APACHE CORP
Form 10-Q
August 14, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2002

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 Incorporation or Organization)	(I.R.S. Employ Identification N
Suite 100, One Post Oak Central 2000 Post Oak Boulevard, Houston, TX	77056-44
(Address of Principal Executive Offices)	(Zip Cod

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 Registrant's common stock, outstanding as of June 30, 2002..................

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

APACHE CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED OPERATIONS
(UNAUDITED)

	FOR THE QUARTER ENDED JUNE 30,		F
	2002	2001	2002
	(In thousands, except per common sh		
REVENUES:			
Oil and gas production revenues	$ 641,722	$ 796,045	$ 1,163
Other revenues (losses)	4,051	4,398	2
	645,773	800,443	1,166
OPERATING EXPENSES:			
Depreciation, depletion and amortization ...	210,790	208,652	421
International impairments	--	65,000	4
Lease operating costs	114,191	101,420	226
Severance and other taxes	15,811	20,248	30
Administrative, selling and other	28,015	23,193	53
Financing costs:			
Interest expense	41,451	49,254	78
Amortization of deferred loan costs	466	532	
Capitalized interest	(10,442)	(13,783)	(20
Interest income	(1,043)	(1,375)	(2
	399,239	453,141	793
PREFERRED INTERESTS OF SUBSIDIARIES	5,129	--	8
INCOME BEFORE INCOME TAXES	241,405	347,302	364
Provision for income taxes	95,095	141,557	137
NET INCOME	146,310	205,745	226

Preferred stock dividends	3,081	4,877	7
INCOME ATTRIBUTABLE TO COMMON STOCK	$ 143,229	$ 200,868	$ 218
NET INCOME PER COMMON SHARE:			
Basic	$ 1.02	$ 1.46	$
Diluted	$ 1.00	$ 1.41	$

The accompanying notes to consolidated financial statements
are an integral part of this statement.

1

APACHE CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED CASH FLOWS
(UNAUDITED)

	FOR THE S
	2002
	(In t
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 226,982
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation, depletion and amortization	421,829
Provision for deferred income taxes	38,153
International impairments	4,600
Amortization of derivative (gains)/losses and other	(14,146
Changes in operating assets and liabilities:	
(Increase) decrease in receivables	(22,013
(Increase) decrease in advances to oil and gas ventures and other	(15,134
(Increase) decrease in product inventory	(1,127
(Increase) decrease in deferred charges and other	(293
Increase (decrease) in payables	39,898
Increase (decrease) in accrued expenses	(48,678
Increase (decrease) in advances from gas purchasers	(7,279
Increase (decrease) in deferred credits and noncurrent liabilities	1,293
Net cash provided by operating activities	624,085
CASH FLOWS FROM INVESTING ACTIVITIES:	
Additions to property and equipment	(465,910
Acquisition of Fletcher subsidiaries	--
Acquisition of Repsol YPF properties	--
Proceeds from sales of oil and gas properties	--

Proceeds from sale of short-term investments	17,006
Other, net	(13,229
Net cash used in investing activities	(462,133
CASH FLOWS FROM FINANCING ACTIVITIES:	
Long-term borrowings	1,105,859
Payments on long-term debt	(1,144,970
Dividends paid	(37,257
Common stock activity, net	15,542
Treasury stock activity, net	1,715
Cost of debt and equity transactions	(6,487
Net cash provided by financing activities	(65,598
NET INCREASE IN CASH AND CASH EQUIVALENTS	96,354
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	35,625
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 131,979

The accompanying notes to consolidated financial statements
are an integral part of this statement.

APACHE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

	JUNE 30, 2002	DECEMBER 2001
	(In thousands)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 131,979	$ 35,
Receivables	429,835	404,
Inventories	106,074	102,
Advances to oil and gas ventures and other	67,180	51,
Short-term investments	85,364	102,
	820,432	697,
PROPERTY AND EQUIPMENT:		
Oil and gas, on the basis of full cost accounting:		
Proved properties	11,989,287	11,390,
Unproved properties and properties under		

development, not amortized	754,573	839,
Gas gathering, transmission and processing facilities	775,240	748,
Other	179,677	168,
	13,698,777	13,148,
Less: Accumulated depreciation, depletion and amortization ..	(5,586,894)	(5,135,
	8,111,883	8,013,
OTHER ASSETS:		
Goodwill, net	193,792	188,
Deferred charges and other	39,841	34,
	$ 9,165,948	$ 8,933,

The accompanying notes to consolidated financial statements
are an integral part of this statement.

3

APACHE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

	JUNE 30, 2002	DECEMBER 2001
	(In thousands)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 224,616	$ 179,
Accrued operating expense	39,362	50,
Accrued exploration and development	114,513	175,
Accrued compensation and benefits	22,204	30,
Accrued interest	37,767	28,
Accrued income taxes	21,325	40,
Other	12,551	16,
	472,338	522,
LONG-TERM DEBT	2,205,246	2,244,
DEFERRED CREDITS AND OTHER NONCURRENT LIABILITIES:		
Income taxes	1,041,298	991,
Advances from gas purchasers	132,748	140,
Other	176,547	175,
	1,350,593	1,307,
PREFERRED INTERESTS OF SUBSIDIARIES	436,017	440,

SHAREHOLDERS' EQUITY:		
Preferred stock, no par value, 5,000,000 shares authorized -		
Series B, 5.68% Cumulative Preferred Stock,		
100,000 shares issued and outstanding	98,387	98,
Series C, 6.5% Conversion Preferred Stock, 138,482 shares		
issued and outstanding for 2001	--	208,
Common stock, $1.25 par, 215,000,000 shares authorized,		
147,824,624 and 141,171,793 shares issued, respectively ...	184,781	176,
Paid-in capital	3,029,692	2,812,
Retained earnings	1,528,368	1,336,
Treasury stock, at cost, 4,025,169 and 4,068,614 shares,		
respectively	(110,957)	(111,
Accumulated other comprehensive loss	(28,517)	(101,
	4,701,754	4,418,
	$ 9,165,948	$ 8,933,

The accompanying notes to consolidated financial statements
are an integral part of this statement.

4

APACHE CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED SHAREHOLDERS' EQUITY
(UNAUDITED)

(In thousands)	COMPREHENSIVE INCOME	SERIES B PREFERRED STOCK	SERIES C PREFERRED STOCK	COMM STO
BALANCE AT DECEMBER 31, 2000	0	$ 98,387	$ 208,207	$ 1
Comprehensive income:				
Net income	$ 487,946	--	--	
Currency translation adjustments	8,284	--	--	
Unrealized gain on derivatives, net of applicable income tax provision of $13,961	15,580	--	--	
Unrealized loss on marketable securities, net of applicable income tax benefit of $228	(443)	--	--	
Comprehensive income	$ 511,367			
Preferred dividends		--	--	
Common shares issued		--	--	
Treasury shares issued, net		--	--	
BALANCE AT JUNE 30, 2001		$ 98,387	$ 208,207	$ 1

BALANCE AT DECEMBER 31, 2001		$ 98,387	$ 208,207	$ 1
Comprehensive income:				
Net income	$ 226,982	--	--	
Currency translation adjustments	80,488	--	--	
Reclassification of unrealized gains into earnings:				
Derivatives, net of income tax benefit of $5,232	(7,063)	--	--	
Marketable securities, net of income tax benefit of $67	(125)	--	--	
Comprehensive income	$ 300,282			
Dividends:				
Preferred		--	--	
Common ($.10 per share)		--	--	
Common shares issued		--	--	
Conversion of Series C Preferred Stock ...		--	(208,207)	
Treasury shares issued, net		--	--	
Other		--	--	
BALANCE AT JUNE 30, 2002		$ 98,387	$ --	$ 1

(In thousands)	TREASURY STOCK	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL SHAREHOLDERS' EQUITY
BALANCE AT DECEMBER 31, 2000	$ (69,562)	$ (40,232)	$ 3,754,640
Comprehensive income:			
Net income	--	--	487,946
Currency translation adjustments	--	8,284	8,284
Unrealized gain on derivatives, net of applicable income tax provision of $13,961	--	15,580	15,580
Unrealized loss on marketable securities, net of applicable income tax benefit of $228	--	(443)	(443)
Comprehensive income			
Preferred dividends	--	--	(9,785)
Common shares issued	--	--	109,235
Treasury shares issued, net	(25,117)	--	(25,117)
BALANCE AT JUNE 30, 2001	$ (94,679)	$ (16,811)	$ 4,340,340
BALANCE AT DECEMBER 31, 2001	$ (111,885)	$ (101,817)	$ 4,418,483
Comprehensive income:			
Net income	--	--	226,982
Currency translation adjustments	--	80,488	80,488
Reclassification of unrealized gains			

into earnings:			
Derivatives, net of income tax benefit of $5,232	--	(7,063)	(7,063)
Marketable securities, net of income tax benefit of $67	--	(125)	(125)
Comprehensive income			
Dividends:			
Preferred	--	--	(7,976)
Common ($.10 per share)	--	--	(27,103)
Common shares issued	--	--	17,321
Conversion of Series C Preferred Stock ...	--	--	(2)
Treasury shares issued, net	928	--	956
Other	--	--	(207)
BALANCE AT JUNE 30, 2002	$ (110,957)	$ (28,517)	$ 4,701,754

The accompanying notes to consolidated financial statements are an integral part of this statement.

