

Altus Midstream Company

May 2019

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Information in this presentation about Alpine High, including the reserve and production information set forth within the section entitled "Alpine High Overview," has been provided by, and is the responsibility of, Apache. Reserve engineering is a process of estimating underground accumulations of hydrocarbons that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data, and price and cost assumptions made by reserve engineers. Accordingly, reserve estimates may differ significantly from the quantities of oil and natural gas that are ultimately recovered.

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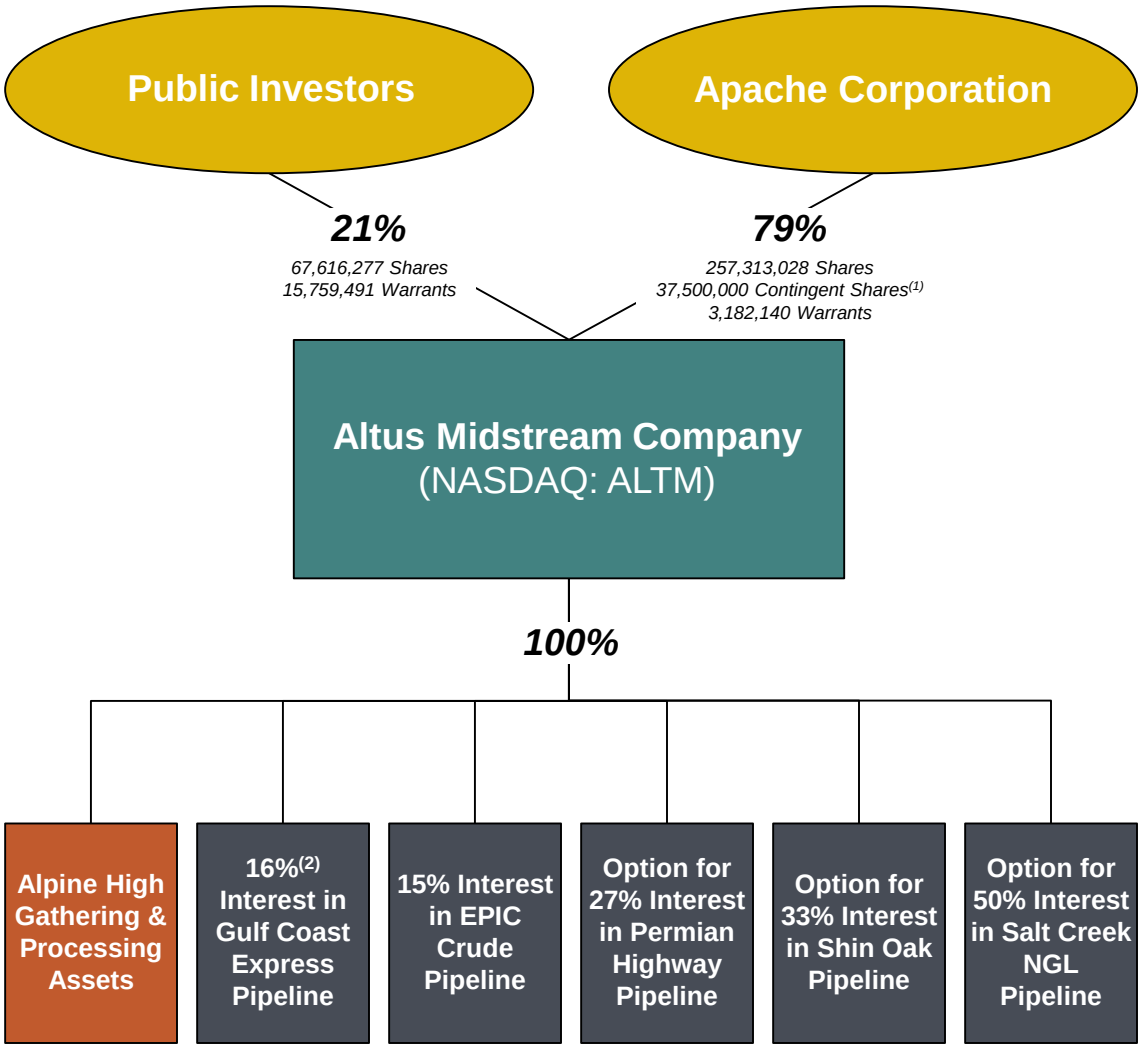
Altus Midstream Overview

Altus Midstream Summary Overview

Commentary

- In November 2018, Kayne Anderson and Apache formed a publicly-traded midstream C-corp – Altus Midstream Company ("Altus" or "Altus Midstream")
  - Real C-corp governance / no IDRs
- Altus' assets consist of:
  - Gathering, processing and transportation assets associated with Apache's Alpine High resource play
  - Equity interests (and options to acquire equity) in 5 Permian takeaway pipelines

