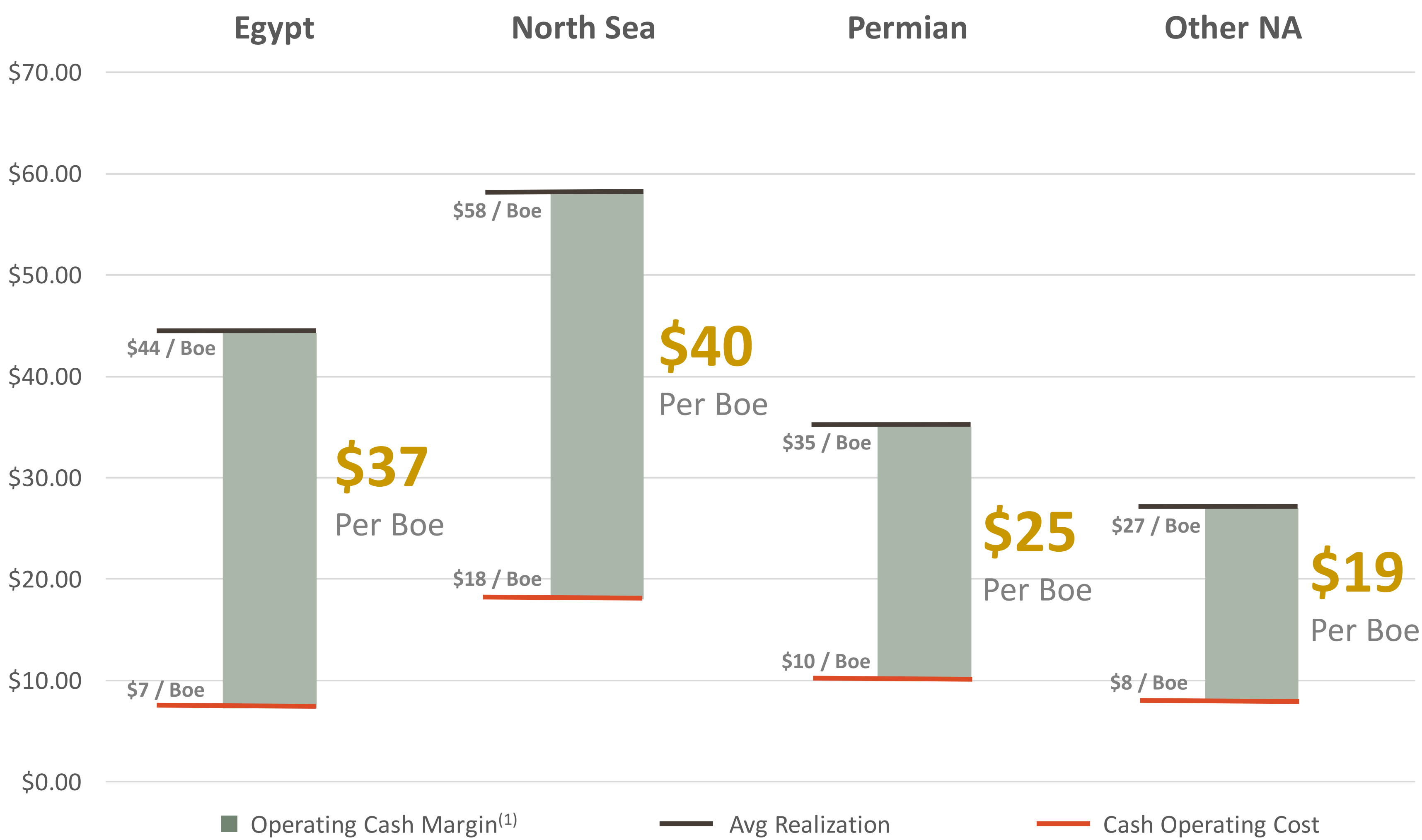
4Q 2017



(1) Includes tax barrels associated with noncontrolling interest.

