

WPX Energy, Inc.
Consolidated Statements of Operations
(Unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------------|-----------|---------------------------|-----------|
| | 2017 | 2016 | 2017 | 2016 |
| | (Millions, except per share amounts) | | | |
| Revenues: | | | | |
| Product revenues: | | | | |
| Oil sales | \$ 226 | \$ 142 | \$ 414 | \$ 239 |
| Natural gas sales | 40 | 24 | 84 | 49 |
| Natural gas liquid sales | 23 | 10 | 44 | 15 |
| Total product revenues | 289 | 176 | 542 | 303 |
| Net gain (loss) on derivatives | 116 | (154) | 319 | (97) |
| Gas management | 8 | 116 | 13 | 147 |
| Other | - | - | - | 1 |
| Total revenues | 413 | 138 | 874 | 354 |
| Costs and expenses: | | | | |
| Depreciation, depletion and amortization | 171 | 163 | 318 | 315 |
| Lease and facility operating | 53 | 41 | 101 | 83 |
| Gathering, processing and transportation | 21 | 20 | 42 | 36 |
| Taxes other than income | 23 | 16 | 42 | 27 |
| Exploration | 21 | 12 | 60 | 21 |
| General and administrative (including equity-based compensation of \$9 million, \$9 million, \$16 million and \$15 million for the respective periods) | 46 | 55 | 89 | 108 |
| Gas management | 8 | 132 | 13 | 171 |
| Net gain on sales of assets | (7) | (4) | (42) | (202) |
| Other - net | 8 | 2 | 12 | 4 |
| Total costs and expenses | 344 | 437 | 635 | 563 |
| Operating income (loss) | 69 | (299) | 239 | (209) |
| Interest expense | (46) | (53) | (93) | (110) |
| Investment income and other | - | (1) | 2 | 1 |
| Income (loss) from continuing operations before income taxes | 23 | (353) | 148 | (318) |
| Provision (benefit) for income taxes | (53) | (130) | (22) | (95) |
| Income (loss) from continuing operations | 76 | (223) | 170 | (223) |
| Income (loss) from discontinued operations | - | 25 | (2) | 13 |
| Net income (loss) | 76 | (198) | 168 | (210) |
| Less: Dividends on preferred stock | 4 | 6 | 8 | 11 |
| Net income (loss) available to WPX Energy, Inc. common stockholders | \$ 72 | \$ (204) | \$ 160 | \$ (221) |
| Amounts available to WPX Energy, Inc. common stockholders: | | | | |
| Income (loss) from continuing operations | \$ 72 | \$ (229) | \$ 162 | \$ (234) |
| Income (loss) from discontinued operations | - | 25 | (2) | 13 |
| Net income (loss) | \$ 72 | \$ (204) | \$ 160 | \$ (221) |
| Basic earnings (loss) per common share: | | | | |
| Income (loss) from continuing operations | \$ 0.18 | \$ (0.76) | \$ 0.41 | \$ (0.81) |
| Income (loss) from discontinued operations | - | 0.08 | - | 0.04 |
| Net income (loss) | \$ 0.18 | \$ (0.68) | \$ 0.41 | \$ (0.77) |
| Basic weighted-average shares (millions) | 397.8 | 300.7 | 392.1 | 288.2 |
| Diluted earnings (loss) per common share: | | | | |
| Income (loss) from continuing operations | \$ 0.18 | \$ (0.76) | \$ 0.40 | \$ (0.81) |
| Income (loss) from discontinued operations | - | 0.08 | - | 0.04 |
| Net income (loss) | \$ 0.18 | \$ (0.68) | \$ 0.40 | \$ (0.77) |
| Diluted weighted-average shares (millions) | 423.2 | 300.7 | 418.8 | 288.2 |

