

Altus Midstream Company

May 2020

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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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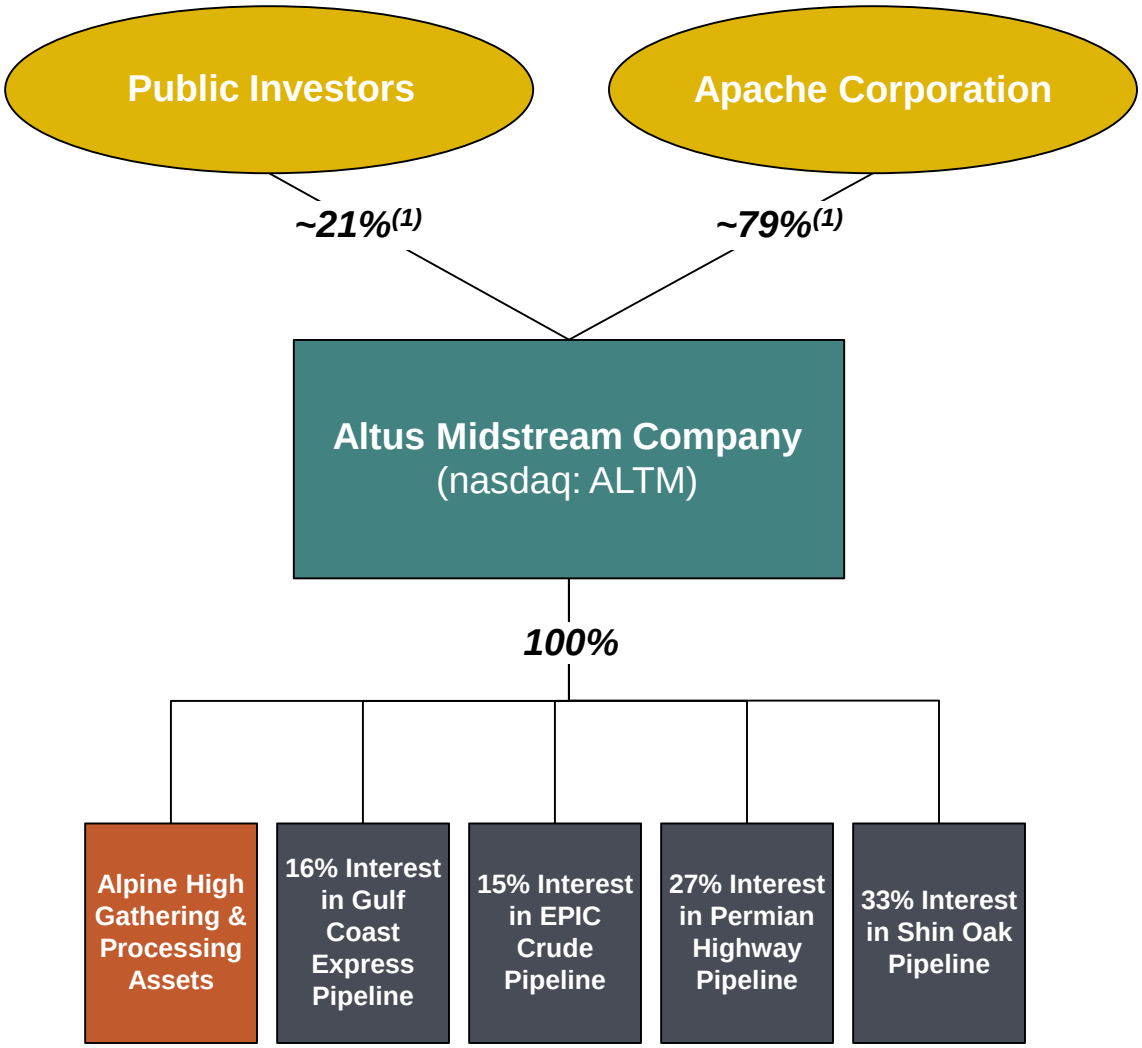
Altus Midstream Overview

