Apache

EAST COAST MARKETING SUPPLEMENT

OCTOBER 2017

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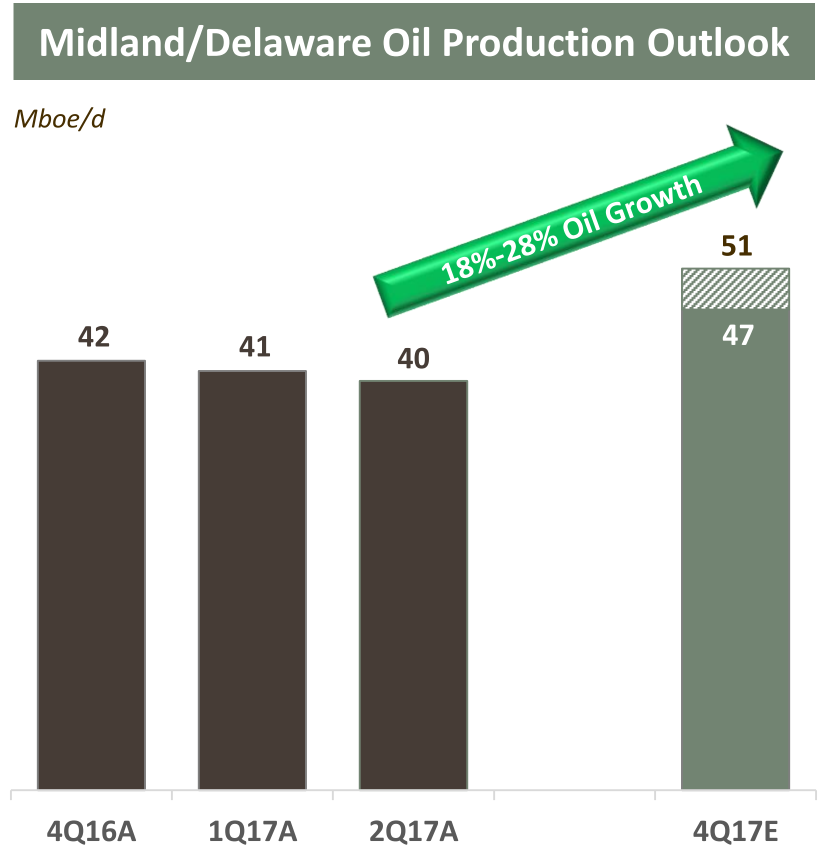
APACHE INVESTMENT ATTRIBUTES

Balanced and focused portfolio	■ Top-tier Permian Basin position with extensive growth and development opportunities ■ Strong free cash flow generating assets in Egypt and North Sea
Disciplined financial approach	■ Maintained dividend and credit rating; reduced debt; no shareholders dilution ■ Low entry costs at Alpine High yields higher return on capital employed
Focused on returns	■ Rigorous capital allocation process and disciplined spending approach ■ Investment decisions based on fully burdened economics
Positioned for per share growth	■ Permian Basin / Alpine High drive production and cash flow growth ■ Fund with internally generated cash and non-core asset sales

Strong momentum going into 2018

PERMIAN UPDATE

- Permian production bottomed in 2Q17, significant growth ramp has commenced
- Delivering on unconventional oil production
  - 4Q17 Midland+Delaware oil production tracking at upper end of guidance
  - Southern Midland Basin driver of Permian oil growth
- Recently brought online two pads at Wildfire
  - 13 total wells
  - Average 30-day IPs of ~1,100 boe/d per well
    - ~85%-90% oil
- Three additional pads (20 wells) scheduled to come online in 4Q17



ALPINE HIGH: A DIFFERENTIATED RESOURCE PLAY

336,000 Net Contiguous Acres

- 5,000'+ thick hydrocarbon column
  - Thick, contiguous, repeatable source rock in Barnett, Woodford and Pennsylvanian
    - Only known area of Delaware Basin where source rock sits in Wet Gas / Oil generation window
  - Shallower Wolfcamp / Bone Springs oil play present across Alpine High
- 5,000+ locations identified in Wet Gas, Oil and Dry Gas phase windows
  - Upside potential with additional landing zones, tighter spacing, geographic expansion
- Low cost of entry: ~$1,300/acre average leasehold cost (low ROCE burden)