Simplified Structure



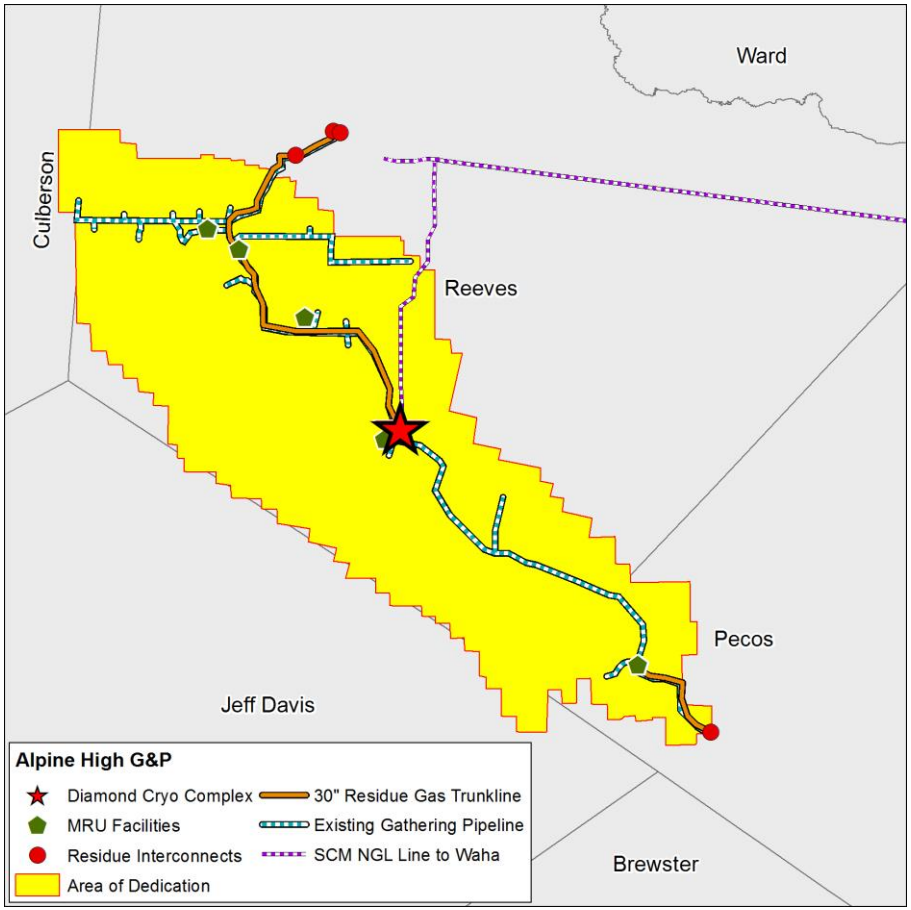
(1) Contingent shares subject to performance tests based on achieving certain stock price and volume targets.
(2) Includes the option to acquire an additional 1% interest in GCX subject to certain conditions precedent, including the exercise of the PHP option.

Investment Merits

Unique Public Investment Opportunity	▶ Permian pure-play public midstream C-corp ▶ Exposure to full midstream value chain from Permian to the Gulf Coast ▶ Strong sponsorship from premier independent E&P company in Apache
Differentiated, Simplified Corporate Structure	▶ Clear alignment of interests (C-corp governance / no incentive distribution rights) ▶ Self-financing model with modest leverage and no need to issue common equity ▶ Retaining and reinvesting cash flow with no dividend through 2020
Premier E&P Sponsor-Backed G&P Business	▶ Apache has operating history since 1954 and global E&P footprint ▶ Apache is dedicated to long-term development of Alpine High ▶ 540,000 acre area of dedication; multi-decade inventory of drilling locations
JV Pipelines Provide Stability & Diversification	▶ Provides diversity of customer base and commodities ▶ Long-term contracts anchored by MVCs and acreage dedications ▶ Exposure to growth with minimal capital investments beyond initial build-out

Gathering & Processing Overview

Asset Map



Current Asset Highlights

- **Rich Gas Processing:** 380 MMcf/d of capacity in service
- **Lean Gas Treating / Compression:** 400 MMcf/d of capacity in service
- **Gas Gathering Pipelines:** ~111 miles in service
- **Residue Pipelines / Market Connections:** ~52 miles in service with 4 market connections (Comanche Trail, El Paso Line 1600, Roadrunner and Trans-Pecos Pipeline)

Key Additions Expected by Year-End 2019

- Three nameplate 200 MMcf/d cryo plants coming online (one each in May, July and Q4)
- ~50 miles of gas gathering pipeline additions

Diamond Cryo Complex (May 2019)

Cryo #1



Cryo #2



Cryo #3



Residue Compression



Diamond Cryo Complex (May 2019)