OPERATING CASH MARGINS

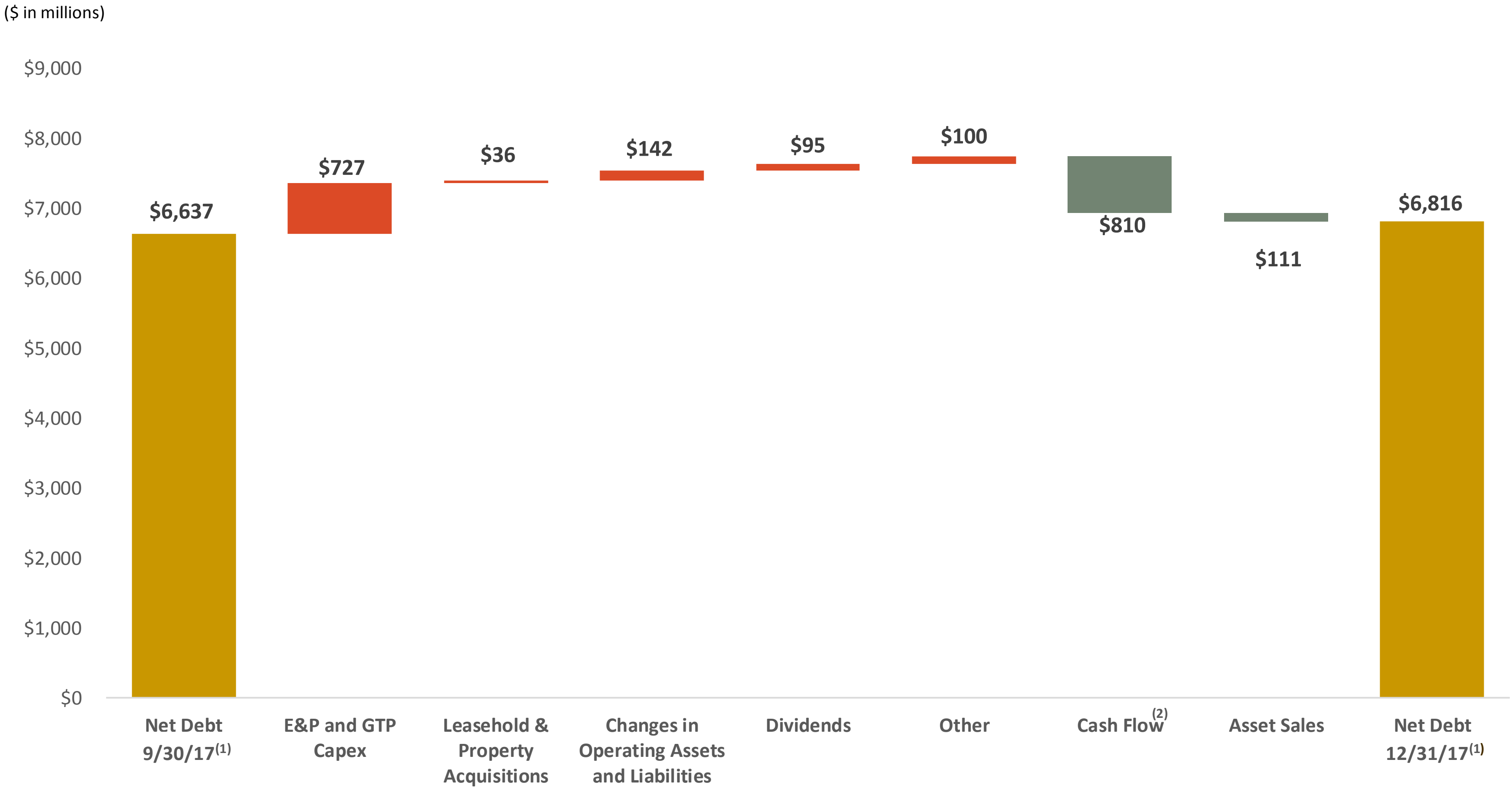
4Q 2017



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

NET DEBT RECONCILIATION

4Q 2017



(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)

	1Q17 (1)	2Q17 (1)	3Q17 (1)	4Q17 (1)
E&P and GTP Investment:				
Permian	$ 298	$ 358	$ 466	$ 478
MidCon / Gulf Coast	17	26	47	69
Midstream	142	128	119	143
Gulf of Mexico	6	10	11	15
Canada	38	31	8	-
North America	501	553	651	705
Egypt (Apache's interest only) (2)	56	80	115	88
North Sea	75	100	77	69
Other	14	5	-	-
Total	$ 646	$ 738	$ 843	$ 862

(1) First through fourth-quarter 2017 adjustments to total costs incurred and GTP capital investments:

- Includes cash plug and abandonment of $13 million, $9 million, $10 million and $13 million.
- Excludes non-cash plug and abandonment of $15 million, $104 million, $1 million and $(32) million.
- Excludes exploration expense, other than dry hole expense and unproved leasehold impairments, of $25 million, $23 million, $33 million and $39 million.

(2) First through fourth-quarter 2017 excludes noncontrolling interest in Egypt of $31 million, $41 million, $61 million and $53 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.

FOURTH-QUARTER 2017 REGIONAL SUMMARY

FOURTH-QUARTER 2017 GLOBAL OPERATIONS

GLOBAL KEY STATS

- *Reported Production:* *440,201 Boe/d*
- *Drilled & Completed Wells*:* *87 gross, 72 net*
- *Rigs:* *Avg 36 rigs*

NORTH AMERICA STATS

- *Reported Production:* *222,199 Boe/d*
- *Drilled & Completed Wells*:* *58 gross, 46 net*
- *Rigs:* *Avg 21 rigs*

INTERNATIONAL STATS

- *Reported Production:* *218,002 Boe/d*
- *Drilled & Completed Wells*:* *29 gross, 26 net*
- *Rigs:* *Avg 15 rigs*

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

4Q 2017 PERMIAN REGION SUMMARY

Midland Basin

- Averaged 5 rigs and 2 frac crews in the quarter
- Placed on production 3 multi-well pads in the Midland Basin
- Drilling, completion, equipment costs decreased 20% in 4Q17 from 1Q17 on a treated lateral foot basis, while volumes improved approximately 17%.
- Shifting drilling program to longer laterals and more wells per pad

Delaware Basin / Alpine High

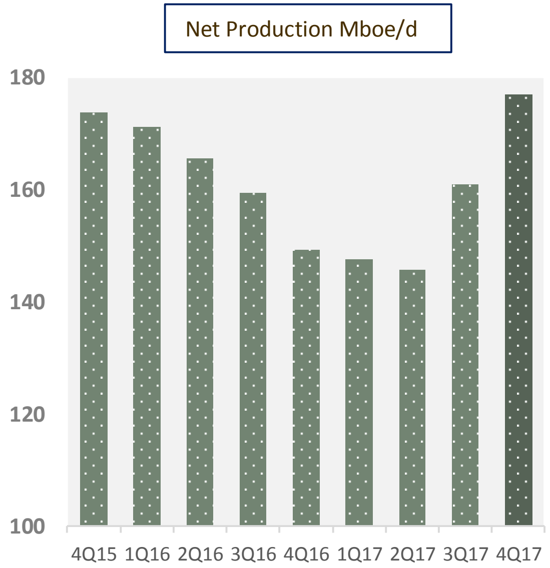
- Averaged 9 rigs (6 at Alpine High) and 3 frac crews in the quarter
- Completed construction of 5th Central Processing platform, with 280 MMcf/d of processing capacity operational at year-end 2017; additional 50 MMcf/d processing capacity commissioned in January
- Averaged 19,800 boe/d during the fourth quarter at Alpine High
- Drilled and completed 16 net wells at Omaha/Dixieland/New Mexico Slope areas during the quarter

PERMIAN KEY STATS

FOURTH-QUARTER 2017

Reported Production:	*176,969 Boe/d*
Drilled & Completed Wells:*	*57 gross, 45 net*
Rigs:	*Avg 16 rigs*

*Operated wells completed but not necessarily placed onto production.



NORTH AMERICAN ONSHORE WELL HIGHLIGHTS

Well Name	Formation	Area	County	Lateral	Average 30-Day IP/Well	Avg 30-Day IP Boepd / 1,000 Lateral Ft	% Oil
MIDLAND BASIN							
CC 4144 EAST/WEST (8 Wells)	Wolfcamp B-1 & B-3	Powell	Upton	7,731	1,299 Boe/d	168	77%
CC 4045 EAST/WEST (6 Wells)	Wolfcamp B-1 & B-3	Powell	Upton	10,432	1,444 Boe/d	138	78%
MILLER 3748 (6 Wells)	Wolfcamp B-1 & B-3	Powell	Upton	10,371	1,404 Boe/d	135	76%
DELAWARE BASIN							
Dixieland (7 Wells)	3rd Bone Springs (1) Upper Wolfcamp (4) Middle Wolfcamp (2)	Dixieland	Reeves	4,362	1,657 Boe/d	379	46%
New Mexico Slope (5 Wells)	2nd Bone Springs (4) 3rd Bone Springs	Slope	Eddy	5,384	1,540 Boe/d	277	71%
ALPINE HIGH							
Dogwood State (6 Wells)	Barnett (3) Woodford (3)	Alpine	Reeves	4,618	10,004 Mcf/d*	342	0%
Elbert State (2 Wells)	Woodford	Alpine	Reeves	5,207	1,175 Boe/d*	226	25%
SCOOP							
Scott 33-6-6 Pad (5 Wells)	Woodford	SCOOP	Grady	4,756	1,709 Boe/d*	360	15%

