
Apache
SECOND-QUARTER 2018
FINANCIAL & OPERATIONAL SUPPLEMENT

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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.

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APA ADJUSTED PRODUCTION OUTLOOK

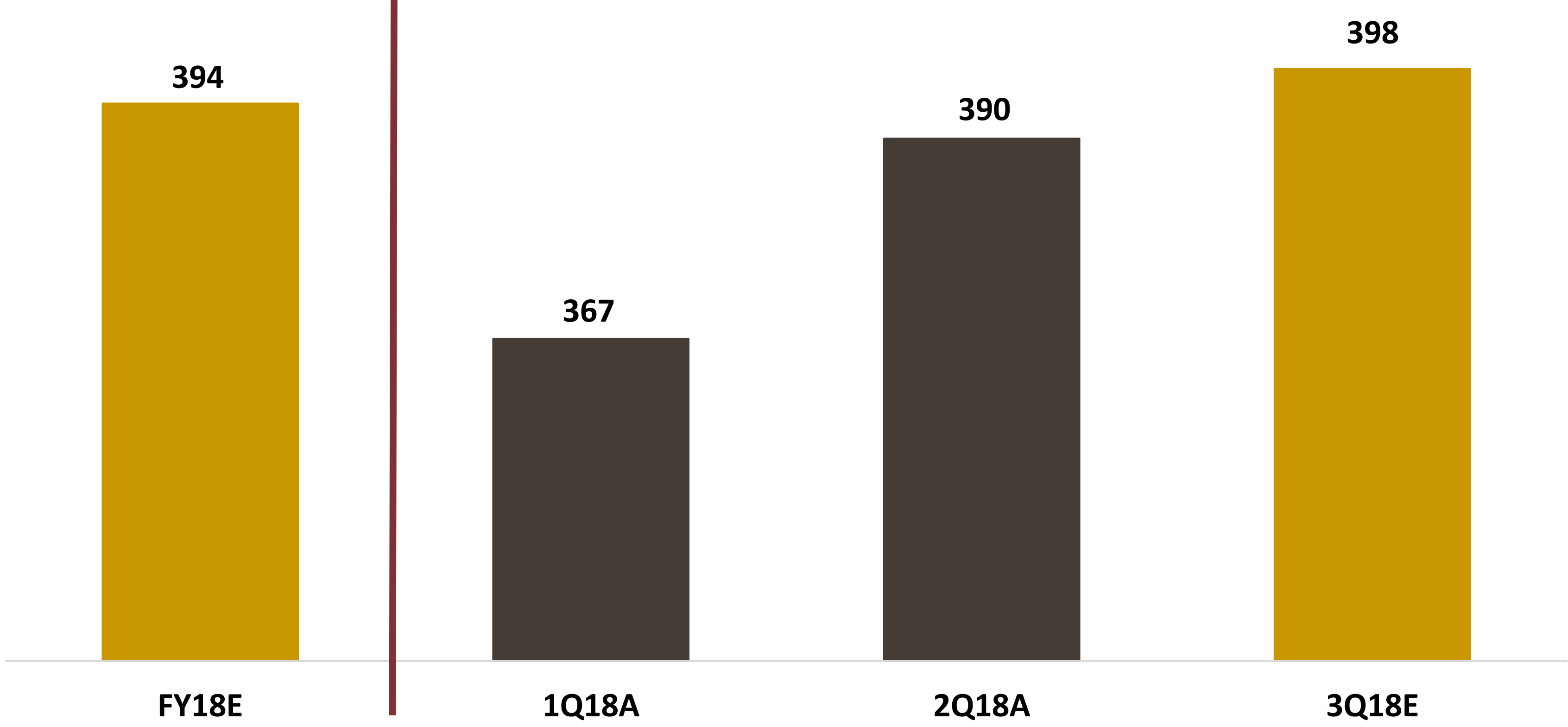
2018 Production Guidance Update (Mboe/d)

Annual

- **Updating 2018 guidance to 394 Mboe/d**

Quarterly

- **2Q’18 exceeded guidance by 7 Mboe/d (+2%)**
- **Establishing 3Q’18 guidance of 398 Mboe/d**



Note: Excludes production attributable to Egypt tax barrels and noncontrolling interest.

UNITED STATES PRODUCTION OUTLOOK

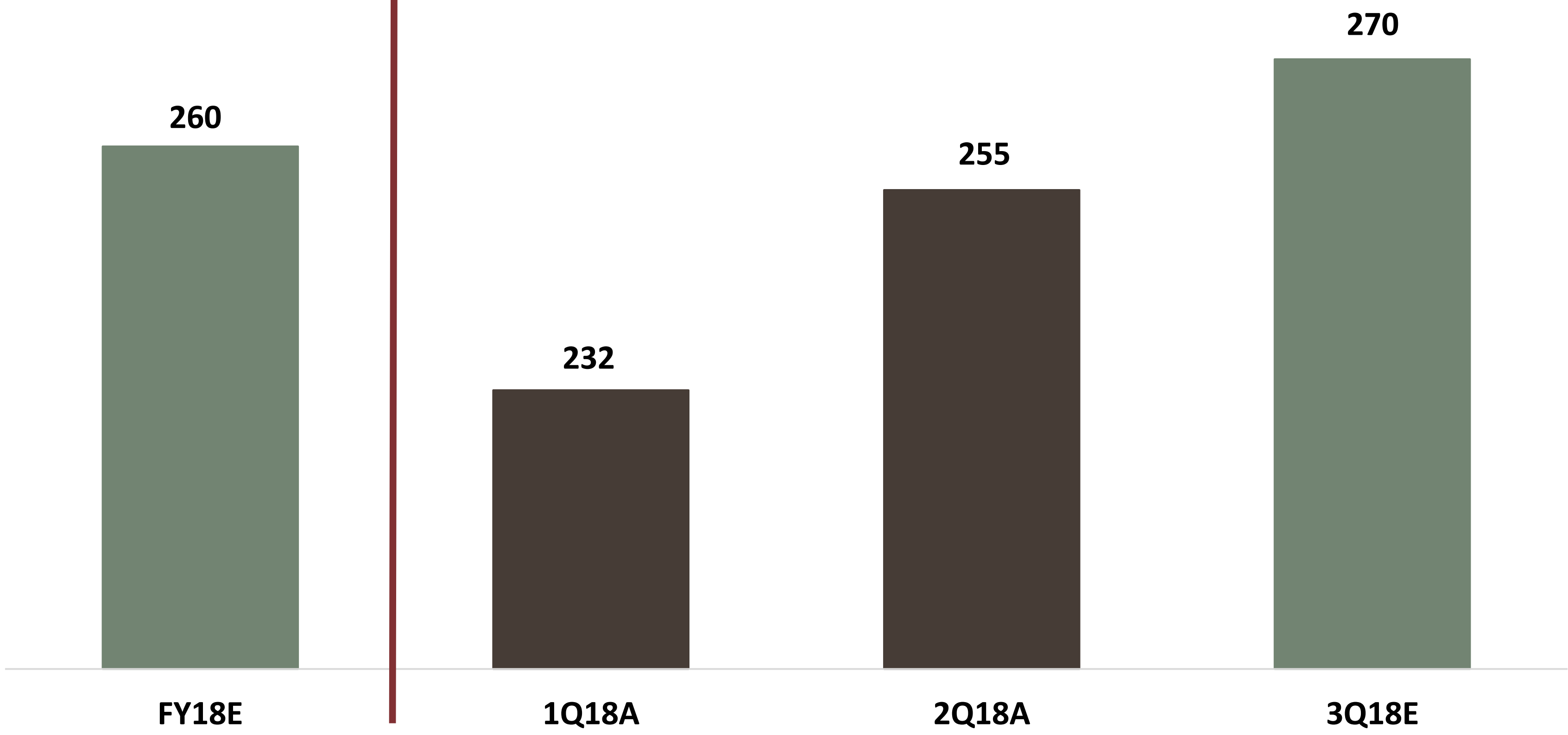
2018 Production Guidance Update (Mboe/d)

Annual

- **Increasing 2018 guidance to 260 Mboe/d**

Quarterly

- **2Q'18 exceeded guidance by 7 Mboe/d (+3%)**
- **Establishing 3Q'18 guidance of 270 Mboe/d**



Note: Includes Permian Basin, Mid-Continent/Gulf Coast, and Gulf of Mexico regions.