State of the Art Cryogenic Processing – SRX Technology

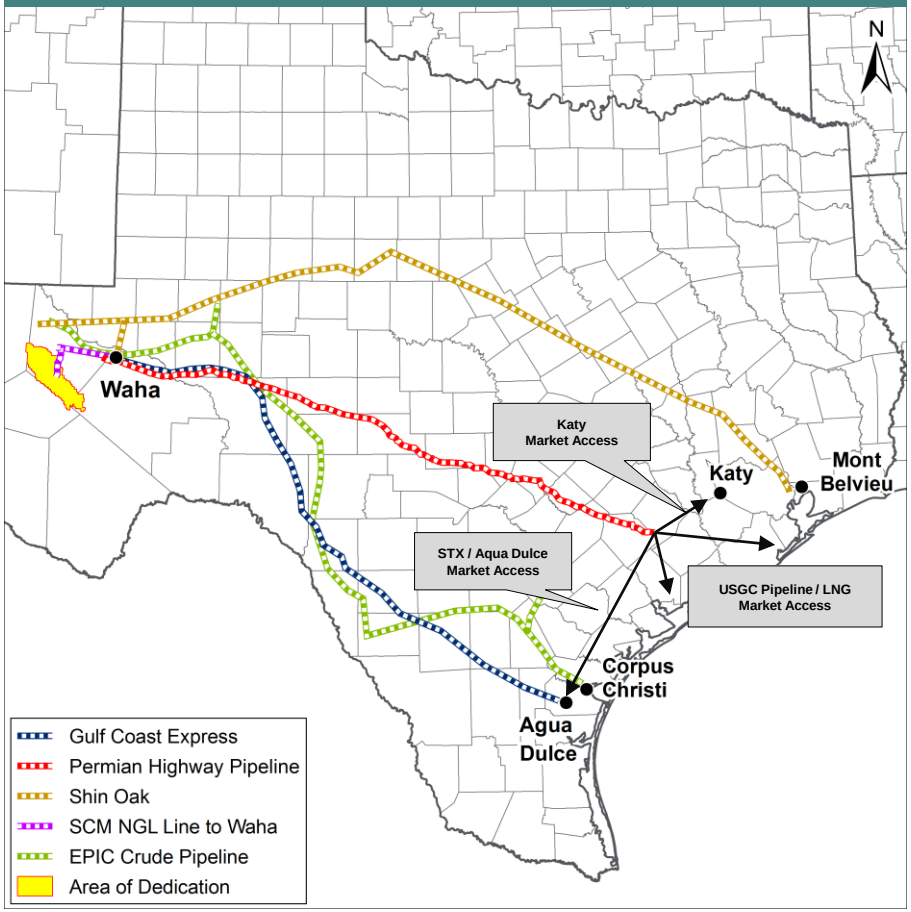
- Altus is building SRX cryogenic facilities to capitalize on better ethane recovery and rejection
- SRX further maximizes processing economics via much higher propane recoveries during ethane rejection
- Drives improved netbacks on third party volumes
- Standardized units allow for efficient and simpler modular expansion

Design Recoveries Across Various Gas Processing Methods

	MRU	GSP Recovery	GSP Rejection	SRX Recovery	SRX Rejection
Ethane	10%	92%	10%	99%	<1%
Propane	45%	99%	65%	100%	100%
Butanes	75%	100%	85%	100%	100%
Pentanes	90%	100%	98%	100%	100%
Hexanes	98%	100%	100%	100%	100%

Joint Venture Pipelines Overview

Pipeline Map



Commentary

- Altus owns or has the option to participate in five joint venture pipeline projects

Nat Gas

- 16%(1) of KMI's GCX (Exercised)
- 27% of KMI's Permian Highway (Option)

NGLs

- 33% of EPD's Shin Oak (Option)
- 50% of Salt Creek NGL (Option)

Crude

- 15% of EPIC Crude (Exercised)

- All pipelines expected in service by end of 2020
- Altus expects total growth capital investments(2) (past and future spend) net to its ownership interests of ~$1.7 billion on JV pipelines
  - No promote paid above construction cost
  - Very attractive projects for Altus (~7x build multiple of Adjusted EBITDA(2), on average)

(1) Includes the option to acquire an additional 1% interest in GCX subject to certain conditions precedent, including the exercise of the PHP option.
(2) See Glossary of Terms in Appendix for definition.

JV Pipeline Recent Developments

Gulf Coast Express Pipeline (Exercised)	▶ Expected in-service in October 2019 with project cost estimated at ~$1.75 billion ▶ Midland lateral placed in-service in April 2019
Permian Highway Pipeline (Unexercised)	▶ Expected in-service in October 2020 with project cost estimated at ~$2 billion ▶ Civil/environmental surveys substantially complete; land acquisition underway ▶ Expanding capacity by 0.1 Bcf/d to 2.1 Bcf/d (first 2.0 Bcf/d is fully subscribed)
Shin Oak NGL Pipeline (Unexercised)	▶ Mainline is in-service and was effectively full day 1 at initial capacity of 250 MBPD ▶ Waha lateral expected in-service in June 2019 (implying option exercise deadline at the end of August 2019) ▶ Full 550 MBPD capacity expected in Q4 2019; estimated project cost of ~$1.5 billion
Salt Creek NGL Pipeline (Unexercised)	▶ Pipeline is in-service, and Altus' option expires in January 2020
EPIC Crude Pipeline (Exercised)	▶ Closed $1 billion Term Loan B and $75 million revolving credit facility ▶ Received Nationwide Permit 12 from U.S. Army Corps of Engineers ▶ Permanent in-service expected in January 2020 with interim service expected in Q3 2019