* Current 30-day average peak IP rate with wells still cleaning up

4Q 2017 INTERNATIONAL SUMMARY

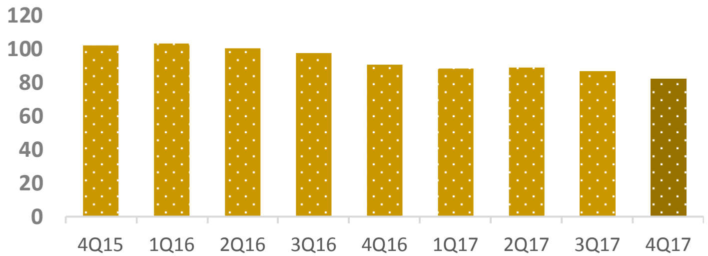
EGYPT KEY STATS

FOURTH-QUARTER 2017

- *Reported Production:* *159,864 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[1]



- During the quarter completed 9 wells with 24-hour initial production rates exceeding 1,000 BOE per day
- Step-out discoveries at West Kanayes and Herunefer West
- Progressing 1,800 km2 3D seismic shoot across Western Desert concessions
- Adjusted production sequentially lower than 3Q17 primarily due to impact of higher oil prices on cost recovery mechanisms in production sharing contracts

(1) Excludes tax barrels and noncontrolling interest

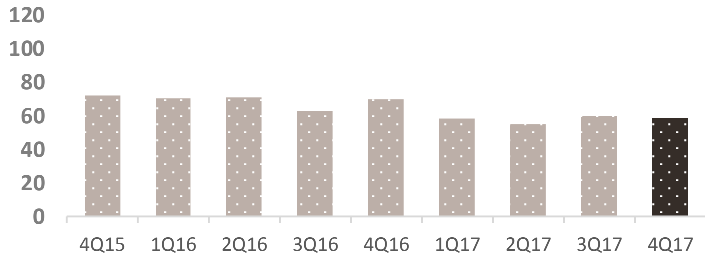
NORTH SEA KEY STATS

FOURTH-QUARTER 2017

- *Reported Production:* *58,138 Boe/d*
- *Drilled & Completed Wells*:* *4 gross, 3 net*
- *Rigs:* *Avg 3 rigs*

*Operated wells completed but not necessarily placed onto production.

Net Production Mboe/d



- Completed sale of non-core pipeline assets (SAGE)
- Brought online third development well at Callater (CB1)
- 4Q17 production impacted by 17-day shutdown on third-party operated oil export line
- Two Beryl discoveries (Corona, Storr) in early stages of subsea tieback development planning

4Q 2017 INTERNATIONAL WELL HIGHLIGHTS

Egypt Well Highlights

Well Name	Basin	30-Day Average IP	% Oil
WKAN CHELSEA S-1X ST	Matruh	7,792 Boe/d(1)	54%
HERUNEFER W-4X	Matruh	6,348 Boe/d(1)	62%
PTAH-18	Faghur	3,444 Boe/d	100%
NU-1X	Faghur	1,437 Boe/d	100%
ABAR-1 (GST)	Faghur	1,039 Boe/d	100%

Q4 2017 Program Success Rate

92%

North Sea Well Highlights

Well Name	Play	30-Day Average IP	% Oil
C69Z	Forties	1,723 Boe/d	100%
CB1	Callater	1,394 Boe/d	65%
C70Z	Forties	1,160 Boe/d	100&

Q4 2017 Program Success Rate

75%

(1) Represents a 24-hour Peak IP rate; wells tested, waiting to be connected.

EGYPT: PRODUCTION DETAIL

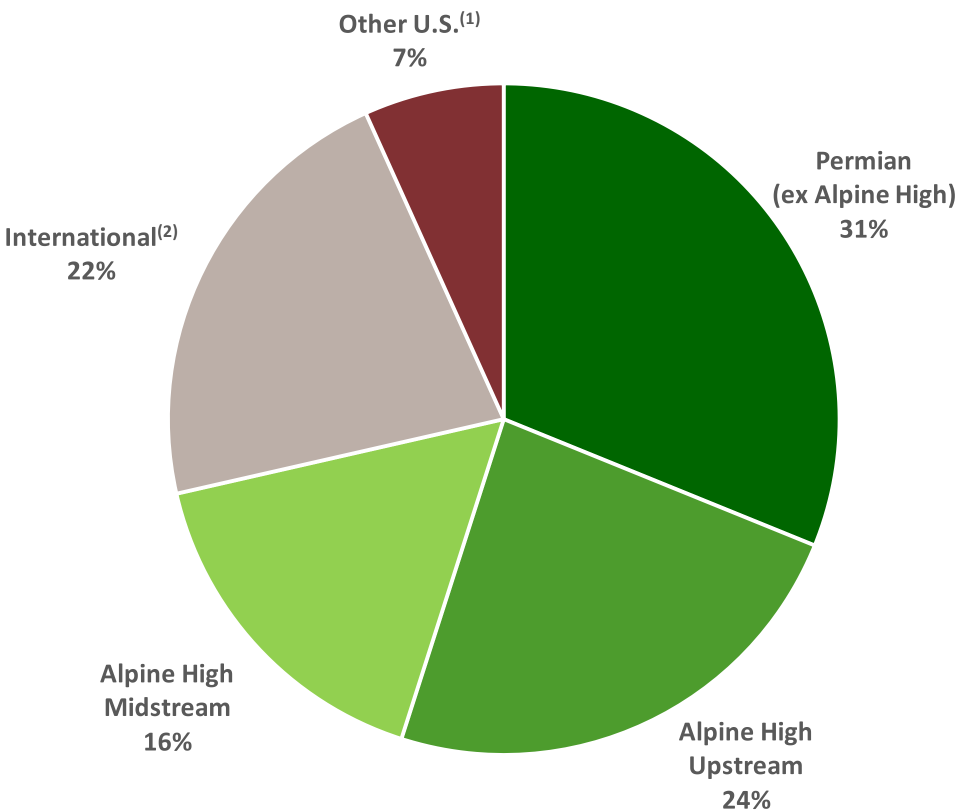
	3Q 2017			4Q 2017		
	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d
Gross Production	202,677	818,350	339,069	203, 820	780,545	333,911
Reported Production	94,665	378,426	157,737	97,150	376,285	159,864
% Gross	47%	46%	47%	48%	48%	48%
Less: Tax Barrels	18,876	52,940	27,700	23,981	78,076	36,994
Net Production Excluding Tax Barrels	75,789	325,486	130,037	73,169	298,209	122,870
% Gross	37%	40%	38%	36%	38%	37%
Less: Noncontrolling Interest	25,263	108,495	43,346	24,389	99,403	40,956
Adjusted Production	50,526	216,991	86,691	48,780	198,806	81,914
% Gross	25%	27%	26%	24%	25%	25%

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

2018 GUIDANCE

APACHE 2018 CAPITAL BUDGET

$3.0 Billion



>70% of total 2018 oil and gas capital investment allocated to Permian Basin

Note: Capital includes capitalized interest but excludes exploration expense and Egypt noncontrolling interest

(1) Other United States includes Lower 48 (excluding Permian) and Gulf of Mexico.