Altus Midstream Summary Overview

Commentary

- Altus Midstream is a pure-play, Permian to Gulf Coast midstream C-corp
  - C-corp governance / no IDRs
- Interests in premier JV pipelines provide diversity of stable cash flows and long term contracts
- State of the art gathering and processing assets
- Conservative balance sheet; low leverage
- Strong financial position with ample liquidity to fund future growth plans

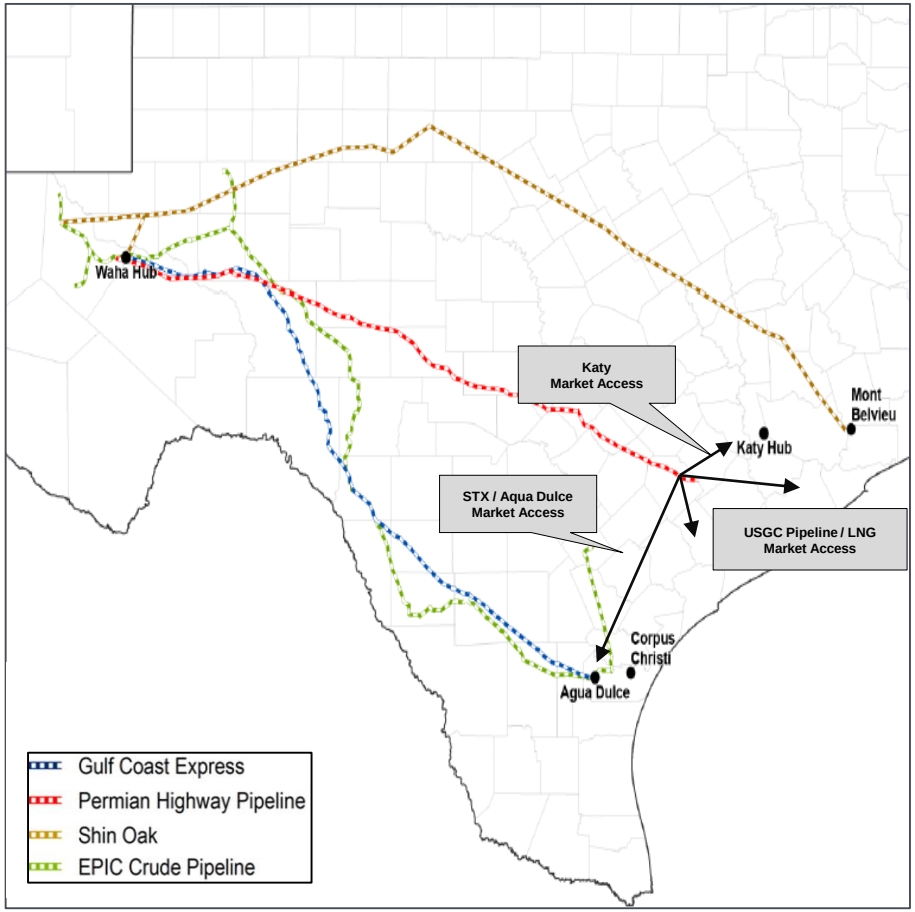
Simplified Structure



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

Joint Venture Pipelines Overview

Pipeline Map



Commentary

- Altus owns equity method interests in four joint venture pipeline projects
- All pipelines in service with the exception of Permian Highway (1Q21)
- Long-haul pipe investments provide diversified cash flow stream across all 3 commodities