Alpine High Overview

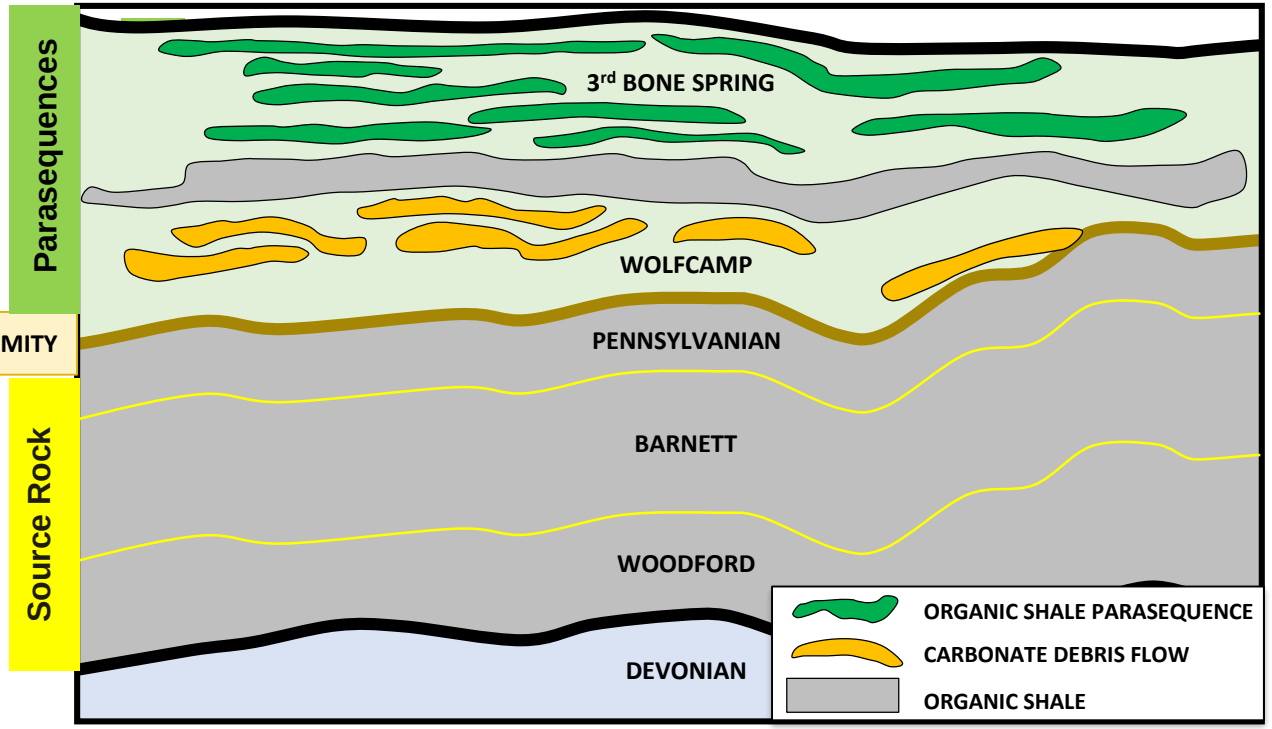
Alpine High: A World-Class Resource Play

Scale	▶ Unprecedented hydrocarbon column >5,000 feet ▶ Vertically stacked oil, rich gas, and lean gas fairways ▶ ~300,000 net acres at year-end 2018 ▶ 5,000+ locations identified as of October 2017 ▶ 3 billion bbls / 75 Tcf of resource in place (Barnett and Woodford only)
Execution	▶ Significant ramp up in production from May 2017 through Dec. 2018, exiting the year at 70 Mboe/d ▶ Placed 94 wells on production during 2018, nearly tripling the number of producing wells from YE 2017 to YE 2018 ▶ Guiding 2019 Alpine High volumes in range of 75-80 Mboe/d with year-end 2019 exit rate of > 100 Mboe/d
Economics	▶ Highly economic rich gas play; proven oil upside ▶ Liquids uplift combined with low F&D and operating costs – strong recycle ratios

Stacked Pay From 13 Landing Zones

High frequency, rapidly rising and falling sea level environment

Tranquil marine environment, gradually rising worldwide sea level conditions



13 landing zones so far; >5,000 vertical feet

Woodford + Barnett + Penn	3rd Bone Spring + Wolfcamp
▶ Thick, laterally continuous deposition	▶ Higher variability with sweet spots
▶ Oil, rich gas and lean gas windows	▶ Oil and rich gas windows
▶ Minimal in-situ water	▶ Water wet rock
▶ Indigenous, organic shale	▶ Indigenous shale and migrated hydrocarbons

Alpine High – Rich Gas Development Underway






Formulation and confirmation of concept

Areal and vertical delineation

Optimization and transition to full field development

Focused near-term development and setting up the long-term



- Seismic acquisition & processing
- Acreage acquisition
- Exploration drilling

- High-graded acreage position
- Commenced infrastructure buildout
- Extensive geologic and stratigraphic delineation

- Multi-well pads
- Spacing, patterns & completions tests
- Investment in water handling facilities
- Cryo site preparation and installation
- Altus Midstream transaction

- Volume ramp in rich gas
- Economies of scale drive lifting cost efficiencies
- Leverage water handling infrastructure
- Margin uplift from cryo processing expected to commence in mid-2019
- Preparing the Southern Flank source interval for rich gas and oil development

Financial Overview

Financial Overview

- Altus Midstream's simple structure is a key point of differentiation
  - No debt and undrawn revolver(1) provide strong liquidity
  - No incentive distribution rights
- Financing is secured for planned growth projects, underpinned by $825 million of incremental capital availability from preferred equity and revolver amendment
  - Planned growth projects include exercise of all remaining JV pipeline options
  - No need to issue common equity to finance current growth plans
  - Targeting 2021 leverage of 3-4x; currently forecasting < 3x
  - Blended incremental cost of financing through 2021 expected to be ~7-8%
- Expect to institute a dividend during 2021 (subject to board approval)
- Valuation attractive relative to midstream peers

(1) The syndicated credit facility is an obligation of Altus Midstream LP; the facility is unsecured and not guaranteed by Apache. The size of the credit facility is $800 million after the Initial Period, as defined in the credit agreement. The size during the Initial Period is $450 million ($650 million upon funding at least $500 million of preferred equity) with eventual ability to upsize to $1,500 million.