(2) International includes Egypt, North Sea and Suriname.

FY 2018 GUIDANCE

Production & Capital

Daily Production (MBOE/D)	2018 Guidance Range		
Reported Production			
United States	245	-	255
International	203	-	214
Total Production	448	-	469
Adjusted Production			
United States	245	-	255
International (As Reported)	203	-	214
Less: Egypt Tax Barrels	*33*	-	*34*
Less: Egypt Noncontrolling Interest	*40*	-	*40*
Total Adjusted Production	375	-	395
Estimated Product Mix: Oil/NGLs/Natural Gas			
United States	39% /22% / 39%		
International (Adjusted)	70% / 1% / 29%		
Capital Guidance ($ in millions)*			
United States	$2,300		
International	$700		
Total	$3,000		

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

FY 2018 GUIDANCE

Other Income Statement Items

Income Statement Items	2018 Guidance Range
Operating Costs	
Lease Operating Expenses ($ in millions).....................................	$1,450 - $1,500
Lease Operating Expenses ($ per BOE)...	$8.60 - $8.80
Gathering and Transportation ($ in millions) (1)...............................	$275 - $300
General and Administrative Expenses ($ in millions)	$450 - $475
Net Interest Expense ($ in millions)..	$385
Exploration Expense ($ in millions) (2)...	$170
DD&A ($ per BOE)..	$14.25 - $14.75
Cash Taxes ($ in millions)...	$150 - $175

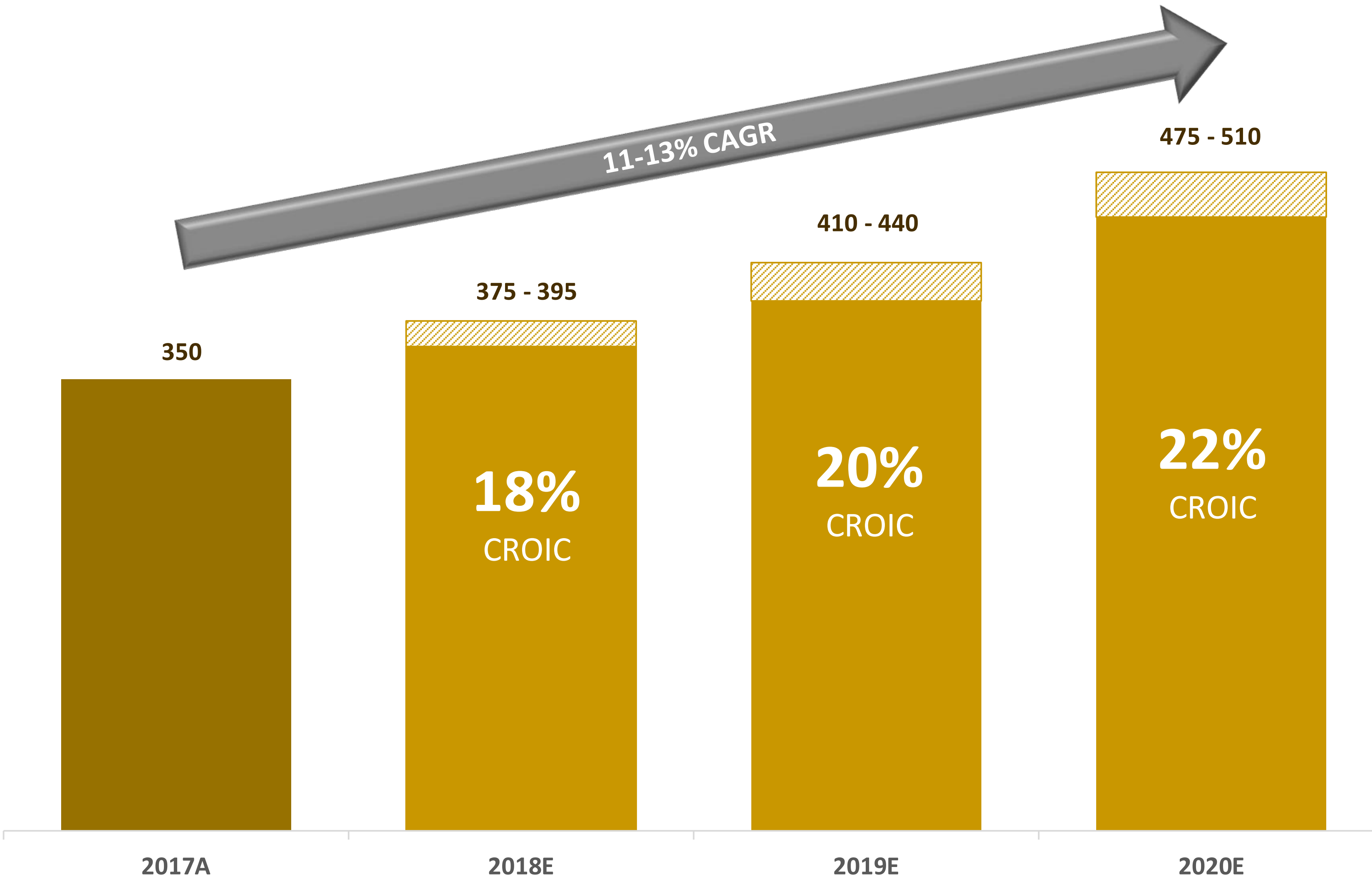
(1) Apache adopted a new accounting regulation in 2018 that changes the way certain processing fees are presented for natural gas and natural gas liquids. Historically these fees have been recorded as a reduction of revenue. Beginning with the first quarter of 2018, these fees will be recorded as gathering and transportation expense. This accounting change will have no impact to per-unit cash margins or net earnings, but will result in higher price realizations, increased revenues, and increased gathering and transportation expense.

(2) Excludes dry hole and unproved leasehold impairments.

