

Apache

AUSTRALIA

ARGENTINA

CANADA

EGYPT

NORTH SEA

U.S. CENTRAL

U.S. GULF



***UBS Energy Conference and Tour
Houston
August 9, 2011***

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- **2Q 2011 summary**
- **Why Apache now**

2Q 2011 Results

- **749 MBOE/D net** Apache record
Up 2% sequentially
- **\$1.2 BN net income** 2nd best ever
- **\$2.6 BN cash flow** Apache record

2Q 2011: Steady, Broad Based Progress

<u>Region</u>	<u>2Q Rigs</u>	<u>Highlights</u>
■ Permian	24	Wolfcamp, horizontal redevelopment of WFs
■ Central	10	Granite Wash, horizontal oil plays
■ GOM Shelf	5	100% success on 6 wells
■ Deepwater	0	Lucius test, unitization
■ Gulf Coast	4	Production up 10% sequentially
■ Canada	3	Kitimat LNG progress, 2 nd site
■ Egypt	24	13 new oil discoveries across 5 basins
■ Australia	2	Balvanes FID, Wheatstone LNG gas sale contract
■ North Sea	2	12,567 BO/D new well: best in 20 years
■ Argentina	<u>6</u>	Gas Plus growth: gas realizations up 26% vs Q1
	80	

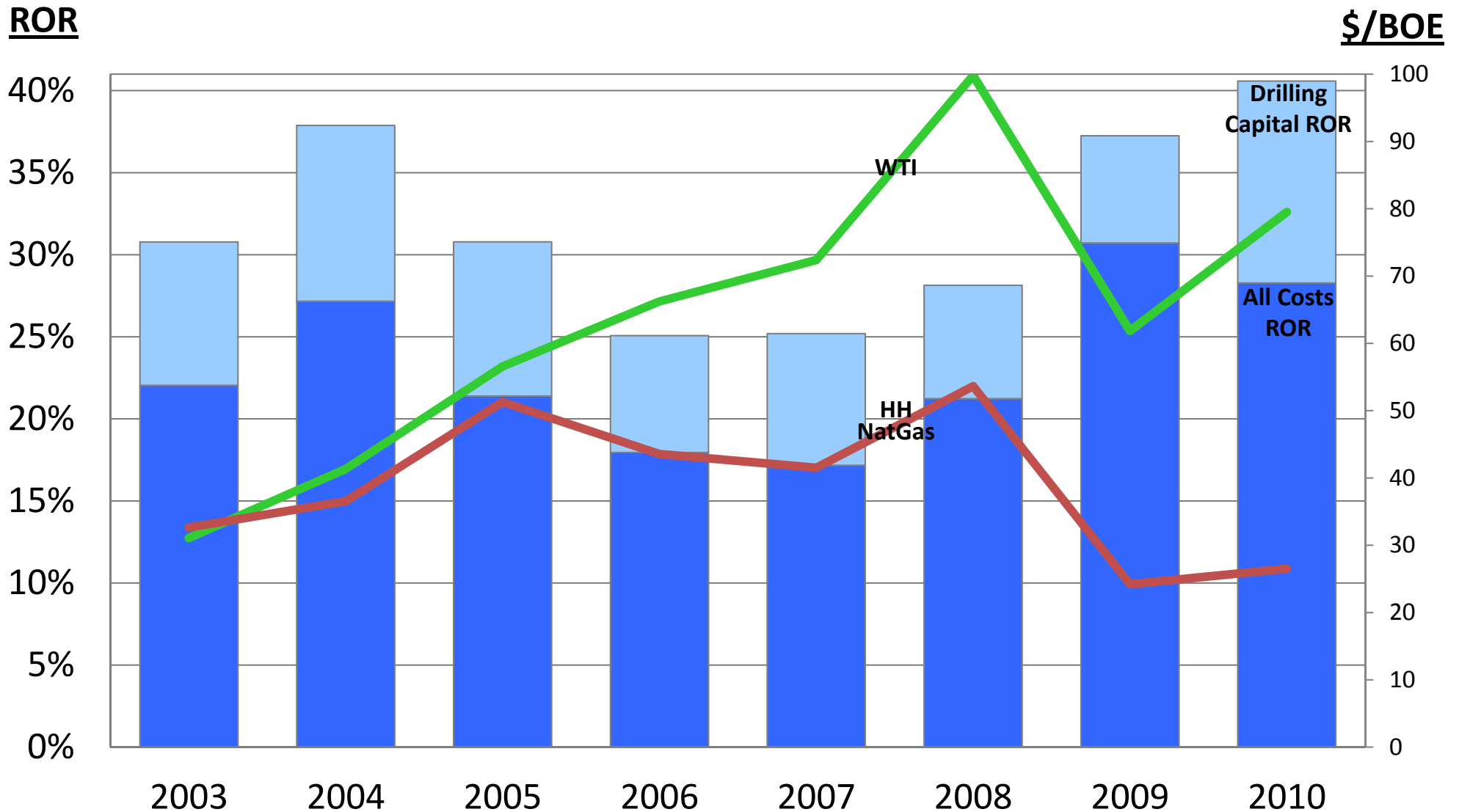
2Q 2011: Financial Strength

- **Capex: \$2.0 BN**
- **Debt: \$0.3 BN down (sequentially)**
- **Cash: \$1.1 BN (up \$750MM sequentially)**

