

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2000

OR

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

For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-13546

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APACHE OFFSHORE INVESTMENT PARTNERSHIP

(Exact Name of Registrant as Specified in Its Charter)

Delaware

41-1464066

-----  
(State or Other Jurisdiction of  
Incorporation or Organization)

-----  
(I.R.S. Employer  
Identification Number)

Suite 100, One Post Oak Central  
2000 Post Oak Boulevard, Houston, TX

77056-4400

-----  
(Address of Principal Executive Offices)

-----  
(Zip Code)

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

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

YES      X                      NO  
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## PART I - FINANCIAL INFORMATION

## ITEM 1 - FINANCIAL STATEMENTS

APACHE OFFSHORE INVESTMENT PARTNERSHIP  
STATEMENT OF INCOME  
(UNAUDITED)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2000	1999
REVENUES:		
Oil and gas production revenues	\$2,534,975	\$1,663,778
Interest income	36,682	16,350
	-----	-----
	2,571,657	1,680,128
	-----	-----
EXPENSES:		
Depreciation, depletion and amortization	659,037	673,620
Lease operating expense	143,606	153,865
Administrative	135,000	135,000
	-----	-----
	937,643	962,485
	-----	-----
NET INCOME	\$1,634,014	\$ 717,643
	=====	=====
NET INCOME ALLOCATED TO:		
Managing Partner	\$ 420,180	\$ 231,761
Investing Partners	1,213,834	485,882
	-----	-----
	\$1,634,014	\$ 717,643
	=====	=====
NET INCOME PER INVESTING PARTNER UNIT	\$ 1,072	\$ 426
	=====	=====
WEIGHTED AVERAGE INVESTING PARTNER UNITS OUTSTANDING	1,132.5	1,141.0
	=====	=====

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP  
STATEMENT OF CASH FLOWS  
(UNAUDITED)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,634,014	\$ 717,643
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	659,037	673,620
Changes in operating assets and liabilities:		
Decrease in accrued revenues receivable	3,293	289,878
(Decrease) increase in accrued operating expenses payable	(55,014)	2,407
Increase (decrease) in receivable from/payable to Apache Corporation	243,123	(195,069)
Net cash provided by operating activities	2,484,453	1,488,479
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to oil and gas properties	(724,462)	(504,293)
Non-cash portion of oil and gas property additions	(131,747)	125,490
Net cash used in investing activities	(856,209)	(378,803)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions to Investing Partners	(2,264,978)	(855,728)
Distributions to Managing Partner, net	(404,243)	(331,326)
Net cash used in financing activities	(2,669,221)	(1,187,054)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,040,977)	(77,378)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,748,812	1,324,949
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,707,835	\$ 1,247,571

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP  
BALANCE SHEET  
(UNAUDITED)

	MARCH 31, 2000	DECEMBER 31, 1999
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,707,835	\$ 2,748,812
Accrued revenues receivable	632,533	635,826
	-----	-----
	2,340,368	3,384,638
	-----	-----
OIL AND GAS PROPERTIES, on the basis of full cost accounting:		
Proved properties	170,220,808	169,496,346
Less - Accumulated depreciation, depletion and amortization	(164,817,605)	(164,158,568)
	-----	-----
	5,403,203	5,337,778
	-----	-----
	\$ 7,743,571	\$ 8,722,416
	=====	=====
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Accrued exploration and development	\$ 465,104	\$ 596,851
Accrued operating expenses payable and other	117,057	172,071
Payable to Apache Corporation	441,754	198,631
	-----	-----
	1,023,915	967,553
	-----	-----
PARTNERS' CAPITAL:		
Managing Partner	254,016	238,079
Investing Partners (1,132.5 units outstanding)	6,465,640	7,516,784
	-----	-----
	6,719,656	7,754,863
	-----	-----
	\$ 7,743,571	\$ 8,722,416
	=====	=====

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
(UNAUDITED)

The financial statements included herein have been prepared by the Apache Offshore Investment Partnership (the Partnership), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods, on a basis consistent with the annual audited financial statements. All such adjustments are of a normal, recurring nature. Certain information, accounting policies, and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations, although the Partnership believes that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the financial statements and the summary of significant accounting policies and notes thereto included in the Partnership's latest annual report on Form 10-K.

1. RECEIVABLE FROM/PAYABLE TO APACHE CORPORATION

Receivable from/payable to Apache Corporation, the Partnership's managing partner (Apache or the Managing Partner), represents the net result of the Investing Partners' revenue and expenditure transactions in the current month. Generally, cash in this amount will be transferred from/to Apache in the month after the Partnership's transactions are processed and the net results of operations are determined.

2. RIGHT OF PRESENTMENT

As provided in the Partnership Agreement, as amended (the Amended Partnership Agreement), a first right of presentment offer for 2000 is expected to be made to Investing Partners in May, based on a valuation date of December 31, 1999. The Partnership is not in a position to predict how many Units will be presented for repurchase under the May 2000 offer and cannot, at this time, determine if the Partnership will have sufficient funds available to repurchase all Units presented. The Partnership has no obligation to purchase any Units presented to the extent it determines that it has insufficient funds for such purchases. The Amended Partnership Agreement contains limitations on the number of Units that the Partnership can repurchase, including a limit of 10 percent of the outstanding Units on an annual basis.

