

APACHE CORPORATION AND SUBSIDIARIES  
STATEMENT OF CONSOLIDATED INCOME  
(Unaudited)

(In thousands, except  
per share data)

			For the Quarter		For the Nine Months	
			Ended September 30,		Ended September 30,	
			1994	1993	1994	1993
<b>REVENUES:</b>						
Oil and gas production revenues	\$128,193		\$112,660	\$365,106	\$319,523	
Gathering, processing and marketing revenues	11,882	7,214	29,176	19,249		
Equity in income of affiliates	94	132	385	594		
Other revenues		596	2,007	2,636	2,509	
			140,765	122,013	397,303	341,875
<b>OPERATING EXPENSES:</b>						
Depreciation, depletion and amortization		61,001	47,131	170,402	125,970	
International impairments	1,000		10,300	7,300	17,500	
Operating costs	35,631	34,769	101,807	94,271		
Gathering, processing and marketing costs		10,608	6,328	25,376	16,104	
Administrative, selling and other	8,230	8,577	26,113	25,456		
Financing costs:						
Interest expense		8,213	7,961	22,308	22,416	
Amortization of deferred loan costs		1,097	918	2,809	2,912	
Capitalized interest		(1,261)	(1,117)	(3,431)	(3,849)	
Interest income		(10)	(111)	(254)	(297)	
			124,509	114,756	352,430	300,483
<b>INCOME BEFORE INCOME TAXES</b>	16,256	7,257	44,873	41,392		
Provision for income taxes	5,681	6,176	14,696	17,224		
<b>NET INCOME</b>		\$ 10,575	1,081	\$30,177	\$24,168	
<b>NET INCOME PER COMMON SHARE</b>	\$ 0.17	0.02	\$ 0.49	\$ 0.47		
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>	61,397	52,904	61,269	51,085		

APACHE CORPORATION AND SUBSIDIARIES  
STATEMENT OF CONSOLIDATED CASH FLOWS

(Unaudited)  
(In thousands)

			For the Nine Months	
			Ended September 30,	
			1994	1993
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income			\$ 30,177	\$ 24,168
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, depletion and amortization	170,402	125,970		
International impairments		7,300	17,500	
Amortization of deferred loan costs		2,809	2,912	
Provision for deferred income taxes		18,446	17,224	
Other				- 268
			229,134	188,042
Cash distributions less than earnings of affiliates			(384)	(601)
Gain on sale of stock held for investment	(1,780)	-		
Changes in operating assets and liabilities:				
Increase in receivables			(4,978)	(16,890)
Increase in advances to oil and gas ventures and other			(3,654)	(2,508)
Increase in other assets			(3,098)	(441)
Increase (decrease) in accounts payable		2,076	(14,221)	
Decrease in accrued expenses			(518)	(8,896)
Decrease in deferred credits and other noncurrent liabilities		(8)	(2,042)	
<b>Net cash provided by operating activities</b>	216,790	142,443		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Exploration and development expenditures			(220,320)	(157,285)

Acquisition of oil and gas properties		(71,110)	(151,466)		
Non-cash portion of oil and gas property additions				4,225	6,420
Proceeds from sale of oil and gas properties	3,567	2,989			
Proceeds from sale of gas gathering system			-	32,201	
Purchase of HERC stock and other		(17,128)		(55,797)	
Proceeds from sale of stock held for investment	5,423	-			
(Increase) decrease in inventory, net		(1,591)	319		
Other capital expenditures, net			(5,514)	(28,656)	
				-----	-----
Net cash used by investing activities		(302,448)	(351,275)		
				-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:					
Long-term borrowings			118,970	225,667	
Payments on long-term debt			(27,920)	(156,126)	
Proceeds from HERC common stock			-	1,632	
Proceeds from issuance of common stock, net	4,310		133,421		
Dividends paid				(12,831)	(10,673)
Costs of debt transactions			(875)	(270)	
				-----	-----
Net cash provided by financing activities	81,654	193,651			
				-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,004)	(15,181)			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	17,064	26,127			
				-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 13,060	\$ 10,946		=====	=====

