

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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2002

OR

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

For the Transition Period from _____ to _____

Commission File Number 1-4300

APACHE CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

41-0747868

(I.R.S. Employer
Identification Number)

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

(Address of Principal Executive Offices)

77056-4400

(Zip Code)

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

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

YES X

NO

Number of shares of Registrant's common stock, outstanding as of June 30, 2002.....143,799,455

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

APACHE CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED OPERATIONS
(UNAUDITED)

FOR THE QUARTER FOR THE SIX MONTHS
ENDED JUNE 30, ENDED JUNE 30, -----

----- 2002 2001 2002 2001

- ----- (In thousands, except
per common share data) REVENUES: Oil
and gas production revenues

..... \$ 641,722 \$ 796,045 \$
1,163,451 \$ 1,597,643 Other revenues
(losses) 4,051
4,398 2,658 (2,057) -----

645,773 800,443 1,166,109 1,595,586 -

----- OPERATING EXPENSES:

Depreciation, depletion and
amortization ... 210,790 208,652
421,829 381,182 International
impairments --
65,000 4,600 65,000 Lease operating
costs 114,191
101,420 226,768 191,527 Severance and
other taxes 15,811
20,248 30,310 41,541 Administrative,
selling and other 28,015
23,193 53,367 43,569 Financing costs:
Interest expense

..... 41,451
49,254 78,333 93,966 Amortization of
deferred loan costs 466 532 800
1,034 Capitalized interest
..... (10,442)
(13,783) (20,464) (28,868) Interest
income
(1,043) (1,375) (2,212) (2,252) -----

----- 399,239 453,141 793,331
786,699 -----

----- PREFERRED
INTERESTS OF SUBSIDIARIES

..... 5,129 -- 8,662 -- -----

----- INCOME BEFORE INCOME TAXES

..... 241,405 347,302
364,116 808,887 Provision for income
taxes 95,095
141,557 137,134 320,941 -----

- NET INCOME

.....
146,310 205,745 226,982 487,946
Preferred stock dividends
..... 3,081 4,877 7,989
9,785 -----

----- INCOME

ATTRIBUTABLE TO COMMON STOCK

..... \$ 143,229 \$ 200,868 \$
218,993 \$ 478,161 =====

===== NET INCOME PER COMMON
SHARE: Basic

.....
\$ 1.02 \$ 1.46 \$ 1.57 \$ 3.49

===== Diluted

.....
\$ 1.00 \$ 1.41 \$ 1.55 \$ 3.35

=====

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

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

FOR THE SIX MONTHS ENDED JUNE 30, -----					
2002	2001	-----	-----	(In thousands)	CASH FLOWS
FROM OPERATING ACTIVITIES: Net income					
\$ 226,982	\$ 487,946	Adjustments to reconcile net income to net			
		cash provided by operating activities: Depreciation, depletion			
		and amortization	421,829	381,182	
		Provision for deferred income taxes			
			38,153	192,158	International
		impairments		4,600	
		65,000 Amortization of derivative (gains)/losses and other			
			(14,146)	(20,745)	Changes in operating assets
		and liabilities: (Increase) decrease in receivables			
			(22,013)	30,530	(Increase)
		decrease in advances to oil and gas ventures and other			
		(15,134) (14,011) (Increase) decrease in product inventory			
			(1,127)	869	(Increase) decrease in
		deferred charges and other	(293)	290	
		Increase (decrease) in payables			
			39,898	(25,658)	Increase
		(decrease) in accrued expenses			
		(48,678) 22,394 Increase (decrease) in advances from gas			
		purchasers	(7,279)	(6,558)	Increase
		(decrease) in deferred credits and noncurrent liabilities			
		1,293 (23,318) ----- Net cash provided by			
		operating activities	624,085	1,090,079	
----- CASH FLOWS FROM INVESTING ACTIVITIES:					
Additions to property and equipment					
			(465,910)	(678,069)	
Acquisition of Fletcher subsidiaries					
			--	(465,018)	Acquisition
		of Repsol YPF properties			
		-- (446,933) Proceeds from sales of oil and gas properties			
			--	238,715	Proceeds from sale of
		short-term investments		17,006	--
		Other, net			
		(13,229) (46,452) ----- Net cash used in			
		investing activities		(462,133)	
		(1,397,757) ----- CASH FLOWS FROM FINANCING			
ACTIVITIES: Long-term borrowings					
		1,105,859 1,531,281 Payments on long-term debt			
				(1,144,970)	
		(1,111,613) Dividends paid			
		(37,257) (9,778) Common stock activity, net			
				15,542	7,125
		Treasury stock activity, net			
				1,715	(16,006)
		Cost of debt and equity transactions			
			(6,487)	(1,181)	-----
		----- Net cash provided by financing activities			
			(65,598)	399,828	-----
--- NET INCREASE IN CASH AND CASH EQUIVALENTS					
			96,354	92,150	CASH AND
CASH EQUIVALENTS AT BEGINNING OF YEAR					
			35,625	37,173	-----
----- CASH AND CASH EQUIVALENTS AT END OF PERIOD					
			\$ 131,979	\$ 129,323	
=====					

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

APACHE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

JUNE 30,	DECEMBER 31,	2002	2001	-----
-- (In thousands) ASSETS CURRENT ASSETS: Cash and cash				
				equivalents
		\$		131,979 \$ 35,625 Receivables
			
				429,835 404,793 Inventories
			
				106,074 102,536 Advances to oil and gas ventures and
				other
				67,180 51,845 Short-term
				investments
				85,364 102,950
				820,432
				697,749
				PROPERTY AND
				EQUIPMENT: Oil and gas, on the basis of full cost
				accounting: Proved properties
				..... 11,989,287
				11,390,692 Unproved properties and properties under
				development, not amortized
				..... 754,573 839,921 Gas
				gathering, transmission and processing facilities
				..... 775,240 748,675 Other
			
				179,677 168,915
				13,698,777
				13,148,203 Less: Accumulated depreciation, depletion
				and amortization .. (5,586,894) (5,135,131)
				8,111,883 8,013,072

				OTHER ASSETS: Goodwill, net
			
				193,792 188,812 Deferred charges and other
			 39,841 34,023

				\$ 9,165,948 \$ 8,933,656
				=====

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are an integral part of this statement.

APACHE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

JUNE 30, 2002	DECEMBER 31, 2001	2002	2001
-- (In thousands) LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES: Accounts payable			
	\$ 224,616		
\$ 179,778 Accrued operating expense	39,362	50,584	
Accrued exploration and development	114,513	175,943	
Accrued compensation and benefits	22,204	30,947	
Accrued interest	37,767		
Accrued income taxes	21,325	40,030	
Other			
12,551	16,584	472,338	522,458
----- LONG-TERM DEBT -----			
2,205,246	2,244,357	DEFERRED	
CREDITS AND OTHER NONCURRENT LIABILITIES: Income taxes			
1,041,298	991,723	Advances from gas purchasers	
132,748	140,027	Other	
176,547	175,925	1,350,593	
1,307,675	PREFERRED INTERESTS		
OF SUBSIDIARIES			
440,683	436,017	SHAREHOLDERS' EQUITY:	
Preferred stock, no par value, 5,000,000 shares			
authorized - Series B, 5.68% Cumulative Preferred			
Stock, 100,000 shares issued and outstanding			
98,387	98,387	Series C, 6.5%	
Conversion Preferred Stock, 138,482 shares issued and			
outstanding for 2001			
208,207	Common stock, \$1.25 par, 215,000,000 shares		
authorized, 147,824,624 and 141,171,793 shares issued,			
respectively ... 184,781 176,465 Paid-in capital			
3,029,692	2,812,648	Retained earnings	
1,336,478	1,528,368		
Treasury stock, at cost, 4,025,169 and			
4,068,614 shares, respectively			
(110,957)	(111,885)	Accumulated other comprehensive	
loss			
(28,517)	(101,817)		
4,701,754	4,418,483		
\$ 9,165,948	\$ 8,933,656	=====	
=====			

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

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

SERIES B SERIES C COMPREHENSIVE
PREFERRED PREFERRED COMMON PAID-IN
RETAINED (In thousands) INCOME
STOCK STOCK STOCK CAPITAL EARNINGS

-- BALANCE AT DECEMBER 31, 2000
..... 0 \$ 98,387 \$
208,207 \$ 173,939 \$ 2,157,370 \$
1,226,531 Comprehensive income: Net
income
..... \$
487,946 -- -- -- 487,946
Currency translation adjustments
..... 8,284 -- -- --
Unrealized gain on derivatives, net
of applicable income tax provision
of \$13,961
..... 15,580
-- -- -- -- Unrealized loss on
marketable securities, net of
applicable income tax benefit of
\$228 (443) -- --
-- -- -- ----- Comprehensive
income \$
511,367 ===== Preferred
dividends --
-- -- -- (9,785) Common shares
issued -- --
2,495 106,740 -- Treasury shares
issued, net -- --

BALANCE AT JUNE 30, 2001
..... \$ 98,387 \$
208,207 \$ 176,434 \$ 2,264,110 \$
1,704,692 =====

BALANCE AT DECEMBER 31, 2001
..... \$ 98,387 \$ 208,207
\$ 176,465 \$ 2,812,648 \$ 1,336,478
Comprehensive income: Net income
..... \$
226,982 -- -- -- 226,982
Currency translation adjustments
..... 80,488 -- -- --
Reclassification of unrealized
gains into earnings: Derivatives,
net of income tax benefit of \$5,232
..... (7,063) -- -- --
-- -- Marketable securities, net of
income tax benefit of \$67
..... (125) -- -- --
-- ----- Comprehensive income
..... \$ 300,282
===== Dividends: Preferred
..... -- --
- -- 13 (7,989) Common (\$.10 per
share) -- --
(27,103) Common shares issued
..... -- -- 513
16,808 -- Conversion of Series C
Preferred Stock ... -- (208,207)
7,803 200,402 -- Treasury shares
issued, net -- --
28 -- Other

----- BALANCE AT JUNE 30, 2002
..... \$ 98,387 \$ --
\$ 184,781 \$ 3,029,692 \$ 1,528,368
=====

=====

ACCUMULATED OTHER TOTAL TREASURY
COMPREHENSIVE SHAREHOLDERS' (In
thousands) STOCK INCOME (LOSS)
EQUITY -----
----- BALANCE AT DECEMBER 31,

2000	.....	\$ (69,562)	\$
(40,232)		\$ 3,754,640	Comprehensive
		income:	Net income
	--	--
487,946		Currency translation	
adjustments	.....	-- 8,284	8,284
Unrealized gain on derivatives, net			
of applicable income tax provision			
		of \$13,961	
	--	--
15,580		15,580	Unrealized loss on
marketable securities, net of			
applicable income tax benefit of			
\$228	.....	-- (443)	
(443)		Comprehensive income	
	.....	Preferred	
dividends	.....	--	--
-- (9,785)		Common shares issued	
	.....	-- -- 109,235	
Treasury shares issued, net			
	.....	(25,117)	-- (25,117)
		
BALANCE AT JUNE 30, 2001			
	.....	\$ (94,679)	\$
(16,811)		\$ 4,340,340	=====
			=====
DECEMBER 31, 2001	.....		BALANCE AT
\$ (111,885)		\$ (101,817)	\$ 4,418,483
Comprehensive income: Net income			
	--	--
226,982		Currency translation	
adjustments	.....	-- 80,488	
80,488		Reclassification of	
unrealized gains into earnings:			
Derivatives, net of income tax			
benefit of \$5,232			
	.....	-- (7,063)	
(7,063)		Marketable securities, net	
of income tax benefit of \$67			
	.....	-- (125)	(125)
Comprehensive income			
	.....	Dividends:	
		Preferred	
	--	--
- (7,976)		Common (\$.10 per share)	
	.....	-- -- (27,103)	
Common shares issued			
	.....	-- -- 17,321	
Conversion of Series C Preferred			
Stock ...	-- --	(2) Treasury shares	
issued, net	.....	928	--
		956 Other	
		
-- (207)			
		
BALANCE AT JUNE 30,			
2002	.....	\$
(110,957)		\$ (28,517)	\$ 4,701,754
			=====
			=====

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

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

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

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

1. ACQUISITIONS

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2001 -----	
-----	AS REPORTED PRO
FORMA -----	(In
thousands, except per common share data) Revenues	
.....
\$ 1,595,586	\$ 1,702,541
Net income	
.....
487,946	513,523
Preferred stock dividends	
.....
9,785	9,785
Income attributable to common stock	
.....
478,161	503,738
Net income per common share: Basic	
.....
\$ 3.49	\$ 3.65
Diluted	
.....
3.35	3.51
Average common shares outstanding	
.....
137,133	137,982

2. DEBT

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

On June 3, 2002, Apache entered into a new \$1.5 billion global credit facility to replace its existing global and 364-day credit facilities. The new global credit facility consists of four separate bank facilities: a \$750 million 364-day facility in the United States; a \$450 million five-year facility in the United States; a \$150 million five-year facility in Australia; and a \$150 million five-year facility in Canada. The financial covenants of the global credit

facility require the company to: (i) maintain a consolidated tangible net worth, as defined, of at least \$2.1 billion as of June 30, 2002, adjusted for subsequent earnings, (ii) maintain an aggregate book value for assets of Apache and certain subsidiaries, as defined, on an unconsolidated basis of at least \$2 billion as of June 30, 2002, and (iii) maintain a ratio of debt to capitalization of not greater than 60 percent at the end of any fiscal quarter. The company was in compliance with all financial covenants at June 30, 2002.

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

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

3. DERIVATIVE INSTRUMENTS AND FIXED-PRICE PHYSICAL CONTRACTS

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

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

4. NET INCOME PER COMMON SHARE

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

FOR THE QUARTER
ENDED JUNE 30,

----- 2002
2001 -----

INCOME SHARES
PER SHARE
INCOME SHARES
PER SHARE -----

(In thousands,
except per
share amounts)
BASIC: Income
attributable to
common stock
.... \$ 143,229
140,776 \$ 1.02
\$ 200,868
137,988 \$ 1.46
=====

=====

EFFECT OF
DILUTIVE
SECURITIES:
Stock options
and other
.....
-- 1,032 --
1,113 Series C
Preferred
Stock(1)
.....
1,661 3,016
3,488 6,244 ---

DILUTED: Income
attributable to
common stock,
including
assumed
conversions
..... \$
144,890 144,824
\$ 1.00 \$
204,356 145,345
\$ 1.41
=====

FOR THE SIX
MONTHS ENDED
JUNE 30, -----

Interest (net of amounts capitalized)	
..... \$	
48,694 \$	
56,722	
Income taxes (net of refunds)	
.....	
86,641	
89,428	

6. SHORT-TERM INVESTMENTS

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

7. IMPAIRMENTS

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

8. BUSINESS SEGMENT INFORMATION

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

UNITED STATES	OTHER	CANADA	EGYPT	AUSTRALIA	INTERNATIONAL TOTAL

----- (IN THOUSANDS) FOR					
THE SIX MONTHS ENDED JUNE					
30, 2002 Oil and Gas					
Production Revenues					
	\$ 506,118	\$			
247,216	\$ 254,203	\$ 152,952			
\$ 2,962	\$ 1,163,451				
=====					
=====					
=====					
Operating Income (Loss)(1)					
(2)	\$ 172,278	\$			
100,579	\$ 139,725	\$ 71,000			
(3,638)	\$ 479,944				
=====					
=====					
===== Other Income					
(Expense): Other revenues					
(losses)					
2,658 Administrative,					
selling and other					
(53,367) Financing costs,					
net					
(56,457) Preferred interests					
of subsidiaries ... (8,662)					
----- Income Before					
Income Taxes					
\$ 364,116	===== Total				
Assets					
.....					
\$ 4,100,006	\$ 2,318,998	\$			
1,632,287	\$ 948,496	\$			
166,161	\$ 9,165,948				
=====					
=====					
===== FOR					
THE SIX MONTHS ENDED JUNE					
30, 2001 Oil and Gas					
Production Revenues					
	\$ 918,732	\$			
333,679	\$ 225,558	\$ 119,674			
\$ --	\$ 1,597,643	=====			
=====					
=====					
===== Operating Income					
(Loss)(1)(2)					
\$ 568,523	\$ 199,951	\$ 148,092			
\$ 66,851	\$ (65,024)	\$			
918,393	=====				
=====					
=====					
Other Income (Expense):					
Other revenues (losses)					
..... (2,057)					
Administrative, selling and					
other					
(43,569)					
Financing costs, net					
..... (63,880)					
----- Income Before					
Income Taxes					

\$ 808,887 ===== Total

Assets

.....

\$ 4,279,718	\$ 2,178,399	\$
1,519,549	\$ 861,657	\$
126,070	\$ 8,965,393	
=====	=====	
=====	=====	
=====	=====	

- (1) Operating income (loss) consists of oil and gas production revenues less depreciation, depletion and amortization, international impairments, lease operating costs and severance and other taxes.
- (2) During the second quarter of 2001, the Company recorded a \$65 million impairment (\$41 million after-tax) of unproved property costs in Poland and China. During the first quarter of 2002, the Company recorded an additional \$5 million impairment (\$3 million after-tax) of unproved property in Poland.

9. NEW ACCOUNTING PRONOUNCEMENTS

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 142 "Goodwill and Other Intangible Assets" effective January 1, 2002. SFAS No. 142 addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes Accounting Principles Board (APB) Opinion No. 17 "Intangible Assets". As a result of this pronouncement, goodwill is no longer subject to amortization. Rather, goodwill is subject to at least an annual assessment for impairment by applying a fair-value-based test. Apache had

goodwill of \$194 million at June 30, 2002, representing the excess of the purchase price over the estimated fair value of the assets acquired and liabilities assumed in the Fletcher and Repsol acquisitions adjusted for currency fluctuations. The initial fair-value-based goodwill impairment assessment completed by Apache upon adoption of this pronouncement did not result in an impairment. Had the principles of SFAS No. 142 been applied to prior years, goodwill amortization of \$2 million (\$1 million after tax) expensed during the second quarter and first half of 2001 would not have been incurred. Net income for the comparative interim period adjusted to exclude the effect of goodwill amortization would have increased diluted earnings per share by \$.01 for the three months and six months ended June 30, 2001.

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

10. SUPPLEMENTAL GUARANTOR INFORMATION

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

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

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

ALL OTHER APACHE APACHE
SUBSIDIARIES APACHE
APACHE FINANCE FINANCE OF
APACHE RECLASSIFICATIONS
CORPORATION NORTH AMERICA
AUSTRALIA CANADA
CORPORATION &
ELIMINATIONS CONSOLIDATED

----- (IN
THOUSANDS) REVENUES: Oil
and gas production
revenues
..... \$
209,823 \$ -- \$ -- \$ -- \$
479,157 \$ (47,258)
\$641,722 Equity in net
income (loss) of
affiliates
..... 104,111
4,582 7,560 22,665
(8,751) (130,167) --
Other revenues (losses)
..... (90) -- -- --
4,141 -- 4,051 -----

----- 313,844
4,582 7,560 22,665
474,547 (177,425) 645,773

OPERATING EXPENSES:
Depreciation, depletion
and amortization
..... 61,143 -
- -- -- 149,647 --
210,790 International
impairments -- -- --
- -- -- -- Lease
operating costs
49,359 -- -- -- 112,090
(47,258) 114,191
Severance and other taxes
..... 8,501 -- -- 17
7,293 -- 15,811
Administrative, selling
and other
.....
23,911 -- -- -- 4,104 --
28,015 Financing costs,
net 20,359 --
4,513 10,218 (4,658) --
30,432 -----

----- 163,273 -- 4,513
10,235 268,476 (47,258)
399,239 -----

PREFERRED
INTERESTS OF SUBSIDIARIES
..... -- -- --
-- -- 5,129 -- 5,129 -----

INCOME (LOSS) BEFORE
INCOME TAXES
.....
150,571 4,582 3,047
12,430 200,942 (130,167)
241,405 Provision
(benefit) for income

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

ALL OTHER APACHE APACHE SUBSIDIARIES
APACHE APACHE FINANCE FINANCE OF
APACHE CORPORATION NORTH AMERICA
AUSTRALIA CANADA CORPORATION -----

----- (IN THOUSANDS)
REVENUES: Oil and gas production
revenues \$ 394,080 \$ -
- \$ - \$ - \$ 530,076 Equity in net
income (loss) of affiliates
82,250 5,599 8,578 30,633 (8,735)
Other revenues (losses)
..... (1,031) -- --
-- 5,429 -----

475,299 5,599 8,578 30,633 526,770 --

----- OPERATING
EXPENSES: Depreciation, depletion and
amortization 103,007 -- -- --
105,645 International impairments
..... -- -- --
65,000 Lease operating costs
..... 53,444 -- --
-- 176,087 Severance and other taxes
..... 14,201 -- -- --
6,047 Administrative, selling and
other 20,860 -- -- --
2,333 Financing costs, net
..... 19,574 -- --
4,512 10,206 336 -----

----- 211,086 -- 4,512 10,206
355,448 -----

INCOME (LOSS) BEFORE INCOME TAXES
..... 264,213 5,599 4,066
20,427 171,322 Provision (benefit)
for income taxes 58,468 --
(1,534) (4,449) 89,072 -----

----- NET INCOME
.....
205,745 5,599 5,600 24,876 82,250
Preferred stock dividends
..... 4,877 -- -- --

----- INCOME
ATTRIBUTABLE TO COMMON STOCK
..... \$ 200,868 \$ 5,599 \$
5,600 \$ 24,876 \$ 82,250 =====
=====

RECLASSIFICATIONS & ELIMINATIONS
CONSOLIDATED -----

----- (IN THOUSANDS) REVENUES: Oil
and gas production revenues
..... \$ (128,111) \$ 796,045
Equity in net income (loss) of
affiliates (118,325) -- Other
revenues (losses)
..... -- 4,398 -----
----- (246,436)

800,443 -----
OPERATING EXPENSES: Depreciation,
depletion and amortization --
208,652 International impairments
..... -- 65,000 Lease
operating costs
..... (128,111)
101,420 Severance and other taxes
..... -- 20,248
Administrative, selling and other
..... -- 23,193 Financing
costs, net
-- 34,628 -----
(128,111) 453,141 -----

```

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

```

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

ALL OTHER APACHE APACHE
SUBSIDIARIES APACHE APACHE FINANCE
FINANCE OF APACHE CORPORATION NORTH
AMERICA AUSTRALIA CANADA
CORPORATION -----

----- (IN THOUSANDS) REVENUES:
Oil and gas production revenues
..... \$ 368,751 \$ -- \$ -- \$
-- \$ 881,979 Equity in net income
(loss) of affiliates .. 172,727
9,084 15,040 37,103 (17,503) Other
revenues (losses)
..... 95 -- -- --
2,563 -----
541,573 9,084 15,040 37,103 867,039

OPERATING EXPENSES: Depreciation,
depletion and amortization ...
114,847 -- -- -- 306,982
International impairments
..... -- -- -- --
4,600 Lease operating costs
..... 100,326 -- --
-- 213,721 Severance and other
taxes 15,133 --
-- 26 15,151 Administrative,
selling and other 45,386
-- -- -- 7,981 Financing costs, net
..... 36,042 --
9,025 20,447 (9,057) -----
-- ----- 311,734 -- 9,025
20,473 539,378 -----

----- PREFERRED INTERESTS OF
SUBSIDIARIES -- -- -- --
- 8,662 -----

-- INCOME (LOSS) BEFORE INCOME
TAXES 229,839 9,084
6,015 16,630 318,999 Provision
(benefit) for income taxes
2,857 -- (3,069) (8,926) 146,272 --

----- NET
INCOME
.....
226,982 9,084 9,084 25,556 172,727
Preferred stock dividends
..... 7,989 -- -- -- --

INCOME ATTRIBUTABLE TO COMMON STOCK
..... \$ 218,993 \$ 9,084 \$
9,084 \$ 25,556 \$ 172,727
=====

RECLASSIFICATIONS & ELIMINATIONS
CONSOLIDATED -----
----- (IN THOUSANDS) REVENUES:
Oil and gas production revenues
..... \$ (87,279) \$ 1,163,451
Equity in net income (loss) of
affiliates .. (216,451) -- Other
revenues (losses)
..... -- 2,658 -----
----- (303,730)
1,166,109 -----
OPERATING EXPENSES: Depreciation,
depletion and amortization ... --
421,829 International impairments
..... -- 4,600 Lease
operating costs

.....	(87,279)	
226,768 Severance and other taxes		
.....	-- 30,310	
Administrative, selling and other		
.....	-- 53,367	Financing
costs, net		
-- 56,457	-----	
(87,279) 793,331	-----	
-----		PREFERRED INTERESTS OF
SUBSIDIARIES	-- 8,662	-
-----		INCOME
(LOSS) BEFORE INCOME TAXES		
.....	(216,451) 364,116	
Provision (benefit) for income		
taxes	-- 137,134	-----
--	-----	NET INCOME
.....		
(216,451) 226,982		Preferred stock
dividends	--	
7,989	-----	
INCOME ATTRIBUTABLE TO COMMON STOCK		
.....	\$ (216,451) \$ 218,993	
=====	=====	

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

ALL OTHER APACHE APACHE
SUBSIDIARIES APACHE APACHE FINANCE
FINANCE OF APACHE CORPORATION NORTH
AMERICA AUSTRALIA CANADA
CORPORATION -----

----- (IN THOUSANDS) REVENUES:
Oil and gas production revenues
..... \$ 943,985 \$ -- \$ -- \$
-- \$ 950,602 Equity in net income
(loss) of affiliates .. 151,371
7,646 11,618 47,397 (13,455) Other
revenues (losses)
..... (502) -- 3,078
-- (4,633) -----

----- 1,094,854 7,646 14,696 47,397
932,514 -----

-- OPERATING EXPENSES:
Depreciation, depletion and
amortization ... 205,828 -- -- --
175,354 International impairments
..... -- -- --
65,000 Lease operating costs
..... 110,963 -- --
-- 377,508 Severance and other
taxes 32,860 --
-- -- 8,681 Administrative, selling
and other 38,893 -- --
- 4,676 Financing costs, net
..... 36,958 --
9,094 16,815 1,013 -----

----- 425,502 -- 9,094
16,815 632,232 -----

----- INCOME (LOSS) BEFORE
INCOME TAXES 669,352
7,646 5,602 30,582 300,282
Provision (benefit) for income
taxes 181,406 -- (2,045)
(7,331) 148,911 -----

----- NET INCOME
.....
487,946 7,646 7,647 37,913 151,371
Preferred stock dividends
..... 9,785 -- -- --

INCOME ATTRIBUTABLE TO COMMON STOCK
..... \$ 478,161 \$ 7,646 \$
7,647 \$ 37,913 \$ 151,371
===== =====
===== =====
=====

RECLASSIFICATIONS & ELIMINATIONS
CONSOLIDATED -----

----- (IN THOUSANDS) REVENUES:
Oil and gas production revenues
..... \$ (296,944) \$
1,597,643 Equity in net income
(loss) of affiliates .. (204,577) -
- Other revenues (losses)
..... -- (2,057) ---
----- (501,521)
1,595,586 -----
OPERATING EXPENSES: Depreciation,
depletion and amortization ... --
381,182 International impairments
..... -- 65,000 Lease
operating costs
..... (296,944)
191,527 Severance and other taxes
..... -- 41,541
Administrative, selling and other


```

..... -- 43,569 Financing
costs, net .....
-- 63,880 -----
(296,944) 786,699 -----
----- INCOME (LOSS) BEFORE
      INCOME TAXES .....
      (204,577) 808,887 Provision
(benefit) for income taxes .....
-- 320,941 -----
      - NET INCOME
.....
(204,577) 487,946 Preferred stock
dividends ..... --
9,785 -----
INCOME ATTRIBUTABLE TO COMMON STOCK
..... $ (204,577) $ 478,161
=====

```

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

APACHE APACHE APACHE APACHE FINANCE
FINANCE CORPORATION NORTH AMERICA
AUSTRALIA CANADA -----
----- (IN
THOUSANDS) CASH PROVIDED BY (USED IN)
OPERATING ACTIVITIES

.....
\$ (135,018) \$ -- \$ (9,025) \$ (3,682) ---

----- CASH FLOWS FROM INVESTING
ACTIVITIES: Additions to property and
equipment (120,785) --
-- -- Proceeds from sales of oil and gas
properties -- -- -- -- Proceeds
from sale of U.S. Government Agency
Notes . -- -- -- -- Investment in
subsidiaries, net
(218,462) (9,025) -- -- Other, net

.....
(4,291) -- -- --

----- NET CASH
USED IN INVESTING ACTIVITIES
..... (343,538) (9,025) -- --

----- CASH FLOWS FROM FINANCING
ACTIVITIES: Long-term debt activity, net
..... 501,210 -- --
3,682 Dividends paid

.....
(37,257) -- -- -- Common stock activity,
net 15,542
9,025 9,025 -- Treasury stock activity,
net 1,715 -- --
-- -- Cost of debt and equity transactions
..... (6,487) -- -- --

----- NET CASH PROVIDED BY FINANCING
ACTIVITIES 474,723 9,025
9,025 3,682 -----

----- NET INCREASE
(DECREASE) IN CASH AND CASH EQUIVALENTS

.....
(3,833) -- -- -- CASH AND CASH
EQUIVALENTS AT BEGINNING OF YEAR
..... 6,383

-- 2 -----

----- CASH AND CASH
EQUIVALENTS AT END OF PERIOD

..... \$
2,550 \$ -- \$ 2 \$ -- =====

===== ===== =====
ALL OTHER SUBSIDIARIES OF APACHE
RECLASSIFICATIONS CORPORATION &
ELIMINATIONS CONSOLIDATED -----

----- (IN
THOUSANDS) CASH PROVIDED BY (USED IN)
OPERATING ACTIVITIES

.....
\$ 771,810 \$ -- \$ 624,085 -----

----- CASH FLOWS FROM
INVESTING ACTIVITIES: Additions to
property and equipment
(345,125) -- (465,910) Proceeds from
sales of oil and gas properties -
- -- -- Proceeds from sale of U.S.
Government Agency Notes . 17,006 --
17,006 Investment in subsidiaries, net
..... (573,508) 800,995 -
- Other, net