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

These financial statements have been prepared by Apache Corporation (Apache or 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 for a fair statement of the results for the interim periods, on a basis consistent with the annual audited financial 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 accounting principles generally accepted in the United States 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 most recent annual report on Form 10-K.

In September 2001, the Company declared a 10 percent stock dividend to shareholders of record on December 31, 2001. Quarterly share and per share information for 2001 have been restated to reflect the stock dividend.

1. ACQUISITIONS

In March 2001, the Company completed two significant acquisitions. Apache acquired substantially all of Repsol YPF's (Repsol) oil and gas concession interests in Egypt for approximately $447 million in cash, and subsidiaries of Fletcher Challenge Energy (Fletcher) for approximately $465 million in cash and 1.8 million restricted shares of Apache common stock issued to Shell Overseas Holdings (valued at $55.49 per share).

The following unaudited pro forma information shows the effect on the Company's consolidated results of operations as if the Fletcher and Repsol acquisitions occurred on January 1, 2001. The pro forma information is based on numerous assumptions and is not necessarily indicative of future results of operations.

	FOR THE SIX MONTHS JUNE 30, 2001	
	AS REPORTED	
	(In thousands, except per com	
Revenues	$ 1,595,586	$
Net income	487,946	
Preferred stock dividends	9,785	
Income attributable to common stock	478,161	
Net income per common share:		
Basic	$ 3.49	$
Diluted	3.35	
Average common shares outstanding	137,133	

2. DEBT

In April 2002, the Company issued $400 million principal amount, $397 million net of discount, of senior unsecured 6.25-percent notes maturing on April 15, 2012. The notes are redeemable, as a whole or in part, at Apache's option, subject to a make-whole premium. The proceeds were used to repay a portion of the Company's outstanding commercial paper and for general corporate purposes.

On June 3, 2002, Apache entered into a new $1.5 billion global credit facility to replace its existing global and 364-day credit facilities. The new global credit facility consists of four separate bank facilities: a $750 million 364-day facility in the United States; a $450 million five-year facility in the United States; a $150 million five-year facility in Australia; and a $150 million five-year facility in Canada. The financial covenants of the global credit facility require the company to: (i) maintain a consolidated tangible net worth, as defined, of at least $2.1 billion as of June 30, 2002, adjusted for subsequent earnings, (ii) maintain an aggregate book value for assets of Apache and certain subsidiaries, as defined, on an unconsolidated basis of at least $2 billion as of June 30, 2002, and (iii) maintain a ratio of debt to capitalization of not greater than 60 percent at the end of any fiscal quarter. The company was in compliance with all financial covenants at June 30, 2002.

The five-year facilities are scheduled to mature on June 3, 2007 and the 364-day facility is scheduled to mature on June 1, 2003. The 364-day facility allows the Company to convert outstanding revolving loans at maturity into one-year term loans. The Company may request extensions of the maturity dates subject to approval of the lenders. At the Company's option, the interest rate is based on (i) the greater of (a) The JPMorgan Chase Bank prime rate or (b) the federal funds rate plus one-half of one percent, (ii) the London Interbank Offered Rate (LIBOR) plus a margin determined by the Company's senior long-term debt rating, or (iii) in the case of the U.S. $450 million five-year facility, a margin that is determined by competitive bids from participating banks. At June 30, 2002, the margin over LIBOR for committed loans was .30 percent on the five-year facilities and .32 percent on the 364-day facility. If the total amount of the loans borrowed under all of the facilities equals or exceeds 33 percent of the total facility commitments, then an additional .125 percent will be added to the margins over LIBOR. The Company also pays a quarterly facility fee of .10 percent on the total amount of each of the five-year facilities and ..08 percent on the total amount of the 364-day facility. The facility fees vary based upon the Company's senior long-term debt rating.

The $450 million U.S. five-year facility and the $750 million U.S. 364-day credit facility are used to support Apache's commercial paper program. The available borrowing capacity under the global credit facility at June 30, 2002 was $1.18 billion.

3. DERIVATIVE INSTRUMENTS AND FIXED-PRICE PHYSICAL CONTRACTS

Due to the uncertainty of how the collapse of Enron Corp. might impact the derivative markets, Apache closed out all of its derivative positions and certain fixed-price physical contracts during October and November 2001 (the "Unwind"). The Unwind of Apache's hedged position and acquired derivative contracts resulted in a net gain recorded to accumulated other comprehensive income. This deferred gain will be reclassified into earnings over the remaining periods of the original hedge contracts (approximately 18 months). The remaining deferred gain related to these contracts was $8 million and $20 million at June 30, 2002 and December 31, 2001, respectively.

As part of the Unwind, Apache also terminated the gas price swap associated with its advances from gas purchasers, receiving proceeds of $78 million. These proceeds will be realized into earnings over the original life of the contracts and effectively increase the original contract's fixed prices by approximately 51 percent. As of June 30, 2002 and December 31, 2001, the Company had an unamortized gain of $74 million and $78 million related to the Unwind of the contracts.

4. NET INCOME PER COMMON SHARE

A reconciliation of the components of basic and diluted net income per common share is presented in the table below:

	FOR THE QUARTER ENDED			
	2002			
	INCOME	SHARES	PER SHARE	INC
	(In thousands, except per s			
BASIC:				
Income attributable to common stock	$ 143,229	140,776	$ 1.02	$ 20
EFFECT OF DILUTIVE SECURITIES:				
Stock options and other	--	1,032		
Series C Preferred Stock(1)	1,661	3,016		
DILUTED:				
Income attributable to common stock, including assumed conversions	$ 144,890	144,824	$ 1.00	$ 20

	FOR THE SIX MONTHS ENDED J			
	2002			
	INCOME	SHARES	PER SHARE	INC
	(In thousands, except per sha			
BASIC:				
Income attributable to common stock	$ 218,993	139,045	$ 1.57	$ 47
EFFECT OF DILUTIVE SECURITIES:				
Stock options and other	--	1,266		
Series C Preferred Stock(1)	5,149	4,621		
DILUTED:				
Income attributable to common stock, including assumed conversions	$ 224,142	144,932	$ 1.55	$ 48

(1) The Series C preferred stock converted to Apache common stock on May 15, 2002.

5. SUPPLEMENTAL CASH FLOW INFORMATION

The following table provides supplemental disclosure of cash flow information:

	FOR THE SIX MONTHS ENDED JUNE 30,	
	2002	2001
	(In thousands)	
Cash paid during the period for:		
Interest (net of amounts capitalized)	$ 48,694	$ 56,722
Income taxes (net of refunds)	86,641	89,428

6. SHORT-TERM INVESTMENTS

At December 31, 2001, Apache had $103 million of U.S. Government Agency Notes, $17 million of which were designated as "available for sale" securities. In January 2002, the Company sold all of the "available for sale" securities for approximately $17 million. The remaining balance is designated as "held to maturity" and is carried at amortized cost. These notes pay interest at rates from 6.25 percent to 6.375 percent and mature on October 15, 2002.

7. IMPAIRMENTS

During the first quarter of 2002, the Company recorded a $5 million impairment ($3 million after tax) of unproved property costs in Poland. No impairment was recorded in the second quarter. At June 30, 2002, Apache had $28 million in unproved property costs remaining in Poland. The Company will continue to evaluate its operations, which may result in additional impairments during the remainder of 2002.