- **A-Rated**
- **23% debt/cap**

Performance Across the Cycle

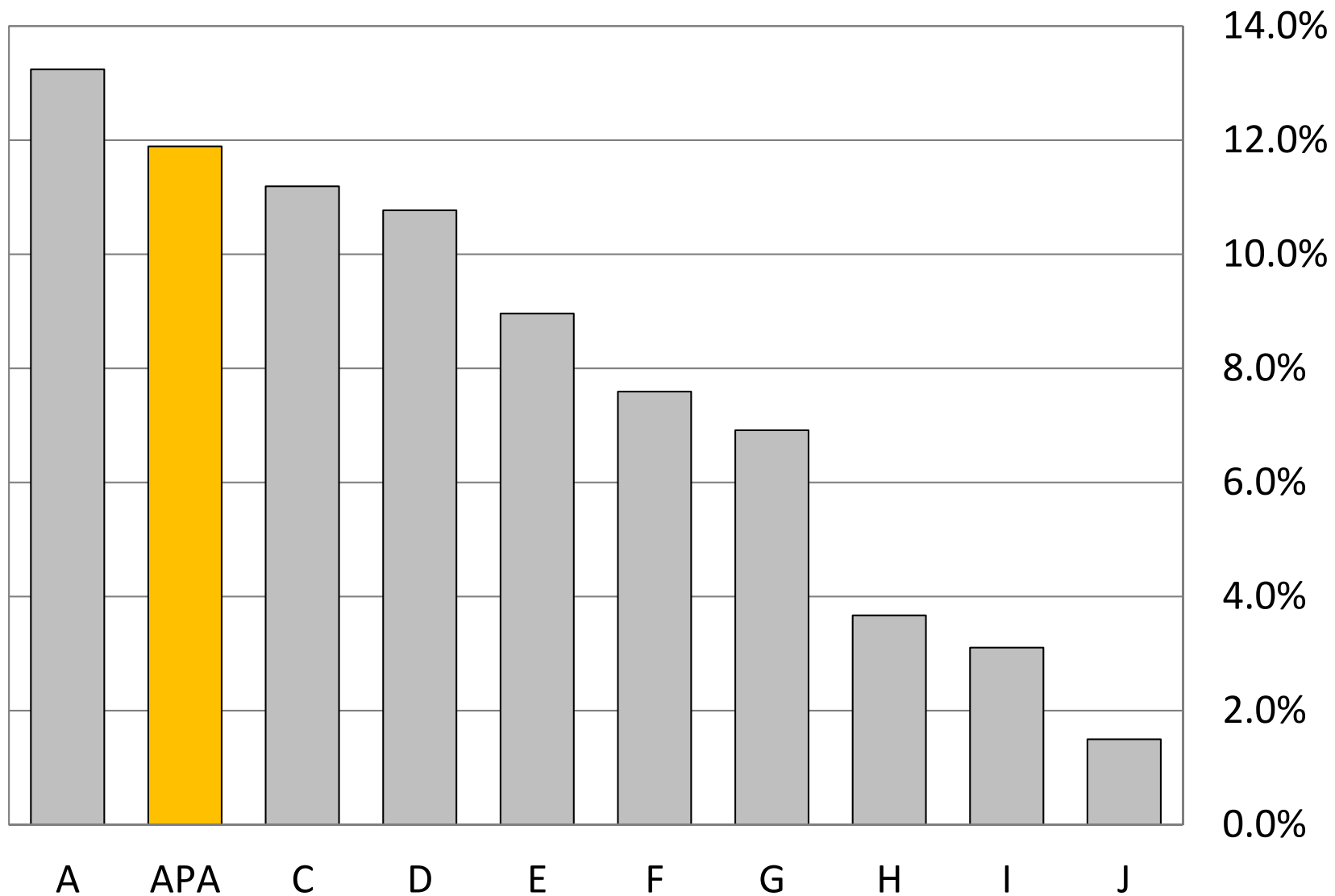
AT Rate of Return on Drilling Program



AT = "After-Tax". Region returns weighted by capital. Same year cash flow based on actual.
 Future cash flows based on APA's planning price assumptions in that year (below strip pricing).

Consistent Rate of Return Focus

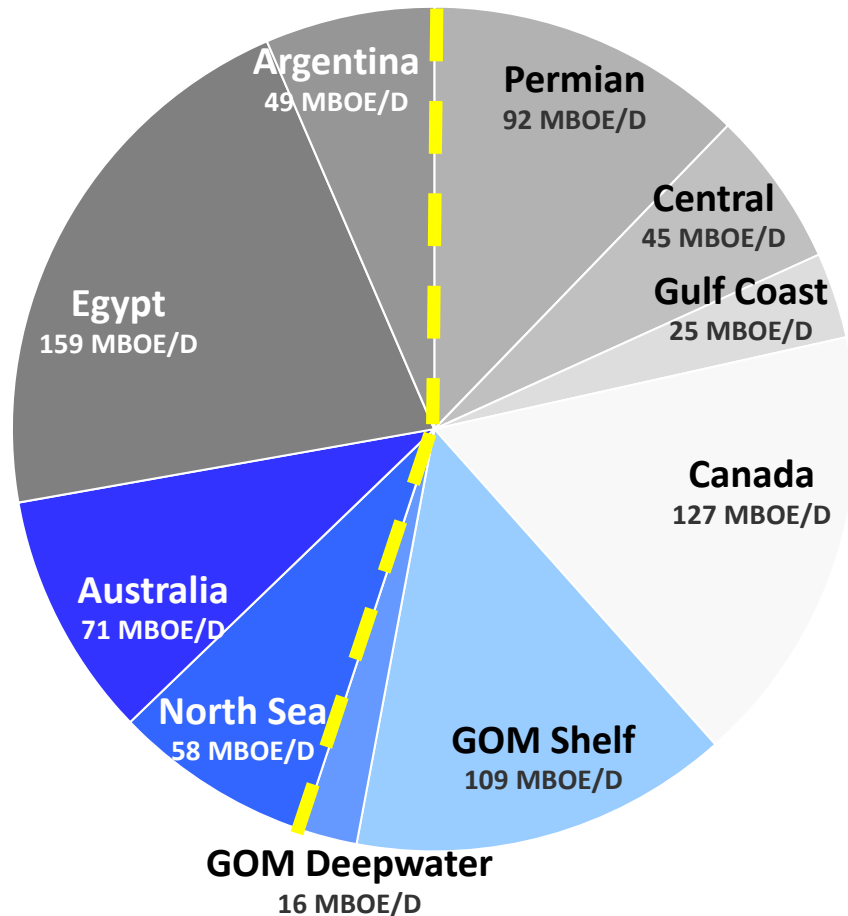
2010 ROACE



Peers displayed: Anadarko, Chesapeake, Devon, Encana, EOG, Newfield, Noble, Occidental and Talisman.