PERMIAN PRODUCTION OUTLOOK

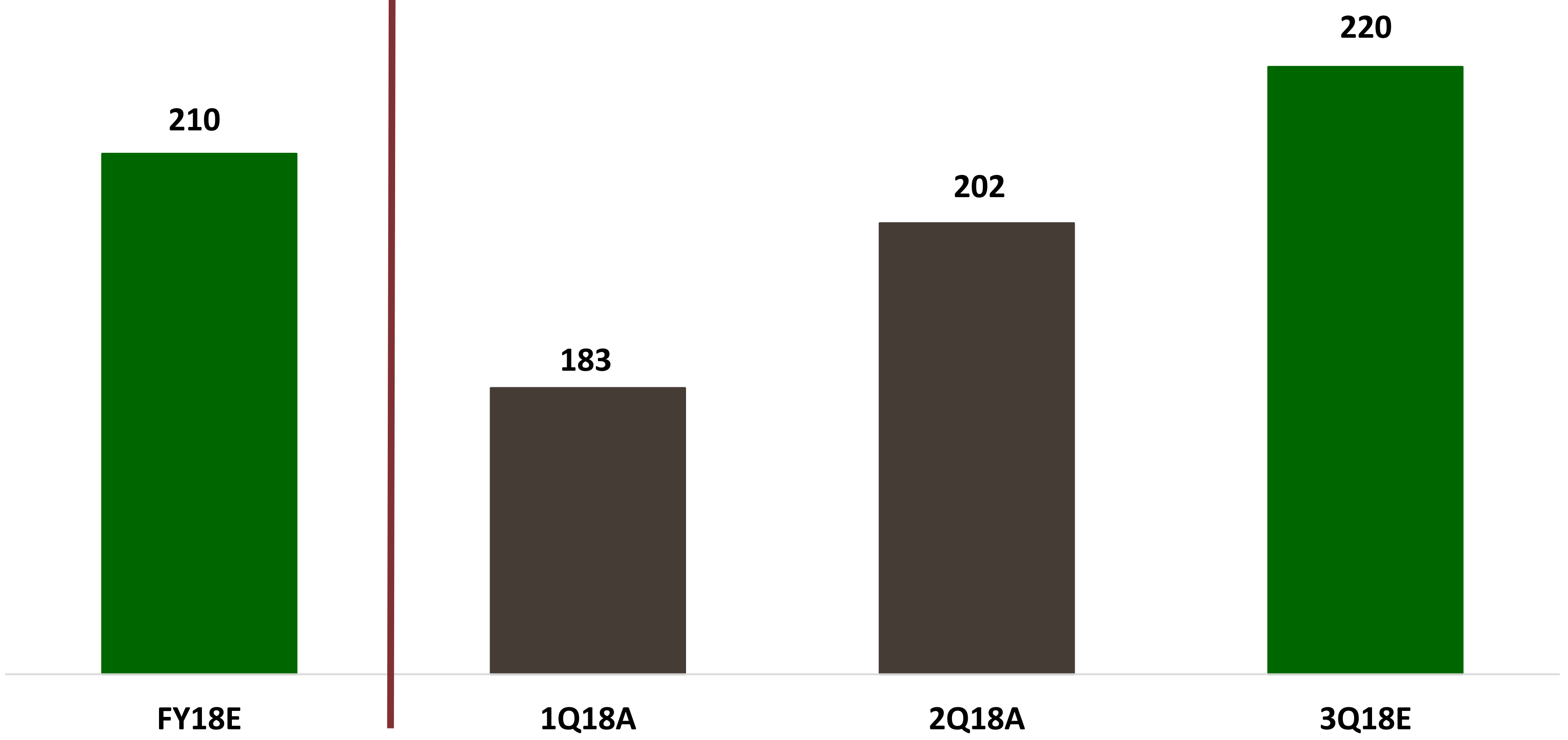
2018 Production Guidance Update (Mboe/d)

Annual

- **Increasing 2018 guidance to 210 Mboe/d**

Quarterly

- **Establishing 3Q'18 guidance of 220 Mboe/d**



ALPINE HIGH PRODUCTION OUTLOOK

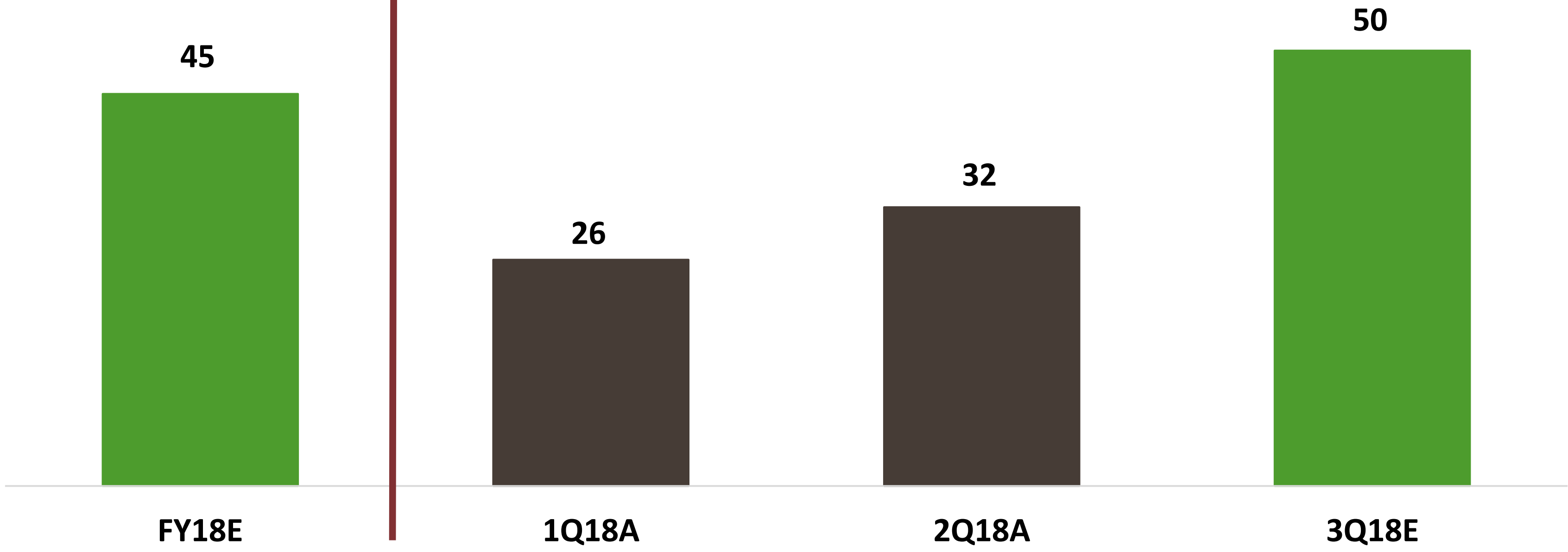
2018 Production Guidance Update (Mboe/d)

Annual

- **Updating 2018 guidance to 45 Mboe/d (midpoint of prior range)**

Quarterly

- **Establishing 3Q'18 guidance of 50 Mboe/d**



INTERNATIONAL PRODUCTION OUTLOOK

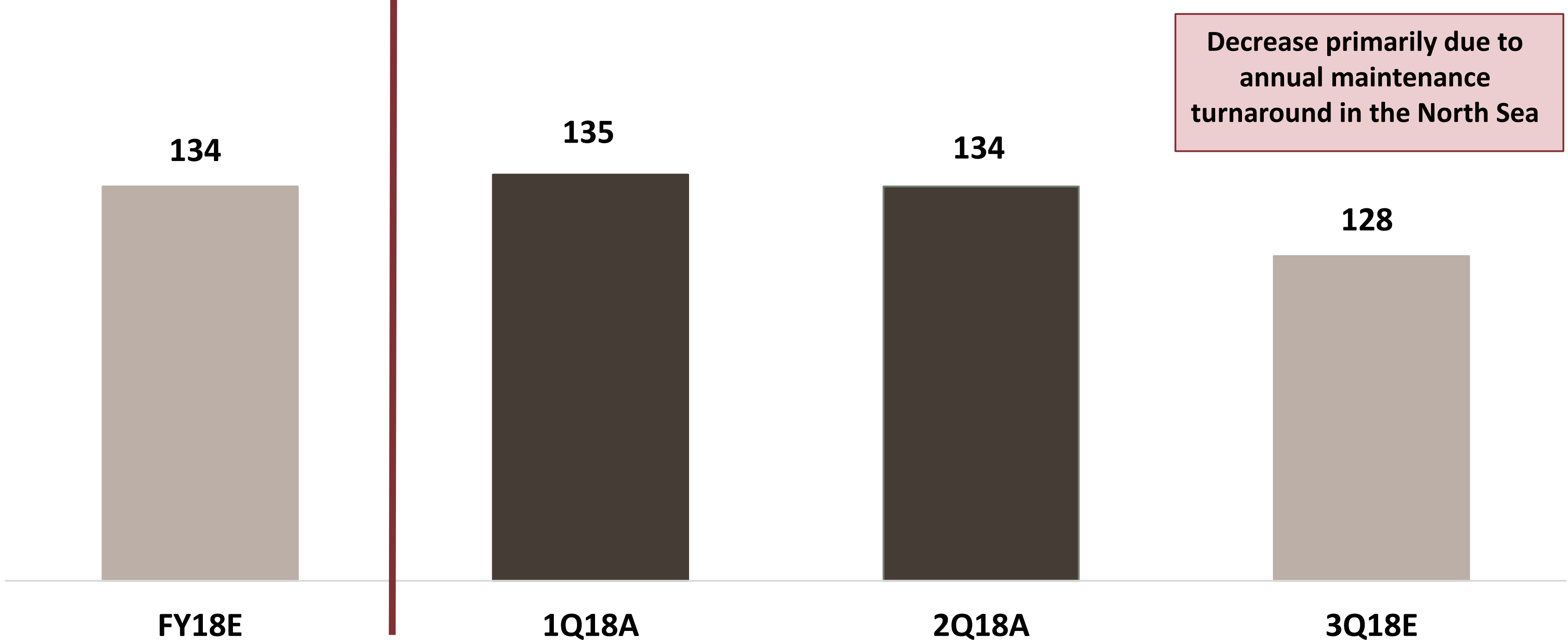
2018 Production Guidance Update (Mboe/d)

Annual

- **Updating 2018 guidance to 134 Mboe/d**

Quarterly

- **Establishing 3Q'18 guidance of 128 Mboe/d**



Note: Includes adjusted production for North Sea & Egypt. This excludes production attributable to Egypt tax barrels and noncontrolling interest.

