

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

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Millions, except per share amounts)			
Revenues:				
Product revenues:				
Oil sales	\$ 503	\$ 218	\$ 1,331	\$ 571
Natural gas sales	18	13	51	46
Natural gas liquid sales	33	16	99	43
Total product revenues	554	247	1,481	660
Net gain (loss) on derivatives	(139)	(106)	(362)	213
Commodity management	68	4	168	17
Other	1	-	1	-
Total revenues	484	145	1,288	890
Costs and expenses:				
Depreciation, depletion and amortization	193	133	551	387
Lease and facility operating	68	45	182	122
Gathering, processing and transportation	26	5	64	16
Taxes other than income	45	19	116	51
Exploration	18	17	54	69
General and administrative (including equity-based compensation of \$8 million, \$7 million, \$25 million and \$22 million for the respective periods)	44	40	131	125
Commodity management	63	4	156	17
Net gain on sales of assets	(1)	(112)	(1)	(150)
Other - net	2	4	6	15
Total costs and expenses	458	155	1,259	652
Operating income (loss)	26	(10)	29	238
Interest expense	(38)	(48)	(123)	(141)
Loss on extinguishment of debt	-	(17)	(71)	(17)
Investment income (loss) and other	(2)	2	(2)	4
Income (loss) from continuing operations before income taxes	(14)	(73)	(167)	84
Provision (benefit) for income taxes	(8)	305	(56)	40
Income (loss) from continuing operations	(6)	(378)	(111)	44
Income (loss) from discontinued operations	(1)	232	(92)	(22)
Net income (loss)	(7)	(146)	(203)	22
Less: Dividends on preferred stock	-	3	8	11
Net income (loss) available to WPX Energy, Inc. common stockholders	\$ (7)	\$ (149)	\$ (211)	\$ 11
Amounts available to WPX Energy, Inc. common stockholders:				
Income (loss) from continuing operations	\$ (6)	\$ (381)	\$ (119)	\$ 33
Income (loss) from discontinued operations	(1)	232	(92)	(22)
Net income (loss)	\$ (7)	\$ (149)	\$ (211)	\$ 11
Basic earnings (loss) per common share:				
Income (loss) from continuing operations	\$ (0.01)	\$ (0.96)	\$ (0.29)	\$ 0.08
Income (loss) from discontinued operations	-	0.58	(0.23)	(0.05)
Net income (loss)	\$ (0.01)	\$ (0.38)	\$ (0.52)	\$ 0.03
Basic weighted-average shares	414.0	398.1	404.3	394.1
Diluted earnings (loss) per common share:				
Income (loss) from continuing operations	\$ (0.01)	\$ (0.96)	\$ (0.29)	\$ 0.08
Income (loss) from discontinued operations	-	0.58	(0.23)	(0.05)
Net income (loss)	\$ (0.01)	\$ (0.38)	\$ (0.52)	\$ 0.03
Diluted weighted-average shares	414.0	398.1	404.3	396.2

WPX Energy, Inc.
Consolidated Balance Sheets
(Unaudited)

	<u>September 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
	(Millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 36	\$ 189
Accounts receivable, net of allowance of \$2 million as of September 30, 2018 and December 31, 2017	368	307
Derivative assets	98	36
Inventories	49	30
Assets classified as held for sale	-	811
Other	27	28
Total current assets	<u>578</u>	<u>1,401</u>
Investments	139	70
Properties and equipment (successful efforts method of accounting)	9,663	8,674
Less: Accumulated depreciation, depletion and amortization	<u>(2,511)</u>	<u>(1,983)</u>
Properties and equipment, net	7,152	6,691
Derivative assets	22	23
Other noncurrent assets	27	22
Total assets	<u>\$ 7,918</u>	<u>\$ 8,207</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 607	\$ 446
Accrued and other current liabilities	155	209
Liabilities associated with assets held for sale	-	20
Derivative liabilities	369	171
Total current liabilities	<u>1,131</u>	<u>846</u>
Deferred income taxes	33	117
Long-term debt, net	2,243	2,575
Derivative liabilities	73	65
Other noncurrent liabilities	499	477
Equity:		
Stockholders' equity:		
Preferred stock (100 million shares authorized at \$0.01 par value; no shares outstanding at September 30, 2018 and 4.8 million shares issued and outstanding at December 31, 2017)	-	232
Common stock (2 billion shares authorized at \$0.01 par value; 420.4 million shares and 398.3 million shares issued and outstanding at September 30, 2018 and December 31, 2017)	4	4
Additional paid-in-capital	7,726	7,479
Accumulated deficit	<u>(3,791)</u>	<u>(3,588)</u>
Total equity	<u>3,939</u>	<u>4,127</u>
Total liabilities and equity	<u>\$ 7,918</u>	<u>\$ 8,207</u>

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

	Nine Months ended September 30,	
	2018	2017
	(Millions)	
Operating Activities(a)		
Net income (loss)	\$ (203)	\$ 22
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	559	487
Deferred income tax benefit	(84)	25
Provision for impairment of properties and equipment (including certain exploration expenses)	53	138
Net (gain) loss on derivatives	362	(213)
Net settlements related to derivatives	(218)	23
Amortization of stock-based awards	26	24
Loss on extinguishment of debt	71	17
Net (gain) loss on sales of assets including discontinued operations	150	(157)
Cash provided (used) by operating assets and liabilities:		
Accounts receivable	(61)	(112)
Inventories	(15)	(6)
Other current assets	5	(6)
Accounts payable	71	91
Federal income taxes receivable	-	12
Accrued and other current liabilities	(48)	(86)
Liabilities accrued in prior years for retained transportation and gathering contracts related to discontinued operations	(37)	(40)
Other, including changes in other noncurrent assets and liabilities	21	9
Net cash provided by operating activities (a)	<u>652</u>	<u>228</u>
Investing Activities(a)		
Capital expenditures(b)	(1,013)	(855)
Proceeds from sales of assets	682	34
Purchase of a business	-	(798)
Purchase of or contributions to investments	(72)	(7)
Net cash provided by (used in) investing activities (a)	<u>(403)</u>	<u>(1,626)</u>
Financing Activities		
Proceeds from common stock	9	671
Dividends paid on preferred stock	(11)	(11)
Borrowings on credit facility	726	471
Payments on credit facility	(638)	(186)
Proceeds from long-term debt, net of discount	494	148
Payments for retirement of long-term debt, including premium	(986)	(165)
Taxes paid for shares withheld	(13)	(11)
Payments for debt issuance costs and credit facility amendment fees	(10)	(2)
Other	29	(1)
Net cash provided by (used in) financing activities	<u>(400)</u>	<u>914</u>
Net decrease in cash and cash equivalents and restricted cash	(151)	(484)
Cash and cash equivalents and restricted cash at beginning of period	201	506
Cash and cash equivalents and restricted cash at end of period	<u>\$ 50</u>	<u>\$ 22</u>
(a) Amounts reflect continuing and discontinued operations unless otherwise noted.		
(b) Increase to properties and equipment	\$ (1,074)	\$ (911)
Changes in related accounts payable and accounts receivable	61	56
Capital expenditures	<u>\$ (1,013)</u>	<u>\$ (855)</u>