



Energizing a Sustainable Future

2013 Summary Sustainability Report

Our Vision

Apache explores for and produces crude oil and natural gas through operations in the United States, Canada, the United Kingdom, Egypt, Australia and Argentina. We believe it is our responsibility to conduct our operations in a manner that sustains the environment and benefits the surrounding community.

Apache has a strong commitment to sustainability. Protecting the environments and communities where we work, our employees and our properties requires both constant vigilance in our day-to-day operations and new ideas to change and improve for the future.

To effectively promote a sustainable future, it is vital to be well positioned for long-term, profitable growth. Our strategy to build a global, diversified portfolio of oil and gas properties has proven effective. From drill-ready onshore targets to world-class, multiwell developments offshore and internationally, Apache's growth prospects have never been more robust.

When Apache seeks approval to drill an exploration well or operate a new facility, our focus extends beyond the minimal requirements of local, state and federal regulators. We look to the community where we plan to operate and if the project can't be done in a safe and environmentally responsible manner, we don't do it.

As we grow, Apache remains dedicated to operating responsibly and building enduring relationships with our local communities through commitments to the environment, safety, education, civic improvement and rewarding careers.

The 2013 Summary Sustainability Report

Welcome to Apache's 2013 Summary Sustainability Report. To view the full 2013 Sustainability Report, please visit the Apache website at:

www.apachecorp.com/sustainability

The website offers an expanded version of the print report with additional information and data.



Scan with your mobile device to see the full 2013 Sustainability Report.



Letter from the CEO

Apache Corporation is making solid strides in promoting socially responsible business practices while growing a profitable global exploration and production company for the long-term benefit of our shareholders.

Apache explores for and produces crude oil and natural gas on five continents. Our operations are balanced by strong commitments to the environment, health and safety, and community as we search for new and productive ways to enrich the lives of our many stakeholders.

The United States has an abundant supply of clean, cheap natural gas and Apache is at the forefront of discovering and promoting new ways to use it as a replacement for less environmentally friendly fuels. We are the first company to use natural gas as the main fuel source in hydraulic fracturing operations. By using natural gas to power one of the largest diesel-consuming operations, the industry has the potential to significantly reduce greenhouse gas emissions and cut fuel costs.

We promote the use of compressed natural gas (CNG) as an alternate fuel source. Apache operates 20 CNG fueling stations, with six open to the public. We have transformed more than 470 field vehicles to operate on CNG, with the goal of converting 80 percent of our 1,100-plus U.S. fleet by year-end 2015.

Our North Sea and Egypt regions have substantially reduced emissions and costs by replacing fuel oil with clean-burning natural gas to generate electricity.

Freshwater usage is becoming an important issue in our industry. Apache is expanding its use of alternative water sources in an effort to minimize freshwater used in hydraulic fracturing operations. We have increased our use of produced water and brackish water for drilling operations in our U.S. onshore operations.

Apache's safety performance continues to trend positively. The employee recordable injury rate in 2012 was 5 percent below the four-year average ending in 2012 and the work restricting injury rate was 30 percent below the four-year average, while hours worked were up 56 percent. A new program called AIM for ZERO underscores our efforts to reach a goal of zero safety and environmental incidents in all operations worldwide.

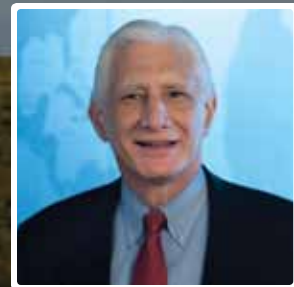
Our Board of Directors adopted a set of human rights principles, pledging to value and support "honest, fair, dignified and equal treatment of all human beings for whom (our) operations create opportunities." This unique document now formally reflects practices already in place and serves as a guideline for future opportunities.

Last year, Apache and its employees donated \$13.4 million toward corporate outreach endeavors worldwide. We continue our support for education and the arts as a benefactor of Fund for Teachers and the Ucross Foundation, as well as many other charities and organizations.

Apache pledged \$500,000 to build storm shelters and safe rooms for Oklahoma schools following the devastation caused by a deadly tornado in Moore, Okla. We also challenged corporations and individuals to donate by pledging to match the next \$500,000 in donations. Oklahoma has been home to Apache employees since the company's first well was drilled there more than 50 years ago.

We planted our 3-millionth tree through the company's tree grant program. Throughout our operational regions, employees and other volunteers have reforested areas damaged by drought, tornadoes, fire and other natural disasters.

Apache takes our environmental and social responsibilities seriously, often leading the way for industry through innovative thinking and technological advancements. We continually look for ways to decrease our use of surface water, reduce greenhouse gas emissions and minimize our developmental footprint as we create value to our operations, help drive economic growth and support the communities where we operate.



A stylized, handwritten signature in dark ink, appearing to read "G. Steven Farris".

G. STEVEN FARRIS
Chairman and Chief Executive Officer
Summer 2013

Apache at a Glance

OUR MISSION

Grow a profitable global exploration and production company in a safe and environmentally responsible manner for the long-term benefit of our shareholders



CORPORATE OFFICE

2000 Post Oak Blvd., Suite 100
Houston, TX 77056-4400
+1 713 296 6000
+1 800 272 2434 Toll Free

APACHE'S WEBSITE

WWW.APACHECORP.COM



CORE VALUES

Since 1954, Apache has built a team unified by our commitment to building shareholder value and our culture, which empowers every employee to make decisions and achieve the company's goals. Our global team is brought together by a sense of ownership and the knowledge that best answers win. Our core values are:

- Drive to succeed with a **sense of urgency**;
- **Safety** is not negotiable and will not be compromised;
- Foster a **contrarian spirit**;
- Invest in our greatest asset: **our people**;
- Expect **top performance and innovation**;
- Treat our stakeholders with **respect and dignity**;
- We derive benefit from the Earth and take our **environmental responsibility** seriously; and
- Conduct our business with **honesty and integrity**.

OUR OPERATIONS

Apache has grown to become one of the world's largest independent oil and gas exploration and production companies. Our asset portfolio reaches from the United States – where operations are focused in the Anadarko and Permian basins and in and along the Gulf of Mexico – to Canada, Egypt's Western Desert, the United Kingdom sector of the North Sea, Australia and Argentina. As Apache has grown, it has continued its commitment to the highest standards of safe and environmentally responsible operations.

PRODUCTION SPOTLIGHT

NATURAL GAS PRODUCTION
(MMCF/D)
2,293

OIL AND NGL PRODUCTION
(MBBL/D)
396

BARRELS OF OIL EQUIVALENT
(BOE/D)
778,679

PROVED RESERVES
(MMBOE)
2,852

APACHE'S 2012 ANNUAL REPORT

We are pleased to present our 2012 Annual Report in which we posted another year of strong progress. To see the full report online, please go to www.apachecorp.com/Investors/Annualreport.aspx.



MEDIA OR OTHER STAKEHOLDER INQUIRIES

Members of the media and other external stakeholders are welcome to contact Apache's Public and International Affairs office for inquiries or other information about the company. These requests may be directed via email to: media@apachecorp.com.

About the Report

In Apache's 2013 Summary Sustainability Report, we have reported on our performance in governance and policy, economics, environmental responsibility, employment practices, health and safety, and community involvement, themes that are of integral importance to both stakeholders and business operations. Unless otherwise indicated, all performance indicators are 2012 data and are based on the year ended Dec. 31.

This report was prepared using the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. The Global Reporting Initiative is a non-profit organization that promotes economic, environmental and social sustainability. GRI provides companies and organizations with a comprehensive sustainability reporting framework that is widely used around the world.

We also used as a reference the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting published in 2010 by the International Petroleum Industry Environmental Conservation Association (IPIECA), the American Petroleum Institute (API) and the International Association of Oil & Gas Producers (OGP).

This report was printed on paper made from recycled material and certified by the Forest Stewardship Council, an independent, non-governmental, non-profit organization established to promote the responsible management of the world's forests.



QR Codes

Square bar codes, commonly known as quick response or QR codes, are placed in this report to provide more information to our readers. Once scanned with a smartphone or tablet camera, the codes prompt your device to open a web page or play a video. To scan, simply open your device's code-reading app and hold the camera up to the QR code. Once the camera locks onto the QR code, the web page or video linked to the QR code should open.

Governance



Throughout the spring of 2013, Apache's Board of Directors engaged in conversations with a variety of domestic and international shareholders to discuss Apache's governance profile and practices. Following the discussions, the board made several updates and changes to its compensation and governance provisions. The board:

- Made changes to Apache's executive compensation provisions to more closely align with shareholder returns and concerns. The equity-based portions of our CEO's compensation were retained, but the calculations for determining the amounts delivered were reduced from a multiple of more than seven to one of less than five. The target bonus was reduced. A cap was placed on amounts that can be received under the non-qualified plan. The only gross up previously available to named executive officers, which covered the cost of taxes associated with life insurance premiums, was eliminated. Disability coverage was significantly reduced as well. These changes were set to reduce 2013 CEO pay by a target 18 percent compared to the prior year. Also, the board has engaged in additional conversations with shareholders to get input on designing future compensation packages.
- Amended the bylaws to give shareholders representing at least 15 percent of outstanding shares the right to call a special meeting.
- Abolished the Executive Committee, a body that was more relevant for speedy decision-making in a pre-technology era, but that had not been convened in years and was perceived by some non-U.S. shareholders as a concern.
- Implemented mandatory retirement age of 75 for all new directors.
- Reduced its own compensation by more than 15 percent to parallel reductions to the CEO's pay.
- Adopted a set of Apache-appropriate human rights principles, reflecting practices already in place. The human rights principles can be viewed on our website at www.apachecorp.com.
- Recommended that shareholders vote in favor of a management proposal to de-stagger the board, which was placed on the 2013 proxy. The proposal received more than a majority of the vote, but failed to obtain the 80 percent required for amendments to Apache's charter.

BOARD OF DIRECTORS

All of Apache's non-employee directors are independent pursuant to New York Stock Exchange, NASDAQ National Market and Securities and Exchange Commission standards.

Board Leadership Structure and Communication with Shareholders

Apache's independent directors elect a lead director, whose responsibilities include agenda setting and oversight, chairing of the regular executive sessions and leading board and CEO annual reviews. Like board chairs in some other countries, the lead director engages with shareholders individually and in various group settings.

