

Risk Factors Comparison 2025-02-28 to 2024-02-22 Form: 10-K

Legend: New Text ~~Removed Text~~ Unchanged Text Moved Text Section

The Company's business activities and the value of its securities are subject to significant hazards and risks, including those described below. If any of such events should occur, the Company's business, financial condition, liquidity, and / or results of operations could be materially harmed, and holders and purchasers of APA's securities could lose part or all of their investments. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also adversely affect the Company. RISKS RELATED TO PRICING, DEMAND, AND PRODUCTION FOR CRUDE OIL, NATURAL GAS, AND NGLs Crude oil, natural gas, and NGL prices and their volatility could adversely affect the Company's operating results and the price of APA's common stock. The Company's revenues, operating results, future rate of growth, and carrying value of its oil and gas properties depend highly upon the prices it receives for its sales of crude oil, natural gas, and NGL products. Historically, the markets for these commodities have been volatile and are likely to continue to be volatile in the future. For example, the NYMEX daily settlement price for the prompt month oil contract in ~~2023~~2024 ranged from a high of \$ ~~93-87~~. 67-69 per barrel to a low of \$ 66. ~~61-73~~ per barrel, and the NYMEX daily settlement price for the prompt month natural gas contract in ~~2023~~2024 ranged from a high of \$ ~~3-13~~. 78-20 per MMBtu to a low of \$ 1. ~~74-21~~ per MMBtu. The market prices for crude oil, natural gas, and NGLs depend on factors beyond the Company's control. These factors include demand, which fluctuates with changes in market and economic conditions, and other factors, including: • worldwide and domestic supplies and / or inventories of crude oil, natural gas, and NGLs and the availability of related pipeline, transportation, import / export, and refining capacity and infrastructure; • actions taken by foreign oil and gas producing nations, including the Organization of the Petroleum Exporting Countries (OPEC) and non- OPEC members that participate in OPEC initiatives (OPEC); • political conditions and events in oil and gas producing regions, including instabilities, changes in governments, or armed conflicts, such as the Russian war in Ukraine and the armed conflict in Israel and Gaza; • the price, competitiveness, decision to use, and availability of alternative fuels and energy sources, including coal, biofuels, and renewables; • increased competitiveness of, and demand for, alternative energy sources; • technological advances affecting energy supply and energy consumption, including those that alter fuel choices; • the availability of pipeline capacity and infrastructure; • the availability of crude oil transportation and refining capacity; • weather conditions; • the impact of political pressure and the influence of environmental groups, investors, and other stakeholders on decisions and policies related to the oil and gas industry, including with respect to environmental, social, and governance matters; • domestic and foreign governmental regulations and taxes, including changes or initiatives to address the impacts of global climate change, hydraulic fracturing, methane emissions, flaring, or water disposal; and • the overall economic environment, including rates of growth, trade tensions, and increasing inflationary pressure. Low prices have previously adversely affected and could from time to time in the future adversely affect the Company's revenues, operating income, cash flow, and proved reserves, and a prolonged period of low prices could have a material adverse impact on the Company's results of operations and cash flows and limit its ability to fund capital expenditures. Without the ability to fund capital expenditures, the Company would be unable to replace reserves and production. Sustained low prices of crude oil, natural gas, and NGLs could also further adversely impact the Company's business, including by weakening the Company's financial condition and reducing its liquidity, limiting the Company's ability to fund planned capital expenditures and operations, causing the Company to delay or postpone some of its capital projects or reallocate capital to different projects or regions, limiting the Company's access to sources of capital, such as equity and long-term debt, or reducing the carrying value of the Company's oil and gas properties, resulting in additional non- cash impairments. The Company's ability to sell crude oil, natural gas, or NGLs, receive market prices for these commodities, and / or meet volume commitments under transportation services agreements may be adversely affected by pipeline and gathering system capacity constraints, the inability to procure and resell volumes economically, and various transportation interruptions. A portion of the Company's crude oil, natural gas, and NGL production in any region may be , and previously have been, interrupted, limited, or shut in from time to time for numerous reasons, including as a result of weather conditions, accidents, loss of pipeline or gathering system access, field labor issues or strikes, cyberattacks or terrorist events, or capital constraints that limit the ability of third parties to construct gathering systems, processing facilities, or interstate pipelines to transport the Company's production. Additionally, the Company has previously and may in the future voluntarily curtail production in response to market conditions , such as weak or negative prices. If a substantial amount of the Company's production is interrupted or curtailed at the same time, it could temporarily adversely affect the Company's cash flows. Further, if the Company is unable to procure and resell third- party volumes at or above a net price that covers the cost of transportation, the Company's cash flows could be adversely affected. The Company has previously not realized, and may in the future not realize, an adequate return on wells that it drills. Drilling for oil and gas involves numerous risks, including that the Company may not encounter commercially productive oil or gas reservoirs or may not recover all or any portion of its investment in the wells it drills. Management has previously determined, and may in the future determine, that future drilling or development activities will not, or are unlikely to, occur for a well or reservoir, based on drilling results, current or future estimated commodity prices or demand for oil, natural gas, and NGLs, or other information. The costs of drilling, completing, and operating wells are often uncertain, and drilling operations are subject to a variety of risks, including unexpected drilling conditions (such as pressure or formation irregularities), equipment failures or accidents, catastrophic events, marine risks, adverse weather conditions, and increases in the cost of or shortages or delays in the availability of drilling rigs, equipment, and labor. In addition, exploratory drilling involves greater risks of dry holes or failure to find commercial quantities of hydrocarbons. Any such events could have