2018 – 2020 PRODUCTION OUTLOOK

APA ADJUSTED PRODUCTION AND RETURNS

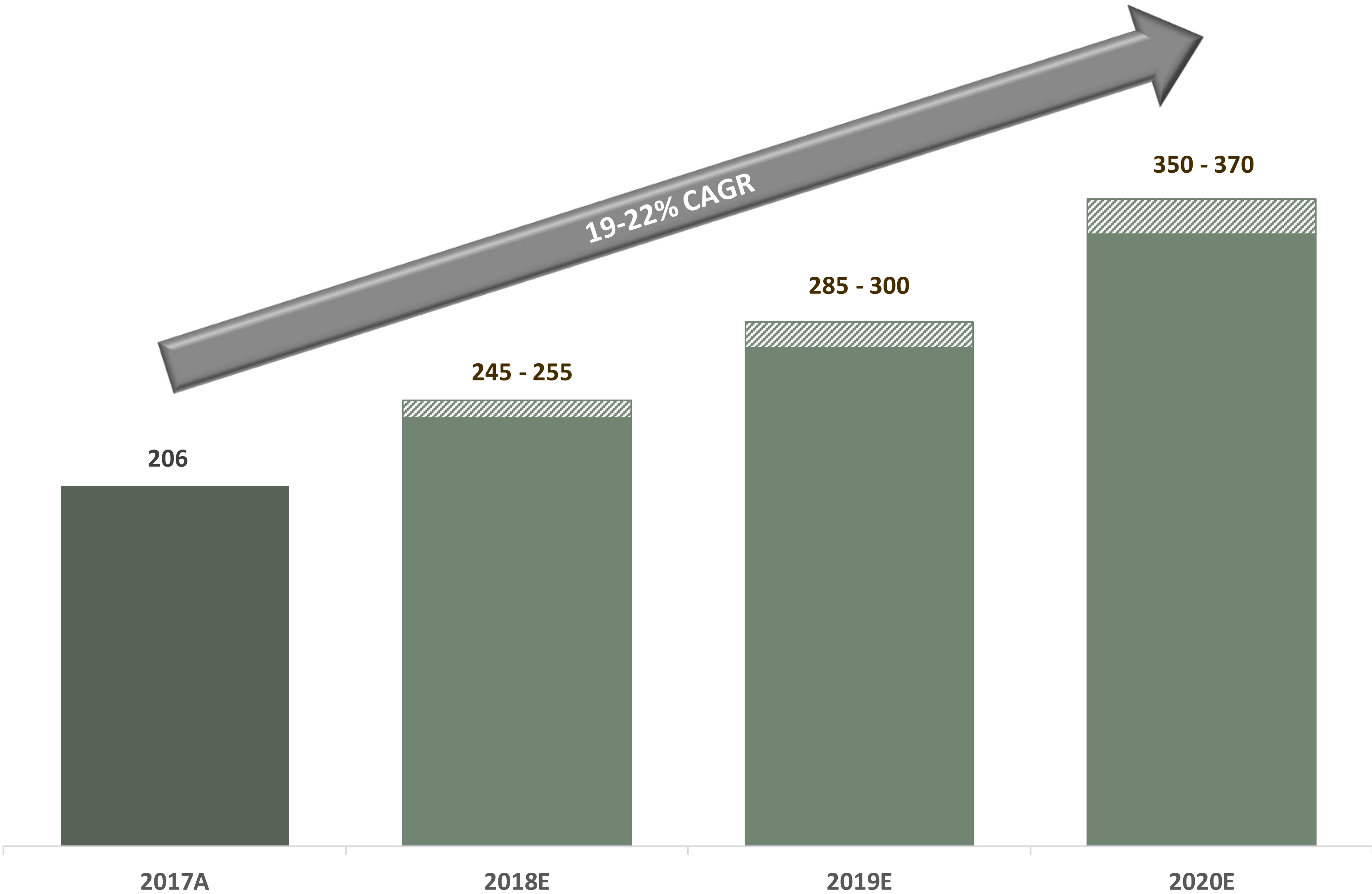
2018-2020 Outlook (Mboe/d)



