



February 22, 2018

Apache Corporation Announces Fourth-Quarter and Full-Year 2017 Financial and Operational Results; Provides 2018 to 2020 Outlook

Fourth-quarter highlights

- | *Delivered reported production of 440,000 barrels of oil equivalent (BOE) per day and adjusted production of 362,000 BOE per day;*
- | *Achieved U.S. production of 222,000 BOE per day, at the high end of guidance;*
- | *Permian oil volumes grew 10 percent from the third quarter. Total Permian production achieved a record, exceeding the previous high set two years ago; and*
- | *Reported \$668 million in net cash from operating activities and adjusted EBITDAX of \$1.1 billion.*

Full-year 2017 highlights

- | *Returned to profitability, both on a GAAP and adjusted earnings basis;*
- | *Generated \$1.4 billion of proceeds and eliminated approximately \$800 million in future asset retirement obligations through asset sales;*
- | *Returned \$380 million, or 16 percent of net cash from operating activities, during the year to shareholders in the company's 53rd consecutive year of dividend payments;*
- | *Retained \$1.7 billion in cash on hand and reduced net debt to \$6.8 billion from \$7.2 billion the previous year; and*
- | *Initiated first sales at Alpine High and increased production to 25,000 BOE per day by year-end.*

2018 outlook

- | *Establishes a 2018 capital budget of \$3 billion, including \$500 million for Alpine High midstream;*
- | *Directs more than 70 percent of the capital program toward the Permian; and*
- | *Projects 7 percent to 13 percent adjusted production growth worldwide and 9 percent oil growth in the Permian.*

Three-year outlook (2018 to 2020)

- | *Planned aggregate upstream investment of approximately \$7.5 billion;*
- | *Total Alpine High midstream investment of \$1 billion;*
- | *Anticipates a compound annual growth rate of 11 to 13 percent worldwide, 19 to 22 percent in the United States, and 26 percent to 28 percent in the Permian Basin; and*
- | *Expects strong and growing Cash Returns on Capital Invested (CROIC) of 18, 20 and 22 percent, respectively, over the three-year period.*

HOUSTON, Feb. 22, 2018 – Apache Corporation (NYSE: APA) (Nasdaq: APA) today announced its financial and operational results for fourth-quarter and full-year 2017.

Apache reported net income attributable to common stock of \$456 million or \$1.19 per diluted common share during the fourth quarter 2017. When adjusted for certain items that impact the comparability of results including the impact of U.S. tax reform, Apache's fourth-quarter income totaled \$126 million, or \$0.33 per share. Net cash provided by continuing operating activities in the fourth quarter was \$668 million, and adjusted EBITDAX was \$1.1 billion.

For the full year 2017, Apache reported income of \$1.3 billion, or \$3.41 per diluted common share. On an adjusted basis, Apache's 2017 income totaled \$92 million, or \$0.24 per share. Net cash provided by continuing operating activities was \$2.4 billion, and adjusted EBITDAX was \$3.7 billion in 2017.

John J. Christmann IV, Apache's chief executive officer and president, said, "2017 was a year of significant progress at Apache marked by several important milestones. In the Permian, we returned to a growth trajectory with notable oil growth in the Midland Basin and commencement of production from Alpine High. We made great technical progress in the Midland Basin increasing lateral lengths and utilizing technology to improve our recoveries and reduce our costs. We consolidated our land position, confirmed additional landing zones, and progressed numerous strategic tests. At Alpine High, we initiated first production ahead of schedule, substantially increased our inventory count, and began to realize operational efficiencies

with pad drilling.

“Internationally, we signed our first concessions in Egypt in 10 years, and with the help of modern-vintage 3D seismic, we expect to unlock significant future drilling opportunities in the region. We also completed our exit from Canada, further streamlining our portfolio. It was a year of numerous accomplishments that has set us up for great success in 2018 and beyond.”

Capital budget and production outlook

In 2018, the company plans to invest \$3 billion in oil and gas capital, with more than 70 percent allocated to the Permian. This amount includes approximately \$500 million for Alpine High midstream. Internationally, Apache will continue to invest at a level to sustain long-term free cash flow in Egypt and the North Sea.