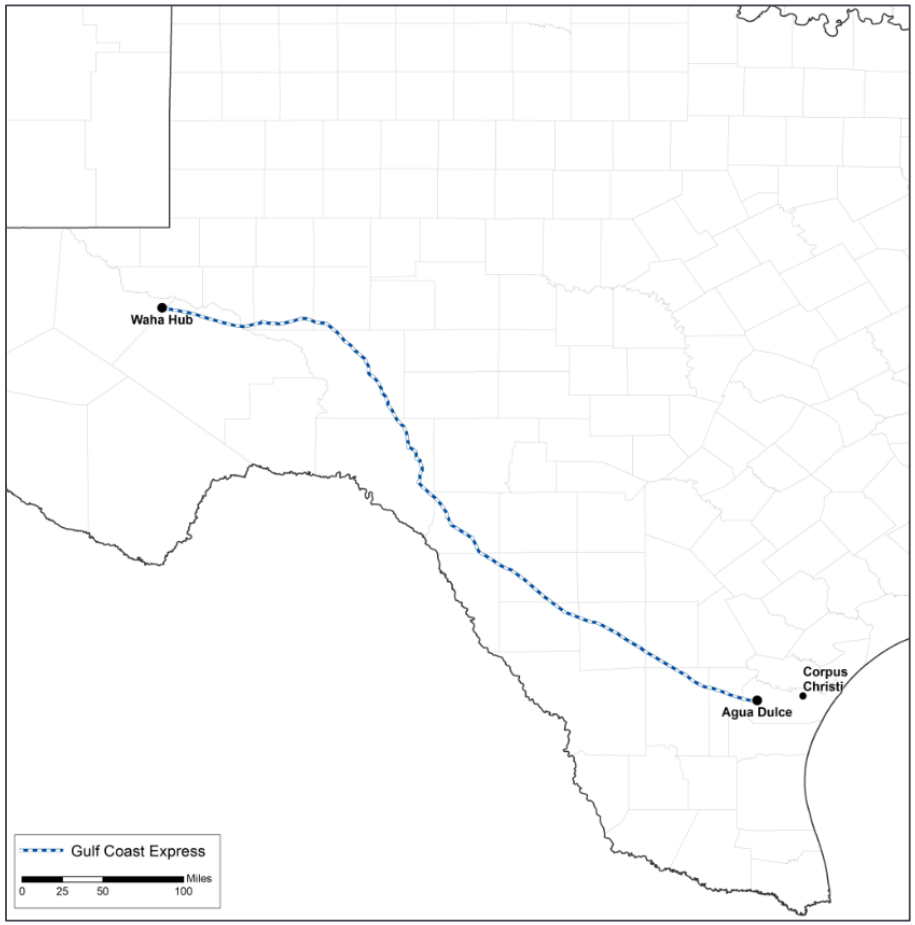
Natural Gas	• 16% of KMI's GCX • 27% of KMI's Permian Highway
NGLs	• 33% of EPD's Shin Oak
Crude	• 15% of EPIC Crude

JV Pipeline Recent Developments

Gulf Coast Express Pipeline	▶ Capacity of 2.0 Bcf/d is fully subscribed under long-term, binding agreements ▶ GCX continues strong performance in 1Q20
Permian Highway Pipeline	▶ Expected in-service 1Q21 with project cost estimated at ~$2.1BN ▶ Construction continuing ▶ Capacity of 2.1 Bcf/d is fully subscribed under long-term, binding agreements
Shin Oak NGL Pipeline	▶ Projecting immaterial capital needs, expect to continue generating cash distributions ▶ Revised outlook to reflect lower activity levels in the Permian Basin
EPIC Crude Pipeline	▶ Commenced full service in April 2020 ▶ Cost overruns and out of scope projects have increased estimated project cost to ~$2.4BN (~$350MM over the original ~$2.1BN budget) ▶ EPIC has funded overage with a combination of operating cash flow, project level debt financings and equity contributions from all partners