.....
(8,938) -- (13,229) -----

----- NET CASH USED IN
INVESTING ACTIVITIES
(910,565) 800,995 (462,133) -----

----- CASH FLOWS
FROM FINANCING ACTIVITIES: Long-term
debt activity, net

.....	182,443	
(726,446) (39,111) Dividends paid		--
.....		--
-- (37,257) Common stock activity, net		
.....	56,499	
(74,549) 15,542 Treasury stock activity,		
net	-- -- 1,715	
Cost of debt and equity transactions		
.....	-- -- (6,487)	

	NET CASH	
	PROVIDED BY FINANCING ACTIVITIES	
.....	238,942 (800,995) (65,598)	

NET INCREASE (DECREASE) IN CASH AND CASH		
EQUIVALENTS		
.....		
100,187 -- 96,354 CASH AND CASH		
EQUIVALENTS AT BEGINNING OF YEAR		
.....		
29,240 -- 35,625 -----		
-- -----	CASH AND CASH	
	EQUIVALENTS AT END OF PERIOD	
.....		\$
129,427 \$ -- \$ 131,979 =====		
=====		

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

APACHE APACHE APACHE APACHE FINANCE
FINANCE CORPORATION NORTH AMERICA
AUSTRALIA CANADA -----

(IN THOUSANDS) CASH PROVIDED BY
(USED IN) OPERATING ACTIVITIES

.....
\$ 838,619 \$ -- \$ (1,550) \$ (14) ----

----- CASH FLOWS FROM
INVESTING ACTIVITIES: Additions to
property and equipment
(372,520) -- -- -- Acquisitions
.....
-- -- -- -- Proceeds from sales of
oil and gas properties .. 108,458 --
-- -- Investment in subsidiaries,
net (987,497)
(5,568) (5,568) (250,724) Other, net
.....
(8,472) -- -- -- -----

----- NET
CASH USED IN INVESTING ACTIVITIES
..... (1,260,031) (5,568)
(5,568) (250,724) -----

----- CASH FLOWS FROM FINANCING
ACTIVITIES: Long-term debt activity,
net 530,072 --
1,552 250,738 Dividends paid
.....
(9,778) -- -- -- Common stock
activity, net
7,125 5,568 5,568 -- Treasury stock
activity, net
(16,006) -- -- -- Cost of debt and
equity transactions
(1,181) -- -- -- -----

----- NET
CASH PROVIDED BY FINANCING
ACTIVITIES 510,232 5,568
7,120 250,738 -----

----- NET
INCREASE (DECREASE) IN CASH AND CASH
EQUIVALENTS

.....
88,820 -- 2 -- CASH AND CASH
EQUIVALENTS AT BEGINNING OF YEAR
..... 5,257

----- CASH AND
CASH EQUIVALENTS AT END OF PERIOD
..... \$
94,077 \$ -- \$ 2 \$ -- =====
=====

----- ALL OTHER SUBSIDIARIES OF APACHE
RECLASSIFICATIONS CORPORATION &
ELIMINATIONS CONSOLIDATED -----

(IN THOUSANDS) CASH PROVIDED BY
(USED IN) OPERATING ACTIVITIES

.....
\$ 253,024 \$ -- \$ 1,090,079 -----

----- CASH
FLOWS FROM INVESTING ACTIVITIES:
Additions to property and equipment
..... (305,549) -- (678,069)
Acquisitions
.....
(911,951) -- (911,951) Proceeds from
sales of oil and gas properties ..
130,257 -- 238,715 Investment in
subsidiaries, net
(256,292) 1,505,649 -- Other, net
.....
(37,980) -- (46,452) -----

```

----- NET CASH
USED IN INVESTING ACTIVITIES
..... (1,381,515) 1,505,649
(1,397,757) -----
----- CASH FLOWS FROM
FINANCING ACTIVITIES: Long-term debt
activity, net .....
614,183 (976,877) 419,668 Dividends
paid
..... --
-- (9,778) Common stock activity,
net ..... 517,636
(528,772) 7,125 Treasury stock
activity, net ..... --
-- (16,006) Cost of debt and equity
transactions ..... -- --
(1,181) -----
----- NET CASH PROVIDED BY
FINANCING ACTIVITIES .....
1,131,819 (1,505,649) 399,828 -----
-----
NET INCREASE (DECREASE) IN CASH AND
CASH EQUIVALENTS
.....
3,328 -- 92,150 CASH AND CASH
EQUIVALENTS AT BEGINNING OF YEAR
.....
31,916 -- 37,173 -----
----- CASH AND CASH
EQUIVALENTS AT END OF PERIOD
..... $
35,244 $ -- $ 129,323 =====
=====

```

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

ALL OTHER APACHE APACHE SUBSIDIARIES
APACHE APACHE FINANCE FINANCE OF APACHE
CORPORATION NORTH AMERICA AUSTRALIA
CANADA CORPORATION -----

----- (IN THOUSANDS) ASSETS CURRENT			
ASSETS: Cash and cash equivalents			
.....	\$ 2,550	\$ --	\$ 2
-- \$ 129,427 Receivables			
.....	84,520	--	345,315
Inventories			
.....	17,699	--	88,375
Advances to oil and gas ventures and others .. 26,946 -			
.....	-	--	40,234
Short-term investments			
.....	85,364	-----	-----

.....	131,715	--	2
688,715			

PROPERTY AND EQUIPMENT, NET			
.....	3,088,782	--	-----
.....	5,023,101	-----	-----

OTHER ASSETS: Intercompany receivable, net			
.....	1,488,648	--	(25)
(254,707) (1,233,916) Goodwill, net			
.....	--	--	193,792
Equity in affiliates			
.....	2,734,228	-----	-----
.....	206,945	470,080	1,149,190
(810,210) Deferred charges and other			
.....	33,283	--	2,518
.....	4,040	-----	-----

\$			
.....	7,476,656	\$ 206,945	\$ 470,057
.....	\$ 3,865,522	=====	=====
=====			
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES: Accounts payable			
.....	\$ 91,338	-----	-----
.....	\$ --	\$ --	\$ 133,278
Other accrued expenses			
.....	113,308	--	343
.....	(2,214)	136,285	-----

.....	204,646	--	343
.....	(2,214)	269,563	-----

-- LONG-TERM DEBT			
.....	1,571,582	--	268,704
.....	297,003	67,957	---

DEFERRED CREDITS			
AND OTHER NONCURRENT LIABILITIES:			
Income taxes			
.....	704,913	--	(5,935)
.....	97	342,223	Advances from gas purchasers
.....	132,748	--	--
Other			
.....	161,013	--	15,534

.....	998,674	--	(5,935)
.....	97	-----	-----
.....	357,757	-----	-----

PREFERRED INTERESTS OF SUBSIDIARIES			
.....	436,017	-----	-----
COMMITMENTS AND CONTINGENCIES			
SHAREHOLDERS' EQUITY			
.....	4,701,754	-----	-----
.....	206,945	206,945	602,115
.....	2,734,228	-----	-----

\$ 7,476,656			
.....	\$ 206,945	\$ 470,057	\$ 897,001
.....	\$ 3,865,522	=====	=====
=====			
RECLASSIFICATIONS & ELIMINATIONS			
CONSOLIDATED			

---- (IN THOUSANDS) ASSETS CURRENT			

ASSETS: Cash and cash equivalents	
.....	\$ -- \$ 131,979
Receivables	
.....	--
429,835 Inventories	
.....	--
106,074 Advances to oil and gas	
ventures and others ..	-- 67,180 Short-
term investments	
.....	-- 85,364 -----
-----	-- 820,432 -----
PROPERTY AND	
EQUIPMENT, NET --
8,111,883	-----
OTHER ASSETS: Intercompany receivable,	
net	..... -- -- Goodwill,
net -- --
193,792 Equity in affiliates	
.....	(3,750,233) -
- Deferred charges and other	
.....	-- 39,841 -----
-----	\$ (3,750,233) \$
9,165,948	=====
LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES: Accounts payable	
.....	\$ -- \$
224,616 Other accrued expenses	
.....	-- 247,722 -----
-----	-- 472,338 -----
LONG-TERM DEBT	
.....	--
2,205,246	-----
DEFERRED CREDITS AND OTHER NONCURRENT	
LIABILITIES: Income taxes	
.....	--
1,041,298 Advances from gas purchasers	
.....	-- 132,748 Other
.....	--
176,547	-----
-----	-- 1,350,593 -----
PREFERRED INTERESTS OF SUBSIDIARIES	
.....	-- 436,017 COMMITMENTS AND
CONTINGENCIES SHAREHOLDERS' EQUITY	
.....	(3,750,233)
4,701,754	-----
(3,750,233) \$ 9,165,948	=====
=====	

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

ALL OTHER APACHE APACHE SUBSIDIARIES
APACHE APACHE FINANCE FINANCE OF APACHE
CORPORATION NORTH AMERICA AUSTRALIA
CANADA CORPORATION -----

----- (IN THOUSANDS) ASSETS CURRENT
ASSETS: Cash and cash equivalents
..... \$ 6,383 \$ -- \$ 2 \$
-- \$ 29,240 Receivables
.....
94,881 -- -- -- 309,912 Inventories
.....
17,024 -- -- -- 85,512 Advances to oil
and gas ventures and others .. 24,644 -
- -- -- 27,201 Short-term investments
.....

102,950 -----

142,932 -- 2 -- 554,815 -----

----- PROPERTY AND EQUIPMENT, NET
..... 3,098,485 -- -- --
4,914,587 -----

OTHER ASSETS: Intercompany receivable,
net 1,426,455 -- (25)
(251,025) (1,175,405) Goodwill, net
..... -- --
-- -- 188,812 Equity in affiliates
..... 2,566,969
188,925 455,039 1,082,328 (812,827)
Deferred charges and other
..... 27,688 -- -- 2,564
3,771 -----
----- \$

7,262,529 \$ 188,925 \$ 455,016 \$ 833,867
\$ 3,673,753 =====
=====

LIABILITIES AND SHAREHOLDERS' EQUITY
CURRENT LIABILITIES: Accounts payable
..... \$ 75,164
\$ -- \$ -- \$ -- \$ 104,614 Other accrued
expenses
165,858 -- 2,599 1,246 172,977 -----

----- 241,022 -- 2,599
1,246 277,591 -----

LONG-TERM DEBT
.....
1,605,201 -- 268,615 296,988 73,553 ---

----- DEFERRED CREDITS
AND OTHER NONCURRENT LIABILITIES:
Income taxes
.....
696,441 -- (5,123) 18 300,387 Advances
from gas purchasers
140,027 -- -- -- Other
.....
161,355 -- -- -- 14,570 -----

----- 997,823 -- (5,123) 18
314,957 -----

PREFERRED INTERESTS OF SUBSIDIARIES
..... -- -- -- 440,683 -----

----- COMMITMENTS AND
CONTINGENCIES SHAREHOLDERS' EQUITY
..... 4,418,483
188,925 188,925 535,615 2,566,969 -----

----- \$ 7,262,529 \$
188,925 \$ 455,016 \$ 833,867 \$ 3,673,753
=====

=====

RECLASSIFICATIONS & ELIMINATIONS


```

CONSOLIDATED -----
---- (IN THOUSANDS) ASSETS CURRENT
ASSETS: Cash and cash equivalents
..... $ -- $ 35,625
      Receivables
..... --
      404,793 Inventories
..... --
      102,536 Advances to oil and gas
ventures and others .. -- 51,845 Short-
      term investments
..... -- 102,950 ----
----- 697,749 ----
----- PROPERTY AND
EQUIPMENT, NET ..... --
8,013,072 -----
OTHER ASSETS: Intercompany receivable,
net ..... -- -- Goodwill,
net ..... -- --
      188,812 Equity in affiliates
..... (3,480,434) -
      - Deferred charges and other
..... -- 34,023 -----
----- $ (3,480,434) $
8,933,656 =====
LIABILITIES AND SHAREHOLDERS' EQUITY
CURRENT LIABILITIES: Accounts payable
..... $ -- $
      179,778 Other accrued expenses
..... -- 342,680 ----
----- 522,458 ----
----- LONG-TERM DEBT
..... --
2,244,357 -----
DEFERRED CREDITS AND OTHER NONCURRENT
LIABILITIES: Income taxes
..... --
991,723 Advances from gas purchasers
..... -- 140,027 Other
..... --
-- 175,925 -----
-- 1,307,675 -----
- PREFERRED INTERESTS OF SUBSIDIARIES
..... -- 440,683 -----
----- COMMITMENTS AND
CONTINGENCIES SHAREHOLDERS' EQUITY
..... (3,480,434)
4,418,483 ----- $
(3,480,434) $ 8,933,656 =====
=====