In addition, board committee chairs are made available for engagement with shareholders when appropriate. In 2013, for example, the chair of Apache's compensation committee had numerous conversations with shareholders about the company's compensation practices.

Apache's board members are accessible to shareholders at events such as our annual meeting and our investor day, and at certain other shareholder functions.

Apache's board chair and CEO positions are currently combined, although they have been separated in the past. With a lead director performing the functions that board chairs play in other countries, Apache values the flexibility of having the chair and CEO combined or separated depending on what best serves the company's needs.

Good corporate governance is central to our operations, our stakeholders and our reputation and is essential in promoting sustainability.

Governance continued

To further encourage director-shareholder communication, each year Apache organizes the Women in Governance lunch. This lunch brings together women who sit on the boards of major public companies and the women from global institutional investors who elect them. The lunch is designed to enhance in-person, non-confrontational director-shareholder conversations.

Board Committees

Our board now has four standing committees, each devoted to a separate aspect of risk oversight: Audit; Corporate Governance and Nominating; Management Development and Compensation; and Stock Plan. Committee charters can be found on our website at www.apachecorp.com.

SHAREHOLDER ENGAGEMENT

In addition to the board's communications with shareholders, Apache's CEO maintains one of the more active schedules of meetings and communications with shareholders of any major company CEO. Every year our CEO meets privately with our "lead active shareholder," who is designated by a group of our more involved shareholders to discuss issues, progress on previous targets and goals for the coming year. Also, our CEO meets every year with active shareholders at which time they can offer questions on any subject and get direct answers. The CEO makes his direct email address available so follow-up conversations can occur.

We are one of the few companies to employ a senior corporate policy and governance officer, who regularly meets with shareholders to discuss their social, environmental and governance concerns. In 2012, the officer met approximately 140 times with stakeholders and shareholders.

Apache experts meet periodically throughout the year with shareholders to discuss a wide variety of issues, including hydraulic fracturing, offshore safety, chemical and water use and climate change. These meetings are conducted according to the Chatham House Rule.

EXTERNAL CHECKLISTS, CODES AND PRINCIPLES

Apache recognizes that it has become popular for shareholders to ask companies to demonstrate their concern for various subjects by signing on to various charters, codes, oaths, checklists and principles created by third parties. Apache values the debate, but does not believe that signing documents that state support for particular goals is a substitute for trying to achieve those goals.

Apache works actively not only with our shareholders but also with key nongovernmental organizations to identify their environmental, governance and social issues. Apache's commitments are clearly stated in its Human Rights Principles, Code of Business Conduct and Statement of Core Values available on the company website at www.apachecorp.com.

Apache's Board of Directors has four standing committees:

- Audit
- Corporate Governance and Nominating
- Management Development and Compensation
- Stock Plan

Economic Performance



Performance Highlights

FINANCIAL HIGHLIGHTS

YEAR ENDED DEC. 31

Dollars in millions, except per share data	2012	2011	2010
Revenues	\$ 17,078	\$ 16,888	\$ 12,092
Income (loss) Attributable to Common Stock	1,925	4,508	3,000
Diluted Net Income (loss) per Common Share	4.92	11.47	8.46
Adjusted Earnings*	3,767	4,651	3,172
Adjusted Earnings per Common Share*	9.48	11.83	8.94
Cash from Operations Before Changes in Operating Assets and Liabilities*			
Net Cash Provided by Operating Activities	8,504	9,953	6,726
Changes in Operating Assets and Liabilities	1,741	281	642
Cash from Operations Before Changes in Operating Assets and Liabilities	\$ 10,245	\$ 10,234	\$ 7,368
Total Assets	\$ 60,737	\$ 52,051	\$ 43,425
Long-term Debt	11,355	6,785	8,095
Shareholders' Equity	31,331	28,993	24,377
Cash Dividends Paid per Common Share	0.66	0.60	0.60

OPERATIONAL HIGHLIGHTS

YEAR ENDED DEC. 31

Dollars in millions, except per share data	2012	2011	2010
Total Capital Expenditures	\$ 14,608	\$ 11,793	\$ 18,230
(including acquisitions, gas gathering, transmission and processing facilities and capitalized interest)			
Natural Gas Production (MMcf/d)	2,293	2,262	1,889
Oil and NGL Production (Mbbbls/d)	396	371	343
Barrels of Oil Equivalent (boe/d)	778,679	748,149	657,634
Proved Reserves (MMboe)	2,852	2,990	2,953

* For footnote explanation regarding non-GAAP financial measure and other information, please see Performance Summary section on page 36.

LOCAL HIRING 2012

Region	# of Employees	National Employees in Other Locations	Expatriate Employees	% of National Employees
Argentina	413	7	18	95.6%
Australia	412	13	16	96.0%
Canada	976	45	6	99.4%
Egypt	3,868*	1	107	97.2%
North Sea	619	9	16	97.4%
United States	3,265	106	18	99.4%
TOTAL	9,553*	181	181	

This chart does not include contract staff in each region that are typically nationals.

* Includes 3,577 Egyptian joint venture employees.

INVESTING IN OUR COMMUNITIES

Apache is committed to being a good corporate citizen by operating responsibly and by building enduring relationships with our communities through commitments to civic improvements, education and philanthropy.

Apache believes strongly in investing in the communities where we operate and adding value to the neighborhoods we call home. Investments in infrastructure and services for public benefit are important elements of our operational plans and help define the kind of company we are.

Over the years, there have been many examples of Apache stepping up to the community plate and providing needed outlays. In the small town of Woodward, for example, Apache donated a new tornado warning system after a twister ripped through the western Oklahoma town. In Western Australia, Apache volunteers painted and renovated a shelter home for Anglicare, a non-profit agency that supports people, families and communities in need.

More recently, Apache made a sizable investment to relocate a section of oil pipeline installed by a previous company Apache acquired that ran through the Islas Malvinas neighborhood in Allen in the Rio Negro province of central Argentina. The pipeline connects the processing plant at Estación Fernández Oro field and the re-pumping facilities of Oleoductos del Valle.

Apache altered the original route of the pipeline due to increased risk after the Islas Malvinas neighborhood expanded onto land over a section of the pipeline. The company relocated the pipeline to safeguard the neighborhood, its residents and the surrounding environment.

LOCAL HIRING

As one of the world's top independent oil and gas exploration and production companies, Apache supports local hiring and offers competitive wages and benefits in its operational regions in the United States, Canada, Egypt, Australia, Argentina and the United Kingdom.

To support the local economy, Apache has implemented local hiring practices in all operational regions that provide proper notification of open positions and selection based on criteria for those jobs.

Apache participates in salary surveys in each of its operating locations to ensure it provides competitive wages and attracts and retains experienced and qualified employees. The company also participates in various surveys to make sure it offers competitive benefits and retirement plans in its operating areas. In all locations, Apache complies with local labor laws and regulations.

LOCAL SPENDING

Apache seeks to foster good relationships with the community of suppliers and contractors that support our business, particularly those sources local to our operations. Our regions spend an average 20 to 40 percent of their budgets with local suppliers, defined as vendors local to the geography.

We are committed to complying with local laws or operating agreements. For example, in the Canadian Kitimat LNG export facility in British Columbia, we support the local business community as outlined by both the Haisla First Nation and First Nations Limited Partnership benefits agreements.

While the oil and gas industry has a number of products and services that are provided by large global suppliers, such as offshore rigs, turbines, wellhead equipment and steel pipe, much of what Apache buys is local. Contracted services such as welding, water hauling, roustabout crews, construction crews and civil project installation crews are just a few of the categories in which the company procures goods and services almost exclusively from local suppliers.

Apache's decentralized organization, with supply chain personnel embedded in each region, further supports our efforts to involve the local community and suppliers in our business.

For a listing of our local spending efforts broken down by operating regions, please visit our website at www.apachecorp.com.

Apache posted another year of strong financial and operating progress while investing in community infrastructure and services.

Environment



ENERGY

Shifting to Overdrive to Promote Natural Gas

Apache is driving hard to promote natural gas as a transportation fuel.

Natural gas is gaining widespread acceptance worldwide as a transportation fuel with more than 15.2 million natural gas-fueled vehicles. By 2019, the number of natural gas consumer vehicles worldwide is expected to rise to 25 million. In the United States, about 120,000 compressed natural gas (CNG) vehicles are in use. Despite CNG's per gallon cost advantage at the pump, a shortage of refueling infrastructure has limited demand for additional CNG vehicles. There are only about 1,000 CNG fueling stations in America, about half of which are open to the public and the rest serving private fleets.

Apache is working to change that. The company recognizes that natural gas is an extremely important and cost-effective source of energy for reducing pollution and maintaining a clean and healthy environment. In addition to being a domestically abundant and secure source of energy, the use of natural gas offers a number of environmental benefits over other sources of energy in the transportation and electric generation sectors.

Apache has transformed more than 470 field vehicles to operate on CNG, with the goal of converting 80 percent of its 1,100-plus U.S. fleet by year-end 2015.

To support its natural gas-powered fleet, the company operates 20 CNG fueling stations in Texas, Oklahoma, New Mexico and Louisiana. Six of these are public-access stations and the private facilities are available to other area fleets by agreements with the company.

The newest public-access CNG fueling station opened in March 2013 in Houston's Galleria shopping district adjacent to Apache's corporate headquarters.

Besides fueling its own fleet vehicles, Apache is using more of its CNG stations to help fuel other private fleets. The company has signed commercial sales agreements with several companies and is actively marketing to new customers.

In another promotion of natural gas, Apache is partnering with Stripes LLC, a subsidiary of Susser Holdings Corporation, to add CNG fueling dispensers at Stripes convenience stores in Texas. Two public-access CNG stations recently opened at Stripes convenience stores in Midland.

Apache opened its newest public-access CNG fueling station in March 2013 in Houston's Galleria shopping district adjacent to the company's corporate headquarters.



Environment continued

To promote CNG among its U.S. employees, the company is offering the Apache Employee CNG Vehicle Incentive Program. The program provides free CNG for the first \$5,000 of fuel purchases at Apache CNG stations or any public-access stations and reimbursement for half of the additional cost of the CNG-dedicated or CNG-converted vehicle from either Apache or state incentives.