Gulf Coast Express (GCX) Overview

Pipeline Map

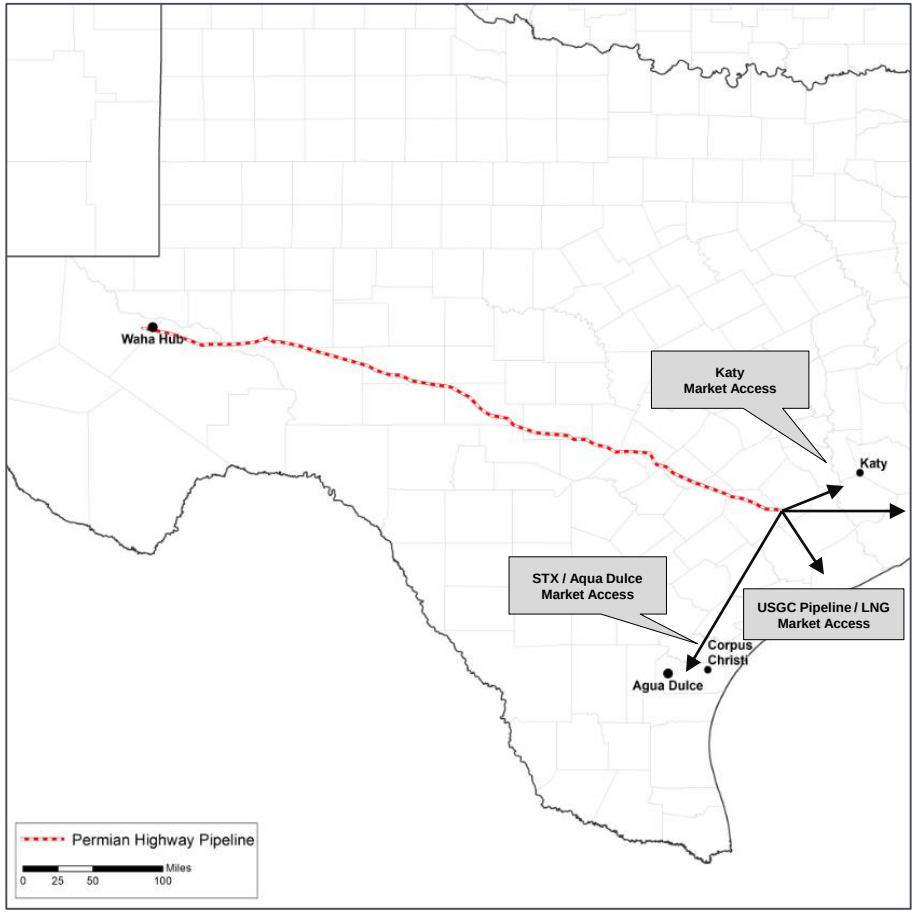


Commentary

- Altus owns 16% of GCX, remaining ownership is 34% Kinder Morgan (Operator), 25% DCP and 25% Targa
- Project Statistics:
  - Capacity: 2.0 Bcf/d
  - In service since Sept 2019, Altus continues to receive distributions
  - Capacity is fully subscribed under long-term, binding agreements
- Provides flexible access to growing markets
  - Exports to Mexico and Gulf Coast LNG liquefaction terminals
  - Growing industrial demand
  - Multiple pipeline interconnects at Agua Dulce including KMI intrastate capacities of over 7 Bcf/d (pipeline) and 132 Bcf (storage)