an adverse effect on the Company's future results of operations and financial condition. Exploration costs and dry hole expenses incurred by the Company during the reporting period are further discussed in this Annual Report on Form 10-K and reflected in the consolidated financial statements included herein. The Company's commodity price risk management and trading activities may prevent it from benefiting fully from price increases and may expose it to other risks. To the extent that the Company engages in price risk management activities to protect itself from commodity price declines, the Company may be prevented from realizing the benefits of price increases. The Company's hedging arrangements may expose it to the risk of financial loss, including when production falls short of the hedged volumes, price-basis differentials widen, a hedging counterparty defaults, or an unexpected event materially impacts commodity prices. Global pandemics have previously, may continue to, and may in the future adversely impact the Company's business, financial condition, and results of operations; the global economy; the demand for and prices of oil, natural gas, and NGLs; and the performance of the Company's workforce. Global pandemics and the actions taken by third parties, including, but not limited to, governmental authorities, businesses, and consumers, in response to such pandemics, including the COVID-19 pandemic, have previously adversely impacted and may from time to time in the future adversely impact the global economy, resulting in significant volatility in the global financial markets, and the demand for, and the prices of, oil, natural gas, and NGLs, which may materially adversely affect the Company's business, financial condition, cash flows, and results of operations. Additionally, the Company's operations rely on its workforce having access to its wells, platforms, structures, offices, and facilities. If a significant portion of the Company's workforce cannot effectively perform their responsibilities, whether resulting from a lack of physical or virtual access, quarantines, illnesses, governmental actions or restrictions (including vaccine mandates and the reactions thereto), or other restrictions or adverse impacts resulting from a pandemic, the Company's business, financial condition, cash flows, and results of operations may be materially adversely affected.

RISKS RELATED TO OPERATIONS AND DEVELOPMENT PROJECTS

The Company's operations involve a high degree of operational risk, particularly risk of personal injury, damage to or loss of property, and environmental accidents. The Company's operations are subject to hazards and risks inherent in the drilling, production, and transportation of crude oil, natural gas, and NGLs, including well blowouts, explosions, fires, cratering, pipeline or other facility ruptures and spills, adverse weather conditions, including those impacting the Company's offshore operating areas, surface spillage and ground water contamination, and failure or loss of equipment. These events, including ineffective containment of such events, **have previously and could in the future** result in property damages, personal injury, environmental pollution, and other damages for which the Company could be liable. If a significant amount of the Company's production is interrupted, containment efforts prove to be ineffective, or litigation arises as the result of a catastrophic occurrence, the Company's cash flows and, in turn, its results of operations could be materially and adversely affected. Weather and climate may have a significant adverse impact on the Company's revenues and production. Demand for oil and natural gas are, to a significant degree, dependent on weather and climate, which impact the price the Company receives for the commodities it produces. In addition, the Company's exploration, development, and production activities and equipment have been and can be adversely affected by severe weather, such as freezing temperatures, hurricanes in the Gulf of **Mexico America**, or major storms in the North Sea, each of which have previously caused and may cause a loss of production from temporary cessation of activity or lost or damaged equipment. The Company's planning for normal climatic variation, insurance programs, and emergency recovery plans may inadequately mitigate the effects of such weather conditions, and not all such effects can be predicted, eliminated, or insured against. The Company's insurance policies do not cover all of the risks the Company faces, which could result in significant financial exposure. Exploration for and production of crude oil, natural gas, and NGLs involves hazards, which can result in damage to or destruction of wells or production facilities, injury to persons, loss of life, or damage to property or the environment. The Company's international operations are also subject to political and economic risks. The insurance coverage that the Company maintains against certain losses or liabilities arising from its operations may be inadequate to cover any such resulting liability; moreover, insurance is not available to the Company against all operational risks. While certain **of the Company's** insurance policies **of the Company** may provide coverage for such events, if the Company were to incur a significant liability for which it was not fully insured, then it could have a material adverse effect on the Company's financial position, results of operations, and cash flows. In addition, if such an event were to occur, then the proceeds of any such insurance may not be paid in a timely manner or may not be sufficient to cover all of the Company's losses. A cyberattack targeting systems and infrastructure used by the Company or others in the oil and gas industry may adversely impact the Company's operations. There are numerous and evolving risks to the Company's data, technology, and information systems from cyber threat actors, including criminal hackers, state-sponsored intrusions, industrial espionage, and employee malfeasance. The Company's operations are dependent on digital technologies, including to estimate reserves, process financial and operating data, analyze drilling information, and communicate with personnel. Unauthorized access to the Company's data, technology, and information systems could lead to operational disruption, communication interruption, disruption in access to financial reporting systems, **and** loss, misuse, or corruption of data and proprietary information. In addition, unauthorized access to third party information systems could interrupt the oil and gas distribution and refining systems in the U. S. and abroad, which are necessary to transport and market the Company's production. Cyberattacks directed at oil and gas distribution systems have previously and could again in the future damage critical distribution and storage assets or the environment. The potential impacts of a cyber incident could be made worse by a delay or failure to detect the occurrence, continuance, or extent of such an incident. The Company expends significant resources to protect its digital systems and data, whether such data is housed internally or externally by third parties, against cyberattacks and may be required to expend further resources as cyber threat actors become more sophisticated and as regulations related to cyberattacks become more complex. Cyberattacks, including malicious software, data privacy breaches by employees, insiders, or others with authorized access to the Company's systems, cyber or phishing attacks, ransomware attacks, supply chain vulnerabilities, business email compromises, other attempts to gain unauthorized access to the Company's data and systems, and other electronic security breaches could have a

