

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): August 2, 2012**

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**APACHE CORPORATION**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**1-4300**  
(Commission  
File Number)

**41-0747868**  
(I.R.S. Employer  
Identification No.)

**2000 Post Oak Boulevard  
Suite 100  
Houston, Texas 77056-4400**  
(Address of principal executive offices) (Zip Code)

**Registrant's telephone number, including area code: (713) 296-6000**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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The information in this Current Report on Form 8-K, including Exhibit 99.1 furnished herewith, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of Section 18, and shall not be incorporated by reference in any filing under the Securities Act or the Exchange Act, except as set forth by specific reference in such filing.

**Item 2.02. Results of Operations and Financial Condition.**

On August 2, 2012, Apache Corporation issued a press release announcing financial and operating results for the fiscal quarter ended June 30, 2012. The full text of the press release is furnished herewith as Exhibit 99.1 and incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits.**

| <u>Exhibit No.</u> | <u>Description</u>                                        |
|--------------------|-----------------------------------------------------------|
| 99.1               | Press Release of Apache Corporation dated August 2, 2012. |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**APACHE CORPORATION**

Date: August 2, 2012

/s/ Thomas P. Chambers

Thomas P. Chambers  
(Principal Financial Officer)

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**INDEX TO EXHIBITS**

| <u>Exhibit No.</u> | <u>Description</u>                                        |
|--------------------|-----------------------------------------------------------|
| 99.1               | Press Release of Apache Corporation dated August 2, 2012. |

CONTACTS:

Media: Bill Mintz (713) 296-7276  
John Roper (281) 302-2646

Investors: Patrick Cassidy (713) 296-6100  
Castlen Kennedy (713) 296-7189

Website: [www.apachecorp.com](http://www.apachecorp.com)

**APACHE'S ACCELERATED DRILLING PROGRAM FUELS RECORD SECOND-QUARTER PRODUCTION**

Houston, Aug. 2, 2012 – Apache Corporation (NYSE, Nasdaq: APA) said today that accelerating worldwide drilling activity fueled record second-quarter 2012 production of 774,000 barrels of oil equivalent (boe) per day.

Apache's second-quarter earnings totaled \$337 million, or 86 cents per diluted share, reflecting the impact of a \$480 million non-cash, after-tax reduction in the carrying value of its oil and gas properties in Canada stemming from lower North American natural gas prices. For the same period last year, Apache reported earnings of \$1.24 billion, or \$3.17 per diluted share.

Apache's adjusted earnings\*, which exclude certain items that impact the comparability of operating results, totaled \$821 million or \$2.07 per diluted common share in the second quarter, as the impact of higher production was offset in part by lower oil and gas prices. In the prior-year period, Apache reported adjusted earnings of \$1.26 billion or \$3.22 per share. Cash from operations before changes in operating assets and liabilities\* totaled \$2.38 billion in the second quarter, down from \$2.64 billion in the prior-year period.

“As we announced at our Investor Day presentation in June, Apache has assembled an inventory of 67,000 drillable locations in liquids-rich onshore U.S. plays, and now is the time to drill wells,” said G. Steven Farris, chairman and chief executive officer. “Rigs are running – 36 in the Permian Basin, up from 26 at the end of 2011, and 24 in the Anadarko Basin, up from seven at year-end. The impact of our accelerated drilling program is beginning to take hold.”

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In the Permian Basin, production was up quarter-over-quarter by 5 percent, putting Apache on track to deliver its long-term Permian production growth target of 13 percent per year. In the Anadarko Basin, production increased 47 percent sequentially, including volumes from the Cordillera Energy Partners III acquisition that closed April 30. Apache's Anadarko Basin production is on target to achieve the goal of growing by 24 percent per year through 2016.

"Apache is gaining momentum, and we project rising production throughout the second half," Farris said.

Apache anticipates achieving its long-term global growth forecast of 6 to 9 percent in 2012 from 2011, net of 11,000 boe per day from assets in Canada and East Texas sold in the second half of 2011. Second-quarter 2012 volumes were hampered by unanticipated downtime totaling approximately 16,000 boe per day.