APACHE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET

(In thousands)	September 30,	December 31,	1993
		1994	
		(Unaudited)	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 13,060	\$ 17,064	
Receivables		96,818	91,840
Inventories		8,743	7,152
Advances to oil and gas ventures and other	10,538		
	6,884		
		-----	-----
		129,159	122,940
		-----	-----
PROPERTY AND EQUIPMENT:			
Oil and gas on the basis of full cost accounting:			
Proved properties		2,792,137	2,516,801
Unproved properties and properties under development, not being amortized	118,124	105,597	
Gas gathering, transmission and processing facilities		25,809	25,809
Other, at cost		41,508	36,938
		-----	-----
		2,977,578	2,685,145
Less: Accumulated depreciation, depletion and amortization	(1,424,733)	(1,248,685)	
		-----	-----
		1,552,845	1,436,460
		-----	-----
OTHER ASSETS:			
Investments in affiliates		3,418	5,677
Deferred charges and other	30,027	27,330	
		-----	-----
		33,445	33,007
		-----	-----
		\$ 1,715,449	1,592,407
	=====		

APACHE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET

(In thousands)	September 30,	December 31,	1993
	1994		
	(Unaudited)		
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Current maturities of long-term debt	\$ 332	\$ 9,017	
Accounts payable		106,612	118,447
Accrued operating expense		17,102	17,371

Accrued exploration and development	19,308	15,083	
Accrued income taxes		1,883	6,048
Accrued interest		5,682	2,010
Accrued compensation and benefits	5,682		9,170
Other accrued expenses		7,811	8,244
			-----
			164,412
			-----
			185,390
			-----
LONG-TERM DEBT		552,744	453,009
			-----
DEFERRED CREDITS AND OTHER NONCURRENT LIABILITIES:			
Income taxes		149,255	128,554
Advances on gas contracts	3,914		3,914
Future operating costs for royalty interest sold		8,264	10,389
Other		29,324	25,297
			-----
			190,757
			-----
			168,154
			-----
SHAREHOLDERS' EQUITY:			
Common stock, \$1.25 par, 215,000,000 authorized, 62,545,858 and 62,334,241 shares issued, respectively	78,182	77,918	
Paid-in capital		543,315	540,155
Retained earnings		199,491	182,195
Treasury stock, at cost, 1,118,956 and 1,248,827 shares, respectively	(13,452)		(14,414)
			-----
			807,536
			-----
			785,854
			-----
			\$1,715,449
			-----
			\$1,592,407
			=====

APACHE CORPORATION AND SUBSIDIARIES  
STATEMENT OF CONSOLIDATED RETAINED EARNINGS  
(Unaudited)

(In thousands)

			For the Quarter Ended September 30,	
			1994	1993
			-----	-----
RETAINED EARNINGS, Beginning of period	\$ 193,218	176,462		
Net income			10,575	1,081
Dividends declared:				
Common stock, \$.07 per share		(4,302)	(4,247)	
			-----	-----
RETAINED EARNINGS, End of period	\$ 199,491	\$ 173,296	=====	=====
			For the Nine Months Ended September 30,	
			1994	1993
			-----	-----
RETAINED EARNINGS, Beginning of year	\$ 182,195	\$ 160,763		
Net income			30,177	24,168
Dividends declared:				
Common stock, \$.21 per share		(12,881)	(11,635)	
			-----	-----
RETAINED EARNINGS, End of period	199,491	\$ 173,296	=====	=====

APACHE CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

The financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods, on a basis consistent with the annual audited statements. All such adjustments are of a normal recurring nature. Certain information, accounting policies, and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the financial statements and the summary of significant accounting policies and notes thereto included in the Company's latest annual

INCOME TAXES

Under the liability method specified by Statement of Financial Accounting Standards No. 109, deferred taxes are determined based on the estimated future tax effect of differences between the financial statement and tax bases of assets and liabilities given the provisions of enacted laws.

INCOME PER SHARE

Primary income per common share was calculated by dividing net income by the weighted average common shares outstanding. The effect of common stock equivalents, including shares issuable upon the assumed exercise of stock options (calculated using the treasury stock method) and upon the assumed conversion of the Company's 3.93 percent convertible notes, was not significant or was anti-dilutive for all periods presented.

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. These investments are carried at cost which approximates market.