The company has taken a leadership role in America's Natural Gas Alliance (ANGA), the leading industry organization advocating for greater use of natural gas in transportation and power generation. It also is actively involved in other national organizations supporting natural gas.

Apache is a charter member of the Greater Houston Natural Gas Vehicle Alliance, which was formed in August 2009 by Apache and other local companies in partnership with the University of Houston Hobby Center for Public Policy. The Greater Houston NGV Alliance is a broad-based collaboration of private and public interests dedicated to raising awareness of natural gas vehicles to policymakers and the public.

As a significant producer of natural gas in North America, Egypt, Argentina and Australia, Apache is engaging communities and policymakers to increase their awareness of the benefits of natural gas, a cleaner-burning and more economical alternative to gasoline.

BIODIVERSITY

Protecting and Restoring Louisiana Wetlands

Apache continues to make solid progress in our ongoing endeavor to maintain and protect marsh habitats and ecosystems in the environmentally sensitive south Louisiana wetlands. These efforts support plant, wildlife and fish populations across thousands of acres of wetlands.

The swamps and marshes of coastal Louisiana are among the nation's most fragile wetlands, vital not only to recreational and agricultural interests but also to the state's \$1 billion per year seafood industry. The 3 million acres (1.2 million hectares) of coastal wetlands are lost at a rate of nearly 22,000 acres (8,900 hectares) annually, caused by the natural processes of subsidence, saltwater intrusion, shoreline erosion and human activities such as dredging for canals or draining and filling for agriculture, grazing or development.

The loss of coastal wetlands in Louisiana is extensive and complex in nature. Reducing these losses is proving to be difficult and costly. Apache is working hard with other stakeholders to find solutions in the areas where the company operates along the Louisiana Gulf Coast.

Providing Freshwater Flow into St. Louis Canal

Apache is providing financial and technical assistance to the St. Louis Canal Freshwater Introduction Project, an effort to provide more freshwater flow into an area of marsh that's losing native vegetation. The canal is near Grand Bois, a small town along State Highway 24 near the Lafourche-Terrebonne Parish line.

The marshland is experiencing land loss as a result of the encroachment of high salinity tidal water that is killing the native vegetation. As the vegetation dies, there is no root system to hold the fragile peat soils in place and the marsh slowly breaks up and washes away with the outgoing tide.

The project involves the cleanout of an old cypress logging canal that has silted over time, along with the refurbishment of two water control structures along the St. Louis Canal, to provide more freshwater flow into the area. Water control structures are used to regulate surface or subsurface water levels. The project will provide freshwater from the Gulf Intracoastal Waterway and hopefully reverse the trend of wetland loss in the area.

Apache is working with several groups on the project to protect the marshland, including Ducks Unlimited, Lafourche-Terrebonne Soil and Water Conservation District, Louisiana Coastal Protection and Restoration Authority, ConocoPhillips, Entergy, ExxonMobil and TransCanada.

From restoring wetlands to reducing emissions to managing water resources, Apache is dedicated to protecting the environment.



Local students joined Apache and other volunteers in deploying floating islands in the shallow waters off Isle de Jean Charles, a narrow ridge of land between Bayou Terrebonne and Bayou Pointe-au-Chien in Terrebonne Parish that's suffered major land loss.



Protecting Wetlands with Floating Islands

Apache always looks for new and innovative techniques to help battle the loss of Louisiana wetlands. One new technology the company is using consists of interlocking mats made from ground-up recycled plastic bottles and other plastic products infused with floatation material. These mats, or “floating islands,” are planted with native vegetation and installed in deteriorated wetland areas in an effort to stimulate natural marsh-building processes.

In addition to deploying the floating islands on its property, Apache has provided technical assistance to other project partners such as the Coastal Conservation Association of Louisiana, the Lafourche-Terrebonne Soil and Water Conservation District and the Louisiana Association of Conservation Districts (LACD).

Apache personnel assisted the LACD in obtaining a grant from the National Fish and Wildlife Foundation's Recovered Oil Fund for Wildlife for the deployment of several floating islands projects in Louisiana's coastal estuaries.

And in spring 2013, Apaches joined 185 other volunteers and local elementary and middle-school students to deploy 40 floating islands in the shallow waters off Isle de Jean Charles, a narrow ridge of land between Bayou Terrebonne and Bayou Pointe-au-Chien in Terrebonne Parish that's suffered major land loss.

The volunteers packed the 5-foot by 20-foot (1.5-meter by 6-meter) islands with two types of marsh grass, smooth cord grass and seashore paspalum, ferried them to the restoration site and anchored them in place. The goal is for the new marsh plants to eventually set root in the water bottom and trap land-building sediments, bolstering the deteriorating wetlands.

Restoring Jug Lake Shoreline

Jug Lake is located about 21 miles (34 kilometers) southwest of Houma, La., in Terrebonne Parish in the heart of the Lake Pagie oil and gas field, where Apache is an operator. Over time, the shoreline of Jug Lake has become eroded, battered by hurricanes Katrina, Rita, Gustav and Ike. Marsh breakup in the area has increased erosion to the lake's earthen rim, which has been reduced to a narrow barrier with several breaches. The erosion has adversely affected three water control structures along the lake shore, and any further deterioration will allow large amounts of saltwater into the area that is predominately brackish, killing off native vegetation.

The current refurbishment project supported by Apache involves using dredged spoil from the bottom of Jug Lake to restore the shoreline. Rocks will be used adjacent to the water control structures to prevent scouring and allow the structures to function normally. The refurbishment also includes clearing and grubbing trees and brush along 13,900 feet (3,900 meters) of the lake rim and then reseeding 20 acres (8 hectares) of the rim after the restoration.



Known as the Brady Canal Hydrologic Restoration Project, the project was developed by Apache and its predecessors as part of the Coastal Wetlands Planning, Protection and Restoration Act to restore freshwater flow to areas of disappearing wetlands. These fragile wetlands are extremely susceptible to land loss caused by saltwater intrusion, subsidence and increased tidal energies.

Apache and neighboring landowners are partnering with the Louisiana Coastal Protection and Restoration Authority to help refurbish Jug Lake.

Helping Marine Life Thrive

Thanks to Apache, the big platform known as the Pickets in Ship Shoal 26 off the Louisiana coast likely will continue attracting speckled trout and other marine life for years to come.

The structure had been slated for demolition, but an agreement between Apache and state and federal agencies may keep some parts of the Pickets in place, much to the delight of anglers. A study was being planned to help determine how much of the fish-attracting elements of the Pickets will be left standing.

Located off the coast of Terrebonne Parish, the Pickets is a big draw for speckled trout, redfish and other marine life that thrive among its many legs, pilings and wellheads. Under federal law, the platform had been slated for removal after production ceased and leases expired.

One option not available to the Pickets was entering the platform into the Rigs to Reefs program, which recycles obsolete offshore petroleum platforms into permanent artificial reefs rather than taking them ashore as scrap. Entering the Pickets into the program was not possible because the water there is only 10 feet (3 meters) deep.

Apache has donated 60 offshore platforms to the Rigs to Reefs program and had an additional 30 structures awaiting approvals. Decommissioned rigs make ideal artificial reefs because they are environmentally safe, made of durable material and already support a thriving reef ecosystem. The program also allows operators to decommission facilities more efficiently and safely than traditional abandonment processes.

Since the program's inception in 1985, oil and gas companies have donated about 400 offshore structures along the Texas, Louisiana and Mississippi Gulf Coast to Rigs to Reefs.



Scan with your mobile device to see the Rigs to Reefs video.

Apache has donated 60 offshore platforms to the Rigs to Reefs program, bringing to 400 the total number of offshore structures donated along the Texas, Louisiana and Mississippi Gulf Coast by oil and gas companies.

Conducting Responsible Seismic Operations

Apache is committed to conducting 3-D seismic operations in Alaska's Cook Inlet in ways that limit the impact on the environment.

Apache has leased approximately 850,000 acres (344,000 hectares) onshore, in tidal areas and offshore in the Cook Inlet Basin, an underexplored oil and gas producing region that was first developed in the late 1950s and 1960s. Modern 3-D seismic will enable Apache to gain accurate imaging of the subsurface of the region and identify the most promising locations for exploratory drilling.

Working closely with scientists, stakeholders and state and federal government agencies, Apache has obtained several permits, including one from the National Marine Fisheries Service (NMFS) that enables it to conduct marine seismic operations in the area while minimizing the impact on Cook Inlet beluga whales and other marine mammals including killer whales, harbor porpoises, Steller sea lions and harbor seals.

Apache conducts aerial surveys and has trained observers on vessels in an exclusion zone that extends 9.5 kilometers (approximately 6 miles) from the seismic source vessel in order to prevent incidental encounters with protected marine mammals.

When beluga whales or other protected species are sighted within the exclusion zone, Apache shuts down seismic source operations while the location, distance and direction of movement of the mammals are determined by the NMFS-qualified Protected Species Visual Observers (PSVOs) deployed on vessels.

Operations are not resumed until the mammals have left the area or until they have not been observed for a designated period of time.

Besides aerial surveys, Apache has undertaken several additional measures to prevent incidental encounters with marine mammals, including activating the seismic source at the minimum possible level and slowly bringing it to higher levels over a period of 30 minutes.

In June 2013, U.S. District Judge Sharon Gleason ruled the company's operations would not jeopardize in any way the continued existence of the beluga whale or its recovery in the Cook Inlet.

Operating in Sensitive Habitats

Beginning in 2011 with the proposed endangered listing of the Dunes Sagebrush Lizard by the U.S. Fish and Wildlife Service, Apache began collaborating with conservationists, state agencies and other companies on implementing voluntary conservation activities.

The Dunes Sagebrush Lizard, also called the sand dune lizard, is native to a small area of southeastern New Mexico and West Texas.

The conservation activities included developing a list of best management practices for our operations near the Dunes Sagebrush Lizard habitat and enrolling more than 95,000 leased mineral acres (38,000 hectares) in New Mexico – more than any other production company – in two voluntary conservation agreements, representing about one-eighth of the 800,000 acres (320,000 hectares) enrolled by the oil and gas industry.

Because of the collaborative efforts between the oil and gas industry and wildlife biologists, as well as other ongoing conservation activities, the U.S. Fish and Wildlife Service determined in June 2012 that the listing of the Dunes Sagebrush Lizard as a threatened or endangered species was not warranted.