Although North Sea production was flat from the first quarter to the second, positive drilling results in the Bacchus and Beryl fields are projected to increase production there in the second half of 2012.

In Australia, a new development well drilled in the Pyrenees Field offshore Western Australia commenced production on July 14; the well currently is producing 11,000 barrels of oil per day (3,135 barrels per day net to Apache).

Consistent with Apache's active drilling program, the company was the apparent high bidder on 90 blocks in the Bureau of Ocean Energy and Management's recent lease sale in the Gulf of Mexico. Apache is currently operating six rigs in the Gulf.

Commodity markets continued to be marked by volatility during the second quarter. Worldwide, Apache received an average of \$97.66 per barrel of oil, down from \$106.31 per barrel in the prior-year period. Apache benefitted from higher prices realized on Dated Brent crude produced in the company's Australia, North Sea and Egypt regions, and on sweet crude from the Gulf of Mexico regions. Apache received these premium prices on approximately 73 percent of crude oil production.

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While North American natural gas price realizations fell 35 percent from the prior-year period to \$3.17 per thousand cubic feet (Mcf), Apache's international regions saw prices rise 8 percent to \$4.08 per Mcf. International gas production rose 100 million cubic feet per day from the prior-year period and represented 37 percent of Apache's total gas volumes.

\*Adjusted earnings and cash from operations before changes in operating assets and liabilities are non-GAAP measures. Please see reconciliations below. For supplemental and non-GAAP information, please go to <http://www.apachecorp.com/financialinfo>.

**Apache to webcast conference call**

Apache Corporation will conduct its second-quarter 2012 results at 1 p.m. Central time on Thursday, August 2. The conference call will be webcast from Apache's website, [www.apachecorp.com](http://www.apachecorp.com). The webcast replay will be archived on Apache's website. The conference call will be available for delayed playback by telephone for one week beginning at approximately 4 p.m. on August 2. To access the telephone playback, dial 855-859-2056 or 404-537-3406 for international calls. The conference access code is 42313772.

**About Apache**

Apache Corporation is an oil and gas exploration and production company with operations in the United States, Canada, Egypt, the United Kingdom, North Sea, Australia and Argentina. Apache posts announcements, operational updates, investor information and copies of all press releases on its website, [www.apachecorp.com](http://www.apachecorp.com).

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**Forward-looking statements**

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects” and similar references to future periods. These statements include, but are not limited to, statements about future plans, expectations, and objectives for Apache’s operations including statements about our drilling plans and future production growth. While forward-looking statements are based on assumptions and analyses made by us that we believe to be reasonable under the circumstances, whether actual results and developments will meet our expectations and predictions depend on a number of risks and uncertainties which could cause our actual results, performance, and financial condition to differ materially from our expectations. See “Risk Factors” in our 2011 Form 10-K filed with the Securities and Exchange Commission for a discussion of risk factors that affect our business. Any forward-looking statement made by us in this news release speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future development, or otherwise, except as may be required by law.