See Glossary of Referenced Terms on page 29 for a definition of CROIC

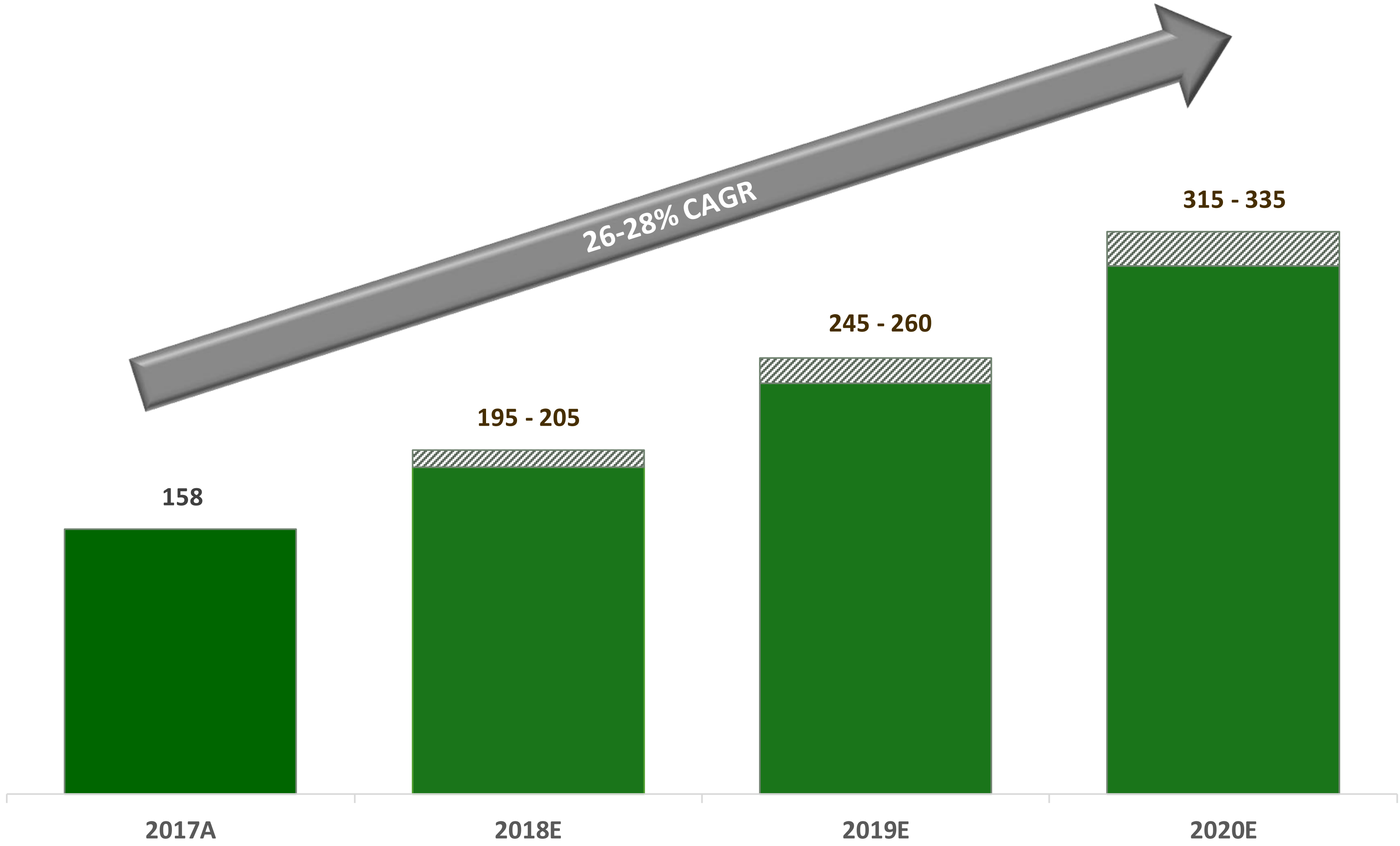
U.S. PRODUCTION

2018-2020 Outlook (Mboe/d)



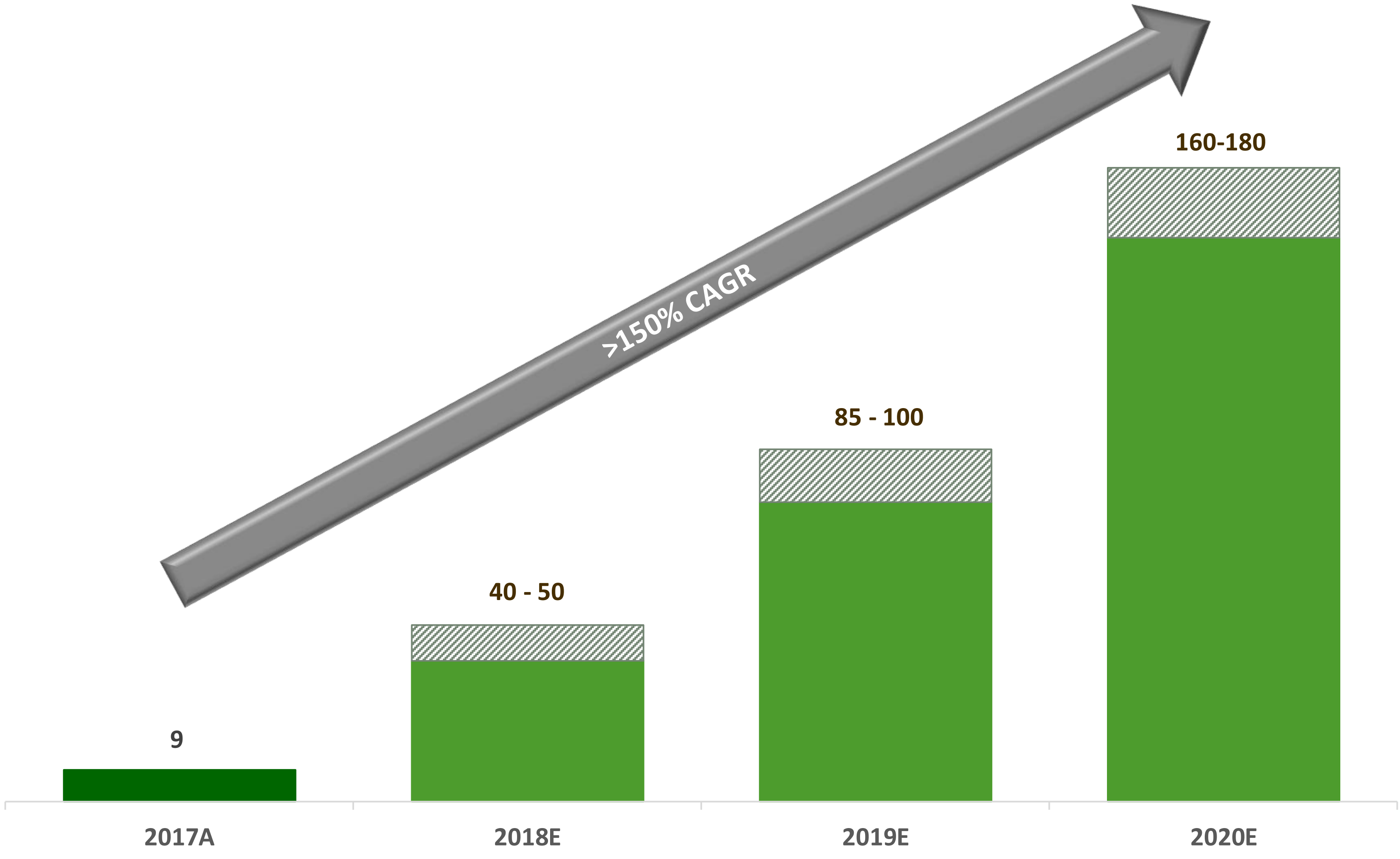
PERMIAN PRODUCTION

2018-2020 Outlook (Mboe/d)