8. BUSINESS SEGMENT INFORMATION

Apache has five reportable segments which are primarily in the business of natural gas and crude oil exploration and production. The Company evaluates performance based on profit or loss from oil and gas operations before income and expense items incidental to oil and gas operations and income taxes. Apache's reportable segments are managed separately because of their geographic locations. Financial information by operating segment is presented below:

	UNITED STATES	CANADA	EGYPT	AUSTRALI
			(IN THOUSANDS)	
FOR THE SIX MONTHS ENDED JUNE 30, 2002				
Oil and Gas Production Revenues	$ 506,118	$ 247,216	$ 254,203	$ 152,9

Operating Income (Loss)(1)(2)	$ 172,278	$ 100,579	$ 139,725	$ 71,0
Other Income (Expense):				
Other revenues (losses)				
Administrative, selling and other				
Financing costs, net				
Preferred interests of subsidiaries ...				
Income Before Income Taxes				
Total Assets	$ 4,100,006	$ 2,318,998	$ 1,632,287	$ 948,4
FOR THE SIX MONTHS ENDED JUNE 30, 2001				
Oil and Gas Production Revenues	$ 918,732	$ 333,679	$ 225,558	$ 119,6
Operating Income (Loss)(1)(2)	$ 568,523	$ 199,951	$ 148,092	$ 66,8
Other Income (Expense):				
Other revenues (losses)				
Administrative, selling and other				
Financing costs, net				
Income Before Income Taxes				
Total Assets	$ 4,279,718	$ 2,178,399	$ 1,519,549	$ 861,6

(1) Operating income (loss) consists of oil and gas production revenues less depreciation, depletion and amortization, international impairments, lease operating costs and severance and other taxes.

(2) During the second quarter of 2001, the Company recorded a $65 million impairment ($41 million after-tax) of unproved property costs in Poland and China. During the first quarter of 2002, the Company recorded an additional $5 million impairment ($3 million after-tax) of unproved property in Poland.

9. NEW ACCOUNTING PRONOUNCEMENTS

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 142 "Goodwill and Other Intangible Assets" effective January 1, 2002. SFAS No. 142 addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes Accounting Principles Board (APB) Opinion No. 17 "Intangible Assets". As a result of this pronouncement, goodwill is no longer subject to amortization. Rather, goodwill is subject to at least an annual assessment for impairment by applying a fair-value-based test. Apache had goodwill of $194 million at June 30, 2002, representing the excess of the purchase price over the estimated fair value of the assets acquired and liabilities assumed in the Fletcher and Repsol acquisitions adjusted for currency fluctuations. The initial fair-value-based goodwill impairment assessment completed by Apache upon adoption of this pronouncement did not result in an impairment. Had the principles of SFAS No. 142 been applied to prior years, goodwill amortization of $2 million ($1 million after tax) expensed during the second quarter and first half of 2001 would not have been incurred. Net income for the comparative interim period adjusted to exclude the effect of goodwill amortization would have increased diluted earnings per share by $.01 for the three months and six months ended June 30, 2001.

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143 "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement requires companies to record the present value of obligations associated with the retirement of tangible long-lived assets in the period in which it is incurred. The liability is capitalized as part of the related long-lived asset's carrying amount. Over time, accretion of the liability is recognized as an operating expense and the capitalized cost is depreciated over the expected useful life of the related asset. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. The Company's asset retirement obligations relate primarily to the dismantlement of offshore platforms. The Company expects to adopt this new standard effective January 1, 2003. The Company is currently evaluating the impact of adopting this new standard and accordingly has not quantified the impact on the consolidated financial statements.

10. SUPPLEMENTAL GUARANTOR INFORMATION

Apache Finance Pty Ltd. (Apache Finance Australia) and Apache Finance Canada Corporation (Apache Finance Canada) are subsidiaries of Apache, which have issuances of publicly traded securities and require the following condensed consolidating financial statements be provided as an alternative to filing separate financial statements.

Each of the companies presented in the condensed consolidating financial statements has been fully consolidated in Apache Corporation's consolidated financial statements. As such, the condensed consolidating financial statements should be read in conjunction with the financial statements of Apache Corporation and subsidiaries and notes thereto of which this note is an integral part.

APACHE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE QUARTER ENDED JUNE 30, 2002

	APACHE CORPORATION	APACHE NORTH AMERICA	APACHE FINANCE AUSTRALIA	APACHE FINANCE CANADA	ALL OTHER SUBSIDIARI OF APACHE CORPORATIO
				(IN THOUSANDS)	
REVENUES:					
Oil and gas production revenues	$ 209,823	$ --	$ --	$ --	$ 479,15
Equity in net income (loss) of affiliates	104,111	4,582	7,560	22,665	(8,75
Other revenues (losses)	(90)	--	--	--	4,14
	313,844	4,582	7,560	22,665	474,54
OPERATING EXPENSES:					
Depreciation, depletion and amortization	61,143	--	--	--	149,64
International impairments	--	--	--	--	-
Lease operating costs	49,359	--	--	--	112,09
Severance and other taxes	8,501	--	--	17	7,29
Administrative, selling and other	23,911	--	--	--	4,10
Financing costs, net	20,359	--	4,513	10,218	(4,65
	163,273	--	4,513	10,235	268,47
PREFERRED INTERESTS OF SUBSIDIARIES	--	--	--	--	5,12
INCOME (LOSS) BEFORE INCOME TAXES	150,571	4,582	3,047	12,430	200,94
Provision (benefit) for income taxes	4,261	--	(1,535)	(4,462)	96,83
NET INCOME	146,310	4,582	4,582	16,892	104,11
Preferred stock dividends	3,081	--	--	--	-
INCOME ATTRIBUTABLE TO COMMON STOCK	$ 143,229	$ 4,582	$ 4,582	$ 16,892	$ 104,11

11

APACHE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE QUARTER ENDED JUNE 30, 2001

	APACHE CORPORATION	APACHE NORTH AMERICA	APACHE FINANCE AUSTRALIA
			(IN THOUSANDS)
REVENUES:			
Oil and gas production revenues	$ 394,080	$ --	$ --
Equity in net income (loss) of affiliates	82,250	5,599	8,578
Other revenues (losses)	(1,031)	--	--
	475,299	5,599	8,578
OPERATING EXPENSES:			
Depreciation, depletion and amortization	103,007	--	--
International impairments	--	--	--
Lease operating costs	53,444	--	--
Severance and other taxes	14,201	--	--
Administrative, selling and other	20,860	--	--
Financing costs, net	19,574	--	4,512
	211,086	--	4,512
INCOME (LOSS) BEFORE INCOME TAXES	264,213	5,599	4,066
Provision (benefit) for income taxes	58,468	--	(1,534)
NET INCOME	205,745	5,599	5,600
Preferred stock dividends	4,877	--	--
INCOME ATTRIBUTABLE TO COMMON STOCK	$ 200,868	$ 5,599	$ 5,600

	RECLASSIFICATIONS & ELIMINATIONS	CONSOLIDATED
	(IN THOUSANDS)	
REVENUES:		
Oil and gas production revenues	$ (128,111)	$ 796,045
Equity in net income (loss) of affiliates	(118,325)	--
Other revenues (losses)	--	4,398
	(246,436)	800,443
OPERATING EXPENSES:		
Depreciation, depletion and amortization	--	208,652
International impairments	--	65,000
Lease operating costs	(128,111)	101,420
Severance and other taxes	--	20,248
Administrative, selling and other	--	23,193
Financing costs, net	--	34,628

	(128,111)	453,141
INCOME (LOSS) BEFORE INCOME TAXES	(118,325)	347,302
Provision (benefit) for income taxes	--	141,557
NET INCOME	(118,325)	205,745
Preferred stock dividends	--	4,877
INCOME ATTRIBUTABLE TO COMMON STOCK	$ (118,325)	$ 200,868

12

APACHE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2002

	APACHE CORPORATION	APACHE NORTH AMERICA	APACHE FINANCE AUSTRALIA
			(IN THOUSANDS)
REVENUES:			
Oil and gas production revenues	$ 368,751	$ --	$ --
Equity in net income (loss) of affiliates ..	172,727	9,084	15,040
Other revenues (losses)	95	--	--
	541,573	9,084	15,040
OPERATING EXPENSES:			
Depreciation, depletion and amortization ...	114,847	--	--
International impairments	--	--	--
Lease operating costs	100,326	--	--
Severance and other taxes	15,133	--	--
Administrative, selling and other	45,386	--	--
Financing costs, net	36,042	--	9,025
	311,734	--	9,025
PREFERRED INTERESTS OF SUBSIDIARIES	--	--	--
INCOME (LOSS) BEFORE INCOME TAXES	229,839	9,084	6,015
Provision (benefit) for income taxes	2,857	--	(3,069)
NET INCOME	226,982	9,084	9,084

Preferred stock dividends	7,989	--	--
INCOME ATTRIBUTABLE TO COMMON STOCK	$ 218,993	$ 9,084	$ 9,084