FY 2018 GUIDANCE

Production & Capital

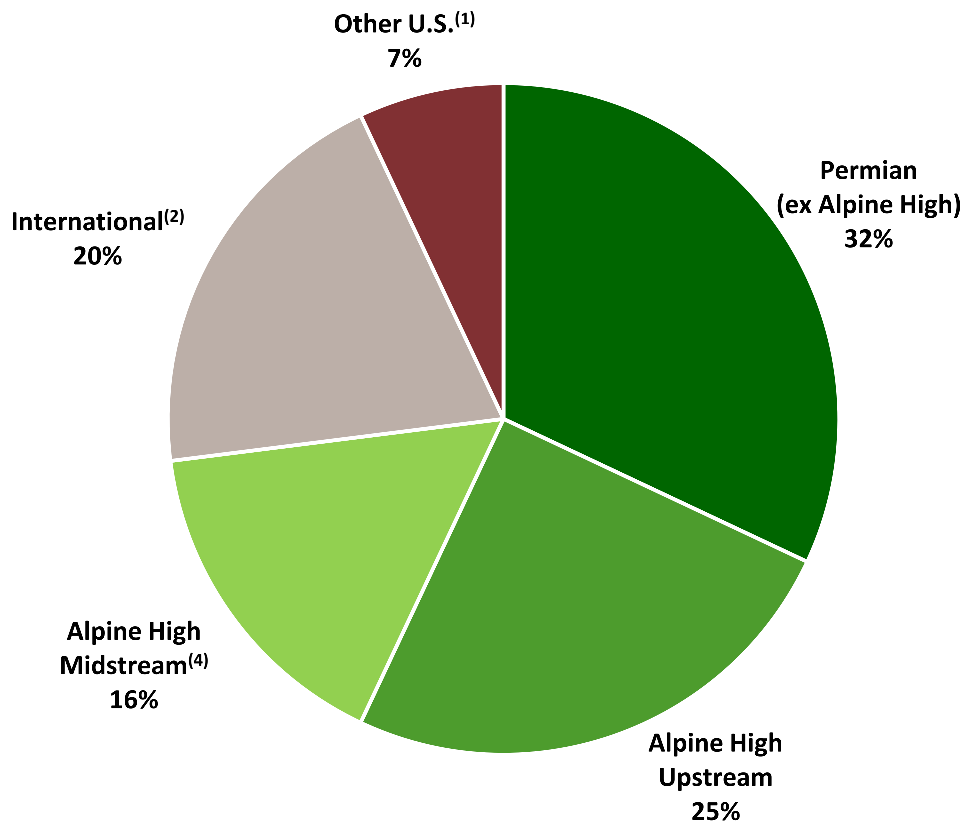
Daily Production (MBOE/D)	Previous 2018 Guidance Range			Updated 2018 Guidance
United States	250	-	258	260
International	203	-	214	208
Reported Production	453	-	472	468
Less: Egypt Tax Barrels	33	-	34	34
Less: Egypt Noncontrolling Interest	40	-	40	40
Total Adjusted Production	380	-	398	394
Estimated Product Mix: Oil/NGLs/Natural Gas				
United States	40% / 22% / 38%			**Unchanged**
International (Adjusted)	70% / 1% / 29%			**Unchanged**
Capital Guidance ($ in millions)*				
United States	$2,300			$2,700
International	$700			$700
Total	$3,000			$3,400

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

REVISED APACHE 2018 CAPITAL BUDGET

~70% of total investment allocated to Permian Basin

$3.4 Billion[3]



Increased Capital Guidance

- Completion efficiencies requires 2 additional rigs to optimize rig-frac crew ratio in the Midland basin
- Maximizing returns with longer laterals & larger fracs at Alpine High
- Pulling forward infrastructure investment to handle higher Permian production
- Increased working interest and upsizing the topside facility at Garten in the North Sea
- Long lead items for Suriname drilling program and other exploration

(1) Other United States includes Lower 48 (excluding Permian) and Gulf of Mexico
(2) International includes Egypt, North Sea and Suriname; excludes Egypt noncontrolling interest
(3) Previous capital budget $3.0 billion
(4) Assumes funding for the full year

FY 2018 GUIDANCE

Other Income Statement Items

Income Statement Items	Previous 2018 Guidance Range			Updated 2018 Guidance Range
Operating Costs				
Lease Operating Expenses ($ in millions).....................................	$1,450	-	$1,500	**Unchanged**
Lease Operating Expenses ($ per BOE)...	$8.60	-	$8.80	**Unchanged**
Gathering, Transmission, and Processing ($ in millions)[1].........	$275	-	$300	**Unchanged**
General and Administrative Expenses ($ in millions)....................	$450	-	$475	**Unchanged**
Net Interest Expense ($ in millions)..		$385		**Unchanged**
Exploration Expense ($ in millions)[2]...		$170		**Unchanged**
DD&A ($ per BOE)...	$14.25	-	$14.75	**Unchanged**
Cash Taxes ($ in millions)...	$175	-	$225	**Unchanged**

(1) Apache adopted a new accounting regulation in 2018 that changed the way certain gathering, transmission and processing (GTP) costs related to natural gas and natural gas liquids are reported. Beginning with the first quarter of 2018, fees that were previously netted from revenue are recorded as GTP expense. This accounting change does not impact per-unit cash margins or net earnings, but does result in offsetting increases in both revenues and GTP expense and higher price realizations.

(2) Excludes dry hole and unproved leasehold impairments.

3Q 2018 GUIDANCE

Quarterly Guidance	New 3Q 2018 Guidance
Production (Mboe/d)	
United States..	270
International (Adjusted)...	128
Total Adjusted Production...	398
Capex ($ in millions)...	$875
Cash Exploration Costs ($ in millions)..	$60
General and Administrative Expenses ($ in millions).....................	$110
Financing Costs ($ in millions)...	$95

2Q18 FINANCIAL AND OPERATIONAL RESULTS

SECOND-QUARTER 2018 KEY METRICS

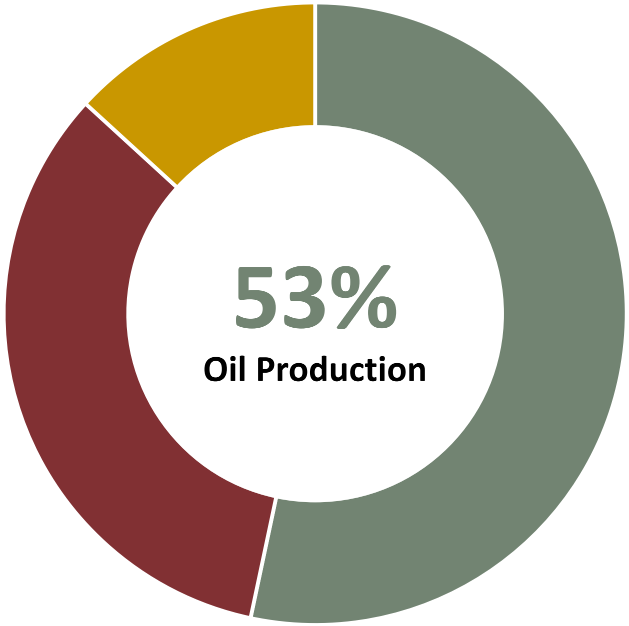
Reported Production	464 Mboe/d
Adjusted Production[1]	390 Mboe/d
Oil and Gas Capital Investment[2]	$833 Million
Adjusted EBITDAX[2]	$1.3 Billion
Earnings Per Share	$0.51
Adjusted Earnings Per Share[2][3]	$0.50

(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 $(0.03) per share of dry hole expense (net of tax).