Preferred Equity Financing & Revolver Amendment

Preferred Equity

- Altus Midstream LP has secured commitments for $625 million of preferred equity led by Magnetar Capital and The Carlyle Group
- Funding expected to occur by June 28, 2019, subject to customary closing conditions
- Cash distribution rate of 7% per annum, payable quarterly
  - Flexibility to pay distributions in-kind for up to 6 quarters
- Redeemable by issuer at any time in cash at greater of 1.3x MOIC or 11.5% IRR
- If not already redeemed, distribution rate and IRR increase after 5 years

Revolver Amendment

- Altus Midstream LP amended its revolver to increase Initial Period availability from $450 million to $650 million when Altus funds the preferred equity
  - Availability still increases to $800 million after the Initial Period(1)

$825 million of additional financing at an attractive cost of capital

(1) As defined by the credit agreement, where the end of the Initial Period occurs upon the achievement of $175 million of LQA EBITDA (per the credit agreement's definition of EBITDA, which includes pro forma credit for JV pipelines and growth projects).

Near-Term Financing Plan

- Altus has diversified funding sources to support its current growth plans this year, including the exercise of Shin Oak and PHP options
- For 2020 and beyond, we are evaluating options for additional debt including exercise of the revolver accordion or accessing the term loan/bond markets

($ in millions, unless otherwise noted)

2019 Full Year Sources & Uses

Uses of Capital:	
JV Pipeline Equity Contributions[(1)]	$1,150
G&P Growth Capital Investments[(1)]	325
Q4 2018 Accrued Capex & Other	100
Total Growth Capital	**$1,575**

Financing Sources:	
Cash at 12/31/18	$450
Revolver Capacity - Initial Period[(2)]	650
Preferred Equity	625
Total Financing Sources	**$1,725**

Excess Sources of Financing	**$150**

(1) Uses midpoint of Altus guidance. JV Pipeline Equity Contributions is calculated using Altus' $1,300 million midpoint of guidance for growth capital investments for 2019 minus Altus' proportionate 15% share of the EPIC Crude $1 billion Term Loan B ($150 million), excluding transaction fees and expenses. See Glossary of Terms in Appendix for definitions.

(2) Initial Period capacity increases to $650 million from $450 million upon funding of at least $500 million of preferred equity.

Leverage & Cost of Capital

- The preferred equity raise and revolver amendment provide access to attractive sources of capital from a leverage and cost of capital perspective
  - Leverage ratio forecasted to be 2.4x in 2021 (3.8x assuming preferred equity is treated as 100% debt)
  - Blended cost of incremental financing through 2021 is expected to be ~7-8%

($ in millions, unless otherwise noted)

2021 Expected Financing(1)	
Growth Capital Investments(1) (2019 - 2021)	$2,350
Plus: Q4 2018 Accrued Capex & Other	100
Less: Cash at 12/31/18	(450)
Less: Preferred Equity	(625)
Less: Retained Cash Flow Through 2021(1)	(300)
Implied Net Financing Need	$1,075
2021 Adjusted EBITDA(1)	$450
2021 Leverage Ratio (Preferred as 100% Equity)	**2.4x**
2021 Leverage Ratio (Preferred as 100% Debt)	**3.8x**

(1) Midpoint of guidance. See Glossary of Terms in Appendix for definitions.

Financial Guidance Update

Updated Gathered Volume Guidance

- In February 2019, Altus provided gathered volume guidance of 525-575 MMcf/d (~65% rich gas) for 2019
- In April 2019, Apache announced that gas production from Alpine High would be temporarily deferred due to recent pricing at Waha Hub
  - Apache expects this deferral to ramp down over time and conclude by October 2019, in connection with the expected GCX in-service timing
  - Apache reiterated YE 2019 exit rate Alpine High guidance of >100 MBoe/d
- As a result of these deferrals, Altus expects revised gathered volume this year of 500-550 MMcf/d (no change to % rich gas)

Apache Cost Assistance

- Apache is providing support to Altus through assisting in reducing its cost structure and managing its shared services