**APACHE CORPORATION**  
**STATEMENT OF CONSOLIDATED OPERATIONS**  
(In millions, except per share data)

|                                                              | For the Quarter<br>Ended June 30, |                 | For the Six Months<br>Ended June 30, |                 |
|--------------------------------------------------------------|-----------------------------------|-----------------|--------------------------------------|-----------------|
|                                                              | 2012                              | 2011            | 2012                                 | 2011            |
| <b>REVENUES AND OTHER:</b>                                   |                                   |                 |                                      |                 |
| Oil and gas production revenues                              | \$ 3,956                          | \$ 4,355        | \$ 8,413                             | \$ 8,233        |
| Other                                                        | 16                                | (17)            | 95                                   | 30              |
|                                                              | <u>3,972</u>                      | <u>4,338</u>    | <u>8,508</u>                         | <u>8,263</u>    |
| <b>COSTS AND EXPENSES:</b>                                   |                                   |                 |                                      |                 |
| Depreciation, depletion and amortization                     |                                   |                 |                                      |                 |
| Recurring                                                    | 1,284                             | 1,003           | 2,503                                | 1,939           |
| Additional                                                   | 648                               | 26              | 1,169                                | 26              |
| Asset retirement obligation accretion                        | 57                                | 38              | 112                                  | 75              |
| Lease operating expenses                                     | 704                               | 662             | 1,377                                | 1,285           |
| Gathering and transportation                                 | 72                                | 73              | 149                                  | 149             |
| Taxes other than income                                      | 203                               | 255             | 460                                  | 419             |
| General and administrative                                   | 132                               | 103             | 260                                  | 215             |
| Merger, acquisitions & transition                            | 16                                | 6               | 22                                   | 11              |
| Financing costs, net                                         | 45                                | 41              | 85                                   | 86              |
|                                                              | <u>3,161</u>                      | <u>2,207</u>    | <u>6,137</u>                         | <u>4,205</u>    |
| <b>INCOME BEFORE INCOME TAXES</b>                            | 811                               | 2,131           | 2,371                                | 4,058           |
| Current income tax provision                                 | 460                               | 576             | 1,185                                | 1,219           |
| Deferred income tax provision                                | (5)                               | 296             | 33                                   | 446             |
| <b>NET INCOME</b>                                            | 356                               | 1,259           | 1,153                                | 2,393           |
| Preferred stock dividends                                    | 19                                | 19              | 38                                   | 38              |
| <b>INCOME ATTRIBUTABLE TO COMMON STOCK</b>                   | <u>\$ 337</u>                     | <u>\$ 1,240</u> | <u>\$ 1,115</u>                      | <u>\$ 2,355</u> |
| <b>NET INCOME PER COMMON SHARE:</b>                          |                                   |                 |                                      |                 |
| Basic                                                        | \$ 0.87                           | \$ 3.23         | \$ 2.88                              | \$ 6.14         |
| Diluted                                                      | \$ 0.86                           | \$ 3.17         | \$ 2.86                              | \$ 6.03         |
| <b>WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:</b> |                                   |                 |                                      |                 |
| Basic                                                        | 389                               | 384             | 387                                  | 383             |
| Diluted                                                      | 390                               | 397             | 403                                  | 397             |
| <b>DIVIDENDS DECLARED PER COMMON SHARE</b>                   | \$ 0.17                           | \$ 0.15         | \$ 0.34                              | \$ 0.30         |

**APACHE CORPORATION**  
**SUMMARY OF CAPITAL COSTS INCURRED**  
(In millions)

|                                                   | For the Quarter<br>Ended June 30, |                 | For the Six Months<br>Ended June 30, |                 |
|---------------------------------------------------|-----------------------------------|-----------------|--------------------------------------|-----------------|
|                                                   | 2012                              | 2011            | 2012                                 | 2011            |
| <b>CAPITAL EXPENDITURES (1):</b>                  |                                   |                 |                                      |                 |
| Exploration & Development Costs                   |                                   |                 |                                      |                 |
| United States                                     | \$ 1,392                          | \$ 673          | \$ 2,186                             | \$ 1,288        |
| Canada                                            | 97                                | 168             | 295                                  | 434             |
| North America                                     | <u>1,489</u>                      | <u>841</u>      | <u>2,481</u>                         | <u>1,722</u>    |
| Egypt                                             | 260                               | 284             | 510                                  | 477             |
| Australia                                         | 175                               | 156             | 253                                  | 318             |
| North Sea                                         | 224                               | 211             | 420                                  | 421             |
| Argentina                                         | 73                                | 89              | 157                                  | 158             |
| Other International                               | 12                                | 27              | 33                                   | 27              |
| International                                     | <u>744</u>                        | <u>767</u>      | <u>1,373</u>                         | <u>1,401</u>    |
| Worldwide Exploration & Development Costs         | <u>\$ 2,233</u>                   | <u>\$ 1,608</u> | <u>\$ 3,854</u>                      | <u>\$ 3,123</u> |
| Gathering, Transmission and Processing Facilities |                                   |                 |                                      |                 |
| United States                                     | \$ 32                             | \$ —            | \$ 44                                | \$ —            |
| Canada                                            | 42                                | 42              | 86                                   | 84              |
| Egypt                                             | 20                                | 25              | 37                                   | 54              |
| Australia                                         | 77                                | 68              | 249                                  | 119             |
| Argentina                                         | 5                                 | 4               | 9                                    | 4               |
| Total Gathering, Transmission and Processing      | <u>\$ 176</u>                     | <u>\$ 139</u>   | <u>\$ 425</u>                        | <u>\$ 261</u>   |
| Capitalized Interest                              | <u>\$ 85</u>                      | <u>\$ 63</u>    | <u>\$ 151</u>                        | <u>\$ 123</u>   |
| Capital Expenditures, excluding Acquisitions      | <u>\$ 2,494</u>                   | <u>\$ 1,810</u> | <u>\$ 4,430</u>                      | <u>\$ 3,507</u> |
| Acquisitions                                      | <u>\$ 3,302</u>                   | <u>\$ 84</u>    | <u>\$ 3,362</u>                      | <u>\$ 95</u>    |