Permian Highway Pipeline (PHP) Overview

Pipeline Map

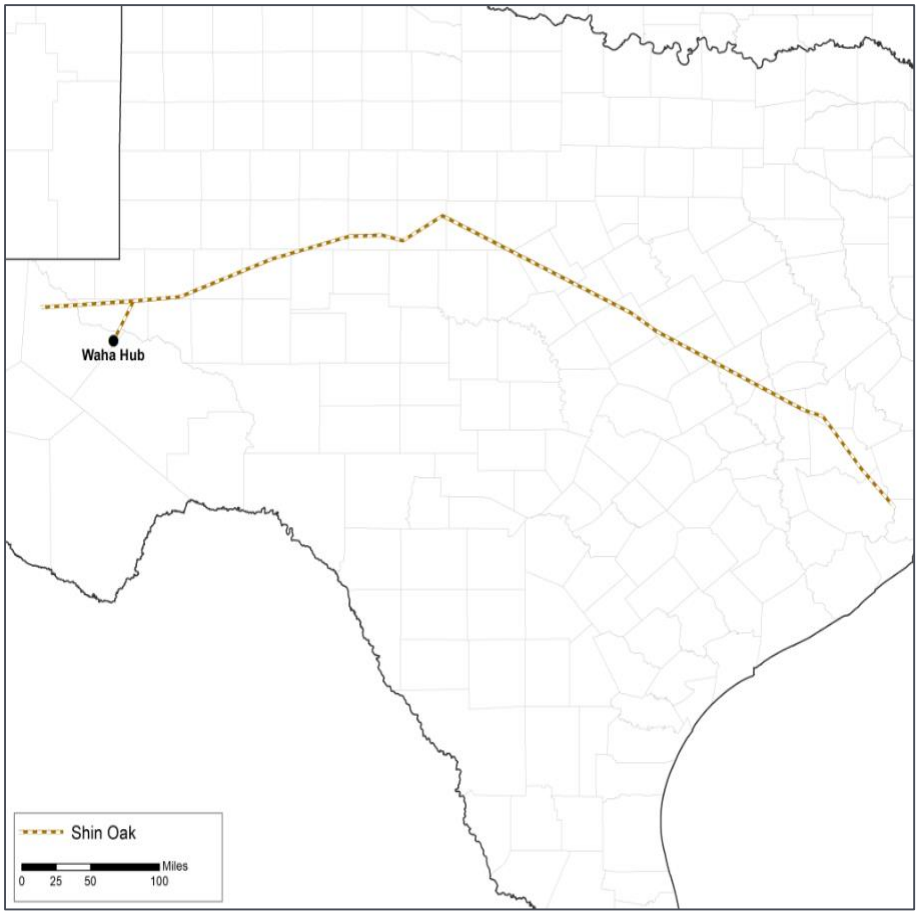


Commentary

- Altus owns ~27% of PHP, remaining ownership is ~27% Kinder Morgan (Operator), ~27% EagleClaw and 20% from an undisclosed anchor shipper
- Designed to transport approximately 2.1 Bcf/d of natural gas
  - Pipeline capacity is fully subscribed by long-term minimum volume commitments
  - Approximately 430 miles of 42” pipeline from Waha to Katy, with connections to the U.S. Gulf Coast and Mexico markets
- Expect in-service date in 1Q21
  - Operator remains confident in no further delays