The following table provides additional disclosure of cash payments (in thousands):

	For the Nine Months Ended September 30,	
	----- 1994 -----	1993 -----
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 15,763	\$ 22,499
Income taxes (net of refunds)	\$ 5,829	1,387

SUBSEQUENT EVENT

On November 7, 1994, Apache announced it had entered into an agreement with Crystal Oil Company (Crystal) to purchase substantially all of Crystal's domestic oil and gas assets for approximately \$101 million, subject to adjustment. The properties include net proved reserves of 91.6 billion cubic feet of gas and five million barrels of oil. Consummation of this transaction is subject to various conditions, including shareholder and regulatory approval. Apache will fund the acquisition, which is expected to close by the end of 1994, under its current bank credit facility. See Item 5 below.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Results

Apache reported net income of \$10.6 million, or \$.17 per share, for the third quarter of 1994 compared to \$1.1 million, or \$.02 per share for the comparable 1993 period. Apache recorded two non-cash charges during the third quarter of 1993 which combined to reduce net income by \$7.8 million, or \$.15 per share. Apache's \$6.7 million impairment of its remaining investment in West Africa reduced third quarter 1993 net income by \$4.3 million, or \$.08 per share. Apache also took a 1993 charge to earnings of \$3.5 million, or \$.07 per share, as a result of 1993 legislation which increased the federal corporate income tax rate. Total revenues for the quarter rose to \$140.8 million from \$122 million in the third quarter of 1993.

Net income of \$30.2 million, or \$.49 per share, was reported in the first nine months of 1994, compared to \$24.2 million, or \$.47 per share, in 1993. Total revenue increased 16 percent from a year ago, rising to \$397.3 million for the first nine months of 1994.

The Company's 1994 financial performance was impacted by the following items.

Oil and Gas Prices -

During the first nine months of 1994, oil and gas prices declined by 13 percent and six percent, respectively, from a year ago. Lower product prices, after considering DD&A and taxes, negatively impacted 1994 earnings by approximately \$.29 per share.

Drilling and Recompletions -

Apache's active drilling and recompletion program boosted gas production for the first nine months of 1994 by approximately 71 million cubic feet per day (MMcfd) from a year ago. While Apache increased net production in each of its domestic operating regions through drilling and recompletions, 66 percent of the Company increase was from properties in the Gulf of Mexico.

Acquisitions -

Apache continued to pursue acquisition opportunities, purchasing more than \$71 million of oil and gas properties during the first nine months of 1994. During the second half of 1993, Apache purchased substantially all of the producing

properties of Hall-Houston Oil Company (Hall-Houston) in the Gulf of Mexico for \$84.4 million and acquired the stock of Hadson Energy Resources Corporation (HERC) for approximately \$98 million. In June 1993, Apache purchased Hall-Houston's interest in Mustang Island 787 and 805 for \$29.3 million. The acquisitions during 1994 and 1993 combined to increase Apache's first nine month oil and gas production by more than three thousand barrels per day (MBopd) and 55 MMcfd, respectively.

#### Results of Operations

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,		1993
	-----		-----		
	1994	-----	1993	1994	
Selected Oil and Gas Operating Statistics					
Gas Volume - Mcf per day:					
Domestic	431,638		309,446	405,901	284,010
Foreign	11,815		8,006	6,630	2,698
Total	443,453	317,452	412,531	286,708	
Average Gas Price - Per Mcf	\$ 1.71	\$ 2.01	\$ 1.89	\$ 2.00	
Oil Volume - Barrels per day:					
Domestic	32,801	32,490	32,425	31,482	
Foreign	3,646		3,225	3,014	1,498
Total	36,447	35,715	35,439	32,980	
Average Oil Price - Per barrel	\$ 16.90	\$ 15.93	\$ 15.28	\$ 17.54	
Natural Gas Liquids (NGL)					
Barrels per day		1,363	1,429	1,347	1,396
NGL Price - Per barrel	\$ 13.19	\$ 11.89	\$ 12.30	\$ 12.60	
Domestic Full Cost					
Amortization Rate	45.7%	40.4%	44.9%	38.1%	

Oil and gas production revenues for the third quarter and first nine months of 1994 were higher than the comparable periods in 1993 by \$15.5 million and \$45.6 million, respectively, as higher production more than offset the impact of lower prices.

Gas production during the quarter increased 126 MMcfd, or 40 percent, from a year ago, climbing to a record 443.5 MMcfd. For the third quarter of 1994, gas sales of \$69.9 million increased \$11.1 million, or 19 percent, over the previous year. Acquisitions added approximately 32 MMcfd, whereas drilling and recompletions accounted for nearly 94 MMcfd. Apache's realized natural gas price dropped \$.30 per Mcf to \$1.71 per Mcf, negatively impacting sales by \$12.2 million.