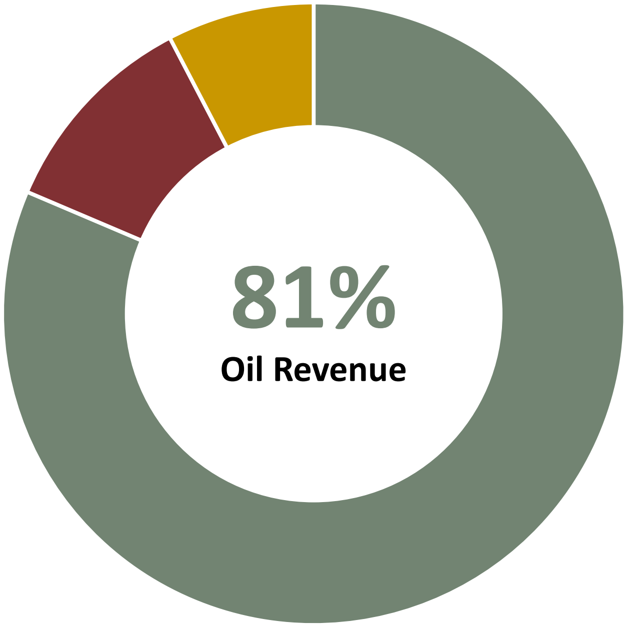
PRODUCTION AND REVENUES BY PRODUCT

2Q 2018

Reported Production
464 MBOE/D



Oil and Gas Revenue
$1.94 Billion

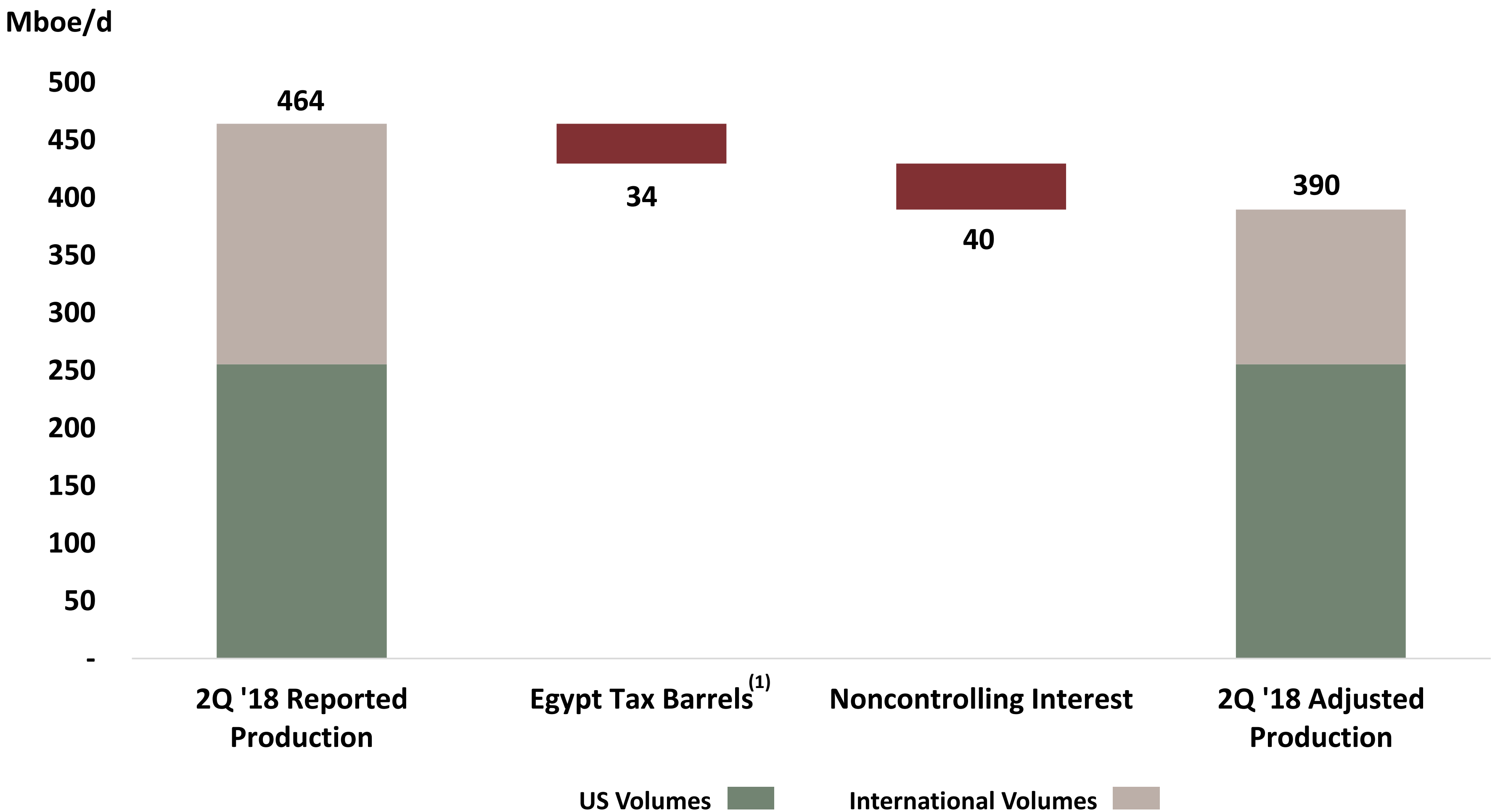


Oil Natural Gas NGLs

Note: Reported production includes noncontrolling interest and tax barrels in Egypt.

ADJUSTED PRODUCTION RECONCILIATION

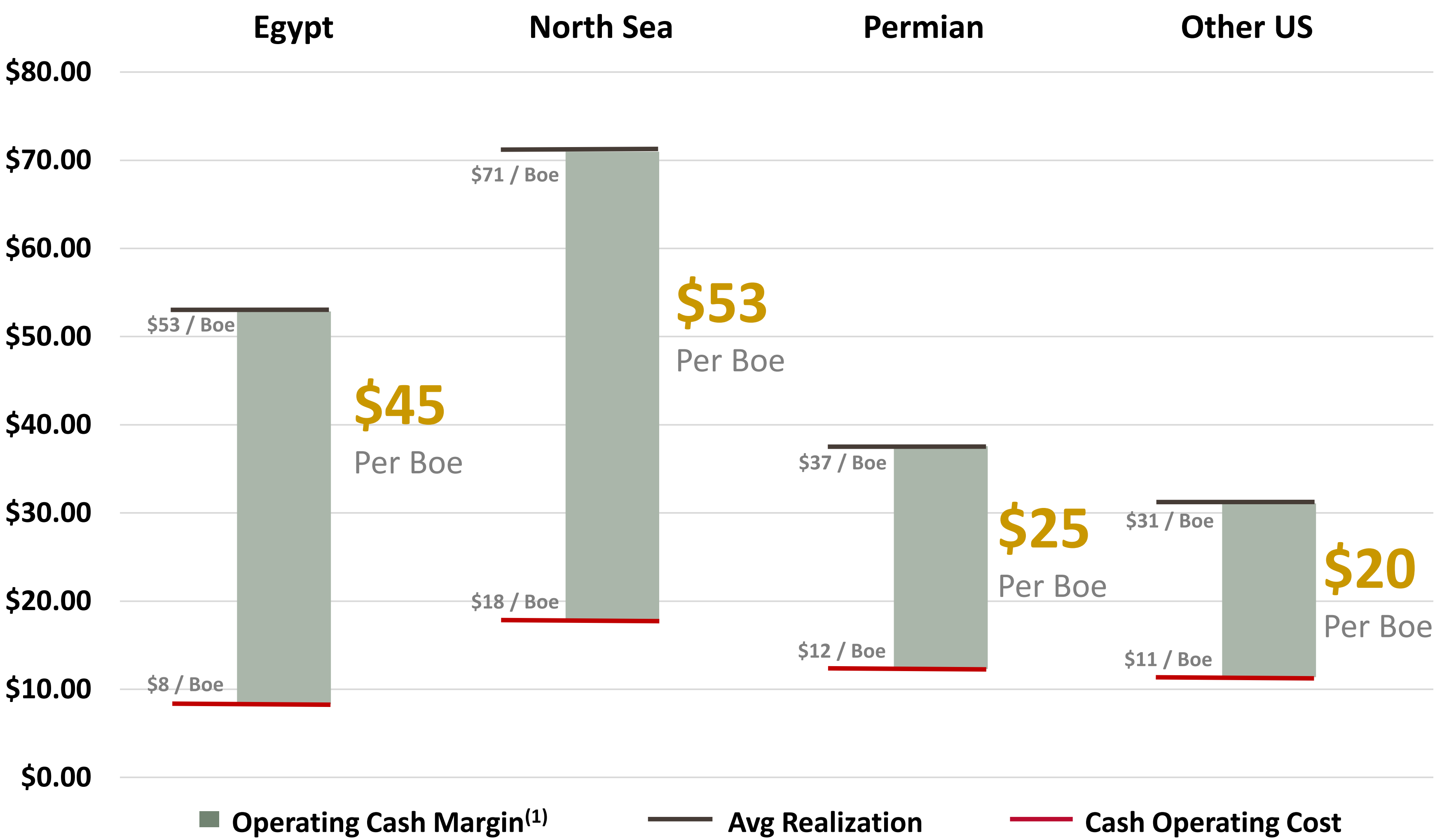
2Q 2018



(1) Includes tax barrels associated with noncontrolling interest.