A few months later, the federal wildlife service similarly proposed the threatened listing of the Lesser Prairie Chicken, and Apache immediately began efforts to replicate our successful voluntary conservation activities.

The Lesser Prairie Chicken is native to the southern Great Plains and has a historical habitat covering about 29 million acres (11.7 million hectares), including parts of Colorado, Kansas, New Mexico, Oklahoma and Texas.



Lesser Prairie Chicken
Photo courtesy of Dan Williams,
New Mexico Department of Game and Fish

Environment continued

In the spring of 2012 and 2013, wildlife biologists from the five affected states fanned out across the plains to determine the overall health of the species. Despite an historic drought across much of the habitat, the scientists determined the species to be only slightly below healthy population levels and discovered new habitat growth in areas previously unknown.

As a result, the five states developed the Range-Wide Conservation Plan, a comprehensive plan for conserving the species, and submitted it to the U.S. Fish and Wildlife Service for approval. The plan calls for creating a series of focal areas and connecting corridors to protect the species so it can thrive while preventing isolation and allowing for genetic dispersal.

The ultimate goal is to promote a healthy, stable population of Dunes Sagebrush Lizards and Lesser Prairie Chickens and allow for the responsible development of natural resources in these important areas.

EMISSIONS

Reducing Emissions

At Apache, managing and reducing greenhouse gas (GHG) emissions has become an important part of our operations. The company invests significantly in its facilities across the globe to make them run better, operate cleaner and use fuel more efficiently.

In Egypt, Apache has spent millions of dollars to convert inefficient diesel-burning generators to more efficient electric generators that use natural gas to supply power to remote production sites. The conversion to electric generators has resulted in significant annual reductions in GHG emissions.

In 2003, Apache bought the Forties Field, the largest and among the oldest discoveries in the North Sea. Since then, the company has invested significantly to improve the energy efficiency of its production facilities. One key project converted power generation from diesel fuel to field natural gas, which centralized generation facilities and linked the field's five fixed platforms with a power-distribution ring.

Responsible Resource Development

Located 37 miles (59 kilometers) south of Dawson Creek in northeast British Columbia, the Noel Major Project is a natural gas development that aims to minimize environmental impact across 90 sections of land that crosses three townships.

Noel is also the first full field gas development in Canada to apply a solar photo-voltaic system, which generates solar electricity on site and stores it in batteries to help provide a permanent energy supply.

Carbon reductions at Noel involve a near-zero emissions well site design using solar energy and electrifying compressors where 84 percent of the power is hydro-generated.

By drilling long-reach, open-hole horizontal wells at depths exceeding 2,200 meters to produce the tight gas formation, the potential well count was reduced from 592 vertical wells to about 100. Drilling multiple wells on a single site also has decreased the number of well pads to 85, minimizing the amount of land developed, enhancing economics and limiting traffic, noise and visual impacts.

With an 85 percent reduction in greenhouse gas emissions and 70 percent reduction in surface land use, Noel has set a new industry benchmark for responsible and balanced resource development.

Carbon Disclosure Project

Apache participates in the Carbon Disclosure Project (CDP), an independent not-for-profit organization holding the largest database of corporate greenhouse gas emission and water usage data in the world. Thousands of organizations from across the world's major economies measure and disclose their GHG emissions and water use through the CDP. To see our report, please go to the 2013 Carbon Disclosure Project at www.cdproject.net.

DECLINING FIELD EMISSIONS INTENSITY 2009-2012

	Total Field CO ₂ Emissions (in metric tonnes)	Emissions Intensity Tonnes of CO ₂ per 1,000 barrels of oil equivalent (MBOE)
2009	10,405,339	37
2010	10,900,000	28
2011	13,100,000	26
2012	12,080,000	25.1

CO₂-E DETAIL 2012

(IN METRIC TONNES)

GHG Emissions by Region	
Argentina	1,126,000
Australia	671,500
Canada	1,809,000
Egypt	3,791,000
North Sea	369,000
United States	4,313,500
TOTAL	12,080,000

Cutting Down CO₂ by Growing Trees

Apache is planting trees – lots of them – that help remove carbon dioxide. Since 2005, Apache has awarded 3.2 million trees to communities across 16 U.S. states through our philanthropic affiliate. We estimate a typical tree will remove 110 pounds of carbon dioxide per year over the 50-year average life of the tree. Administered by the Apache Foundation to benefit nonprofit groups and communities, the Apache Tree Grant Program does not offset the company's carbon emissions.

WATER

Recycling Water for Drilling Operations

Apache is expanding its use of alternative water sources in an effort to minimize freshwater used in hydraulic fracturing operations. The company has dramatically increased its use of produced water and brackish water for drilling in the Anadarko and Permian basins of Oklahoma and Texas.

In a few short months, Apache recycled more than 500,000 barrels of produced water for hydraulic fracturing in the Anadarko Basin. That's 500,000 barrels of freshwater saved.

Produced water is water that comes to the surface when oil and natural gas are extracted from the ground. Typically, it is non-potable and heavy with natural salts, sand and silt. It travels from the producing formation through the wellbore to the surface during completion and production operations.

The produced water is recycled at the company's Stiles Ranch water recycling plant in Wheeler County on the eastern edge of the Texas Panhandle. Operations began in November 2012.

Produced water from nearby Apache wells is trucked to the facility and stored in two 60,000-barrel tanks. It is treated to remove components that would interfere with hydraulic fracturing such as particulate matter and iron sulfides. It is also treated to control bacteria and algae growth before it is delivered by pipeline to hydraulic fracturing locations, where it is used instead of freshwater.

Recycling efforts also are ramping up at the company's Barnhart facility southeast of Midland in the Permian Region. There, Apache is on track to treat nearly 30,000 barrels per day of produced water as drilling operations expand.

Finding alternatives to freshwater is important because hydraulic fracturing of a typical horizontal deep shale natural gas or oil well requires more than 125,000 barrels of water per well. The water volume needed varies substantially among wells, and the water volume needed per foot of wellbore is decreasing as technologies and methods improve over time.

Hydraulic fracturing is the process of using pressured water, sand and small amounts of chemicals to free oil and gas out of underground shale-rock formations.

With more than \$5 trillion expected to be invested in U.S. shale and other unconventional energy developments by 2035, water for drilling operations is at a premium. It is up to Apache and other energy companies to be vigilant in their use of freshwater resources and in their search for alternatives such as recycling.

Besides the environmental benefits, recycling water from fractured wells can result in significant cost savings. Acquiring freshwater and brackish water and hauling it to drilling sites can be expensive. Disposal costs of produced water also can be costly. In parts of Texas, where there are plenty of depleted oil fields, companies can dispose of produced water in spent wells. But in other states companies may be required to haul the water hundreds of miles to the nearest disposal wells.

Another alternative to using freshwater for drilling is brackish groundwater. Apache is using water from the brackish Santa Rosa aquifer for hydraulic fracturing operations at some of its Permian Basin wells. Although the company uses nearly all the produced water available in some areas, it may not be enough for all drilling needs. Apache mixes the treated produced water with brackish water, eliminating the need for freshwater.

Apache seeks alternatives to using freshwater in drilling operations, including recycled produced water and brackish water.

Environment continued

WATER DETAIL 2012

	Municipal Water (ML/YR)	Ground Water (ML/YR)		Surface Water (ML/YR)		Total Withdrawal (ML/YR)
		Potable	Non-Potable	Potable	Non-Potable	
Alaska	16		1			17
Argentina	134	54	5,340		30	5,558
Australia			10,107		50	10,157
Canada	1	419	14,004	109		14,533
Central	123	817	2,556	771		4,267
Egypt	441	344	27,508	109		28,402
GOM – Deepwater	5		110			115
GOM – Onshore	10	8	9,445	2		9,465
GOM – Shelf	435		16,420		69	16,924
Permian		6,269	71,366			77,635
UK	73		27,471	83	10,015	37,642
TOTAL	1,238	7,911	184,328	1,074	10,164	204,715

ML/YR = Mega liters per year or one million liters per year.

Brackish water has high salt levels that make it unsuitable for human consumption and unusable for irrigation or livestock. Brackish water is an abundant underground resource in Texas, but reservoirs may be deep and expensive to tap.

A recent study by the Bureau for Economic Geology at the University of Texas at Austin found that 30 percent of the water used for hydraulic fracturing in the Midland area was brackish in 2011.

Success in brackish aquifers like the Santa Rosa will not immediately translate into adoption of brackish water throughout all operations. Water usage is a local issue and each area is different. Brackish water may work at one well site but not necessarily another. In some areas, using brackish water may not be cost-effective.

But even with variables in water quality and deliverability, Apache remains bullish on brackish water and recycled produced water as it continues to seek alternatives to using freshwater in drilling operations.

Water Conservation in Canada

Thanks to some innovative thinking, Apache has secured a reliable, long-term source of water for hydraulic fracturing operations at its Consort field in southeast Alberta, Canada.

With no large bodies of freshwater or rivers within 150 miles (240 kilometers) of operations, the only way Apache could meet water requirements for well completions at the site was to truck in treated city water from the town of Stettler about 90 miles (145 kilometers) away.

But trucking costs were expensive and the volume of freshwater required was significant, so Apache began looking to the nearby Village of Consort for a local water source.

It was discovered that the village was producing 1,900 barrels of wastewater per day into a wastewater reservoir during spring and disposing the rest of its effluent by trucking it to other municipalities the rest of the year.

Apache came up with a plan to develop a 16,000-barrel water bin and truck-fill station adjacent to Consort's reservoir, as well as a mechanical and chemical filtration system to clean the effluent. Now, water for Apache's hydraulic fracturing operations is drawn from the village's wastewater reservoir with a surface skimmer and filtered into the water bin that connects to the truck-fill station.

Apache Global Water Usage

About 95 percent of Apache's water usage comes from non-potable water sources. Of this volume, about 48 percent is recycled or reused in secondary oil recovery operations.

WATER RECYCLED/REUSED 2010-2012

	Total Volume recycled/reused (ML/YR)	Total Volume recycled/reused as a percentage of withdrawals (%)
2012	92,400	45%
2011	134,025	75%
2010	92,589	64%

* Recycled/reused water is used for a new or similar purpose (ex: produced formation water for drilling mud or injected for EOR).