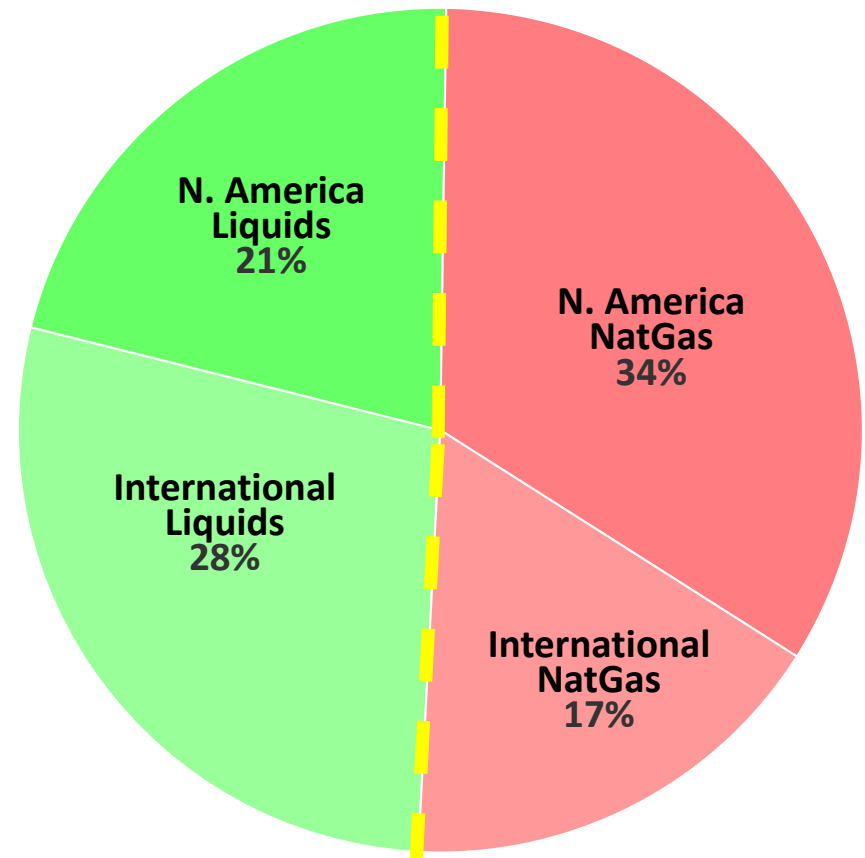
Strength in Balance, Reach

Hydrocarbon Province



Q2 2011: 749 MBOE/D net

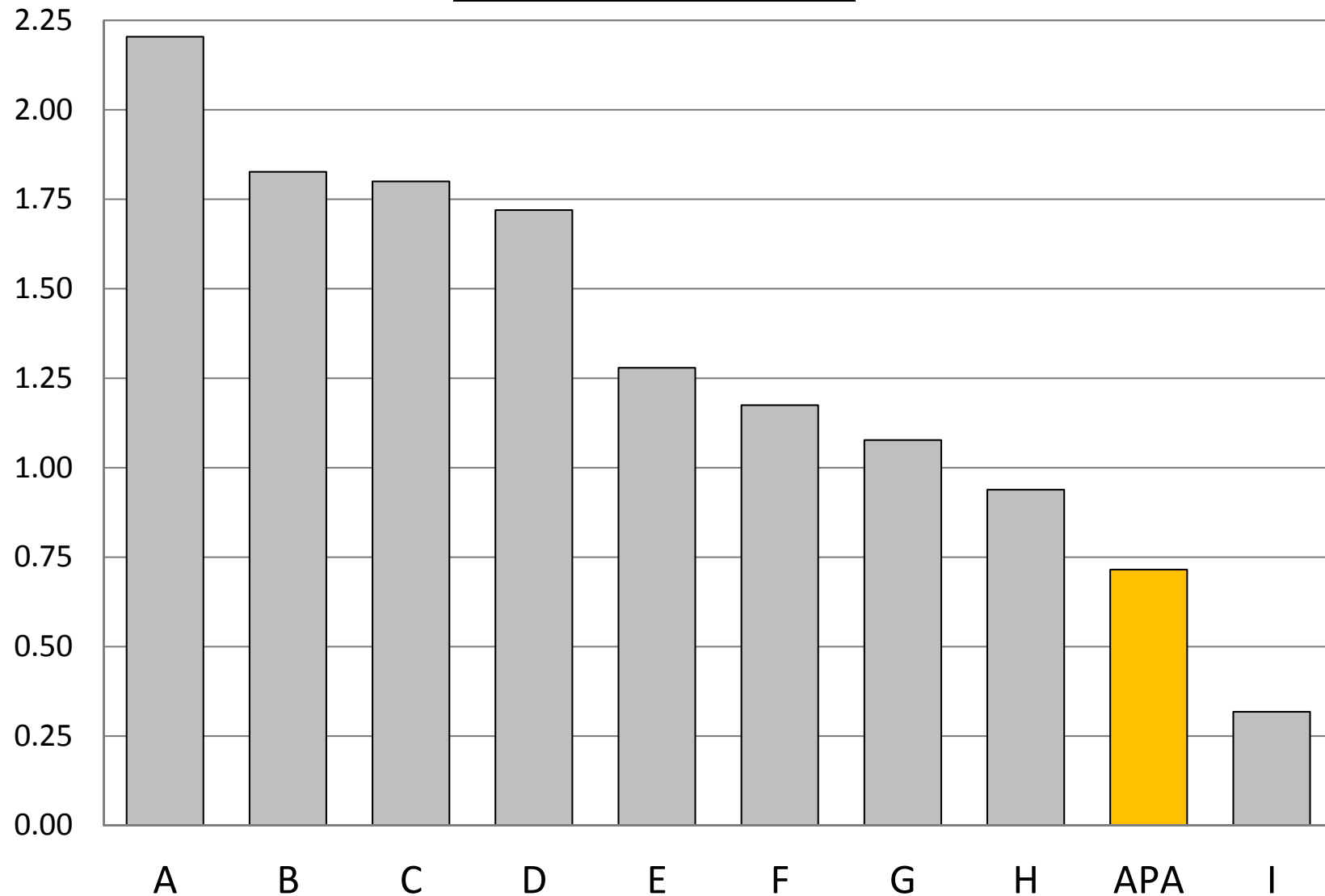
Product, Market



- 92% of liquids = Oil (339MB/D net)
- 58% of oil = Brent-linked
- N. America gas = 16% of O&G revenue