material adverse effect on the Company's business, cause it to incur a material financial loss, subject it to possible legal claims and liability, and / or damage its reputation. While the Company has not suffered any material losses as a result of cyberattacks, there is no assurance that the Company will not suffer such losses in the future. Material differences between the estimated and actual timing of critical events or costs may affect the completion and commencement of production from development projects. The Company is involved in several large development projects, and the completion of these projects may be delayed beyond the Company's anticipated completion dates. These projects may be delayed by project approvals from joint venture partners, timely issuances of permits and licenses by governmental agencies, weather conditions, manufacturing and delivery schedules of critical **vessels and** equipment, and other unforeseen events. Delays and differences between estimated and actual timing of critical events and development costs (including for equipment and personnel) may adversely affect the Company's large development projects (including forcing the Company to abandon such projects) and its ability to participate in large-scale development projects in the future. **RISKS RELATED TO RESERVES AND LEASEHOLD ACREAGE** Discoveries or acquisitions of additional reserves are needed to avoid a material decline in reserves and production. The production rate from oil and natural gas properties generally declines as reserves are depleted, while related per-unit production costs generally increase as a result of decreasing reservoir pressures and other factors. Therefore, future oil and gas production is highly dependent upon the Company's level of success in adding reserves through exploration and development activities, identifying additional behind-pipe zones, secondary recovery reserves, or tertiary recovery reserves through engineering studies, or acquiring additional properties containing proved reserves. As oil or natural gas prices increase, the Company's cost for additional reserves could also increase. The Company may fail to fully identify potential problems related to acquired reserves or to properly estimate those reserves. Although the Company performs a review of properties that it acquires, which the Company believes is consistent with industry practices, such reviews are inherently incomplete, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken. There are numerous uncertainties inherent in estimating quantities of proved oil and gas reserves and future production rates and costs with respect to acquired properties, and actual results may vary substantially from those assumed in the estimates. There can be no assurance that acquisitions will not adversely impact the Company's operating results, particularly during their integration into the Company's ongoing operations. Crude oil, natural gas, and NGL reserves are estimates, and actual recoveries may vary significantly. There are numerous uncertainties inherent in the process of estimating crude oil, natural gas, and NGL reserves and their value, which is highly subjective and relies on the quality of available data and the accuracy of engineering and geological interpretation. The Company's reserves estimates are based on 12-month average prices, except where contractual arrangements exist, causing reserves quantities to change when actual prices increase or decrease. The estimates of the Company's proved reserves and estimated future net revenues also depend on a number of factors and assumptions that may vary considerably from actual results, including historical production from the area compared with production from other areas, the results of drilling, testing, and production for a reservoir over time, the use of volumetric analysis versus production history, the effects of changes in laws (including **emissions regulations, infrastructure modernization requirements, and** taxes), future operating, workover, and remediation costs, and capital expenditures. **For example, during 2024, the Company recorded \$ 796 million of impairments for certain of its North Sea proved properties as a result of several new regulatory guidelines and obligations in the U. K.** Accordingly, reserves estimates may be subject to adjustment, and actual production, revenue, and expenditures with respect to the Company's reserves likely will vary, possibly materially, from estimates. In addition, realization or recognition of proved undeveloped reserves will depend on the Company's development schedule and plans. A change in future development plans for proved undeveloped reserves could cause the discontinuation of the classification of these reserves as proved. Certain of the Company's undeveloped leasehold acreage is subject to leases that will expire over the next several years unless production is established on units containing the acreage. A sizeable portion of the Company's acreage is currently undeveloped. Unless production in paying quantities is established on units containing certain of these leases during their terms, the leases will expire. If the leases expire, the Company will lose its right to develop the related properties. The Company's drilling plans for these areas are subject to change based upon various factors, including drilling results, commodity prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, gathering system and pipeline transportation constraints, and regulatory approvals. **RISKS RELATED TO COUNTERPARTIES** The credit risk of financial institutions could adversely affect the Company and result in a significant loss. The Company is party to numerous transactions with counterparties in the financial services industry, including commercial banks, investment banks, insurance companies, other investment funds, and other institutions, including in the form of derivative transactions in connection with any hedges and claims under the Company's insurance policies, which expose the Company to credit risk in the event of default of the counterparty. Deterioration or volatility in the credit or financial markets, changes in commodity prices, and changes in a counterparty's liquidity may affect the counterparties' ability to fulfill their existing obligations to the Company. In addition, if any lender under the Company's credit facilities is unable to fund its commitment, the Company's liquidity may be reduced by an amount up to the aggregate amount of such lender's commitment thereunder. Furthermore, the bankruptcy of one or more of the Company's counterparties or some other similar proceeding or liquidity constraint might make it unlikely that the Company would be able to collect all or a significant portion of amounts owed to it by the distressed entity or entities, and the Company could incur a significant loss. The distressed financial conditions of the Company's partners and the purchasers of the Company's products or assets have had and could have an adverse impact on the Company in the event they are unable to reimburse the Company for their share of costs or to pay the Company for the products or services the Company provides. The Company is exposed to risk of financial loss from trade, joint venture, joint interest billing, and other receivables. As a result of previous severe declines in commodity prices, some of the Company's customers and non-operating partners experienced severe financial problems. The Company cannot provide assurance that one or more of its financially distressed customers or non-operating partners will not default on their obligations to the Company (including as

