

Altus Midstream Company

August 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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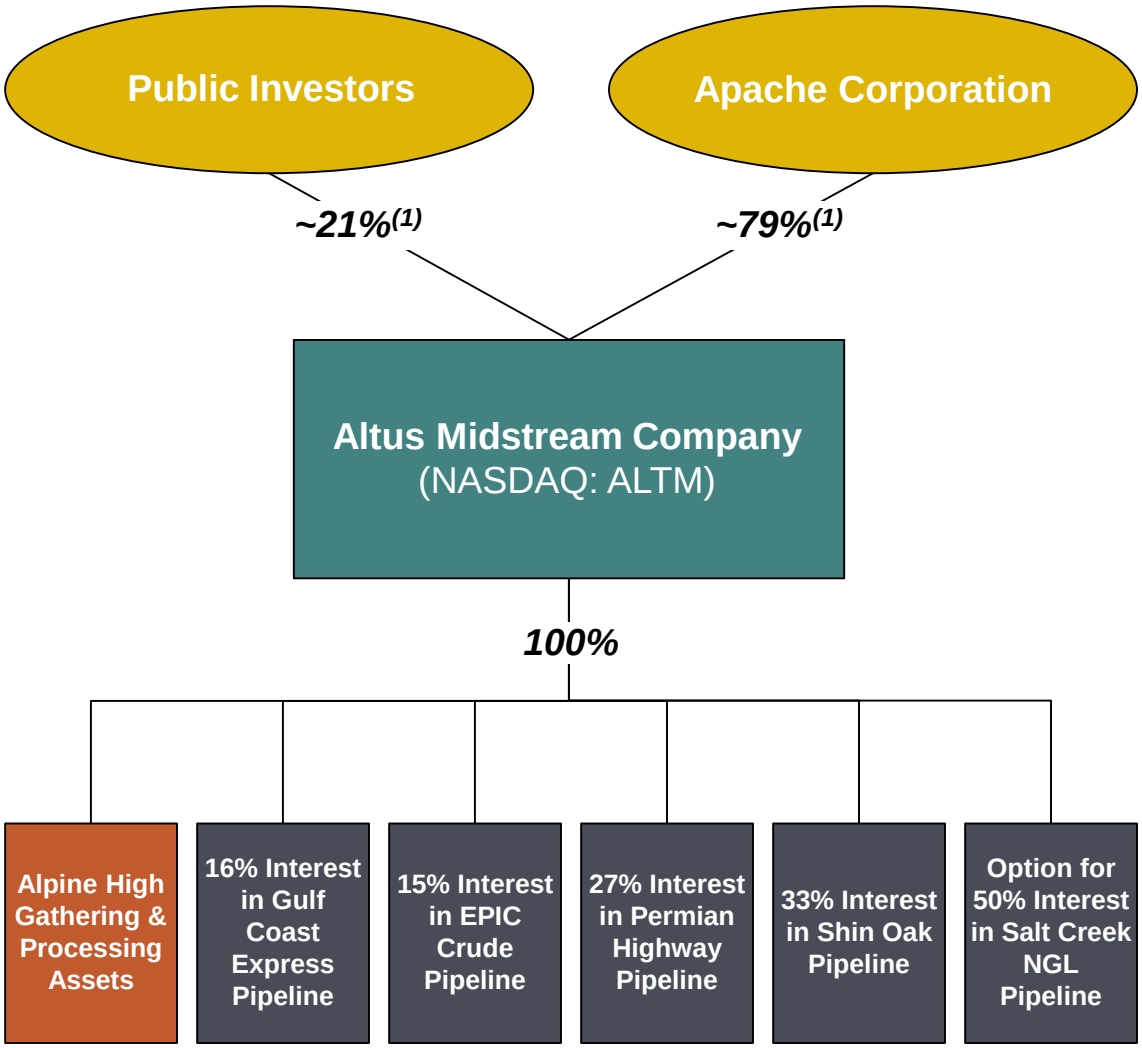
Altus Midstream Overview