(1) Accrual basis

**APACHE CORPORATION**  
**SUMMARY BALANCE SHEET INFORMATION**  
(In millions)

|                                                   | June 30,<br>2012 | December 31,<br>2011 |
|---------------------------------------------------|------------------|----------------------|
| Cash and Cash Equivalents                         | \$ 361           | \$ 295               |
| Other Current Assets                              | 4,278            | 4,508                |
| Property and Equipment, net                       | 50,135           | 45,448               |
| Goodwill                                          | 1,114            | 1,114                |
| Other Assets                                      | 1,329            | 686                  |
| Total Assets                                      | <u>\$ 57,217</u> | <u>\$ 52,051</u>     |
| Short-Term Debt                                   | \$ 568           | \$ 431               |
| Other Current Liabilities                         | 4,553            | 4,532                |
| Long-Term Debt                                    | 9,670            | 6,785                |
| Deferred Credits and Other Noncurrent Liabilities | 11,753           | 11,310               |
| Shareholders' Equity                              | 30,673           | 28,993               |
| Total Liabilities and Shareholders' Equity        | <u>\$ 57,217</u> | <u>\$ 52,051</u>     |
| Common shares outstanding at end of period        | 391              | 384                  |

**APACHE CORPORATION  
PRODUCTION INFORMATION**

|                                       | For the Quarter<br>Ended June 30, |           | For the Six Months<br>Ended June 30, |           |
|---------------------------------------|-----------------------------------|-----------|--------------------------------------|-----------|
|                                       | 2012                              | 2011      | 2012                                 | 2011      |
| <b>OIL VOLUME—Barrels per day</b>     |                                   |           |                                      |           |
| Central                               | 11,985                            | 6,761     | 9,234                                | 5,833     |
| Permian                               | 58,391                            | 49,823    | 57,436                               | 49,055    |
| GOM Deepwater                         | 6,237                             | 6,090     | 6,019                                | 5,708     |
| GOM Shelf                             | 41,773                            | 44,792    | 44,253                               | 45,670    |
| GC Onshore                            | 9,292                             | 9,791     | 9,861                                | 9,233     |
| United States                         | 127,678                           | 117,257   | 126,803                              | 115,499   |
| Canada                                | 15,277                            | 14,408    | 15,429                               | 14,555    |
| North America                         | 142,955                           | 131,665   | 142,232                              | 130,054   |
| Egypt                                 | 98,922                            | 99,634    | 99,206                               | 104,230   |
| Australia                             | 30,497                            | 40,573    | 30,447                               | 37,663    |
| North Sea                             | 65,996                            | 57,364    | 65,971                               | 52,195    |
| Argentina                             | 9,583                             | 9,656     | 9,608                                | 9,636     |
| International                         | 204,998                           | 207,227   | 205,232                              | 203,724   |
| Total                                 | 347,953                           | 338,892   | 347,464                              | 333,778   |
| <b>NATURAL GAS VOLUME—Mcf per day</b> |                                   |           |                                      |           |
| Central                               | 235,308                           | 189,120   | 200,585                              | 180,850   |
| Permian                               | 178,068                           | 173,609   | 179,161                              | 166,348   |
| GOM Deepwater                         | 47,782                            | 56,673    | 47,389                               | 58,620    |
| GOM Shelf                             | 301,511                           | 349,697   | 316,826                              | 349,273   |
| GC Onshore                            | 81,744                            | 111,184   | 86,992                               | 114,185   |
| United States                         | 844,413                           | 880,283   | 830,953                              | 869,276   |