```

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

OVERVIEW

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

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

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

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

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

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

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

RESULTS OF OPERATIONS

Revenues

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

FOR THE QUARTER ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,		INCREASE (DECREASE)		INCREASE (DECREASE)	
2002	2001	2002	2001	2002	2001	2002	2001
----- Revenues (in thousands): Natural gas -----							
290,031	\$ 425,954	(32)%	\$ 509,484	\$ 928,546	(45)%	Oil	
340,230	355,310	(4)%	633,236	637,560	(1)%	Natural gas liquids	
	11,461		14,781	20,731	31,537	(34)%	
----- Total -----							
641,722	\$ 796,045	(19)%	\$ 1,163,451	\$ 1,597,643	(27)%		
===== Natural Gas Volume - Mcf per day: United States =====							
604,582	(15)%	527,516	620,475	514,740	(15)%	Canada	
321,641	328,299	(2)%	318,169	255,550	25%	Egypt	
118,101	113,616	4%	117,815	84,179	40%	Australia	
126,670	121,266	4%	123,675	118,010	5%	Argentina	
8,607	--	--	6,244	--	--	Total	
1,089,759	1,167,763	(7)%	1,093,419	1,078,214	1%		
===== Average Natural Gas price - Per Mcf: United States =====							
4.46	(27)%	\$ 2.77	\$ 5.56	(50)%	Canada		
2.84	4.23	(33)%	2.52	4.72	(47)%	Egypt	
3.63	3.99	(9)%	3.34	3.89	(14)%	Australia	
1.19	10%	1.27	1.22	4%	Argentina		
			.38	--	--	Total	
4.01	(27)%	2.57	4.76	(46)%	Oil		
===== Volume - Barrels per day: United States =====							
54,462	58,197	(6)%	55,142	58,962	(6)%	Canada	
24,965	31,069	(20)%	25,150	25,615	(2)%	Egypt	
43,945	43,379	1%	44,161	34,722	27%	Australia	
27,515	22,073	25%	30,213	18,899			

```

60% Argentina
..... 593
--- 631 ---
-----
Total
.....
151,480 154,718 (2)% 155,297
138,198 12% =====
=====
Average Oil price - Per barrel:
United States
..... $ 25.38
$ 25.49 0% $ 22.92 $ 26.44 (13)%
Canada
.....
23.03 19.64 17% 20.78 20.58 1%
Egypt
.....
24.36 27.24 (11)% 22.89 26.47
(14)% Australia
.....
25.34 28.50 (11)% 22.77 27.36
(17)% Argentina
.....
22.87 -- -- 21.39 -- -- Total
.....
24.68 25.24 (2)% 22.53 25.49
(12)% Natural Gas Liquids (NGL)
Volume - Barrels per day: United
States .....
6,869 7,871 (13)% 6,882 7,734
(11)% Canada
.....
1,614 860 88% 1,487 1,052 41% --
-----
----- Total
.....
8,483 8,731 (3)% 8,369 8,786
(5)% =====
===== Average
NGL Price - Per barrel: United
States ..... $
15.50 $ 18.66 (17)% $ 14.15 $
19.33 (27)% Canada
.....
12.05 18.06 (33)% 11.55 23.49
(51)% Total
.....
14.85 18.60 (20)% 13.69 19.83
(31)%

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Natural Gas Revenues

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

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

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

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

Crude Oil Revenues

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

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

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

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

Operating Expenses

The table below presents a detail of our expenses.

	FOR THE QUARTER ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
(In millions) Depreciation, depletion and amortization (DD&A): Oil and gas property and equipment	\$ 196	\$ 193	\$ 393	\$ 354
Other assets				
International impairments	15	16	29	27
Lease operating costs (LOE)	114	101	227	191
Severance and other taxes			16	20
General and administrative expense (G&A)	28	23	53	44
Financing costs, net			30	35
	56	64		
Total	\$ 399	\$ 453	\$ 793	\$ 787

Depreciation, Depletion and Amortization

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

Impairments

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

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

Lease Operating Costs

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

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

Severance and Other Taxes

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

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

Administrative, Selling and Other Expenses

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

Financing Costs, Net

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

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

MARKET RISK

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

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

OIL AND GAS CAPITAL EXPENDITURES

FOR THE SIX MONTHS ENDED JUNE 30, -----	
----- 2002	2001 ----- (In
thousands) Exploration and development: United States	
.....	\$
129,594	\$ 430,453
..... Canada	
.....	123,639 194,766
..... Egypt	
.....	64,722 50,621
..... Australia	
.....	42,522 41,023
..... Other International*	
.....	11,335 4,072
-----	\$ 371,812 \$ 720,935
=====	===== Capitalized Interest
.....	\$ 20,464
\$ 28,868	===== Gas gathering,
transmission and processing facilities	
19,527	\$ 5,950 ===== Acquisitions:
Oil and gas properties	
.....	\$ 4,253 \$
762,721	Gas gathering, transmission and processing
facilities -- 129,000 Goodwill	
.....	-
- 197,200	----- \$ 4,253 \$
1,088,921	=====

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

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

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

CAPITAL RESOURCES

Apache's primary cash needs are for exploration, development and acquisition of oil and gas properties, repayment of principal and interest on outstanding debt and payment of dividends. The Company funds its exploration and development activities primarily through internally generated cash flows. Apache budgets capital expenditures based upon projected cash flows and routinely adjusts its capital expenditures in response to changes in oil and natural gas prices and corresponding changes in cash flow. The Company cannot accurately predict future oil and gas prices.

Net Cash Provided by Operating Activities

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

Preferred Interest of Subsidiaries

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

Debt

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

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

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

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

LIQUIDITY

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

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

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

FUTURE TRENDS

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

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

Exploiting Existing Asset Base

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

Acquiring Properties to Which We Can Add Incremental Value

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

Investing in High-Potential Exploration Prospects

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

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

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

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

FORWARD-LOOKING STATEMENTS AND RISK

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

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

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

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

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

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

AUTHORITY NOMINEE FOR WITHHELD -	

---	G. Steven Farris
116,659,013	
1,113,638	Randolph M. Ferlic
116,663,698	
1,108,953	A. D. Frazier, Jr.
111,363,773	
6,408,878	John A. Kocur
115,966,122	
1,806,529	

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 10.1 - Apache Corporation Deferred Delivery Plan, as amended and restated July 17, 2002.
- 10.2 - Form of Credit Agreement, dated as of June 3, 2002, among Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Bank of America, N.A. and Wachovia Bank, National Association, as U.S. Co-Syndication Agents, and Citibank, N.A. and Union Bank of California, N.A., as U.S. Co-Documentation Agents (excluding exhibits and schedules).
- 10.3 - Form of 364-Day Credit Agreement, dated as of June 3, 2002, among Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Bank of America, N.A. and BNP Paribas, as 364-Day Co-Syndication Agents, and Deutsche Bank AG, New York Branch, and Societe Generale, as 364-Day Co-Documentation Agents (excluding exhibits and schedules).
- 10.4 - Form of Credit Agreement, dated as of June 3, 2002, among Apache Canada Ltd, a wholly-owned subsidiary of Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Royal Bank of Canada, as Canadian Administrative Agent, The Bank of Nova Scotia and The Toronto-Dominion Bank, as Canadian Co-Syndication Agents, and BNP Paribas (Canada) and Bayerische Landesbank Girozentrale, as Canadian Co-Documentation Agents (excluding exhibits and schedules).
- 10.5 - Form of Credit Agreement, dated as of June 3, 2002, among Apache Energy Limited, a wholly-owned subsidiary of Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Citisecurities Limited, as Australian Administrative Agent, Bank of America, N.A., Sydney Branch, and Deutsche Bank AG, Sydney Branch, as Australian Co-Syndication Agents, and Royal Bank of Canada and Bank One, NA, Australia Branch, as Australian Co-Documentation Agents (excluding exhibits and schedules).
- 10.6 - Form of Guaranty, dated as of June 3, 2002, made by Apache Corporation and related to the Canadian Credit Agreement.
- 10.7 - Form of Guaranty, dated as of June 3, 2002, made by Apache Corporation and related to the Australian Credit Agreement.
- 12.1 - Statement of computation of ratio of earnings to fixed charges and combined fixed charges and preferred stock dividends.
- 99.1 - Certification of Chief Executive Officer and Chief Financial Officer.
- 99.2 - Statement Under Oath of Principal Executive Officer of Apache Corporation Regarding Facts and Circumstances Relating to Exchange Act Filings, dated August 12, 2002.
- 99.3 - Statement Under Oath of Principal Financial Officer of Apache Corporation Regarding Facts and Circumstances Relating to Exchange Act Filings, dated August 12, 2002.

(b) Reports filed on Form 8-K

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

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

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

SIGNATURES

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

APACHE CORPORATION

Dated: August 13, 2002

/s/ Roger B. Plank

Roger B. Plank
Executive Vice President and
Chief Financial Officer

Dated: August 13, 2002

/s/ Thomas L. Mitchell

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

EXHIBIT INDEX

- 10.1 - Apache Corporation Deferred Delivery Plan, as amended and restated July 17, 2002.
- 10.2 - Form of Credit Agreement, dated as of June 3, 2002, among Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Bank of America, N.A. and Wachovia Bank, National Association, as U.S. Co-Syndication Agents, and Citibank, N.A. and Union Bank of California, N.A., as U.S. Co-Documentation Agents (excluding exhibits and schedules).
- 10.3 - Form of 364-Day Credit Agreement, dated as of June 3, 2002, among Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Bank of America, N.A. and BNP Paribas, as 364-Day Co-Syndication Agents, and Deutsche Bank AG, New York Branch, and Societe Generale, as 364-Day Co-Documentation Agents (excluding exhibits and schedules).
- 10.4 - Form of Credit Agreement, dated as of June 3, 2002, among Apache Canada Ltd, a wholly-owned subsidiary of Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Royal Bank of Canada, as Canadian Administrative Agent, The Bank of Nova Scotia and The Toronto-Dominion Bank, as Canadian Co-Syndication Agents, and BNP Paribas (Canada) and Bayerische Landesbank Girozentrale, as Canadian Co-Documentation Agents (excluding exhibits and schedules).
- 10.5 - Form of Credit Agreement, dated as of June 3, 2002, among Apache Energy Limited, a wholly-owned subsidiary of Apache, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Citisecurities Limited, as Australian Administrative Agent, Bank of America, N.A., Sydney Branch, and Deutsche Bank AG, Sydney Branch, as Australian Co-Syndication Agents, and Royal Bank of Canada and Bank One, NA, Australia Branch, as Australian Co-Documentation Agents (excluding exhibits and schedules).
- 10.6 - Form of Guaranty, dated as of June 3, 2002, made by Apache Corporation and related to the Canadian Credit Agreement.
- 10.7 - Form of Guaranty, dated as of June 3, 2002, made by Apache Corporation and related to the Australian Credit Agreement.
- 12.1 - Statement of computation of ratio of earnings to fixed charges and combined fixed charges and preferred stock dividends.
- 99.1 - Certification of Chief Executive Officer and Chief Financial Officer.
- 99.2 - Statement Under Oath of Principal Executive Officer of Apache Corporation Regarding Facts and Circumstances Relating to Exchange Act Filings, dated August 12, 2002.
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APACHE CORPORATION
DEFERRED DELIVERY PLAN

As Amended and Restated July 17, 2002

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APACHE CORPORATION
DEFERRED DELIVERY PLAN
AS AMENDED AND RESTATED JULY 17, 2002

Apache Corporation ("Apache"), a Delaware corporation (hereinafter referred to, together with its Affiliated Entities (as defined below), as the "Company" except where the context otherwise requires), established the Apache Corporation Deferred Delivery Plan, effective as of February 10, 2000. The Plan (as defined below) provides Participants (as defined below) with an opportunity to defer income and permits the grant of Stock Bonus Awards (as defined below) to Participants selected by the Committee (as defined below), in consideration of the valuable past services provided by Participants to the Company.

The Plan is intended to provide Participants with added incentives and to induce them to remain in the employ of the Company. The Company intends that the Plan shall not be treated as a "funded" plan for purposes of either the Code or the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

ARTICLE I
DEFINITIONS

1.01 Definitions

Defined terms used in this Plan shall have the meanings set forth below:

- (a) "Account" means the memorandum account maintained for each Participant to which shall be credited all Deferred Amounts (including any Stock Bonus Award), all Company Match made on behalf of a Participant, all Deferred Restricted Units, and all adjustments thereto.
- (b) "Affiliated Entity" means any corporation or other legal entity (including but not limited to a partnership) which is affiliated with Apache through stock ownership or otherwise and is treated as a common employer under the provisions of Sections 414(b) and (c) or any successor sections of the Code.
- (c) "Code" means the Internal Revenue Code of 1986, as amended.
- (d) "Committee" means the Stock Option Plan Committee of Apache's Board of Directors. The Committee shall be constituted at all times so as to permit the plan to be administered by "non-employee directors" (as

defined in Rule 16b-3 of the Securities Exchange Act of 1934, as amended).

- (e) "Company Match" means the allocations to a Participant's Account made pursuant to Section 3.02.
- (f) "Compensation" shall mean the one-time 1999 discretionary award and/or income from (a) any Stock Bonus Award, (b) exercises of non-qualified employee stock options granted to the Participants pursuant to Apache's 1990 Stock Incentive Plan, 1995 Stock Option Plan, 1998 Stock Option Plan, 2000 Stock Option Plan or any future plan under which employee stock options may be granted, and/or (c) any Other Approved Plan. The Committee and/or the Board of Directors may from time to time designate other forms of remuneration that are available for deferral into the Plan.
- (g) "Deferred Amounts" means the amounts of a Participant's Compensation, which are deferred and credited to the Participant's Account pursuant to Section 3.01.
- (h) "Deferred Restricted Units" means those units deferred into the Plan from the Restricted Stock Plan and any related units from dividend amounts. Each Deferred Restricted Stock Unit is deemed to be equivalent to one share of Stock.
- (i) "Election Agreement" means an application for participation in the Plan, execution of which by an eligible employee is required under Article II for the Participant to elect or acknowledge Deferred Amounts.
- (j) "Fair Market Value" means the per share closing price of the Stock as reported on The New York Stock Exchange, Inc. Composite Transactions Reporting System for a particular date. If there are no Stock transactions on such date, the Fair Market Value shall be determined as of the immediately preceding date on which there were Stock transactions.
- (k) "Other Approved Plan" means the 2000 Share Appreciation Plan and any other compensation or benefit plan which may from time to time be designated by the Committee and/or the Board of Directors.
- (l) "Participant" means any eligible employee selected to participate in the Plan pursuant to Section 2.01.
- (m) "Plan" means the Apache Corporation Deferred Delivery Plan (including Annex A), as it has been amended from time to time, or any successor plan.

- (n) "Plan Year" means the period during which the Plan records are kept. The Plan Year shall be the calendar year.
- (o) "Restricted Stock Plan" means the Apache Corporation Pilot Executive Restricted Stock Plan as it may be amended from time to time, or any successor plan.
- (p) "Stock" means the \$1.25 par value common stock of Apache.
- (q) "Stock Bonus Award" means any grant of Stock Units made pursuant to Annex A.
- (r) "Stock Units" means investment units and any related units from dividend amounts. Each Stock Unit is deemed to be equivalent to one share of Stock.
- (s) "Trust" means the trust or trusts, if any, created by the Company to provide funding for the distribution of benefits in accordance with the provisions of the Plan. The assets of any such Trust shall remain subject to the claims of the Company's general creditors in the event of the Company's insolvency.
- (t) "Trust Agreement" means the written instrument pursuant to which each separate Trust is created.
- (u) "Trustee" means one or more banks, trust companies or insurance companies designated by the Company to hold the Trust fund and to pay benefits and expenses as authorized by the Committee in accordance with the terms and provisions of the Trust Agreement.

1.02 Headings; Gender and Number

The headings contained in the Plan are for reference purposes only and shall not affect in any way the meaning or interpretation of the Plan. Except when otherwise indicated by the context, the masculine gender shall also include the feminine gender, and the definition of any term herein in the singular shall also include the plural.

ARTICLE II
ELIGIBILITY AND PARTICIPATION

2.01 Eligibility and Participation

The Committee shall from time to time in its sole discretion select those employees of the Company who are eligible to participate in the Plan from

among a select group of key employees; however, any Participant in the Restricted Stock Plan shall be a Participant in the Plan without further action by the Committee.

2.02 Election

Participants shall complete the election procedure specified by the Committee. The election procedure may include form(s) for the Participant to (a) designate a beneficiary (pursuant to Article V), (b) elect or acknowledge Deferred Amounts by entering into an Election Agreement with the Company (pursuant to Section 3.01), (c) select a payment option for the eventual distribution of his Account (pursuant to Article V), and (d) provide such other information as the Committee may reasonably require.

2.03 Failure of Eligibility

The Committee shall have the authority to determine that a Participant is no longer eligible to participate in the Plan. No Company Match or Stock Bonus Award shall be made, no Deferred Amounts withheld from a Participant's Compensation, no Deferred Restricted Units deferred into the Plan from the Restricted Stock Plan, and no dividend amounts credited to a Participant's Account after he ceases to be eligible to participate in the Plan. The determination of the Committee with respect to the termination of participation in the Plan shall be final and binding on all parties affected thereby. Except as provided in Section 5.01, any benefits vested hereunder, at the time the Participant becomes ineligible to continue participation, shall be distributable in accordance with the provisions of the Plan.

ARTICLE III
CONTRIBUTION DEFERRALS

3.01 Participant Deferrals

- (a) General. A Participant may elect to defer a portion of his Compensation and/or acknowledge the deferral of income from the grant of a Stock Bonus Award by filing the appropriate Election Agreement with the Committee's designee. Deferred Amounts related to the one-time 1999 discretionary award, and to such other remuneration as may be designated from time to time, shall be deducted through payroll withholding from the Participant's cash Compensation payable by the Company, and shall be credited to the Participant's Account on or about the date the amounts are deducted. Deferred Amounts from the deferral of income from the exercise of non-qualified stock option grants, from the grant of a Stock Bonus Award or from any Other Approved Plan shall be credited to the Participant's Account on or about the date of the stock

option exercise, the grant date of the Stock Bonus Award or the date the income would have been otherwise paid or distributed from such Other Approved Plan, respectively.

- (b) Initial Enrollment. When an employee first is selected to participate in the Plan, pursuant to Section 2.01, the Committee's designee shall provide him with an election form, which, when properly completed and timely returned to the Committee's designee shall constitute an Election Agreement. To be effective, the Election Agreement must be completed and returned to the Committee's designee by the deadline established by the Committee. The employee may elect to defer (i) up to 100 percent of the one-time 1999 discretionary award, and (ii) such percentage up to 100 percent of income from stock options exercised in the Plan Year indicated or from any Other Approved Plan, divisible into such increments as may be designated by the Committee; however, 100 percent of income from the grant of any Stock Bonus Award shall be deferred. The Election Agreement shall be effective immediately upon receipt by the Committee's designee; however, (i) Election Agreements related to the deferral of income from stock option exercises must be completed and returned not less than six months in advance of the Participant's intended exercise date on which income is to be deferred, and (ii) Election Agreements related to the deferral of income from any Other Approved Plan must be completed and returned pursuant to the provisions of such Other Approved Plan. Each Election Agreement shall be irrevocable for the deferral of the one-time 1999 discretionary award, or the deferral of income (i) from stock options exercised in the Plan Year indicated, (ii) from the grant of any Stock Bonus Award, or (iii) from any Other Approved Plan.
- (c) Continuing Election. A Participant shall enter into a separate Election Agreement for (i) the deferral of income from stock options exercised in the Plan Year indicated, (ii) the deferral of income from the grant of any Stock Bonus Award (iii) the deferral of income from any Other Approved Plan, or (iv) any other deferral opportunity offered by the Committee. To be effective, the Election Agreement must be completed and returned to the Committee's designee by the deadline established by the Committee; however, (i) Election Agreements related to the deferral of income from stock option exercises must be completed and returned not less than six months in advance of the Participant's intended exercise date on which income is to be deferred, and (ii) Election Agreements related to the deferral of income from any Other Approved Plan must be completed and returned pursuant to the provisions of such Other Approved Plan. Each Election Agreement shall be irrevocable.

- (d) Participant Becomes Ineligible. A Participant's Election Agreement(s) shall be canceled immediately if and when the Participant becomes ineligible to participate in the Plan.

3.02 Company Match

The Company shall credit to a Participant's Account matching contributions equal to the Participant's Deferred Amount related to the 1999 one-time discretionary award. The Committee may from time to time in its sole discretion designate such other forms of remuneration that are available for deferral into the Plan, as well as such other matching contributions as the Committee deems appropriate. The Company Match shall be invested as specified in Article IV.

3.03 Deferral of Deferred Restricted Units

Pursuant to the terms of the Restricted Stock Plan, Deferred Restricted Units (a) are deferred into the Plan for an initial deferral period of five years and (b) shall be credited to the Participants' Accounts as set forth in Subsection 4.01(b) hereof. Participants may elect an additional deferral period with respect to Deferred Restricted Units as set forth in Subsection 5.02(d) hereof.

ARTICLE IV INVESTMENT OF DEFERRALS AND ACCOUNTING; VOTING

4.01 Investments

- (a) Except as provided in Subsection 4.01(b), all amounts credited to a Participant's Account shall be invested in Stock Units, with the number of Stock Units determined using the Fair Market Value of the Stock for the date on which the amount is credited to the Participant's Account. Amounts equal to any cash dividends declared on the Stock shall be credited to the Participant's Account as of the payment date for such dividend in proportion to the number of Stock Units in the Participant's Account as of the record date for such dividend. Such dividend amounts shall be invested in Stock Units, with the number of Stock Units determined using the Fair Market Value of the Stock on the dividend payment date, and such Stock Units shall vest pursuant to Section 5.01.
- (b) All Deferred Restricted Units deferred into the Plan shall be credited to the Participant's Account as of the date of vesting under the Restricted Stock Plan. Amounts equal to any cash dividends declared on the Stock shall be credited to the Participant's Account for such dividend in proportion to the number of Deferred Restricted Units in the Participant's Account as of the record date for such dividend. Such dividend amounts shall be invested in Deferred Restricted Units with the number of Deferred

Restricted Units determined using the Fair Market Value of the Stock on the dividend payment date, and such Deferred Restricted Units shall be fully vested.

- (c) Nothing contained in this Section shall be construed to give any Participant any power or control to make investment decisions or otherwise influence in any manner the investment and reinvestment of assets contained within any investment alternative, such control being at all times retained in the full discretion of the Committee. Nothing contained in this Section shall be construed to require the Company or the Committee to fund any Participant's Account.

4.02 Voting

Participants shall have no right to vote any Stock Units or Deferred Restricted Units prior to the date on which such Stock Units or Deferred Restricted Units are subject to distribution and shares of Stock are issued therefor.

ARTICLE V DISTRIBUTIONS

5.01 Vesting

- (a) The portion of a Participant's Account attributable to Deferred Amounts from the one-time 1999 discretionary award, related to the deferral of income from stock option exercises and/or related to Deferred Restricted Units shall be fully vested; however, the portion of a Participant's Account (i) attributable to Deferred Amounts related to the grant of any Stock Bonus Award or to such other remuneration as may be designated from time to time and/or (ii) related to the deferral of income from any Other Approved Plan, shall vest on such terms as may be determined by the Committee.
- (b) A Participant shall vest in the portion of his Account that is attributable to the Company Match for the 1999 one-time discretionary award as follows: 50 percent on the date six months following the date of deferral and the remaining 50 percent on the date twelve months following the date of deferral.
- (c) If a Participant retires or becomes disabled (as defined by the Company's Long Term Disability Plan) while still employed by the Company, no further vesting shall occur subsequent to the date of retirement or disability and all unvested portions of the Participant's Account shall be forfeited immediately.

- (d) If a Participant dies while still employed by the Company, any unvested portion of the Participant's Account shall be immediately vested.
- (e) If a Participant's employment is terminated other than for cause (as defined below), no further vesting of unvested portions of the Participant's Account shall occur and all unvested portions thereof shall be forfeited immediately.
- (f) If the employment of the Participant is terminated for cause as determined by the Company, the Participant's entire Account balance (including any Deferred Amounts and/or Deferred Restricted Units) shall be forfeited immediately. As used in this subsection, "cause" shall mean a gross violation, as determined by the Company, of the Company's established policies and procedures. The effect of this subsection shall be limited to determining the consequences of a termination and nothing in this subsection shall restrict or otherwise interfere with Company's discretion with respect to termination of any employee.
- (g) Stock Units attributable to dividend amounts credited to a Participant's Account pursuant to Section 4.01 shall vest as the corresponding Stock Units vest. As used in this subsection, "corresponding Stock Units" shall mean those Stock Units on which the dividend amounts are calculated.

5.02 Distribution During Employment

- (a) While a Participant is employed by the Company, the only available distribution is pursuant to the terms of an applicable Election Agreement electing a deferral (i) for a five-year period or (ii) until termination of employment with the Company. Any distribution shall be paid in whole shares of Stock, delivered in the number of installments designated by the Participant in the applicable Election Agreement and, coincident with delivery of the last such installment, any fractional shares shall be paid in cash.
- (b) If a Participant has elected to take his distribution in installments, the first installment shall be delivered within 90 days after the termination date of the applicable deferral period, and each subsequent installment shall be delivered within 90 days after the first business day of the following calendar year.
- (c) If a Participant remains employed by the Company, a Participant may elect to further defer distribution of his or her Stock Units (i) for one additional five-year period or (ii) until termination of employment with the Company by executing a new Election Agreement at least one year prior to the first installment due pursuant to the Participant's previous election.

- (d) With regard to any Deferred Restricted Units, a Participant may elect to further defer such Deferred Restricted Units beyond the initial deferral period (i) for one additional five-year period or (ii) until termination of employment with the Company, provided that such election is made at least one year prior to the end of the initial deferral period.
- (e) All distributions made pursuant to this Section 5.02 shall be subject to Subsection 5.03 (a) hereof.

5.03 Distributions After Employment

Distributions after the Participant's death shall be made pursuant to Section 5.04 hereof. All other distributions after employment shall be made as set forth below:

- (a) All deferral periods shall terminate automatically effective as of the date the Participant terminates employment with the Company, regardless of the length of time remaining in any such deferral period.
- (b) Timing. The Participant's vested Account shall be distributed after the Participant terminates employment with the Company and the distribution shall be made in the number of installments designated in the Participant's Election Agreement(s). If the Participant has not made any such distribution election, the Participant's vested Account balance shall be distributed in one lump sum and such distribution shall be made within 90 days of the Participant's termination date. If a Participant has elected to take his distribution in installments, the first installment shall be delivered within 90 days after the Participant's termination date and each subsequent installment shall be delivered within 90 days after the first business day of the following calendar year.
- (c) Form of Distribution. The Participant's entire vested Account shall be paid in whole shares of Stock, delivered in the number of installments designated pursuant to the Election Agreement(s) executed by the Participant and, coincident with delivery of the last such installment, any fractional shares shall be paid in cash.
- (d) Minimum Distribution. If, as of the Participant's termination date, the value of his entire vested Account is \$50,000 or less, the Participant's vested Account balance shall be distributed in one lump sum, regardless of any distribution election made by the Participant, and such distribution shall be made within 90 days of the Participant's termination date.
- (e) Reemployment. If a Participant is reemployed by the Company before his entire vested Account balance is paid, installments from the Plan shall be suspended. Installments will resume after the Participant again terminates

employment. The number of remaining installments shall be the number of annual installments originally designated pursuant to the Election Agreement(s) executed by the Participant, less the number of installments received before the Participant was re-employed. If the Participant dies before receiving all installments, Section 5.04 shall apply.

5.04 Distributions After Participant's Death

- (a) Each Participant shall designate one or more persons, trusts or other entities as his beneficiary (the "Beneficiary") to receive any amounts distributable hereunder at the time of the Participant's death. A Beneficiary designation made under the terms of the Plan shall be filed with the Committee's designee and shall remain in effect unless and until changed pursuant to Subsection 5.04(b) hereof. In the absence of an effective Beneficiary designation as to part or all of a Participant's interest in the Plan, such amount shall be distributed to the Participant's surviving spouse, if any, otherwise to the personal representative of the Participant's estate.
- (b) A Beneficiary designation may be changed by the Participant at any time and without the consent of any previously designated Beneficiary. However, if the Participant is married, his spouse shall be his Beneficiary unless such spouse has consented to the designation of a different Beneficiary. To be effective, the spouse's consent must be in writing, witnessed by a notary public, and filed with the Committee's designee. If a Participant has designated his spouse as a Beneficiary or as a contingent Beneficiary, and the Participant and that spouse subsequently divorce, then such Beneficiary designation shall be void and of no effect with respect to such spouse on and after the day such divorce is final.
- (c) When a Participant dies, his remaining vested Account balance shall be distributed to his Beneficiary in one lump sum as soon as administratively possible after his death, regardless of any distribution election made by the Participant, and regardless of whether installment payments had begun. Such distribution shall be paid in whole shares of Stock, with any fractional shares paid in cash.

5.05 Withholding

At the time of vesting and distribution, as applicable, the Plan shall withhold from such distribution any taxes or other amounts that are required to be withheld pursuant to any applicable law or such greater amount as requested by the Participant. The Committee may direct the Company to withhold additional amounts from any payment to repay the Participant's debt or obligation to the Company or at the request of the Participant.

ARTICLE VI
ADMINISTRATION

6.01 Committee to Administer and Interpret Plan

The Plan shall be administered by the Committee. The Committee shall have all discretion and powers necessary for administering the Plan, including, but not by way of limitation, full discretion and power to interpret the Plan, to determine the eligibility, status and rights of all persons under the Plan and, in general, to decide any dispute. The Committee shall direct the Company, the Trustee, or both, as the case may be, concerning distributions in accordance with the provisions of the Plan. The Committee's designee shall maintain all Plan records except records of any Trust.

6.02 Organization of Committee

The Committee shall adopt such rules as it deems desirable for the conduct of its affairs and for the administration of the Plan. The Committee may appoint a designee and/or agent (who need not be a member of the Committee or an employee of the Company) to assist the Committee in administration of the Plan and to whom it may delegate such powers as the Committee deems appropriate, except that the Committee shall determine any dispute. The Committee may make its determinations with or without meetings. The Committee may authorize one or more of its members, designees or agents to sign instructions, notices and determinations on its behalf. The action of a majority of the Committee's members shall constitute the action of the Committee.

6.03 Agent for Process

Apache's General Counsel and Apache's Corporate Secretary shall each be an agent of the Plan for service of all process.

6.04 Determination of Committee Final

The decisions made by the Committee shall be final and conclusive on all persons.

ARTICLE VII
TRUST

7.01 Trust Agreement

The Company may, but shall not be required to, adopt a separate Trust Agreement for the holding and administration of the funds contributed to

Accounts under the Plan. The Trustee shall maintain and allocate assets to a separate account for each Participant under the Plan. The assets of any such Trust shall remain subject to the claims of the Company's general creditors in the event of the Company's insolvency.

7.02 Expenses of Trust

The parties expect that any Trust created pursuant to Section 7.01 will be treated as a "grantor" trust for federal and state income tax purposes and that, as a consequence, such Trust will not be subject to income tax with respect to its income. However, if the Trust should be taxable, the Trustee shall pay all such taxes out of the Trust. All expenses of administering any such Trust shall be a charge against and shall be paid from the assets of such Trust.

ARTICLE VIII
AMENDMENT AND TERMINATION

8.01 Amendment

- (a) The Plan may be amended at any time and from time to time, retroactively or otherwise; however, no amendment shall reduce any vested benefit that has accrued on the effective date of such amendment. Each Plan amendment shall be in writing and shall be approved by the Committee and/or Apache's Board of Directors. An officer of Apache to whom the Committee and/or Apache's Board of Directors has delegated the authority to execute Plan amendments shall execute each such amendment or the Plan document restated to include all such Plan amendment(s).
- (b) The Committee shall have the authority to adopt such modifications, procedures and subplans as may be necessary or desirable to comply with the provisions of the laws (including, but not limited to, tax laws and regulations) of countries other than the United States in which the Company may operate, so as to assure the viability of the benefits of the Plan to Participants employed in such countries.

8.02 Successors and Assigns; Termination of Plan

The Plan is binding upon Apache and its successors and assigns. The Plan shall continue in effect from year to year unless and until terminated by Apache's Board of Directors. Any such termination shall operate only prospectively and shall not reduce any vested benefit that has accrued on the effective date of such termination.

ARTICLE IX
STOCK SUBJECT TO THE PLAN

9.01 Number of Shares

Subject to Section 4.01 and Annex A, and to adjustment pursuant to Section 9.03 hereof, three hundred fifty thousand (350,000) shares of Stock are authorized for issuance under the Plan in accordance with the provisions of the Plan and subject to such restrictions or other provisions as the Committee may from time to time deem necessary. This authorization may be increased from time to time by approval of the Board and the stockholders of Apache if, in the opinion of counsel for the Company, such stockholder approval is required. Shares of Stock distributed under the terms of the Plan and shares of Stock equal to the number of Stock Units and Deferred Restricted Units credited to Participants' Accounts maintained under the Plan shall be applied to reduce the maximum number of shares of Stock remaining available for use under the Plan. However, shares of Stock represented (a) by any Stock Units related to the deferral of income (i) from the exercise of stock options and/or (ii) from any Other Approved Plan or (b) by any Deferred Restricted Units deferred from the Restricted Stock Plan shall retain their authorization under the applicable stock option plan, under such Other Approved Plan, or under the Restricted Stock Plan, and shall not be applied to reduce the number of shares of Stock remaining available for use under the Plan. Apache, at all times during the existence of the Plan and while any Stock Units and/or Deferred Restricted Units are credited to Participants' Accounts maintained under the Plan, shall retain as Stock in Apache's treasury at least the number of shares from time to time required under the provisions of the Plan, or otherwise assure itself of its ability to perform its obligations hereunder.

9.02 Other Shares of Stock

The shares of Stock represented by any Stock Units or any Deferred Restricted Units from dividend amounts that are forfeited, and any shares of Stock that for any other reason are not issued to a Participant or are forfeited, shall again become available for use under the Plan.

9.03 Adjustments for Stock Split, Stock Dividend, Etc.

If Apache shall at any time increase or decrease the number of its outstanding shares of Stock or change in any way the rights and privileges of such shares by means of the payment of a Stock dividend or any other distribution upon such shares payable in Stock, or through a Stock split, subdivision, consolidation, combination, reclassification or recapitalization involving the Stock, then in relation to the Stock that is affected by one or more of the above events, the numbers, rights and privileges of the following shall be increased, decreased or

changed in like manner as if they had been issued and outstanding, fully paid and nonassessable at the time of such occurrence: (i) the shares of Stock remaining available for use under the Plan; and (ii) the shares of Stock then represented by Stock Units and Deferred Restricted Units credited to Participants' Accounts maintained under the Plan.