For the first nine months of 1994, gas production reached 412.5 MMcfd, an increase of 125.8 MMcfd, or 44 percent, from a year ago. Gas sales of \$212.8 million were \$56 million higher than the comparable period in 1993. Acquisitions contributed 55 MMcfd, or 43 percent, and drilling and recompletions added another 71 MMcfd. The Company's realized natural gas price of \$1.89 per Mcf during the first nine months of 1994 was six percent lower than the prior year's price of \$2.00 per Mcf for the same period. The decline in price is a result of lower spot prices during 1994.

Oil sales of \$56.7 million for the third quarter of 1994 were \$4.3 million, or eight percent, higher than last year as a result of higher oil production and prices. Apache's realized oil price climbed to \$16.90 per barrel, a \$.97 per barrel increase over the \$15.93 per barrel price for the third quarter of 1993. For the quarter, the Company increased its oil production by 732 barrels per day (Bopd) to 36,447 Bopd compared to 35,715 Bopd for the comparable 1993 period. The increase in the realized oil price added sales of approximately \$3.2 million and the increase in oil production contributed \$1.1 million to sales.

For the first nine months of 1994, oil sales of \$147.8 million decreased \$10.1 million, or six percent, from a year ago. Lower average oil prices in 1994 negatively impacted oil sales by \$21.9 million and more than offset the favorable impact of higher production. Reflecting lower average posted prices during 1994, Apache's realized oil price of \$15.28 per barrel for the first nine months dropped \$2.26 per barrel below the 1993 price of \$17.54 per barrel. For the nine month period of 1994, the Company reported oil production of 35,439 Bopd, a 2,459 Bopd increase over the previous year's production of 32,980 Bopd. The seven percent increase in production was the result of acquisitions during the second half of 1993.

Revenues from the sale of natural gas liquids and sulphur for the third quarter of 1994 totaled \$1.6 million. For the first nine months of 1994, revenues decreased \$.4 million compared to a year ago, a result of lower natural gas liquids prices and decreased volumes.

Third quarter gathering, processing and marketing revenues of \$11.9 million were 65 percent higher than last year's revenues of \$7.2 million due to increased volumes sold under crude oil contracts. For the nine months of 1994, gathering, processing and marketing revenues of \$29.2 million were 52 percent higher than last year's revenues of \$19.2 million although the gross margin for these activities was up 21 percent.

During the third quarter of 1994, Apache sold its remaining .4 million shares of XCL Ltd. common stock for \$.5 million, or a \$.3 million pre-tax gain. In another transaction, the Company sold .2 million shares of Key Production Company Inc. (Key) common stock back to Key for a pre-tax gain of nearly \$.3 million.

Depreciation, depletion and amortization (DD&A) expense of \$61 million for the third quarter of 1994 and \$170.4 million for the first nine months of the year increased 29 percent and 35 percent, respectively, over the comparable 1993 periods. DD&A expense for domestic oil and gas properties rose as a result of the increase in oil and gas sales and a higher domestic amortization rate expressed as a percentage of sales. Apache's DD&A rate rose to 45.7 percent and 44.9 percent for the third quarter and first nine months of 1994, respectively, compared to 40.4 percent and 38.1 percent for the same periods in 1993. The increase in DD&A rate, as a percentage of sales, is a result of lower gas prices during 1994 and a higher average finding cost in 1993 compared to recent years. International impairments totaled \$1 million and \$7.3 million for the third quarter and first nine months of 1994, respectively, compared to \$10.3 million and \$17.5 million for the like periods of 1993. Last year's impairments included the write-off of the carrying value of certain West-African concessions. Lower impairments for the first nine months of 1994 are the result of favorable drilling results in China and Indonesia.

Operating costs increased \$.9 million, or two percent to \$35.6 million for the quarter and \$7.5 million, or eight percent, to \$101.8 million year-to-date from the comparable periods last year due primarily to the impact of acquisitions and new wells added from the drilling program. Operating costs include lifting costs, workover expense and production and severance taxes. Based on an equivalent unit of production, operating costs dropped \$.75 per barrel of oil equivalent (Boe), or 18 percent, for the third quarter of 1994 compared to a year ago. Operating costs decreased 16 percent in the first nine months of 1994, to \$3.58 per Boe. The unit cost decrease is a result of company-wide cost control measures, increased offshore production with low associated unit cost and reduced water injection expense in the Rocky Mountain region.