	RECLASSIFICATIONS & ELIMINATIONS	CONSOLIDATED
	(IN THOUSANDS)	
REVENUES:		
Oil and gas production revenues	$ (87,279)	$ 1,163,451
Equity in net income (loss) of affiliates ..	(216,451)	--
Other revenues (losses)	--	2,658
	(303,730)	1,166,109
OPERATING EXPENSES:		
Depreciation, depletion and amortization ...	--	421,829
International impairments	--	4,600
Lease operating costs	(87,279)	226,768
Severance and other taxes	--	30,310
Administrative, selling and other	--	53,367
Financing costs, net	--	56,457
	(87,279)	793,331
PREFERRED INTERESTS OF SUBSIDIARIES	--	8,662
INCOME (LOSS) BEFORE INCOME TAXES	(216,451)	364,116
Provision (benefit) for income taxes	--	137,134
NET INCOME	(216,451)	226,982
Preferred stock dividends	--	7,989
INCOME ATTRIBUTABLE TO COMMON STOCK	$ (216,451)	$ 218,993

APACHE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2001

	APACHE	APACHE	APACHE FINANCE

(IN THOUSANDS)	CORPORATION	NORTH AMERICA	AUSTRALIA
REVENUES:			
Oil and gas production revenues	$ 943,985	$ --	$ --
Equity in net income (loss) of affiliates ..	151,371	7,646	11,618
Other revenues (losses)	(502)	--	3,078
	1,094,854	7,646	14,696
OPERATING EXPENSES:			
Depreciation, depletion and amortization ...	205,828	--	--
International impairments	--	--	--
Lease operating costs	110,963	--	--
Severance and other taxes	32,860	--	--
Administrative, selling and other	38,893	--	--
Financing costs, net	36,958	--	9,094
	425,502	--	9,094
INCOME (LOSS) BEFORE INCOME TAXES	669,352	7,646	5,602
Provision (benefit) for income taxes	181,406	--	(2,045)
NET INCOME	487,946	7,646	7,647
Preferred stock dividends	9,785	--	--
INCOME ATTRIBUTABLE TO COMMON STOCK	$ 478,161	$ 7,646	$ 7,647

(IN THOUSANDS)	RECLASSIFICATIONS & ELIMINATIONS	CONSOLIDATED
REVENUES:		
Oil and gas production revenues	$ (296,944)	$ 1,597,643
Equity in net income (loss) of affiliates ..	(204,577)	--
Other revenues (losses)	--	(2,057)
	(501,521)	1,595,586
OPERATING EXPENSES:		
Depreciation, depletion and amortization ...	--	381,182
International impairments	--	65,000
Lease operating costs	(296,944)	191,527
Severance and other taxes	--	41,541
Administrative, selling and other	--	43,569
Financing costs, net	--	63,880
	(296,944)	786,699
INCOME (LOSS) BEFORE INCOME TAXES	(204,577)	808,887
Provision (benefit) for income taxes	--	320,941

NET INCOME	(204,577)	487,946
Preferred stock dividends	--	9,785
INCOME ATTRIBUTABLE TO COMMON STOCK	$ (204,577)	$ 478,161

14

APACHE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2002

	APACHE CORPORATION	APACHE NORTH AMERICA	APA FIN AUST
		(IN THOUSANDS)	
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (135,018)	$ --	$
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property and equipment	(120,785)	--	
Proceeds from sales of oil and gas properties	--	--	
Proceeds from sale of U.S. Government Agency Notes .	--	--	
Investment in subsidiaries, net	(218,462)	(9,025)	
Other, net	(4,291)	--	
NET CASH USED IN INVESTING ACTIVITIES	(343,538)	(9,025)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Long-term debt activity, net	501,210	--	
Dividends paid	(37,257)	--	
Common stock activity, net	15,542	9,025	
Treasury stock activity, net	1,715	--	
Cost of debt and equity transactions	(6,487)	--	
NET CASH PROVIDED BY FINANCING ACTIVITIES	474,723	9,025	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,833)	--	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,383	--	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 2,550	$ --	$

	ALL OTHER SUBSIDIARIES OF APACHE CORPORATION	RECLASSIFICATIONS & ELIMINATIONS	CONSOL
		(IN THOUSANDS)	
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 771,810	$ --	$ 6
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property and equipment	(345,125)	--	(4
Proceeds from sales of oil and gas properties	--	--	
Proceeds from sale of U.S. Government Agency Notes	17,006	--	
Investment in subsidiaries, net	(573,508)	800,995	
Other, net	(8,938)	--	(
NET CASH USED IN INVESTING ACTIVITIES	(910,565)	800,995	(4
CASH FLOWS FROM FINANCING ACTIVITIES:			
Long-term debt activity, net	182,443	(726,446)	(
Dividends paid	--	--	(
Common stock activity, net	56,499	(74,549)	
Treasury stock activity, net	--	--	
Cost of debt and equity transactions	--	--	
NET CASH PROVIDED BY FINANCING ACTIVITIES	238,942	(800,995)	(
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	100,187	--	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	29,240	--	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 129,427	$ --	$ 1

APACHE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2001

APACHE

(IN THOUSANDS)

	APACHE CORPORATION	APACHE NORTH AMERICA	FINANCE AUSTRALI
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 838,619	$ --	$ (1,
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property and equipment	(372,520)	--	
Acquisitions	--	--	
Proceeds from sales of oil and gas properties	108,458	--	
Investment in subsidiaries, net	(987,497)	(5,568)	(5,
Other, net	(8,472)	--	
NET CASH USED IN INVESTING ACTIVITIES	(1,260,031)	(5,568)	(5,
CASH FLOWS FROM FINANCING ACTIVITIES:			
Long-term debt activity, net	530,072	--	1,
Dividends paid	(9,778)	--	
Common stock activity, net	7,125	5,568	5,
Treasury stock activity, net	(16,006)	--	
Cost of debt and equity transactions	(1,181)	--	
NET CASH PROVIDED BY FINANCING ACTIVITIES	510,232	5,568	7,
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	88,820	--	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,257	--	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 94,077	$ --	$

(IN THOUSANDS)

	ALL OTHER SUBSIDIARIES OF APACHE CORPORATION	RECLASSIFICATIONS & ELIMINATIONS	CONSOLI
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 253,024	$ --	$ 1,09
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property and equipment	(305,549)	--	(67
Acquisitions	(911,951)	--	(91
Proceeds from sales of oil and gas properties	130,257	--	23
Investment in subsidiaries, net	(256,292)	1,505,649	
Other, net	(37,980)	--	(4
NET CASH USED IN INVESTING ACTIVITIES	(1,381,515)	1,505,649	(1,39

CASH FLOWS FROM FINANCING ACTIVITIES:			
Long-term debt activity, net	614,183	(976,877)	41
Dividends paid	--	--	(
Common stock activity, net	517,636	(528,772)	
Treasury stock activity, net	--	--	(1
Cost of debt and equity transactions	--	--	(
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,131,819	(1,505,649)	39
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,328	--	9
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,916	--	3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 35,244	$ --	$ 12

16

APACHE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF JUNE 30, 2002

	APACHE CORPORATION	APACHE NORTH AMERICA	APACHE FINANCE AUSTRALIA
			(IN TH
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 2,550	$ --	$ 2
Receivables	84,520	--	--
Inventories	17,699	--	--
Advances to oil and gas ventures and others ..	26,946	--	--
Short-term investments	--	--	--
	131,715	--	2
PROPERTY AND EQUIPMENT, NET	3,088,782	--	--
OTHER ASSETS:			
Intercompany receivable, net	1,488,648	--	(25
Goodwill, net	--	--	--
Equity in affiliates	2,734,228	206,945	470,080
Deferred charges and other	33,283	--	--

	$ 7,476,656	$ 206,945	$ 470,057
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	$ 91,338	$ --	$ --
Other accrued expenses	113,308	--	343
	204,646	--	343
LONG-TERM DEBT	1,571,582	--	268,704
DEFERRED CREDITS AND OTHER NONCURRENT LIABILITIES:			
Income taxes	704,913	--	(5,935
Advances from gas purchasers	132,748	--	--
Other	161,013	--	--
	998,674	--	(5,935
PREFERRED INTERESTS OF SUBSIDIARIES	--	--	--
COMMITMENTS AND CONTINGENCIES			
SHAREHOLDERS' EQUITY	4,701,754	206,945	206,945
	$ 7,476,656	$ 206,945	$ 470,057