ALPINE HIGH SPANS THREE HYDROCARBON PHASES

	Overview	Typical Well Economics[1]	
Wet Gas	■ Predominantly in the Woodford and Barnett ■ Gas BTU content up to 1,500 ■ Recoverable oil volumes estimated at ~130,000 barrels per well – 455 million barrels for the entire project	**■ 3,500+ well locations**	
		EUR	*9-15 Bcfe*
		NPV-10	*\$5-\$8 mm*
		BTAX IRR	*44%-79%*
		Well cost	*\$4.0-\$6.0 mm*
Oil	■ Wolfcamp and Bone Springs is present across majority of the play ■ Locations identified thus far on only a portion of Northern Flank ■ Extremely thick interval with multiple landing targets ■ Extensive geologic and geophysical mapping underway	**■ 500+ well locations**	
		EUR	*600 Mboe*
		NPV-10	*\$3 mm*
		BTAX IRR	*>100%*
		Well cost	*\$4.5 mm*
Dry Gas	■ Predominantly in the Woodford and Barnett formations in the Northern Flank ■ BTU content less than 1,050	**■ 1,000+ well locations**	
		EUR	*17-23 Bcfe*
		NPV-10	*\$3-\$7 mm*
		BTAX IRR	*31%-59%*
		Well cost	*\$5.0-\$6.0 mm*

(1) Fully burdened, including acreage, seismic, G&A, and infrastructure. Assumes \$50 WTI / \$3.00HH / NGL = 60% WTI flat pricing under a development scenario.

REPLACING CANADA WITH ALPINE HIGH

- Exited Canada for net cash proceeds of ~$706 mm, plus elimination of ~$800 mm ARO
- Reduces annual overhead and ARO accretion expense
- Increases APA's North American leverage to the Permian Basin
- **Alpine High characterized by higher expected margins and much lower F&D costs**

	Canada	Alpine High(1)
Production	**50 Mboe/d** *in 2Q17*	**50 Mboe/d** *expected by May 2018*
Expl & Dev F&D	**$6-$14/boe** *2014-2016 actuals*	**$4-$6/boe**
Cash Margins	**$7/boe** *2Q17 actual*	**$11-$14/boe**

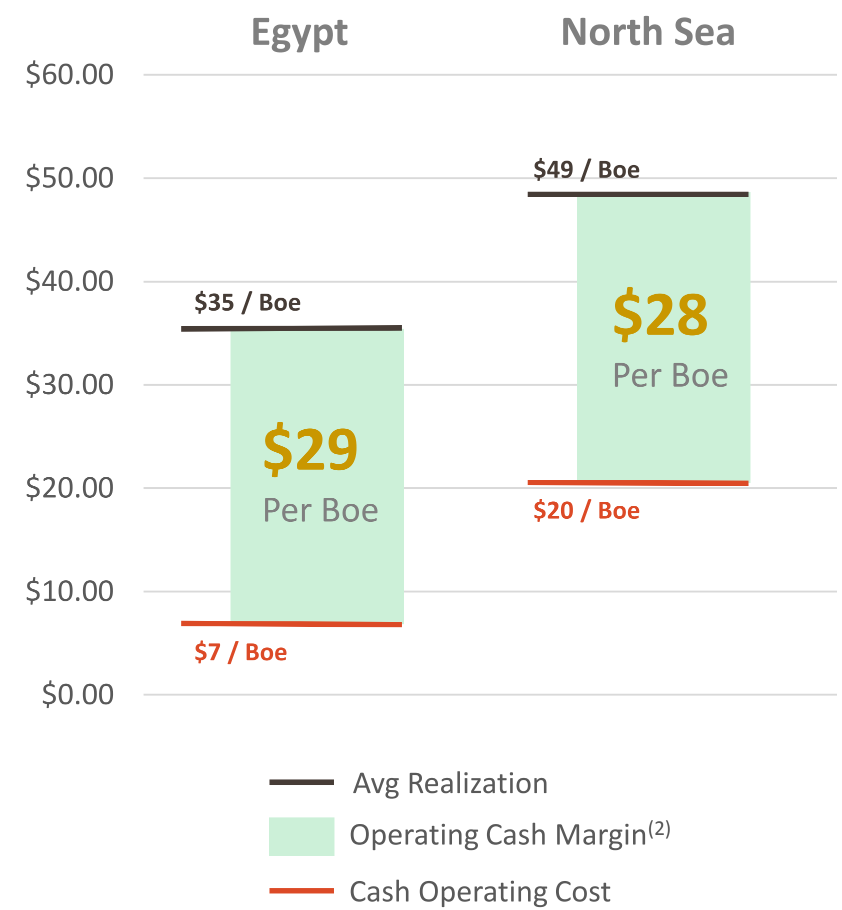
(1) Projected F&D and cash margins reflect a blended rate of oil, wet gas, and dry gas under a development scenario from 2018 going forward; assumes $50 WTI / $3 HH.