9.04 Dividend Payable in Stock of Another Corporation, Etc.

If Apache shall at any time pay or make any dividend or other distribution upon the Stock payable in securities or other property (except cash or Stock), a proportionate part of such securities or other property shall be set aside for Stock Units and Deferred Restricted Units credited to Participants' Accounts maintained under the Plan and delivered to any Participant upon distribution pursuant to the terms of the Plan. Prior to the time that any such securities or other property are delivered to a Participant in accordance with the foregoing, Apache shall be the owner of such securities or other property and shall have the right to vote the securities, receive any dividends payable on such securities, and in all other respects shall be treated as the owner. If securities or other property which have been set aside by Apache in accordance with this Section are not delivered to a Participant because all or part of his Stock Units and/or Deferred Restricted Units are forfeited pursuant to the terms of the Plan, then the applicable portion of such securities or other property shall remain the property of Apache and shall be dealt with by Apache as it shall determine in its sole discretion.

9.05 Other Changes in Stock

In the event there shall be any change, other than as specified in Sections 9.03 and 9.04 hereof, in the number or kind of outstanding shares of Stock or of any stock or other securities into which the Stock shall be changed or for which it shall have been exchanged, and if the Committee shall in its discretion determine that such change equitably requires an adjustment in the number or kind of shares (i) remaining available for use under the Plan and/or (ii) represented by Stock Units and Deferred Restricted Units credited to Participants' Accounts maintained under the Plan, then such adjustments shall be made by the Committee and shall be effective for all purposes of the Plan.

9.06 Rights to Subscribe

If Apache shall at any time grant to the holders of its Stock rights to subscribe pro rata for additional shares thereof or for any other securities of Apache or of any other corporation, there shall be reserved with respect to the Stock Units and Deferred Restricted Units credited to Participants' Accounts maintained under the Plan the Stock or other securities which the Participant would have been entitled to subscribe for if immediately prior to such grant the shares of Stock represented by such Stock Units and Deferred Restricted Units had been issued

and outstanding. If, at the time of distribution under the terms of the Plan, the Participant subscribes for the additional shares or other securities, the price that is payable by the Participant for such additional shares or other securities shall be withheld from such distribution pursuant to Section 5.05 hereof.

9.07 Change of Control

- (a) In the event of the occurrence of a change of control of Apache, as defined below, all unvested Stock Units credited to Participants' Accounts shall become automatically vested, without further action by the Committee or the Board, so that such unvested Stock Units become fully vested and payable as of the date of such change of control. All Stock Units and Deferred Restricted Units credited to Participants' Accounts shall be distributed in one lump sum as soon as administratively possible after the date of such change of control, regardless of any distribution election made by the Participant.
- (b) For purposes of this Plan, a "change of control" shall mean any of the events specified in Apache's Income Continuance Plan or any successor plan which constitute a change of control within the meaning of such plan.

9.08 General Adjustment Rules

No adjustment or substitution provided for in this Article IX shall require Apache to sell or otherwise issue a fractional share of Stock. All benefits payable under the Plan shall be distributed in whole shares of Stock, with any fractional shares paid in cash.

9.09 Determination by the Committee, Etc.

Adjustments under this Article IX shall be made by the Committee, whose determinations with regard thereto shall be final and binding upon all parties thereto.

ARTICLE X
REORGANIZATION OR LIQUIDATION

In the event that Apache is merged or consolidated with another corporation and Apache is not the surviving corporation, or if all or substantially all of the assets or more than 20 percent of the outstanding voting stock of Apache is acquired by any other corporation, business entity or person, or in case of a reorganization (other than a reorganization under the United States Bankruptcy Code) or liquidation of the Company, and if the provisions of Section 9.07 hereof do not apply, the Committee, or the board of directors of any corporation assuming the obligations of the Company, shall, as to the Plan and any Stock Units and Deferred Restricted Units credited to

Participants' Accounts maintained under the Plan, either (i) make appropriate provision for the adoption and continuation of the Plan by the acquiring or successor corporation and for the protection of any Stock Units and Deferred Restricted Units credited to Participants' Accounts maintained under the Plan by the substitution on an equitable basis of appropriate stock of Apache or of the merged, consolidated or otherwise reorganized corporation which will be issuable with respect to the Stock, provided that no additional benefits shall be conferred upon the Participants with respect to such Stock Units and Deferred Restricted Units as a result of such substitution or (ii) upon written notice to the Participants, provide that all distributions from the Plan shall be made within a specified number of days of the date of such notice. In the latter event, the Committee shall accelerate the vesting of all unvested Stock Units credited to Participants' Accounts so that (a) all such Stock Units become fully vested and (b) all Stock Units and Deferred Restricted Units are payable prior to any such event.

ARTICLE XI
MISCELLANEOUS

11.01 Funding of Benefits -- No Fiduciary Relationship

Benefits shall be paid either out of the Trust or, if no Trust is in existence or if the assets in the Trust are insufficient to provide fully for such benefits, then such benefits shall be distributed by the Company out of its general assets. Nothing contained in the Plan shall be deemed to create any fiduciary relationship between the Company and the Participants. Notwithstanding anything herein to the contrary, to the extent that any person acquires a right to receive benefits under the Plan, such right shall be no greater than the right of any unsecured general creditor of the Company, except to the extent provided in the Trust Agreement, if any.

11.02 Right to Terminate Employment

The Company may terminate the employment of any Participant as freely and with the same effect as if the Plan were not in existence.

11.03 Inalienability of Benefits

No Participant shall have the right to assign, transfer, hypothecate, encumber or anticipate his interest in any benefits under the Plan, nor shall the benefits under the Plan be subject to any legal process to levy upon or attach the benefits for payment for any claim against the Participant or his spouse. If, notwithstanding the foregoing provision, any Participant's benefits are garnished or attached by the order of any court, the Company may bring an action for declaratory judgment in a court of competent jurisdiction to determine the proper recipient of the benefits to be distributed pursuant to the Plan. During the pendency of the action, any benefits that become distributable shall be paid into the court, as they

become distributable, to be distributed by the court to the recipient it deems proper at the conclusion of the action.

11.04 Claims Procedure

- (a) The Participant, his spouse or the authorized representative of the claimant shall file all claims in writing, by completing such procedures as the Committee shall require. Such procedures shall be reasonable and may include the completion of forms and the submission of documents and additional information.
- (b) If a claim is denied, notice of denial shall be furnished by the Committee to the claimant within 90 days after the receipt of the claim by the Committee, unless special circumstances require an extension of time for processing the claim, in which event notification of the extension shall be provided to the Participant or beneficiary and the extension shall not exceed 90 days.
- (c) The Committee shall provide adequate notice, in writing, to any claimant whose claim as been denied, setting forth the specific reasons for such denial, specific reference to pertinent Plan provisions, a description of any additional material or information necessary for the claimant to perfect his claims and an explanation of why such material or information is necessary, all written in a manner calculated to be understood by the claimant. Such notice shall include appropriate information as to the steps to be taken if the claimant wishes to submit his claim for review. The claimant or the claimant's authorized representative may request such review within the reasonable period of time prescribed by the Committee. In no event shall such a period of time be less than 60 days. A decision on review shall be made not later than 60 days after the Committee's receipt of the request for review. If special circumstances require a further extension of time for processing, a decision shall be rendered not later than 120 days following the Committee's receipt of the request for review. If such an extension of time for review is required, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. The decision on review shall be furnished to the claimant. Such decision shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent Plan provisions on which the decision is based.

11.05 Disposition of Unclaimed Distributions

Each Participant must file with the Company from time to time in writing his post office address and each change of post office address. Any communication, statement or notice addressed to a Participant at his last post office address on file with the Company, or if no address is filed with the Company, then at his last

post office address as shown on the Company's records, will be binding on the Participant and his spouse for all purposes of the Plan. The Company shall not be required to search for or locate a Participant or his spouse.

11.06 Distributions Due Infants or Incompetents

If any person entitled to a distribution under the Plan is an infant, or if the Committee determines that any such person is incompetent by reason of physical or mental disability, whether or not legally adjudicated an incompetent, the Committee shall have the power to cause the distributions becoming due to such person to be made to another for his benefit, without responsibility of the Committee to see to the application of such distributions. Distributions made pursuant to such power shall operate as a complete discharge of the Company, the Trustee, if any, and the Committee.

11.07 Governing Law

The Plan and all Election Agreements shall be construed in accordance with the Code and, to the extent applicable, the laws of the State of Texas excluding any conflicts-of-law provisions.

July 17, 2002

ATTEST:

APACHE CORPORATION

/s/ Cheri L. Peper

/s/ Jeffrey M. Bender

Cheri L. Peper
Corporate Secretary

Jeffrey M. Bender
Vice President, Human Resources

ANNEX A
APACHE CORPORATION DEFERRED DELIVERY PLAN
STOCK BONUS AWARD PROVISIONS

From time to time, grants of stock bonus awards for specified numbers of Stock Units (each a "Stock Bonus Award") may be made to Participants under the terms of the Plan. Capitalized terms used in this Annex A shall have the meaning set forth in the Plan or herein, as the case may be.

Grants of Stock Bonus Awards shall be made by the Committee. The Stock Units covered by each Stock Bonus Award shall be credited to the Participant's Account maintained under the Plan.

In accordance with the provisions of the Plan, the Committee shall, in its sole discretion, select the Participants to receive Stock Bonus Awards. For each stock Bonus Award, the Committee shall:

- specify the date of grant and number of Stock Units granted;
- designate the vesting provisions; and
- establish such other terms and requirements as deemed necessary or desirable and consistent with the Plan.

Each Stock Bonus Award shall be evidenced by a written agreement containing the particular provisions of such award and in such form as the Committee shall determine.

Upon the grant and/or vesting of each Stock Bonus Award, the Participant shall make appropriate arrangements with the Company to provide for the amount of all applicable federal, state and local income and other tax withholding requirements. As used in the Plan, the phrase "income from the grant of a Stock Bonus Award" shall mean the amount calculated by multiplying (a) the number of Stock Units covered by the Stock Bonus Award, times (b) the Fair Market Value of the Stock for the date of grant.

Except as set forth in this Annex A and/or in the applicable written agreement, each Stock Bonus Award and the Stock Units related thereto shall be subject to all other terms and conditions set forth in the Plan.

[U.S. CREDIT AGREEMENT]

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CREDIT AGREEMENT

dated as of June 3, 2002

among

APACHE CORPORATION,

THE LENDERS PARTY HERETO,

JPMORGAN CHASE BANK,
as Global Administrative Agent,

BANK OF AMERICA, N.A.,
as Global Syndication Agent,

CITIBANK, N.A.,
as Global Documentation Agent,

BANK OF AMERICA, N.A. and
WACHOVIA BANK, NATIONAL ASSOCIATION,
as U.S. Co-Syndication Agents,

and

CITIBANK, N.A. and
UNION BANK OF CALIFORNIA, N.A.,
as U.S. Co-Documentation Agents,

J.P. MORGAN SECURITIES INC.,
BANC OF AMERICA SECURITIES, LLC and
SALOMON SMITH BARNEY INC.,
as Global Co-Lead Arrangers and Joint Bookrunners

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of June 3, 2002, is among APACHE CORPORATION, a Delaware corporation ("Apache" and, together with each other Person that becomes an Additional Borrower pursuant to Section 2.20, the "Borrower"), the LENDERS (as defined below) party hereto, JPMORGAN CHASE BANK, as Global Administrative Agent, BANK OF AMERICA, N.A., as Global Syndication Agent, CITIBANK, N.A., as Global Documentation Agent, BANK OF AMERICA, N.A. and WACHOVIA BANK, NATIONAL ASSOCIATION, as U.S. Co-Syndication Agents, and CITIBANK, N.A. and UNION BANK OF CALIFORNIA, N.A., as U.S. Co-Documentation Agents.

The parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.1 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Accepting Lenders" is defined in Section 2.6(c).

"Additional Borrower" means any Person which becomes a Borrower under this Agreement pursuant to Section 2.20.

"Additional Borrower Counterpart" is defined in Section 2.20.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Global Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agents" means each of the Global Administrative Agent, the Global Syndication Agent, Global Documentation Agent, the U.S. Co-Syndication Agents and the U.S. Co-Documentation Agents.

"Agreed Currency" is defined in Section 2.19(a).

"Agreement" means this Credit Agreement, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Apache" is defined in the preamble.

"Apache Canada" means Apache Canada Ltd., a corporation organized under the laws of the Province of Alberta, Canada.

"Apache Energy Limited" means Apache Energy Limited (ACN 009 301 964), a corporation organized under the laws of the State of Western Australia, Australia.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"Applicable Rate" means, for any day, (i) with respect to any Eurodollar Loan, the applicable rate per annum set forth below under the caption "Eurodollar Margin" plus the Commitment Utilization Margin, if any, or (ii) with respect to the Facility Fees payable hereunder, the applicable rate per annum set forth below under the caption "Facility Fee", in either case, based upon the ratings by Moody's, S&P and Fitch, respectively, applicable on such date to the Index Debt:

Facility Fee (in basis	
Eurodollar Margin (in basis	
Index Debt Ratings: (points) --	

Category 1: > or = to A/A2	8.00 27.00
Category 2: A-/A3	10.00 30.00
Category 3:	
BBB+/Baa1	12.50 37.50
Category 4:	
BBB/Baa2	15.00 45.00
Category 5:	
BBB-/Baa3	20.00 65.00
Category 6: <	
BBB-/Baa3	25.00 75.00

For purposes of the foregoing, (i) if either Moody's, S&P or Fitch shall not have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the penultimate sentence of this definition), then such rating agency shall be deemed to have established a rating in Category 6; (ii) if the ratings established or deemed to have been established by Moody's, S&P and Fitch for the Index Debt shall fall within different Categories, the Applicable Rate shall be based on the highest two ratings, unless the highest two ratings shall

fall within different Categories in which case the Applicable Rate shall be based on the lower of the highest two ratings; and (iii) if the ratings established or deemed to have been established by Moody's, S&P and Fitch for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's, S&P or Fitch), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's, S&P or Fitch shall change, or if any such rating agency shall cease to be in the business of rating corporate debt obligations, Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation. Changes in the Applicable Rate will occur automatically without prior notice.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.4), and accepted by the Global Administrative Agent, in substantially the form of Exhibit D or any other form approved by the Global Administrative Agent.

"Australian Administrative Agent" means Citisecurities Limited (ABN 51 008 489 610) in its capacity as Australian administrative agent for the lenders party to the Australian Credit Agreement and any successor thereto.

"Australian Borrower" means Apache Energy Limited and each other Person that becomes a borrower under the Australian Credit Agreement.

"Australian Credit Agreement" means that certain Credit Agreement of even date herewith among the Australian Borrower, the Australian Lenders, the Global Administrative Agent, the Australian Administrative Agent, Bank of America, N.A., Sydney Branch (ARBN 064 874 531) and Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162), as Australian co-syndication agents, and Royal Bank of Canada (ABN 86 076 940 880) and Bank One, NA, Australia Branch (ARBN 065 752 918), as Australian co-documentation agents, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Australian Lenders" means the financial institutions listed on the signature pages of the Australian Credit Agreement and their respective successors and assigns.

"Australian Loan Documents" means the Australian Credit Agreement, any notes, any guaranties, any assignment agreements, and the agreement with respect to fees, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Authorized Officer" means, with respect to Apache, the Chairman, the President, the Executive Vice President and Chief Financial Officer and the Vice President and Treasurer of Apache, and any officer or employee of Apache specified as such to the Global Administrative

Agent in writing by any of the aforementioned officers of Apache, and with respect to any Additional Borrower, the Chairman, the Vice Chairman, the President, the Executive Vice President and Chief Financial Officer and the Vice President and Treasurer of such Additional Borrower, and any officer or employee of such Additional Borrower specified as such to the Global Administrative Agent in writing by any of the aforementioned officers of such Additional Borrower.

"Availability Period" means, with respect to any Lender, the period from and including the Global Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitment of such Lender; provided, however, that no Commitment of any Lender shall terminate prior to the Maturity Date except as provided in Sections 2.6, 2.8, 4.1, 8.2, 8.3 and 10.4.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Apache Corporation, a Delaware corporation, and each other Person that becomes an Additional Borrower pursuant to Section 2.20.

"Borrowing" means (a) Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect or (b) a Competitive Loan or group of Competitive Loans of the same Type made on the same date and as to which a single Interest Period is in effect.

"Borrowing Request" means a request by Borrower for a Revolving Borrowing in accordance with Section 2.3, in substantially the form of Exhibit E or any other form approved by the Global Administrative Agent.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Canadian Administrative Agent" means Royal Bank of Canada in its capacity as Canadian administrative agent for the lenders party to the Canadian Credit Agreement and any successor thereto.

"Canadian Borrower" means Apache Canada and each other Person that becomes a borrower under the Canadian Credit Agreement.

"Canadian Credit Agreement" means that certain Credit Agreement of even date herewith among the Canadian Borrower, the Canadian Lenders, the Global Administrative Agent, the Canadian Administrative Agent, The Bank of Nova Scotia and The Toronto-Dominion Bank, as Canadian co-syndication agents, and BNP Paribas (Canada) and Bayerische Landesbank Girozentrale, as Canadian co-documentation agents, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Canadian Lenders" means the financial institutions listed on the signature pages of the Canadian Credit Agreement and their respective successors and assigns.

"Canadian Loan Documents" means the Canadian Credit Agreement, any notes, any guaranties, any assignment agreements, and the agreement with respect to fees, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Capital" means the consolidated shareholder's equity of Borrower and its Subsidiaries plus the consolidated Debt of Borrower and its Subsidiaries.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et. seq., as amended from time to time.

"Certificate of Extension" means a certificate of Borrower, executed by an Authorized Officer and delivered to the Global Administrative Agent, in a form acceptable to the Global Administrative Agent, which requests an extension of the then scheduled Maturity Date pursuant to Section 2.6.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.16(b), by any lending office of such Lender or by such Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Competitive Loans.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Combined Commitments" means the commitment of each Combined Lender under the Combined Credit Agreements, as such commitment may be reduced, increased or terminated from time to time pursuant to the Combined Loan Documents and, if any such commitments are no longer in effect under any Combined Credit Agreement, the aggregate unpaid principal amount of the outstanding loans for which the applicable commitment is no longer in effect under such Combined Credit Agreement. The initial amount of each Combined Lender's Commitment is set forth on Schedule 2.1 to the applicable Combined Credit Agreement, or in a Assignment and Acceptance (as defined in this Agreement, the Canadian Credit Agreement and the 364-Day Credit Agreement) or in a Substitution Certificate (as defined in the Australian Credit Agreement) or pursuant to which such Combined Lender shall have assumed its Combined Commitment, as applicable. The initial aggregate amount of the Combined Lenders' Combined Commitments is \$1,500,000,000.

"Combined Commitment Utilization" means, for any period, the ratio of (i) the aggregate principal amount of then outstanding Combined Loans (other than any Competitive Loans) to (ii) the then aggregate amount of the Combined Commitments.

"Combined Credit Agreements" means this Agreement, the Australian Credit Agreement, the Canadian Credit Agreement and the 364-Day Credit Agreement.

"Combined Lenders" means the Lenders hereunder, the Australian Lenders, the Canadian Lenders and the 364-Day Lenders.

"Combined Loan Documents" means the Loan Documents, the Australian Loan Documents, the Canadian Loan Documents and the 364-Day Loan Documents.

"Combined Loans" means the loans made by the Combined Lenders to Borrower, Australian Borrower, Canadian Borrower and 364-Day Borrower pursuant to the Combined Loan Documents.

"Combined Required Lenders" means Combined Lenders having in the aggregate 51% of the aggregate total Combined Commitments under the Combined Loan Documents.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans, as such commitment may be (a) reduced from time to time pursuant to Section 2.8, (b) reduced or increased from time to time pursuant to Section 2.6 or pursuant to assignments by or to such Lender pursuant to Section 10.4 and (c) terminated pursuant to Sections 4.1, 8.2 or 8.3. The amount of the Commitment represents such Lender's maximum Revolving Credit Exposure hereunder. The initial amount of each Lender's Commitment is set forth on Schedule 2.1, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders' Commitments is \$450,000,000.

"Commitment Utilization Margin" means, on any date, if the Combined Commitment Utilization is less than 33%, then an amount equal to zero basis points per annum (0 bps) and, if the Combined Commitment Utilization is greater than or equal to 33%, then an amount equal to 12.5 basis points per annum. Changes in the Commitment Utilization Margin will occur automatically without prior notice.

"Competitive Bid" means an offer by a Lender to make a Competitive Loan in accordance with Section 2.4, in substantially the form of Exhibit H or any other form approved by the Global Administrative Agent.

"Competitive Bid Accept/Reject Letter" means a letter in substantially the form of Exhibit I or any other form approved by the Global Administrative Agent.

"Competitive Bid Rate" means, with respect to any Competitive Bid, the Margin or the Fixed Rate, as applicable, offered by the Lender making such Competitive Bid.

"Competitive Bid Request" means a request by Borrower for Competitive Bids in accordance with Section 2.4, in substantially the form of Exhibit F or any other form approved by the Global Administrative Agent.

"Competitive Loan" means a Loan made pursuant to Section 2.4.

"Consolidated Tangible Net Worth" means (i) the consolidated shareholder's equity of Borrower and its Subsidiaries (determined in accordance with GAAP), less (ii) the amount of consolidated intangible assets of Borrower and its Subsidiaries, plus (iii) the aggregate amount of any non-cash write downs, on a consolidated basis, by Borrower and its Subsidiaries during the term hereof.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise.

"Controlling" and "Controlled" have meanings correlative thereto.

"Controlled Group" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with Borrower, are treated as a single employer under Section 414 (b) or 414 (c) of the Internal Revenue Code or Section 4001 of ERISA.

"Debt" of any Person means indebtedness, including capital leases, shown as debt on a consolidated balance sheet of such Person prepared in accordance with GAAP.

"Declining Lenders" is defined in Section 2.6(c).

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"dollars" or "\$" refers to lawful money of the United States of America.

"Environmental Laws" means all applicable federal, state or local statutes, laws, ordinances, codes, rules and regulations (including consent decrees and administrative orders) relating to public health and safety and protection of the environment.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate (or, in the case of a Competitive Loan, the LIBO Rate).

"Event of Default" has the meaning assigned to such term in Article VIII.

"Excluded Taxes" means, with respect to any Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which Borrower is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by Borrower under Section 2.18(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender's failure to comply with Section 2.16(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from Borrower with respect to such withholding tax pursuant to Section 2.16(a).

"Existing Global Credit Facilities" means (i) that certain Credit Agreement [U.S. Credit Agreement], dated as of June 12, 1997, among Apache Corporation, the lenders party thereto, The Chase Manhattan Bank, as global administrative agent, and the other agents party thereto, (ii) that certain Credit Agreement [Australian Credit Agreement], dated as of June 12, 1997,

among Apache Energy Limited (CAN 009 301 964) and Apache Oil Australia Pty. Limited (ACN 050 611 688), the lenders party thereto, The Chase Manhattan Bank, as global administrative agent, and the other agents party thereto, (iii) that certain Credit Agreement [Canadian Credit Agreement], dated as of June 12, 1997, among Apache Canada Ltd., the lenders party thereto, The Chase Manhattan Bank, as global administrative agent, and the other agents party thereto, and (iv) that certain 364-Day Credit Agreement, dated as of July 14, 2000, among Apache Corporation, the lenders party thereto, Citibank, N.A., as administrative agent, and the other agents party thereto.

"Facility Fee" is defined in Section 2.11(a).

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Global Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Fitch" means Fitch, Inc. and any affiliate or successor thereto that is a nationally recognized rating agency in the United States.

"Fixed Rate" means, with respect to any Competitive Loan (other than a Eurodollar Competitive Loan), the fixed rate of interest per annum (expressed as a decimal to no more than four (4) decimal places) specified by the Lender making such Competitive Loan in its related Competitive Bid.

"Fixed Rate Loan" means a Competitive Loan bearing interest at a Fixed Rate.

"Foreign Lender" means any Lender that is not organized under the laws of, or resident, in the United States. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"GAAP" means generally accepted accounting principles as in effect from time to time, applied on a basis consistent with the most recent financial statements of Borrower and its Subsidiaries delivered to the Lenders pursuant hereto.

"Global Administrative Agent" means JPMorgan Chase Bank, in its capacity as global administrative agent for the Combined Lenders.

"Global Documentation Agent" means Citibank, N.A., in its capacity as global documentation agent for the Combined Lenders.

"Global Effective Date" means a date agreed upon by Borrower and the Global Administrative Agent as the date on which the conditions specified in Section 4.1 of each Combined Credit Agreement are satisfied (or waived in accordance with Section 10.2 of each Combined Credit Agreement).

"Global Effectiveness Notice" means a notice and certificate of Borrower properly executed by an Authorized Officer of Borrower addressed to the Combined Lenders and delivered to the Global Administrative Agent, in sufficient number of counterparts to provide one for each such lender and each agent under each Combined Credit Agreement, whereby Borrower certifies satisfaction of all the conditions precedent to the effectiveness under Section 4.1 of each Combined Credit Agreement.

"Global Syndication Agent" means Bank of America, N.A., in its capacity as global syndication agent for the Combined Lenders.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Hazardous Material" means (a) any "hazardous substance," as defined by CERCLA; (b) any "hazardous waste," as defined by the Resource Conservation and Recovery Act; or (c) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance within the meaning of any other Environmental Law.

"Indebtedness" of any Person means all (i) Debt, and (ii) guaranties or other contingent obligations in respect of the Debt of any other Person.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Index Debt" means senior, unsecured, non-credit enhanced, long-term indebtedness for borrowed money of Borrower that is not guaranteed by any other Person or subject to any other credit enhancement.

"Interest Election Request" means a request by Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.7, in substantially the form of Exhibit E or any other form approved by the Global Administrative Agent.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three (3) months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three (3) months' duration after the first day of such Interest Period, and (c) with respect to any Fixed Rate Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Fixed Rate Borrowing with an Interest Period of more than 90 days' duration (unless otherwise specified in the applicable Competitive Bid Request), each day prior to the last day of such Interest Period that occurs at intervals of 90 days' duration after the first day of such Interest Period, and any other dates that are specified in the applicable Competitive Bid Request as Interest Payment Dates with respect to such Borrowing.

"Interest Period" means (a) with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day, or, with the consent of the Global Administrative Agent, such other day, in the calendar month that is one, two, three or six months (or, with the consent of each Lender, nine or twelve months) thereafter, as Borrower may elect, (b) with respect to any Fixed Rate Borrowing, the period (which shall not be less than seven (7) days or more than 360 days) commencing on the date of such Borrowing and ending on the date specified in the applicable Competitive Bid Request; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurodollar Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Judgment Currency" is defined in Section 2.19(b).

"Lenders" means the Persons listed on Schedule 2.1 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as reasonably determined by the Global Administrative Agent and Borrower from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Global Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means any mortgage, pledge, lien, encumbrance, charge, or security interest of any kind, granted or created to secure Indebtedness; provided, however, that, with respect to any prohibitions of Liens on Property, the following transactions shall not be deemed to create a Lien to secure Indebtedness; (i) production payments and (ii) liens required by statute and created in favor of U.S. governmental entities to secure partial, progress, advance, or other payments intended to be used primarily in connection with air or water pollution control.

"Loan Document" means this Agreement, any Borrowing Request, any Interest Election Request, any Competitive Bid Quote Request, any Notice of Competitive Bid Quote Request, any Competitive Bid, any Competitive Bid Accept/Reject Letter, any Certificate of Extension, any Assignment and Acceptance, any Additional Borrower Counterpart, any election notice, the agreement with respect to fees described in Section 2.11(b), and each other agreement, document or instrument delivered by Borrower or any other Person in connection with this Agreement, as such may be amended from time to time.

"Loans" means the loans made by the Lenders to Borrower pursuant to this Agreement.

"Margin" means, with respect to any Competitive Loan bearing interest at a rate based on the LIBO Rate, the marginal rate of interest, if any, to be added to or subtracted from the LIBO Rate to determine the rate of interest applicable to such Loan, as specified by the Lender making such Loan in its related Competitive Bid.

"Material Adverse Effect" means, as to any matter, that such matter could reasonably be expected to materially and adversely affect the assets, business, properties, condition (financial or otherwise) of Borrower and its Subsidiaries taken as a whole. No matter shall be considered to result, or be expected to result, in a Material Adverse Effect unless such matter causes Borrower and its Subsidiaries, on a consolidated basis, to suffer a loss or incur a cost equal to at least ten percent (10%) of Borrower's Consolidated Tangible Net Worth.

"Maturity Date" means the Original Maturity Date, or such other later date as may result from any extension requested by Borrower and consented to by some or all of the Lenders pursuant to Section 2.6.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto that is a nationally recognized rating agency in the United States.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Notice of Competitive Bid Request" means a notice of request by Borrower for Competitive Bids sent by the Global Administrative Agent to each Lender in accordance with Section 2.4, in substantially the form of Exhibit G or any other form approved by the Global Administrative Agent.

"Obligations" means, at any time, the sum of (i) the outstanding principal amount of any Loans plus (ii) all accrued and unpaid interest and Facility Fees plus (iii) all other obligations of Borrower or any Subsidiary to any Lender or any Agent, whether or not contingent, arising under or in connection with any of the Loan Documents.

"Original Maturity Date" means June 3, 2007.

"Other Currency" is defined in Section 2.19(a).

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made

hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Pension Plan" means a "pension plan," as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in Section 4001(a)(3) of ERISA), and to which a Borrower or any corporation, trade or business that is, along with a Borrower, a member of a Controlled Group, may have liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

"Person" means any natural person, corporation, limited liability company, unlimited liability company, joint venture, partnership, firm, association, trust, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank as its prime rate in effect at its principal office in New York City which rate may not be the lowest rate offered; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Property" means (i) any property owned or leased by Borrower or any Subsidiary, or any interest of Borrower or any Subsidiary in property, which is considered by Borrower to be capable of producing oil, gas, or minerals in commercial quantities, (ii) any interest of Borrower or any Subsidiary in any refinery, processing or manufacturing plant owned or leased by Borrower or any manufacturing plant owned or leased by Borrower or any Subsidiary, (iii) any interest of Borrower or any Subsidiary in all present and future oil, gas, other liquid and gaseous hydrocarbons, and other minerals now or hereafter produced from any other Property or to which Borrower or any Subsidiary may be entitled as a result of its ownership of any Property, and (iv) all real and personal assets owned or leased by Borrower or any Subsidiary used in the drilling, gathering, processing, transportation, or marketing of any oil, gas, and other hydrocarbons or minerals, except (a) any such real or personal assets related thereto employed in transportation, distribution or marketing or (b) any interest of Borrower or any Subsidiary in, any refinery, processing or manufacturing plant, or portion thereof, which property described in clauses (a) or (b), in the opinion of the Board of Directors of Borrower, is not a principal plant or principal facility in relation to the activities of Borrower and its Subsidiaries taken as a whole.

"Register" has the meaning set forth in Section 10.4.

"Regulation U" means any of Regulations T, U or X of the Board from time to time in effect and shall include any successor or other regulations or official interpretations of said Board or any successor Person relating to the extension of credit for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System or any successor Person.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Replacement Lenders" is defined in Section 2.6(c)(ii).

"Required Lenders" means Lenders having in the aggregate 51% of the aggregate total Commitments, or, if the Commitments have been terminated, Lenders holding 51% of the aggregate unpaid principal amount of the outstanding Obligations.

"Resource Conservation and Recovery Act" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 690, et seq., as amended from time to time.

"Restricted Subsidiary" means any Subsidiary of Borrower that owns any asset representing or consisting of an entitlement to production from, or other interest in, reserves of oil, gas or other minerals in place located in the United States, Canada or Australia or is otherwise designated by Borrower in writing to the Global Administrative Agent.

"Revolving Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans at such time.

"Revolving Loan" means a Loan made pursuant to Section 2.3.

"S&P" means Standard & Poor's and any successor thereto that is a nationally-recognized rating agency in the United States.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the applicable maximum reserve percentages (including any basic, marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Global Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"subsidiary" means, with respect to any Person, any corporation or other similar entity of which more than 50% of the outstanding capital stock (or other equity) having ordinary voting power to elect a majority of the Board of Directors of such corporation or entity (irrespective of

whether or not at the time capital stock or any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person.

"Subsidiary" means any subsidiary of Borrower; provided, however, that in all events the following Persons shall not be deemed to be Subsidiaries of Borrower or any of its Subsidiaries: Apache Offshore Investment Partnership, a Delaware general partnership, Apache Offshore Petroleum Limited Partnership, a Delaware limited partnership, Main Pass 151 Pipeline Company, a Texas general partnership, and Apache 681/682 Joint Venture, a Texas joint venture.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"364-Day Borrower" means Apache and each other Person that becomes a borrower under the 364-Day Credit Agreement.

"364-Day Credit Agreement" means that certain 364-Day Credit Agreement of even date herewith among the 364-Day Borrower, the 364-Day Lenders, the Global Administrative Agent, Bank of America, N.A., and BNP Paribas, as 364-Day co-syndication agents, and Deutsche Bank AG New York Branch, and Societe Generale, as 364-Day co-documentation agents, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"364-Day Lenders" means the financial institutions listed on the signature pages of the 364-Day Credit Agreement and their respective successors and assigns.

"364-Day Loan Documents" means the 364-Day Credit Agreement, any notes, any guaranties, any assignment agreements, and the agreement with respect to fees, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Transactions" means the execution, delivery and performance by Borrower of this Agreement and the other Loan Documents, the borrowing of Loans and the use of the proceeds thereof.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate, the Alternate Base Rate or, in the case of a Competitive Loan or Borrowing, the LIBO Rate or a Fixed Rate.

"United States" or "U.S." means the United States of America, its fifty states and the District of Columbia.

"Unrestricted Subsidiary" means any Subsidiary of Borrower that is not a Restricted Subsidiary.

"U.S. Co-Documentation Agents" means Citibank, N.A., and Union Bank of California, N.A., each in its capacity as U.S. co-documentation agent for the Lenders hereunder.