	RECLASSIFICATIONS & ELIMINATIONS	CONSOLIDATED
	(IN THOUSANDS)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ --	$ 131,979
Receivables	--	429,835
Inventories	--	106,074
Advances to oil and gas ventures and others	--	67,180
Short-term investments	--	85,364
	--	820,432
PROPERTY AND EQUIPMENT, NET	--	8,111,883
OTHER ASSETS:		
Intercompany receivable, net	--	--
Goodwill, net	--	193,792
Equity in affiliates	(3,750,233)	--
Deferred charges and other	--	39,841
	$ (3,750,233)	$ 9,165,948

LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ --	$ 224,616
Other accrued expenses	--	247,722
	--	472,338
LONG-TERM DEBT	--	2,205,246
DEFERRED CREDITS AND OTHER NONCURRENT LIABILITIES:		
Income taxes	--	1,041,298
Advances from gas purchasers	--	132,748
Other	--	176,547
	--	1,350,593
PREFERRED INTERESTS OF SUBSIDIARIES	--	436,017
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY	(3,750,233)	4,701,754
	$ (3,750,233)	$ 9,165,948

17

APACHE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2001

	APACHE CORPORATION	APACHE NORTH AMERICA	APACHE FINANCE AUSTRALIA
			(IN THOUSANDS
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 6,383	$ --	$ 2
Receivables	94,881	--	--
Inventories	17,024	--	--
Advances to oil and gas ventures and others ..	24,644	--	--
Short-term investments	--	--	--
	142,932	--	2

PROPERTY AND EQUIPMENT, NET	3,098,485	--	--
OTHER ASSETS:			
Intercompany receivable, net	1,426,455	--	(25
Goodwill, net	--	--	--
Equity in affiliates	2,566,969	188,925	455,039
Deferred charges and other	27,688	--	--
	$ 7,262,529	$ 188,925	$ 455,016
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	$ 75,164	$ --	$ --
Other accrued expenses	165,858	--	2,599
	241,022	--	2,599
LONG-TERM DEBT	1,605,201	--	268,615
DEFERRED CREDITS AND OTHER NONCURRENT LIABILITIES:			
Income taxes	696,441	--	(5,123
Advances from gas purchasers	140,027	--	--
Other	161,355	--	--
	997,823	--	(5,123
PREFERRED INTERESTS OF SUBSIDIARIES	--	--	--
COMMITMENTS AND CONTINGENCIES			
SHAREHOLDERS' EQUITY	4,418,483	188,925	188,925
	$ 7,262,529	$ 188,925	$ 455,016

	RECLASSIFICATIONS & ELIMINATIONS	CONSOLIDATED
	(IN THOUSANDS)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ --	$ 35,625
Receivables	--	404,793
Inventories	--	102,536
Advances to oil and gas ventures and others	--	51,845
Short-term investments	--	102,950
	--	697,749

PROPERTY AND EQUIPMENT, NET	--	8,013,072
OTHER ASSETS:		
Intercompany receivable, net	--	--
Goodwill, net	--	188,812
Equity in affiliates	(3,480,434)	--
Deferred charges and other	--	34,023
	$ (3,480,434)	$ 8,933,656
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ --	$ 179,778
Other accrued expenses	--	342,680
	--	522,458
LONG-TERM DEBT	--	2,244,357
DEFERRED CREDITS AND OTHER NONCURRENT LIABILITIES:		
Income taxes	--	991,723
Advances from gas purchasers	--	140,027
Other	--	175,925
	--	1,307,675
PREFERRED INTERESTS OF SUBSIDIARIES	--	440,683
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY	(3,480,434)	4,418,483
	$ (3,480,434)	$ 8,933,656

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

OVERVIEW

Both second-quarter and year-to-date results were solid despite lower prices for both natural gas and oil, relative to the prior-year periods. For the quarter, we generated income attributable to common stock of $143 million ($1.00 per diluted share) and cash from operating activities of $419 million. For the first six months, income attributable to common stock was $219 million, while cash from operating activities came in at $624 million.

Due to Apache's decision to pay down debt by selling properties in the second half of 2001 and to curtail capital expenditures in the first half of 2002, our second-quarter natural gas production of 1.1 billion cubic feet per day (Bcf/d) was seven percent lower than the second quarter of 2001. Australia and Egypt's daily production both increased four percent, while North America experienced a 10 percent decline in production. For the six-month period, gas production averaged 1.1 Bcf/d, one percent higher than the comparable 2001 period, with Canada, Egypt and Australia seeing 25 percent, 40 percent and five percent production gains, respectively. Production in the U.S. declined 15 percent due to property sales and natural depletion.

Second-quarter oil production of 151,480 barrels of oil per day (b/d) was two percent lower than the prior year. Australia's oil production increased 25 percent, while North American production declined 11 percent. Egypt saw marginal improvement in the second quarter relative to last year. First-half daily oil production was 12 percent higher than the prior year with production increases in Australia (up 60 percent) and Egypt (up 27 percent) offsetting a five percent decline in North America.

Our second-quarter drilling program resulted in five discoveries in Egypt, including two deepwater discoveries on our West Mediterranean concession, our first venture into the deepwater arena. Year-to-date, we have made eight discoveries in Egypt, 12 worldwide. In June, production commenced from our Gibson and South Plato fields located in the Carnarvon Basin, offshore Northwest Australia.

On June 3, 2002, we entered into a new $1.5 billion global credit facility to replace our existing global and 364-day credit facility. As a result, we have considerable liquidity, which together with our low debt-to-capitalization gives us tremendous financial flexibility going forward. At quarter-end, our debt, including preferred interest of subsidiaries and net of cash equivalents and investments in U.S. government securities, was 34.4 percent of total capitalization, which is a true indication of the strength of our balance sheet.

On May 15, 2002, we completed the mandatory conversion of our Series C Preferred stock into approximately 6.2 million common shares. Beginning in the third quarter, the quarterly impact will increase Net Income Available to Common Stock by approximately $3.5 million. After consideration of the common dividends on the additional shares issued, this economic impact will be reduced by approximately $.6 million per quarter.

While our second-quarter earnings were down 29 percent from the 2001 quarter, they nearly doubled first-quarter 2002 earnings on strengthening oil and natural gas prices. Cash from operating activities was up $218 million (106 percent) to the first quarter.

RESULTS OF OPERATIONS

Revenues

The table below presents oil and gas production revenues, production and average prices received from sales of natural gas, oil and natural gas liquids.

	FOR THE QUARTER ENDED JUNE 30,			FOR THE SIX
	2002	2001	INCREASE (DECREASE)	2002
Revenues (in thousands):				
Natural gas	$ 290,031	$ 425,954	(32)%	$ 509,484
Oil	340,230	355,310	(4)%	633,236
Natural gas liquids	11,461	14,781	(22)%	20,731
Total	$ 641,722	$ 796,045	(19)%	$1,163,451
Natural Gas Volume - Mcf per day:				
United States	514,740	604,582	(15)%	527,516
Canada	321,641	328,299	(2)%	318,169
Egypt	118,101	113,616	4%	117,815
Australia	126,670	121,266	4%	123,675
Argentina	8,607	--	--	6,244
Total	1,089,759	1,167,763	(7)%	1,093,419
Average Natural Gas price - Per Mcf:				
United States	$ 3.26	$ 4.46	(27)%	$ 2.77
Canada	2.84	4.23	(33)%	2.52
Egypt	3.63	3.99	(9)%	3.34
Australia	1.31	1.19	10%	1.27
Argentina	.38	--	--	.46
Total	2.92	4.01	(27)%	2.57
Oil Volume - Barrels per day:				
United States	54,462	58,197	(6)%	55,142
Canada	24,965	31,069	(20)%	25,150
Egypt	43,945	43,379	1%	44,161
Australia	27,515	22,073	25%	30,213
Argentina	593	--	--	631
Total	151,480	154,718	(2)%	155,297
Average Oil price - Per barrel:				
United States	$ 25.38	$ 25.49	0%	$ 22.92
Canada	23.03	19.64	17%	20.78
Egypt	24.36	27.24	(11)%	22.89
Australia	25.34	28.50	(11)%	22.77
Argentina	22.87	--	--	21.39
Total	24.68	25.24	(2)%	22.53
Natural Gas Liquids (NGL)				
Volume - Barrels per day:				
United States	6,869	7,871	(13)%	6,882
Canada	1,614	860	88%	1,487
Total	8,483	8,731	(3)%	8,369

	==========	==========		==========
Average NGL Price - Per barrel:				
United States	$ 15.50	$ 18.66	(17)%	$ 14.15
Canada	12.05	18.06	(33)%	11.55
Total	14.85	18.60	(20)%	13.69

Natural Gas Revenues

Our natural gas production decreased by 78 million cubic feet per day (MMcf/d), or seven percent, in the second quarter 2002 compared to the same period last year, reducing our natural gas revenues by $21 million, while natural gas prices declined $1.09 per thousand cubic feet (Mcf) (27 percent) reducing natural gas revenues an additional $115 million. The decline in second-quarter gas production relative to 2001 occurred primarily in the U.S. (89.8 MMcf/d) due to natural decline, a reflection of our decision to reduce capital expenditures, downtime in our Offshore region and property sales in the second half of 2001.