No change to 2019 Adjusted EBITDA(1) or capital investment(1) guidance

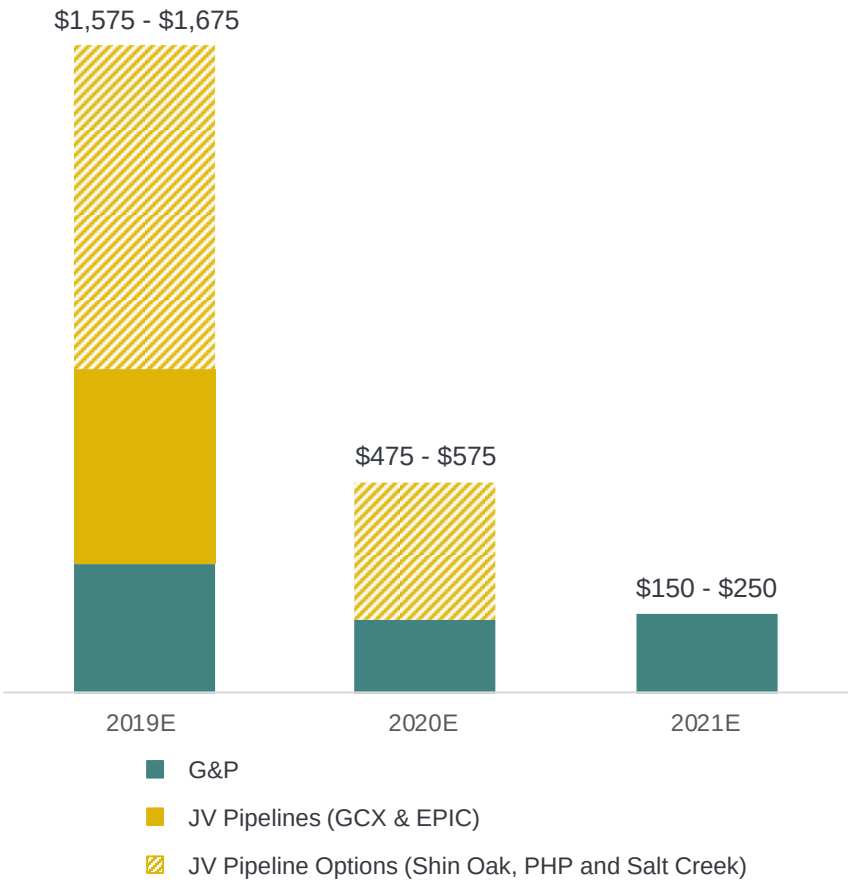
(1) See Glossary of Terms in Appendix for definition.

Financial Guidance

Growth Capital Investments[1]

($ in millions)

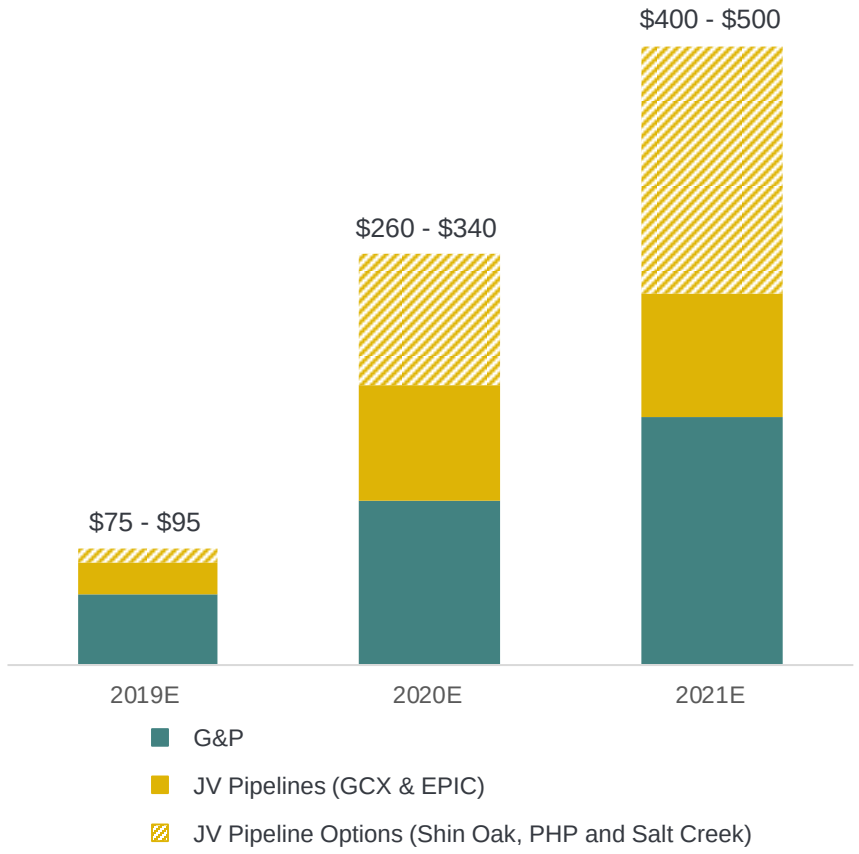
% Attributable to JV Pipelines		
75-85%	60-70%	0%



Adjusted EBITDA[1]

($ in millions)