"U.S. Syndication Agents" means Bank of America, N.A. and Wachovia Bank, National Association, each in its capacity as U.S. co-syndication agent for the Lenders hereunder.

"Welfare Plan" means a "welfare plan," as such term is defined in Section 3(1) of ERISA.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.2 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.3 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.4 Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if Borrower notifies the Global Administrative Agent that Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Global Administrative Agent notifies Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied

immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

The Credits

SECTION 2.1 Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Revolving Loans in U.S. Dollars to Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (a) such Lender's Revolving Credit Exposure exceeding such Lender's Commitment or (b) the sum of the total Revolving Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans exceeding the total Commitments. Subject to the conditions set forth herein, Borrower may borrow, prepay and reborrow Revolving Loans. Apache and any Additional Borrowers shall be jointly and severally liable for all Obligations.

SECTION 2.2 Loans and Borrowings.

(a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.4. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments and Competitive Bids of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.13, (i) each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as Borrower may request in accordance herewith, and (ii) each Competitive Borrowing shall be comprised entirely of Eurodollar Loans or Fixed Rate Loans as Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 (including any continuation or conversion of existing Revolving Loans made in connection therewith). At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 (including any continuation or conversion of existing Revolving Loans made in connection therewith); provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments. Each Competitive Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of ten (10) Eurodollar Revolving Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.3 Requests for Revolving Borrowings. To request a Revolving Borrowing, Borrower shall notify the Global Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 1:00 p.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or teletype to the Global Administrative Agent of a written Borrowing Request in a form approved by the Global Administrative Agent and signed by Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.2:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period".

If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Revolving Borrowing, then Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Global Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.4 Competitive Bid Procedure.

(a) Subject to the terms and conditions set forth herein, from time to time during the Availability Period, Borrower may request Competitive Bids and may (but shall not have any obligation to) accept Competitive Bids and borrow Competitive Loans; provided that the sum of the total Revolving Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans at any time shall not exceed the total Commitments. To request Competitive Bids, Borrower shall notify the Global Administrative Agent of such request by telephone, in the case of a Eurodollar Borrowing, not later than noon, New York City time, four Business Days before the date of the proposed Borrowing and, in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., New York City time, one Business Day before the date of the proposed Borrowing; provided that Borrower may submit up to (but not more than) five (5) Competitive Bid Requests on the same day, but a Competitive Bid Request shall not be made within five

Business Days after the date of any previous Competitive Bid Request, unless any and all such previous Competitive Bid Requests shall have been withdrawn or all Competitive Bids received in response thereto rejected. Each such telephonic Competitive Bid Request shall be confirmed promptly by hand delivery or telecopy to the Global Administrative Agent of a written Competitive Bid Request and signed by Borrower. Each such telephonic and written Competitive Bid Request shall specify the following information in compliance with Section 2.2:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be a Eurodollar Borrowing or a Fixed Rate Borrowing; and

(iv) the Interest Period to be applicable to such Borrowing, which shall be a period contemplated by the definition of the term "Interest Period".

Promptly following receipt of a Competitive Bid Request in accordance with this Section, the Global Administrative Agent shall notify the Lenders of the details thereof by telecopy to each Lender of a Notice of Competitive Bid Quote Request inviting the Lenders to submit Competitive Bids.

(b) Each Lender may (but shall not have any obligation to) make one or more Competitive Bids to Borrower in response to a Competitive Bid Request. Each Competitive Bid by a Lender must be in a form approved by the Global Administrative Agent and must be received by the Global Administrative Agent by telecopy, in the case of a Eurodollar Competitive Borrowing, not later than noon, New York City time, three Business Days before the proposed date of such Competitive Borrowing, and in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., New York City time, on the proposed date of such Competitive Borrowing. Competitive Bids that do not conform substantially to the form approved by the Global Administrative Agent may be rejected by the Global Administrative Agent, and the Global Administrative Agent shall notify the applicable Lender as promptly as practicable. Each Competitive Bid shall specify (i) the principal amount (which shall be a minimum of \$5,000,000 and an integral multiple of \$1,000,000 and which may equal the entire principal amount of the Competitive Borrowing requested by Borrower) of the Competitive Loan or Loans that the Lender is willing to make, (ii) the Competitive Bid Rate or Rates at which the Lender is prepared to make such Loan or Loans (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) and (iii) the Interest Period applicable to each such Loan and the last day thereof.

(c) The Global Administrative Agent shall promptly notify Borrower by telecopy of a summary of the Competitive Bid Rate and the principal amount specified in each Competitive Bid and the identity of the Lender that shall have made such Competitive Bid.

(d) Subject only to the provisions of this paragraph, Borrower may accept or reject any Competitive Bid. Borrower shall notify the Global Administrative Agent by telephone, confirmed by telecopy, in the form of a Competitive Bid Accept/Reject Letter, whether and to

what extent it has decided to accept or reject each Competitive Bid, in the case of a Eurodollar Competitive Borrowing, not later than 1:00 p.m., New York City time, three Business Days before the date of the proposed Competitive Borrowing, and in the case of a Fixed Rate Borrowing, not later than 11:00 a.m., New York City time, on the proposed date of the Competitive Borrowing; provided that (i) the failure of Borrower to give such notice shall be deemed to be a rejection of each Competitive Bid, (ii) Borrower shall not accept a Competitive Bid made at a particular Competitive Bid Rate if Borrower rejects a Competitive Bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by Borrower shall not exceed the aggregate amount of the requested Competitive Borrowing specified in the related Competitive Bid Request, (iv) to the extent necessary to comply with clause (iii) above, Borrower may accept Competitive Bids at the same Competitive Bid Rate in part, which acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Competitive Bid, and (v) except pursuant to clause (iv) above, no Competitive Bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount of \$5,000,000 and an integral multiple of \$1,000,000; provided further that if a Competitive Loan must be in an amount less than \$5,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for a minimum of \$1,000,000 or any integral multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple Competitive Bids at a particular Competitive Bid Rate pursuant to clause (iv) the amounts shall be rounded to integral multiples of \$1,000,000 in a manner determined by Borrower. A notice given by Borrower pursuant to this paragraph shall be irrevocable.

(e) The Global Administrative Agent shall promptly notify each bidding Lender by telecopy whether or not its Competitive Bid has been accepted (and, if so, the amount and Competitive Bid Rate so accepted), and each successful bidder will thereupon become bound, subject to the terms and conditions hereof, to make the Competitive Loan in respect of which its Competitive Bid has been accepted.

(f) If the Global Administrative Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such Competitive Bid directly to Borrower at least one quarter of an hour earlier than the time by which the other Lenders are required to submit their Competitive Bids to the Global Administrative Agent pursuant to paragraph (b) of this Section.

SECTION 2.5 Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Global Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Global Administrative Agent will make such Loans available to Borrower by promptly crediting the amounts so received, in like funds, to an account of Borrower designated by Borrower from time to time in a written notice to the Global Administrative Agent executed by two Authorized Officers of Apache and two Authorized Officers of any Additional Borrower.

(b) Unless the Global Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the

Global Administrative Agent such Lender's share of such Borrowing, the Global Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Global Administrative Agent, then the applicable Lender and Borrower severally agree to pay to the Global Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to Borrower to but excluding the date of payment to the Global Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate or a rate determined by the Global Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of Borrower, the interest rate applicable to Loans made in such Borrowing. If such Lender pays such amount to the Global Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.6 Extension of Maturity Date and of Commitments.

(a) Subject to the other provisions of this Agreement and provided that no Event of Default has occurred and is continuing, the total Commitments shall be effective for an initial period from the Global Effective Date to the Original Maturity Date; provided that the Maturity Date, and concomitantly the total Commitments, may be extended for successive one year periods expiring on the date which is one (1) year from the then scheduled Maturity Date. If Borrower shall request in a Certificate of Extension delivered to the Global Administrative Agent at least 45 days prior to a date which is an anniversary of the Global Effective Date that the Maturity Date be extended for one year from the then scheduled Maturity Date, then the Global Administrative Agent shall promptly notify each Lender of such request and each Lender shall notify the Global Administrative Agent, no later than 30 days prior to such anniversary of the Global Effective Date, whether such Lender, in the exercise of its sole discretion, will extend the Maturity Date for such one year period. Any Lender which shall not timely notify the Global Administrative Agent whether it will extend the Maturity Date shall be deemed to not have agreed to extend the Maturity Date. No Lender shall have any obligation whatsoever to agree to extend the Maturity Date. Any agreement to extend the Maturity Date by any Lender shall be irrevocable, except as provided in Section 2.6(c).

(b) If all Lenders notify the Global Administrative Agent pursuant to clause (a) of this Section 2.6 of their agreement to extend the Maturity Date, then the Global Administrative Agent shall so notify each Lender and Borrower, and such extension shall be effective without other or further action by any party hereto for such additional one year period.

(c) If Lenders constituting at least the Required Lenders approve the extension of the then scheduled Maturity Date (such Lenders agreeing to extend the Maturity Date herein called the "Accepting Lenders") and if one or more Lenders shall notify, or be deemed to notify, the Global Administrative Agent pursuant to clause (a) of this Section 2.6 that they will not extend the then scheduled Maturity Date (such Lenders herein called the "Declining Lenders"), then (A) the Global Administrative Agent shall promptly so notify Borrower and the Accepting Lenders, (B) the Accepting Lenders shall, upon Borrower's election to extend the then scheduled Maturity Date in accordance with clause (i) or (ii) below, extend the then scheduled Maturity

Date and (C) Borrower shall, pursuant to a notice delivered to the Global Administrative Agent, the Accepting Lenders and the Declining Lenders, no later than the tenth (10th) day following the date by which each Lender is required, pursuant to Section 2.6(a), to approve or disapprove the requested extension of the total Commitments, either:

(i) elect to extend the Maturity Date and direct the Declining Lenders to terminate their Commitments, which termination shall become effective on the date which would have been the Maturity Date except for the operation of this Section. On the date which would have been the Maturity Date except for the operation of this Section, (x) Borrower shall deliver a notice of the effectiveness of such termination to the Declining Lenders with a copy to the Global Administrative Agent and (y) Borrower shall pay in full in immediately available funds all Obligations of Borrower owing to the Declining Lenders, including any amounts required pursuant to Section 2.15, and (z) upon the occurrence of the events set forth in clauses (x) and (y), the Declining Lenders shall each cease to be a Lender hereunder for all purposes, other than for purposes of Sections 2.14 through 2.17, Section 2.19 and Section 10.3, and shall cease to have any obligations or any Commitment hereunder, other than to the Agents pursuant to Article IX, and the Global Administrative Agent shall promptly notify the Accepting Lenders and Borrower of the new Commitments; or

(ii) elect to extend the Maturity Date and, prior to or no later than the then scheduled Maturity Date, (A) to replace one or more of the Declining Lenders with another lender or lenders reasonably acceptable to the Global Administrative Agent (such lenders herein called the "Replacement Lenders") and (B) Borrower shall pay in full in immediately available funds all Obligations of Borrower owing to any Declining Lenders which are not being replaced, as provided in clause (i) above; provided that (x) any Replacement Lender shall purchase, and any Declining Lender shall sell, such Declining Lender's rights and obligations hereunder without recourse or expense to, or warranty by, such Declining Lender being replaced for a purchase price equal to the aggregate outstanding principal amount of the Obligations payable to such Declining Lender plus any accrued but unpaid interest on such Obligations and accrued but unpaid fees or other amounts owing in respect of such Declining Lender's Loans and Commitments hereunder, and (y) upon the payment of such amounts referred to in clause(x) and the execution of an Assignment and Acceptance by such Replacement Lender and such Declining Lender, such Replacement Lender shall constitute a Lender hereunder and such Declining Lender being so replaced shall no longer constitute a Lender (other than for purposes of Sections 2.14 through 2.17, Section 2.19 and Section 10.3), and shall no longer have any obligations hereunder, other than to the Agents pursuant to Article IX; or

(iii) elect to revoke and cancel the extension request in such Certificate of Extension by giving notice of such revocation and cancellation to the Global Administrative Agent (which shall promptly notify the Lenders thereof) no later than the tenth (10th) day following the date by which each Lender is required, pursuant to clause (a) of this Section, to approve or disapprove the requested extension of the Maturity Date, and concomitantly the total Commitments.

If Borrower fails to timely provide the election notice referred to in this clause(c), Borrower shall be deemed to have revoked and cancelled the extension request in the Certificate of Extension and to have elected not to extend the Maturity Date.

SECTION 2.7 Interest Elections.

(a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request (or an ABR Borrowing if no Type is specified) and, in the case of a Eurodollar Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request (or one month if no Interest Period is specified). Thereafter, Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section. Borrower may, subject to the requirements of Section 2.2(c), elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Competitive Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, Borrower shall notify the Global Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.3 if Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or teletype to the Global Administrative Agent of a written Interest Election Request signed by Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.2:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Global Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Revolving Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Global Administrative Agent, at the request of the Required Lenders, so notifies Borrower, then, so long as an Event of Default is continuing, (i) no outstanding Revolving Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid and provided the Indebtedness has not been accelerated pursuant to Section 8.3, each Eurodollar Revolving Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.8 Termination and Reduction of Commitments.

(a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 and (ii) Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.10, the sum of the Revolving Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans would exceed the total Commitments.

(c) Borrower shall notify the Global Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least two Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Global Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by Borrower (by notice to the Global Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.9 Repayment of Loans; Evidence of Debt.

(a) Borrower hereby unconditionally promises to pay (i) to the Global Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Maturity Date or, if earlier, the date on which the Commitment of such Lender relating to such Revolving Loan is terminated (except for termination of the Commitment of the assigning Lender pursuant to Section 10.4(b)), and (ii) to the Global Administrative Agent for the account of each Lender the then unpaid principal amount of each Competitive Loan on the last day of the Interest Period applicable to such Loan.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Global Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrower to each Lender hereunder and (iii) the amount of any sum received by the Global Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Global Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by one or more promissory notes. In such event, Borrower shall prepare, execute and deliver to such Lender promissory notes payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns and in a form approved by the Global Administrative Agent). Thereafter, the Loans evidenced by such promissory notes and interest thereon shall at all times (including after assignment pursuant to Section 10.4) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if any such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.10 Prepayment of Loans.

(a) Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section; provided that Borrower shall not have the right to prepay any Competitive Loan without the prior consent of the Lender thereof and compensation for break funding, to the extent required by Section 2.15.

(b) Borrower shall notify the Global Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Revolving Borrowing, not later than 1:00 p.m., New York City time, three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Revolving Borrowing, not

later than 11:00 a.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.8, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.8. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Global Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.2. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.12 and compensation for break funding, to the extent required by Section 2.15.

SECTION 2.11 Fees.

(a) Borrower agrees to pay to the Global Administrative Agent for the account of each Lender a facility fee (the "Facility Fee"), which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Global Effective Date to but excluding the earlier to occur of (i) the date on which such Commitment terminates (except for termination of the Commitment of the assigning Lender pursuant to Section 10.4(b)) or (ii) the Maturity Date; provided that, if such Lender continues to have any Revolving Credit Exposure after its Commitment terminates, then such Facility Fee shall continue to accrue on the daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued Facility Fees shall be payable in arrears on the first day of, April, July and October and the second day of January of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; provided that any Facility Fees accruing after the date on which the Commitments terminate shall be payable on demand. All Facility Fees shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) Borrower agrees to pay to the Global Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between Borrower and the Global Administrative Agent.

(c) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Global Administrative Agent for distribution, in the case of Facility Fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.12 Interest.

(a) The Loans comprising each ABR Borrowing shall bear interest on the daily amount outstanding at the Alternate Base Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest on the daily amount outstanding (i) in the case of a Eurodollar Revolving Loan, at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate, or (ii) in the case of a Eurodollar Competitive Loan, at the LIBO Rate for the Interest Period in effect for such Borrowing plus (or minus, as applicable) the Margin applicable to such Loan.

(c) Each Fixed Rate Loan shall bear interest on the daily amount outstanding at the Fixed Rate applicable to such Loan.

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans on the Maturity Date; provided that (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Eurodollar Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion, and (iv) with respect to any Declining Lender, accrued interest shall be paid upon the termination of the Commitment of such Lender.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to (i) the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate and (ii) the Fixed Rate, shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Global Administrative Agent, and such determination shall be conclusive absent demonstrable error.

SECTION 2.13 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(i) the Global Administrative Agent determines (which determination shall be conclusive absent demonstrable error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(ii) the Global Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Global Administrative Agent shall give notice thereof to Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Global Administrative Agent notifies Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective, (ii) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing and (iii) any request by Borrower for a Eurodollar Competitive Borrowing shall be ineffective; provided that (A) if the circumstances giving rise to such notice do not affect all the Lenders, then requests by Borrower for Eurodollar Competitive Borrowings may be made to Lenders that are not affected thereby and (B) if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.14 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans or Fixed Rate Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan or Fixed Rate Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender reasonably determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section (together with the calculation thereof) shall be delivered to Borrower and shall be conclusive absent demonstrable error. Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender notifies Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

(e) Notwithstanding the foregoing provisions of this Section, a Lender shall not be entitled to compensation pursuant to this Section in respect of any Competitive Loan if the Change in Law that would otherwise entitle it to such compensation shall have been publicly announced prior to submission of the Competitive Bid pursuant to which such Loan was made.

SECTION 2.15 Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan or Fixed Rate Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Revolving Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.10(b) and is revoked in accordance therewith), (d) the failure to borrow any Competitive Loan after accepting the Competitive Bid to make such Loan, or (e) the assignment of any Eurodollar Loan or Fixed Rate Loan other than on the last day of the Interest Period applicable thereto as a result of a request by Borrower pursuant to either Section 2.6, or Section 2.18 then, in any such event, Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive, together with the calculation thereof, pursuant to this Section shall be delivered to Borrower and the Global Administrative Agent and shall be conclusive absent demonstrable error. Borrower shall pay to the Global Administrative Agent for the account of such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.16 Taxes.

(a) Any and all payments by or on account of any obligation of Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after

making all required deductions (including deductions applicable to additional sums payable under this Section) the Global Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower shall make such deductions and (iii) Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Borrower shall pay the Global Administrative Agent and each Lender, within 10 days after written demand therefor, the full amount of any Indemnified Taxes or Other Taxes paid by the Global Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto (other than any such penalties or interest arising through the failure of the Global Administrative Agent or Lender to act as a reasonably prudent agent or lender, respectively), whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by a Lender, or by the Global Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent demonstrable error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by Borrower to a Governmental Authority, Borrower shall deliver to the Global Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Global Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to Borrower (with a copy to the Global Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate.

SECTION 2.17 Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or of amounts payable under Section 2.14, 2.15 or 2.16, or otherwise) prior to 1:00 p.m., New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. All such payments shall be made to the Global Administrative Agent, c/o Loan & Agency Services Group, One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, attention: Lisa Pucciarelli, telephone: (212) 552-7446, facsimile: (212) 552-5777, except that payments pursuant to Sections 2.14, 2.16 and 10.3 shall be made directly to the Persons entitled thereto. The Global Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate

recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Global Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties. If insufficient funds are received due to Borrower's entitlement to withhold amounts on account of Excluded Taxes in relation to a particular Lender, such insufficiency shall not be subject to this Section 2.17(b) but shall be withheld from and shall only affect payments made to such Lender.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of Borrower in the amount of such participation.

(d) Unless the Global Administrative Agent shall have received notice from Borrower prior to the date on which any payment is due to the Global Administrative Agent for the account of the Lenders hereunder that Borrower will not make such payment, the Global Administrative Agent may assume that Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Global Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Global Administrative Agent, at the

greater of the Federal Funds Effective Rate and a rate determined by the Global Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.17(d), then the Global Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Global Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Section until all such unsatisfied obligations are fully paid.

SECTION 2.18 Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 2.14, or if Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.14 or 2.16, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.14, or if Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, or if any Lender defaults in its obligation to fund Loans hereunder, then Borrower may upon notice to such Lender and the Global Administrative Agent, require such Lender to assign and delegate, without recourse or expense to, or warranty by, such Lender (in accordance with and subject to the restrictions contained in Section 10.4), all its interests, rights and obligations under this Agreement (other than any outstanding Competitive Loans held by it) to an assignee designated by Borrower which meets the requirements of Section 10.4(b) that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) Borrower shall have received the prior written consent of the Global Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans (other than Competitive Loans), accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or Borrower (in the case of all other amounts), (iii) the assignee and assignor shall have entered into an Assignment and Acceptance, and (iv) in the case of any such assignment resulting from a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments.

SECTION 2.19 Currency Conversion and Currency Indemnity.

(a) Payments in Agreed Currency. Borrower shall make payment relative to any Obligation in the currency (the "Agreed Currency") in which the Obligation was effected. If any payment is received on account of any Obligation in any currency (the "Other Currency") other

than the Agreed Currency (whether voluntarily or pursuant to an order or judgment or the enforcement thereof or the realization of any security or the liquidation of Borrower or otherwise howsoever), such payment shall constitute a discharge of the liability of Borrower hereunder and under the other Loan Documents in respect of such obligation only to the extent of the amount of the Agreed Currency which the relevant Lender or Agent, as the case may be, is able to purchase with the amount of the Other Currency received by it on the Business Day next following such receipt in accordance with its normal procedures and after deducting any premium and costs of exchange.

(b) Conversion of Agreed Currency into Judgment Currency. If, for the purpose of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due in the Agreed Currency then the conversion shall be made on the basis of the rate of exchange prevailing on the next Business Day following the date such judgment is given and in any event Borrower shall be obligated to pay the Agents and the Lenders any deficiency in accordance with Section 2.19(c). For the foregoing purposes "rate of exchange" means the rate at which the relevant Lender or Agent, as applicable, in accordance with its normal banking procedures is able on the relevant date to purchase the Agreed Currency with the Judgment Currency after deducting any premium and costs of exchange.

(c) Circumstances Giving Rise to Indemnity. If (i) any Lender or any Agent receives any payment or payments on account of the liability of Borrower hereunder pursuant to any judgment or order in any Other Currency, and (ii) the amount of the Agreed Currency which the relevant Lender or Agent, as applicable, is able to purchase on the Business Day next following such receipt with the proceeds of such payment or payments in accordance with its normal procedures and after deducting any premiums and costs of exchange is less than the amount of the Agreed Currency due in respect of such obligations immediately prior to such judgment or order, then Borrower on demand shall, and Borrower hereby agrees to, indemnify and save the Lenders and the Agents harmless from and against any loss, cost or expense arising out of or in connection with such deficiency.

(d) Indemnity Separate Obligation. The agreement of indemnity provided for in Section 2.19(c) shall constitute an obligation separate and independent from all other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lenders or Agents or any of them from time to time, and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

SECTION 2.20 Additional Borrowers.

(a) A Person which is a Restricted Subsidiary which is a resident of, and domiciled in, the United States may become an Additional Borrower with respect hereto, and shall be bound by and entitled to the benefits and obligations of this Agreement as a Borrower hereunder to the same extent as any other Borrower, upon the fulfillment of the following conditions:

(i) Resolutions and Officers' Certificates. Such Person shall deliver all the items identified in Section 4.1(a) with respect to such Person.

(ii) Certificate. An Authorized Officer of each Borrower shall have delivered to the Global Administrative Agent a certificate stating that such Person is a Restricted Subsidiary of the Parent which is resident of, and domiciled in, the United States.

(iii) No Default. No Default or Event of Default shall have occurred and be continuing.

(iv) Representations and Warranties. The representations and warranties in Article III hereto are true and correct with respect to such Person, mutatis mutandis, as of the date such Person executes the Additional Borrower Counterpart described in clause (v) below.

(v) Additional Borrower Counterpart. Such Person shall execute an Additional Borrower Counterpart to this Agreement, substantially in the form of Exhibit J (the "Additional Borrower Counterpart") or such other agreement in form and substance satisfactory to the Global Administrative Agent.

(vi) Opinions of Counsel. The Global Administrative Agent shall have received legal opinions, dated as of the date such Person executes the Additional Borrower Counterpart described above, addressed to the Agents and the Lenders, having substantially the same coverage as those opinions attached hereto as Exhibits A and B and in form and substance acceptable to the Global Administrative Agent, in its reasonable discretion.

(vii) Approval. The Global Administrative Agent shall have approved the addition of such Person as an Additional Borrower, such approval not to be unreasonably withheld.

(b) Upon fulfillment of the conditions in this Section 2.20(a), the Global Administrative Agent will promptly notify each Lender of the date that such Person becomes an Additional Borrower hereunder.

ARTICLE III

Representations and Warranties

In order to induce the Lenders and the Agents to enter into this Agreement and the Lenders to make Loans hereunder, Borrower represents and warrants unto the Agents and each Lender as set forth in this Article III.

SECTION 3.1 Organization. Borrower is a corporation, and each of its Subsidiaries is a corporation or other legal entity, in either case duly incorporated or otherwise properly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority, permits and approvals, and is in good standing to conduct its business in each jurisdiction in which its business is conducted where the failure to so qualify would have a Material Adverse Effect.

SECTION 3.2 Authorization and Validity. The execution, delivery and performance by Borrower of this Agreement and each other Loan Document executed or to be executed by it, are within Borrower's corporate powers, have been duly authorized by all necessary corporate action on behalf of it, and do not (a) contravene Borrower's articles of incorporation or other organizational documents, as the case may be; (b) contravene any material contractual restriction, law or governmental regulation or court decree or order binding on or affecting Borrower or any Subsidiary; or (c) result in, or require the creation or imposition of, any Lien, not permitted by Section 7.1, on any of Borrower's or any Subsidiary's properties. This Agreement constitutes, and each other Loan Document executed by Borrower will, on the due execution and delivery thereof, constitute, the legal, valid and binding obligations of Borrower enforceable in accordance with their respective terms subject as to enforcement only to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditor rights generally and to general principles of equity.

SECTION 3.3 Government Approval and Regulation. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by Borrower of this Agreement or any other Loan Document. Neither Borrower nor any of its Subsidiaries is an "investment company," within the meaning of the Investment Company Act of 1940, as amended, or a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 3.4 Pension and Welfare Plans. During the twelve-consecutive-month period prior to the date of the execution and delivery of this Agreement and prior to the date of any Borrowing hereunder, no steps have been taken to terminate any Pension Plan, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a lien under Section 302(f) of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan which would result in the incurrence by Borrower or any member of the Controlled Group of any liability, fine or penalty in excess of \$25,000,000. Neither Borrower nor any member of the Controlled Group has any contingent liability with respect to any post-retirement benefit under a Welfare Plan, other than liability for continuation coverage described in Part 6 of Title I of ERISA.

SECTION 3.5 Regulation U. Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of any Loans will be used for a purpose which violates, or would be inconsistent with, Regulation U. Terms for which meanings are provided in Regulations U are used in this Section with such meanings.

SECTION 3.6 Taxes. Borrower and each of its Subsidiaries has to the best knowledge of Borrower after due investigation filed all tax returns and reports required by law to have been filed by it and has paid all taxes and governmental charges thereby shown to be owing, except any such taxes or charges which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or which the failure to file or pay could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.7 Subsidiaries; Restricted Subsidiaries. Schedule 3.7 hereto contains an accurate list of all of the presently existing Subsidiaries, including, without limitation, Restricted Subsidiaries, of Borrower as of the date of this Agreement, setting forth their respective jurisdictions of incorporation or organization and the percentage of their respective capital stock or, the revenue share attributable to the general and limited partnership interests, as the case may be, owned by Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock of such Subsidiaries which are corporations have been duly authorized and issued and are fully paid and non-assessable.

ARTICLE IV

Conditions

SECTION 4.1 Effectiveness. This Agreement shall become effective upon the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 4.1.

- (a) Resolutions and Officers Certificates. The Global Administrative Agent shall have received from Borrower a certificate, dated the Global Effective Date, of the Secretary or Assistant Secretary of Borrower as to (i) resolutions of its governing board, then in full force and effect authorizing the execution, delivery and performance of this Agreement and each other Loan Document to be executed by it; (ii) the incumbency and signatures of those of its officers authorized to act with respect to this Agreement and each other Loan Document executed by it; and (iii) its articles of incorporation and bylaws; upon which certificates each Lender may conclusively rely until it shall have received a further certificate of an authorized officer of Borrower canceling or amending such prior certificate.
- (b) Existing Facilities. The Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Borrower, stating that Borrower or its Subsidiaries have repaid in full and terminated the Existing Global Credit Facilities concurrently with the effectiveness of the Combined Credit Agreements.
- (c) Opinions of Counsel. The Global Administrative Agent shall have received opinions, dated the Global Effective Date, addressed to the Global Administrative Agent, the other Agents and all Lenders, from (i) Jeffrey B. King, Esq., Corporate Counsel and Assistant Secretary of Borrower, in substantially the form attached hereto as Exhibit A, and (ii) Chamberlain, Hrdlicka, White, Williams & Martin, counsel to Borrower, in substantially the form attached hereto as Exhibit B.
- (d) Closing Fees and Expenses. The Global Administrative Agent shall have received for its own account, or for the account of each Lender and other Agent, as the case may be, all fees, costs and expenses due and payable pursuant hereto.
- (e) Financial Statements. The Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Borrower, stating that the audited consolidated financial statements of Borrower and its Subsidiaries for fiscal year 2001 (the "2001 Financials") fairly present Borrower's financial condition and

results of operations and that prior to the Global Effective Date no material adverse change in the condition or operations of Borrower and its Subsidiaries, taken as a whole, from that reflected in the 2001 Financials has occurred and is continuing.

- (f) Environmental Warranties. In the ordinary course of its business, Borrower conducts an ongoing review of the effect of existing Environmental Laws on the business, operations and properties of Borrower and its Subsidiaries, in the course of which it attempts to identify and evaluate associated liabilities and costs (including, without limitation, any capital or operating expenditures required for clean-up or closure of properties presently or previously owned, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of this review, the Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Borrower, stating that after such review Borrower has reasonably concluded that existing Environmental Laws are unlikely to have a Material Adverse Effect, or that Borrower has established adequate reserves in respect of any required clean-up.