| Canada                                | 612,064                           | 636,718   | 624,145                              | 639,707   |
| North America                         | 1,456,477                         | 1,517,001 | 1,455,098                            | 1,508,983 |
| Egypt                                 | 358,985                           | 358,870   | 367,526                              | 365,157   |
| Australia                             | 211,524                           | 179,582   | 217,930                              | 181,243   |
| North Sea                             | 64,722                            | 2,367     | 65,894                               | 2,135     |
| Argentina                             | 224,289                           | 215,203   | 217,741                              | 201,722   |
| International                         | 859,520                           | 756,022   | 869,091                              | 750,257   |
| Total                                 | 2,315,997                         | 2,273,023 | 2,324,189                            | 2,259,240 |
| <b>NGL VOLUME—Barrels per day</b>     |                                   |           |                                      |           |
| Central                               | 3,962                             | 687       | 3,738                                | 726       |
| Permian                               | 16,405                            | 12,824    | 14,527                               | 11,092    |
| GOM Deepwater                         | 1,474                             | 430       | 865                                  | 777       |
| GOM Shelf                             | 5,762                             | 5,731     | 4,678                                | 6,067     |
| GC Onshore                            | 2,062                             | 2,131     | 2,183                                | 1,872     |
| United States                         | 29,665                            | 21,803    | 25,991                               | 20,534    |
| Canada                                | 5,844                             | 5,998     | 6,078                                | 6,270     |
| North America                         | 35,509                            | 27,801    | 32,069                               | 26,804    |
| Egypt                                 | —                                 | (24)      | —                                    | 101       |
| North Sea                             | 1,957                             | —         | 1,962                                | —         |
| Argentina                             | 3,067                             | 3,014     | 3,030                                | 3,035     |
| International                         | 5,024                             | 2,990     | 4,992                                | 3,136     |
| Total                                 | 40,533                            | 30,791    | 37,061                               | 29,940    |
| <b>BOE per day</b>                    |                                   |           |                                      |           |
| Central                               | 55,165                            | 38,969    | 46,403                               | 36,701    |
| Permian                               | 104,475                           | 91,582    | 101,824                              | 87,872    |
| GOM Deepwater                         | 15,675                            | 15,965    | 14,782                               | 16,255    |
| GOM Shelf                             | 97,787                            | 108,806   | 101,735                              | 109,949   |
| GC Onshore                            | 24,978                            | 30,451    | 26,543                               | 30,136    |
| United States                         | 298,080                           | 285,773   | 291,287                              | 280,913   |
| Canada                                | 123,131                           | 126,526   | 125,531                              | 127,443   |
| North America                         | 421,211                           | 412,299   | 416,818                              | 408,356   |
| Egypt                                 | 158,752                           | 159,422   | 160,460                              | 165,190   |
| Australia                             | 65,751                            | 70,503    | 66,769                               | 67,870    |
| North Sea                             | 78,741                            | 57,758    | 78,915                               | 52,551    |
| Argentina                             | 50,031                            | 48,537    | 48,928                               | 46,291    |
| International                         | 353,275                           | 336,220   | 355,072                              | 331,902   |
| Total                                 | 774,486                           | 748,519   | 771,890                              | 740,258   |