a result of their filing for bankruptcy or other liquidity constraints) or that such a default or defaults will not have a material adverse effect on the Company's business, financial position, future results of operations, or future cash flows. The Company's liabilities, including for the decommissioning of previously owned assets, could be adversely affected in the event one or more of its transaction counterparties are financially distressed or become the subject of a bankruptcy case. The agreements relating to the Company's divestment of domestic and international assets generally contain provisions pursuant to which liabilities related to past and future operations (one of the most significant of which is the decommissioning of wells and facilities) are allocated between the parties by means of liability assumptions, indemnities, escrows, trusts, **surety** bonds, letters of credit, and similar arrangements. One or more of the counterparties in these transactions could fail to perform its obligations under these agreements as a result of financial distress or bankruptcy, which may force the Company to use available cash to cover the costs of such obligations, pending final resolution of any claims the Company may have against the counterparty, which could adversely impact the Company's cash flows, operations, or financial condition. For additional information regarding Apache's prior Gulf of **Mexico-America** properties and the bankruptcy of the purchaser of those properties, see the information set forth under "Potential Decommissioning Obligations on Sold Properties" in Note 11 — Commitments and Contingencies in the Notes to Consolidated Financial Statements set forth in **Part IV**, Item 15 of this Annual Report on Form 10-K. The Company does not always control decisions made under joint operating agreements or joint ventures, and the parties to such agreements or ventures may fail to meet their obligations. The Company conducts many of its exploration and production (E & P) operations through joint operating agreements or joint ventures with other parties. The Company may not control decisions made under such agreements or ventures, either because it does not have a controlling interest in the venture or is not an operator under the agreement. The other parties to these arrangements may have economic, business, or legal interests or goals that are inconsistent with the Company's, and, therefore, decisions may be made that the Company does not believe are in its best interest. Moreover, parties to such agreements or ventures may be unable to meet their economic or other obligations, and the Company may be required to fulfill those obligations alone. In either case, the value of the investment and the Company's business and financial condition may be adversely affected.

RISKS RELATED TO CAPITAL MARKETS A downgrade in the Company's credit rating could negatively impact its cost of and ability to access capital. The Company receives debt ratings from the major credit rating agencies in the U. S. Factors that may impact the Company's credit ratings include its debt levels, planned asset purchases or sales, and near- term and long- term production growth opportunities. Liquidity, asset quality, cost structure, product mix, commodity pricing levels, and other factors are also considered by the rating agencies. A ratings downgrade could adversely impact the Company's ability to access debt markets in the future and increase the cost of future debt. During **2023-2024**, **Standard and Poor's upgraded the Company's rating to BBB- / Stable**, Moody's ~~upgraded~~ **affirmed** the Company's rating ~~to at~~ **Baa3 / Stable**, and **Fitch Standard and Poor's** ~~affirmed~~ **the Company's rating as at BB-BBB- / Positive Stable**. Past ratings downgrades have required, and any future downgrades may require, the Company to post letters of credit or other forms of collateral for certain obligations. Market conditions may restrict the Company's ability to obtain funds for future development and working capital needs, which may limit its financial flexibility. The financial markets are subject to fluctuation and are vulnerable to unpredictable swings. The Company has a significant development project inventory and an extensive exploration portfolio, which will require substantial future investment. The Company and / or its partners may need to seek financing to fund these or other future activities. The Company's future access to capital, as well as that of its partners and contractors, could be limited if the debt or equity markets are constrained. This could significantly delay development of the Company's property interests. The Company's syndicated revolving credit facilities currently mature in **April 2027-January 2030**. There is no assurance of the terms upon which potential lenders under future agreements will make loans or other extensions of credit available to the Company or its subsidiaries or the composition of such lenders. The Company's ability to declare and pay dividends, **and to repurchase common stock**, is subject to limitations. The payment of future dividends on, **and any repurchases of**, the Company's ~~capital common~~ **stock is/are each** subject to the discretion of the Board of Directors, taking into consideration, among other factors, the Company's operating results, available cash, overall financial condition, credit risks, capital requirements, restrictions under the Company's indentures and other financing agreements, ~~and~~ **restrictions under Delaware law, as well as general business and market conditions, and other factors the Board of Directors deems relevant**. The Board of Directors is not required to declare dividends on **or repurchase** APA's common stock and may decide not to declare dividends **or repurchase common stock at the current rate or at all. Any downward revision in the amount of dividends the Company pays to shareholders, or reduction in the pace of share repurchases, could have an adverse effect on the market price of the Company's common stock**. Actions by advocacy groups to advance climate change and energy transition initiatives, unfavorable ESG ratings, and funding limitation initiatives may lead to negative investor and public sentiment toward the Company and to the diversion of capital from companies in the oil and gas industry, which could negatively impact the Company's access to and costs of capital or the market for the Company's securities. Organizations that provide information to investors on corporate governance and related matters have developed ratings for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform and advise their investment and voting decisions. Unfavorable ESG ratings may lead to negative investor and public sentiment toward the Company, which may cause the market for the Company's securities to be negatively impacted. In addition, a number of advocacy groups have campaigned for governmental and private action to influence change in the business strategies of oil and gas companies, including through the investment and voting practices of investment advisers, public pension funds, universities, and other members of the investing community. These campaign efforts have resulted in the divestment of investments in the oil and gas industry and increased pressure on lenders and other financial services companies to limit or curtail activities with oil and gas companies. If investors or financial institutions shift funding away from companies in the oil and gas industry, the Company's access to and costs of capital or the market for the Company's securities may be negatively impacted.