OPERATING CASH MARGINS

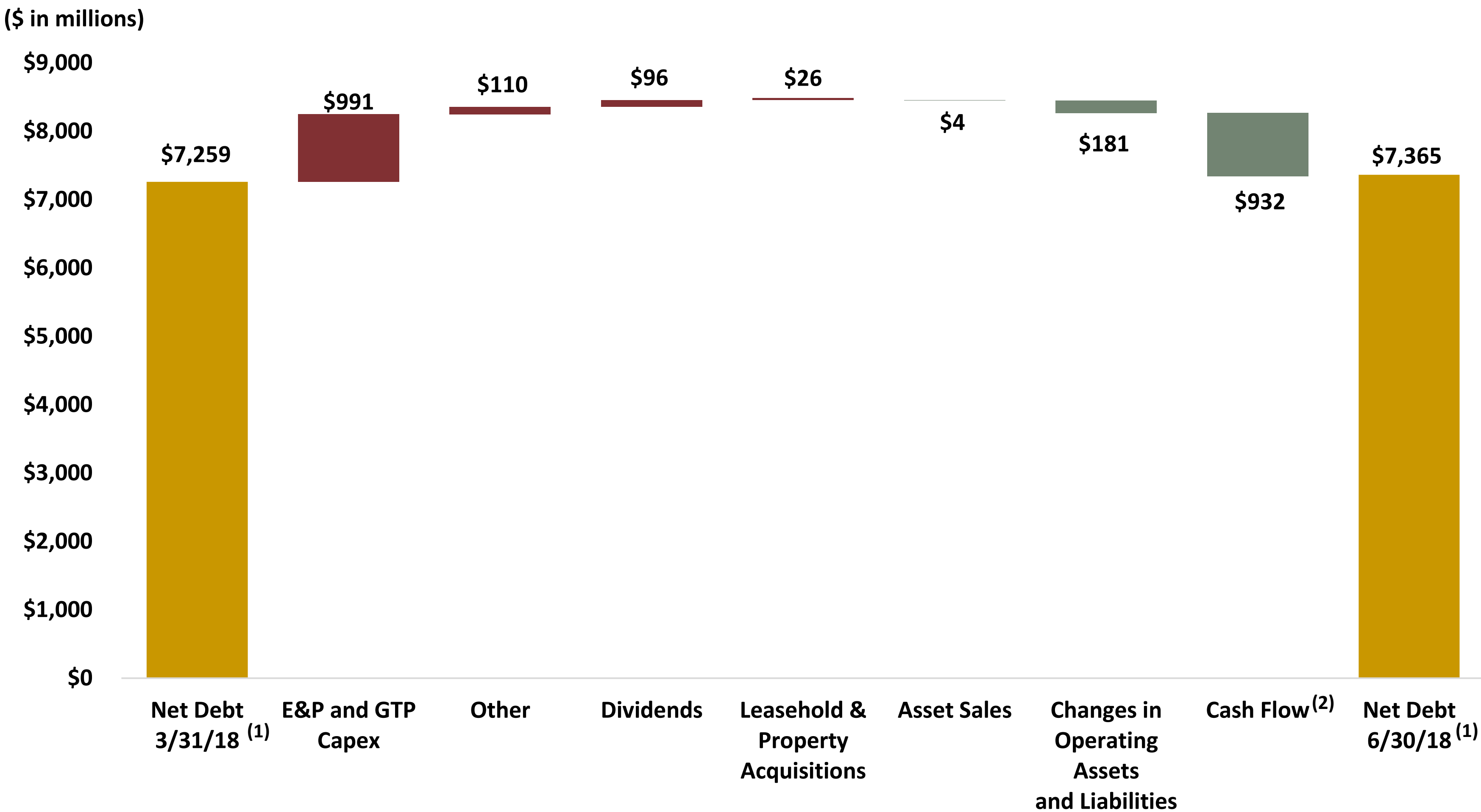
2Q 2018



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

NET DEBT RECONCILIATION

2Q 2018



(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)

	1Q18 [1]	2Q18 [1]
E&P and GTP Investment:		
Permian	$ 477	$ 490
MidCon / Gulf Coast	65	24
Midstream	115	116
Gulf of Mexico	8	19
United States.................................	665	649
Egypt (Apache's interest only) [2]	104	110
North Sea	87	72
Other	1	2
Total	$ 857	$ 833

(1) First quarter and second quarter 2018 adjustments to total costs incurred and GTP capital investments:

- Includes cash plug and abandonment of $8 million and $16 million, respectively.
- Excludes non-cash plug and abandonment oil and gas properties of $2 million and $4 million, respectively.
- Excludes non-cash GTP abandonment of $5 million and $7 million, respectively.
- Excludes exploration expense, other than dry hole expense and unproved leasehold impairments, of $40 million and $39 million, respectively.

(2) First quarter and second quarter 2018 excludes noncontrolling interest in Egypt of $52 million and $55 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.

SECOND-QUARTER 2018 REGIONAL SUMMARY

SECOND-QUARTER 2018 GLOBAL OPERATIONS

GLOBAL KEY STATS

- *Reported Production:* *464,109 Boe/d*
- *Drilled & Completed Wells*:* *105 gross, 95 net*
- *Rigs:* *Avg 33 rigs*

UNITED STATES STATS

- *Reported Production:* *255,495 Boe/d*
- *Drilled & Completed Wells*:* *70 gross, 64 net*
- *Rigs:* *Avg 17 rigs*

INTERNATIONAL STATS

- *Reported Production:* *208,614 Boe/d*
- *Drilled & Completed Wells*:* *35 gross, 31 net*
- *Rigs:* *Avg 16 rigs*

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

2Q 2018 PERMIAN REGION SUMMARY

Midland Basin

- Averaged 5 rigs and 2 frac crews in the quarter
- Placed on production 5 multi-well pads, comprising 22 wells
- More efficient completions contributing to $400,000 reduction in completion costs and reduced cycle times

Delaware Basin / Alpine High

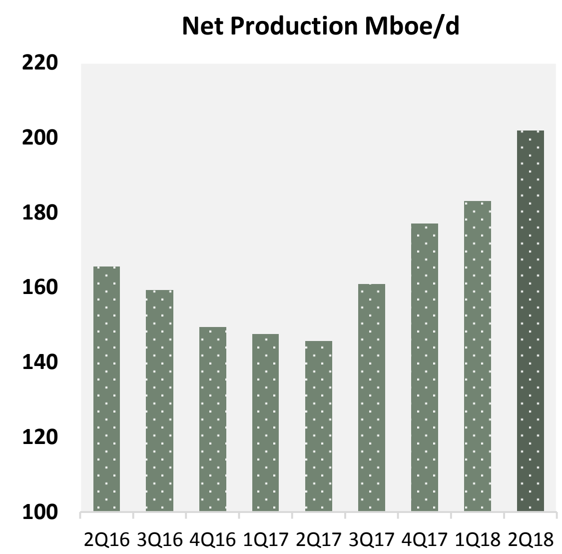
- Operated an average of 12 rigs and 2.5 frac crews in the quarter
  - Alpine High operated an average of 9 rigs (including one spudder)
- Targeting well costs of less than $1,380 per lateral foot at Alpine High, with 28 recent wells averaging $1,260 per lateral foot

PERMIAN KEY STATS

SECOND-QUARTER 2018

- *Reported Production:* *201,832 Boe/d*
- *Drilled & Completed Wells*:* *69 gross, 64 net*
- *Rigs:* *Avg 17 rigs*

*Operated wells completed but not necessarily placed onto production.



UNITED STATES ONSHORE WELL HIGHLIGHTS

Pad / Well	Formation	Area	County	Lateral	Avg 30-Day IP/Well	Avg 30-Day IP Boepd/1,000 Ft	% Oil
Midland Basin							
Lynch A Unit 30-37 (8 Wells)	Wolfcamp	Wildfire	Midland	7,287	1,275 Boe/d	176	76%
Schrock 2326 Pad (4 Wells)	Wolfcamp	Azalea	Midland	7,123	999 Boe/d	142	70%
Miller 37 West (3 Wells)	Wolfcamp	Powell	Upton	5,083	905 Boe/d	178	74%
Delaware Basin							
Grant Pad (7 Wells)	Wolfcamp	Dixieland	Reeves	4,358	1,518 Boe/d	349	45%
Lee Pad (4 Wells)	Wolfcamp	Dixieland	Reeves	4,350	1,410 Boe/d	323	41%

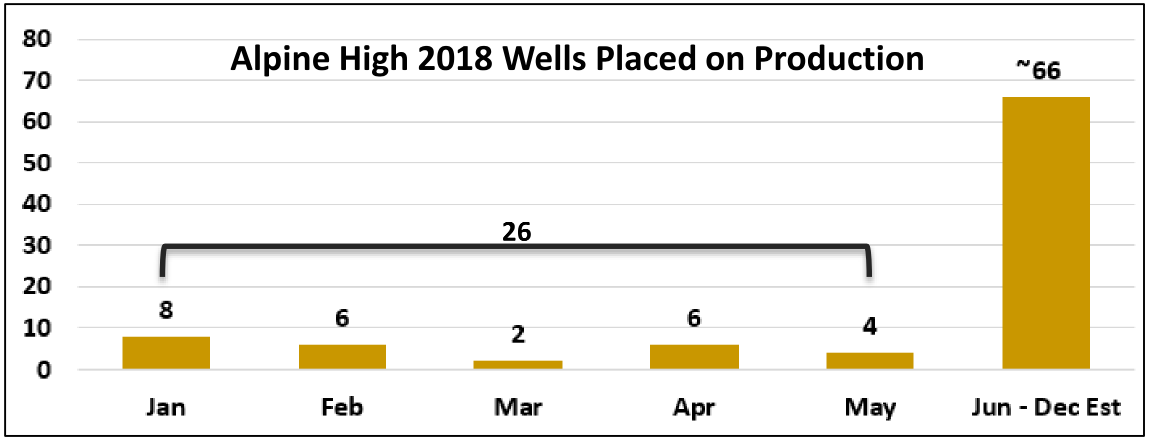
RECENT ALPINE HIGH WELL RESULTS

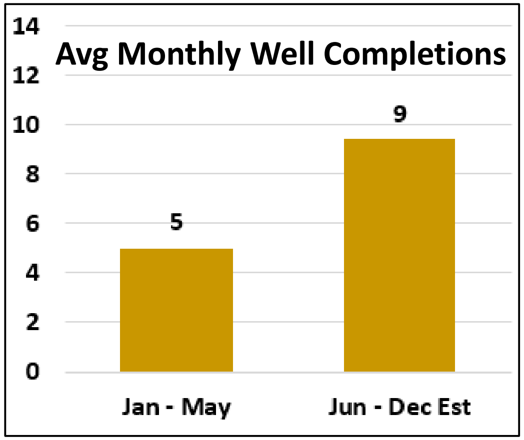
As of July 30, 2018

Pad / Well	Description	Strategic Implications	Results (gross)
Blackfoot	12-well pad	Half-section spacing test of 3 Woodford landing zones	• Recent production of 93 MMcf/d and 200 Bopd • Rates still rising on clean-up • ~1200 Btu gas
Dogwood	6-well pad in dry gas area	Testing 660-foot spacing in Woodford/Barnett compares favorably with 925-foot spacing assumed in current location count	• Minimal-to-no interference after more than 180 days on-line • Cumed 10.9 Bcf to date • Still producing 48 MMcf/d
Fox State	3-well pad	Testing longer laterals in the Central Crest of the Woodford	• Recent production of 19 MMcf/d and 321 Bopd • Rates still rising on clean-up • ~1300 Btu gas
Mohican #201	Single well	Northern Flank, standard lateral, Barnett wet gas test	• Recent production of 9.4 MMcf/d and 420 Bopd • Rates still rising on clean-up • ~1300 Btu gas