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 in 4 long-haul Permian takeaway pipelines
  - Option to acquire equity interest in one regional Permian pipeline

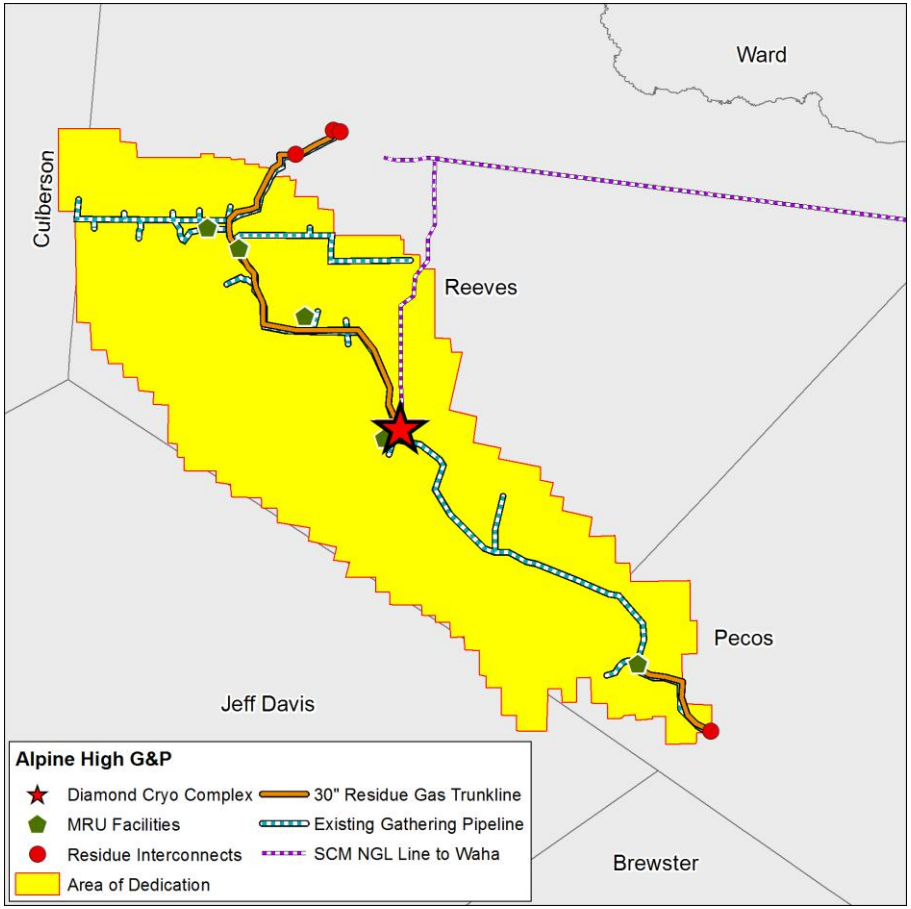
Simplified Structure



(1) Amounts reflect direct and indirect ownership interests in ALTM.

Gathering & Processing Overview

Asset Map



Asset Highlights

- **Rich Gas Processing:**
  - 800 MMcf/d of current capacity: 400 MMcf/d of capacity from two cryo trains and 400 MMcf/d of MRU capacity
  - Cryos performing well, consistently able to run above nameplate capacity with 99%+ ethane recovery
  - Additional 200 MMcf/d of cryo capacity expected to come online in fourth quarter
- **Lean Gas Treating / Compression:** 400 MMcf/d of current capacity
- **Gas Gathering Pipelines:** ~135 miles in service
- **Residue Pipelines / Market Connections:** ~54 miles in service with 4 market connections (Comanche Trail, El Paso Line 1600, Roadrunner and Trans-Pecos Pipeline)