Strength in Financial Discipline

Debt / Cash Flow

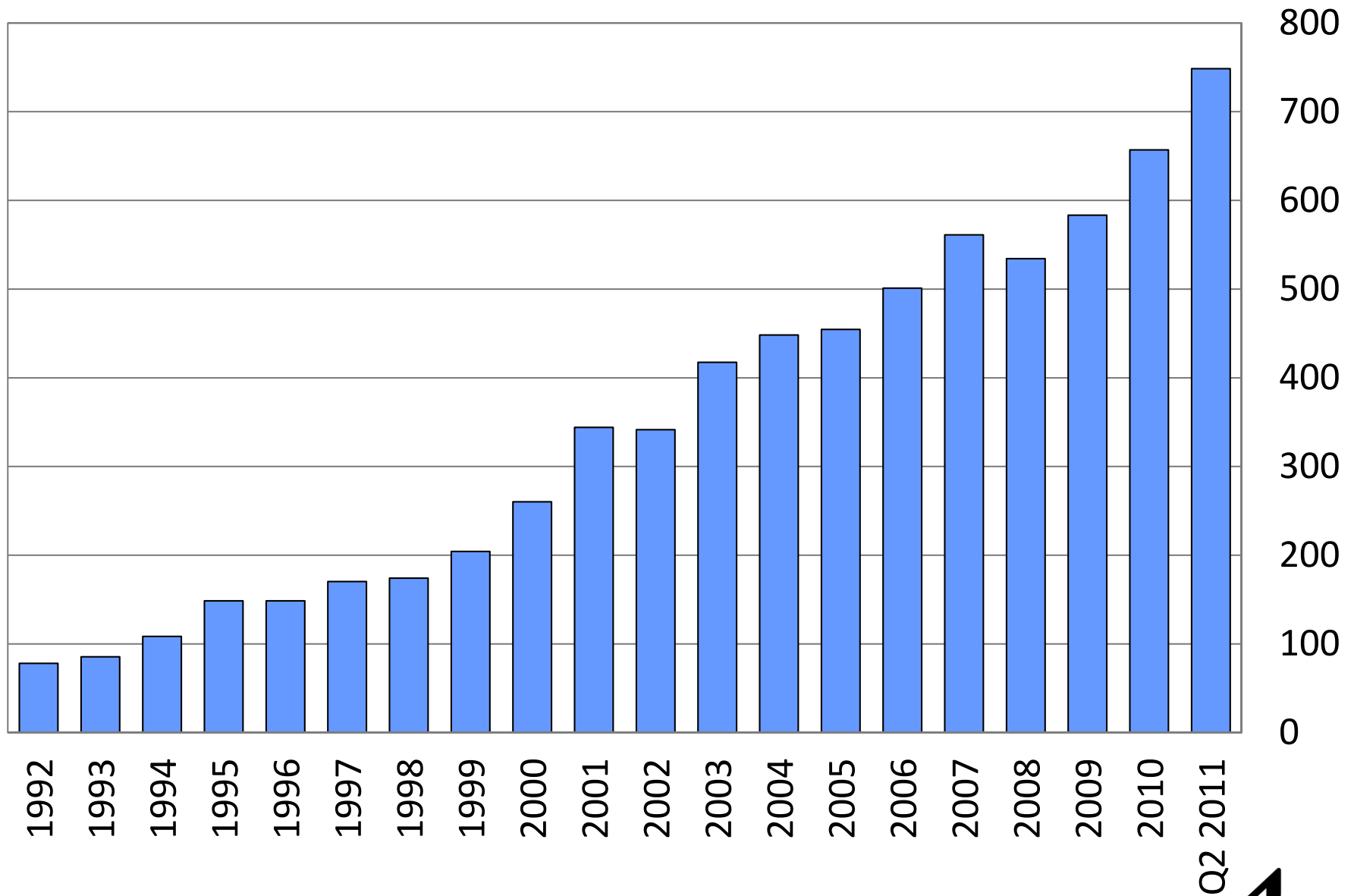


Peers displayed: Anadarko, Chesapeake, Devon, Encana, EOG, Newfield, Noble, Occidental and Talisman.

Data based on reported Q2 2011 total debt and annualized Q2 2011 net cash provided by operating activities.