The project cost about \$400,000, but the savings are significant. With 38 multi-stage horizontal wells completed across Apache's Consort-Brownfield acreage in 2012, the estimated cost savings was \$1.4 million.

More importantly, the project benefits the community of Consort and underscores Apache's commitment to environmental stewardship as it seeks more alternatives to freshwater use.

HYDRAULIC FRACTURING

Using Clean-Burning Natural Gas to Power Hydraulic Fracturing

Apache has long been a proponent of expanding America's use of natural gas, perhaps most publicly by supporting compressed natural gas (CNG) vehicles.

The same driving forces that have pushed Apache to lead the way to increase the use of natural gas – which is cheap, clean and abundant – on the nation's roads have driven the company to kick-start a new trend in the field that has the potential to save the United States millions of barrels of imported oil, significantly cut fuel costs and protect the environment.

Apache has partnered with Halliburton and Schlumberger to become the first producing company to have full-time fracture-stimulation spreads use natural gas to power hydraulic fracturing, which is one of the most effective but energy-intensive processes employed by the industry. Hydraulic fracturing is a process in which water, sand and small amounts of chemicals are injected underground to release hydrocarbons locked in tight shale formations.

In the spring of 2013, Apache utilized two full-time spreads powered by natural gas in Oklahoma's Granite Wash – one with Halliburton and the other with Schlumberger. Apache also planned to use field gas on its Yeso horizontal fracture-stimulation program in the Permian Basin, with six wells off the same pad using a dual-fuel system recently developed by Baker-Hughes.

Halliburton invented a system for Apache that quickly connects natural gas to pumping engines, making natural gas a viable fuel to rapidly and routinely move from job to job. It is comprised of a simple gas line that connects from the natural gas source to an engine using a quick-connect jumper to link the natural gas line between trucks.

Besides cutting emissions, shifting to natural gas to power hydraulic fracturing operations makes good economic sense. The equivalent cost of natural gas was running about \$1.50 to \$2 less per gallon of diesel in summer 2013.

In 2012, the industry used more than 700 million gallons of diesel to pump sand and water during fracture stimulation. By converting the process to field gas, fuel costs would be reduced by about 70 percent and the United States would import 17 million fewer barrels of oil each year.

Schlumberger is testing a system using CNG while Halliburton is using liquefied natural gas (LNG). Both companies have the goal of using field gas to power the massive engines used to pump sand and water into the ground to fracture the formation and release the hydrocarbons.

One of the biggest challenges the companies faced was finding a way to get the powerful engines to run on natural gas as a fuel. The engines currently run on diesel. The companies turned to U.S. engine manufacturer Caterpillar Inc. to solve the problem. Caterpillar was able to develop dual-fuel kits that allow the engines to run on diesel while idling and natural gas when they are throttled up for pumping.

Apache believes the new trend of using natural gas to power hydraulic fracturing will have a huge positive impact on the industry. It will cut down on the amount of imported oil, reduce energy costs and keep the air cleaner.

Apache is the first company to convert an onshore drilling rig to use natural gas as the main fuel source in hydraulic fracturing operations.



Drilling operations near Elk City, Okla.

Full Disclosure

Apache actively promotes industry participation in a national chemical registry for hydraulic fracturing in the United States available online at www.FracFocus.org. The Web-based system has published detailed information concerning chemicals used in hydraulic fracturing on a well-by-well basis since January 2011. As of summer 2013, Apache had posted information for every one of its U.S. fracture stimulation wells, exceeding 1,800 wells. Nationally, 525 energy companies had uploaded the chemical usage associated with nearly 43,000 well sites across the country to the FracFocus disclosure registry.

CHEMICALS

Searching for Greener Chemicals

The energy industry is devoting a great deal of resources to chemistry, focusing on creating new, greener chemical combinations that can extract more oil and gas from underground rock formations during drilling operations.

By employing more effective chemicals during hydraulic fracturing, oil and gas companies are hoping to boost production, cut costs and reduce the environmental impact. Apache is no exception, having recently created the position of manager of global upstream chemicals to focus on the issue.

And while Apache is concentrating on enhancing production, it also is placing as much emphasis on finding greener chemicals that can get the job done.

The greatest progress in reducing chemical toxicity to date is occurring with surfactants, friction reducers and scale inhibitors. Biocides and acid corrosion inhibitors have proven more difficult, but new approaches are on the horizon.

For instance, chemists are trying to develop a friction reducer that is dry and powder-based rather than the liquid now being used. A powdered friction reducer would be spill resistant and cost less.

Apache also is developing new technology to concentrate and reduce the amount of carrier solvents in surfactants, scale inhibitors and biocides.

These and other chemicals are used in minute amounts as additives during hydraulic fracturing, the drilling process where mostly water and sand are injected underground to release hydrocarbons locked in tight shale and other rock formations. Water and sand make up 98 to 99.5 percent of the hydraulic fracturing fluid, with the exact formulation varying from well to well.

The upstream chemicals manager employed at Apache is charged with obtaining, monitoring and controlling chemicals that are effective and environmentally friendly. The company uses chemicals on the U.S. Environmental Protection Agency's Designed for the Environment list of substances that the agency considers safe for the environment.

The company works with vendors and suppliers to make sure they cultivate greener, less volatile and more effective chemicals. And by reducing the amount of chemicals needed, the company is reducing the need for transporting chemicals to well sites, cutting CO₂ truck emissions.

Apache also is taking a leading role in developing expert roundtable sessions on chemical use in hydraulic fracturing at influential forums and conferences, including the American Chemical Society's annual Green Chemistry & Engineering Conference.

For an in-depth question-and-answer session with Apache's manager of global upstream chemicals regarding chemicals used in hydraulic fracturing operations, please visit our website at www.apachecorp.com.

As of summer 2013, 525 energy companies had uploaded the chemical usage associated with nearly 43,000 wells to FracFocus.

Workplace



EMPLOYMENT

Our People

Since our founding in 1954, Apache has grown through the determination and efforts of our people. As a testament to our employees, some of the company's biggest steps forward came during times of adversity in the oil and gas industry. To continue this pattern of growth and success, Apache hires the best people in the exploration and production business. We encourage them to take risks without forgetting that safety comes first; we retain them by offering challenging and rewarding work.

Apache operates in nine regions worldwide. The diversity of ideas, perspectives, skills, knowledge and cultures across our company facilitates the innovation needed for our business to thrive. Through a range of programs, activities and investments, the company strives to create and maintain a diverse workforce. Apache has nearly 6,000 employees worldwide; 53 percent in the United States and 46 percent international.

In all of our regions, Apache aims to hire local employees. We believe that hiring locally is a good way to invest in the regions where we operate. In areas of operation where it is sparsely populated, we hire the most qualified individuals to fill our open positions. For entry-level positions, we provide training for those who may not be qualified.

Apache invests in a variety of science, technology, engineering and mathematics initiatives in partnership with community colleges and universities. In 2013, our executive vice president of human resources joined the board of the National Action Council for Minorities in Engineering, Inc. (NACME). NACME works to increase the representation of successful African American, American Indian and Latino women and men in engineering education and careers.

Policies Against Discrimination and Harassment

Our Code of Business Conduct governs our employment practices. These standards support our commitment to equal employment opportunities, prohibit harassment and discrimination in the workplace and align with applicable laws and regulations in the countries where we operate. Any form of discrimination by or toward employees, contractors, suppliers and customers in any Apache workplace is strictly prohibited.

Internships

Apache's internship programs allow students to interact directly with the top leaders of the company and receive real-world work experience and responsibility for projects directly affecting business operations. The programs for summer interns and recent graduates provide opportunities to build a strong technical and professional foundation.

Apache recruits on-campus at multiple universities for summer internships and full-time entry-level positions across five technical disciplines: petroleum engineering, geosciences, land, drilling engineering and drilling supervisory.

Our summer internship programs feed directly into career development programs. Recent graduates receive opportunities for structured training and development over a three- to five-year period, depending on the discipline, providing them opportunities for promotion. These programs bring qualified applicants into the technical and professional job groups.

Development Programs

To enhance the non-technical and managerial skills of employees worldwide, Apache developed a core set of "success skill" training initiatives based on the needs of our corporate headquarters and operating regions. Classes on business writing, presentation, negotiation, project management and time management, plus courses designed for field employees, have been rolled out.

**Encouraging risks
without compromising
safety is how we
challenge our workforce.**

Workplace continued

Apache has a successful engineering development program designed to invest in the long-term career of our technical experts. For the first three years of an engineer's career, the candidate is mentored by a senior expert and has the opportunity to rotate assignments. In 2012, the program was expanded to include newly hired graduates in geology, marketing, land administration and drilling.

Knowledge Management

To enhance the ability of any employee to tap into the knowledge and experience of the company, the Knowledge Management System facilitates online collaboration to identify staff with key skills via an online resume system.

Hiring Veterans

Apache aggressively recruits veterans from all branches of the military. Human Resources representatives travel extensively to military bases throughout the region, reaching out via career fairs, social media and training programs.

OCCUPATIONAL SAFETY AND HEALTH

A Safer Workplace

Apache continues to post improved safety numbers.

In a recent analysis of the company's safety performance, the employee recordable injury rate in 2012 was 5 percent below the four-year average ending in 2012 and the work restricting injury rate was 30 percent below the four-year average, while hours worked were up 56 percent.

The 2012 contractor recordable injury rate was 18 percent below the four-year average ending in 2012 and the work restricting injury rate was 18 percent below the four-year average, while hours worked were up 57 percent.

Apache's goal is to reach zero incidents and injuries.