600 MMcf/d of nameplate cryo capacity expected to be in-service this year

Midstream Agreements with Apache

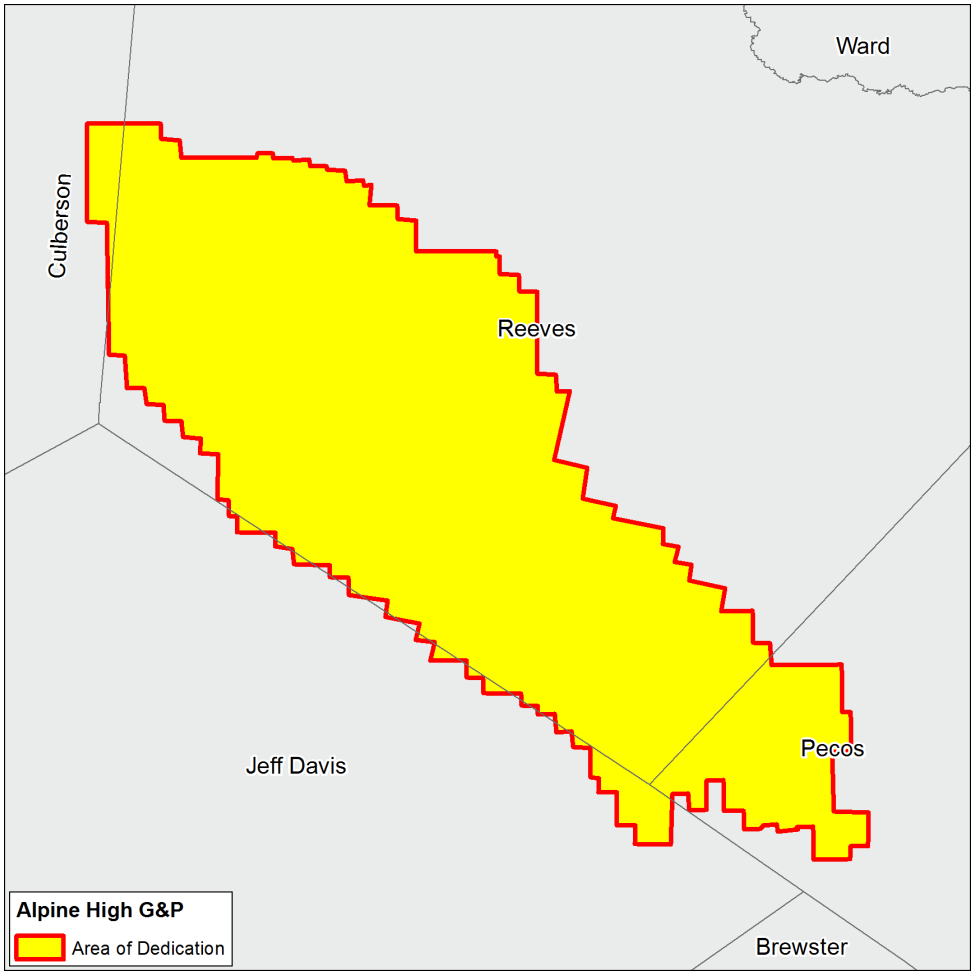
Commercial Agreements with Apache

- 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.