INTERNATIONAL CASH FLOW FUNDS PERMIAN BASIN GROWTH

- Generated $512 mm of cash flow from operations (pre-WC) less oil and gas capital through first two quarters of 2017[1]
- Brent-indexed oil pricing contributes to high margins and returns
- Extensive inventory of step-out exploration and development opportunities

Egypt	Two new concessions comprising 1.6 mm acres add 40% to Apache's Egypt acreage position Shooting new, high-resolution 3-D seismic over legacy and new acreage Significant new discovery in legacy basin sets up nearby targets
North Sea	Multiple tertiary play targets across 100,000 acres in the Beryl area Ocean Patriot semi-submersible day-rate significantly reduced in 2018 Premium pricing realized for natural gas

Operating Cash Margins: 2Q17



(1) See appendix for non-GAAP reconciliations.
(2) Operating cash margins calculated as price realizations less lease operating expenses, gathering and transportation costs and taxes other than income.

2018 CAPITAL BUDGET CONSIDERATIONS

- Apache's philosophy is generally to be cash flow neutral on an all-inclusive basis
- The 2018 budget provided in February contemplated $55 oil and a $500 mm "outspend", all of which was attributable to Alpine High infrastructure
  - Activity reductions and non-core asset sales could mitigate outspend if Apache budgets at a lower price deck
  - Projected $1.7 billion of cash at year-end 2017
- Alpine High and Midland Basin remain top investment priorities
  - Seek to balance upstream investment between Alpine High and Midland Basin oil
  - Midstream investment similar to 2017

APACHE RECAP

- Prudently navigated the downturn and reduced leverage
- Streamlined the portfolio and successfully transitioned from “Acquire and Exploit” strategy to “Low Cost Organic Growth” strategy
- Discovered Alpine High, quickly ramped production to >20 Mboe/d (net)
- Driving Midland Basin oil production efficiencies through multi-well pad development and longer laterals
- Delivering on Permian <u>oil production</u> guidance
- Generated a large, low-cost position in Suriname with significant upside optionality

APPENDIX

CASH FLOW BY REGION

	For the Quarter Ended June 30, 2017				
	North Sea	Egypt [1]	Canada	U.S. and Other	Consolidated
			($ in millions)		
Net cash provided by operating activities	$ 207	$ 346	$ 22	$ 176	$ 751
Changes in operating assets and liabilities	73	63	4	8	148
Cash flows from operations before changes in operating assets and liabilities	$ 134	$ 283	$ 18	$ 168	$ 603

	For the Six Months Ended June 30, 2017				
	North Sea	Egypt [1]	Canada	U.S. and Other	Consolidated
			($ in millions)		
Net cash provided by operating activities	$ 355	$ 569	$ 28	$ 254	$ 1,206
Changes in operating assets and liabilities	64	(35)	(14)	(142)	(127)
Cash flows from operations before changes in operating assets and liabilities	$ 291	$ 604	$ 42	$ 396	$ 1,333

(1) Includes non-controlling interest in Egypt.

OIL AND GAS CAPITAL INVESTMENT

	1Q17 (1)	2Q17 (1)
	(In millions)	
E&P and GTP Investment:		
Permian	$ 440	$ 486
MidCon / Gulf Coast	17	26
Gulf of Mexico	6	10
Canada	38	31
North America	501	553
Egypt (Apache's interest only) (2)	56	80
North Sea	75	100
Other	14	5
Total	$ 646	$ 738

(1) First quarter and second quarter 2017 adjustments to total Costs Incurred and GTP Capital Investments:

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

(2) First quarter and second quarter 2017 excludes noncontrolling interest in Egypt of $31 million and $41 million, respectively.

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.

	1Q17	2Q17
	($ in millions)	
Costs incurred in oil and gas property:		
Acquisitions		
Proved	$ -	$ 3
Unproved	49	15
Exploration and development	513	733
	562	751
GTP capital investments:		
GTP facilities	142	146
Total Costs incurred and GTP capital investments	$ 704	$ 897
Reconciliation of Costs incurred and GTP to Oil and gas capital investment		
Asset retirement obligations incurred and revisions	$ (15)	$ (104)
Asset retirement obligations settled	13	9
Exploration expense other than dry hole expense and unproved leasehold impairments	(25)	(23)
Less noncontrolling interest	(31)	(41)
Total Oil and gas capital investment	$ 646	$ 738