Shin Oak Pipeline Overview

Pipeline Map

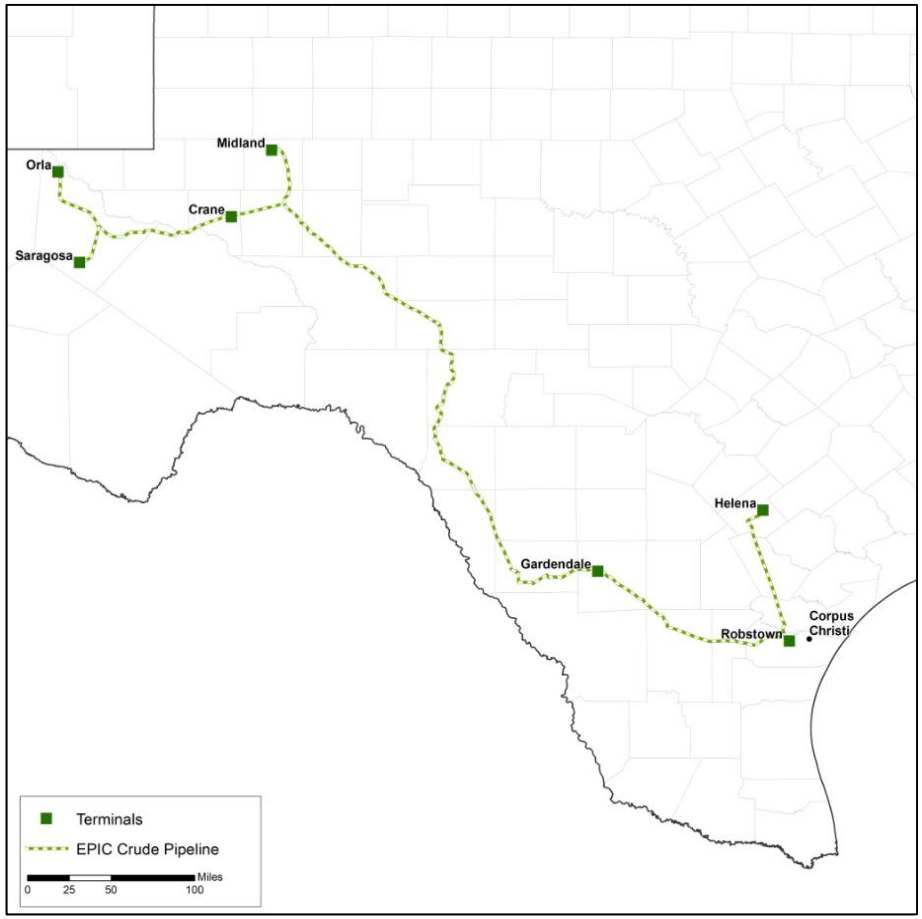


Commentary

- Breviloba LLC owns the Shin Oak NGL Pipeline (Shin Oak) and is owned 67% by Enterprise Products Operating LLC and 33% by Altus
- Project overview:
  - ~658 miles of 24-inch pipeline connecting Orla and Waha to Mont Belvieu NGL fractionation and storage complex
  - Project completed within budget of $1.5BN
  - Waha lateral placed into service in June 2019, Altus started receiving distributions in late 3Q19
- Shin Oak is differentiated through its integration with Enterprise's existing pipelines and fractionators, providing:
  - Supply from multiple basins (e.g., Rockies through Rocky Mountain and MAPL)
  - Superior flow assurance, provides a competitive advantage to attract third party business
  - Lowered expectations for 2020 due to drop in basin activity

EPIC Crude Overview

Pipeline Map



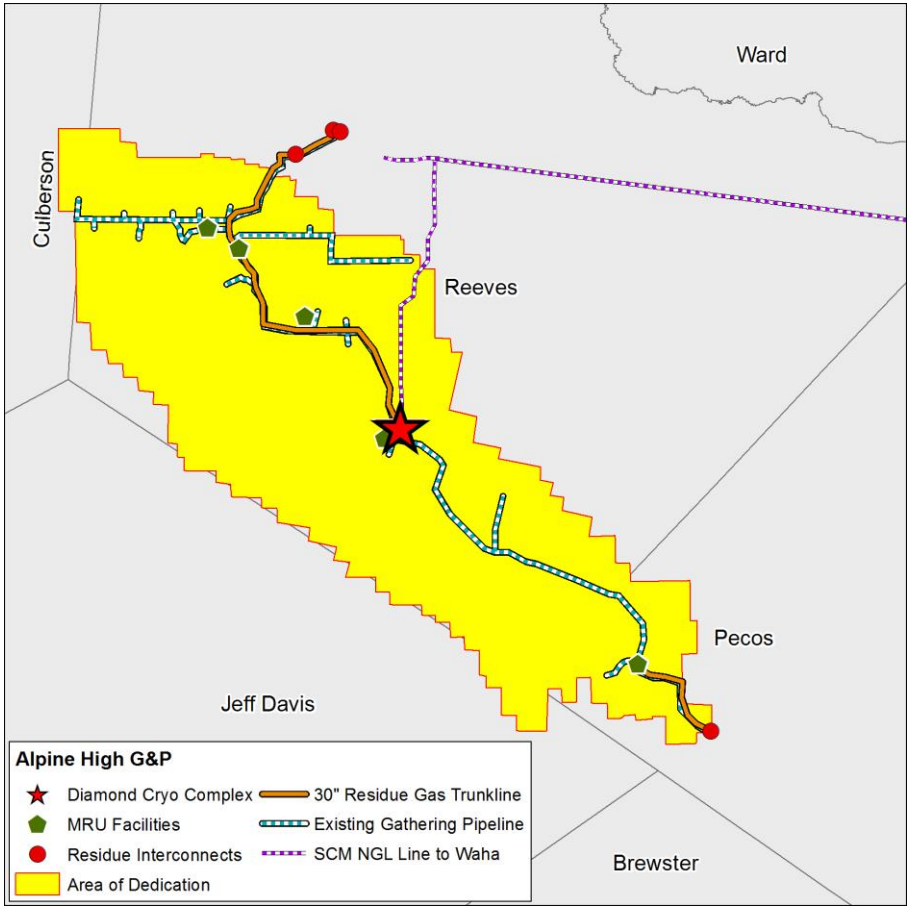
Commentary

- Altus owns 15% of EPIC crude, remaining ownership is 45% Ares Capital [(1)], 30% Noble Midstream Partners and 10% Rattler Midstream
- The project consists of ~700 miles of pipeline connecting the Permian and Eagle Ford Basins to Corpus Christi
- Current capacity of approximately 590 MBPD
  - Capacity is expandable with the installation of additional pumps and storage
- Commenced crude oil deliveries during 1Q20
- Near term volumes are challenged in current environment
- Opportunistic revenue generating opportunities through combined pipe / dock ownership
- Additional short-term storage and transport revenue expected in 2Q20