**APACHE CORPORATION  
PRICE INFORMATION**

|                                          | For the Quarter<br>Ended June 30, |          | For the Six Months<br>Ended June 30, |          |
|------------------------------------------|-----------------------------------|----------|--------------------------------------|----------|
|                                          | 2012                              | 2011     | 2012                                 | 2011     |
| <b>AVERAGE OIL PRICE PER BARREL</b>      |                                   |          |                                      |          |
| Central                                  | \$ 88.14                          | \$ 96.79 | \$ 91.88                             | \$ 93.72 |
| Permian                                  | 86.71                             | 98.28    | 92.44                                | 93.60    |
| GOM Deepwater                            | 105.82                            | 110.91   | 108.23                               | 104.74   |
| GOM Shelf                                | 109.20                            | 114.29   | 111.76                               | 106.46   |
| GC Onshore                               | 108.41                            | 109.60   | 111.05                               | 103.97   |
| United States <sup>(1)</sup>             | 94.37                             | 98.41    | 98.20                                | 94.15    |
| Canada                                   | 82.35                             | 102.42   | 87.46                                | 94.78    |
| North America <sup>(1)</sup>             | 93.08                             | 98.85    | 97.03                                | 94.22    |
| Egypt <sup>(1)</sup>                     | 98.73                             | 115.26   | 111.18                               | 111.05   |
| Australia <sup>(1)</sup>                 | 109.46                            | 115.18   | 116.20                               | 110.92   |
| North Sea <sup>(1)</sup>                 | 104.16                            | 108.44   | 108.67                               | 105.06   |
| Argentina                                | 72.69                             | 65.58    | 77.88                                | 62.99    |
| International <sup>(1)</sup>             | 100.86                            | 111.04   | 109.56                               | 107.22   |
| Total <sup>(1)</sup>                     | 97.66                             | 106.31   | 104.43                               | 102.15   |
| <b>AVERAGE NATURAL GAS PRICE PER MCF</b> |                                   |          |                                      |          |
| Central                                  | \$ 2.73                           | \$ 4.81  | \$ 2.89                              | \$ 4.70  |
| Permian                                  | 2.79                              | 5.25     | 3.26                                 | 5.13     |
| GOM Deepwater                            | 2.34                              | 4.53     | 2.65                                 | 4.31     |
| GOM Shelf                                | 2.47                              | 4.65     | 2.84                                 | 4.59     |
| GC Onshore                               | 2.31                              | 4.55     | 2.57                                 | 4.40     |
| United States <sup>(1)</sup>             | 3.33                              | 5.05     | 3.63                                 | 4.99     |
| Canada <sup>(1)</sup>                    | 2.94                              | 4.71     | 3.18                                 | 4.63     |
| North America <sup>(1)</sup>             | 3.17                              | 4.91     | 3.44                                 | 4.84     |
| Egypt                                    | 3.75                              | 4.79     | 3.77                                 | 4.61     |
| Australia                                | 4.41                              | 2.74     | 4.29                                 | 2.62     |
| North Sea                                | 9.42                              | 26.41    | 8.68                                 | 23.72    |
| Argentina                                | 2.76                              | 2.74     | 2.87                                 | 2.48     |
| International                            | 4.08                              | 3.79     | 4.05                                 | 3.61     |
| Total <sup>(1)</sup>                     | 3.51                              | 4.54     | 3.67                                 | 4.43     |
| <b>AVERAGE NGL PRICE PER BARREL</b>      |                                   |          |                                      |          |
| Central                                  | \$ 26.45                          | \$ 61.55 | \$ 31.63                             | \$ 54.67 |
| Permian                                  | 34.36                             | 52.09    | 38.90                                | 49.34    |
| GOM Deepwater                            | 35.73                             | 65.10    | 36.14                                | 45.31    |
| GOM Shelf                                | 31.02                             | 50.31    | 35.59                                | 46.16    |
| GC Onshore                               | 38.29                             | 59.59    | 42.97                                | 57.93    |
| United States                            | 32.99                             | 52.91    | 37.51                                | 49.22    |
| Canada                                   | 32.07                             | 46.63    | 37.03                                | 43.25    |
| North America                            | 32.84                             | 51.56    | 37.42                                | 47.82    |
| Egypt                                    | —                                 | 43.53    | —                                    | 65.73    |
| North Sea                                | 69.23                             | —        | 76.69                                | —        |
| Argentina                                | 21.09                             | 27.64    | 23.61                                | 29.08    |
| International                            | 39.84                             | 27.51    | 44.47                                | 30.26    |
| Total                                    | 33.71                             | 49.22    | 38.37                                | 45.98    |

<sup>(1)</sup> Prices reflect the impact of financial derivative hedging activities.