% Attributable to JV Pipelines		
35-45%	55-65%	55-65%

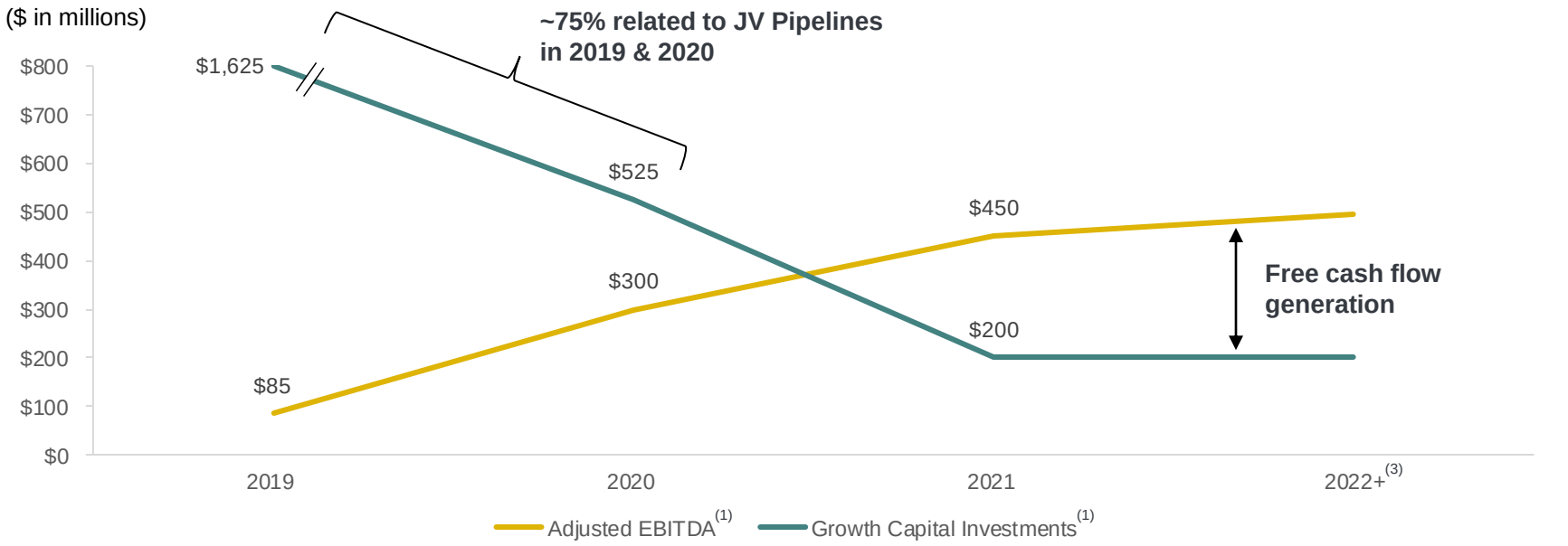


(1) Assumes exercise of all remaining JV pipeline options. See Glossary of Terms in Appendix for definition.

Altus Long-Term Growth Potential

- Expect 10+% Adjusted EBITDA[(1)] growth in 2022 and beyond
  - Depth of Alpine High inventory provides long runway for growth
- Significant free cash flow[(1)] generation potential in 2021 and beyond
  - Enables attractive dividend while self-financing capital investments
- Upsides to guidance include (i) ROFOs on crude/water gathering, (ii) ROFOs on new long-haul pipelines/Gulf Coast assets and (iii) third party opportunities

Altus Projections[(2)]



(1) See Glossary of Terms in Appendix for definition.
(2) 2019-2021 projections represent midpoint of guidance ranges.
(3) Assumes annual Adjusted EBITDA growth of 10% in 2022+. Assumes growth capital investments in 2022+ are flat versus 2021.

Appendix

Details on Joint Venture Pipelines

	Gulf Coast Express	EPIC Crude	Permian Highway	Shin Oak	Salt Creek NGL Line
Product	Natural Gas	Crude	Natural Gas	NGL	NGL
Operator	Kinder Morgan	EPIC	Kinder Morgan	Enterprise Products	ARM
Project Cost	$1.75 billion	$2 billion	$2 billion	$1.5 billion	$100 million
Altus Option %	16%(1)	15%	27%	33%	50%
Option Expiration	Exercised	Exercised	9/4/19	60 days following in-service date	1/31/20
Origin/Terminus	Waha/Agua Dulce	Orla/Corpus Christi	Waha/Gulf Coast	Waha/Mont Belvieu	Alpine High/Waha
Miles of Pipeline	447	730	430	658	60
Pipeline Capacity	2.0 Bcf/d	590-900 MBPD(2)	2.1 Bcf/d	550 MBPD	445 MBPD
In-Service Date	Q4 2019	Q1 2020(3)	Q4 2020	Q2 2019	In-Service
Other Owners(4)	KMI, DCP, TRGP	NBL, FANG	KMI, EagleClaw	EPD	Salt Creek
Contract Mix	MVC	MVC/Dedication	MVC	Dedication	Dedication

(1) Includes the option to acquire an additional 1% interest in GCX subject to certain conditions precedent, including the exercise of the PHP option.
(2) Represents Permian Basin pipeline capacity. Initial capacity is 590 MBPD, expandable to 900 MBPD.
(3) With the temporary conversion of EPIC's NGL line to transport crude oil on an interim basis, EPIC expects to generate EBITDA from this project in the second half of 2019.
(4) Represents existing project partners and disclosed holders of equity options.