WPX Energy, Inc.
Consolidated Balance Sheets
(Unaudited)

| | <u>June 30, 2017</u> | <u>December 31, 2016</u> |
|---|----------------------|------------------------------|
| | (Millions) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 8 | \$ 496 |
| Accounts receivable, net of allowance of \$1 million as of June 30, 2017 and \$3 million as of December 31, 2016 | 205 | 168 |
| Derivative assets | 110 | 26 |
| Inventories | 41 | 36 |
| Other | 29 | 28 |
| Total current assets | <u>393</u> | <u>754</u> |
| Properties and equipment (successful efforts method of accounting) | 10,244 | 8,929 |
| Less: Accumulated depreciation, depletion and amortization | (2,759) | (2,455) |
| Properties and equipment, net | <u>7,485</u> | <u>6,474</u> |
| Derivative assets | 58 | 12 |
| Other noncurrent assets | 26 | 24 |
| Total assets | <u>\$ 7,962</u> | <u>\$ 7,264</u> |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 348 | \$ 222 |
| Accrued and other current liabilities | 244 | 303 |
| Derivative liabilities | 27 | 152 |
| Total current liabilities | <u>619</u> | <u>677</u> |
| Deferred income taxes | 226 | 251 |
| Long-term debt, net | 2,601 | 2,575 |
| Derivative liabilities | 8 | 63 |
| Asset retirement obligations | 98 | 100 |
| Other noncurrent liabilities | 106 | 132 |
| Equity: | | |
| Stockholders' equity: | | |
| Preferred stock (100 million shares authorized at \$0.01 par value; 4.8 million shares outstanding at June 30, 2017 and December 31, 2016) | 232 | 232 |
| Common stock (2 billion shares authorized at \$0.01 par value; 398.0 million shares and 344.7 million shares issued and outstanding at June 30, 2017 and December 31, 2016) | 4 | 3 |
| Additional paid-in-capital | 7,472 | 6,803 |
| Accumulated deficit | (3,404) | (3,572) |
| Total stockholders' equity | <u>4,304</u> | <u>3,466</u> |
| Total liabilities and equity | <u>\$ 7,962</u> | <u>\$ 7,264</u> |

WPX Energy, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

| | Six months ended June 30, | |
|--|----------------------------------|-----------------|
| | 2017 | 2016 |
| | (Millions) | |
| Operating Activities(a) | | |
| Net income (loss) | \$ 168 | \$ (210) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation, depletion and amortization | 318 | 324 |
| Deferred income tax provision (benefit) | (24) | (82) |
| Provision for impairment of properties and equipment (including certain exploration expenses) | 58 | 19 |
| Net (gain) loss on derivatives in continuing operations | (319) | 97 |
| Net settlements related to derivatives in continuing operations | 9 | 202 |
| Net loss on derivatives included in discontinued operations | - | 46 |
| Amortization of stock-based awards | 17 | 17 |
| Net gain on sales of assets | (41) | (254) |
| Cash provided (used) by operating assets and liabilities: | | |
| Accounts receivable | (49) | 102 |
| Inventories | (3) | 9 |
| Other current assets | (5) | 3 |
| Accounts payable | 72 | (28) |
| Federal income taxes receivable (payable) | 12 | (33) |
| Accrued and other current liabilities | (45) | (99) |
| Payments on liabilities accrued in 2015 for retained transportation and gathering contracts related to discontinued operations | (29) | (30) |
| Other, including changes in other noncurrent assets and liabilities | 3 | 6 |
| Net cash provided by operating activities (a) | <u>142</u> | <u>89</u> |
| Investing Activities(a) | | |
| Capital expenditures(b) | (542) | (291) |
| Proceeds from sales of assets | 38 | 1,139 |
| Purchase of business | (798) | - |
| Purchase of investment | (3) | - |
| Other | (3) | (4) |
| Net cash provided by (used in) investing activities (a) | <u>(1,308)</u> | <u>844</u> |
| Financing Activities | | |
| Proceeds from common stock | 671 | 540 |
| Dividends paid on preferred stock | (7) | (11) |
| Borrowings on credit facility | 85 | 380 |
| Payments on credit facility | (60) | (645) |
| Taxes paid for shares withheld | (10) | (4) |
| Payments for retirement of long-term debt | - | (196) |
| Payments for credit facility amendment fees | - | (3) |
| Other | (1) | (1) |
| Net cash provided by financing activities | <u>678</u> | <u>60</u> |
| Net increase (decrease) in cash and cash equivalents | (488) | 993 |
| Cash and cash equivalents at beginning of period | 496 | 38 |
| Cash and cash equivalents at end of period | <u>\$ 8</u> | <u>\$ 1,031</u> |
| | | |
| (a) Amounts reflect continuing and discontinued operations unless otherwise noted. | | |
| (b) Increase to properties and equipment | \$ (596) | \$ (264) |
| Changes in related accounts payable and accounts receivable | 54 | (27) |
| Capital expenditures | <u>\$ (542)</u> | <u>\$ (291)</u> |