



August 3, 2017

Apache Corporation Announces Second-Quarter 2017 Financial and Operational Results

- | Delivered second-quarter production of 460,000 barrels of oil equivalent (Boe) per day and adjusted production of 388,000 Boe per day, which excludes Egypt noncontrolling interest and tax barrels;
- | Announced the strategic exit from Canada, which streamlines the portfolio, increases leverage to the Permian and positively impacts financial metrics; revised 2017 guidance accordingly;
- | Completed first appraisal wells in the oil window of the Wolfcamp formation at Alpine High, providing further confirmation of an oil play and supporting hundreds of additional drilling locations; and
- | Demonstrated strong cost discipline despite inflationary pressures; capital and lease operating expenses (LOE) tracking at or below guidance for the full year.

HOUSTON, Aug. 3, 2017 – Apache Corporation (NYSE: APA) (Nasdaq: APA) today announced its financial and operational results for the second quarter of 2017.

Apache reported earnings of \$572 million or \$1.50 per diluted common share for the second quarter of 2017. 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 results were a loss of \$79 million or \$0.21 per share. Adjusted earnings include the effect of dry-hole costs of \$0.08 per share, after tax.

Net cash provided by operating activities was \$751 million, compared to \$455 million in the first quarter of 2017, and adjusted earnings before interest, taxes, depreciation, depletion, amortization and exploration expenses (adjusted EBITDAX) was \$850 million, compared to \$999 million in the first quarter of 2017.

John J. Christmann IV, Apache's chief executive officer and president said, "Our second-quarter results and operational achievements continue to demonstrate the effectiveness of our underlying strategy. As anticipated, our total daily production bottomed out in the second quarter, and we have shifted to a growth trajectory. We expect continued production volume increases at Alpine High and in the Midland Basin, as well as from our international regions during the second half of 2017. We are successfully managing service cost pressure, LOE and general and administrative (G&A) costs across the company.

"Today, through the combination of expected cash flow from operations and proceeds from recent asset sales, we have the ability to fund our 2017 capital expenditures and dividend program without utilizing our balance sheet. Our \$3.1 billion capital program remains unchanged, and relative to year-end 2016, we expect to end 2017 with more cash, less debt and significantly higher production levels in the Permian Basin," said Christmann.

Portfolio update

Apache expects to complete its previously announced exit from Canada in August. In addition to the total \$713 million sales price, the Canadian exit will result in several important financial benefits including a reduction of approximately \$800 million in asset retirement obligations from the balance sheet and positive implications for G&A, average cash margins per Boe, earnings per share, free cash flow and corporate-level returns on capital employed.

Financial position and liquidity

Oil and gas capital investment was \$738 million during the quarter, with two-thirds focused on the Permian Basin. The company ended the quarter with \$1.7 billion of cash, up from \$1.5 billion at the end of the first quarter of 2017. Apache's net debt position was \$6.8 billion, a decrease of \$144 million from the previous quarter.

Second-quarter operational summary

During the second quarter, Apache operated an average of 35 rigs and drilled and completed 66 gross-operated wells worldwide. Highlights from Apache's three principal areas include:

- | **North America** – During the quarter, North American production was 244,000 Boe per day, and Apache averaged 18 rigs and drilled and completed 36 gross-operated wells.
 - | **Permian Basin** – Production averaged 146,000 Boe per day, and Apache operated an average of 17 rigs during the quarter.

n **Delaware Basin:**

- n At Alpine High, the company averaged six rigs and announced two new parasequence well results in the oil window of the Wolfcamp, the first of which had a 4,500 foot lateral and recorded a 30-day average rate in excess of 1,000 Boe per day. Early results from mapping and testing these zones give the company confidence, at a minimum, in hundreds of additional drilling locations, with a considerable amount of acreage and numerous landing zones still to be tested.
- n The company connected to market the first segment of its natural gas trunk line and achieved first production in early May, exceeding its June 30 target of 50 million cubic feet (MMcf) per day of processed gas. Currently, net sales gas exceeds 60 MMcf per day, which is expected to increase to more than 100 MMcf per day by the end of September.

n **Midland Basin:**

- n Apache averaged six rigs and focused primarily on multi-well pad drilling in the Wolfcamp and Spraberry formations. During the quarter, the company brought online the nine-well Schrock 34 pad in Glasscock County with very strong results.

- l **North Sea** – Apache reported average production of 55,000 Boe per day and averaged four rigs during the quarter. At Callater, the company completed its facility tieback ahead of schedule and is currently flowing back the 18x discovery well and a subsequent well at a combined, facilities-constrained rate of 19,000 Boe per day, of which approximately 70 percent is oil and natural gas liquids.
- l **Egypt** – On a net basis, excluding minority interest and tax barrels, Egypt production was 89,000 Boe per day. Apache averaged 13 rigs and drilled and completed 25 gross-operated wells during the quarter including two high-rate exploration wells in the Matruh Basin, which de-risked additional exploration prospects in the area. Apache expects to sign agreements soon for two new concessions, which will increase the company's footprint in the Western Desert by 40 percent.

2017 outlook and plan update

To reflect the impact of the company's exit from Canada, Apache has updated its 2017 production guidance to account for divested volumes. Guidance for certain expenses, including gathering and transportation costs and G&A expenses, has also been reduced. With regards to capital, Apache's \$3.1 billion 2017 budget is not impacted by the Canada exit since most of the capital allocated to Canada this year will have been spent by the time all transactions have closed. Further details on financial and operational guidance can be found in the Second-Quarter 2017 Financial and Operational Supplement.

"As we look to 2018, we are well prepared to manage a capital program commensurate with the prevailing price environment without stressing the balance sheet or diluting our shareholders. We are keenly focused on returns and have great confidence in the economics of our long-term investments and opportunity set. We have structured our business to adapt and thrive in a lower-for-longer price environment. Our focus on costs, maintaining a strong balance sheet and streamlining our business have positioned us to deliver returns-focused organic growth for many years to come," said Christmann.

Conference call

Apache will host a conference call to discuss its second-quarter 2017 results at 1 p.m. Central time, Thursday, Aug. 3. The conference call will be webcast from Apache's website at www.apachecorp.com and investor.apachecorp.com, and the webcast replay will be archived there as well. A replay of the conference call will be available for seven days following the call. The number for the replay is 855-859-2056 or 404-537-3406 for international calls. The conference access code is 48382280. Sign up for email alerts to be reminded of the webcast at investor.apachecorp.com/alerts.cfm.

Additional Information

Additional information follows, including reconciliations of adjusted earnings, adjusted EBITDAX and net debt (non-GAAP financial measures) to GAAP measures and information regarding adjusted production. Apache's quarterly supplement is available at www.apachecorp.com/financialdata.

About Apache

Apache Corporation is an oil and gas exploration and production company with operations in the United States, Canada, Egypt and the United Kingdom. Apache posts announcements, operational updates, investor information and copies of all press releases on its website, www.apachecorp.com, and on its Media and Investor Center mobile application, which is available for free download from the [Apple App Store](#) and the [Google's Play store](#).

NonGAAP financial measures

Apache's financial information includes information prepared in conformity with generally accepted accounting principles (GAAP) as well as non-GAAP information. It is management's intent to provide non-GAAP financial information to enhance understanding of our consolidated financial information as prepared in accordance with GAAP. Adjusted earnings, adjusted EBITDAX and net debt are non-GAAP measures. This non-GAAP information should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial 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," "outlook," 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 2016 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, 2016, available from Apache at 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.

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

Click [here](#) for the Second -Quarter 2017 Financial and Operational Supplement.