[(1)] Ares Capital is the private equity sponsor that owns EPIC Consolidated Operations, LLC, the Operator of Epic Crude

Gathering & Processing Overview

Asset Map



Asset Highlights

- **Rich Gas Processing:**
  - 600 MMcf/d of capacity from three cryo trains online and in-service
  - Cryos performing well, consistently able to run above nameplate capacity with 99%+ ethane recovery
- **Lean Gas Treating / Compression:** 400 MMcf/d of current capacity
- **Gas Gathering Pipelines:** ~182 miles in service
- **Residue Pipelines / Market Connections:** ~46 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 currently in-service

State of the Art Cryogenic Processing – SRX Technology

- The cryogenic facilities utilize SRX technology to capitalize on better recoveries in ethane rejection mode
- Drives improved netbacks on third-party volumes
- Standardized units allow for efficient operations at centralized cryo complex

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%

Financial Overview

Financial Overview

- Altus has ample liquidity to execute on its 2020 and 2021 capital plans through a combination of reinvesting operating cash flow and expanded revolver capacity
  - Revolver capacity is $800 million, matures in November of 2023
  - No anticipated need to access any capital markets to finance growth plans
  - Covenant leverage expected to be well below 5x covenant
- Expect to be cash flow positive with the start-up of PHP in 1Q21
- Ability to generate cash underpinned by strength and stability of JV pipelines
- In current market environment, focusing on debt reduction
- Valuation attractive relative to midstream peers

Updates to 2020 Guidance

- Gathered volume outlook unchanged
- Currently expect 2020 Adjusted EBITDA[(1)] of $150 – 190 million
  - 55 - 65% attributable to JV pipeline projects
  - Adjusted EBITDA[(1)] for 2020 is primarily impacted by reduced forecasts for Epic Crude and Shin Oak NGL pipelines, along with a slight reduction due to gathering and processing curtailments
- 2020 Distributable Cash Flow[(1)] range adjusted to $80 – 100 million primarily reflecting lower expected distributions from Shin Oak
- 2020 Growth Capital Investments[(1)] range remains $300 – 360 million with over 95% attributable to JV pipes

[(1)] For a reconciliation to the most directly comparable GAAP financial measure, please refer to the Non-GAAP Reconciliations in the Appendix.

Appendix

Joint Venture Pipelines Detail

	Gulf Coast Express	EPIC Crude	Permian Highway	Shin Oak
Product	Natural Gas	Crude	Natural Gas	NGL
Operator	Kinder Morgan	EPIC	Kinder Morgan	Enterprise Products
Project Cost	$1.75 billion	~$2.4 billion	$2.1 billion	$1.5 billion
Altus Ownership %	16%	15%	27%	33%
Origin/Terminus	Waha/Agua Dulce	Orla/Corpus Christi	Waha/Gulf Coast	Waha/Mont Belvieu
Miles of Pipeline	447	730	430	658
Pipeline Capacity	2.0 Bcf/d	590 MBPD[(1)]	2.1 Bcf/d	550 MBPD
In-Service Date	In-Service	In-Service	1Q21	In-Service
Other Owners[(2)]	KMI, DCP, TRGP	Ares, NBLX, RTLR	KMI, EagleClaw	EPD
Contract Mix	MVC	MVC/Dedication	MVC	Dedication

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

Non-GAAP Reconciliation – Adjusted EBITDA & DCF

The Company believes Adjusted EBITDA and DCF are useful because it allows the Company to more effectively evaluate its operating performance and compare the results of its operations from period to period and against its peers without regard to financing methods or capital structure.