SIGNIFICANT PRODUCTION RAMP IN 2H AT ALPINE HIGH DRIVEN BY WELL TIMING

- ~92 wells to be placed on production in 2018
- More than 70% to be connected in June through December

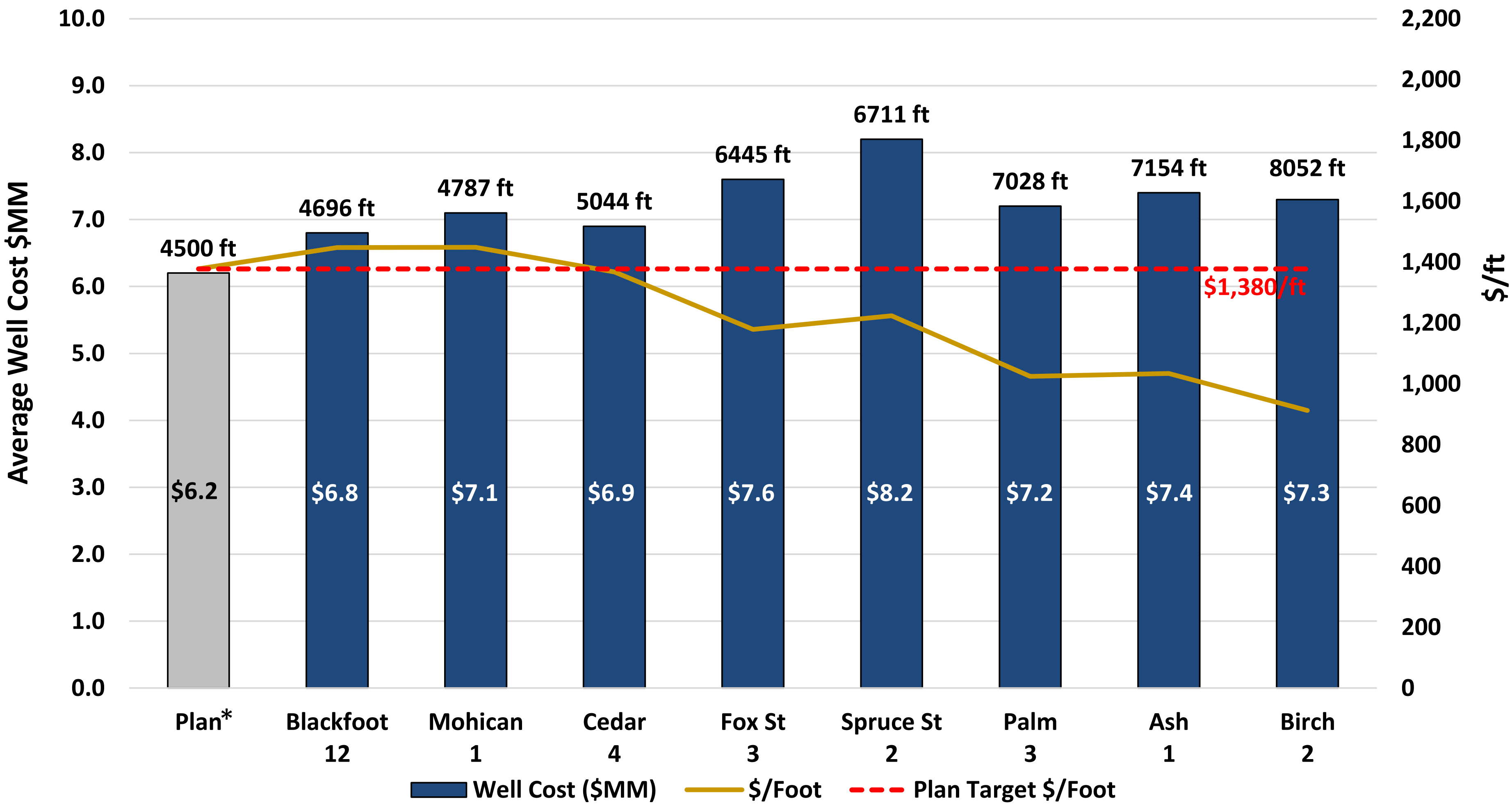




- 2Q net production averaged 32 Mboe/d
- Net production increased to a July exit rate of approximately 54 Mboe/d
- Updated 2018 guidance to 45 Mboe/d (midpoint of prior range)
- 2019 production expected to trend to the upper end of 85 to 100 Mboe/d guidance range

ALPINE HIGH COST PROGRESS

Unit Well Cost Basis Summary

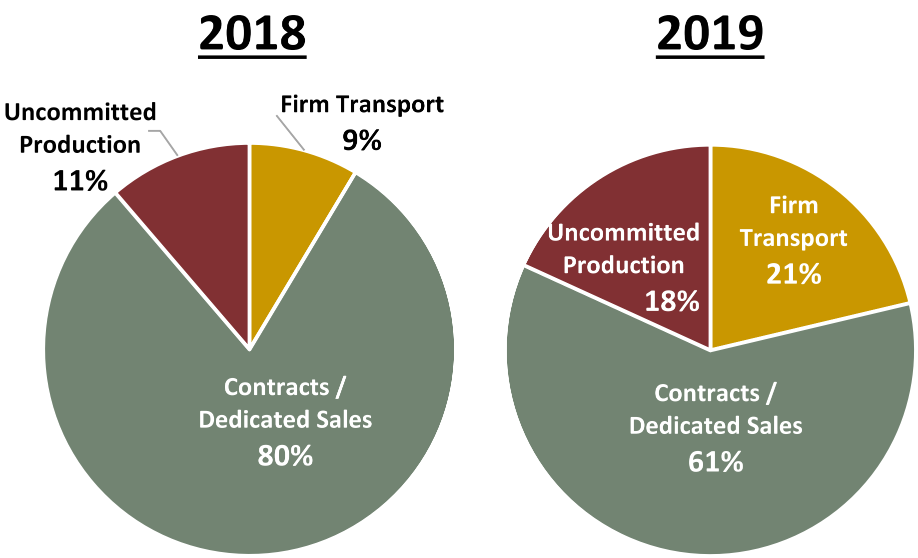


28 wells average cost of $1,260/ft (below plan average of $1,380/ft)

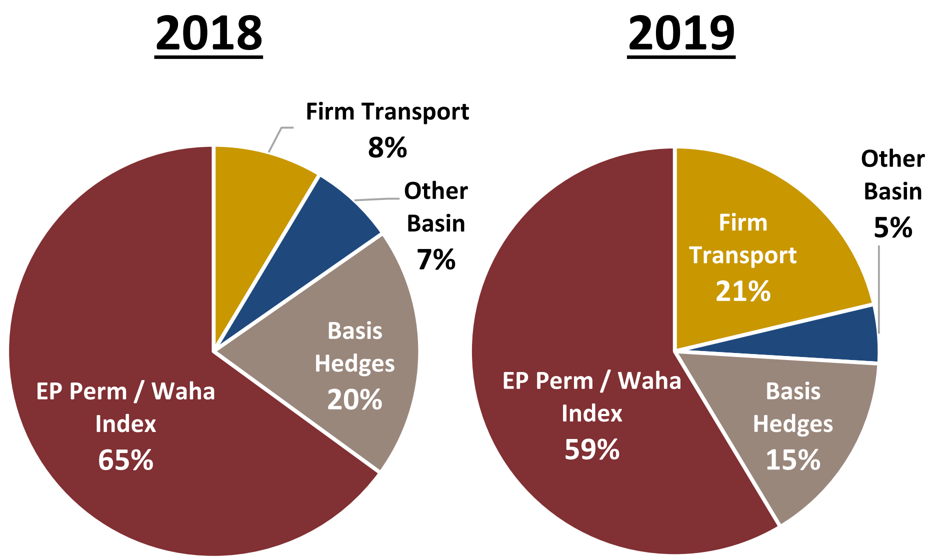
*Plan is at a 25% reduction in costs from 2017 levels