Approximately 11 percent of our second-quarter 2002 and 2001 domestic natural gas production is subject to long-term fixed-price physical contracts. These contracts reduced our 2002 and 2001 worldwide realized price by $.03 per Mcf and $.16 per Mcf, respectively. As discussed in Note 3 of the Notes to Consolidated Financial Statements, the Company closed all of its derivative positions during October and November 2001. The amortization of the unwind of the Company's derivative positions, discussed in Note 3, increased gas prices by $.06 per Mcf during the second quarter of 2002. During the second quarter of 2001, the net result of derivative instruments increased the Company's realized gas price by $.07 per Mcf.

Our natural gas production increased 15.2 MMcf/d (one percent) in the first half of 2002, contributing $7 million to our natural gas revenues, while natural gas prices declined $2.19 per Mcf (46 percent) reducing natural gas revenues by $426 million. First-half production rates in the U.S. declined 93.0 MMcf/d for the reasons discussed above. Production gains in Canada (62.6 MMcf/d) and Egypt (33.6 MMcf/d) resulted from acquisitions and subsequent drilling activity on properties acquired in late March 2001 and successful drilling results at Ladyfern field in Canada.

Approximately 11 percent of our first-half 2002 and 2001 domestic natural gas production is subject to long-term fixed-price physical contracts. These contracts did not impact our 2002 worldwide realized price and reduced our 2001 worldwide realized price by $.26 per Mcf. The amortization of the unwind of the Company's derivative positions, discussed in Note 3, increased worldwide gas prices by $.07 per Mcf during the first half of 2002. During the first half of 2001, the net result of derivative instruments impacted the Company's realized gas price by a negative $.03 per Mcf.

Crude Oil Revenues

Oil production decreased 3,238 b/d (two percent) in the second quarter 2002 compared to the same period last year, reducing our oil sales by $7 million, while oil prices declined $.56 per barrel (two percent), reducing oil sales by an additional $8 million. Australia's 5,442 b/d increase was more than offset by a 6,104 b/d decline in Canada and a 3,735 b/d decline in the U.S. The increase in Australia was primarily due to completion of three development projects, Legendre (May 2001), Simpson (late November 2001) and Gibson/South Plato (June 2001). Production declines at Stag due to encroaching water and mechanical issues at Gipsy/North Gipsy, partially offset the increases in Australia. North America's second-quarter comparative decline (9,839 b/d) was due to disposition of heavy oil properties in Canada, and the natural decline and mechanical issues in the U.S. discussed above.

As discussed in Note 3 of the Notes to Consolidated Financial Statements, the Company closed all of its derivative positions during October and November 2001. The amortization of the unwind of the Company's derivative positions, discussed in Note 3, increased oil prices by $.08 per barrel during the second quarter of 2002. During the second quarter of 2001, realized losses from hedging positions negatively impacted the Company's realized oil price by $.53 per barrel.

Oil production in the first half of 2002 increased 17,099 b/d (12 percent), contributing $70 million to oil sales, while oil prices declined $2.96 per barrel (12 percent), reducing oil sales by $74 million. Australia's production increased 11,314 b/d due to the reasons noted above. Egypt's production increased 9,439 b/d related to the acquisition and subsequent drilling activity on properties we acquired late in the first quarter of 2001. North America's year-to-date comparative decline (4,285 b/d) was due to the factors noted above.

The amortization of the unwind of the Company's derivative positions, discussed in Note 3, increased oil prices by $.08 per barrel during the first half of 2002. During the first half of 2001, realized losses from hedging positions negatively impacted the Company's realized oil price by a negative $.62 per barrel.

Operating Expenses

The table below presents a detail of our expenses.

	FOR THE QUARTER ENDED JUNE 30,		FOR THE
	2002	2001	20
	(In millions)		
Depreciation, depletion and amortization (DD&A):			
Oil and gas property and equipment	$ 196	$ 193	$
Other assets	15	16	
International impairments	--	65	
Lease operating costs (LOE)	114	101	
Severance and other taxes	16	20	
General and administrative expense (G&A)	28	23	
Financing costs, net	30	35	
Total	$ 399	$ 453	$

Depreciation, Depletion and Amortization

Apache's full-cost DD&A expense is driven by many factors including certain costs incurred in the exploration, development, and acquisition of producing reserves, production levels, and estimates of proved reserve quantities and future developmental costs. On an equivalent barrel basis, full-cost DD&A expense increased $.38 per barrel of oil equivalent (boe), from $5.92 per boe in the second quarter of 2001 to $6.30 per boe in 2002. This increase was primarily due to negative revisions for uneconomic reserves driven by lower commodity prices (primarily gas) from second quarter 2001. Increases in service costs, which resulted in higher drilling and finding costs in the U.S., plus transfers of unevaluated costs to the full-cost pool also contributed to the increase in rates. The DD&A rate for the U.S. increased $.51 per boe from $6.59 per boe, to $7.10 per boe. U.S. DD&A accounts for almost half of the Company's full-cost DD&A expense. For the first six months, our full-cost DD&A expense increased $.28 per boe from $5.99 per boe to $6.27 per boe for the reasons discussed above.

Impairments

During the second quarter of 2001, the Company recorded a $65 million impairment ($41 million after-tax) of unproved property costs in Poland and China.

During the first quarter of 2002, the Company recorded a $5 million impairment ($3 million after tax) of unproved property costs in Poland. No impairment was recorded in the second quarter. At June 30, 2002, Apache had $28 million in unproved property costs remaining in Poland. The Company will continue to evaluate its operations, which may result in additional impairments during the remainder of 2002.

Lease Operating Costs

LOE increased $13 million when compared to the second quarter of 2001. Workover activity increased in all countries, accounting for $10 million of the increase. The remaining increase is attributable to higher service costs and the additional operating costs related to the three development projects brought online in Australia over the past year. On an equivalent barrel basis, LOE increased $.56 per boe to $3.67. Seventy-three percent of the increase on a boe basis is attributable to the increase in absolute costs while the remaining increase is the result of lower production.

LOE increased $35 million (18 percent) in the first half of 2002 for the reasons discussed above and the additional costs related to Canadian and Egyptian properties acquired late in the first quarter 2001. On an equivalent barrel basis, LOE increased $.38 (12 percent) to $3.62. The increase in absolute costs was partially offset by increased production.

Severance and Other Taxes

Severance and other taxes, which generally are based on a percentage of oil and gas production revenues, decreased $4 million in the second quarter of 2002 when compared to the year-earlier period. The decrease was primarily due to a decline in U.S. oil and gas production revenues which were partially offset by an increase in

Australian oil and gas production revenues. Severance and other taxes decreased $11 million in the first half of 2002 due to the lower U.S. oil and gas production revenues discussed above.

Administrative, Selling and Other Expenses

G&A expense in the second quarter of 2002 increased from the year-ago period by $.19 per boe ($5 million) to $.90 per boe. Seventy-nine percent or $.15 per boe of the increase came from non-recurring expenses including employee separation costs, legal fees and litigation related costs and higher medical costs. Higher insurance costs also impacted the rate. The remaining $.04 per boe resulted from lower production. For the six-month period, G&A expenses increased $.11 per boe ($10 million) to $.85 per boe for the reasons stated above and costs related to amendments to our stock option plans affecting certain retiring employees.

Financing Costs, Net

Net financing costs for the second quarter of 2002 decreased $4 million (12 percent) from the prior-year quarter primarily due to lower gross interest expense. Gross interest expense decreased $8 million due to lower average outstanding debt, while capitalized interest decreased $3 million due to a lower unproved property balance. Had financing costs included preferred interests in subsidiaries, they would have been flat compared to the second quarter of 2001.

For the first half of 2002, net financing costs decreased 12 percent. Gross interest decreased $16 million due to a lower average effective rate and lower average outstanding debt, while capitalized interest decreased $8 million due to a lower unproved property balance offset by a lower average interest rate. Had financing costs included preferred interests of subsidiaries, they would have been flat to the comparable 2001 period.

MARKET RISK

The Company's major market risk exposure continues to be the pricing applicable to its oil and gas production. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot prices applicable to its United States and Canadian natural gas production. Historically, prices received for oil and gas production have been volatile and unpredictable.