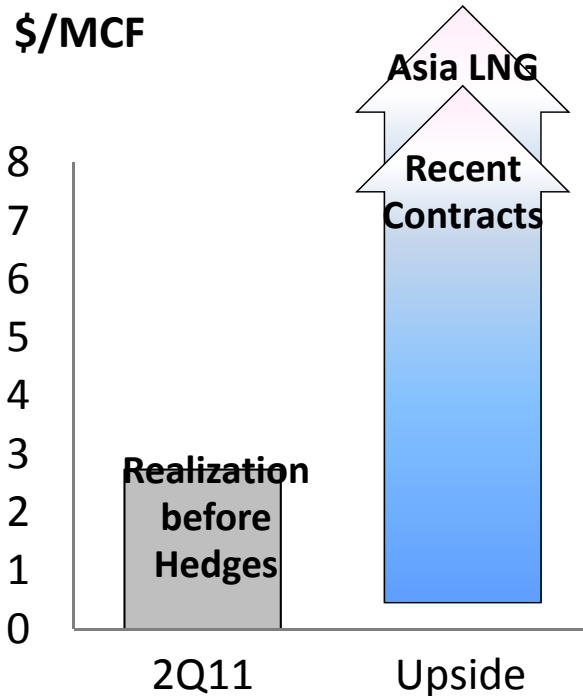
Profitable Long Term Growth

MBOE/D, Net



Structural Price Upside

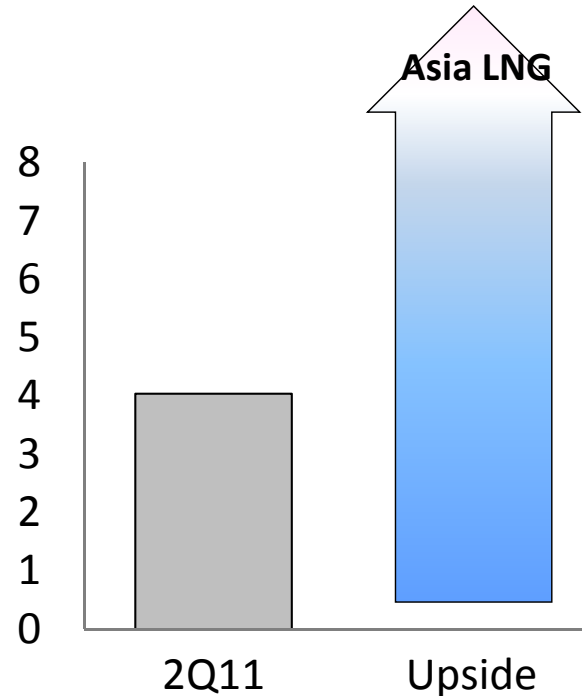
Australia



- Multi-year domestic gas contracts at \$8+/MCF
- Wheatstone LNG: FID 2011



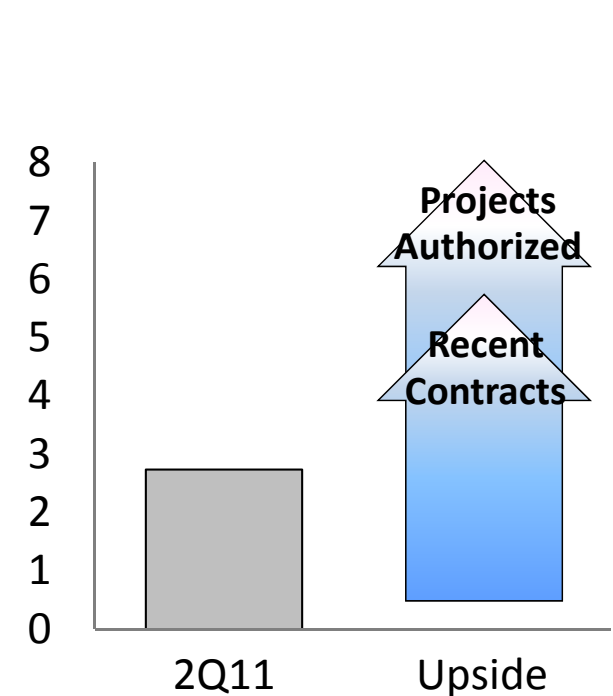
Canada



- Kitimat LNG
- FID 1Q 2012
- Secured 2nd site



Argentina






- Gas Plus driven growth: alternative is LNG imports
- 2Q: 77 MMCF/D, \$4.93/MCF

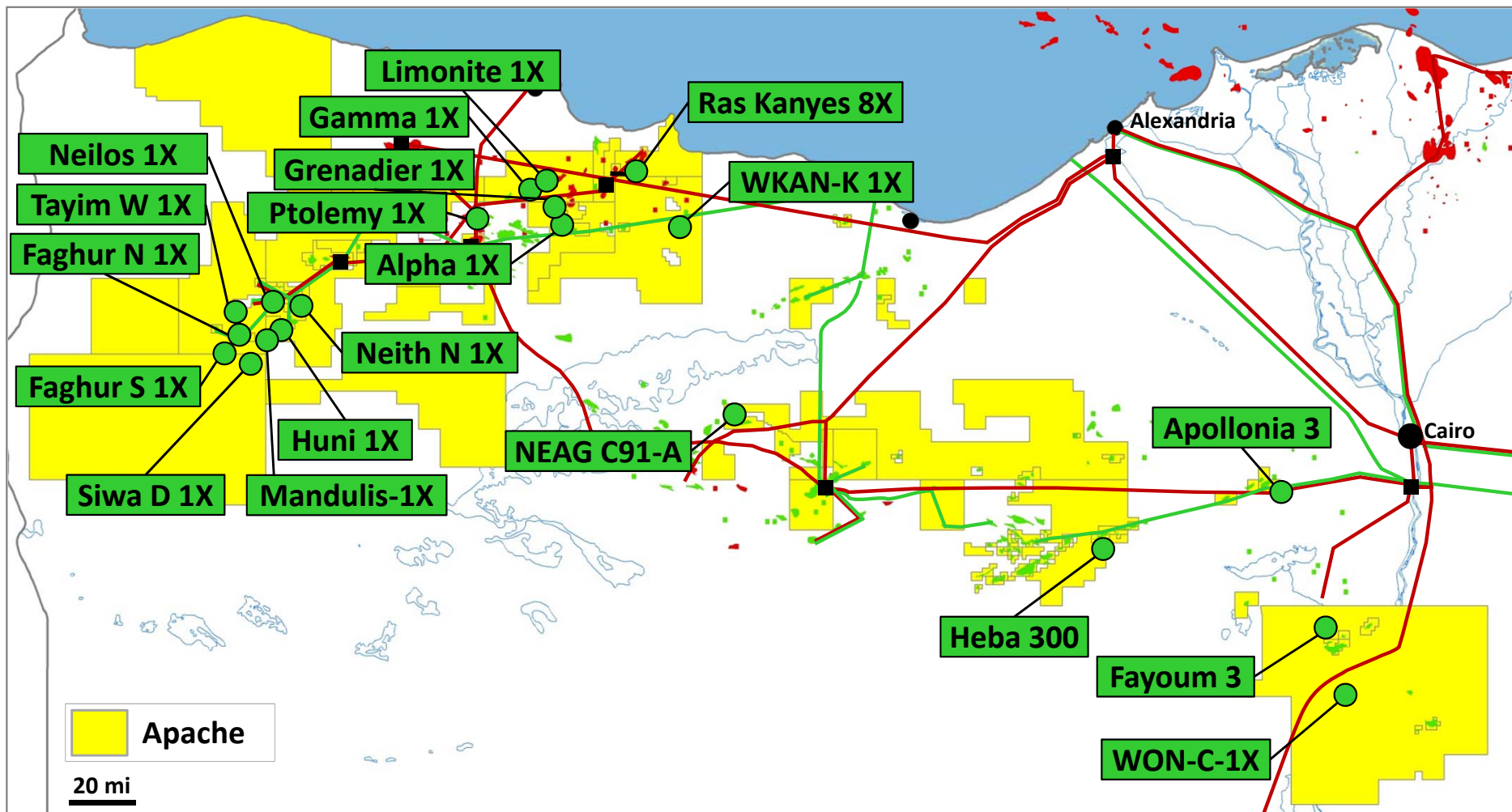
Opportunity Set: A Broad Portfolio

Permian	CBP Horizontals	Oil	Deepwater	Heidelberg	Oil	Australia	Julimar/Wheatstone	International Gas		
	Eunice Area NM	Oil		Exploration	Oil		Zola	International Gas		
	Deadwood	Oil		GC Onshore	Gulf Coast Onshore		Liquids-driven	Exploration	International Gas	
	Central	Spraberry		Oil	Canada	Enhanced Oil Recovery	Oil	Egypt	AR/BAH/KHAR	Oil
		Empire Yeso		Oil		Cardium	Oil		AEB	Oil
		Empire Abo		Oil		Viking	Oil		Jurassic Oil	Oil
		CO2 EOR		Oil		Glauconite	Liquids-driven		Jurassic Gas	International Gas
		New Ventures		Oil		Bluesky	Liquids-driven		Stratigraphic Traps	Oil
		Other		Oil		Montney	Liquids-driven		Paleozoic	Oil
Granite Wash		Liquids-driven	Chinook	Liquids-driven		Horizontals	Oil			
Hogshooter Wash		Oil	Cadotte/Cadomin/Nik.	International Gas		Unconventionals	Oil			
Horizontal Oil	Oil	Horn River, Kitimat LNG	International Gas	North Sea		Forties Development	Oil			
Other	Liquids-driven	New Ventures	Liquids-driven		Near-Forties Expansion	Oil				
New Ventures	Liquids-driven	Alaska	Cook Inlet		Oil	Exploration	Oil			
GOM Shelf	Exploitation		Liquids-driven	Australia	Halyard/Spar	International Gas	Argentina	Gas Plus	International Gas	
	Exploration	Oil	Reindeer/Devil Creek		International Gas	EOR		Oil		
Deepwater	Wide Berth	Liquids-driven	Macedon		International Gas	Other Gas		International Gas		
	Mandy	Oil	Coniston		Oil	Unconventionals		International Gas		
	Bushwood	International Gas	Varanus Compression		International Gas	Conv. Exploration		Oil		
	Lucius	Oil	Balnaves		Oil	Kenya		East Africa Exploration	Oil	