Midstream Agreements with Apache

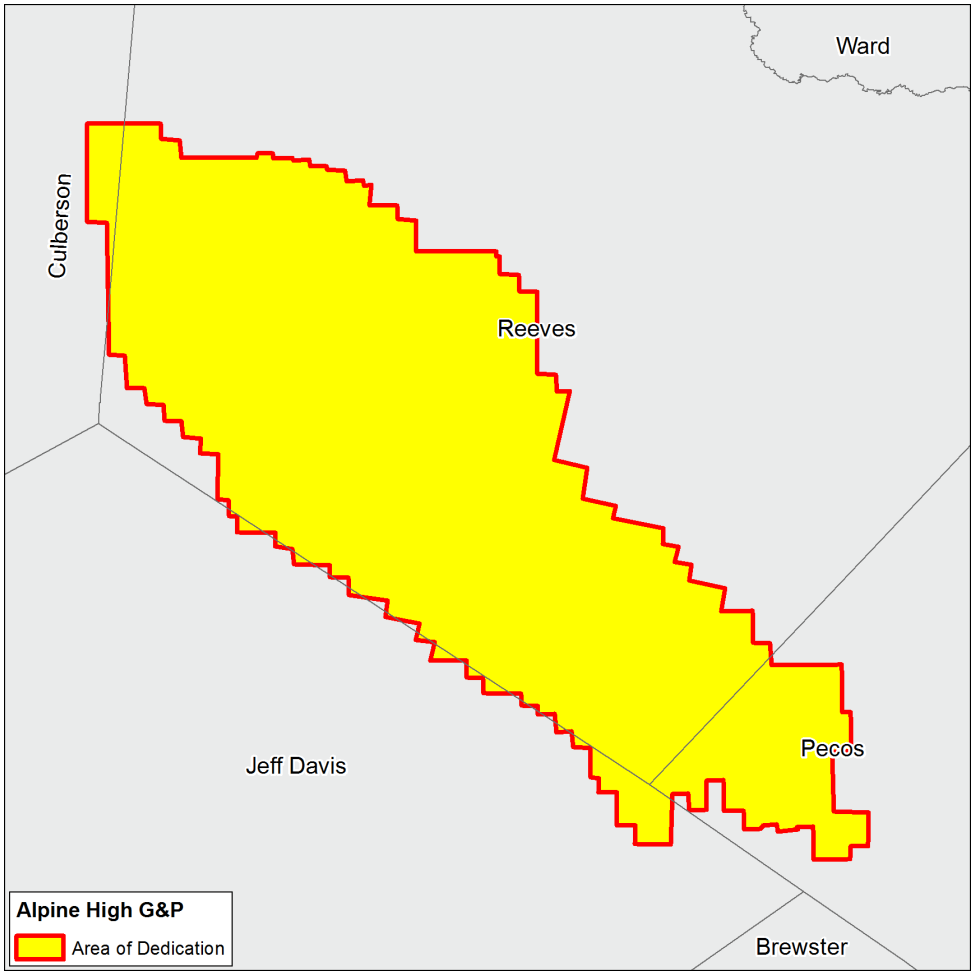
Commercial Agreements with Apache

- The area of dedication encompasses a total of ~540,000 gross acres (as denoted by the red outline)
  - Includes existing Apache acreage and future acreage acquired by Apache(1)
- Midstream services dedicated to Altus:
  - Gas gathering, compression and processing
  - Residue gas transportation
  - NGL transportation
- 100% fixed fee business with market-based rates
- Contract primary term through 2032

Investment Rights with Apache

- Altus LP has the following ROFOs with Apache:
  - Alpine High crude gathering system
  - Alpine High water handling system
  - New long-haul pipelines / Gulf Coast assets
- Altus LP has right to participate in midstream opportunities within an area of mutual interest
  - ~1.7 million acre area covering approximately 10 miles surrounding area of dedication

Area of Dedication



(1) Future acreage acquired by Apache within the area of dedication will be dedicated unless such acreage has a pre-existing dedication.

Revolving Credit Facility Summary

- Altus has a five-year revolving credit facility
  - Flexible terms
  - Pro forma credit for JV pipelines before in-service
  - Competitive “Investment Grade” pricing grid
  - Two one-year extension options

Revolving Credit Facility Summary Terms	
Key Term	**Threshold**
Capacity – Pre / Post Initial Period(1)	$650 million(2) / $800 million
Capacity – After Accordion Exercise	$1,500 million
Initial Pricing	LIBOR + 1.10%-1.475%
Max Debt-to-Cap Covenant – During Initial Period(1)	30%
Max Leverage Ratio Covenant – After Initial Period(1)	5x with pro forma credit(3) for JV pipeline options

(1) As defined by the credit agreement, where the end of the Initial Period occurs upon the achievement of $175 million of LQA EBITDA (per the credit agreement’s definition of EBITDA, which includes pro forma credit for JV pipelines and growth projects).
(2) Initial Period capacity increases to $650 million from $450 million upon funding of at least $500 million of preferred equity.
(3) Pro forma credit also applies to certain capital projects and acquisitions.

Glossary of Terms

- Adjusted EBITDA is defined as net income (loss) including noncontrolling interest before financing costs (net of capitalized interest), interest income, income taxes, depreciation, and accretion and adjusting for such items, as applicable, from income from equity method interests. Also excluded (when applicable) are impairments and other items affecting comparability of results to peers

- Capital investments are defined as costs incurred in midstream activities (including proportionate share of capital in relation to equity method interests), adjusted to exclude asset retirement obligations revisions and liabilities incurred, while including amounts paid during the period for abandonment and decommissioning expenditures

- Retained cash flow defined as adjusted EBITDA less equity interests adjusted EBITDA plus cash distributions from equity interests less maintenance capex, preferred cash distributions, interest expense, common dividends and transaction fees. Assumes no paid-in-kind preferred distributions

- Free cash flow is defined as Adjusted EBITDA less capital investments

- Reconciliations of forecasted Adjusted EBITDA, retained cash flow and free cash flow to cash provided by operating activities/net income are not provided because the items necessary to estimate such amounts are not reasonably accessible or estimable at this time