Administrative, selling and other costs decreased \$.3 million, or four percent, in the third quarter of 1994 from a year ago, while dropping 23 percent on a Boe basis. Costs increased \$.7 million, or three percent, in the first nine months of 1994 compared to last year, while dropping 20 percent on a Boe basis. Apache acquired HERC and the Hall-Houston properties with minimal increases in Apache's administrative staff.

Net financing costs for the third quarter of \$8 million increased \$.4 million from the comparable period in 1993 due to an increase of approximately \$26 million in the average debt outstanding during the quarter. For the first nine months of 1994, net financing costs of \$21.4 million increased one percent from the like period in 1993.

#### Liquidity and Capital Resources

Apache's primary needs for cash are for exploration, development and acquisition of oil and gas properties, repayment of principal and interest on outstanding debt and payment of dividends. The Company generally funds its exploration and development activities through internally generated cash flows. Apache budgets its capital expenditures based upon projected cash flows and routinely adjusts its capital expenditures in response to changes in oil and gas prices and corresponding changes in cash flow.

Expenditures for exploration and development increased to \$220.3 million for the first nine months of 1994 from \$157.3 million during the comparable period last year. In the first nine months of 1994, Apache completed 166 of 207 gross wells as producers, while the Company completed 142 of 184 gross wells as producers in the same period in 1993. Apache has been actively drilling in the Midcontinent region, the Permian Basin, the Gulf Coast region, the Gulf of Mexico and the Rocky Mountain region of the United States. Internationally, Apache has drilled four exploratory wells and three developmental wells in Australia and one exploratory well in each of the Congo, People's Republic of China and Indonesia during the first nine months of 1994. Drilling results in the Congo, China and Indonesia indicated discoveries but further testing and drilling is required to determine commerciality. Year-to date international exploration and development expenditures of \$20.5 million increased \$7.8 million, or 61 percent, from the like period a year ago. Apache's exploration and development expenditures are expected to total more than \$290 million in 1994.

Acquisitions during the third quarter and first nine months of 1994 amounting to \$44.1 million and \$71.1 million, respectively, were less than the comparable period in 1993 of \$107.4 million and \$151.5 million, respectively. The two primary acquisitions in the third quarter of 1994 were the purchase of certain properties in the San Juan Basin and the purchase of interests in 21 producing fields in southeast Texas.

Other capital expenditures for the first nine months of 1994 totaled \$5.5 million compared to \$28.7 million for the 1993 period. The 1993 expenditures include the purchase of NGC's interest in a western Oklahoma gas system which was subsequently sold in a transaction discussed below.

The purchase of HERC stock in the first quarter of 1994 largely reflects cash payments for HERC common stock which had not been tendered to Apache as of December 31, 1993. The purchase of the remaining shares was accrued as a cost of the HERC acquisition in 1993.

#### Capital Resources

Apache's primary capital resources are net cash provided by

operating activities, unused borrowing capacity under the Company's revolving bank credit facility and proceeds from the sale of non-strategic assets. Net cash provided by operating activities totaled \$216.8 million for the first nine months of 1994 compared to \$142.4 million for the like period in 1993. The 52-percent increase in cash flows largely reflects increased oil and gas production in 1994 and reduced working capital requirements for 1994 compared to 1993.

During the second quarter of 1994, Apache amended its bank credit facility, increasing the amount committed under the revolving portion of the facility from \$400 million to \$700 million, subject to borrowing base availability. The borrowing base was increased from \$450 million to \$500 million on November 4, 1994 as a result of a regularly scheduled October redetermination by the banks. The amount of the borrowing base, which is determined at the sole discretion of the banks, is redetermined according to a schedule specified by the agreement but may be redetermined at the request of the Company. Management expects the borrowing base to be further increased as a result of the anticipated acquisition of oil and gas assets from Crystal Oil Company. Apache had \$351 million outstanding under its bank credit facility on September 30, 1994.

Also during the second quarter of this year, Apache terminated a bank credit facility held in the name of HERC and amended and restated the debt agreement of HERC's wholly-owned subsidiary, Hadson Energy Limited (HEL). The HEL amendment provided for a rate reduction from 1 1/8 percent above the discount rate of U.S. dollar bankers' acceptances to 7/8 percent above the bankers' acceptance rate. The initial borrowing base was established at \$25 million, of which \$23.5 million was outstanding at September 30, 1994. As with the previous HEL agreement, the HEL credit facility is not guaranteed by Apache.