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

RESULTS OF OPERATIONS

NET INCOME AND REVENUE

The Partnership reported net income of \$1.6 million in the first quarter of 2000, versus \$.7 million in the prior year period. Net income per Investing Partner Unit increased 152 percent, from \$426 per Unit to \$1,072 per Unit. Higher oil and natural gas prices during 2000 contributed to the increases in net income and net income per Investing Partner Unit.

Revenues increased 53 percent, from \$1.7 million in the first quarter of 1999 to \$2.6 million in the first quarter of 2000. Natural gas sales represented 67 percent of the Partnership's total revenues during the first quarter of 2000, compared to 80 percent during the first quarter of 1999.

The Partnership's oil and gas production volume and price information is summarized in the following table (gas volumes presented in thousand cubic feet (Mcf) per day):

	FOR THE THREE MONTHS ENDED MARCH 31,		INCREASE (DECREASE)
	2000	1999	
Gas volume - Mcf per day	7,471	9,241	(19%)
Average gas price - per Mcf	\$ 2.54	\$ 1.62	57%
Oil volume - barrels per day	322	317	2%
Average oil price - per barrel	\$ 27.63	\$ 11.17	147%

FIRST QUARTER 2000 COMPARED TO FIRST QUARTER 1999

Natural gas production revenues for the first quarter of 2000 totaled \$1.7 million, 29 percent higher than the first quarter of 1999. Natural gas prices increased 57 percent for the first quarter of 2000 compared to the year-earlier period, which favorably impacted revenue by \$.8 million. Natural gas volumes on a daily basis decreased 19 percent from a year ago due to natural declines at Matagorda Island Block 681 and the sale of the Partnership's interest in Matagorda Island Block 705 during 1999.

The Partnership's crude oil production revenues for the first quarter of 2000 totaled \$.8 million, a 154 percent increase from the first quarter of 1999. The \$.5 million increase in oil sales was attributable to a 147 percent increase in the average realized oil price and a two percent increase in daily oil production.

OPERATING EXPENSES

The Partnership's depreciation, depletion and amortization (DD&A) rate, expressed as a percentage of oil and gas production revenues, was approximately 26 percent during the first quarter of 2000 compared to 40 percent during the same period in 1999. The decrease in the DD&A rate was primarily a result of upward reserve revisions recognized at the end of 1999.

Lease operating expense (LOE) in the first quarter of 2000 decreased from the first quarter of 1999 due to reduced repair and maintenance costs from a year ago.

## CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

### CAPITAL RESOURCES AND LIQUIDITY

The Partnership's primary capital resource is net cash provided by operating activities, which was \$2.5 million for the first three months of 2000. Net cash provided by operating activities in 2000 was up 67 percent from a year ago due to the increases in oil and gas prices. Future cash flows will be influenced by fluctuations in product prices, production levels and operating costs.

### CAPITAL COMMITMENTS

The Partnership's primary needs for cash are for operating expenses, drilling and recompletion expenditures, distributions to Investing Partners, and the purchase of Units offered by Investing Partners under the right of presentment.

During the first three months of 2000, the Partnership's oil and gas property additions totaled \$.7 million. These additions related primarily to participating in the A-31 development well being drilled at South Timbalier Block 295. Based on information supplied by the operators of the properties, the Partnership anticipates capital expenditures of approximately \$1.0 million for the remainder of 2000, primarily for drilling and recompletions at South Timbalier Block 295. Such estimates may change based on realized prices, drilling results or changes by the operator to the development plan.

The Partnership made distributions to Investing Partners of \$2,000 per Unit on March 1, 2000. The amount of future distributions will be dependent on actual and expected production levels, realized and expected oil and gas prices, expected drilling and recompletion expenditures, and prudent cash reserves for future dismantlement and abandonment costs that will be incurred after the Partnership's reserves are depleted.

As provided in the Amended Partnership Agreement, a right of presentment offer for 2000 is expected to be made to Investing Partners in May, based on a valuation date of December 31, 1999. The Partnership is not in a position to predict how many Units will be presented for repurchase under the May 2000 offer and cannot, at this time, determine if the Partnership will have sufficient funds available to repurchase any Units. The Partnership has no obligation to purchase any Units presented to the extent it determines that it has insufficient funds for such purchases. The Amended Partnership Agreement contains limitations on the number of Units that the Partnership can repurchase, including a limit of 10 percent of the outstanding Units on an annual basis.

### FORWARD-LOOKING STATEMENTS AND RISK

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

There are numerous uncertainties inherent in estimating quantities of proved oil and gas reserves and in projecting future rates of production and timing of development expenditures. The total amount or timing of actual future production may vary significantly from reserves and production estimates. The drilling of exploratory wells can involve significant risks, including those related to timing, success rates and cost overruns. Lease and rig availability, complex geology and other factors can affect these risks. Future oil and gas prices also could affect results of operations and cash flows.

## PART II - OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

None.

## ITEM 2. CHANGES IN SECURITIES

None.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

## ITEM 5. OTHER INFORMATION

None.

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

## a. Exhibits.

27.1 Financial Data Schedule.

## b. Reports on Form 8-K - None.



SIGNATURES

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP  
By: Apache Corporation, General Partner

Dated: May 11, 2000

/s/ Roger B. Plank  
-----  
Roger B. Plank  
Vice President and Chief Financial Officer

Dated: May 11, 2000

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

## EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
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27.1	- Financial Data Schedule

3-MOS

DEC-31-2000

MAR-31-2000

1,707,835

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632,533

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