



August 4, 2016

## Apache Corporation announces second-quarter 2016 financial and operational results

- | Transitioned from full-cost to successful-efforts method of accounting to enhance the comparability of Apache's financial results.
- | Placed on production several strong wells in key operating areas including the Permian Basin and North Sea.
- | Achieved further cost improvements, including a 17- percent year-over-year reduction in lease operating expenses (LOE), which averaged \$7.38 per barrel of oil equivalent (Boe).
- | Successful-efforts-based financial results were:
  - | Net loss of \$244 million, or \$0.65 per share,
  - | Adjusted net loss of \$99 million, or \$0.26 per share, and
  - | Net cash from operating activities of \$744 million.
- | Results under the full-cost method would have been:
  - | Net loss of \$601 million, or \$1.58 per share,
  - | Adjusted earnings of \$20 million, or \$0.05 per share, and
  - | Net cash from operating activities of \$781 million.
- | See the Financial and Operational Supplement for an expanded comparison of Apache's second-quarter results under the successful-efforts and full-cost methods.

HOUSTON, Aug. 4, 2016 – Apache Corporation (NYSE, Nasdaq: APA) today announced its financial and operational results for the second quarter of 2016. Effective for the quarter, Apache voluntarily changed its method of accounting for oil and gas exploration and development activities from full cost to successful efforts. Accordingly, financial information for prior periods has been recast to reflect the retrospective application of the successful-efforts method. The Quarterly Report on Form 10-Q for the period ended June 30, 2016, that will be filed by the company after close of business today, will reflect this accounting change.

Apache reported a loss of \$244 million or \$0.65 per diluted common share during the second quarter of 2016. These results include a number of items outside of core earnings that are typically excluded by the investment community in their published earnings estimates. When adjusted for these and certain additional items that impact the comparability of results, Apache's second-quarter loss totaled \$99 million, or \$0.26 per share. Net cash provided by operating activities was \$744 million, and adjusted earnings before interest, taxes, depreciation, depletion, amortization and exploration expenses (EBITDAX) was \$787 million. During the quarter, Apache's cash position increased to \$1.2 billion.

"Apache's solid second-quarter results are a testament to both the significant progress we have made on our cost structure as well as the strength of our portfolio," said John J. Christmann IV, Apache's chief executive officer and president. "During the quarter, we continued our efforts to reduce costs and improve capital efficiency. Our LOE costs on a Boe basis were down 4 percent from the previous quarter and 17 percent year-over-year.

"Despite an 85-percent reduction in capital investment since 2014, our base production has proven to be very resilient. We sharply reduced activity in the first quarter of 2015 and have continued to reduce spending as oil prices have remained relatively weak. Nevertheless, our production volumes have held up well, and we are on track to deliver production in line with the increased guidance provided last quarter. Although our 2016 capital program is not intended to maximize near-term production, the efficiency and productivity gains we have achieved are clearly demonstrated in our results."

### Second-quarter operational summary

Apache reported total worldwide production of 535,000 Boe per day and pro forma production of 461,000 Boe per day, which excludes Egypt noncontrolling interest and tax barrels. In North America Onshore, production was 282,000 Boe per day while pro forma International and Offshore production was 179,000 Boe per day.

Despite significant reductions in investment over the last 18 months, second-quarter North American Onshore production volumes only declined 16,000 Boe per day from the first quarter. More than 10,000 Boe per day of this decline came from lower-margin areas outside of the Permian Basin. International and Offshore production was relatively flat from first quarter to second quarter.

Highlights from Apache's key operating areas include:



measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure.

### **Forward-looking statements**

This news release contains 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. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects," "guidance," and similar references to future periods. These statements include, but are not limited to, statements about future plans, expectations and objectives for Apache's operations, including statements about our capital plans, drilling plans, production expectations, asset sales, and monetizations. While forward-looking statements are based on assumptions and analyses made by us that we believe to be reasonable under the circumstances, whether actual results and developments will meet our expectations and predictions depend on a number of risks and uncertainties which could cause our actual results, performance, and financial condition to differ materially from our expectations. See "Risk Factors" in our 2015 Form 10-K filed with the Securities and Exchange Commission for a discussion of risk factors that affect our business. Any forward-looking statement made by us in this news release speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future development or otherwise, except as may be required by law.

### **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 release, such as "resources," "potential resources," "resource potential," "estimated net reserves," "recoverable reserves," 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 Dec. 31, 2015, available from Apache at [www.apachecorp.com](http://www.apachecorp.com) or by writing Apache at: 2000 Post Oak Blvd., Suite 100, Houston, TX 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).

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Click [here](#) for the full release including the quarterly financial statements.

Click [here](#) for the Second-Quarter 2016 Financial and Operational Supplement.