Artificial Lift Strategies Conference

Clay Gaspar, President & Chief Operating Officer
February 6, 2018
The Energy Sector has neither grown cash flows nor returned capital.

Source: Capital IQ
The Energy Sector has also been outspending cash flow

Capex as a % of Cash Flow From Operations (2011-2016)

**E&P and Energy (Ex E&P) stand alone**

- **E&P**
- **Energy (Ex E&P)**
- **Utilities**
- **Telecom**
- **Materials**
- **Cons. Disc.**
- **Industrials**
- **Cons. Staples**
- **HC**
- **IT**
- **Financials**
- **Real Estate**

**Source:** Capital IQ
Energy Sector Performance Versus S&P 500

E&P companies have generated neither compelling returns nor free cash flow, even in good times.

**ROCE**

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<tr>
<td>S&amp;P 500 E&amp;P</td>
<td>6.2 %</td>
<td>10.6 %</td>
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<tr>
<td>S&amp;P 500 excl. Energy</td>
<td>10.0 %</td>
<td>(4.4)%</td>
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**CAPEX AS A % OF CASH FLOW FROM OPERATIONS**

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<tr>
<td>S&amp;P 500 E&amp;P</td>
<td>169 %</td>
<td>135 %</td>
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<tr>
<td>S&amp;P 500 excl. Energy</td>
<td>39 %</td>
<td>36 %</td>
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Average WTI ($USD / Bbl)
- Pre-Downturn: $97.27
- Post-Downturn: $54.12

Average Henry Hub ($USD / Mmcf)
- Pre-Downturn: $3.90
- Post-Downturn: $2.86

Metrics from S&P 500 ex-Energy companies have been both relatively stable and attractive.

Source: Bloomberg, Capital IQ; market data as of 25-Aug-2017
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<th><strong>QUALITY OF RESOURCE</strong></th>
<th><strong>Deep Inventory of High Returns</strong></th>
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<td><strong>LEVERAGE MULTIPLE</strong></td>
<td><strong>(NET DEBT/ EBITDA)</strong></td>
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<td>Measures a company’s ability to pay off its debt</td>
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<td><strong>CAPITAL INTENSITY</strong></td>
<td><strong>(CAPEX/CFFO)</strong></td>
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<td>Measures the amount of capital invested to generate $1 of cash flow</td>
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Strategic Transformation of WPX

~$8 Billion in A&D Activity

$3.6 B Acquisitions
$4.2 B Divestitures

Shifting Commodity Mix

75% Gas
25% Oil & NGL

20% Gas
80% Oil & NGL

Focused Portfolio

7 assets
2 assets

TRADING THE PICEANCE FOR THE PERMIAN
Getting it Done

- **Closed $355M sale of working interests in Colo.**
- **Closed $309M sale of NE Pennsylvania assets.**
- **Closed $200M sale of Northeast Supply Link.**
- **Closed $294M sale of international assets.**
- **Closed $80M sale of PRB assets.**
- **Closed $185M sale of Van Hook gathering system.**
- **$2.75 billion acquisition of RKI to enter Permian Basin.**
- **Closed $294M sale of international assets.**
- **Closed $190M sale of San Juan gathering system.**
- **Closed $910M sale of Piceance basin.**
- **Acquires 26K acreage to Gallup oil play.**
- **Rick Muncrief becomes CEO.**
- **Closed amended revolver with $1.2B in commitments.**
- **Bought out remaining transport obligation in the Piceance.**
- **Acquired 9,300 acres in Del. from Mack energy.**
- **Acquired 18,100 acres in Del. from Panther Energy.**
- **Closed $80M sale of PRB assets.**
- **Closed $185M sale of Van Hook gathering system.**
- **Closed $300M sale of NE Pennsylvania assets.**
- **Closed $355M sale of working interests in Colo.**
- **Closed $309M sale of NE Pennsylvania assets.**
- **Closed $355M sale of working interests in Colo.**

Acquisitions/Agreements

- **2014**
- **2015**
- **2016**
- **2017**
- **2018**

Asset sales
WPX Financial Transformation Underway

45% ▲
IN OIL VOLUMES

67% ▲
IN UNHEDGED DISCRETIONARY CASH FLOW

87% ▲
IN UNHEDGED ADJUSTED EBITDAX

NOTE: Percentage change is based on the change from 4Q'16 to 3Q'17.
WPX Strategic Imperatives

- Financial and Operational Discipline
- Value-Driven Growth
- Remain Opportunistic
The Importance of Our Industry

THE OIL & GAS INDUSTRY FUELS THE WORLD