From 2018 to 2020, Apache expects to invest approximately \$7.5 billion in the upstream worldwide and \$1 billion in midstream at Alpine High. Any monetization of the Alpine High midstream assets could eliminate some or all of this expected spend.

Apache anticipates its returns-focused investment approach will result in a compound annual production growth rate of 11 to 13 percent worldwide and generate Cash Returns on Capital Invested (CROIC) of 18, 20 and 22 percent, respectively, over the three-year period.

“Our three-year plan will generate strong returns and growth and will create significant long-term value for our shareholders. Over the last three years, Apache has returned over \$1.1 billion to shareholders through the dividend. In the coming three years, we plan to return at least this amount and possibly more,” said Christmann.

Fourth-quarter operational highlights

During the fourth quarter, Apache operated an average of 36 rigs and drilled and completed 87 gross-operated wells worldwide. Highlights from Apache's principal areas include:

- | **North America** – Apache operated an average of 21 rigs and drilled and completed 58 gross-operated wells in North America and reported production of 222,000 BOE per day.

In the Permian Basin, Apache operated an average of 16 rigs and drilled and completed 57 gross-operated wells. Production averaged 177,000 BOE per day.

- | In the Midland Basin, Apache placed three multiwell pads on production. Drilling, completion and equipment costs decreased 20 percent from the first quarter of 2017 on a treated-lateral-foot basis, while volumes improved by approximately 17 percent.
- | In the Delaware Basin, Apache averaged nine rigs, with six at Alpine High. The company completed construction of its fifth central processing unit at Alpine High bringing processing capacity to 280 million cubic feet (MMcf) per day with an additional 50 MMcf per day commissioned in January 2018.

- | **International** – Apache operated an average of 15 rigs and drilled and completed 29 gross-operated wells internationally and reported production of 218,000 BOE per day.

- | **Egypt** – The company completed nine wells with 24-hour initial production rates exceeding 1,000 BOE per day. Following the award of additional Western Desert concessions, the company is progressing an 1,800 square-kilometer 3D seismic shoot.
- | **North Sea** – The company completed the sale of the SAGE gas pipeline and brought online a third development well at Callater. Quarterly production was impacted by an unplanned 17-day shutdown on the third-party operated Forties Pipeline System.

Financial position and liquidity

At year-end, the company had \$1.7 billion cash on hand, up from \$1.4 billion at year-end 2016. During the year, asset sales generated \$1.4 billion of proceeds and eliminated approximately \$800 million of future asset retirement obligations. The company's net debt position at year-end was \$6.8 billion, down from \$7.2 billion at year-end 2016.

Year-end 2017 proved reserves

Worldwide estimated proved reserves totaled 1.2 billion BOE at year-end 2017, down from 1.3 billion BOE at year-end

2016, primarily as a result of the company's sale of its Canadian assets during 2017. The company replaced 124 percent of 2017 production through extensions and discoveries net of engineering revisions. All sources finding and development costs were \$11.89 per BOE. Proved undeveloped reserves represented 13 percent of total proved reserves at year-end.

Changes in Apache's reserves during the year consisted of the following: divestitures of 212 million barrels of oil equivalent (MMBOE) and production of 167 MMBOE; These decreases were offset by 230 MMBOE of proved reserves added through net extensions and discoveries, 2 MMBOE of proved reserves through purchases of minerals in-place, and revisions of previous estimates of 10 MMBOE.

Conference call

Apache will host a conference call to discuss its fourth-quarter and full-year 2017 results at 1 p.m. Central time, Thursday, Feb. 22. 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 5884904. Sign up for email alerts to be reminded of the webcast at investor.apachecorp.com/alerts.cfm.

About Apache

Apache Corporation is an oil and gas exploration and production company with operations in the United States, Egypt and the United Kingdom. Apache posts announcements, operational updates, investor information and 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 [Google Play](#).

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.

Non-GAAP financial measures

Apache's financial information includes information prepared in conformity with generally accepted accounting principles (GAAP) as well as non-GAAP financial 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, and 2017 Form 10-K when filed, with the Securities and Exchange Commission ("SEC") for a discussion of risk factors that affect our business. Any forward-looking statement made by Apache 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. Apache undertakes 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 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 (and Apache's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2017, when filed) 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 financial statements.

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

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