The information set forth under "Commodity Risk", "Interest Rate Risk" and "Foreign Currency Risk" in Item 7A of the Company's annual report on Form 10-K for the year ended December 31, 2001, is incorporated herein by reference.

OIL AND GAS CAPITAL EXPENDITURES

	FOR THE SIX MONTHS ENDED JUN	
	2002	2001
	(In thousands)	
Exploration and development:		
United States	$ 129,594	$ 430,4
Canada	123,639	194,7
Egypt	64,722	50,6
Australia	42,522	41,0
Other International*	11,335	4,0
	$ 371,812	$ 720,9
Capitalized Interest	$ 20,464	$ 28,8
Gas gathering, transmission and processing facilities	$ 19,527	$ 5,9
Acquisitions:		
Oil and gas properties	$ 4,253	$ 762,7
Gas gathering, transmission and processing facilities	--	129,0
Goodwill	--	197,2
	$ 4,253	$ 1,088,9

* Includes reimbursement from the Chinese government in 2001 for previously paid costs.

In March 2001, Apache completed the acquisition of substantially all of Repsol's oil and gas concession interests in Egypt for approximately $447 million in cash, subject to normal post closing adjustments. The properties include interests in seven Western Desert concessions and had estimated proved reserves of 66 million barrels of oil equivalent (MMboe) as of the acquisition date. The Company previously held interests in five of the seven concessions.

In March 2001, Apache also completed the acquisition of certain subsidiaries of Fletcher for approximately $465 million in cash and 1.8 million restricted shares of Apache common stock issued to Shell Overseas Holdings (valued at $55.49 per share), subject to normal post closing adjustments. The transaction included properties located primarily in Canada's Western Sedimentary Basin. Estimated proved reserves totaled 120.8 MMboe as of the acquisition date. Apache assumed a liability of $103 million representing the fair value of derivative instruments and fixed-price commodity contracts entered into by Fletcher.

CAPITAL RESOURCES

Apache's primary cash needs 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 funds its exploration and development activities primarily through internally generated cash flows. Apache budgets capital expenditures based upon projected cash flows and routinely adjusts its capital expenditures in response to changes in oil and natural gas prices and corresponding changes in cash flow. The Company cannot accurately predict future oil and gas prices.

Net Cash Provided by Operating Activities

Apache's net cash provided by operating activities during the first half of 2002 totaled $624 million, a decrease of 43 percent from $1.1 billion in the first half of 2001. This decrease was due to lower oil and gas revenues as a result of lower realized oil and gas prices as compared to last year, and to a lesser extent, the impact of increases in LOE.

Preferred Interest of Subsidiaries

During 2001, several of our subsidiaries issued a total of $443 million ($441 million, net of issuance costs) of preferred stock and limited partner interests to unrelated institutional investors. We pay a weighted average return to the investors of 123 basis points above the prevailing LIBOR interest rate. These subsidiaries are consolidated in the accompanying financial statements. For the first half of 2002, the subsidiaries paid $9 million to investors, which is reflected as Preferred Interest of Subsidiaries on the Statement of Consolidated Operations.

Debt

In April 2002, the Company issued $400 million principal amount, $397 million net of discount, of senior unsecured 6.25-percent notes maturing on April 15, 2012. The notes are redeemable, as a whole or in part, at our option, subject to a make-whole premium. The proceeds were used to repay a portion of the Company's outstanding commercial paper and for general corporate purposes.

On June 3, 2002, Apache entered into a new $1.5 billion global credit facility to replace its existing global and 364-day credit facilities. The new global credit facility consists of four separate bank facilities: a $750 million 364-day facility in the United States; a $450 million five-year facility in the United States; a $150 million five-year facility in Australia; and a $150 million five-year facility in Canada. The financial covenants of the global credit facility require the company to: (i) maintain a consolidated tangible net worth, as defined, of at least $2.1 billion as of June 30, 2002, adjusted for subsequent earnings, (ii) maintain an aggregate book value for assets of Apache and certain subsidiaries, as defined, on an unconsolidated basis of at least $2 billion as of June 30, 2002, and (iii) maintain a ratio of debt to capitalization of not greater than 60 percent at the end of any fiscal quarter. The Company was in compliance with all financial covenants at June 30, 2002.

The five-year facilities are scheduled to mature on June 3, 2007 and the 364-day facility is scheduled to mature on June 1, 2003. The 364-day facility allows the Company to convert outstanding revolving loans at maturity into one-year term loans. The Company may request extensions of the maturity dates subject to approval of the lenders. At the Company's option, the interest rate is based on (i) the greater of (a) The JPMorgan Chase Bank prime rate or (b) the federal funds rate plus one-half of one percent, (ii) the London Interbank Offered Rate (LIBOR) plus a margin determined by the Company's senior long-term debt rating, or (iii) in the case of the U.S. $450 million five-year facility, a margin that is determined by competitive bids from participating banks. At June 30, 2002, the margin over LIBOR for committed loans was .30 percent on the five-year facilities and .32 percent on the 364-day facility. If the total amount of the loans borrowed under all of the facilities equals or exceeds 33 percent of the total facility commitments, then an additional .125 percent will be added to the margins over LIBOR. The Company also pays a quarterly facility fee of .10 percent on the total amount of each of the five-year facilities and ..08 percent on the total amount of the 364-day facility. The facility fees vary based upon the Company's senior long-term debt rating.

The $450 million U.S. five-year facility and the $750 million U.S. 364-day credit facility are used to support Apache's commercial paper program. The available borrowing capacity under the global credit facility at June 30, 2002 was $1.18 billion.

LIQUIDITY

The Company had $132 million in cash and cash equivalents on hand at June 30, 2002, an increase of $96 million from December 31, 2001. Apache's ratio of current assets to current liabilities at June 30, 2002 was 1.74 compared to 1.34 at December 31, 2001.

The Company had $85 million in short-term securities (U.S. Government Agency Notes) at June 30, 2002, which will be available to reduce long-term debt.

Apache believes that cash on hand, net cash generated from operations, short-term investments and unused committed borrowing capacity under its global credit facility will be adequate to satisfy the Company's financial obligations to meet future liquidity needs for the foreseeable future. As of June 30, 2002, Apache's available borrowing capacity under its global credit facility was $1.18 billion.

FUTURE TRENDS

Apache's objective is to build a company of lasting value by pursuing profitable growth thru a combination of drilling and acquisitions. Our investment decisions are subjected to strict rate of return criteria and generally fall in the categories identified below, depending on which phase of the price and cost cycle we may be in. Those categories include:

- exploiting our existing property base;
- acquiring properties to which we can add value; and
- drilling high potential exploration prospects.

Exploiting Existing Asset Base

Apache seeks to maximize the value of our existing asset base by increasing production and reserves while reducing operating costs per unit. In order to achieve these objectives, we rigorously pursue production enhancement opportunities such as workovers, recompletions and moderate risk drilling, while divesting marginal and non-strategic properties and identifying other activities to reduce costs. Given the significant acquisitions completed over the last few years, Apache has an abundant inventory of exploitation opportunities.

Acquiring Properties to Which We Can Add Incremental Value

Apache seeks to purchase reserves at appropriate prices by generally avoiding auction processes where we are competing against other buyers and timing our acquisitions to avoid the peak of the price cycle. Our aim is to follow each acquisition with a cycle of reserve enhancement, property consolidation and cash flow acceleration, facilitating asset growth and debt reduction. Recently inflated acquisition prices have caused Apache to sideline its acquisition activities until appropriate opportunities arise to earn adequate returns on acquired properties.

Investing in High-Potential Exploration Prospects

Apache seeks to concentrate our exploratory investments in a select number of international areas and to become one of the dominant operators in those regions. We believe that these investments, although higher-risk, offer potential for attractive investment returns and significant reserve additions. Our international investments and exploration activities are a significant component of our long-term growth strategy. They complement our North American operations, which are more development oriented.

As we entered 2002, natural gas prices were extremely volatile and the impact of the September 11th attacks on an already faltering economy had created tremendous uncertainty over demand for oil and gas. In order to maximize Apache's financial flexibility and preserve our "A-ratings", we curtailed our capital expenditure plans by over half from prior year levels in favor of reducing debt. At the half-way point in the year, a combination of debt reduction and strong earnings has reduced our debt as a percentage of capitalization from 36.9 percent at year end to 34.4 percent. We have, therefore, elected to increase our capital expenditures during the second half of 2002. Annual capital expenditures are projected to exceed our original 2002 plan level of $600 million.