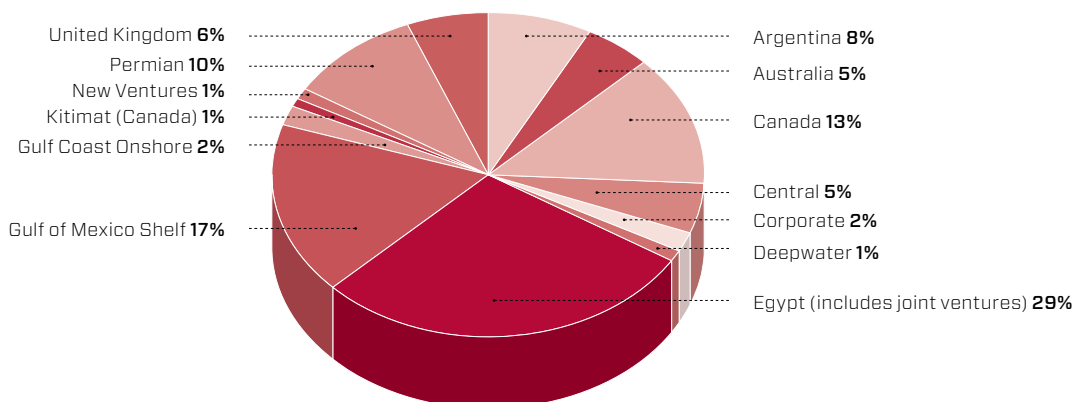
Apache is strongly committed to operational excellence, defined as optimizing production, drilling, completion, construction and seismic operations while minimizing cost, adapting to dynamic business conditions, maintaining safe, environmentally compliant and responsible operations and ensuring asset mechanical integrity and reliability.

Apache's Worldwide Environmental, Health and Safety (EH&S) Standards, available on the company website at www.apachecorp.com, facilitate operational excellence. Apache's success is dependent on a strong EH&S culture developed and maintained across the company's operations. Policies, procedures, guidelines and systems have been established to enable a strong EH&S culture.



2012 TOTAL WORKFORCE HOURS

80.1 MILLION EMPLOYEE AND CONTRACTOR HOURS



EMPLOYEE HEALTH AND SAFETY PERFORMANCE DATA

	2008	2009	2010	2011	2012
Recordable Incidents	73	23	13	38	39
Total Recordable Incident Rate (TRIR)*	1.71	0.40	0.20	0.41	0.38
Days Away, Restricted or Transferred Cases	20	12	3	21	15
Days Away, Restricted or Transferred Rate (DART)*	0.47	0.21	0.05	0.23	0.15
Fatalities	0	0	0	0	0
Total Hours Worked	8,560,807	11,587,530	12,744,997	18,568,719	20,663,487

* Rate is calculated injuries per 200,000 man-hours worked.

CONTRACTOR HEALTH AND SAFETY PERFORMANCE DATA

	2008	2009	2010	2011	2012
Recordable Incidents	406	278	380	421	413
Total Recordable Incident Rate (TRIR)*	1.87	1.61	1.59	1.41	1.39
Days Away, Restricted or Transferred Cases	159	135	204	212	222
Days Away, Restricted or Transferred Rate (DART)*	0.73	0.78	0.85	0.71	0.75
Fatalities	3	4	2	6	5
Total Hours Worked	43,369,383	34,536,237	47,859,766	59,637,384	59,475,296

* Rate is calculated injuries per 200,000 man-hours worked.

These standards of performance permit each region to adapt programs and procedures to fit local rules and culture while establishing high standards for training, compliance, maintenance and environmentally responsible operation.

Strengthening Our Environmental, Health and Safety Performance

At Apache, one of our primary goals is to operate in a safe and environmentally responsible manner. The job of reaching this goal falls on our entire workforce and it is critical that every employee does his part. Protecting the environment and sending our workforce home safely at the end of the day are priorities that cannot be compromised.

In 2012, Apache undertook a number of initiatives to help bolster our environmental, health and safety culture. This led to the creation of the AIM for ZERO program set to be implemented across all regions.

AIMing for Safety

Developed by Apache's corporate EH&S Department, AIM for ZERO is a new program that promotes initiatives and celebrates success in aiming for zero environmental, health and safety incidents in all operations worldwide. AIM for ZERO empowers employees and contractors to help establish and maintain a culture where everyone returns home safely at the end of the day and conducts business in an environmentally friendly way.

AIM for ZERO stands for **A**pache **I**mprovement **M**ethods for:

Zero EH&S incidents and accidents

Empowered employees

Responsibility for self and others

Operational excellence

Apache is taking steps to ensure it is prepared on all levels to respond to any incident.

Workplace continued

The objectives of AIM for ZERO include encouraging employees and contractors to suggest ways to improve EH&S performance; achieving operational excellence by improving safety and environmental performance; and increasing awareness and communication concerning safety and environmental issues.

SEMS Program Compliance

At the close of 2012, Apache was one of only six companies to voluntarily submit an audit of its Safety Environmental Management System (SEMS), a 13-part system that focuses on operating procedures, hazard analysis, mechanical integrity and training for all assets and personnel operating in the Gulf of Mexico. Apache was well ahead of the Nov. 15, 2013 deadline for submitting the SEMS compliance audit.

Mandated by the federal Bureau of Safety and Environmental Enforcement, the goal of SEMS is to provide a framework for safer operations offshore. For instance, operating procedures, such as shut-in and start-up procedures, must be developed and maintained for all offshore production facilities. And operators must maintain critical equipment in safe operating condition.

Managing Contractor Safety

Apache's operations regions using the ISNetworld data system to evaluate and monitor contractors' safety performance has expanded to include Gulf Coast Onshore, Permian, Central, Canada and Australia.

ISNetworld is an online program that allows Apache access to contractors' safety programs, injury and incident rates, training records and other documents to verify that their safety programs and performance meet Apache's requirements.

All contractors working for Apache are required to have written safety and environmental programs and procedures in place. Depending on the type of service or work, contractors are required to develop specific safe work practices to demonstrate that their personnel can perform their job functions safely and adequately. Apache also has developed specific environmental, health and safety training requirements for all contractors.

The company's Gulf of Mexico regions require contractors to participate in the DISA drug and alcohol testing consortium. The DISA and ISNetworld programs are linked to provide a consolidated system that continuously tracks and monitors contractor safety performance, employee training and adequate drug and alcohol testing programs.

Asset Integrity

Assets such as infrastructure, facilities, equipment and pipelines must be reliable, structurally sound and compliant with all applicable safety and regulatory standards. It is important that all risks associated with company assets are properly mitigated or eliminated throughout the design, construction, operation, maintenance, inspection, process and commissioning phases.

Apache is working to ensure the integrity of all assets by developing and deploying a new worldwide Asset Integrity Guideline. Apache also is in the process of developing and implementing Meridium Asset Performance Management software, which will enable the company to enhance reliability and safety while increasing productivity and minimizing downtime.

Crisis Management

Apache is taking significant steps to ensure the company is prepared on all levels to effectively and efficiently respond to any incident. This includes implementing new information systems, providing core training and enhancing emergency response in all areas of operation.

Apache has added the position of Emergency Response Coordinator to the corporate EH&S roster and filled it with a former member of the U.S. Coast Guard with 26 years of experience, including a deployment as deputy incident commander for the Macondo oil spill.

The company has begun implementing Command Pro, EPlan Pro and Crisis Pro, information systems that standardize response capabilities, promote real-time communications and provide a common operating picture.



Controlling a Kick at Main Pass 295

When Apache detected a “kick,” or uncontrolled flow of fluid, at a gas well at Main Pass 295 50 miles (80 kilometers) off the Louisiana coast in the Gulf of Mexico, it quickly gained control of the incident.

Apache shut in the well and properly activated the blowout preventer. It evacuated all non-essential personnel on the Ensco 87 rig. It notified federal regulators and called in well control experts Boots & Coots to kill the well being drilled in 218 feet (66 meters) of water.

The bottom of the well was plugged and cemented, and the migration of natural gas to another sand formation approximately 1,100 feet (335 meters) beneath the seafloor was stopped. No injuries or negative impact to the environment occurred. All safety and equipment procedures worked as designed and tested.

Global Health

Apache’s global wellness programs continue to expand, offering more health services and resources to encourage employees to adopt healthier lifestyles for themselves and their families. Whether the topic is stress management or nutritional needs, Apache’s wellness programs give employees the tools needed to lead healthy lives. Among other initiatives, a confidential health screening program to address health risks and adopt healthy lifestyle changes is expanding to all operational regions.

TRAINING AND EDUCATION

Safe Driving

Apache is making safe driving a top priority. The company workforce logged more than 46 million miles (74 million kilometers) in 2012, half of that in the United States. With that amount of mileage, it is critical that employees operate all motor vehicles with safety as the top priority.

In coordination with Apache’s new Vehicle Operation and Safe Driving Guidelines, all company vehicles owned and leased will be outfitted with GPS- and speed-monitoring devices, as well as technology to monitor, evaluate and record driving performance. These new devices focus on the safety of employees and contractors and are just a few of the safety standards introduced in the guide.

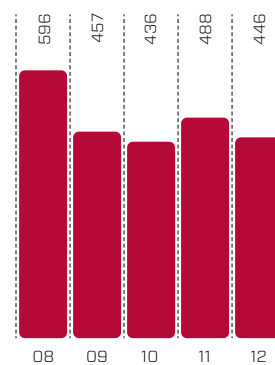
Apache anticipates 100 percent compliance to the guidelines by all regions by 2014.

Leadership Training

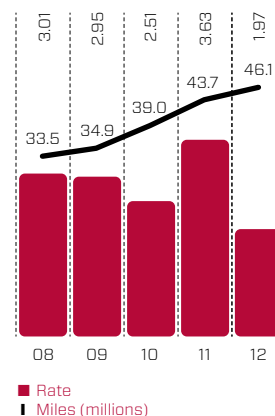
Apache has embarked on a company-wide leadership training program targeting operational frontline leaders who want to improve environmental, health and safety performance, meet challenging EH&S performance goals and change the EH&S culture.

The goal of the leadership training is to teach fundamental tools to improve awareness, visibility and performance. Administered by the corporate EH&S Department, the training is being conducted as a one-day course for senior leaders and a two-day course for supervisors, professionals and managers throughout all operational regions.

Number of Recordable Spills



Vehicle Incident Rate
Incidents per million miles driven



Society



COMMUNITIES

Reaching Out to Our Neighbors Worldwide

Apache's community outreach programs support numerous charitable and civic organizations around the world. From donating an ultrasound system in Argentina to funding cancer research in Canada to providing trees to drought-stricken areas of the United States, Apache is committed to making a positive impact in the communities where we live and work.

Last year, Apache and its employees donated \$13.4 million toward corporate outreach efforts worldwide.