State of the Art Cryogenic Processing – SRX Technology

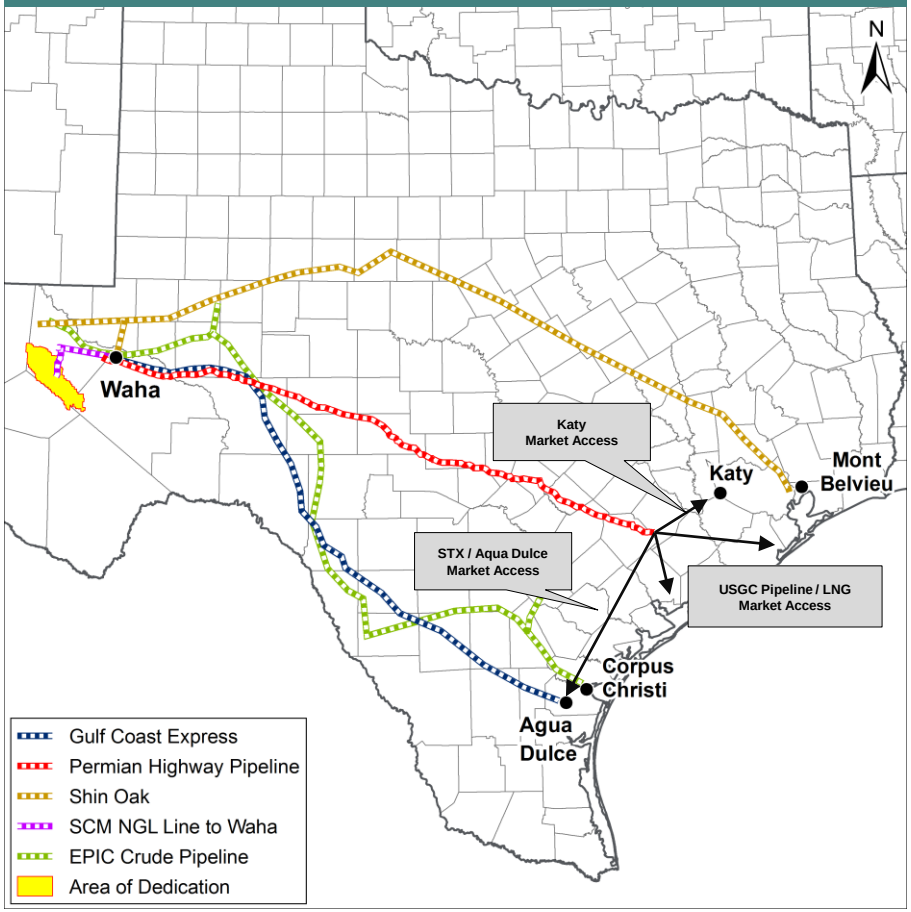
- Altus is building SRX cryogenic facilities to capitalize on better ethane recovery and rejection
- SRX further maximizes processing economics via much higher propane recoveries during ethane rejection
- Drives improved netbacks on third party volumes
- Standardized units allow for efficient and simpler 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% of KMI's GCX (Exercised)
- 27% of KMI's Permian Highway (Exercised)

NGLs

- 33% of EPD's Shin Oak (Exercised)
- 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(1) (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(1), on average)

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

JV Pipeline Recent Developments

Gulf Coast Express Pipeline (Exercised)	▶ Expected in-service in late September 2019 (7-10 days earlier than original October 1, 2019 in-service date) with project cost estimated at ~$1.75 billion ▶ Currently linepacking and ramping up compression to reach full capacity ▶ Capacity of 2.0 Bcf/d is fully subscribed under long-term, binding agreements
Permian Highway Pipeline (Exercised)	▶ Expected in-service in October 2020 with project cost estimated at ~$2.1 billion ▶ In June, Travis County District Court dismissed all claims raised against the project in litigation filed that challenged the constitutionality of eminent domain under Texas law ▶ Capacity of 2.1 Bcf/d is fully subscribed under long-term, binding agreements
Shin Oak NGL Pipeline (Exercised)	▶ Waha lateral entered service in June 2019 ▶ Altus exercised and closed its option in July 2019 ▶ Initial capacity of 250 MBPD in-service, expansion to 350 MBPD expected in Q3 2019 and full 550 MBPD capacity expected in Q4 2019; estimated project cost of ~$1.5 billion
Salt Creek NGL Pipeline (Unexercised)	▶ Pipeline in-service and Altus' option expires in January 2020
EPIC Crude Pipeline (Exercised)	▶ Interim service anticipated to begin in August ▶ Line fill began in July and is well underway to meet anticipated start date ▶ 30" line is ~50% complete with 68% of the line pipe being delivered ▶ EPIC dock is still on track to be completed by mid-August