Our management compensates for the limitations of Adjusted EBITDA as an analytical tool, by reviewing the comparable GAAP measure, understanding the differences between Adjusted EBITDA as compared to net income (loss) including noncontrolling interests and incorporating this knowledge into its decision-making processes. Our management believes that investors benefit from having access to the same financial measures that the Company uses in evaluating operating results.

	For the Quarter Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
Net income (loss) including noncontrolling interests	$ (26,792)	$ (1,330,943)	$ 5,728
Add:			
Financing costs, net of capitalized interest	273	284	508
Income tax expense	-	65,410	426
Depreciation and accretion	3,914	13,012	7,651
Impairments	-	1,291,381	-
Unrealized derivative instrument loss	61,984	4,701	-
Equity method interests Adjusted EBITDA	23,686	20,250	227
Loss on sale of assets	188	605	-
Other	290	32	-
Less:			
Interest income	7	22	2,161
Income from equity method interests, net	16,298	18,532	270
Income tax benefit	696	-	-
Adjusted EBITDA (Non-GAAP)	$ 46,542	$ 46,178	$ 12,109
Other midstream activity			
Cash distributions received from our equity method interests	$ 22,537	$ 21,925	$ -

	For the Quarter Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
Adjusted EBITDA (Non-GAAP)	**$ 46,542**	**$ 46,178**	**$ 12,109**
Add:			
Distributions from equity method interests	22,537	21,925	-
Less:			
EBITDA from equity method interests	23,686	20,250	227
Cash interest expense	3,340	3,150	547
Cash tax	-	-	-
Maintenance capital	-	-	-
Preferred units distributions	11,363	11,168	-
Distributable Cash Flow (Non-GAAP)	**$ 30,690**	**$ 33,535**	**$ 11,335**

Note: All numbers are in thousands

Non-GAAP Reconciliation – Growth Capital

Management believes the presentation of capital investments and growth capital investments is useful for investors to assess Altus' expenditures related to our midstream capital activity. We define capital investments as costs incurred in midstream activities, adjusted to exclude asset retirement obligation revisions and liabilities incurred, while including amounts paid during the period for abandonment and decommissioning expenditures given the uncertainty and timing of when the actual abandonment activity will occur. Management also believes that including our proportionate share of capital in relation to equity method interests funded by cash contributions and the partner's project financing is useful for investors to assess Altus' total growth capital investments. Management believes total growth capital investments provides a more accurate reflection of Altus' current-period expenditures related to midstream capital activity and is consistent with how we plan our capital budget.

	For the Quarter Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
Costs incurred in midstream activity			
Property, plant and equipment, gross	$ 7,079	$ 57,432	$ 140,124
Equity method interests	82,827	163,940	118,033
Total cost incurred in midstream activity	$ 89,906	$ 221,372	$ 258,157
Reconciliation of costs incurred to midstream capital investment:			
Asset retirement obligations incurred and revisions	$ -	$ (25,681)	$ (483)
Asset retirement obligations settled	-	-	-
Total capital investments	**89,906**	**195,691**	**257,674**
Equity method interest capital investments funded by project financing	6,900	7,500	-
Total growth capital investments	**$ 96,806**	**$ 203,191**	**$ 257,674**

Note: All numbers are in thousands

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

- Distributable cash flow (DCF) is defined as Adjusted EBITDA less equity interests' Adjusted EBITDA plus cash distributions from equity interests less maintenance capex, cash tax, preferred unit distributions and interest expense

- Reconciliations of forecasted Adjusted EBITDA and distributable cash flow to the nearest GAAP measure, net income including non-controlling interests, are not provided because certain of the items necessary to estimate such amounts are not reasonably accessible or estimable at this time. These items primarily relate to lack of available forecast information to reconcile to our share of proportionate net income generated by our interests in third-party pipeline projects

- Capital investment is defined as costs incurred in midstream activities, adjusted to exclude asset retirement obligations revisions and liabilities incurred, while including amounts paid during the period for abandonment and decommissioning expenditures

- Growth capital investments is defined as Capital Investment plus Altus' proportionate share of capital in relation to equity method interests