The cornerstone of Apache's community outreach is its popular tree giveaway program. On Arbor Day 2013, Apache and city officials gathered at Houston's Memorial Park to commemorate the planting of the 3-millionth tree donated by the Apache Foundation's Tree Grant Program.

Since donating its first seedling in 2005, Apache has awarded 3.2 million trees to nonprofit organizations in 16 U.S. states to help enrich the communities where we operate. That first year, the Apache Foundation donated 1,512 trees. This past year, it awarded 484,780 trees.

Apache contributed 2,000 trees for the Arbor Day event at Memorial Park that were planted by more than 50 Apache employee volunteers. The company also donated 300 trees to Houston's Hermann Park and 200 to the Bayou Land Conservancy for their Arbor Day plantings.

In all, 71 groups in Texas, Alabama, Louisiana, Mississippi and Oklahoma received trees from Apache last year. The trees go to nonprofit organizations including cities, counties, schools, parks, universities, youth associations, wildlife refuges and community groups.

Volunteering

Planting trees is only one of the many civic efforts embraced by Apaches. Employees and their families regularly donate their time and effort to hundreds of charitable causes each year that are sponsored by the company. Charities supported by company employees include Habitat for Humanity, Special Olympics, Houston Children's Festival, Ronald McDonald House, End Hunger Network, Susan G. Komen Race for the Cure and many more.

T.E.A.M. Apache, short for "Together Everyone Achieves More," works to provide employees with meaningful volunteer opportunities that instill a sense of pride, ownership and accomplishment. These include company sponsorships of fun runs, walks and bike rides, health fairs and educational events, and numerous other charitable initiatives.

Matching Gift Funds

In 2012, Apache and its employees donated more than \$2.3 million in matching gift funds worldwide as part of the Apache Matching Gift Program. The program matches donations to charitable organizations in social welfare, education, conservation and ecology, health and human services, arts and culture, and civic improvements. Apache matches employee contributions on a dollar-for-dollar basis up to \$10,000 per employee per year.

By matching employee contributions to eligible 501(c)(3) or equivalent non-profit groups, Apache supports organizations that are important in employees' lives and encourages community involvement. Through matching gifts, the impact of Apache's community outreach program is multiplied and reaches a broad spectrum of organizations.

Corporate and Regional Outreach

The same selfless attributes that drive Apache's charitable efforts are bringing new ideas to the company's corporate and regional outreach and wellness programs worldwide.

In the North Sea Region, an employee-driven program to place higher prices on tobacco products on offshore platforms to encourage employees to quit smoking is paying dividends for a planned cancer caring center in Aberdeen, Scotland.



More than 50 Apache employee volunteers helped plant 2,000 trees contributed by the company for the 2013 Arbor Day event at Houston's Memorial Park.



Scan with your mobile device to see the Tree Grant Program video.

Society continued

Apache Chairman and CEO Steve Farris checks out the University of Texas M.D. Anderson's state-of-the-art advanced imaging center.



With the excess proceeds from offshore tobacco sales and Apache's corporate contributions totaling about \$500,000, Apache has emerged as the leading contributor to the campaign to build a Maggie's Cancer Caring Centre in Aberdeen. A foundation established by Scottish golfer Colin Montgomerie is directing the \$5 million campaign.

In Australia, Apache has committed funding to the Liaising, Informing and Networking for Carers (LINC) Program. LINC provides advocacy and case coordination for families caring for children with life-limiting illnesses and/or complex medical needs.

Apache's Argentina Region donated a high-end ultrasound system to the Rio Grande hospital in the Tierra del Fuego province. The system is capable of doing many different types of ultrasound and Doppler examinations providing high-quality images that increase the accuracy of diagnoses.

In Houston, Apache has made a five-year, \$1 million pledge to support the University of Texas M.D. Anderson's state-of-the-art advanced imaging center and provide funds for its data management efforts and preventative care.

In Canada, Apache continues to support funding for cancer research through the Alberta Children's Hospital Childhood Cancer collaborative – Blood and Marrow Transplant (BMT) and the Applied Experimental and Therapeutics programs.

Promoting Education Across the Globe

For years, Apache has been a leader in promoting educational opportunities for teachers and students across the globe. Two of its most notable endeavors are Fund for Teachers and Springboard: Educating the Future.

More than 5,000 teachers have been awarded \$18 million in grants for fellowships as part of the Fund for Teachers program. Founded in 2001 by former Apache CEO and founder Raymond Plank, the program enriches the personal and professional growth of teachers by supporting them as they pursue opportunities around the globe that will have the greatest impact on their curriculum, their students and their schools.

Apache is committed to making a positive impact in the communities where we live and work.

Fund for Teachers awards fellowships for self-designed professional growth to teachers who recognize the value of inquiry, the power of knowledge and the ability to make a difference. The fellowships have taken place in 124 countries and impacted 1.5 million students in 2,967 U.S. classrooms.

Supporting Schools in Egypt

In Egypt, Apache has been on a mission to provide educational opportunities for children who might otherwise not have the prospect of going to school. The company's partnership with Springboard: Educating the Future is making a positive impact.

In the town of Matrouh in the Khalda area of Egypt's Western Desert, Apache supports five coeducational schools it recently built for Bedouins, a desert-dwelling nomadic tribe. Support for the schools includes monitoring student performance, furnishing school supplies and providing building maintenance.

Apache also has built 201 one-room schools attended by more than 6,000 girls and boys in remote rural areas of the country where educational opportunities are scarce. These schools provide children with an opportunity to learn to read and write, do math and manage skills that will help make life better for them, their families and their villages.

Apache and Springboard: Educating the Future have aligned with Egypt's National Council for Childhood and Motherhood and the Sawiris Foundation for Social Development to provide the educational prospects for children.

Community Engagement with the Bedouin

Apache takes a leadership role in community engagement in Egypt by having dedicated individuals engaging one-on-one with the Bedouin Sheikhs or Chiefs on a regular basis. With each new project, the company contracts with the Bedouin Sheikhs to supply local labor and on-site presence for drilling and day-to-day operations at well sites. The Bedouin are trained and supplied with materials for the duration of the project. The company also helps local Bedouin laborers acquire government work permits, which are necessary to work in Egypt.

Apache Pledges Support for Moore, Okla.

Apache pledged \$500,000 to build storm shelters and safe rooms for Oklahoma schools following the devastation caused by a deadly tornado in Moore, Okla. The company also challenged corporations and individuals to donate by pledging to match dollar for dollar the next \$500,000 in donations.

The funds will go toward seeding Shelter Oklahoma Schools, a new 501(c)(3) organization created by Oklahoma State Reps. Jon Echols and Mark McBride to build storm shelters and safe rooms in existing Oklahoma schools.

Moore was hit by a massive tornado in May 2013 that killed 24 and injured 240. Among those killed were nine children, seven of whom were elementary school students.

A Legacy of Supporting the Arts

Apache strives to be a good corporate citizen by supporting the communities in which our employees live, work and raise their families. Our corporate giving philosophy starts with the principle that Apache is home wherever we have operations and employees. The second pillar of our philosophy is we give where we live; our giving programs are driven by our employees and tailored to meet the needs of our communities.

Apache has supported the arts since the inception of the company nearly 60 years ago. We provide high-impact grants for path-breaking initiatives and institutions, recognize excellence and join with our employees to provide grassroots support for community arts organizations.

Over the last three decades, we estimate that Apache has donated a total of \$55 million to arts groups around the world including direct cash grants, employee matching gifts and in-kind contributions.

In 2012, Apache donated more than \$1 million – approximately 10 percent of the corporate outreach budget – to arts organizations.



Apache has built 201 one-room schools attended by girls and boys in remote rural areas of Egypt where educational opportunities are scarce.

Society continued

Our senior executives have been actively involved in leadership positions on the boards of institutions such as the Ucross Foundation, the Alley Theatre, the Houston Museum of Natural Science, the Bayou City Arts Festival, the Museum of Fine Arts, Houston, and others.

For a complete list of 2012 arts grants recipients, please visit the Apache website at www.apachecorp.com.

HUMAN RIGHTS

Apache and our long-term shareholders worked together in a multi-year process to develop the foundation of the company's Human Rights Principles. The principles are consistent with the framework laid out by John Ruggie, the United Nations' special representative on business and human rights. Aimed at the honest, fair and dignified treatment of all human beings for whom our operations create opportunities, human rights is at the core of Apache's values and operations. Our Human Rights Principles, which reflect practices already in place throughout our regions, can be viewed on our website at www.apachecorp.com.

Respecting Indigenous Peoples

An integral part of Apache's business is building enduring relationships with the communities in which we operate. This commitment includes recognition of and respect for indigenous people who live and work in these communities and have a strong connection to the land. Through open consultation, Apache endeavors to incorporate indigenous perspectives into project planning, design, execution and operational planning.

Recognizing Traditional Laws and Customs

Apache understands the importance of cross-cultural awareness training when seeking to build enduring relationships with the people and communities in the areas where we operate.

In Australia, Apache's Aboriginal Cultural Awareness Training provided to Apache personnel is designed to develop an understanding of the traditional laws and customs of Aboriginal people and a mutual understanding of cultural differences. Apache personnel regularly take a one- or two-day training course in cultural awareness provided by local companies such as Kepa Kurl Enterprises Pty Ltd and Djeleanna.

Taking a Proactive Approach

During the exploration and development phase of a project, Apache pursues open communications by conducting community meetings and working directly with indigenous groups and in conjunction with local nongovernmental organizations (NGOs).

In Argentina, the company encourages active cooperation agreements with authorities of the indigenous communities where we operate. These agreements help increase participation in an effort to protect rural lands and assets.

In Australia, Apache has conducted a number of Aboriginal heritage surveys attended by representatives of the recognized traditional owners. Nominated traditional owners also have frequented operational sites during construction to oversee heritage and land management matters.

Providing Long-Term Benefits

Whether through education, training, employment or benefit agreements, Apache strives to ensure our projects have direct and long-lasting benefits for indigenous peoples and the local communities where we operate.

In Canada, Apache and Chevron are building the Kitimat Liquefied Natural Gas facility on First Nations land. Under a unique partnership, the Kitimat export facility will provide many long-term benefits for the Haisla Nation in northwestern British Columbia.