2018-2019 PERMIAN BASIN GAS POSITIONING

Production Flow Risk



Price Exposure

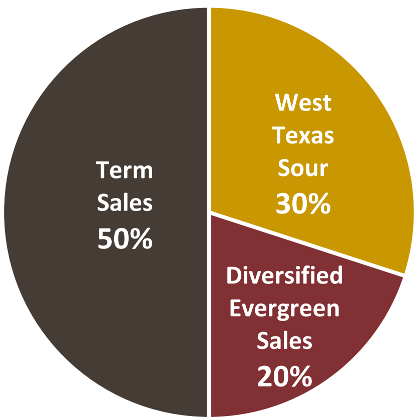


- Firm transport and other basin-based contracts generally access Gulf Coast pricing
- Waha basis hedges average approximately $0.50 per MMBtu for 2H 2018 - 2019

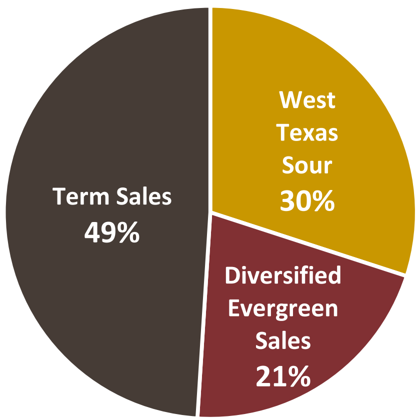
2018-2019 PERMIAN BASIN OIL POSITIONING

Production Flow Risk

2018



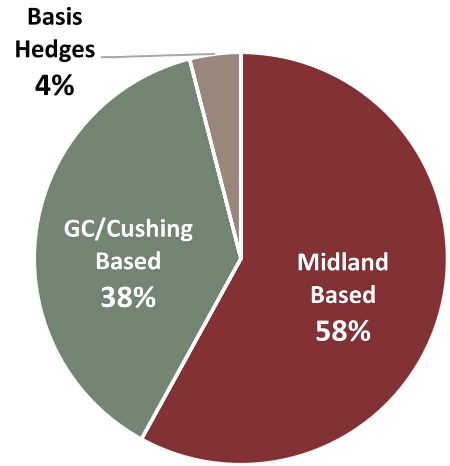
2019



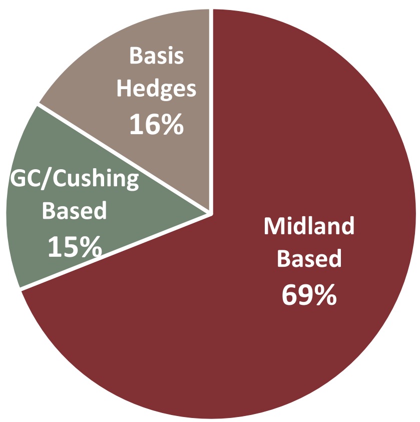
- Term sales backed by customers' firm transport
- West Texas Sour less subject to oversupply and takeaway capacity constraints than WTI
- Diversified evergreen sales represent agreements with multiple buyers across multiple systems[1]

Price Exposure

2018



2019



- Contracts provide various options for higher of Gulf Coast/Cushing/Midland pricing
- Midland Basis hedging initiated in 2Q 2018
  - Added 15,000 bbls/d WTI Midland basis swaps for Q4 2018 – Q4 2019

(1) Consists of approximately 22 contracts with 10 counterparties of varying term lengths; subject to cancellation, but only with a minimum of 30 days notice.

2Q 2018 INTERNATIONAL SUMMARY

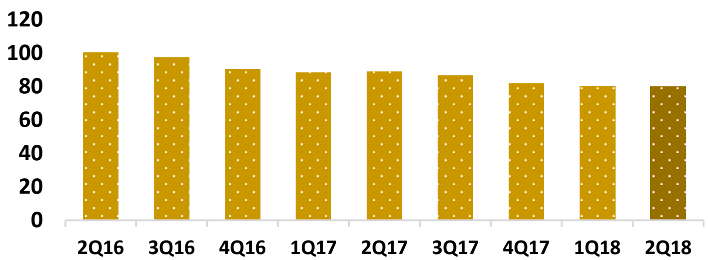
EGYPT KEY STATS

SECOND-QUARTER 2018

- *Reported Production:* *154,144 Boe/d*
- *Drilled & Completed Wells*:* *34 gross, 30 net*
- *Rigs:* *Avg 13 rigs*

*Operated wells completed but not necessarily placed onto production.

Adjusted Production Mboe/d(1)



- Completed surveys covering 1 million acres of a planned 2.6 million acre 3-D seismic shoot across 4 basins in the Western Desert
- Drilling first wells on new concessions acquired in 2017
- Acquired 650,000 gross acres prospective for oil in the East Bahariya area

(1) Excludes tax barrels and noncontrolling interest

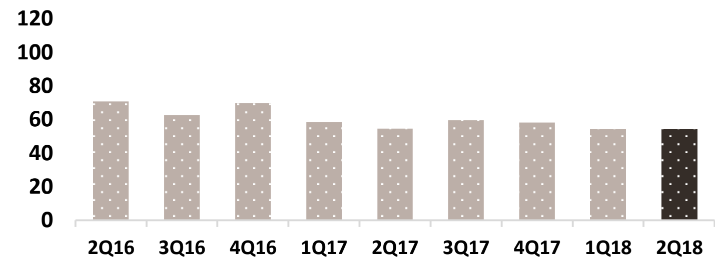
NORTH SEA KEY STATS

SECOND-QUARTER 2018

- *Reported Production:* *54,470 Boe/d*
- *Drilled & Completed Wells*:* *1 gross, 1 net*
- *Rigs:* *Avg 3 rigs*

*Operated wells completed but not necessarily placed onto production.

Net Production Mboe/d



- Focus on improving base production profile in Forties field with water flood management programs
- Drilling underway on fourth development well at Callater expected to come online in October 2018
- Garten development fast tracked for initial production, less than a year of its discovery in March 2018
- Annual North Sea turnaround maintenance program in progress with planned downtime during 3Q 2018 at both Beryl and Forties platforms

2Q 2018 INTERNATIONAL WELL HIGHLIGHTS

Egypt Well Highlights

Well Name	Basin	30-Day Average IP	% Oil
Ptah-27	Shushan	2,831 Boe/d	100%
Ptah-30	Shushan	2,140 Boe/d	100%
Siwa 2 L-6	Faghur	2,130 Boe/d	100%
Nu-4	Shushan	1,876 Boe/d[(1)]	100%
Berenice-9	Faghur	1,771 Boe/d	100%

2Q 2018 Program Success Rate

83%

North Sea Well Highlights

Well Name	Play	30-Day Average IP	% Oil
9/13A-91 (ASJ)	Beryl	2,627 Boe/d	90%

2Q 2018 Program Success Rate

100%

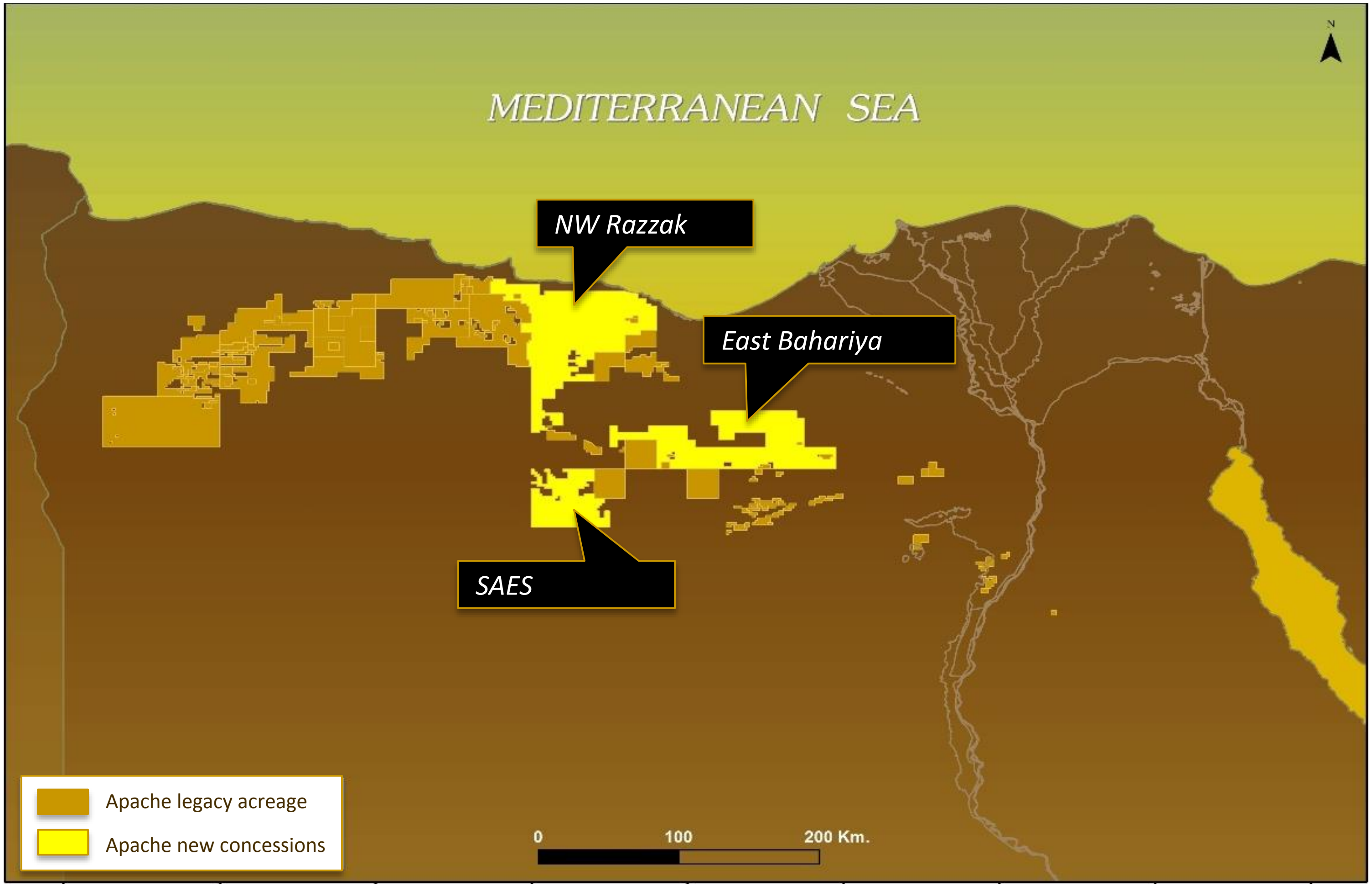
(1) Less than 30 days, but more than a test rate