RISKS RELATED TO FINANCIAL RESULTS The Company faces strong industry competition that may have a significant negative impact on the Company's

results of operations. Strong competition exists in all sectors of the oil and gas E & P industry. The Company competes for leases, equipment, labor, key personnel, and marketing of crude oil, natural gas, and NGL production, the prices of which impact the costs of properties and the financial resources available to pursue acquisitions. These competitive pressures may have a significant negative impact on the Company's results of operations. The Company's ability to utilize net operating losses and other tax attributes to reduce future taxable income may be limited if the Company experiences an ownership change. As described in Note 10 — Income Taxes of in the Notes to Consolidated Financial Statements included set forth in Part IV, Item 8-15 of this Annual Report on Form 10-K, the Company has substantial net operating loss carryforwards (NOLs) and other tax attributes available to potentially offset future taxable income. If the Company were to experience an "ownership change" under Section 382 of the Internal Revenue Code of 1986, as amended, which is generally defined as a greater than 50 percentage point change, by value, in the Company's equity ownership by five-percent shareholders over a three-year period, the Company's ability to utilize its pre-change NOLs and other pre-change tax attributes to potentially offset its post-change income or taxes may be limited. Such a limitation could materially adversely affect the Company's operating results or cash flows. **The Company's ability to realize its deferred tax assets may be limited if it experiences changes in expected future cash flows related to reserves or ARO. As described in Note 10 — Income Taxes in the Notes to Consolidated Financial Statements set forth in Part IV, Item 15 of this Annual Report on Form 10-K, the Company assesses the realizability of its deferred tax assets based on its ability to generate sufficient future taxable income. Future changes in expected cash outflows for ARO or inflows from reserves could impact the Company's ability to realize its deferred tax assets in future periods.** APA is a holding company and is dependent on the operations of and distributions from its subsidiaries, including Apache. As a holding company, APA has no business operations of its own, and its **primary only significant** assets are **its ownership** the outstanding equity interests of in its subsidiaries, including Apache. As a result, APA relies on cash flows from its subsidiaries to pay dividends on **, and make repurchases of,** its common stock and to meet its financial obligations, including to service any amounts outstanding under its **notes, debentures, credit agreement agreements** or commercial paper program, and any additional financial obligations that the Company may incur from time to time in the future. If the subsidiaries are limited in their ability to distribute cash to the Company, such as through legal or contractual limitations, or if the subsidiaries' earnings or other available assets are not sufficient to pay distributions or make loans to the Company in the amounts or at the times necessary to meet the Company's financial obligations, then the Company's financial condition, cash flows, and reputation may be materially adversely affected. **RISKS RELATED TO GOVERNMENTAL REGULATION AND POLITICAL RISKS** The Company may incur significant costs related to environmental matters. As an owner or lessee and operator of oil and gas properties, the Company is subject to various federal, state, local, and foreign laws and regulations relating to the discharge of materials into and protection of the environment. These laws and regulations may, among other things, impose liability on the lessee under an oil and gas lease for the cost of pollution cleanup and other remediation activities resulting from operations, subject the lessee to liability for pollution and other damages, limit or constrain operations in affected areas, require significant capital expenditures to comply with increasingly strict environmental laws and regulations, and require suspension or cessation of operations in affected areas. The Company's efforts to limit its exposure to such liability and cost may prove inadequate and result in significant adverse effects to the Company's results of operations and cash flows. The Company's U. S. operations are subject to governmental risks. The Company's U. S. operations have been, and at times in the future may be, affected by political developments and by federal, state, and local laws and regulations, including restrictions on production, changes in taxes and other amounts payable to governments, price or gathering rate controls, environmental protection laws and regulations, and security for plugging, abandonment, and decommissioning obligations, including in the Gulf of **Mexico-America**. New political developments, the enactment of new or stricter laws or regulations or other governmental actions impacting the Company's U. S. operations, and increased liability for companies operating in the oil and gas E & P industry may adversely impact the Company's results of operations. Proposed federal, state, or local regulation regarding hydraulic fracturing could increase the Company's operating and capital costs. The Company routinely uses fracturing techniques in the U. S. and other regions to expand the available space for oil and natural gas to migrate toward the wellbore, typically at substantial depths in formations with low permeability. Governmental entities have previously taken actions to regulate, and several proposals are before the U. S. Congress that, if implemented, would further regulate, hydraulic fracturing. If adopted, such regulations could impose more stringent permitting, reporting, and well construction requirements or otherwise seek to ban fracturing activities. These activities and the associated water disposal activities are under scrutiny due to their potential environmental and physical impacts, including possible water contamination and possible links to induced seismicity. Any new federal, state, or local restrictions on hydraulic fracturing could result in increased compliance costs or additional restrictions on the Company's U. S. operations. Changes in tax rules and regulations, or interpretations thereof, may adversely affect the Company's business, financial condition, and results of operations. Federal, state, and foreign income tax laws affecting oil and gas exploration, development, and extraction may be modified by administrative, legislative, or judicial interpretation at any time. For example, the U. K. enacted the Energy Profits Levy (**EPL**), which assesses an additional levy of 35 percent, effective for the period of January 1, 2023, through March 31, 2028, on the profits of oil and gas companies operating in the U. K. and the U. K. Continental Shelf. **Further changes to the EPL regime were announced in 2024, with enactment expected in 2025. Such changes, effective for the period of November 1, 2024, through March 31, 2030, would increase the levy to 38 percent, remove certain allowances, and extend the EPL period.** Additionally, in the U. S., the Inflation Reduction Act of 2022 introduced a new 15 percent corporate alternative minimum tax (Corporate AMT) for taxable years beginning after December 31, 2022, on applicable corporations with an average annual adjusted financial statement income (AFSI) that exceeds \$ 1. 0 billion for any three consecutive tax years preceding the tax year at issue. Effective January 1, 2024, the Company is subject to the Corporate AMT. Accordingly, any resulting Corporate AMT liability could adversely affect the Company's future financial results, including earnings and cash flows. Previous legislative proposals, if enacted into