Set to carry the natural gas from drilling sites to the Kitimat LNG facility is the proposed Pacific Trail Pipeline project. Along the 463-kilometer pipeline corridor are traditional territories of First Nations, 15 of which are signatories to the First Nations Group Limited Partnership (FNLP). The FNLP and its associate benefits agreements will provide significant, reliable and long-term economic benefits for First Nations communities.



Apache was the sole Houston sponsor of the Museum of Fine Arts, Houston, exhibit "Tutankhamun: The Golden King and the Great Pharaohs."

In February 2013, the pipeline partnership, the FNLP and the Province of British Columbia announced a revised benefits agreement for the proposed project that will ensure First Nations receive immediate and long-term benefits. The agreement provides up to \$200 million in financial benefits over the life of the pipeline project to the FNLP members. In addition, there will be substantial business opportunities and increased training opportunities for First Nations.

The pipeline partnership also contributed \$1.5 million to the Pacific Trail Pipelines Aboriginal Skills Employment Partnership, a nonprofit organization dedicated to training and assisting First Nations individuals to become employed in partnerships with industries and major projects planned across northern British Columbia.

In Australia, Apache is helping to provide long-term benefits for the Aboriginal communities through education, training and employment opportunities. Established in 1999, Apache's apprenticeship and training program there was the first of its kind in the industry and has grown to 20 new participants each year.

PUBLIC POLICY

Apache advocates for public policies that promote the safe and responsible development of our natural resources. The company's goal is to engage with policymakers and participate in discussions relevant to the oil and gas industry at the local, state and federal levels.

Endangered Species

Apache works with industry partners, nongovernmental organizations, landowners and state and federal government agencies to implement conservation practices for a growing number of candidate species and their habitats in regions near our operations.

Protecting Water Supplies

Apache works with state and federal regulators to develop sound well integrity rules that protect our water resources. As an industry leader in safe-drilling practices, Apache led the push to update the Texas Railroad Commission's requirements relating to casing, cementing, drilling, well control and completions.

Compressed Natural Gas Vehicles

Apache works to promote compressed natural gas (CNG) as a smart alternative fuel source. CNG is a clean, abundant, inexpensive and domestic alternative to gasoline. We have transformed more than 470 field vehicles to operate on CNG and we operate 20 CNG fueling stations, with six open to the public.

Rigs to Reefs

Apache supports the Rigs to Reefs program, which provides an alternative decommissioning option for idle platforms in the Gulf of Mexico. Platforms provide valuable marine habitat and excellent fishing and diving locations. Apache has donated 60 offshore platforms to the program and has pursued rule changes at various federal agencies to make it easier to reef more platforms.

Education

In 2013, Apache supported legislative changes to the public school graduation requirements in Texas. While Apache is a proponent of increasing science, technology, engineering and mathematics education, the company also acknowledges that a four-year university track is not for everyone. Increased flexibility allows students and their parents to pursue an education path that best fits their individual skills while adequately training our country's future workforce.

Transportation and Road Safety

Apache understands the oil and gas industry contributes wear-and-tear to roadways, especially in rural areas. Apache has supported changing transportation funding mechanisms to ensure that counties have the necessary funds to maintain roads and infrastructure.

Apache supports public policies that promote the safe and responsible development of our natural resources.

Society continued

Advocacy

Apache complies with all applicable state and federal rules pertaining to lobbying and disclosures. These reports are publicly available via the appropriate state websites and the Office of the Clerk, U.S. House of Representatives.

ETHICS AND ANTI-CORRUPTION

As reflected in our Code of Business Conduct, Apache is committed to the highest ethical standards. It is the policy of Apache to conduct its business fairly, ethically and in compliance with applicable laws, regulations and government requirements. Apache requires not only the avoidance of misconduct, but also the avoidance of acts or omissions that give the appearance of misconduct.

With respect to anti-corruption policy, our Code of Business Conduct prevents any officer, director, employee or representative from offering or accepting a bribe, kickback or improper favor in order to secure a business advantage, and Apache officers and employees are responsible for promptly reporting any actual, attempted or apparent violations. Apache maintains an anti-corruption compliance guide, which is made available to personnel on the company's Intranet, and we provide periodic anti-corruption training for relevant officers and employees. Apache also maintains an internal questionnaire and certification program in which relevant officers and employees are asked, among other things, to review the compliance guide, certify compliance with anti-corruption policies, and disclose any violations of the policies. Our personnel are given legal guidance in response to anti-corruption questions as they arise during business operations. Apache addresses whistleblowing on accounting practices in accordance with the Code of Business Conduct.

Performance Summary

ENVIRONMENTAL HIGHLIGHTS

YEAR ENDED DEC. 31

	2012	2011	2010
Greenhouse Gas Emissions (metric tons CO ₂ equivalent)	12,080,000	13,100,000	10,900,000
Emissions Intensity (CO ₂ equivalent/MBOE)	25.1	26	28
Flared and Vented Gas (metric tons CO ₂ equivalent)	3,580,000	4,100,000	3,042,000
Energy Use (Mwh)	10,852,600	25,200,000	15,800,000
Water Use (ML/YR)	204,715	178,342	144,743
Hydrocarbon Spills to Environment (>1 barrel)	446	488	436
Barrels Spilled	5,287	8,541	8,248

SAFETY HIGHLIGHTS

YEAR ENDED DEC. 31

	2012	2011	2010
Work-Restricting Injury Rate			
Employees	0.15	0.23	0.05
Contractors (lost-time and restricted-duty injuries per 200,000 work hours)	0.75	0.71	0.85
Recordable Injury Rate			
Employees	0.38	0.41	0.20
Contractors (incidents requiring medical treatment per 200,000 work hours)	1.39	1.41	1.59

FINANCIAL HIGHLIGHTS

YEAR ENDED DEC. 31

Dollars in millions, except per share data	2012	2011	2010
Revenues	\$ 17,078	\$ 16,888	\$ 12,092
Income (loss) Attributable to Common Stock	1,925	4,508	3,000
Diluted Net Income (loss) per Common Share	4.92	11.47	8.46
Adjusted Earnings*	3,767	4,651	3,172
Adjusted Earnings per Common Share*	9.48	11.83	8.94
Cash from Operations Before Changes in Operating Assets and Liabilities*			
Net Cash Provided by Operating Activities	8,504	9,953	6,726
Changes in Operating Assets and Liabilities	1,741	281	642
Cash from Operations Before Changes in Operating Assets and Liabilities	\$ 10,245	\$ 10,234	\$ 7,368
Total Assets	\$ 60,737	\$ 52,051	\$ 43,425
Long-term Debt	11,355	6,785	8,095
Shareholders' Equity	31,331	28,993	24,377
Cash Dividends Paid per Common Share	0.66	0.60	0.60

*Indicators continued***OPERATIONAL HIGHLIGHTS**

YEAR ENDED DEC. 31

Dollars in millions, except per share data	2012	2011	2010
Total Capital Expenditures (including acquisitions, gas gathering, transmission and processing facilities and capitalized interest)	\$ 14,608	\$ 11,793	\$ 18,230
Natural Gas Production (MMcf/d)	2,293	2,262	1,889
Oil and NGL Production (Mbbbls/d)	396	371	343
Barrels of Oil Equivalent (boe/d)	778,679	748,149	657,634
Proved Reserves (MMboe)	2,852	2,990	2,953
Employment (full-time)	5,976	5,299	4,449
United States	3,265	2,768	2,342
Canada	976	985	944
United Kingdom	619	515	305
Argentina	413	411	315
Egypt	291	271	261
Australia	412	349	282

*** Non-GAAP Financial Measure:**

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

This report also discusses Apache's adjusted earnings, which exclude certain items that management believes affect the comparability of operating results and are meaningful for the following reasons: Management uses adjusted earnings to evaluate the company's operational trends and performance relative to other oil and gas producing companies; management believes this presentation may be useful to investors who follow the practice of some industry analysts who adjust reported company earnings for items that may obscure underlying fundamentals and trends; and the reconciling items are the types of items management believes are frequently excluded by analysts when evaluating the operating trends and comparability of the company's results. For a reconciliation of adjusted earnings to income attributable to common stock, the most directly comparable GAAP financial measure, please see "Non-GAAP Measures" in Item 7 of the company's Form 10-K available at www.apachecorp.com.

GRI/IPIECA Index*

Report Sections	GRI	IPIECA	Page
Vision			
Vision Statement	1.2		
Letter from the CEO	1.1	SE1, E1, E2, E3, E6, HS3, SE8	1
Apache at a Glance	2.1, 2.2, 2.3, 2.4, 2.5, 2.8, 2.10		2
About the Report	3.1, 3.2, 3.3, 3.4, 3.9, 3.10, 3.11		3
Governance			
Governance Structure	4.1, 4.4, 4.5, 4.8		5
Board of Directors	4.1, 4.2, 4.3, 4.4, 4.6, 4.9		5
Committees	4.1		6
Shareholder Engagement	4.15, 4.16, 4.17		6
External Checklists	4.13		6
Economic Performance			
Economic Performance Highlights	EC1, EC2, OG1		8
Market Presence	EC8, EC9		9
Benefit Plan	EC3		9
Local Hiring	EC7	SE5, SE6	9
Local Wages	EC5	SE5	9
Local Spending	EC6	SE5, SE7, SE11, SE12	9
Environment			
Energy	EN3, EN4, EN5, EN6, EN7, OG14	E2, E3, E8, E9	11
Biodiversity	EN11, EN12, EN13, EN14, OG11	E5	12
Emissions	EN16, EN17, EN18, EN23	E1	16
Water	EN8, EN9, EN10	E6, E9, E10	17
Hydraulic Fracturing	EN5, EN6, EN7	E6, E9, E10	19
Chemicals	EN26	E9	21
Workplace			
Employment	LA3		23
Diversity	LA13	SE15	23
Discrimination	HR4		23
Development	LA8, LA11		23
Occupational Safety and Health	LA7, LA8, OG13	HS1, HS2, HS3, HS5	24
Training and Education	LA11	SE17	27
Society			
Communities	SO1, SO9, SO10	SE1, SE2, SE4	29
Human Rights	HR3	SE8	32
Indigenous Peoples	OG9	SE2	32
Public Policy	SO5	SE14	33
Anti-Corruption	SO4	SE11, SE12	34

* Index reflects data in print and website sustainability reports.



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

www.apachecorp.com