- Many different ways to win
- Not dependent on any single market, play
- >40 MM gross acres across proven global basins: continuous unlocking of new opportunities

	Oil
	Liquids-driven
	N. America Gas
	International Gas

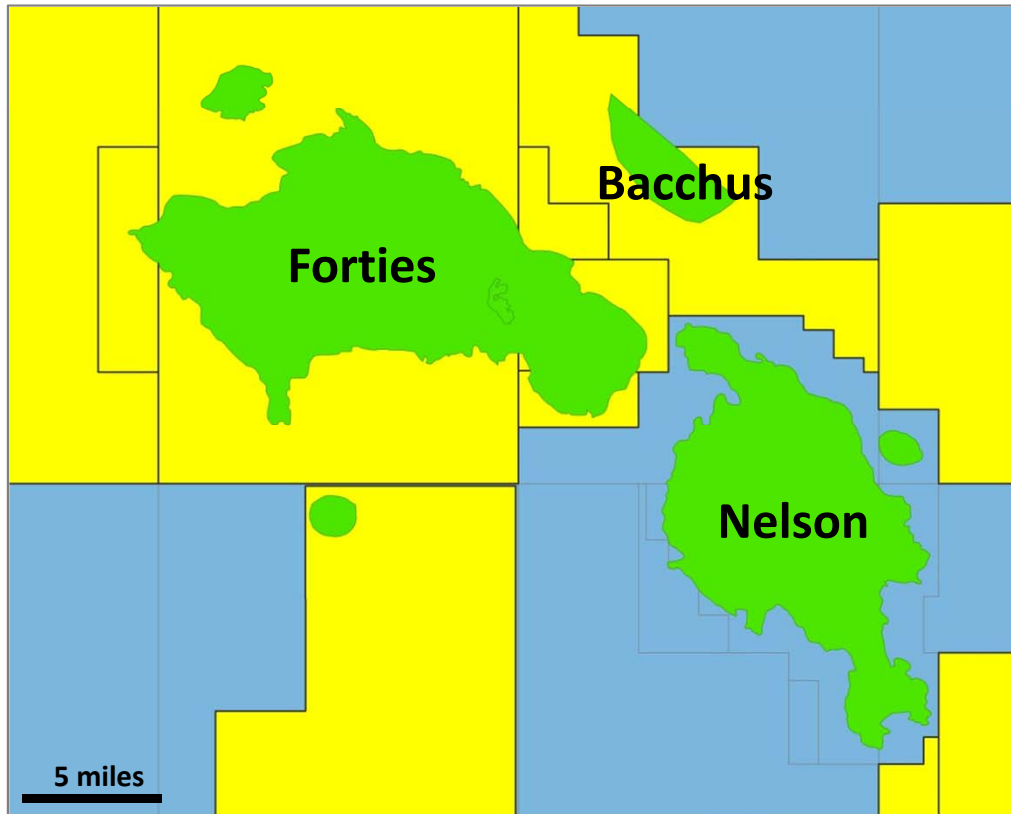
Egypt: 2011 YTD Discoveries



- 21 new discoveries YTD, some pending testing
- Early stages of delivery of potential in 11 MM acres
- Initiating new plays:
Stratigraphic, Paleozoic, unconventional, horizontals

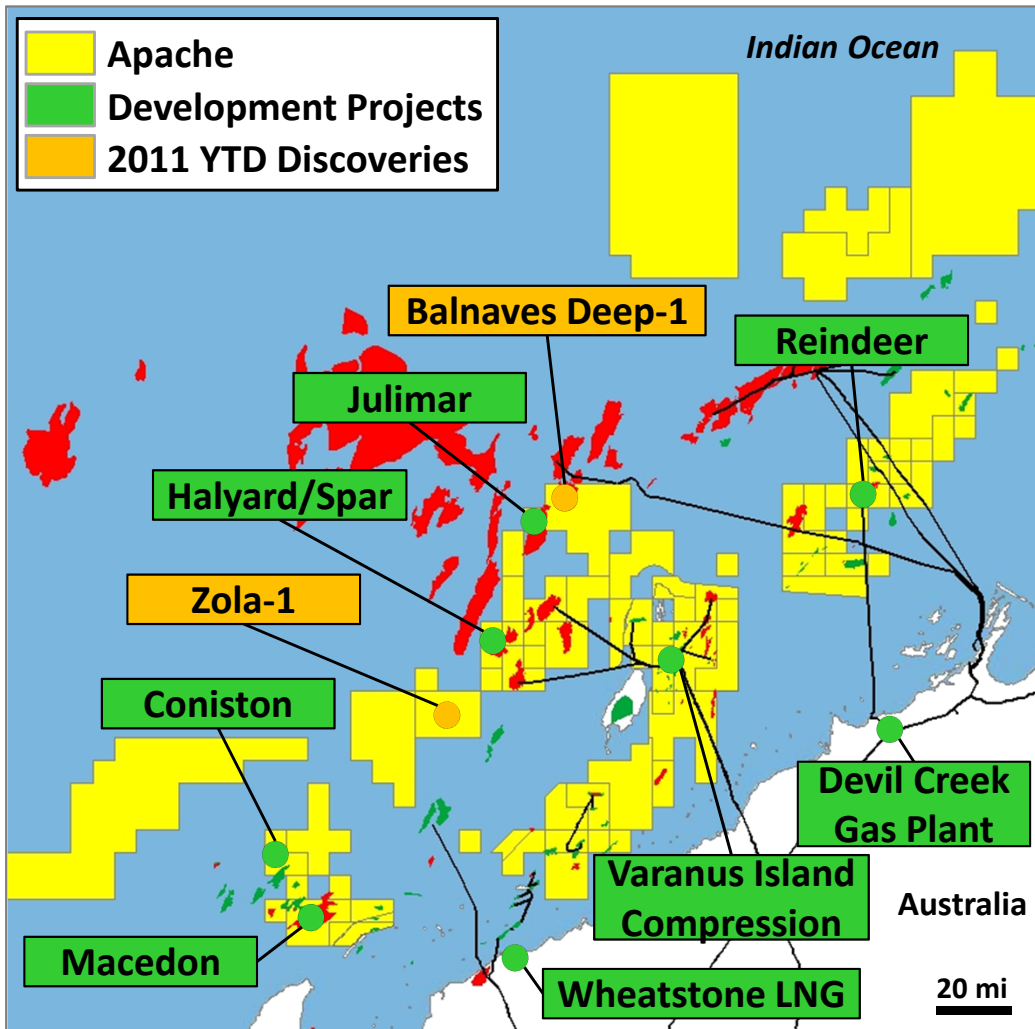
21st discovery (Gulf of Suez) not displayed.