law, could make significant changes to tax laws, including the elimination of certain key U. S. federal income tax incentives currently available to oil and gas E & P companies. These changes include, but are not limited to, the repeal of the percentage depletion allowance for oil and gas properties, the elimination of current deductions for intangible drilling and development costs, and an extension of the amortization period for certain geological and geophysical expenditures. The passage or adoption of these changes, or similar changes, could eliminate or postpone certain tax deductions that are currently available with respect to oil and gas exploration and development. The Company is unable to predict whether any of these changes or other proposals will be enacted. Any such changes could adversely affect the Company's business, financial condition, and results of operations.

RISKS RELATED TO CLIMATE CHANGE The impacts of energy transition could adversely affect the Company's business, operating results, and financial condition. In recent years, increasing attention has been given to corporate activities related to climate change and energy transition. This focus, together with shifting preferences and attitudes with respect to the generation and consumption of energy, the use of hydrocarbons, and the use of products manufactured with, or powered by, hydrocarbons, may result in increased availability of, and demand for, energy sources other than oil and natural gas, including wind, solar, and hydroelectric power, and the development of, and increased demand from consumers and industries for, lower-emission products and services, including electric vehicles and renewable residential and commercial power supplies, as well as more energy-efficient products and services. These developments could adversely impact the demand for products powered by or manufactured with hydrocarbons and the demand for, and in turn the prices the Company receives for, its crude oil, natural gas, and NGL products, which could materially and adversely affect the Company's business and financial performance. Changes to existing regulations related to emissions and the impact of any changes in climate could adversely impact the Company's business. Certain countries where the Company operates, including the U. K., either tax or assess some form of greenhouse gas (GHG) related fees on the Company's operations. Exposure has not been material to date, although a change in existing regulations could adversely affect the Company's cash flows and results of operations. Additionally, there has been discussion in other countries where the Company operates, including the U. S., regarding changes in legislation or heightened regulation of GHGs, including to monitor and limit existing emissions of GHGs and to restrict or eliminate future emissions. Moreover, in January 2024, the EPA announced a proposed rule to assess a charge on certain methane emissions in the oil and gas industry. The Company is currently evaluating the proposed rule and its applicability to the Company **and is monitoring ongoing litigation related to the proposed rule**. Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations, or other regulatory initiatives that are focused on such areas as GHG cap- and-trade programs, carbon taxes, reporting and tracking programs, restriction of emissions, electric vehicle mandates, and combustion engine phaseouts. Any such legislation, regulations, or other regulatory initiatives, if enacted, or additional or increased taxes, assessments, or GHG-related fees on the Company's operations could lead to increased operating expenses or cause the Company to make significant capital investments for infrastructure modifications. Enhanced focus on ESG matters could have an adverse effect on the Company's operations. Enhanced focus on ESG matters related to, among other things, concerns raised by advocacy groups about climate change, hydraulic fracturing, waste disposal, oil spills, and explosions of natural gas transmission pipelines may lead to increased regulatory review, which may, in turn, lead to new state and federal safety and environmental laws, regulations, guidelines, and enforcement interpretations. These actions may cause operational delays or restrictions, increased operating costs, additional regulatory burdens, increased risk of litigation, and adverse impacts on the Company's access to capital. Moreover, governmental authorities exercise considerable discretion in the timing and scope of permit issuance and regulatory approvals. Negative public perception could cause the permits or regulatory approvals the Company requires to be withheld, delayed, or burdened by requirements that restrict the Company's ability to profitably conduct its business. The Company's estimates used in various scenario planning analyses could differ materially from actual results and could expose the Company to new or additional risks. Given the dynamic nature of the Company's business, the Company generally performs annual scenario analyses with five-year time horizons. When analyzing longer-term scenarios, the Company relies on external analysis for demand scenarios, carbon pricing, and comparison-pricing scenarios, which are then compared to the Company's internally prepared base-case pricing analysis averaged out to the year 2040. Given the numerous estimates that are required to run these scenarios, the Company's estimates could differ materially from actual results. The Company publicly discloses these metrics and its related assumptions and analysis in its annual sustainability report. By electing to disclose these metrics, the Company may face increased scrutiny related to its ESG initiatives. Any harm to the Company's reputation resulting from publicly disclosing such these metrics, expanding disclosures related to such metrics, or failing to achieve such metrics or abiding by such disclosures could adversely affect the Company's business, financial performance, and growth.