- (g) Global Effectiveness Notice. The Global Administrative Agent shall have received the Global Effectiveness Notice.
- (h) Other Combined Credit Agreements. The Global Administrative Agent shall have received copies of the executed (i) Australian Credit Agreement and the other Australian Loan Documents, (ii) Canadian Credit Agreement and the other Canadian Loan Documents and (iii) 364-Day Credit Agreement and the other 364-Day Loan Documents.
- (i) Litigation. The Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Borrower, stating that no litigation, arbitration, governmental proceeding, Tax claim, dispute or administrative or other proceeding shall be pending or, to the knowledge of Borrower, threatened against Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect or which purports to affect the legality, validity or enforceability of this Agreement or any other Loan Document.
- (j) Other Documents. The Global Administrative Agent shall have received such other instruments and documents as any of the Agents or their counsel may have reasonably requested.

The Global Administrative Agent shall notify Borrower, the other Agents and the Lenders of the Global Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans hereunder shall not become effective

unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.2) at or prior to 3:00 p.m., New York City time, on July 31, 2002 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 4.2 All Loans. The obligation of each Lender to fund any Loan which results in an increase in the aggregate outstanding principal amount of Loans under this Agreement on the occasion of any Borrowing shall be subject to the satisfaction of each of the conditions precedent set forth in this Section 4.2.

- (a) Compliance with Warranties and No Default. Both before and after giving effect to any Borrowing, the following statements shall be true and correct: (1) the representations and warranties set forth in Article III shall be true and correct with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct as of such earlier date); and (b) no Default or Event of Default shall have then occurred and be continuing.
- (b) Borrowings. The Global Administrative Agent shall have received a Borrowing Request for any Revolving Borrowing, or a Competitive Borrowing Request and a Competitive Bid Accept/Reject Letter for any Competitive Borrowing.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and all Obligations shall have been paid in full and unless the Required Lenders shall otherwise consent in writing, Borrower covenants and agrees with the Lenders that:

SECTION 5.1 Financial Reporting and Notices. Apache will furnish, or will cause to be furnished, to each Lender and the Global Administrative Agent copies of the following financial statements, reports, notices and information:

- (a) within 90 days after the end of each Fiscal Year of Apache, a copy of the audited annual report for such fiscal year for Apache and its Subsidiaries, including therein consolidated balance sheets of Apache and its Subsidiaries as of the end of such fiscal year and consolidated statements of earnings and cash flow of Apache and its Subsidiaries for such fiscal year, in each case certified (without qualification) by independent public accountants of nationally recognized standing selected by Apache;
- (b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of Apache commencing with the fiscal quarter ending June 30, 2002, unaudited consolidated balance sheets of Apache and its Subsidiaries as of the end of such fiscal quarter and consolidated statements of earnings and cash flow of Apache and its Subsidiaries for such fiscal quarter and for the period commencing

at the end of the previous fiscal year and ending with the end of such fiscal quarter, certified by an Authorized Officer of Apache;

- (c) together with the financial statements described in (a) and (b), above a compliance certificate, in substantially the form of Exhibit C or any other form approved by the Global Administrative Agent, executed by an Authorized Officer of Apache;
- (d) within five (5) days after the occurrence of each Default, a statement of an Authorized Officer of Apache setting forth details of such Default and the action which Borrower has taken and proposes to take with respect thereto;
- (e) promptly after the sending or filing thereof, copies of all material public filings, reports and communications from Borrower, and all reports and registration statements which Borrower or any of its Subsidiaries files with the Securities and Exchange Commission or any national securities exchange;
- (f) immediately upon becoming aware of the institution of any steps by Borrower or any other Person to terminate any Pension Plan, or the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under Section 302(f) of ERISA, or the taking of any action with respect to a Pension Plan which would reasonably be expected to result in the requirement that Borrower furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Pension Plan which would reasonably be expected to result in the incurrence by Borrower of any liability, fine or penalty in excess of \$25,000,000, or any material increase in the contingent liability of Borrower with respect to any postretirement Welfare Plan benefit, notice thereof; and
- (g) such other information respecting the financial condition or operations of Borrower or any of its Subsidiaries as any Lender through the Global Administrative Agent may from time to time reasonably request.

SECTION 5.2 Compliance with Laws. Borrower will, and will cause each of its Subsidiaries to, comply in all material respects with all applicable laws, rules, regulations and orders where noncompliance therewith may reasonably be expected to have a Material Adverse Effect, except where the necessity of compliance therewith is contested in good faith by appropriate proceedings.

SECTION 5.3 Maintenance of Properties. Borrower will, and will cause each of its Subsidiaries to, maintain, preserve, protect and keep valid title to, or valid leasehold interest in, all of its properties and assets, real and personal, tangible and intangible, of any nature whatsoever (including patents, trademarks, trade names, service marks and copyrights), free and clear of all Liens, charges or claims (including infringement claims with respect to patents, trademarks, copyrights and the like) except as permitted pursuant to Section 7.1 and except for imperfections and other burdens of title thereto as do not in the aggregate materially detract from the value thereof or for the use thereof in their businesses (taken as a whole).

SECTION 5.4 Insurance. Borrower will, and will cause each of its Subsidiaries to, maintain or cause to be maintained with responsible insurance companies (subject to self-insured retentions) insurance with respect to its properties and business against such casualties and contingencies and of such types and in such amounts as is customary in the case of similar businesses.

SECTION 5.5 Books and Records. Borrower will, and will cause each of its Subsidiaries to, keep books and records which accurately reflect all of its business affairs and transactions and permit the Global Administrative Agent and the other Agents and each Lender through the Global Administrative Agent or any of their respective authorized representatives, during normal business hours and at reasonable intervals, to visit all of its offices, to discuss its financial matters with its officers and to examine (and, at the expense of the Global Administrative Agent or such other Agent or Lender or, if a Default or Event of Default has occurred and is continuing, at the expense of Borrower, photocopy extracts from) any of its books or other records.

SECTION 5.6 Minimum Book Value for Assets of Borrower and its Restricted Subsidiaries. Apache shall maintain an aggregate book value for assets of Apache and its Restricted Subsidiaries (without duplication and excluding the aggregate book value attributable to Apache or any Restricted Subsidiary arising in connection with any Subsidiary which is not a Restricted Subsidiary) as of the end of any fiscal quarter, commencing with the quarter ending March 31, 2002, equal to or greater than the difference of (i) \$2,000,000,000 less (ii) the aggregate amount of any non-cash write downs (other than for recurring depletion or depreciation) made by Apache and any Restricted Subsidiary; provided that, if as of the end of any fiscal quarter Apache is not in compliance with this Section, Apache, for a period of 30 days following the delivery of the financial statements for such fiscal quarter, shall be entitled to cure such non-compliance by delivering a notice to the Global Administrative Agent designating certain Unrestricted Subsidiaries as Restricted Subsidiaries for the purposes of this Agreement at which time the Global Administrative Agent shall redetermine compliance with this Section using such newly-designated Restricted Subsidiaries in such redetermination.

SECTION 5.7 Use of Proceeds. Borrower will, and will cause each Subsidiary to, use the proceeds of the Loans (i) to refinance existing Indebtedness of Borrower and its Subsidiaries, (ii) for Borrower's and its Subsidiaries' general corporate purposes, including any non-hostile acquisitions, or (iii) to backup Apache's commercial paper facilities.

ARTICLE VI

Financial Covenants

Until the Commitments have expired or been terminated and all Obligations shall have been paid in full and unless the Required Lenders shall otherwise consent in writing, Borrower covenants and agrees with the Lenders that:

SECTION 6.1 Minimum Tangible Net Worth. Apache will not permit its Consolidated Tangible Net Worth as of the end of any fiscal quarter, commencing with the quarter ending December 31, 2001, to be less than (i) \$2,000,000,000 plus (ii) an amount equal

to 50% of the sum of Apache's and its Subsidiaries' consolidated net income for each fiscal quarter, beginning with the fiscal quarter ending March 31, 2002, during which such consolidated net income is greater than \$0.

SECTION 6.2 Ratio of Total Debt to Capital. Apache will not permit its ratio (expressed as a percentage) of (i) the consolidated Debt of Apache and its Subsidiaries to (ii) Capital to be greater than 60% at the end of any fiscal quarter beginning with the fiscal quarter ending June 30, 2002.

ARTICLE VII

Negative Covenants

Until the Commitments have expired or terminated and all Obligations have been paid in full and unless the Required Lenders shall otherwise consent in writing, Borrower covenants and agrees with the Lenders that:

SECTION 7.1 Liens. Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon the stock, assets, or indebtedness of Borrower or any of its Subsidiaries to secure Indebtedness of Borrower or any other Person except:

- (i) Liens on any property or assets owned or leased by Borrower or any Subsidiary existing at the time such property or asset was acquired (or at the time such Person became a Subsidiary); provided that in the case of the acquisition of a Subsidiary such Lien only encumbers property or assets immediately prior to, or at the time of, the acquisition by Borrower of such Subsidiary;
- (ii) purchase money Liens so long as such Liens only encumber property or assets acquired with the proceeds of the purchase money indebtedness incurred in connection with such Lien;
- (iii) Liens granted by an Unrestricted Subsidiary on its assets to secure Indebtedness incurred by such Unrestricted Subsidiary;
- (iv) Liens on assets of a Restricted Subsidiary securing Indebtedness of a Restricted Subsidiary owing to Borrower or to another Restricted Subsidiary or Liens on assets of an Unrestricted Subsidiary securing Indebtedness of an Unrestricted Subsidiary owing to Borrower, to a Restricted Subsidiary or to another Unrestricted Subsidiary;
- (v) Liens existing on the Global Effective Date set forth on Schedule 7.1;
- (vi) Liens arising under operating agreements;
- (vii) Liens reserved in oil, gas and/or mineral leases for bonus rental payments and for compliance with the terms of such leases;

- (viii) Liens pursuant to partnership agreements, oil, gas and/or mineral leases, farm-out agreements, division orders, contracts for the sale, delivery, purchase, exchange, or processing of oil, gas and/or other hydrocarbons, unitization and pooling declarations and agreements, operating agreements, development agreements, area of mutual interest agreements, forward sales of oil, natural gas and natural gas liquids, and other agreements which are customary in the oil, gas and other mineral exploration, development and production business and in the business of processing of gas and gas condensate production for the extraction of products therefrom;
- (ix) Liens on the stock or other ownership interests of or in any Unrestricted Subsidiary;
- (x) Liens for taxes, assessments or similar charges, incurred in the ordinary course of business, that are not yet due and payable or that are being contested as set forth in Section 3.6;
- (xi) pledges or deposits made in the ordinary course of business to secure payment of worker's compensation, or to participate in any fund in connection with worker's compensation, unemployment insurance, old-age pensions or other social security programs;
- (xii) Liens imposed by mandatory provisions of law such as for mechanics', materialmen's, warehousemen's, carriers', or other like Liens, securing obligations incurred in the ordinary course of business that are not yet due and payable;
- (xiii) Liens in renewal or extension of any of the foregoing permitted Liens, so long as limited to the property or assets encumbered and the amount of Indebtedness secured immediately prior to such renewal or extension; and
- (xiv) in addition to Liens permitted by clauses (i) through (xiii) above, Liens on property or assets if the aggregate Indebtedness secured thereby does not exceed \$100,000,000.

SECTION 7.2 Mergers. Apache will not liquidate or dissolve, consolidate with, or merge into or with, any other Person, or sell, lease or otherwise transfer all or substantially all of its assets unless (a) Apache is the survivor of such merger or consolidation, and (b) no Default or Event of Default has occurred and is continuing or would occur after giving effect thereto.

SECTION 7.3 Asset Dispositions. Borrower will not, and will not permit any of its Restricted Subsidiaries to, sell, transfer, lease, contribute or otherwise convey, or grant options, warrants or other rights with respect to all or substantially all of its assets. Notwithstanding the foregoing, nothing herein shall prohibit any transfer of any assets from any Borrower to any Subsidiary of such Borrower, from any Subsidiary of a Borrower to such Borrower or from a Subsidiary of a Borrower to another Subsidiary of such Borrower.

SECTION 7.4 Transactions with Affiliates. Borrower will not, and will not permit any of its Subsidiaries to, enter into, or cause, suffer or permit to exist any arrangement or contract with any of its other Affiliates unless such arrangement or contract or group of arrangements or contracts, as the case may be, are conducted on an arms-length basis; provided, however, that this Section shall not apply to Apache Offshore Investment Partnership, a Delaware general partnership, Apache Offshore Petroleum Limited Partnership, a Delaware limited partnership, Main Pass 151 Pipeline Company, a Texas general partnership, Apache 681/682 Joint Venture, a Texas joint venture, Apache Clearwater Operations, Inc., Apache Clearwater, Inc., Clearwater Evergreen, LP, Apache Topwater Operations, LLC, Apache Topwater, LLC and Clearwater Interests, LLC.

SECTION 7.5 Restrictive Agreements. Borrower will not, and will not permit any of its Subsidiaries to, enter into any agreement (excluding this Agreement, or any other Loan Document) limiting the ability of Borrower to amend or otherwise modify this Agreement or any other Loan Document. Borrower will not, and will not permit any of its Restricted Subsidiaries to, enter into any agreement which restricts or prohibits the ability of any Restricted Subsidiary to make any payments, directly or indirectly, to Borrower by way of dividends, advances, repayments of loans or advances, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments, or any other agreement or arrangement which restricts the ability of any such Restricted Subsidiary to make any payment, directly or indirectly, to Borrower.

SECTION 7.6 Guaranties. Borrower will not, and will not permit any of its Restricted Subsidiaries to, guaranty any Indebtedness not included in the consolidated Debt of Borrower and its Subsidiaries in an aggregate outstanding principal amount at any time exceeding \$100,000,000.

ARTICLE VIII

Events of Default

SECTION 8.1 Listing of Events of Default. Each of the following events or occurrences described in this Section 8.1 shall constitute an "Event of Default":

- (a) Non-Payment of Obligations. Borrower shall default in the payment or prepayment when due of any principal of any Loan, or Borrower shall default (and such default shall continue unremedied for a period of five (5) Business Days) in the payment when due of any interest, fee or of any other obligation hereunder.
- (b) Breach of Warranty. Any representation or warranty of Borrower made or deemed to be made hereunder or in any other Loan Document or any other writing or certificate furnished by or on behalf of Borrower to the Global Administrative Agent, any other Agent or any Lender for the purposes of or in connection with this Agreement or any such other Loan Document is or shall be false or misleading when made in any material respect.

- (c) Non-Performance of Covenants and Obligations. Borrower shall default in the due performance and observance of any of its obligations under Section 5.6, Section 7.2 or under Article VI.
- (d) Non-Performance of Other Covenants and Obligations. Borrower shall default in the due performance and observance of any other agreement contained herein or in any other Loan Document, and such default shall continue unremedied for a period of 30 days after notice thereof shall have been given to Borrower by the Global Administrative Agent or the Required Lenders.
- (e) Default on Other Indebtedness. A default shall occur in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any direct payment obligation of Borrower or any of its Restricted Subsidiaries in any amount in excess of \$25,000,000.
- (f) Pension Plans. Any of the following events shall occur with respect to any Pension Plan: (a) the institution of any steps by Borrower, any member of its Controlled Group or any other Person to terminate a Pension Plan if, as a result of such termination, Borrower or any such member could be required to make a contribution to such Pension Plan, or would reasonably expect to incur a liability or obligation to such Pension Plan, in excess of \$25,000,000; or (b) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a lien under Section 302(f) of ERISA.
- (g) Bankruptcy and Insolvency. Borrower or any of its Restricted Subsidiaries shall (a) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness to generally pay, debts as they become due; (b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for Borrower, or any of its Restricted Subsidiaries, or any substantial part of the property of any thereof, or make a general assignment for the benefit of creditors; (c) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for Borrower, or any of its Restricted Subsidiaries, or for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged within 60 days, provided that Borrower and each Restricted Subsidiary hereby expressly authorizes the Global Administrative Agent, each other Agent and each Lender to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; (d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of Borrower or any of its Restricted Subsidiaries, and, if any such case or proceeding is not commenced by Borrower or such Restricted Subsidiary, such case or proceeding shall be consented to or acquiesced in by Borrower or such Restricted Subsidiary or shall result in the entry of an order for relief or shall remain for 60 days undismissed, provided that Borrower and each Restricted Subsidiary hereby expressly

authorizes the Global Administrative Agent and each Lender to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or (e) take any corporate or partnership action authorizing, or in furtherance of, any of the foregoing.

- (h) Judgments. Any judgment or order for the payment of money in an amount of \$25,000,000 or more in excess of valid and collectible insurance in respect thereof or in excess of an indemnity with respect thereto reasonably acceptable to the Required Lenders shall be rendered against Borrower or any of its Restricted Subsidiaries and either (a) enforcement proceedings shall have been commenced by any creditor upon such judgment or order, or (b) such judgment shall have become final and non-appealable and shall have remained outstanding for a period of 60 consecutive days.
- (i) Change in Control. Any Person or group of Persons (within the meaning of Section 13 or 14 of the Securities Exchange Act) shall acquire beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act) of 33 1/3% or more of the outstanding shares of common stock of Borrower.
- (j) Event of Default under other Combined Loan Documents. Any "Event of Default" as defined in the Australian Loan Documents, the Canadian Loan Documents or the 364-Day Loan Documents shall occur; provided that the occurrence of a "Default" as defined in the Australian Loan Documents, the Canadian Loan Documents or the 364-Day Loan Documents shall constitute a Default under this Agreement; provided further that if such "Default" is cured or waived under the Australian Loan Documents, the Canadian Loan Documents or the 364-Day Loan Documents, as applicable, then such "Default" shall no longer constitute a Default under this Agreement.

SECTION 8.2 Action if Bankruptcy. If any Event of Default described in Section 8.1(g) shall occur, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Loans and all other obligations hereunder shall automatically be and become immediately due and payable, without notice or demand.

SECTION 8.3 Action if Other Event of Default. If any Event of Default (other than any Event of Default described in Section 8.2) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Global Administrative Agent, upon the direction of the Required Lenders, shall by notice to Borrower declare all of the outstanding principal amount of the Loans and all other obligations hereunder to be due and payable and the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other obligations shall be and become immediately due and payable, without further notice, demand or presentment, and the Commitments shall terminate.

ARTICLE IX

Agents

Each of the Lenders hereby irrevocably appoints JPMorgan Chase Bank as Global Administrative Agent, Bank of America, N.A. as Global Syndication Agent, Citibank, N.A. as Global Documentation Agent, Bank of America, N.A. and Wachovia Bank, National Association as U.S. Co-Syndication Agents, and Citibank, N.A. and Union Bank of California, N.A. as U.S. Co-Documentation Agents, and authorizes each such Agent to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

Any bank serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with Borrower or any Subsidiary or other Affiliate thereof as if it were not an Agent hereunder.

The Agents shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Agents shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) each Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that such Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2), and (c) except as expressly set forth herein, the Agents shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as such Agent or any of its Affiliates in any capacity. Each Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2) or in the absence of its own gross negligence or willful misconduct. Each Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to such Agent by Borrower or a Lender, and such Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to such Agent.

The Global Administrative Agent and the other Agents shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Global Administrative Agent and the other Agents also may rely

upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Global Administrative Agent and the other Agents may consult with legal counsel (who may be counsel for Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Any Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by such Agent. Any Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of such Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as an Agent.

Subject to the appointment and acceptance of a successor Global Administrative Agent as provided in this paragraph, the Global Administrative Agent may resign at any time by notifying the Lenders and Borrower. Upon any such resignation, Borrower shall have the right, in consultation with the Combined Required Lenders, to appoint one of the Lenders as a successor. If no successor shall have been so appointed by Borrower and shall have accepted such appointment within 30 days after the retiring Global Administrative Agent gives notice of its resignation, then the retiring Global Administrative Agent may, on behalf of the Lenders, appoint a successor Global Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Global Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Global Administrative Agent, and the retiring Global Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by Borrower to a successor Global Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such successor. After the Global Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.3 shall continue in effect for the benefit of such retiring Global Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Global Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

ARTICLE X

Miscellaneous

SECTION 10.1 Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to Borrower, to:

Apache Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400
Attention: Matthew W. Dundrea
Vice President and Treasurer
Telephone: (713) 296-6640
Facsimile: (713) 296-6458

with a copy to:

Assistant Treasurer
Apache Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400
Telephone: (713) 296-6642
Facsimile: (713) 296-6477

and with copy to:

Vice President and General Counsel
Apache Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400
Telephone: (713) 296-6204
Facsimile: (713) 296-6458

(b) if to the Global Administrative Agent, to:

JPMorgan Chase Bank
Loan & Agency Services Group
One Chase Manhattan Plaza
8th Floor
New York, New York 10081
Attention: Lisa Pucciarelli
Telephone: (212) 552-7446
Facsimile: (212) 552-5777

with a copy to:

JPMorgan Chase Bank
600 Travis, 20 CTH 86
Houston, Texas 77002
Attention: Peter Licalzi
Telephone: (713) 216-8870
Facsimile: (713) 216-4117

(c) if to any other Lender, to it at its address (or telecopy number) provided to the Global Administrative Agent and Borrower or as set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.2 Waivers; Amendments.

(a) No failure or delay by the Global Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Global Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Global Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Any of the Combined Loan Documents or any provision thereof may be waived, amended or modified pursuant to an agreement or agreements in writing entered into by Borrower and the Combined Required Lenders or by Borrower and the Global Administrative

Agent with the consent of the Combined Required Lenders; provided that the same waiver, amendment or modification is requested by Borrower in connection with each of the Combined Credit Agreements; and provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of (i) the Lenders described in the first proviso of Section 10.2(c) without the prior written consent of each Lender affected thereby and (ii) the Global Administrative Agent without the prior written consent of the Global Administrative Agent.

(c) Except as provided for in Section 10.2(b) above, neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by Borrower and the Required Lenders or by Borrower and the Global Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender or the Commitments without the written consent of such Lender or each Lender, respectively, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.17(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, or (v) change any of the provisions of this Section or the definition of "Required Lenders", "Combined Required Lenders" or any other provision hereof or thereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or thereunder or make any determination or grant any consent hereunder or thereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Global Administrative Agent hereunder or thereunder without the prior written consent of the Global Administrative Agent.

SECTION 10.3 Expenses; Indemnity; Damage Waiver.

(a) Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Agents and their Affiliates, including the reasonable fees, charges and disbursements of counsel for the Agents, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by the Agents or any Lender, including the fees, charges and disbursements of any counsel for the Agents or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or this Agreement.

(b) Borrower shall indemnify the Agents and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any

Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the actual or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (i) resulted from the gross negligence or willful misconduct of such Indemnitee or (ii) arise in connection with any issue in litigation commenced by Borrower or any of its Subsidiaries against any Indemnitee for which a final judgment is entered in favor of Borrower or any of its Subsidiaries against such Indemnitee.

(c) To the extent that Borrower fails to pay any amount required to be paid by it to the Global Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Global Administrative Agent, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Global Administrative Agent.

(d) To the extent permitted by applicable law, Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions or any Loan or the use of the proceeds thereof, except for any such claim arising from such Indemnitee's gross negligence or willful misconduct.

(e) All amounts due under this Section shall be payable not later than thirty (30) days after written demand therefor.

SECTION 10.4 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Global Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (i) except in the case of an assignment to a Lender or an Affiliate of a Lender, each of Apache and the Global Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Global Administrative Agent) shall be in increments of \$1,000,000 and not less than \$10,000,000 unless each of Borrower and the Global Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, except that this clause (iii) shall not apply to rights in respect of outstanding Competitive Loans, (iv) the parties to each assignment shall execute and deliver to the Global Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500, and (v) the assignee, if it shall not be a Lender, shall deliver to the Global Administrative Agent an Administrative Questionnaire; and provided further that any consent of Apache otherwise required under this paragraph shall not be required if an Event of Default under Section 8.1 has occurred and is continuing. Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.15, 2.16, 2.17, 2.19 and 10.3). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Global Administrative Agent, acting for this purpose as an agent of Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Borrower, the Global Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee

referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Global Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register and will provide prompt written notice to Borrower of the effectiveness of such Assignment. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of Borrower or the Global Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) Borrower, the Global Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and (iv) if such Participant is not a Lender or an Affiliate of a Lender, such Lender shall have given notice to Borrower of the name of the Participant and the amount of such participation. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.2(c) that affects such Participant. Subject to paragraph (f) of this Section, Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.8 as though it were a Lender, provided such Participant agrees to be subject to Section 2.17(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.14, 2.15 or 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless Borrower shall expressly agree otherwise in writing. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.16 unless Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of Borrower, to comply with Section 2.16(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender to a Federal Reserve Bank or, in the case of a Lender organized in a jurisdiction outside of the United States, a comparable Person, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.5 Survival. All covenants, agreements, representations and warranties made by Borrower herein and in the certificates or other instruments delivered in

connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Global Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.14, 2.15, 2.16, 2.17, 2.19 and 10.3 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 10.6 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Global Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by the Global Administrative Agent and when the Global Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.7 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.8 Right of Setoff. If an Event of Default shall have occurred and be continuing and the Obligations of Borrower shall have been accelerated, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Borrower against any of and all the obligations of each Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.9 GOVERNING LAW; JURISDICTION; CONSENT TO SERVICE OF PROCESS.

(a) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(b) BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT THE AGENTS OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 10.10 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.11 Confidentiality. Each of the Agents and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including

accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory or self-regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of Borrower or (h) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section by any Person or (B) becomes available to any Agent or any Lender on a nonconfidential basis from a source other than Borrower or any Person obligated to maintain the confidentiality of such Information. Prior to disclosing any Information under clause (c) above, the Agent or Lender required or asked to make such disclosure shall make a good faith effort to give Borrower prior notice of such proposed disclosure to permit Borrower to attempt to obtain a protective order or other appropriate injunctive relief. For the purposes of this Section, "Information" means all information received from Borrower relating to Borrower or its business, other than any publicly available information and such information that is available to any Agent or any Lender on a nonconfidential basis prior to disclosure by Borrower; provided that, in the case of information received from Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.12 Interest Rate Limitation. It is the intention of the parties hereto to conform strictly to applicable interest, usury and criminal laws and, anything herein to the contrary notwithstanding, the obligations of Borrower to a Lender or any Agent under this Agreement shall be subject to the limitation that payments of interest shall not be required to the extent that receipt thereof would be contrary to provisions of law applicable to such Lender or Agent limiting rates of interest which may be charged or collected by such Lender or Agent. Accordingly, if the transactions contemplated hereby would be illegal, unenforceable, usurious or criminal under laws applicable to a Lender or Agent (including the laws of any jurisdiction whose laws may be mandatorily applicable to such Lender or Agent notwithstanding anything to the contrary in this Agreement or any other Loan Document but subject to Section 2.12 hereof) then, in that event, notwithstanding anything to the contrary in this Agreement or any other Loan Document, it is agreed as follows:

(i) the provisions of this Section shall govern and control;

(ii) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, taken, reserved, charged or received under this Agreement, or under any of the other aforesaid agreements or otherwise in connection with this Agreement by such Lender or Agent shall under no circumstances exceed the maximum amount of interest allowed by applicable law (such maximum lawful interest rate, if any, with respect to each Lender and the Agent herein called the "Highest Lawful

Rate"), and any excess shall be cancelled automatically and if theretofore paid shall be credited to Borrower by such Lender or Agent (or, if such consideration shall have been paid in full, such excess refunded to Borrower);

(iii) all sums paid, or agreed to be paid, to such Lender or Agent for the use, forbearance and detention of the indebtedness of Borrower to such Lender or Agent hereunder or under any Loan Document shall, to the extent permitted by laws applicable to such Lender or Agent, as the case may be, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the actual rate of interest is uniform throughout the full term thereof;

(iv) if at any time the interest provided pursuant to this Section or any other clause of this Agreement or any other Loan Document, together with any other fees or compensation payable pursuant to this Agreement or any other Loan Document and deemed interest under laws applicable to such Lender or Agent, exceeds that amount which would have accrued at the Highest Lawful Rate, the amount of interest and any such fees or compensation to accrue to such Lender or Agent pursuant to this Agreement shall be limited, notwithstanding anything to the contrary in this Agreement or any other Loan Document, to that amount which would have accrued at the Highest Lawful Rate, but any subsequent reductions, as applicable, shall not reduce the interest to accrue to such Lender or Agent pursuant to this Agreement below the Highest Lawful Rate until the total amount of interest accrued pursuant to this Agreement or such other Loan Document, as the case may be, and such fees or compensation deemed to be interest equals the amount of interest which would have accrued to such Lender or Agent if a varying rate per annum equal to the interest provided pursuant to any other relevant Section hereof (other than this Section), as applicable, had at all times been in effect, plus the amount of fees which would have been received but for the effect of this Section; and

(v) with the intent that the rate of interest herein shall at all times be lawful, and if the receipt of any funds owing hereunder or under any other agreement related hereto (including any of the other Loan Documents) by such Lender or Agent would cause such Lender to charge Borrower a criminal rate of interest, the Lenders and the Agents agree that they will not require the payment or receipt thereof or a portion thereof which would cause a criminal rate of interest to be charged by such Lender or Agent, as applicable, and if received such affected Lender or Agent will return such funds to Borrower so that the rate of interest paid by Borrower shall not exceed a criminal rate of interest from the date this Agreement was entered into.

SECTION 10.13 Joint and Several Obligations. Each Borrower has determined that it is in its best interest and in pursuance of its legitimate business purposes to induce the Lenders to extend credit to the Borrowers pursuant to this Agreement. Each Borrower acknowledges and represents that the availability of the Commitments to each of the Borrowers benefits each Borrower individually and that the Loans made will be for and inure to the benefit of each of the Borrowers individually and as a group. Accordingly, each Borrower shall be jointly and severally liable (as a principal and not as a surety, guarantor or other accommodation party) for each and every representation, warranty, covenant and obligation to be performed by the Borrowers under this Agreement and the other Loan Documents, and each Borrower

acknowledges that in extending the credit provided herein the Agent and the Lenders are relying upon the fact that the Obligations of each Borrower hereunder are the joint and several obligations of a principal. The invalidity, unenforceability or illegality of this Agreement or any other Loan Document as to one Borrower or the release by the Agent or the Lenders of a Borrower hereunder or thereunder shall not affect the Obligations of the other Borrowers under this Agreement or the other Loan Documents, all of which shall otherwise remain valid and legally binding obligations of the other Borrowers.

SECTION 10.14 NO ORAL AGREEMENTS. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

APACHE CORPORATION

By:

Name: Matthew W. Dundrea
Title: Vice President and Treasurer

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S-1

JPMORGAN CHASE BANK, as Global
Administrative Agent and as Lender

By: _____

Name:

Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S-2

BANK OF AMERICA, N.A., as Global
Syndication Agent, a U.S. Co-Syndication
Agent and as Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S-3

CITIBANK, N.A., as Global Documentation
Agent, a U.S. Co-Documentation Agent
and as Lender

By: _____

Name:

Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S-4

WACHOVIA BANK, NATIONAL
ASSOCIATION, as a U.S. Co-Syndication Agent
and as Lender

By: _____

Name:

Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S-5

UNION BANK OF CALIFORNIA, N.A., as a
U.S. Co-Documentation Agent and as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S-6

DEUTSCHE BANK AG NEW YORK
BRANCH, as Lender

By: -----

Name:
Title:

By: -----

Name:
Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

BNP PARIBAS, as Lender

By: _____

Name:
Title:

By: _____

Name:
Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

THE BANK OF NOVA SCOTIA, ATLANTA
AGENCY, as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S-9

BANK ONE, NA (MAIN OFFICE CHICAGO),
as Lender

By: -----

Name:
Title:

By: -----

Name:
Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

SOCIETE GENERALE, as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S-11

TORONTO DOMINION (TEXAS), INC., as
Lender

By:

Name:
Title:

By:

Name:
Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S-12

BAYERISCHE LANDESBANK
GIROZENTRALE, CAYMAN ISLANDS
BRANCH, as Lender

By: -----

Name:
Title:

By: -----

Name:
Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

THE ROYAL BANK OF SCOTLAND PLC, as