Because of recent volatility in commodity prices, the current state of our economy, the dynamism of our industry, and Apache's history of acting opportunistically, we do not believe that it is in the best interests of our shareholders at this time to project our capital expenditures, which might change rapidly as events unfold, or to forecast the production that might result. We have, therefore, not been providing such projections or forecasts and will not do so here, although we may discuss anticipated capital expenditures in the future if we believe changed circumstances allow us to do so with greater accuracy and reliability.

The above having been said, given stronger than anticipated oil and gas prices and financial results in the first half of the year, we have increased our drilling budget, which we believe, based on our current outlook for drilling costs and opportunities, puts us in a position to achieve year-over-year production growth.

FORWARD-LOOKING STATEMENTS AND RISK

Certain statements in this report, including statements of the future plans, objectives, and expected performance of the Company, are forward-looking statements that are dependent upon certain events, risks and uncertainties that may be outside the Company's control, and which could cause actual results to differ materially from those anticipated. Some of these include, but are not limited to, the market prices of oil and gas, economic and competitive conditions, inflation rates, legislative and regulatory changes, financial market conditions, political and economic uncertainties of foreign governments, future business decisions, and other uncertainties, all of which are difficult to predict.

There are numerous uncertainties inherent in estimating quantities of proved oil and gas reserves and in projecting future rates of production and the timing of development expenditures. The total amount or timing of actual future production may vary significantly from reserves and production estimates. The drilling of exploratory wells can involve significant risks, including those related to timing, success rates and cost overruns. Lease and rig availability, complex geology and other factors can affect these risks. Although Apache may make use of futures contracts, swaps, options and fixed-price physical contracts to mitigate risk, fluctuations in oil and gas prices, or a prolonged continuation of low prices, may adversely affect the Company's financial position, results of operations and cash flows.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth in Note 11 to the Consolidated Financial Statements contained in the Company's annual report on Form 10-K for the year ended December 31, 2001 (filed with the SEC on March 22, 2002) is incorporated herein by reference.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

The Company's annual meeting of stockholders was held in Houston, Texas at 10:00 a.m. local time, on Thursday, May 2, 2002. Proxies for the meeting were solicited pursuant to Regulation 14 under the Securities Exchange Act of 1934, as amended. There was no solicitation in opposition to the nominees for election as directors as listed in the proxy statement, and all nominees were elected.

Out of a total of 137,359,148 shares of the Company's common stock outstanding and entitled to vote, 117,772,651 shares were present at the meeting in person or by proxy, representing 85.7 percent. Matters voted upon at the meeting were as follows:

Election of four directors to serve on the Company's board of directors. Mr. Farris, Mr. Ferlic, Mr. Frazier and Mr. Kocur were elected to serve until the annual meeting in 2005. The vote tabulation with respect to each nominee was as follows:

NOMINEE	FOR	AUTH WIT
G. Steven Farris	116,659,013	1,
Randolph M. Ferlic	116,663,698	1,
A. D. Frazier, Jr.	111,363,773	6,
John A. Kocur	115,966,122	1,

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10.1 - Apache Corporation Deferred Delivery Plan, as amended and restated July 17, 2002.

10.2 - Form of Credit Agreement, dated as of June 3, 2002, among Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Bank of America, N.A. and Wachovia Bank, National Association, as U.S. Co-Syndication Agents, and Citibank, N.A. and Union Bank of California, N.A., as U.S. Co-Documentation Agents (excluding exhibits and schedules).

10.3 - Form of 364-Day Credit Agreement, dated as of June 3, 2002, among Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Bank of America, N.A. and BNP Paribas, as 364-Day Co-Syndication Agents, and Deutsche Bank AG, New York Branch, and Societe Generale, as 364-Day Co-Documentation Agents (excluding exhibits and schedules).

10.4 - Form of Credit Agreement, dated as of June 3, 2002, among Apache Canada Ltd, a wholly-owned subsidiary of Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Royal Bank of Canada, as Canadian Administrative Agent, The Bank of Nova Scotia and The Toronto-Dominion Bank, as Canadian Co-Syndication Agents, and BNP Paribas (Canada) and Bayerische Landesbank Girozentrale, as Canadian Co-Documentation Agents (excluding exhibits and schedules).

10.5 - Form of Credit Agreement, dated as of June 3, 2002, among Apache Energy Limited, a wholly-owned subsidiary of Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Citisecurities Limited, as Australian Administrative Agent, Bank of America, N.A., Sydney Branch, and Deutsche Bank AG, Sydney Branch, as Australian Co-Syndication Agents, and Royal Bank of Canada and Bank One, NA, Australia Branch, as Australian Co-Documentation Agents (excluding exhibits and schedules).

10.6 - Form of Guaranty, dated as of June 3, 2002, made by Apache Corporation and related to the Canadian Credit Agreement.

10.7 - Form of Guaranty, dated as of June 3, 2002, made by Apache Corporation and related to the Australian Credit Agreement.

12.1 - Statement of computation of ratio of earnings to fixed charges and combined fixed charges and preferred stock dividends.

99.1 - Certification of Chief Executive Officer and Chief Financial Officer.

99.2 - Statement Under Oath of Principal Executive Officer of Apache Corporation Regarding Facts and Circumstances Relating to Exchange Act Filings, dated August 12, 2002.

99.3 - Statement Under Oath of Principal Financial Officer of Apache Corporation Regarding Facts and Circumstances Relating to Exchange Act Filings, dated August 12, 2002.

(b) Reports filed on Form 8-K

The following current report on Form 8-K was filed by Apache during the fiscal quarter ended June 30, 2002:

Item 5 - Other Events - dated April 8, 2002, filed April 11, 2002.

Offering to the public of $400 million principal amount of Apache's 6 1/4% Notes due 2012, issuable under an indenture dated February 16, 1996, and supplemented November 5, 1996, and registered pursuant to Apache's Registration Statement on Form S-3 (File No. 333-57785).

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: August 13, 2002

/s/ Roger B. Plank

Roger B. Plank
Executive Vice President and
Chief Financial Officer

Dated: August 13, 2002

/s/ Thomas L. Mitchell

Thomas L. Mitchell
Vice President and Controller
(Chief Accounting Officer)

EXHIBIT INDEX

10.1 - Apache Corporation Deferred Delivery Plan, as amended and restated July 17, 2002.

10.2 - Form of Credit Agreement, dated as of June 3, 2002, among Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Bank of America, N.A. and Wachovia Bank, National Association, as U.S. Co-Syndication Agents, and Citibank, N.A. and Union Bank of California, N.A., as U.S. Co-Documentation Agents (excluding exhibits and schedules).

10.3 - Form of 364-Day Credit Agreement, dated as of June 3, 2002, among Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Bank of America, N.A. and BNP Paribas, as 364-Day

Co-Syndication Agents, and Deutsche Bank AG, New York Branch, and Societe Generale, as 364-Day Co-Documentation Agents (excluding exhibits and schedules).

10.4 - Form of Credit Agreement, dated as of June 3, 2002, among Apache Canada Ltd, a wholly-owned subsidiary of Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Royal Bank of Canada, as Canadian Administrative Agent, The Bank of Nova Scotia and The Toronto-Dominion Bank, as Canadian Co-Syndication Agents, and BNP Paribas (Canada) and Bayerische Landesbank Girozentrale, as Canadian Co-Documentation Agents (excluding exhibits and schedules).

10.5 - Form of Credit Agreement, dated as of June 3, 2002, among Apache Energy Limited, a wholly-owned subsidiary of Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Citisecurities Limited, as Australian Administrative Agent, Bank of America, N.A., Sydney Branch, and Deutsche Bank AG, Sydney Branch, as Australian Co-Syndication Agents, and Royal Bank of Canada and Bank One, NA, Australia Branch, as Australian Co-Documentation Agents (excluding exhibits and schedules).

10.6 - Form of Guaranty, dated as of June 3, 2002, made by Apache Corporation and related to the Canadian Credit Agreement.

10.7 - Form of Guaranty, dated as of June 3, 2002, made by Apache Corporation and related to the Australian Credit Agreement.

12.1 - Statement of computation of ratio of earnings to fixed charges and combined fixed charges and preferred stock dividends.

99.1 - Certification of Chief Executive Officer and Chief Financial Officer.

99.2 - Statement Under Oath of Principal Executive Officer of Apache Corporation Regarding Facts and Circumstances Relating to Exchange Act Filings, dated August 12, 2002.

99.3 - Statement Under Oath of Principal Financial Officer of Apache Corporation Regarding Facts and Circumstances Relating to Exchange Act Filings, dated August 12, 2002.