~~The guidance upon which the Company's consumptive water use reporting was modified and could be revised in the future, resulting in the over or underreporting of the Company's consumptive water use. In 2022, the Company modified the way it reports its water data compared to previous years and restated its data from prior years. Previously, the Company included produced water usage in its consumptive use calculations, which led to an over-reporting of consumptive water use. Based on re-evaluation of water reporting definitions and guidance, the Company determined that produced water (non-potable water released from deep underground formations and brought to the surface during oil and gas exploration and production) should not be classified as consumed in the same sense as fresh water. The Company's revised reporting now reflects only fresh water and non-potable water from surface water or shallow groundwater that are consumed in oil and gas operations. The treatment and disposal of produced water is becoming more highly regulated and restricted and could expose the Company to additional costs or limit certain operations. The treatment and disposal of produced water is becoming more highly regulated and restricted. Regulators in some states, such as the Railroad Commission of Texas, have taken actions to limit disposal well activities (including orders to temporarily shut down or to curtail water injection) and to require the monitoring of seismic activity. While the Company remains focused on reusing or recycling water over disposal of water, the Company's costs for obtaining and disposing of water could increase significantly if reusing and recycling water becomes impractical.~~

Further, compliance with reporting and environmental regulations governing the withdrawal, storage, use, and discharge of water and restrictions related to disposal wells may increase the Company's operating costs or capital expenses or cause the Company to limit production, which could materially and adversely affect its business, results of operations, and financial conditions. RISKS RELATED TO INTERNATIONAL OPERATIONS International operations have uncertain political, economic, and other risks. The Company's operations outside the U. S. are based primarily in Egypt and the U. K., with significant exploration and appraisal activities offshore Suriname. On a barrel equivalent basis, approximately 46-38 percent of the Company's 2023-2024 production was outside the U. S., and approximately 30-28 percent of the Company's estimated proved oil and gas reserves as of December 31, 2023-2024, were located outside the U. S. As a result, a significant portion of the Company's production and resources are subject to the increased political and economic risks and other factors associated with international operations, including, but not limited to strikes and civil unrest; war, acts of terrorism, expropriation and resource nationalization, forced renegotiation or modification of existing contracts, including through prospective or retroactive changes in the laws and regulations applicable to such contracts; import and export regulations; taxation policies and investment restrictions; price controls; exchange controls, currency fluctuations, devaluations, or other activities that limit or disrupt markets and restrict payments or the movement of funds; constrained oil or natural gas markets dependent on demand in a single or limited geographical area; laws and policies of the U. S. affecting foreign trade, including trade sanctions and tariffs; the possibility of being subject to exclusive jurisdiction of foreign courts in connection with legal disputes relating to licenses to operate and concession rights in countries where the Company currently operates; the possible inability to subject foreign persons, especially foreign oil ministries and national oil companies, to the jurisdiction of courts in the U. S.; and difficulties in enforcing the Company's rights against a governmental agency because of the doctrine of sovereign immunity and foreign sovereignty over international operations. Foreign countries have occasionally asserted rights to oil and gas properties through border disputes. If a country claims superior rights to oil and gas leases or concessions granted to the Company by another country, the Company's interests could decrease in value or be lost. Even the Company's smaller international assets may affect its overall business and results of operations by distracting management's attention from its more significant assets. Certain regions of the world in which the Company operates have a history of political and economic instability. This instability could result in new governments or the adoption of new policies that might result in a substantially more hostile attitude toward foreign investments such as the Company's. In an extreme case, such a change could result in termination of contract rights and expropriation of the Company's assets. This could adversely affect the Company's interests and its future profitability. The impact that future terrorist attacks or regional hostilities, as have occurred in countries and regions in which the Company operates, may have on the oil and gas industry in general and on the Company's operations in particular is not known at this time. Uncertainty surrounding military strikes or a sustained military campaign may affect operations in unpredictable ways, including disruptions of fuel supplies and markets, particularly oil, and the possibility that infrastructure facilities, including pipelines, production facilities, processing plants, and refineries, could be direct targets or indirect casualties of an act of terror or war. The Company may be required to incur significant costs in the future to safeguard its assets against terrorist activities. A further deterioration of conditions in Egypt or changes in the economic and political environment in Egypt could have an adverse impact on the Company's business. Further deterioration in the political, economic, and social conditions or other relevant policies of the Egyptian government, such as changes in laws or regulations, export restrictions, expropriation of the Company's assets or resource nationalization, and / or forced renegotiation or modification of the Company's existing contracts with Egyptian General Petroleum Corporation (EGPC), or threats or acts of terrorism could materially and adversely affect the Company's business and operations. Additionally, deteriorating economic conditions in Egypt have led to a shortage of foreign currency, including U. S. dollars, resulting in a decline in the timeliness of payments from EGPC. **As described under "Revenue Recognition — Payment Terms and Contract Balances" in Note 1 — Summary of Significant Accounting Policies in the Notes to Consolidated Financial Statements set forth in Part IV, Item 15 of this Annual Report on Form 10-K, the Company's receivable balance from EGPC in the past year has gradually increased as payments for the Company's Egyptian oil and gas sales have been delayed for periods longer than historically experienced.** A continuation or worsening of the currency shortage in Egypt or further deterioration of economic conditions there could lead to additional payment delays, deferrals of payment, or non-payment in the future. The Company's operations in Egypt, excluding the impacts of a one-third noncontrolling interest, contributed 27-22 percent of the Company's 2023-2024 production and accounted for 15-12 percent of the Company's year-end estimated proved reserves and 29-21 percent of the Company's estimated discounted future net cash flows. If conditions continue to deteriorate in Egypt, then it could materially and adversely affect the Company's business, financial condition, and results of operations. The Company's operations are sensitive to currency rate fluctuations. The Company's operations are sensitive to fluctuations in foreign currency exchange rates, particularly between the U. S. dollar and the British pound. The Company's financial statements, presented in U. S. dollars, may be affected by foreign currency fluctuations through both translation risk and transaction risk. Volatility in exchange rates may adversely affect the Company's results of operations, particularly through the weakening of the U. S. dollar relative to other currencies. **RISKS RELATED TO THE PROPOSED ACQUISITION OF CALLON PETROLEUM COMPANY (CALLON)** The merger is subject to a number of conditions to the obligations of both the Company and Callon to complete the merger, including approval of the Company and Callon stockholders and regulatory clearance, which may impose unacceptable conditions or could delay completion of the merger or result in termination of the Merger Agreement. On January 3, 2024, the Company entered into a definitive agreement (the Merger Agreement) to acquire Callon. The respective obligations of each of the Company and Callon to consummate the merger are subject to the satisfaction at or prior to the closing of numerous conditions, including the approval of both the Company's and Callon's stockholders, the absence of any law or order prohibiting the consummation of the merger, and the expiration or termination of the waiting period (and any extension of such period) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. Many of the conditions to completion