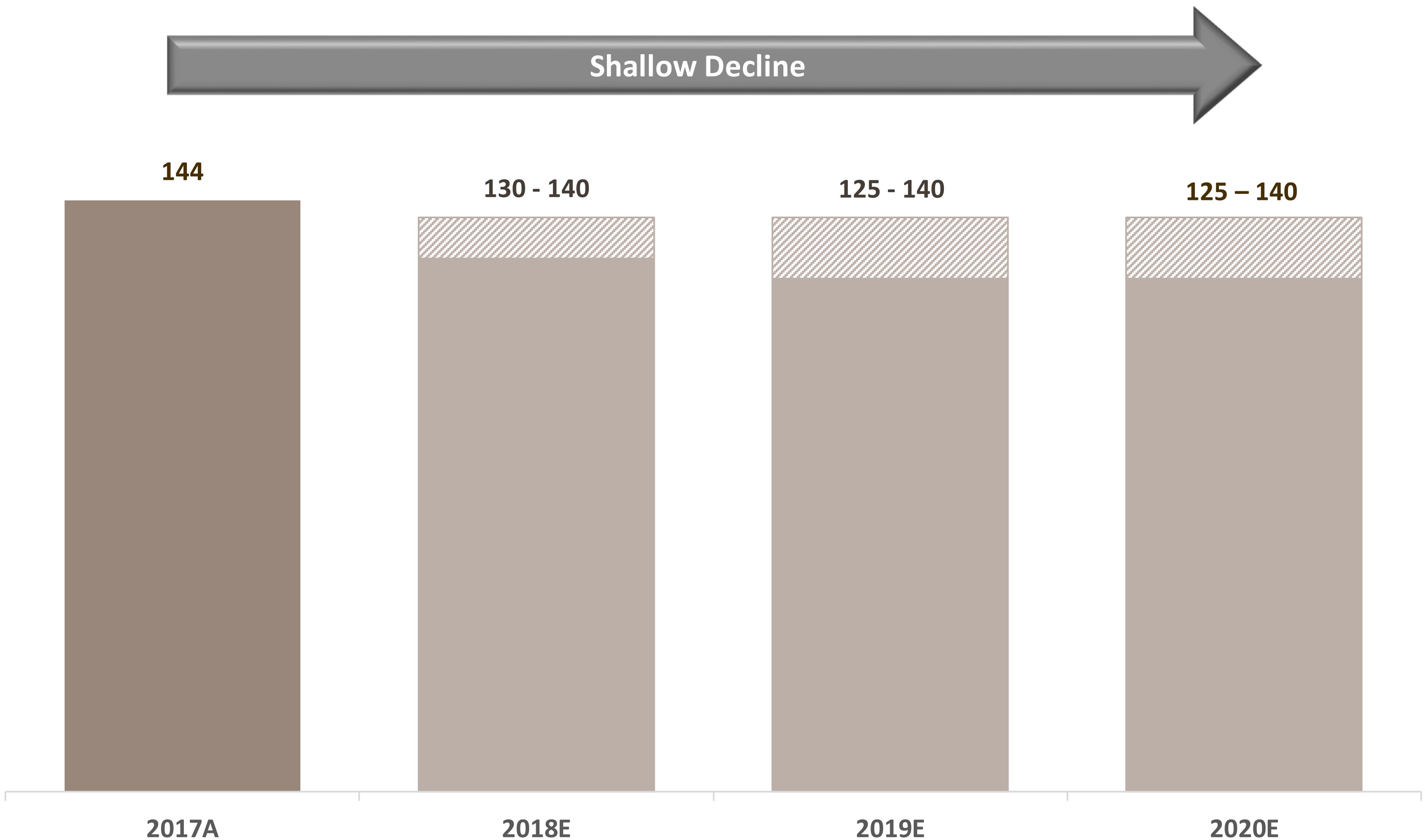
ALPINE HIGH PRODUCTION

2018-2020 Outlook (Mboe/d)



INT'L ADJUSTED PRODUCTION

2018-2020 Outlook (Mboe/d)



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

OPEN COMMODITY DERIVATIVE POSITIONS

As of February 21, 2018

Oil Hedges

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

Natural Gas Hedges

Instrument	Index	Period	Volume (mmbtu/d)	Strike
Swap	NYMEX HH	Feb - Mar 2018	150,000	3.39
Swap	NYMEX HH	Feb - 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	Feb - 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

GLOSSARY OF REFERENCED TERMS

- **Capital Budget:** Includes exploration and production capital, gathering, transportation 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

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

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 December 31, 2017				For the Quarter Ended December 31, 2016			
	Before Tax	Tax Impact	After Tax	Diluted EPS	Before Tax	Tax Impact	After Tax	Diluted EPS
Income (loss) attributable to common stock (GAAP)	$ 216	$ 240	$ 456	$ 1.19	$ (153)	$ (29)	$ (182)	$ (0.48)
Adjustments: *								
Valuation allowance and other tax adjustments	-	(354)	(354)	(0.92)	-	68	68	0.18
Gain on divestitures	(11)	2	(9)	(0.03)	-	-	-	-
Asset impairments	32	(11)	21	0.06	144	(54)	90	0.23
Unrealized derivative instrument loss	17	(6)	11	0.03	-	-	-	-
Transaction, reorganization & separation costs	2	(1)	1	-	3	(2)	1	0.01
Loss on extinguishment of debt	-	-	-	-	1	-	1	-
Adjusted earnings (Non-GAAP)	$ 256	$ (130)	$ 126	$ 0.33	$ (5)	$ (17)	$ (22)	$ (0.06)

	For the Year Ended December 31, 2017				For the Year Ended December 31, 2016			
	Before Tax	Tax Impact	After Tax	Diluted EPS	Before Tax	Tax Impact	After Tax	Diluted EPS
Income (Loss) Attributable to Common Stock (GAAP)	$ 719	$ 585	$ 1,304	$ 3.41	$ (1,847)	$ 442	$ (1,405)	$ (3.71)
Adjustments: *								
Valuation allowance and other tax adjustments	-	(994)	(994)	(2.60)	-	40	40	0.11
Gain on divestitures	(627)	195	(432)	(1.13)	(21)	6	(15)	(0.04)
Asset impairments	254	(89)	165	0.43	1,375	(490)	885	2.34
Unrealized derivative instrument loss	59	(20)	39	0.10	-	-	-	-
Transaction, reorganization & separation costs	16	(7)	9	0.03	39	(14)	25	0.07
Loss on extinguishment of debt	1	-	1	-	1	-	1	-
Discontinued Operations	-	-	-	-	33	-	33	0.08
Contract termination charges	-	-	-	-	10	(4)	6	0.02
Adjusted Earnings (Non-GAAP)	$ 422	$ (330)	$ 92	$ 0.24	$ (410)	$ (20)	$ (430)	$ (1.13)

* 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			For the Year Ended	
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Net cash provided by operating activities	$ 668	$ 554	$ 819	$ 2,428	$ 2,453
Adjustments:					
Exploration expense other than dry hole expense and unproved leasehold impairments	39	33	33	120	120
Current income tax provision	182	99	107	595	391
Other adjustments to reconcile net loss to net cash provided by operating activities	21	(87)	(38)	(146)	(164)
Changes in operating assets and liabilities	92	101	(152)	320	(153)
Financing costs, net	97	101	106	397	417
Transaction, reorganization & separation costs	2	20	3	16	39
Contract termination charges	-	-	-	-	10
Adjusted EBITDAX (Non-GAAP)	$ 1,101	$ 821	$ 878	$ 3,730	$ 3,113

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.