EGYPT: PRODUCTION DETAIL

	1Q 2018			2Q 2018		
	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d
Gross Production	203,684	758,275	330,063	208,015	801,727	341,636
Reported Production	96,207	343,901	153,524	97,312	340,991	154,144
% Gross	47%	45%	47%	47%	43%	45%
Less: Tax Barrels	23,473	58,928	33,295	24,662	58,973	34,491
Net Production Excluding Tax Barrels	72,734	284,973	120,229	72,650	282,018	119,653
% Gross	36%	38%	36%	35%	35%	35%
Less: Noncontrolling Interest	24,245	94,991	40,076	24,217	94,006	39,884
Adjusted Production	48,489	189,982	80,153	48,433	188,012	79,769
% Gross	24%	25%	24%	23%	23%	23%

	2016			2017				2018	
Mboe/d	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Gross Production	350	350	345	328	334	339	334	330	342
Reported Production	175	180	160	171	162	158	160	154	154
Adjusted Production	101	98	90	88	89	87	82	80	80
Brent Oil Benchmark Pricing	$45	$47	$49	$53	$48	$51	$61	$67	$75

EGYPT: APACHE'S 6.2 MILLION GROSS ACRE FOOTPRINT



East Bahariya adds 650,000 gross acres highly prospective for oil

OPEN COMMODITY DERIVATIVE POSITIONS

As of July 31, 2018

Oil Hedges

Instrument	Index	Period	Volume (bbls/d)	Strike
Put Option	WTI	Jul 2018 - Dec 2018	30,000	53.00
Put Option	Dated Brent	Apr 2018 - Dec 2018	10,000	50.00
Put Option	Dated Brent	Jul 2018 - Dec 2018	30,000	58.00

Instrument	Index	Period	Volume (bbls/d)	Bought Put	Sold Call	Purchased Call
Collar + Call	WTI	Apr 2018 - Dec 2018	18,500	45.00	57.00	60.03

Oil Basis Hedges

Instrument	Index	Period	Volume (bbls/d)	Strike
Basis Swap	Midland/WTI	Oct 2018 - Sept 2019	15,000	-9.23
Basis Swap	Midland/WTI	Oct 2019 - Dec 2019	15,000	-3.72

Natural Gas Hedges

Instrument	Index	Period	Volume (mmbtu/d)	Strike
Swap	NYMEX HH	Jul 2018 - Dec 2018	182,500	2.96

Natural Gas Basis Hedges

Instrument	Index	Period	Volume (mmbtu/d)	Strike
Basis Swap	IF Waha/NYMEX	Jul 2018 - Dec 2018	180,000	-0.53
Basis Swap	IF Waha/NYMEX	Oct 2018 - Dec 2018	15,000	-0.51
Basis Swap	IF Waha/NYMEX	Jan 2019 - Mar 2019	15,000	-0.54
Basis Swap	IF Waha/NYMEX	Jan 2019 - Jun 2019	180,000	-0.53
Basis Swap	IF Waha/NYMEX	Jan 2019 - Dec 2019	40,000	-0.45

GLOSSARY OF REFERENCED TERMS

- **Capital Budget:** Includes exploration and production capital, gathering, transmission, and processing capital, capitalized general and administrative expenses, capitalized interest and non-oil & gas capital. Excludes 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

- **Cash Flow Neutrality:** Ending the year with the same amount of cash on hand as the beginning of the year excluding effects of asset sales and changes to debt or equity issuances

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 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.

($ in millions, except per share data)

	For the Quarter Ended June 30, 2018				For the Quarter Ended June 30, 2017			
	Before Tax	Tax Impact	After Tax	Diluted EPS	Before Tax	Tax Impact	After Tax	Diluted EPS
Income including noncontrolling interest (GAAP)	$ 508	$ (239)	$ 269	$ 0.70	$ 9	$ 604	$ 613	$ 1.60
Income attributable to noncontrolling interest	134	(60)	74	0.19	75	(34)	41	0.10
Net income attributable to common stock	374	(179)	195	0.51	(66)	638	572	1.50
Adjustments: *								
Unrealized derivative instrument gain	(55)	12	(43)	(0.11)	(41)	15	(26)	(0.07)
(Gain) / loss on divestitures	(2)	-	(2)	(0.01)	21	(3)	18	0.05
Asset impairments	21	(4)	17	0.05	39	(14)	25	0.07
Modification of stock comp plans	14	(3)	11	0.03	-	-	-	-
Valuation allowance and other tax adjustments	-	5	5	0.01	-	(670)	(670)	(1.77)
Transaction, reorganization & separation costs	12	(3)	9	0.02	4	(2)	2	0.01
Adjusted earnings (Non-GAAP)	$ 364	$ (172)	$ 192	$ 0.50	$ (43)	$ (36)	$ (79)	$ (0.21)

* 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		
	June 30, 2018	March 31, 2018	June 30, 2017
Net cash provided by operating activities	$ 1,113	$ 615	$ 751
Adjustments:			
Exploration expense other than dry hole expense and unproved leasehold impairments	39	40	23
Current income tax provision	249	198	126
Other adjustments to reconcile net loss to net cash provided by operating activities	(58)	(49)	(46)
Changes in operating assets and liabilities	(181)	184	(148)
Financing costs, net	94	99	99
Transaction, reorganization & separation costs	12	-	4
Adjusted EBITDAX (Non-GAAP)	$ 1,268	$ 1,087	$ 809

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 June 30, 2018			
	North Sea	Egypt[1]	U.S. and Other	Consolidated
	($ in millions)			
Net cash provided by operating activities	$ 295	$ 453	$ 365	$ 1,113
Changes in operating assets and liabilities	(79)	(24)	(78)	(181)
Cash flows from operations before changes in operating assets and liabilities	$ 216	$ 429	$ 287	$ 932

	For the Year Ended June 30, 2018			
	North Sea	Egypt[1]	U.S. and Other	Consolidated
	($ in millions)			
Net cash provided by operating activities	$ 391	$ 780	$ 557	$ 1,728
Changes in operating assets and liabilities	(28)	31	-	3
Cash flows from operations before changes in operating assets and liabilities	$ 363	$ 811	$ 557	$ 1,731

(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 Operations before Changes in Operating Assets and Liabilities

Cash flows from 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)

	For the Quarter Ended		
	June 30, 2018	March 31, 2018	June 30, 2017
Net cash provided by operating activities	$ 1,113	$ 615	$ 751
Changes in operating assets and liabilities	(181)	184	(148)
Cash flows from operations before changes in operating assets and liabilities	$ 932	$ 799	$ 603

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)

	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Current debt	$ 400	$ 400	$ 550	$ 550	$ 150
Long-term debt	7,937	7,936	7,934	7,933	8,329
Total debt	8,337	8,336	8,484	8,483	8,479
Cash and cash equivalents	972	1,077	1,668	1,846	1,667
Net debt	$ 7,365	$ 7,259	$ 6,816	$ 6,637	$ 6,812

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 non-controlling 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 June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Costs incurred in oil and gas property:				
Acquisitions				
Proved	$ -	$ 3	$ -	$ 3
Unproved	26	15	38	64
Exploration and development	772	733	1,589	1,246
	798	751	1,627	1,313
GTP capital investments:				
GTP facilities	124	146	243	288
Total Costs incurred and GTP capital investments	$ 922	$ 897	$ 1,870	$ 1,601
Reconciliation of Costs incurred and GTP to Oil and gas capital investment				
Asset retirement obligations incurred and revisions - oil and gas property	$ (4)	$ (90)	$ (6)	$ (105)
Asset retirement obligations incurred and revisions - GTP facilities	(7)	(14)	(12)	(14)
Asset retirement obligations settled	16	9	24	22
Exploration expense other than dry hole expense and unproved leasehold impairments	(39)	(23)	(79)	(48)
Less noncontrolling interest	(55)	(41)	(107)	(72)
Oil and gas capital investment	$ 833	$ 738	$ 1,690	$ 1,384