of the merger are not within either the Company's or Callon's control, and the Company cannot predict when, or if, these conditions will be satisfied. Furthermore, the requirement for obtaining the required regulatory clearances could delay the completion of the merger for a significant period of time or prevent it from occurring. Regulators may seek to enjoin the completion of the merger, seek divestiture of substantial assets of the parties, or require the parties to license, or hold separate, assets or terminate existing relationships and contractual rights. Failure to complete the merger could negatively impact the Company's stock price and have a material adverse effect on the Company's results of operations, cash flows, and financial position. If the merger is not completed for any reason, including as a result of failure to obtain all requisite regulatory and stockholder approvals, the ongoing business of the Company may be materially adversely affected and, without realizing any of the benefits of having completed the merger, the Company would be subject to a number of risks, including the following:

- the Company may experience negative reactions from the financial markets, including negative stock price impacts;
- the Company may experience negative reactions from commercial and business partners;
- the Company will still be required to pay significant costs relating to the merger, such as legal, accounting, financial advisor, and printing fees; and
- the Company may be required to pay up to a \$170 million termination fee to Callon or reimburse up to \$48 million of Callon's expenses, as required by the Merger Agreement.

The pending merger may cause a loss of key employees, disruptions in business relationships, distraction of management, and limitations on the Company's business activities. Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions to the Company's business, including:

- uncertainties associated with the merger may cause a loss of management personnel and other key employees of the Company, which could adversely affect the future business and operations of the Company following the merger;
- the business relationships of the Company may be subject to disruption due to uncertainty associated with the merger, which could have a material adverse effect on the Company's results of operations, cash flows, and financial position;
- matters relating to the merger (including integration planning) require substantial commitments of time and resources by the Company's management, which may result in the distraction of the Company's management from ongoing business operations and pursuing other opportunities that could be beneficial to the Company; and
- the Merger Agreement places certain restrictions on the conduct of the Company, which may delay or prevent the Company from undertaking business opportunities that, absent the Merger Agreement, may have been pursued.

The Company may fail to realize the anticipated benefits of the merger and fail to successfully integrate the businesses and operations of the companies in the expected time frame. The success of the merger will depend on, among other things, the combined company's ability to integrate the Company's and Callon's businesses in a manner that realizes anticipated synergies and benefits and meets or exceeds the forecasted stand-alone cost savings anticipated by the combined company. If the combined company is not able to successfully achieve these synergies, or the cost to achieve these synergies is greater than expected, then the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected. If the transaction closes, it is possible that the integration process could result in the loss of key Company employees or key Callon employees, the loss of customers, providers, vendors, or business partners, the disruption of either company's or both companies' ongoing businesses, inconsistencies in standards, controls, procedures, and policies, potential unknown liabilities and unforeseen expenses, delays, or regulatory conditions associated with and following completion of the merger, or higher than expected integration costs and an overall post-completion integration process that takes longer than originally anticipated. In addition, at times the attention of certain members of the Company's management and resources may be focused on completion of the merger and planning the integration of the businesses of the two companies and diverted from day-to-day business operations or other opportunities that may have been beneficial to the Company, which may disrupt the Company's ongoing business and the business of the combined company. Litigation relating to the merger could result in substantial costs to the Company. Securities class action lawsuits and derivative lawsuits are often brought against public companies that have entered into acquisition, merger, or other business combination agreements. Even if such a lawsuit is without merit, defending against these claims can result in substantial costs and divert management time and resources. An adverse judgment could result in monetary damages, which could have a negative impact on the Company's liquidity and financial condition. There can be no assurance that any of the defendants will be successful in the outcome of any pending or any potential future lawsuits. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect the Company's business, financial condition, results of operations, and cash flows.

GENERAL RISK FACTORS Certain anti-takeover provisions in the Company's charter and Delaware law could delay or prevent a hostile takeover. The Company's charter authorizes the Board of Directors to issue preferred stock in one or more series and to determine the voting rights and dividend rights, dividend rates, liquidation preferences, conversion rights, redemption rights, including sinking fund provisions and redemption prices, and other terms and rights of each series of preferred stock. In addition, Delaware law imposes restrictions on mergers and other business combinations between the Company and any holder of 15 percent or more of APA's outstanding common stock. These provisions may deter hostile takeover attempts that could result in an acquisition of the Company that would have been financially beneficial to APA's shareholders.