Total outstanding long-term debt increased to \$553.1 million at September 30, 1994, a \$91.1 million increase from year-end 1993. Apache drew on its bank facility to fund the acquisitions closed during the first nine months of 1994 and purchase the HERC shares tendered to Apache in 1994.

In March 1993, Apache and NGC completed the sale of their respective interests in a gas gathering system in western Oklahoma. Apache received gross cash proceeds of \$32.2 million in the transaction, approximately \$16.4 million of which was attributable to NGC's interest in the system. The sale price approximated the net book value of the interests sold.

Also in March 1993, Apache completed the public offering of approximately 5.8 million shares of common stock for net proceeds of \$131.8 million. In April 1993, Apache applied the proceeds of the equity offering to repay all outstanding bank debt under the revolving bank credit. The debt was redrawn in subsequent periods to fund acquisitions completed during 1993. In September 1993, Apache completed the conversion of its 7 1/2 percent convertible subordinated debentures due in the year 2000 with the issuance of 7.8 million shares of Apache common stock.

#### Liquidity

Cash equivalents on hand at September 30, 1994 amounted to \$13.1 million, a \$4 million decrease from the \$17.1 million at the end of 1993. The Company's ratio of current assets to current liabilities at the end of the nine months of .8:1 improved from the ratio of .7:1 at year-end 1993.

Management believes that cash on hand, net cash provided by operating activities and available borrowing capacity under its revolving credit facilities will be adequate to meet liquidity needs for the next two fiscal years, including satisfying the Company's financial obligations and funding exploration and development operations and routine acquisitions.

#### Future Trends

Apache's exploitation, workover and recompletion operations continue to be a key component of Apache's goal to increase production and replace oil and gas reserves. Also, the Company continues to pursue acquisition opportunities, some of which may be significantly larger than those completed in the last two years. Spot market natural gas prices remain volatile and continue to behave independent of historical seasonal patterns. Spot market oil prices, which are especially vulnerable to complex and unpredictable political and economic forces, are also expected to remain volatile.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

None.

### ITEM 2. CHANGES IN SECURITIES

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

### ITEM 5. OTHER INFORMATION

On November 6, 1994, Apache entered into a purchase and sale agreement with Crystal to purchase substantially all of Crystal's

domestic oil and gas assets for approximately \$101 million, subject to adjustments under certain circumstances. Apache issued a press release, dated November 7, 1994, which is attached hereto as Exhibit 99.1 and incorporated herein by reference.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits

11.1 Computation of earnings per share.

27.1 Financial Data Table.

99.1 Press Release, dated November 7, 1994 (Apache to purchase oil and gas assets for \$101 million).

b) Reports filed on Form 8-K.

None.

EXHIBIT 11.1

APACHE CORPORATION  
COMPUTATION OF EARNINGS PER SHARE  
(In thousands except per share data)

	For the		For the		Nine Months Ended	
	Quarter Ended		Quarter Ended		September 30, 1994	
	September 30, 1994		September 30, 1994		September 30, 1994	
	Primary	Diluted	Fully	Primary	Diluted	Fully
Net income	\$ 10,575	10,575	\$ 30,177	\$ 30,177		
Assumed reduction of interest expense upon conversion of \$75 million 3.93% convertible notes, net of tax	531	531	1,593	1,593		
Net income, as adjusted	\$ 11,106	\$ 11,106	\$ 31,770	\$ 31,770		
Weighted average common shares outstanding	61,397	61,397	61,269	61,269		
Stock options: common stock equivalents outstanding using the treasury stock method	112	112	112	112		
Common shares issuable upon assumed conversion of 3.93% convertible notes	2,778	2,778	2,778	2,778	2,778	
Common shares outstanding, as adjusted	64,287	64,287	64,159	64,159		
Earnings per share	\$ .17	.17	\$ .49	.49		

EXHIBIT 99.1

[APACHE LETTERHEAD]

Monday, November 7, 1994

Apache to Purchase Oil and Gas Assets for \$101 Million

Houston, TX -- Apache Corporation today announced that it has entered into a purchase and sale agreement with Crystal Oil Company to purchase substantially all of Crystal's domestic oil and gas assets for \$101 million.