North Sea



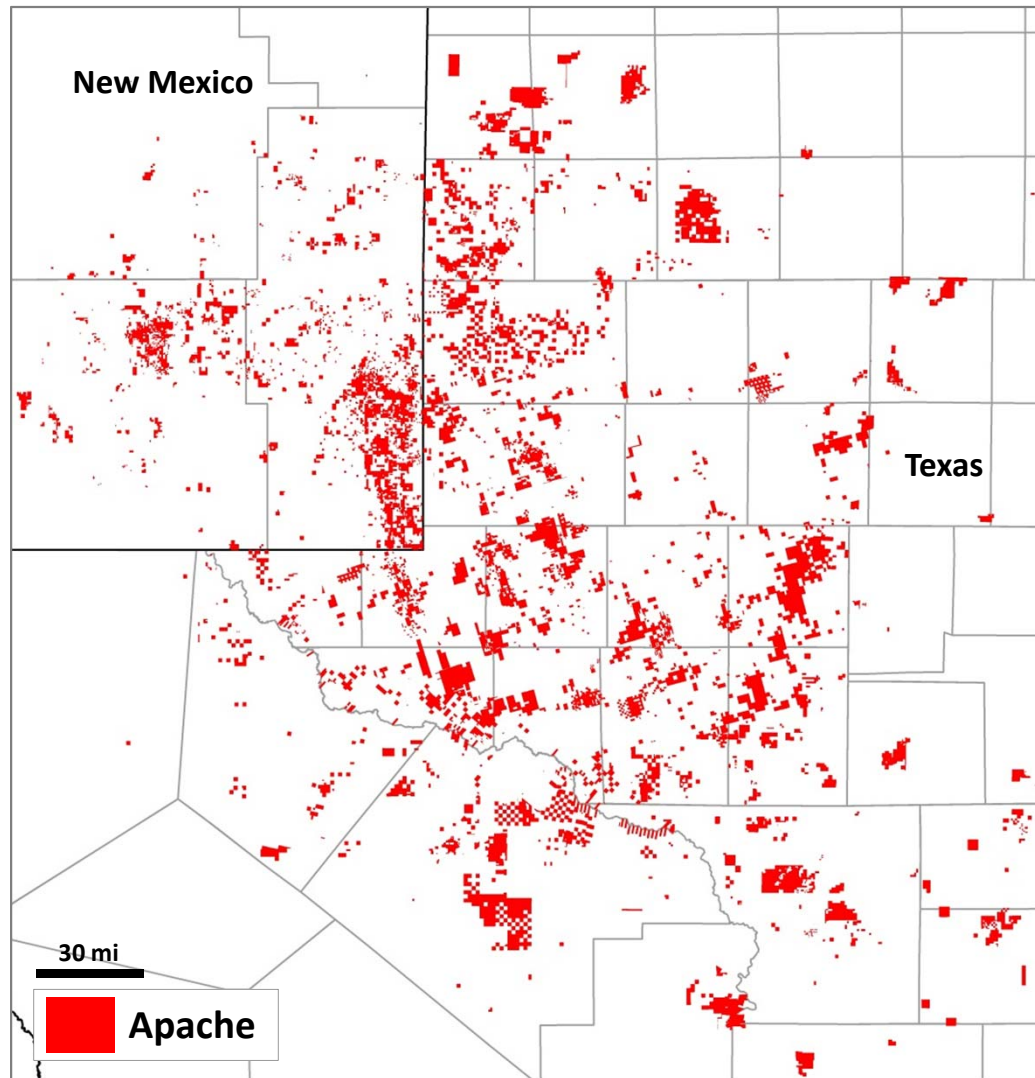
- **Forties:**
 - Largest oil field in UKCS
 - Doubled acquisition P1 reserves
 - Beat production trend by 100%
 - Q2: best well in 20 years (12.6 MB/D)
 - Large, refreshed drilling inventory
 - 50-60 MBO/D outlook next 3+ years
- **Bacchus:**
 - First production target Q4
 - 6-10 MBO/D, 50% WI
- **Nelson:**
 - Gained 11.52% WI during Q2
 - 19 gross MBO/D, Shell operated
 - APA now has a seat at the table
- **Building exploration inventory**

Australia



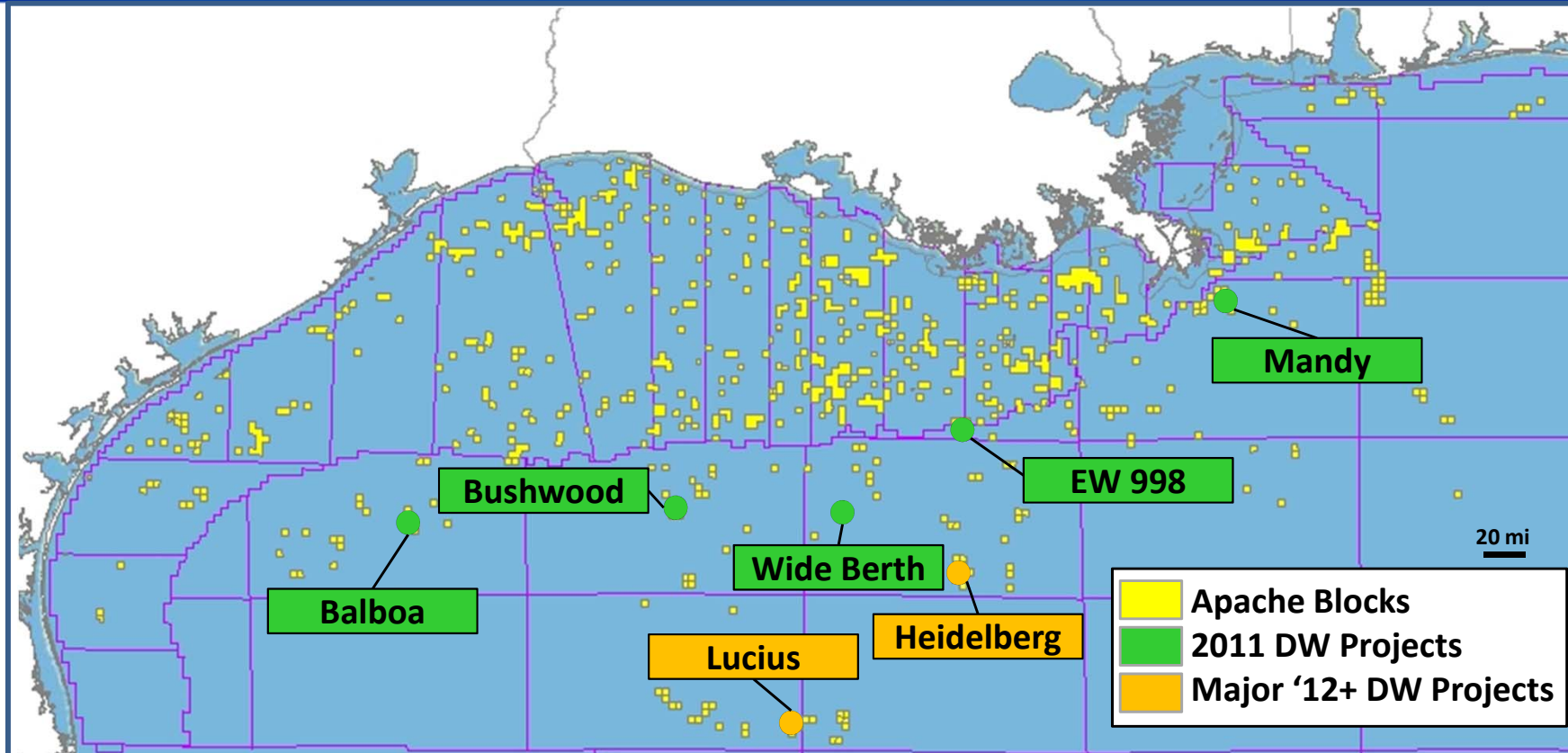
- **#3 acreage holder in Carnarvon Basin**
 - Prolific area
 - Similar size to GOM, 5% of wells
- **Exploration-driven project pipeline**
 - +50 MBOE/D net by 2014
 - Continue to add via drillbit:
 - +60% Carnarvon acreage in 2010
 - 2 significant discoveries 2011 YTD (Zola and Balnaves Deep)
- **Strong gas market fundamentals**
 - New domestic gas >\$8.00/MCF
 - LNG exports via Wheatstone LNG