**APACHE CORPORATION**  
**NON-GAAP FINANCIAL MEASURES**  
(In millions, except per share data)

**Reconciliation of income attributable to common stock to adjusted earnings:**

The press release discusses Apache's adjusted earnings. Adjusted earnings exclude certain items that management believes affect the comparability of operating results and are meaningful for the following reasons:

- Management uses adjusted earnings to evaluate the company's operational trends and performance relative to other oil and gas producing companies.
- Management believes this presentation may be useful to investors who follow the practice of some industry analysts who adjust reported company earnings for items that may obscure underlying fundamentals and trends.
- The reconciling items below are the types of items management believes are frequently excluded by analysts when evaluating the operating trends and comparability of the company's results.

|                                                                        | For the Quarter<br>Ended June 30, |                 | For the Six Months<br>Ended June 30, |                 |
|------------------------------------------------------------------------|-----------------------------------|-----------------|--------------------------------------|-----------------|
|                                                                        | 2012                              | 2011            | 2012                                 | 2011            |
| Income Attributable to Common Stock (GAAP)                             | \$ 337                            | \$ 1,240        | \$ 1,115                             | \$ 2,355        |
| Adjustments:                                                           |                                   |                 |                                      |                 |
| Canada proved property write-down, net of tax                          | 480                               | —               | 870                                  | —               |
| Merger, acquisitions & transition, net of tax                          | 10                                | 3               | 13                                   | 7               |
| Unrealized foreign currency fluctuation impact on deferred tax expense | (6)                               | 19              | 1                                    | 31              |
| Adjusted Earnings (Non-GAAP)                                           | <u>\$ 821</u>                     | <u>\$ 1,262</u> | <u>\$ 1,999</u>                      | <u>\$ 2,393</u> |
| Net Income per Common Share—Diluted (GAAP)                             | \$ 0.86                           | \$ 3.17         | \$ 2.86                              | \$ 6.03         |
| Adjustments:                                                           |                                   |                 |                                      |                 |
| Canada proved property write-down, net of tax                          | 1.19                              | —               | 2.16                                 | —               |
| Merger, acquisitions & transition, net of tax                          | 0.03                              | 0.01            | 0.03                                 | 0.02            |
| Unrealized foreign currency fluctuation impact on deferred tax expense | (0.01)                            | 0.04            | 0.01                                 | 0.07            |
| Adjusted Earnings Per Share—Diluted (Non-GAAP)                         | <u>\$ 2.07</u>                    | <u>\$ 3.22</u>  | <u>\$ 5.06</u>                       | <u>\$ 6.12</u>  |

**Reconciliation of net cash provided by operating activities to cash from operations before changes in operating assets and liabilities:**

The press release discusses Apache's cash from operations before changes in operating assets and liabilities. It is presented because management believes the information is useful for investors because it is used internally and widely accepted by those following the oil and gas industry as a financial indicator of a company's ability to generate cash to internally fund exploration and development activities, fund dividend programs, and service debt. It is also used by research analysts to value and compare oil and gas exploration and production companies, and is frequently included in published research when providing investment recommendations. Cash from operations before changes in operating assets and liabilities, therefore, is an additional measure of liquidity, but is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing, or financing activities.

The following table reconciles net cash provided by operating activities to cash from operations before changes in operating assets and liabilities.

|                                                                         | For the Quarter<br>Ended June 30, |                 | For the Six Months<br>Ended June 30, |                 |
|-------------------------------------------------------------------------|-----------------------------------|-----------------|--------------------------------------|-----------------|
|                                                                         | 2012                              | 2011            | 2012                                 | 2011            |
| Net cash provided by operating activities                               | \$ 2,792                          | \$ 2,745        | \$ 4,799                             | \$ 4,724        |
| Changes in operating assets and liabilities                             | (414)                             | (106)           | 227                                  | 158             |
| Cash from operations before changes in operating assets and liabilities | <u>\$ 2,378</u>                   | <u>\$ 2,639</u> | <u>\$ 5,026</u>                      | <u>\$ 4,882</u> |