Consummation of this transaction is subject to various conditions, including shareholder and regulatory approvals. Quantum Fund N.V. and certain of its affiliates, who together own approximately 66 percent of the total voting power of Crystal, have entered into a voting trust arrangement under the terms of which they have agreed to have all their shares voted in favor of this transaction. The effective date of the purchase is October 1, 1994, with closing expected by year-end. Apache will fund the acquisition under its current bank credit agreement.

The properties include net proved reserves of 91.6 billion cubic feet (Bcf) of gas and 5 million barrels of oil, or 20 million barrels energy equivalent. The producing properties are primarily located along the Arkansas-Louisiana border and in southern Louisiana. The acquisition also includes approximately 40,000 net undeveloped mineral acres located in southern Louisiana.

The properties are highly concentrated with 90 percent of the value represented in 13 fields. The two top fields -- Southeast Pass and Vernon -- account for approximately 60 percent of the value. Apache will operate each of these fields with a 97-percent working interest. Overall, Apache



will own an average 80-percent working interest in the properties.

"This acquisition adds significant long-lived reserves and production increases to Apache's Midcontinent and Gulf Coast regions," said Apache Chairman and Chief Executive Officer Raymond Plank. "There is upside potential in the major fields from continued drilling, and further exploration upside in the remaining undeveloped acreage. In addition, Apache is able to absorb operation of the properties into existing field management programs, thereby avoiding significant increases in administrative costs."

Currently, the properties are producing 20 million cubic feet per day of gas and 2,700 barrels of oil per day. Apache expects to increase production in 1995 through development drilling in the Southeast Pass and Vernon fields.

Apache Corporation is an independent energy company engaged in the exploration for and development and production of natural gas and crude oil. The company's securities are traded on the New York and Chicago Stock Exchanges under the symbol APA.

###  
Investor Relations: Paul Korus Media Relations: Suzanne Best  
(713) 296-6662 (713) 296-6154

FORM 10-Q  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

[ X ] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1994

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-4300 \_\_\_\_\_

APACHE CORPORATION

-----  
-----  
(Exact name of registrant as specified in its charter)

Delaware 41-0747868  
-----

(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification Number)

Suite 100, One Post Oak Central 77056-4400  
2000 Post Oak Boulevard, Houston, TX  
-----

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code (713) 296-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X . NO .  
-----

Number of shares of Apache Corporation common stock, \$1.25 par value, outstanding as of September 30, 1994 . . . . .61,426,902

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

APACHE CORPORATION

Dated: November 14, 1994 /S/ Mark A. Jackson  
-----

Mark A. Jackson  
Vice President, Finance

Dated: November 14, 1994

/s/ R. Kent Samuel  
-----

R. Kent Samuel  
Controller and Chief

Accounting Officer

APACHE CORPORATION  
2000 Post Oak Blvd., Suite 100  
Houston, Texas 77056-4400  
713-296-6000

November 14, 1994

VIA EDGAR SUBMISSION

Securities and Exchange Commission  
450 Fifth Street N.W.  
Washington, D.C. 20549

Re: Apache Corporation (Commission File No. 1-4300)  
Quarterly Report on Form 10-Q, for the quarter ended  
September 30, 1994

Ladies and Gentlemen:

This letter accompanies the filing of a quarterly report on Form 10-Q, for the quarter ended September 30, 1994. As required under the EDGAR rules a paper copy of this Form 10-Q is being sent to EDGAR filer support, and an originally signed copy is on file with the Office of the Secretary of Apache Corporation.

Please direct any communications regarding this filing to the undersigned at the address above or by calling 713-296-6507.

Very truly yours,

/s/ Cheri L. Peper

Cheri L. Peper  
Assistant Secretary

cc: New York Stock Exchange  
Chicago Stock Exchange

ARTICLE 5 OF REGULATION S-X

1,000

9-MOS

DEC-31-1994		
SEP-30-1994		
	13,060	
	0	
	96,818	
	0	
	8,743	
129,159		
	2,977,578	
(1,424,733)		
1,715,449		
164,412		
	552,744	
	78,182	
0		
	0	
	729,354	
1,715,449		
	365,106	
397,303		0
	304,885	
	0	
	0	
21,686		
44,873		
14,696		
30,177		
	0	
	0	
	0	
	30,177	
	.49	
	.49	