Permian



- #2 industry player
- 3 MM gross acres, 92 MBOE/D net
- Strong free cash flow generator
- Diverse asset base, exposure to every play
- Leading horizontal redevelopment of waterfloods
- Focus on disciplined growth, returns
 - 24 rigs, up from 5 in 2010
 - 7,500 location inventory supports doubling current rig count
 - Pacing our ramp-up, expanding inventory

Gulf of Mexico



- **#1 position in the GOM Shelf:**

- 695 OCS blocks, 109 MBOE/D net
- High ROR, quick payback
- \$500-800 MM free cash flow/year*
- Reloaded through 2010 expansion

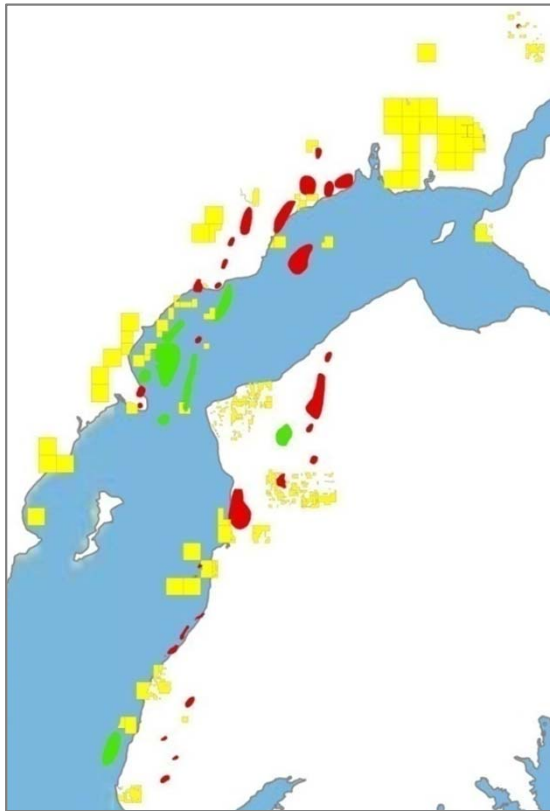
- **Entry position in GOM deepwater:**

- Major discoveries: Lucius, Heidelberg
- 110 exploration blocks

Positioned to capture increased project/asset opportunities

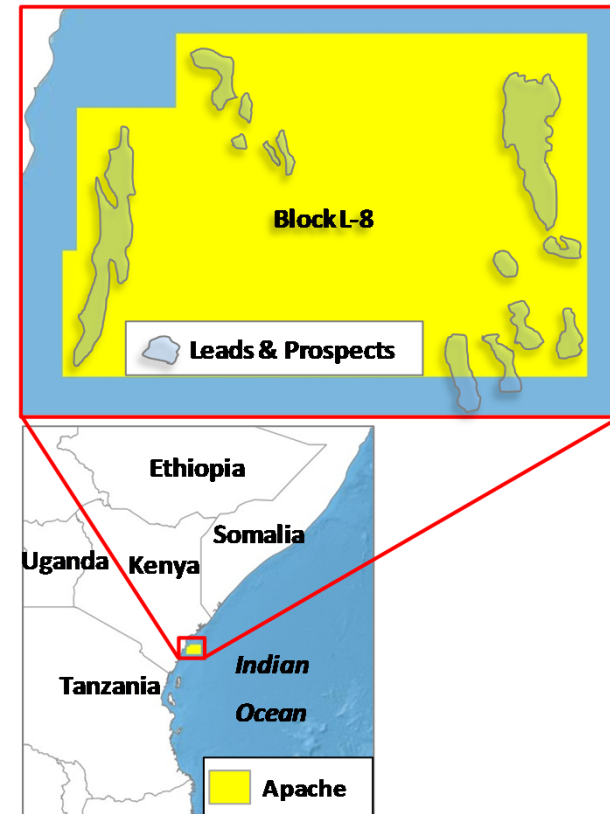
New Ventures: Examples

Cook Inlet, Alaska



- **#1 acreage position in Cook Inlet:**
 - 800K gross acres
 - Targeting oil
 - 3D survey starting 2H 2011

Kenya, East Africa



- **Deepwater oil exploration:**
 - L-8 Block: 1.3MM gross acres
 - Oil-prone hydrocarbon system: tied to Madagascar oil deposits

Our Key Messages Today

- **2Q underlines strength of results, value of portfolio**
- **Focus unchanged:**
 - Rate of return
 - Portfolio balance
 - Balance sheet strength
 - Profitable long term growth
- **Structural price upside**
- **Robust multi-year growth inventory:**
 - The value of a rich portfolio: we have many ways to win
 - Economics by play and project outlined in Investor Day
- **Just getting started:**
6 decades in relentless pursuit of opportunity