	For the Quarter Ended December 31, 2017				
	North Sea	Egypt[1]	Canada	U.S. and Other	Consolidated
	($ in millions)				
Net cash provided by operating activities	$ 309	$ 166	$ -	$ 193	$ 668
Changes in operating assets and liabilities	3	(136)	-	(9)	(142)
Cash flows from operations before changes in operating assets and liabilities	$ 306	$ 302	$ -	$ 202	$ 810

	For the Year Ended December 31, 2017				
	North Sea	Egypt[1]	Canada	U.S. and Other	Consolidated
	($ in millions)				
Net cash provided by operating activities	$ 742	$ 956	$ 27	$ 703	$ 2,428
Changes in operating assets and liabilities	18	(242)	(28)	(68)	(320)
Cash flows from operations before changes in operating assets and liabilities	$ 724	$ 1,198	$ 55	$ 771	$ 2,748

(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 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)			($ in millions)	
	For the Quarter Ended			For the Year Ended	
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Net cash provided by operating activities (GAAP)	$ 668	$ 554	$ 796	$ 2,428	$ 2,430
Less: Discontinued operations	-	-	23	-	23
Net cash provided by operating activities	$ 668	$ 554	$ 819	$ 2,428	$ 2,453
Changes in operating assets and liabilities	92	101	(152)	320	(153)
Cash flows from operations before changes in operating assets and liabilities	$ 760	$ 655	$ 667	$ 2,748	$ 2,300

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)

	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Current debt	$ 550	$ 550	$ 150	$ 150	$ -
Long-term debt	7,934	7,933	8,329	8,327	8,544
Total debt	8,484	8,483	8,479	8,477	8,544
Cash and cash equivalents	1,668	1,846	1,667	1,521	1,377
Net debt	$ 6,816	$ 6,637	$ 6,812	$ 6,956	$ 7,167

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.

($ in millions)

	For the Quarter Ended December 31, 2017	For the Quarter Ended December 31, 2016	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
Costs incurred in oil and gas property:				
Acquisitions				
Proved	$ 4	$ 2	$ 7	$ 45
Unproved	32	10	181	170
Exploration and development	718	112	2,698	1,420
	754	124	2,886	1,635
GTP capital investments:				
GTP facilities	155	125	552	156
Total Costs incurred and GTP capital investments	$ 909	$ 249	$ 3,438	$ 1,791
Reconciliation of Costs incurred and GTP to Oil and gas capital investment				
Asset retirement obligations incurred and revisions	$ 32	$ 292	$ (88)	192
Asset retirement obligations settled	13	22	45	57
Exploration expense other than dry hole expense and unproved leasehold impairments	(39)	(33)	(120)	(120)
Less noncontrolling interest	(53)	(26)	(186)	(159)
Total Oil and gas capital investment	$ 862	$ 504	$ 3,089	$ 1,761

APPENDIX

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Apache is an Industry Leader in Prioritizing ESG

	Methane Emissions	Water Usage	Safety
Vision	*By 2025, Apache is committed to reducing its methane emissions to 0.36% or less of total methane production*	*We seek to use alternatives to potable fresh water—such as recycled produced water—in all of our operating regions, especially in areas of the U.S. and Egypt that could be considered "water scarce," depending on conditions, location, pricing and regulations*	*The safety of our employees, contractors and communities is Apache's highest priority and is deeply rooted in our Core Values*
APA Results	Reduced methane emissions intensity by 43% since 2012	In 2016, 97% of water withdrawals were from nonpotable sources	Reduced Workforce Total Recordable Incident Rate (TRIR)[3] by 54% over last five years

Metrics

GLOBAL METHANE EMISSIONS INTENSITY[1]			GLOBAL WATER USAGE INTENSITY[2]			WORKFORCE TOTAL RECORDABLE INCIDENT RATE[4]		
2014	2015	2016	2014	2015	2016	2014	2015	2016
0.53%	0.49%	0.43%	3.3	3.7	2.7	0.89	0.76	0.52

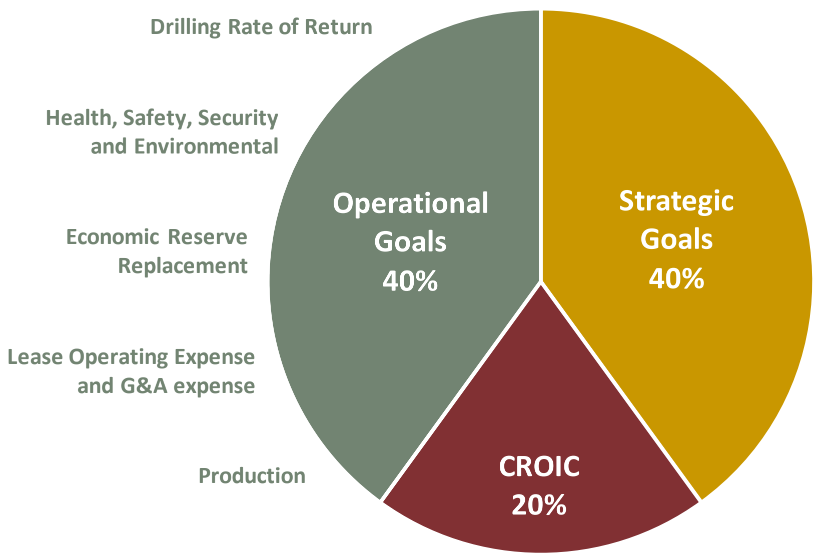
(1) tCO2e/Mboe = metric tons of carbon dioxide equivalent per thousands of barrels of oil equivalent
(2) Bbls/Boe = barrels of water produced with oil and gas per barrels of oil equivalent Apache produced
(3) Workforce TRIR includes employees and contractors
(4) Total recordable incident rate is calculated by multiplying total number of recordable injuries by 200,000 hours and then dividing by total person-hours worked

APACHE INCENTIVE COMPENSATION STRUCTURE

Short and Long-Term Compensation Aligned for Returns-Focused Outcomes

Annual Incentive

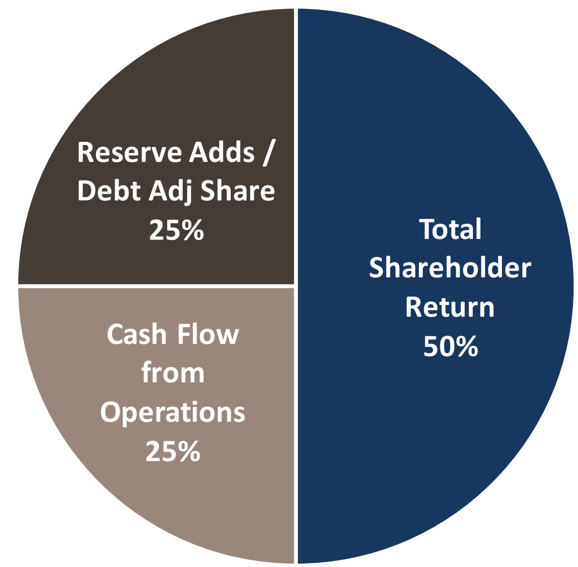
2018 Plan



Added Cash Return on Invested Capital Metric in 2018

Long-Term Incentive(1)

Performance Shares



50% Absolute Performance	50% Relative Performance

Targets Reset Annually

(1) Long-term compensation plan also includes restricted stock units and stock options. Performance is evaluated over a three-year period.