Financial Overview

Financial Overview

- Financing is secured for planned growth projects, underpinned by $825 million of incremental capital availability from preferred equity and revolver amendment
  - All JV pipeline options have been exercised except Salt Creek NGL Line
  - No need to issue common equity to finance current growth plans
  - Targeting long-term leverage of 3-4x; currently forecasting < 3x
  - Blended incremental cost of financing expected to be ~7-8%
- Expect to institute a dividend during 2021
- Valuation attractive relative to midstream peers

2019 Updated Guidance

- **Currently expect 2019 Adjusted EBITDA of $70-85 million – compares to previous guidance of $75-95 million**
  - Change reflects lower than expected EBITDA contribution from EPIC and G&P business, partially offset by expected Shin Oak outperformance
  - Still expect to exit Initial Period on revolver by year-end 2019
  - Expect gathered volume near lower end of 500-550 MMcf/d range
- **Revised 2019 Adjusted EBITDA guidance would still be at prior midpoint of $85 million if not for a ~$7 million lease expense (net to Altus) related to EPIC Crude's capital reimbursement to EPIC Y-Grade for interim crude service**
  - Accounting rules require ~$7 million to be treated as an expense rather than a capital investment
  - Costs primarily related to permitting and ROW for interim service
  - Had been previously budgeted within capital investments; therefore, we expect a ~$7 million reduction in capital investments vs. prior expectations
  - This expense is only related to interim service; long-term (2020+) expectations are intact
- **Currently expect growth capital investments of $1,575-1,625 million; midpoint reduced $25 million vs. previous guidance**
  - Expect savings on both JV pipelines and G&P business

Near-Term Financing Plan

- Altus has diversified funding sources to support its current growth plans this year
  - All equity options except Salt Creek NGL Line have been exercised
- 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 Sources & Uses

Uses of Capital:	
JV Pipeline Equity Contributions[(1)]	$1,130
G&P Growth Capital Investments[(1)]	320
Q4 2018 Accrued Capex & Other	100
Total Growth Capital	**$1,550**

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

Excess Sources of Financing	**$175**

(1) Uses midpoint of Altus guidance. JV Pipeline Equity Contributions is calculated using Altus' $1,280 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.

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	$2.1 billion	$2.1 billion	$1.5 billion	$100 million
Altus Option %	16%	15%	27%	33%	50%
Option Expiration	Exercised	Exercised	Exercised	Exercised	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(1)	2.1 Bcf/d	550 MBPD	445 MBPD
In-Service Date	Sep 2019	Q1 2020(2)	Q4 2020	In-Service	In-Service
Other Owners(3)	KMI, DCP, TRGP	Ares, NBLX, RTLR	KMI, EagleClaw	EPD	Ares
Contract Mix	MVC	MVC/Dedication	MVC	Dedication	Dedication

(1) Represents Permian Basin pipeline capacity. Initial capacity is 590 MBPD, expandable to 900 MBPD.
(2) 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.
(3) Represents existing project partners and disclosed holders of equity options.

Preferred Equity Financing & Revolver Amendment

Preferred Equity

- Altus Midstream LP has issued $625 million of preferred equity
  - Funded and closed on June 12
- Cash distribution rate of 7% per annum, payable quarterly
  - Flexibility to pay distributions in-kind for the first 6 quarters
- Redeemable by issuer at any time in cash at greater of 1.3x MOIC or 11.5% IRR
- To the extent not redeemed, distribution rate and IRR increase after 5 years and investors have exchange right into ALTM Class A common stock after 7 years

Revolver Amendment

- Altus Midstream LP amended its revolver to increase Initial Period availability from $450 million to $650 million
  - 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).

Glossary of Terms

- Adjusted EBITDA is defined as net income (loss) including noncontrolling interest before financing costs (net of capitalized interest), net interest expense, 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

- Reconciliations of forecasted Adjusted EBITDA and retained 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