Lender

By:

Name:

Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S-14

ABN AMRO BANK N.V., as Lender

By: _____

Name:
Title:

By: _____

Name:
Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

CREDIT LYONNAIS, NEW YORK BRANCH,
as Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

ING CAPITAL LLC, as Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

MERRILL LYNCH BANK USA, as Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

MIZUHO CORPORATE BANK, LIMITED,
as Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

SUMITOMO MITSUI BANKING
CORPORATION, as Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

WELLS FARGO BANK TEXAS, N.A.,
as Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

SOUTHWEST BANK OF TEXAS, N.A.,
as Lender

By: _____

Name:

Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S-22

THE BANK OF NEW YORK, as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S-23

BANCA NAZIONALE DEL LAVORO S.P.A.,
NEW YORK BRANCH, as Lender

By:

Name:
Title:

By:

Name:
Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S-24

KBC BANK, N.V., NEW YORK BRANCH,
as Lender

By: _____

Name:

Title:

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S-25

[364-DAY CREDIT AGREEMENT]

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364-DAY CREDIT AGREEMENT

dated as of June 3, 2002

among

APACHE CORPORATION,

THE LENDERS PARTY HERETO,

JPMORGAN CHASE BANK,
as Global Administrative Agent,

BANK OF AMERICA, N.A.,
as Global Syndication Agent,

CITIBANK, N.A.,
as Global Documentation Agent,

BANK OF AMERICA, N.A. and
BNP PARIBAS,
as 364-Day Co-Syndication Agents,

and

DEUTSCHE BANK AG NEW YORK BRANCH, and
SOCIETE GENERALE,
as 364-Day Co-Documentation Agents,

J.P. MORGAN SECURITIES INC.,
BANC OF AMERICA SECURITIES, LLC and
SALOMON SMITH BARNEY INC.,
as Global Co-Lead Arrangers and Joint Bookrunners

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364-DAY CREDIT AGREEMENT

THIS 364-DAY CREDIT AGREEMENT, dated as of June 3, 2002, is among APACHE CORPORATION, a Delaware corporation ("Apache" and, together with each other Person that becomes an Additional Borrower pursuant to Section 2.20, the "Borrower"), the LENDERS (as defined below) party hereto, JPMORGAN CHASE BANK, as Global Administrative Agent, BANK OF AMERICA, N.A., as Global Syndication Agent, CITIBANK, N.A., as Global Documentation Agent, BANK OF AMERICA, N.A. and BNP PARIBAS, as 364-Day Co-Syndication Agents, and DEUTSCHE BANK AG NEW YORK BRANCH, and SOCIETE GENERALE, as 364-Day Co-Documentation Agents.

The parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.1 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Accepting Lenders" is defined in Section 2.6(c).

"Additional Borrower" means any Person which becomes a Borrower under this Agreement pursuant to Section 2.20.

"Additional Borrower Counterpart" is defined in Section 2.20.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Global Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agents" means each of the Global Administrative Agent, the Global Syndication Agent, the Global Documentation Agent, the 364-Day Co-Syndication Agents, and the 364-Day Co-Documentation Agents.

"Agreed Currency" is defined in Section 2.19(a).

then such rating agency shall be deemed to have

established a rating in Category 6; (ii) if the ratings established or deemed to have been established by Moody's, S&P and Fitch for the Index Debt shall fall within different Categories, the Applicable Rate shall be based on the highest two ratings, unless the highest two ratings shall fall within different Categories in which case the Applicable Rate shall be based on the lower of the highest two ratings; and (iii) if the ratings established or deemed to have been established by Moody's, S&P and Fitch for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's, S&P or Fitch), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's, S&P or Fitch shall change, or if any such rating agency shall cease to be in the business of rating corporate debt obligations, Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation. Changes in the Applicable Rate will occur automatically without prior notice.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.4), and accepted by the Global Administrative Agent, in substantially the form of Exhibit D or any other form approved by the Global Administrative Agent.

"Australian Administrative Agent" means Citisecurities Limited (ABN 51 008 489 610) in its capacity as Australian administrative agent for the lenders party to the Australian Credit Agreement and any successor thereto.

"Australian Borrower" means Apache Energy Limited and each other Person that becomes a borrower under the Australian Credit Agreement.

"Australian Credit Agreement" means that certain Credit Agreement of even date herewith among the Australian Borrower, the Australian Lenders, the Global Administrative Agent, the Australian Administrative Agent, Bank of America, N.A., Sydney Branch (ARBN 064 874 531) and Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162), as Australian co-syndication agents, and Royal Bank of Canada (ABN 86 076 940 880) and Bank One, NA, Australia Branch (ARBN 065 752 918), as Australian co-documentation agents, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Australian Lenders" means the financial institutions listed on the signature pages of the Australian Credit Agreement and their respective successors and assigns.

"Australian Loan Documents" means the Australian Credit Agreement, any notes, any guaranties, any assignment agreements, and the agreement with respect to fees, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Authorized Officer" means, with respect to Apache, the Chairman, the President, the Executive Vice President and Chief Financial Officer and the Vice President and Treasurer of Apache, and any officer or employee of Apache specified as such to the Global Administrative Agent in writing by any of the aforementioned officers of Apache, and with respect to any Additional Borrower, the Chairman, the Vice Chairman, the President, the Executive Vice President and Chief Financial Officer and the Vice President and Treasurer of such Additional Borrower, and any officer or employee of such Additional Borrower specified as such to the Global Administrative Agent in writing by any of the aforementioned officers of such Additional Borrower.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Apache Corporation, a Delaware corporation, and each other Person that becomes an Additional Borrower pursuant to Section 2.20.

"Borrowing" means Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

"Borrowing Request" means a request by Borrower for a Borrowing in accordance with Section 2.3, in substantially the form of Exhibit E or any other form approved by the Global Administrative Agent.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Canadian Administrative Agent" means Royal Bank of Canada in its capacity as Canadian administrative agent for the lenders party to the Canadian Credit Agreement and any successor thereto.

"Canadian Borrower" means Apache Canada and each other Person that becomes a borrower under the Canadian Credit Agreement.

"Canadian Credit Agreement" means that certain Credit Agreement of even date herewith among the Canadian Borrower, the Canadian Lenders, the Global Administrative Agent, the Canadian Administrative Agent, The Bank of Nova Scotia and The Toronto-Dominion Bank, as Canadian co-syndication agents, and BNP Paribas (Canada) and Bayerische Landesbank Girozentrale, as Canadian co-documentation agents, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Canadian Lenders" means the financial institutions listed on the signature pages of the Canadian Credit Agreement and their respective successors and assigns.

"Canadian Loan Documents" means the Canadian Credit Agreement, any notes, any guaranties, any assignment agreements, and the agreement with respect to fees, together with all

exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Capital" means the consolidated shareholder's equity of Borrower and its Subsidiaries plus the consolidated Debt of Borrower and its Subsidiaries.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et. seq., as amended from time to time.

"Certificate of Extension" means a certificate of Borrower, executed by an Authorized Officer and delivered to the Global Administrative Agent, in a form acceptable to the Global Administrative Agent, which requests an extension of the then scheduled Revolving Commitment Termination Date pursuant to Section 2.6.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.16(b), by any lending office of such Lender or by such Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Term Loans.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Combined Commitments" means the commitment of each Combined Lender under the Combined Credit Agreements, as such commitment may be reduced, increased or terminated from time to time pursuant to the Combined Loan Documents and, if any such commitments are no longer in effect under any Combined Credit Agreement, the aggregate unpaid principal amount of the outstanding loans for which the applicable commitment is no longer in effect under such Combined Credit Agreement. The initial amount of each Combined Lender's Commitment is set forth on Schedule 2.1 to the applicable Combined Credit Agreement, or in a Assignment and Acceptance (as defined in this Agreement, the Canadian Credit Agreement and the U.S. Credit Agreement) or in a Substitution Certificate (as defined in the Australian Credit Agreement) or pursuant to which such Combined Lender shall have assumed its Combined Commitment, as applicable. The initial aggregate amount of the Combined Lenders' Combined Commitments is \$1,500,000,000.

"Combined Commitment Utilization" means, for any period, the ratio of (i) the aggregate principal amount of then outstanding Combined Loans (other than any Competitive Loans (as defined in the U.S. Credit Agreement)) to (ii) the then aggregate amount of the Combined Commitments.

"Combined Credit Agreements" means the U.S. Credit Agreement, the Australian Credit Agreement, the Canadian Credit Agreement and this Agreement.

"Combined Lenders" means the U.S. Lenders, the Australian Lenders, the Canadian Lenders and the Lenders hereunder.

"Combined Loan Documents" means the U.S. Loan Documents, the Australian Loan Documents, the Canadian Loan Documents and the Loan Documents.

"Combined Loans" means the loans made by the Combined Lenders to U.S. Borrower, Australian Borrower, Canadian Borrower and Borrower pursuant to the Combined Loan Documents.

"Combined Required Lenders" means Combined Lenders having in the aggregate 51% of the aggregate total Combined Commitments under the Combined Loan Documents.

"Commitment" means, with respect to each Lender, such Lender's Revolving Commitment or Term Commitment as then in effect. The initial amount of each Lender's Commitment is set forth on Schedule 2.1, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders' Commitments is \$750,000,000.

"Commitment Utilization Margin" means, on any date, if the Combined Commitment Utilization is less than 33%, then an amount equal to zero basis points per annum (0 bps) and, if the Combined Commitment Utilization is greater than or equal to 33%, then an amount equal to 12.5 basis points per annum. Changes in the Commitment Utilization Margin will occur automatically without prior notice.

"Consolidated Tangible Net Worth" means (i) the consolidated shareholder's equity of Borrower and its Subsidiaries (determined in accordance with GAAP), less (ii) the amount of consolidated intangible assets of Borrower and its Subsidiaries, plus (iii) the aggregate amount of any non-cash write downs, on a consolidated basis, by Borrower and its Subsidiaries during the term hereof.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Controlled Group" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with Borrower, are treated as a single employer under Section 414 (b) or 414 (c) of the Internal Revenue Code or Section 4001 of ERISA.

"Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Loans at such time.

"Debt" of any Person means indebtedness, including capital leases, shown as debt on a consolidated balance sheet of such Person prepared in accordance with GAAP.

"Declining Lenders" is defined in Section 2.6(c).

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"dollars" or "\$" refers to lawful money of the United States of America.

"Environmental Laws" means all applicable federal, state or local statutes, laws, ordinances, codes, rules and regulations (including consent decrees and administrative orders) relating to public health and safety and protection of the environment.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article VIII.

"Excluded Taxes" means, with respect to any Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which Borrower is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by Borrower under Section 2.18(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender's failure to comply with Section 2.16(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from Borrower with respect to such withholding tax pursuant to Section 2.16(a).

"Existing Global Credit Facilities" means (i) that certain Credit Agreement [U.S. Credit Agreement], dated as of June 12, 1997, among Apache Corporation, the lenders party thereto, The Chase Manhattan Bank, as global administrative agent, and the other agents party thereto, (ii) that certain Credit Agreement [Australian Credit Agreement], dated as of June 12, 1997, among Apache Energy Limited (CAN 009 301 964) and Apache Oil Australia Pty. Limited (ACN 050 611 688), the lenders party thereto, The Chase Manhattan Bank, as global administrative agent, and the other agents party thereto, (iii) that certain Credit Agreement [Canadian Credit Agreement], dated as of June 12, 1997, among Apache Canada Ltd., the lenders party thereto, The Chase Manhattan Bank, as global administrative agent, and the other agents party thereto, and (iv) that certain 364-Day Credit Agreement, dated as of July 14, 2000, among Apache Corporation, the lenders party thereto, Citibank, N.A., as administrative agent, and the other agents party thereto.

"Facility Fee" is defined in Section 2.11(a).

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Global Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Fitch" means Fitch, Inc. and any affiliate or successor thereto that is a nationally recognized rating agency in the United States.

"Foreign Lender" means any Lender that is not organized under the laws of, or resident, in the United States. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"GAAP" means generally accepted accounting principles as in effect from time to time, applied on a basis consistent with the most recent financial statements of Borrower and its Subsidiaries delivered to the Lenders pursuant hereto.

"Global Administrative Agent" means JPMorgan Chase Bank, in its capacity as global administrative agent for the Combined Lenders.

"Global Documentation Agent" means Citibank, N.A., in its capacity as global documentation agent for the Combined Lenders.

"Global Effective Date" means a date agreed upon by Borrower and the Global Administrative Agent as the date on which the conditions specified in Section 4.1 of each Combined Credit Agreement are satisfied (or waived in accordance with Section 10.2 of each Combined Credit Agreement).

"Global Effectiveness Notice" means a notice and certificate of Borrower properly executed by an Authorized Officer of Borrower addressed to the Combined Lenders and delivered to the Global Administrative Agent, in sufficient number of counterparts to provide one for each such lender and each agent under each Combined Credit Agreement, whereby Borrower certifies satisfaction of all the conditions precedent to the effectiveness under Section 4.1 of each Combined Credit Agreement.

"Global Syndication Agent" means Bank of America, N.A., in its capacity as global syndication agent for the Combined Lenders.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Hazardous Material" means (a) any "hazardous substance," as defined by CERCLA; (b) any "hazardous waste," as defined by the Resource Conservation and Recovery Act; or (c) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance within the meaning of any other Environmental Law.

"Indebtedness" of any Person means all (i) Debt, and (ii) guaranties or other contingent obligations in respect of the Debt of any other Person.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Index Debt" means senior, unsecured, non-credit enhanced, long-term indebtedness for borrowed money of Borrower that is not guaranteed by any other Person or subject to any other credit enhancement.

"Interest Election Request" means a request by Borrower to convert or continue a Borrowing in accordance with Section 2.7, in substantially the form of Exhibit E or any other form approved by the Global Administrative Agent.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December, and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three (3) months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three (3) months' duration after the first day of such Interest Period.

"Interest Period" means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day, or, with the consent of the Global Administrative Agent, such other day, in the calendar month that is one, two, three or six months (or, with the consent of each Lender, nine or twelve months) thereafter, as Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurodollar Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Judgment Currency" is defined in Section 2.19(b).

"Lenders" means the Persons listed on Schedule 2.1 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as reasonably determined by the Global Administrative Agent and Borrower from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Global Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means any mortgage, pledge, lien, encumbrance, charge, or security interest of any kind, granted or created to secure Indebtedness; provided, however, that, with respect to any prohibitions of Liens on Property, the following transactions shall not be deemed to create a Lien to secure Indebtedness; (i) production payments and (ii) liens required by statute and created in

favor of U.S. governmental entities to secure partial, progress, advance, or other payments intended to be used primarily in connection with air or water pollution control.

"Loan Document" means this Agreement, any Borrowing Request, any Interest Election Request, any Certificate of Extension, any Assignment and Acceptance, any Additional Borrower Counterpart, any election notice, the agreement with respect to fees described in Section 2.11(b), and each other agreement, document or instrument delivered by Borrower or any other Person in connection with this Agreement, as such may be amended from time to time.

"Loans" means the Revolving Loans or the Term Loans made by the Lenders to Borrower pursuant to this Agreement.

"Material Adverse Effect" means, as to any matter, that such matter could reasonably be expected to materially and adversely affect the assets, business, properties, condition (financial or otherwise) of Borrower and its Subsidiaries taken as a whole. No matter shall be considered to result, or be expected to result, in a Material Adverse Effect unless such matter causes Borrower and its Subsidiaries, on a consolidated basis, to suffer a loss or incur a cost equal to at least ten percent (10%) of Borrower's Consolidated Tangible Net Worth.

"Maturity Date" means the date occurring one year after the Revolving Commitment Termination Date.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto that is a nationally recognized rating agency in the United States.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Obligations" means, at any time, the sum of (i) the outstanding principal amount of any Loans plus (ii) all accrued and unpaid interest and Facility Fees plus (iii) all other obligations of Borrower or any Subsidiary to any Lender or any Agent, whether or not contingent, arising under or in connection with any of the Loan Documents.

"Original Revolving Commitment Termination Date" means June 1, 2003.

"Other Currency" is defined in Section 2.19(a).

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Pension Plan" means a "pension plan," as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in Section 4001(a)(3) of ERISA), and to which a Borrower or any corporation, trade or business

that is, along with a Borrower, a member of a Controlled Group, may have liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

"Person" means any natural person, corporation, limited liability company, unlimited liability company, joint venture, partnership, firm, association, trust, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank as its prime rate in effect at its principal office in New York City which rate may not be the lowest rate offered; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Property" means (i) any property owned or leased by Borrower or any Subsidiary, or any interest of Borrower or any Subsidiary in property, which is considered by Borrower to be capable of producing oil, gas, or minerals in commercial quantities, (ii) any interest of Borrower or any Subsidiary in any refinery, processing or manufacturing plant owned or leased by Borrower or any manufacturing plant owned or leased by Borrower or any Subsidiary, (iii) any interest of Borrower or any Subsidiary in all present and future oil, gas, other liquid and gaseous hydrocarbons, and other minerals now or hereafter produced from any other Property or to which Borrower or any Subsidiary may be entitled as a result of its ownership of any Property, and (iv) all real and personal assets owned or leased by Borrower or any Subsidiary used in the drilling, gathering, processing, transportation, or marketing of any oil, gas, and other hydrocarbons or minerals, except (a) any such real or personal assets related thereto employed in transportation, distribution or marketing or (b) any interest of Borrower or any Subsidiary in, any refinery, processing or manufacturing plant, or portion thereof, which property described in clauses (a) or (b), in the opinion of the Board of Directors of Borrower, is not a principal plant or principal facility in relation to the activities of Borrower and its Subsidiaries taken as a whole.

"Register" has the meaning set forth in Section 10.4.

"Regulation U" means any of Regulations T, U or X of the Board from time to time in effect and shall include any successor or other regulations or official interpretations of said Board or any successor Person relating to the extension of credit for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System or any successor Person.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Replacement Lenders" is defined in Section 2.6(c)(ii).

"Required Lenders" means Lenders having in the aggregate 51% of the aggregate total Commitments, or, if the Commitments have been terminated, Lenders holding 51% of the aggregate unpaid principal amount of the outstanding Obligations.

"Resource Conservation and Recovery Act" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 690, et seq., as amended from time to time.

"Restricted Subsidiary" means any Subsidiary of Borrower that owns any asset representing or consisting of an entitlement to production from, or other interest in, reserves of oil, gas or other minerals in place located in the United States, Canada or Australia or is otherwise designated by Borrower in writing to the Global Administrative Agent.

"Revolving Commitment" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans in an aggregate principal amount at any one time outstanding up to but not exceeding the amount set forth opposite such Lender's name on Schedule 2.1 hereto, as such commitment may be (a) reduced from time to time pursuant to Section 2.8, (b) reduced or increased from time to time pursuant to Section 2.6 or pursuant to assignments by or to such Lender pursuant to Section 10.4, and (c) terminated pursuant to Sections 4.1, 8.2 or 8.3.

"Revolving Commitment Termination Date" shall mean the earliest of:

(a) the Original Revolving Commitment Termination Date, or such other later date as may result from any extension requested by Borrower and consented to by some or all of the Lenders pursuant to Section 2.6;

(b) the date on which the Revolving Commitments are terminated in full or reduced to zero pursuant to Section 2.8; and

(c) the date on which the Revolving Commitments otherwise are terminated in full and reduced to zero pursuant to the terms of Sections 4.1, 8.2 or 8.3.

Upon the occurrence of any event described in clause (b) or (c), the Revolving Commitments shall terminate automatically and without any further action.

"Revolving Loan" means any loan made by the Lenders pursuant to Section 2.1(a) of this Agreement.

"S&P" means Standard & Poor's and any successor thereto that is a nationally-recognized rating agency in the United States.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the applicable maximum reserve percentages (including any basic, marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Global Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency

funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"subsidiary" means, with respect to any Person, any corporation or other similar entity of which more than 50% of the outstanding capital stock (or other equity) having ordinary voting power to elect a majority of the Board of Directors of such corporation or entity (irrespective of whether or not at the time capital stock or any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person.

"Subsidiary" means any subsidiary of Borrower; provided, however, that in all events the following Persons shall not be deemed to be Subsidiaries of Borrower or any of its Subsidiaries: Apache Offshore Investment Partnership, a Delaware general partnership, Apache Offshore Petroleum Limited Partnership, a Delaware limited partnership, Main Pass 151 Pipeline Company, a Texas general partnership, and Apache 681/682 Joint Venture, a Texas joint venture.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Term Commitment" means, with respect to each Lender, the commitment of such Lender to make Term Loans pursuant to Section 2.1(b) of this Agreement in an aggregate principal amount equal to the lesser of (i) the Credit Exposure outstanding to all Lenders as of the Revolving Commitment Termination Date or (ii) the amount of the Revolving Commitments in effect immediately prior to the termination of the Revolving Commitments on the Revolving Commitment Termination Date; provided, however, that after the Revolving Commitment Termination Date, such Term Commitment shall be reduced from time to time by the amount of any prepayment of Loans pursuant to Section 2.10 of this Agreement.

"Term Commitment Termination Date" shall mean the earliest of:

(a) the Maturity Date;

(b) the date on which the Term Commitments are terminated in full or reduced to zero pursuant to Section 2.8; and

(c) the date on which the Term Commitments otherwise are terminated in full and reduced to zero pursuant to the terms of Sections 8.2 or 8.3.

Upon the occurrence of any event described in clause (b) or (c), the Term Commitments shall terminate automatically and without any further action.

"Term Loan" means any loan made by the Lenders pursuant to Section 2.1(b) of this Agreement.

"Term Loan Margin" means, on any date after the Revolving Commitment Termination Date, twenty-five basis points (25 bps) per annum on the daily amount outstanding.

"364-Day Co-Documentation Agents" means Deutsche Bank AG New York Branch, and Societe Generale, each in its capacity as co-documentation agent for the Lenders hereunder.

"364-Day Co-Syndication Agents" means Bank of America, N.A. and BNP Paribas, each in its capacity as co-syndication agent for the Lenders hereunder.

"Transactions" means the execution, delivery and performance by Borrower of this Agreement and the other Loan Documents, the borrowing of Loans and the use of the proceeds thereof.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

"United States" or "U.S." means the United States of America, its fifty states and the District of Columbia.

"Unrestricted Subsidiary" means any Subsidiary of Borrower that is not a Restricted Subsidiary.

"U.S. Borrower" means Apache and each other Person that becomes a borrower under the U.S. Credit Agreement.

"U.S. Credit Agreement" means that certain Credit Agreement of even date herewith among the U.S. Borrower, the U.S. Lenders, the Global Administrative Agent, Bank of America, N.A. and Wachovia Bank, National Association, as U.S. co-syndication agents, and Citibank, N.A. and Union Bank of California, N.A., as U.S. co-documentation agents, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"U.S. Lenders" means the financial institutions listed on the signature pages of the U.S. Credit Agreement and their respective successors and assigns.

"U.S. Loan Documents" means the U.S. Credit Agreement, any notes, any guaranties, any assignment agreements, and the agreement with respect to fees, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Welfare Plan" means a "welfare plan," as such term is defined in Section 3(1) of ERISA.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.2 Classification of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings may be classified and referred to by Class (e.g., a "Revolving Loan" or "Revolving Borrowing") or by Type (e.g., a "Eurodollar Loan" or a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Loan" or "Eurodollar Revolving Borrowing").

SECTION 1.3 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.4 Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if Borrower notifies the Global Administrative Agent that Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Global Administrative Agent notifies Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

The Credits

SECTION 2.1 Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Loans in U.S. Dollars to Borrower described in this

Section 2.1. Apache and any Additional Borrowers shall be jointly and severally liable for all Obligations.

(a) Revolving Loans. From time to time on or after the date hereof and prior to the Revolving Commitment Termination Date, each Lender shall make Revolving Loans under this Section to Borrower in an aggregate principal amount that will not result in (a) such Lender's Credit Exposure exceeding such Lender's Commitment or (b) the sum of the total Credit Exposures exceeding the total Commitments. Subject to the conditions herein, Borrower may borrow, prepay and reborrow Revolving Loans.

(b) Term Loans. On the Revolving Commitment Termination Date (unless such date shall occur as a result of clause (c) of the definition thereof) and upon receipt of a Borrowing Request no less than ten (10) days prior to the Revolving Commitment Termination Date, each outstanding Revolving Loan will convert into a Term Loan of like amount. No amounts paid or prepaid with respect to the Term Loan may be reborrowed; provided, however, that Loans may be converted and continued, at the election of Borrower, if not earlier prepaid, through the Maturity Date. Eurodollar Loans for which the Interest Period shall not have terminated as of the Revolving Commitment Termination Date shall be continued as Eurodollar Loans for the applicable Interest Period and ABR Loans shall be continued as ABR Loans after the Revolving Commitment Termination Date, unless Borrower shall have elected otherwise by delivery of a Borrowing Request. In accordance with Section 2.7, Borrower may elect to convert Borrowings pursuant to the Term Commitments into Borrowings of a different Type or to continue such Borrowings and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor; provided that Borrower shall not be entitled to elect to convert or continue any Borrowings if the Interest Period requested with respect thereto would end after the Maturity Date. Any principal repayments received on the Revolving Commitment Termination Date for Revolving Loans not converted into Term Loans shall be applied first to ABR Loans and, after ABR Loans have been paid in full, to Eurodollar Loans, unless Borrower shall have otherwise instructed the Administrative Agent in writing. Upon a Lender making such Term Loan, such Lender shall have no further Commitment to make additional Loans.

SECTION 2.2 Loans and Borrowings.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.13, each Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less

than \$5,000,000 (including any continuation or conversion of existing Loans made in connection therewith). At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 (including any continuation or conversion of existing Loans made in connection therewith); provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of ten (10) Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.3 Requests for Borrowings. To request a Borrowing, Borrower shall notify the Global Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 1:00 p.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Global Administrative Agent of a written Borrowing Request in a form approved by the Global Administrative Agent and signed by Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.2:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period".

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Global Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.4 [Intentionally omitted].

SECTION 2.5 Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Global Administrative Agent most recently designated by it for such

purpose by notice to the Lenders. The Global Administrative Agent will make such Loans available to Borrower by promptly crediting the amounts so received, in like funds, to an account of Borrower designated by Borrower from time to time in a written notice to the Global Administrative Agent executed by two Authorized Officers of Apache and two Authorized Officers of any Additional Borrower.

(b) Unless the Global Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Global Administrative Agent such Lender's share of such Borrowing, the Global Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Global Administrative Agent, then the applicable Lender and Borrower severally agree to pay to the Global Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to Borrower to but excluding the date of payment to the Global Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate or a rate determined by the Global Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of Borrower, the interest rate applicable to Loans made in such Borrowing. If such Lender pays such amount to the Global Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.6 Extension of Revolving Commitment Termination Date and of Revolving Commitments.

(a) Subject to the other provisions of this Agreement and provided that no Event of Default has occurred and is continuing, the total Revolving Commitments shall be effective for an initial period from the Global Effective Date to the Original Revolving Commitment Termination Date; provided that the Revolving Commitment Termination Date, and concomitantly the total Revolving Commitments, may be extended for successive 364-day periods expiring on the date which is 364-days from the then scheduled Revolving Commitment Termination Date. If Borrower shall request in a Certificate of Extension delivered to the Global Administrative Agent at least 45 days, but no more than 60 days, prior to the then scheduled Revolving Commitment Termination Date that the Revolving Commitment Termination Date be extended for 364-days from the then scheduled Revolving Commitment Termination Date, then the Global Administrative Agent shall promptly notify each Lender of such request and each Lender shall notify the Global Administrative Agent, no later than 15 days after such Lender's receipt of such Certificate of Extension, whether such Lender, in the exercise of its sole discretion, will extend the Revolving Commitment Termination Date for such 364-day period. Any Lender which shall not timely notify the Global Administrative Agent whether it will extend the Revolving Commitment Termination Date shall be deemed to not have agreed to extend the Revolving Commitment Termination Date. No Lender shall have any obligation whatsoever to agree to extend the Revolving Commitment Termination Date. Any agreement to extend the Revolving Commitment Termination Date by any Lender shall be irrevocable, except as provided in clause (c) of this Section.

(b) If all Lenders notify the Global Administrative Agent pursuant to clause (a) of this Section 2.6 of their agreement to extend the Revolving Commitment Termination Date, then the Global Administrative Agent shall so notify each Lender and Borrower, and such extension shall be effective without other or further action by any party hereto for such additional 364-day period.

(c) If Lenders constituting at least the Required Lenders approve the extension of the then scheduled Revolving Commitment Termination Date (such Lenders agreeing to extend the Revolving Commitment Termination Date herein called the "Accepting Lenders") and if one or more Lenders shall notify, or be deemed to notify, the Global Administrative Agent pursuant to clause (a) of this Section that they will not extend the then scheduled Revolving Commitment Termination Date (such Lenders herein called the "Declining Lenders"), then (A) the Global Administrative Agent shall promptly so notify Borrower and the Accepting Lenders, (B) the Accepting Lenders shall, upon Borrower's election to extend the then scheduled Revolving Commitment Termination Date in accordance with clause (i) or (ii) below, extend the then scheduled Revolving Commitment Termination Date, and (C) Borrower shall, pursuant to a notice delivered to the Global Administrative Agent, the Accepting Lenders and the Declining Lenders, no later than the tenth (10th) day following the date by which each Lender is required, pursuant to clause (a) of this Section to approve or disapprove the requested extension of the total Revolving Commitments, either:

(i) elect to extend the Revolving Commitment Termination Date and direct the Declining Lenders to terminate their Revolving Commitments, which termination shall become effective on the date which would have been the Revolving Commitment Termination Date except for the operation of this Section. On the date which would have been the Revolving Commitment Termination Date except for the operation of this Section, (x) Borrower shall deliver a notice of the effectiveness of such termination to the Declining Lenders with a copy to the Global Administrative Agent and (y) Borrower shall pay in full in immediately available funds all Obligations of Borrower owing to the Declining Lenders, including any amounts required pursuant to Section 2.15, and (z) upon the occurrence of the events set forth in clauses (x) and (y), the Declining Lenders shall each cease to be a Lender hereunder for all purposes, other than for purposes of Sections 2.14 through 2.17, Section 2.19 and Section 10.3, and shall cease to have any obligations or any Commitment hereunder, other than to the Agents pursuant to Article IX, and the Global Administrative Agent shall promptly notify the Accepting Lenders and Borrower of the new Commitments; or

(ii) elect to extend the Revolving Commitment Termination Date and, prior to or no later than the then scheduled Revolving Commitment Termination Date, (A) to replace one or more of the Declining Lenders with another lender or lenders reasonably acceptable to the Global Administrative Agent (such lenders herein called the "Replacement Lenders") and (B) Borrower shall pay in full in immediately available funds all Obligations of Borrower owing to any Declining Lenders which are not being replaced, as provided in clause (i) above; provided that (x) any Replacement Lender shall purchase, and any Declining Lender shall sell, such Declining Lender's rights and obligations hereunder without recourse or expense to, or warranty by, such Declining Lender for a purchase price equal to the aggregate outstanding principal amount of the

Obligations payable to such Declining Lender plus any accrued but unpaid interest on such Obligations and accrued but unpaid fees or other amounts owing in respect of such Declining Lender's Loans and Commitments hereunder, and (y) upon the payment of such amounts referred to in clause (x) and the execution of an Assignment and Acceptance by such Replacement Lender and such Declining Lender, such Replacement Lender shall constitute a Lender hereunder and such Declining Lender being so replaced shall no longer constitute a Lender (other than for purposes of Sections 2.14 through 2.17, Section 2.19 and Section 10.3), and shall no longer have any obligations hereunder, other than to the Agents pursuant to Article IX; or

(iii) elect to revoke and cancel the extension request in such Certificate of Extension by giving notice of such revocation and cancellation to the Global Administrative Agent (which shall promptly notify the Lenders thereof) no later than the tenth (10th) day following the date by which each Lender is required, pursuant to clause (a) of this Section, to approve or disapprove the requested extension of the Revolving Commitment Termination Date, and concomitantly the total Commitments.

If Borrower fails to timely provide the election notice referred to in this clause (c), Borrower shall be deemed to have revoked and cancelled the extension request in the Certificate of Extension and to have elected not to extend the Revolving Commitment Termination Date.

SECTION 2.7 Interest Elections.

(a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request (or an ABR Borrowing if no Type is specified) and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request (or one month if no Interest Period is specified). Thereafter, Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. Borrower may, subject to the requirements of Section 2.2(c), elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, Borrower shall notify the Global Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.3 if Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Global Administrative Agent of a written Interest Election Request signed by Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.2:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions

thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Global Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Global Administrative Agent, at the request of the Required Lenders, so notifies Borrower, then, so long as an Event of Default is continuing, (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid and provided the Indebtedness has not been accelerated pursuant to Section 8.3, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.8 Termination and Reduction of Commitments.

(a) The Revolving Commitments shall terminate on the Revolving Commitment Termination Date. Unless previously terminated, the Term Commitment shall terminate on the Maturity Date.

(b) Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 and (ii) Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.10, the sum of the Credit Exposures would exceed the total Commitments.

(c) Borrower shall notify the Global Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least two Business

Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Global Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by Borrower (by notice to the Global Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.9 Repayment of Loans; Evidence of Debt.

(a) Borrower hereby unconditionally promises to pay to the Global Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan on the Maturity Date or, if earlier, the date on which the Commitment of such Lender relating to such Loan is terminated (except for termination of the Commitment of the assigning Lender pursuant to Section 10.4(b)).

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Global Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrower to each Lender hereunder and (iii) the amount of any sum received by the Global Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Global Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by one or more promissory notes. In such event, Borrower shall prepare, execute and deliver to such Lender promissory notes payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns and in a form approved by the Global Administrative Agent). Thereafter, the Loans evidenced by such promissory notes and interest thereon shall at all times (including after assignment pursuant to Section 10.4) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if any such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.10 Prepayment of Loans.

(a) Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section.

(b) Borrower shall notify the Global Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 1:00 p.m., New York City time, three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.8, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.8. Promptly following receipt of any such notice relating to a Borrowing, the Global Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.2. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.12 and compensation for break funding, to the extent required by Section 2.15.

SECTION 2.11 Fees.

(a) Borrower agrees to pay to the Global Administrative Agent for the account of each Lender a facility fee (the "Facility Fee"), which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Global Effective Date to but excluding the earlier to occur of (i) the date on which such Commitment terminates (except for termination of the Commitment of the assigning Lender pursuant to Section 10.4(b)) or (ii) the Maturity Date; provided that, if such Lender continues to have any Credit Exposure after its Commitment terminates, then such Facility Fee shall continue to accrue on the daily amount of such Lender's Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Credit Exposure. Accrued Facility Fees shall be payable in arrears on the first day of, April, July and October and the second day of January of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; provided that any Facility Fees accruing after the date on which the Commitments terminate shall be payable on demand. All Facility Fees shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) Borrower agrees to pay to the Global Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between Borrower and the Global Administrative Agent.

(c) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Global Administrative Agent for distribution, in the case of Facility Fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.12 Interest.

(a) The Loans comprising each ABR Borrowing shall bear interest on the daily amount outstanding at the Alternate Base Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest on the daily amount outstanding at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) [Intentionally omitted].

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Loans, on the Maturity Date; provided that (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion, and (iv) with respect to any Declining Lender, accrued interest shall be paid upon the termination of the Commitment of such Lender.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Global Administrative Agent, and such determination shall be conclusive absent demonstrable error.

SECTION 2.13 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(i) the Global Administrative Agent determines (which determination shall be conclusive absent demonstrable error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(ii) the Global Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Global Administrative Agent shall give notice thereof to Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Global Administrative Agent notifies Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective, and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.14 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender reasonably determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section (together with the calculation thereof) shall be delivered to Borrower and shall be conclusive absent demonstrable error. Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender notifies Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.15 Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.10(b) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by Borrower pursuant to either Section 2.6, or Section 2.18 then, in any such event, Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive, together with the calculation thereof, pursuant to this Section shall be delivered to Borrower and the Global Administrative Agent and shall be conclusive absent demonstrable error. Borrower shall pay to the Global Administrative Agent for the account of such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.16 Taxes.

(a) Any and all payments by or on account of any obligation of Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Global Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower shall make such deductions and (iii) Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Borrower shall pay the Global Administrative Agent and each Lender, within 10 days after written demand therefor, the full amount of any Indemnified Taxes or Other Taxes paid by the Global Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto (other than any such penalties or interest arising through the failure of the Global Administrative Agent or Lender to act as a reasonably prudent agent or lender, respectively), whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by a Lender, or by the Global Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent demonstrable error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by Borrower to a Governmental Authority, Borrower shall deliver to the Global Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Global Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to Borrower (with a copy to the Global Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate.

SECTION 2.17 Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or of amounts payable under Section 2.14, 2.15 or 2.16, or otherwise) prior to 1:00 p.m., New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. All such payments shall be made to the Global Administrative Agent, c/o Loan & Agency Services Group, One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, attention: Lisa Pucciarelli, telephone: (212) 552-7446, facsimile: (212) 552-5777, except that payments pursuant to Sections 2.14, 2.16 and 10.3 shall be made directly to the Persons entitled thereto. The Global Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Global Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties. If insufficient funds are received due to Borrower's entitlement to withhold amounts on account of Excluded Taxes in relation to a particular Lender, such insufficiency shall not be subject to this Section 2.17(b) but shall be withheld from and shall only affect payments made to such Lender.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of Borrower in the amount of such participation.

(d) Unless the Global Administrative Agent shall have received notice from Borrower prior to the date on which any payment is due to the Global Administrative Agent for the account of the Lenders hereunder that Borrower will not make such payment, the Global Administrative Agent may assume that Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Global Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Global Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Global Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.17(d), then the Global Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Global

Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Section until all such unsatisfied obligations are fully paid.

SECTION 2.18 Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 2.14, or if Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.14 or 2.16, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.14, or if Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, or if any Lender defaults in its obligation to fund Loans hereunder, then Borrower may upon notice to such Lender and the Global Administrative Agent, require such Lender to assign and delegate, without recourse or expense to, or warranty by, such Lender (in accordance with and subject to the restrictions contained in Section 10.4), all its interests, rights and obligations under this Agreement to an assignee designated by Borrower which meets the requirements of Section 10.4(b) that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) Borrower shall have received the prior written consent of the Global Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or Borrower (in the case of all other amounts), (iii) the assignee and assignor shall have entered into an Assignment and Acceptance, and (iv) in the case of any such assignment resulting from a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments.

SECTION 2.19 Currency Conversion and Currency Indemnity.

(a) Payments in Agreed Currency. Borrower shall make payment relative to any Obligation in the currency (the "Agreed Currency") in which the Obligation was effected. If any payment is received on account of any Obligation in any currency (the "Other Currency") other than the Agreed Currency (whether voluntarily or pursuant to an order or judgment or the enforcement thereof or the realization of any security or the liquidation of Borrower or otherwise howsoever), such payment shall constitute a discharge of the liability of Borrower hereunder and under the other Loan Documents in respect of such obligation only to the extent of the amount of the Agreed Currency which the relevant Lender or Agent, as the case may be, is able to purchase with the amount of the Other Currency received by it on the Business Day next following such

receipt in accordance with its normal procedures and after deducting any premium and costs of exchange.

(b) Conversion of Agreed Currency into Judgment Currency. If, for the purpose of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due in the Agreed Currency then the conversion shall be made on the basis of the rate of exchange prevailing on the next Business Day following the date such judgment is given and in any event Borrower shall be obligated to pay the Agents and the Lenders any deficiency in accordance with Section 2.19(c). For the foregoing purposes "rate of exchange" means the rate at which the relevant Lender or Agent, as applicable, in accordance with its normal banking procedures is able on the relevant date to purchase the Agreed Currency with the Judgment Currency after deducting any premium and costs of exchange.

(c) Circumstances Giving Rise to Indemnity. If (i) any Lender or any Agent receives any payment or payments on account of the liability of Borrower hereunder pursuant to any judgment or order in any Other Currency, and (ii) the amount of the Agreed Currency which the relevant Lender or Agent, as applicable, is able to purchase on the Business Day next following such receipt with the proceeds of such payment or payments in accordance with its normal procedures and after deducting any premiums and costs of exchange is less than the amount of the Agreed Currency due in respect of such obligations immediately prior to such judgment or order, then Borrower on demand shall, and Borrower hereby agrees to, indemnify and save the Lenders and the Agents harmless from and against any loss, cost or expense arising out of or in connection with such deficiency.

(d) Indemnity Separate Obligation. The agreement of indemnity provided for in Section 2.19(c) shall constitute an obligation separate and independent from all other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lenders or Agents or any of them from time to time, and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

SECTION 2.20 Additional Borrowers.

(a) A Person which is a Restricted Subsidiary which is a resident of, and domiciled in, the United States may become an Additional Borrower with respect hereto, and shall be bound by and entitled to the benefits and obligations of this Agreement as a Borrower hereunder to the same extent as any other Borrower, upon the fulfillment of the following conditions:

(i) Resolutions and Officers' Certificates. Such Person shall deliver all the items identified in Section 4.1(a) with respect to such Person.

(ii) Certificate. An Authorized Officer of each Borrower shall have delivered to the Global Administrative Agent a certificate stating that such Person is a Restricted Subsidiary of the Parent which is resident of, and domiciled in, the United States.

(iii) No Default. No Default or Event of Default shall have occurred and be continuing.

(iv) Representations and Warranties. The representations and warranties in Article III hereto are true and correct with respect to such Person, mutatis mutandis, as of the date such Person executes the Additional Borrower Counterpart described in clause (v) below.

(v) Additional Borrower Counterpart. Such Person shall execute an Additional Borrower Counterpart to this Agreement, substantially in the form of Exhibit F (the "Additional Borrower Counterpart") or such other agreement in form and substance satisfactory to the Global Administrative Agent.

(vi) Opinions of Counsel. The Global Administrative Agent shall have received legal opinions, dated as of the date such Person executes the Additional Borrower Counterpart described above, addressed to the Agents and the Lenders, having substantially the same coverage as those opinions attached hereto as Exhibits A and B and in form and substance acceptable to the Global Administrative Agent, in its reasonable discretion.

(vii) Approval. The Global Administrative Agent shall have approved the addition of such Person as an Additional Borrower, such approval not to be unreasonably withheld.

(b) Upon fulfillment of the conditions in this Section 2.20(a), the Global Administrative Agent will promptly notify each Lender of the date that such Person becomes an Additional Borrower hereunder.

ARTICLE III

Representations and Warranties

In order to induce the Lenders and the Agents to enter into this Agreement and the Lenders to make Loans hereunder, Borrower represents and warrants unto the Agents and each Lender as set forth in this Article III.

SECTION 3.1 Organization. Borrower is a corporation, and each of its Subsidiaries is a corporation or other legal entity, in either case duly incorporated or otherwise properly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority, permits and approvals, and is in good standing to conduct its business in each jurisdiction in which its business is conducted where the failure to so qualify would have a Material Adverse Effect.

SECTION 3.2 Authorization and Validity. The execution, delivery and performance by Borrower of this Agreement and each other Loan Document executed or to be executed by it, are within Borrower's corporate powers, have been duly authorized by all necessary corporate action on behalf of it, and do not (a) contravene Borrower's articles of incorporation or other organizational documents, as the case may be; (b) contravene any material contractual restriction, law or governmental regulation or court decree or order binding on or affecting Borrower or any Subsidiary; or (c) result in, or require the creation or imposition of, any Lien, not permitted by Section 7.1, on any of Borrower's or any Subsidiary's properties.

This Agreement constitutes, and each other Loan Document executed by Borrower will, on the due execution and delivery thereof, constitute, the legal, valid and binding obligations of Borrower enforceable in accordance with their respective terms subject as to enforcement only to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditor rights generally and to general principles of equity.

SECTION 3.3 Government Approval and Regulation. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by Borrower of this Agreement or any other Loan Document. Neither Borrower nor any of its Subsidiaries is an "investment company," within the meaning of the Investment Company Act of 1940, as amended, or a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 3.4 Pension and Welfare Plans. During the twelve-consecutive-month period prior to the date of the execution and delivery of this Agreement and prior to the date of any Borrowing hereunder, no steps have been taken to terminate any Pension Plan, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a lien under Section 302(f) of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan which would result in the incurrence by Borrower or any member of the Controlled Group of any liability, fine or penalty in excess of \$25,000,000. Neither Borrower nor any member of the Controlled Group has any contingent liability with respect to any post-retirement benefit under a Welfare Plan, other than liability for continuation coverage described in Part 6 of Title I of ERISA.

SECTION 3.5 Regulation U. Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of any Loans will be used for a purpose which violates, or would be inconsistent with, Regulation U. Terms for which meanings are provided in Regulations U are used in this Section with such meanings.

SECTION 3.6 Taxes. Borrower and each of its Subsidiaries has to the best knowledge of Borrower after due investigation filed all tax returns and reports required by law to have been filed by it and has paid all taxes and governmental charges thereby shown to be owing, except any such taxes or charges which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or which the failure to file or pay could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.7 Subsidiaries; Restricted Subsidiaries. Schedule 3.7 hereto contains an accurate list of all of the presently existing Subsidiaries, including, without limitation, Restricted Subsidiaries, of Borrower as of the date of this Agreement, setting forth their respective jurisdictions of incorporation or organization and the percentage of their respective capital stock or, the revenue share attributable to the general and limited partnership interests, as the case may be, owned by Borrower or other Subsidiaries. All of the issued and outstanding

shares of capital stock of such Subsidiaries which are corporations have been duly authorized and issued and are fully paid and non-assessable.

ARTICLE IV

Conditions

SECTION 4.1 Effectiveness. This Agreement shall become effective upon the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 4.1.

- (a) Resolutions and Officers Certificates. The Global Administrative Agent shall have received from Borrower a certificate, dated the Global Effective Date, of the Secretary or Assistant Secretary of Borrower as to (i) resolutions of its governing board, then in full force and effect authorizing the execution, delivery and performance of this Agreement and each other Loan Document to be executed by it; (ii) the incumbency and signatures of those of its officers authorized to act with respect to this Agreement and each other Loan Document executed by it; and (iii) its articles of incorporation and bylaws; upon which certificates each Lender may conclusively rely until it shall have received a further certificate of an authorized officer of Borrower canceling or amending such prior certificate.
- (b) Existing Facilities. The Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Borrower, stating that Borrower or its Subsidiaries have repaid in full and terminated the Existing Global Credit Facilities concurrently with the effectiveness of the Combined Credit Agreements.
- (c) Opinions of Counsel. The Global Administrative Agent shall have received opinions, dated the Global Effective Date, addressed to the Global Administrative Agent, the other Agents and all Lenders, from (i) Jeffrey B. King, Esq., Corporate Counsel and Assistant Secretary of Borrower, in substantially the form attached hereto as Exhibit A, and (ii) Chamberlain, Hrdlicka, White, Williams & Martin, counsel to Borrower, in substantially the form attached hereto as Exhibit B.
- (d) Closing Fees and Expenses. The Global Administrative Agent shall have received for its own account, or for the account of each Lender and other Agent, as the case may be, all fees, costs and expenses due and payable pursuant hereto.
- (e) Financial Statements. The Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Borrower, stating that the audited consolidated financial statements of Borrower and its Subsidiaries for fiscal year 2001 (the "2001 Financials") fairly present Borrower's financial condition and results of operations and that prior to the Global Effective Date no material adverse change in the condition or operations of Borrower and its Subsidiaries, taken as a whole, from that reflected in the 2001 Financials has occurred and is continuing.
- (f) Environmental Warranties. In the ordinary course of its business, Borrower conducts an ongoing review of the effect of existing Environmental Laws on the

business, operations and properties of Borrower and its Subsidiaries, in the course of which it attempts to identify and evaluate associated liabilities and costs (including, without limitation, any capital or operating expenditures required for clean-up or closure of properties presently or previously owned, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of this review, the Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Borrower, stating that after such review Borrower has reasonably concluded that existing Environmental Laws are unlikely to have a Material Adverse Effect, or that Borrower has established adequate reserves in respect of any required clean-up.

- (g) Global Effectiveness Notice. The Global Administrative Agent shall have received the Global Effectiveness Notice.
- (h) Other Combined Credit Agreements. The Global Administrative Agent shall have received copies of the executed (i) Australian Credit Agreement and the other Australian Loan Documents, (ii) Canadian Credit Agreement and the other Canadian Loan Documents and (iii) U.S. Credit Agreement and the other U.S. Loan Documents.
- (i) Litigation. The Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Borrower, stating that no litigation, arbitration, governmental proceeding, Tax claim, dispute or administrative or other proceeding shall be pending or, to the knowledge of Borrower, threatened against Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect or which purports to affect the legality, validity or enforceability of this Agreement or any other Loan Document.
- (j) Other Documents. The Global Administrative Agent shall have received such other instruments and documents as any of the Agents or their counsel may have reasonably requested.

The Global Administrative Agent shall notify Borrower, the other Agents and the Lenders of the Global Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.2) at or prior to 3:00 p.m., New York City time, on July 31, 2002 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 4.2 All Loans. The obligation of each Lender to fund any Loan which results in an increase in the aggregate outstanding principal amount of Loans under this

Agreement on the occasion of any Borrowing shall be subject to the satisfaction of each of the conditions precedent set forth in this Section 4.2.

- (a) Compliance with Warranties and No Default. Both before and after giving effect to any Borrowing, the following statements shall be true and correct: (1) the representations and warranties set forth in Article III shall be true and correct with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct as of such earlier date); and (b) no Default or Event of Default shall have then occurred and be continuing.
- (b) Borrowings. The Global Administrative Agent shall have received a Borrowing Request for any Borrowing.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and all Obligations shall have been paid in full and unless the Required Lenders shall otherwise consent in writing, Borrower covenants and agrees with the Lenders that:

SECTION 5.1 Financial Reporting and Notices. Apache will furnish, or will cause to be furnished, to each Lender and the Global Administrative Agent copies of the following financial statements, reports, notices and information:

- (a) within 90 days after the end of each Fiscal Year of Apache, a copy of the audited annual report for such fiscal year for Apache and its Subsidiaries, including therein consolidated balance sheets of Apache and its Subsidiaries as of the end of such fiscal year and consolidated statements of earnings and cash flow of Apache and its Subsidiaries for such fiscal year, in each case certified (without qualification) by independent public accountants of nationally recognized standing selected by Apache;
- (b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of Apache commencing with the fiscal quarter ending June 30, 2002, unaudited consolidated balance sheets of Apache and its Subsidiaries as of the end of such fiscal quarter and consolidated statements of earnings and cash flow of Apache and its Subsidiaries for such fiscal quarter and for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal quarter, certified by an Authorized Officer of Apache;
- (c) together with the financial statements described in (a) and (b), above a compliance certificate, in substantially the form of Exhibit C or any other form approved by the Global Administrative Agent, executed by an Authorized Officer of Apache;

- (d) within five (5) days after the occurrence of each Default, a statement of an Authorized Officer of Apache setting forth details of such Default and the action which Borrower has taken and proposes to take with respect thereto;
- (e) promptly after the sending or filing thereof, copies of all material public filings, reports and communications from Borrower, and all reports and registration statements which Borrower or any of its Subsidiaries files with the Securities and Exchange Commission or any national securities exchange;
- (f) immediately upon becoming aware of the institution of any steps by Borrower or any other Person to terminate any Pension Plan, or the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under Section 302(f) of ERISA, or the taking of any action with respect to a Pension Plan which would reasonably be expected to result in the requirement that Borrower furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Pension Plan which would reasonably be expected to result in the incurrence by Borrower of any liability, fine or penalty in excess of \$25,000,000, or any material increase in the contingent liability of Borrower with respect to any postretirement Welfare Plan benefit, notice thereof; and
- (g) such other information respecting the financial condition or operations of Borrower or any of its Subsidiaries as any Lender through the Global Administrative Agent may from time to time reasonably request.

SECTION 5.2 Compliance with Laws. Borrower will, and will cause each of its Subsidiaries to, comply in all material respects with all applicable laws, rules, regulations and orders where noncompliance therewith may reasonably be expected to have a Material Adverse Effect, except where the necessity of compliance therewith is contested in good faith by appropriate proceedings.

SECTION 5.3 Maintenance of Properties. Borrower will, and will cause each of its Subsidiaries to, maintain, preserve, protect and keep valid title to, or valid leasehold interest in, all of its properties and assets, real and personal, tangible and intangible, of any nature whatsoever (including patents, trademarks, trade names, service marks and copyrights), free and clear of all Liens, charges or claims (including infringement claims with respect to patents, trademarks, copyrights and the like) except as permitted pursuant to Section 7.1 and except for imperfections and other burdens of title thereto as do not in the aggregate materially detract from the value thereof or for the use thereof in their businesses (taken as a whole).

SECTION 5.4 Insurance. Borrower will, and will cause each of its Subsidiaries to, maintain or cause to be maintained with responsible insurance companies (subject to self-insured retentions) insurance with respect to its properties and business against such casualties and contingencies and of such types and in such amounts as is customary in the case of similar businesses.

SECTION 5.5 Books and Records. Borrower will, and will cause each of its Subsidiaries to, keep books and records which accurately reflect all of its business affairs and transactions and permit the Global Administrative Agent and the other Agents and each Lender through the Global Administrative Agent or any of their respective authorized representatives, during normal business hours and at reasonable intervals, to visit all of its offices, to discuss its financial matters with its officers and to examine (and, at the expense of the Global Administrative Agent or such other Agent or Lender or, if a Default or Event of Default has occurred and is continuing, at the expense of Borrower, photocopy extracts from) any of its books or other records.

SECTION 5.6 Minimum Book Value for Assets of Borrower and its Restricted Subsidiaries. Apache shall maintain an aggregate book value for assets of Apache and its Restricted Subsidiaries (without duplication and excluding the aggregate book value attributable to Apache or any Restricted Subsidiary arising in connection with any Subsidiary which is not a Restricted Subsidiary) as of the end of any fiscal quarter, commencing with the quarter ending March 31, 2002, equal to or greater than the difference of (i) \$2,000,000,000 less (ii) the aggregate amount of any non-cash write downs (other than for recurring depletion or depreciation) made by Apache and any Restricted Subsidiary; provided that, if as of the end of any fiscal quarter Apache is not in compliance with this Section, Apache, for a period of 30 days following the delivery of the financial statements for such fiscal quarter, shall be entitled to cure such non-compliance by delivering a notice to the Global Administrative Agent designating certain Unrestricted Subsidiaries as Restricted Subsidiaries for the purposes of this Agreement at which time the Global Administrative Agent shall redetermine compliance with this Section using such newly-designated Restricted Subsidiaries in such redetermination.

SECTION 5.7 Use of Proceeds. Borrower will, and will cause each Subsidiary to, use the proceeds of the Loans (i) to refinance existing Indebtedness of Borrower and its Subsidiaries, (ii) for Borrower's and its Subsidiaries' general corporate purposes, including any non-hostile acquisitions, or (iii) to backup Apache's commercial paper facilities.

ARTICLE VI

Financial Covenants

Until the Commitments have expired or been terminated and all Obligations shall have been paid in full and unless the Required Lenders shall otherwise consent in writing, Borrower covenants and agrees with the Lenders that:

SECTION 6.1 Minimum Tangible Net Worth. Apache will not permit its Consolidated Tangible Net Worth as of the end of any fiscal quarter, commencing with the quarter ending December 31, 2001, to be less than (i) \$2,000,000,000 plus (ii) an amount equal to 50% of the sum of Apache's and its Subsidiaries' consolidated net income for each fiscal quarter, beginning with the fiscal quarter ending March 31, 2002, during which such consolidated net income is greater than \$0.

SECTION 6.2 Ratio of Total Debt to Capital. Apache will not permit its ratio (expressed as a percentage) of (i) the consolidated Debt of Apache and its Subsidiaries to

(ii) Capital to be greater than 60% at the end of any fiscal quarter beginning with the fiscal quarter ending June 30, 2002.

ARTICLE VII

Negative Covenants

Until the Commitments have expired or terminated and all Obligations have been paid in full and unless the Required Lenders shall otherwise consent in writing, Borrower covenants and agrees with the Lenders that:

SECTION 7.1 Liens. Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon the stock, assets, or indebtedness of Borrower or any of its Subsidiaries to secure Indebtedness of Borrower or any other Person except:

- (i) Liens on any property or assets owned or leased by Borrower or any Subsidiary existing at the time such property or asset was acquired (or at the time such Person became a Subsidiary); provided that in the case of the acquisition of a Subsidiary such Lien only encumbers property or assets immediately prior to, or at the time of, the acquisition by Borrower of such Subsidiary;
- (ii) purchase money Liens so long as such Liens only encumber property or assets acquired with the proceeds of the purchase money indebtedness incurred in connection with such Lien;
- (iii) Liens granted by an Unrestricted Subsidiary on its assets to secure Indebtedness incurred by such Unrestricted Subsidiary;
- (iv) Liens on assets of a Restricted Subsidiary securing Indebtedness of a Restricted Subsidiary owing to Borrower or to another Restricted Subsidiary or Liens on assets of an Unrestricted Subsidiary securing Indebtedness of an Unrestricted Subsidiary owing to Borrower, to a Restricted Subsidiary or to another Unrestricted Subsidiary;
- (v) Liens existing on the Global Effective Date set forth on Schedule 7.1;
- (vi) Liens arising under operating agreements;
- (vii) Liens reserved in oil, gas and/or mineral leases for bonus rental payments and for compliance with the terms of such leases;
- (viii) Liens pursuant to partnership agreements, oil, gas and/or mineral leases, farm-out agreements, division orders, contracts for the sale, delivery, purchase, exchange, or processing of oil, gas and/or other hydrocarbons, unitization and pooling declarations and agreements, operating agreements, development agreements, area of mutual interest agreements, forward sales of oil, natural gas and natural gas liquids, and other agreements which are customary in the oil, gas and other

mineral exploration, development and production business and in the business of processing of gas and gas condensate production for the extraction of products therefrom;

- (ix) Liens on the stock or other ownership interests of or in any Unrestricted Subsidiary;
- (x) Liens for taxes, assessments or similar charges, incurred in the ordinary course of business, that are not yet due and payable or that are being contested as set forth in Section 3.6;
- (xi) pledges or deposits made in the ordinary course of business to secure payment of worker's compensation, or to participate in any fund in connection with worker's compensation, unemployment insurance, old-age pensions or other social security programs;
- (xii) Liens imposed by mandatory provisions of law such as for mechanics', materialmen's, warehousemen's, carriers', or other like Liens, securing obligations incurred in the ordinary course of business that are not yet due and payable;
- (xiii) Liens in renewal or extension of any of the foregoing permitted Liens, so long as limited to the property or assets encumbered and the amount of Indebtedness secured immediately prior to such renewal or extension; and
- (xiv) in addition to Liens permitted by clauses (i) through (xiii) above, Liens on property or assets if the aggregate Indebtedness secured thereby does not exceed \$100,000,000.

SECTION 7.2 Mergers. Apache will not liquidate or dissolve, consolidate with, or merge into or with, any other Person, or sell, lease or otherwise transfer all or substantially all of its assets unless (a) Apache is the survivor of such merger or consolidation, and (b) no Default or Event of Default has occurred and is continuing or would occur after giving effect thereto.

SECTION 7.3 Asset Dispositions. Borrower will not, and will not permit any of its Restricted Subsidiaries to, sell, transfer, lease, contribute or otherwise convey, or grant options, warrants or other rights with respect to all or substantially all of its assets. Notwithstanding the foregoing, nothing herein shall prohibit any transfer of any assets from any Borrower to any Subsidiary of such Borrower, from any Subsidiary of a Borrower to such Borrower or from a Subsidiary of a Borrower to another Subsidiary of such Borrower.

SECTION 7.4 Transactions with Affiliates. Borrower will not, and will not permit any of its Subsidiaries to, enter into, or cause, suffer or permit to exist any arrangement or contract with any of its other Affiliates unless such arrangement or contract or group of arrangements or contracts, as the case may be, are conducted on an arms-length basis; provided, however, that this Section shall not apply to Apache Offshore Investment Partnership, a Delaware general partnership, Apache Offshore Petroleum Limited Partnership, a Delaware limited partnership, Main Pass 151 Pipeline Company, a Texas general partnership, Apache

681/682 Joint Venture, a Texas joint venture, Apache Clearwater Operations, Inc., Apache Clearwater, Inc., Clearwater Evergreen, LP, Apache Topwater Operations, LLC, Apache Topwater, LLC and Clearwater Interests, LLC.

SECTION 7.5 Restrictive Agreements. Borrower will not, and will not permit any of its Subsidiaries to, enter into any agreement (excluding this Agreement, or any other Loan Document) limiting the ability of Borrower to amend or otherwise modify this Agreement or any other Loan Document. Borrower will not, and will not permit any of its Restricted Subsidiaries to, enter into any agreement which restricts or prohibits the ability of any Restricted Subsidiary to make any payments, directly or indirectly, to Borrower by way of dividends, advances, repayments of loans or advances, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments, or any other agreement or arrangement which restricts the ability of any such Restricted Subsidiary to make any payment, directly or indirectly, to Borrower.

SECTION 7.6 Guaranties. Borrower will not, and will not permit any of its Restricted Subsidiaries to, guaranty any Indebtedness not included in the consolidated Debt of Borrower and its Subsidiaries in an aggregate outstanding principal amount at any time exceeding \$100,000,000.

ARTICLE VIII

Events of Default

SECTION 8.1 Listing of Events of Default. Each of the following events or occurrences described in this Section 8.1 shall constitute an "Event of Default":

- (a) Non-Payment of Obligations. Borrower shall default in the payment or prepayment when due of any principal of any Loan, or Borrower shall default (and such default shall continue unremedied for a period of five (5) Business Days) in the payment when due of any interest, fee or of any other obligation hereunder.
- (b) Breach of Warranty. Any representation or warranty of Borrower made or deemed to be made hereunder or in any other Loan Document or any other writing or certificate furnished by or on behalf of Borrower to the Global Administrative Agent, any other Agent or any Lender for the purposes of or in connection with this Agreement or any such other Loan Document is or shall be false or misleading when made in any material respect.
- (c) Non-Performance of Covenants and Obligations. Borrower shall default in the due performance and observance of any of its obligations under Section 5.6, Section 7.2 or under Article VI.
- (d) Non-Performance of Other Covenants and Obligations. Borrower shall default in the due performance and observance of any other agreement contained herein or in any other Loan Document, and such default shall continue unremedied for a

period of 30 days after notice thereof shall have been given to Borrower by the Global Administrative Agent or the Required Lenders.

- (e) Default on Other Indebtedness. A default shall occur in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any direct payment obligation of Borrower or any of its Restricted Subsidiaries in any amount in excess of \$25,000,000.
- (f) Pension Plans. Any of the following events shall occur with respect to any Pension Plan: (a) the institution of any steps by Borrower, any member of its Controlled Group or any other Person to terminate a Pension Plan if, as a result of such termination, Borrower or any such member could be required to make a contribution to such Pension Plan, or would reasonably expect to incur a liability or obligation to such Pension Plan, in excess of \$25,000,000; or (b) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a lien under Section 302(f) of ERISA.
- (g) Bankruptcy and Insolvency. Borrower or any of its Restricted Subsidiaries shall (a) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness to generally pay, debts as they become due; (b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for Borrower, or any of its Restricted Subsidiaries, or any substantial part of the property of any thereof, or make a general assignment for the benefit of creditors; (c) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for Borrower, or any of its Restricted Subsidiaries, or for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged within 60 days, provided that Borrower and each Restricted Subsidiary hereby expressly authorizes the Global Administrative Agent, each other Agent and each Lender to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; (d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of Borrower or any of its Restricted Subsidiaries, and, if any such case or proceeding is not commenced by Borrower or such Restricted Subsidiary, such case or proceeding shall be consented to or acquiesced in by Borrower or such Restricted Subsidiary or shall result in the entry of an order for relief or shall remain for 60 days undismissed, provided that Borrower and each Restricted Subsidiary hereby expressly authorizes the Global Administrative Agent and each Lender to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or (e) take any corporate or partnership action authorizing, or in furtherance of, any of the foregoing.

- (h) Judgments. Any judgment or order for the payment of money in an amount of \$25,000,000 or more in excess of valid and collectible insurance in respect thereof or in excess of an indemnity with respect thereto reasonably acceptable to the Required Lenders shall be rendered against Borrower or any of its Restricted Subsidiaries and either (a) enforcement proceedings shall have been commenced by any creditor upon such judgment or order, or (b) such judgment shall have become final and non-appealable and shall have remained outstanding for a period of 60 consecutive days.
- (i) Change in Control. Any Person or group of Persons (within the meaning of Section 13 or 14 of the Securities Exchange Act) shall acquire beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act) of 33 1/3% or more of the outstanding shares of common stock of Borrower.
- (j) Event of Default under other Combined Loan Documents. Any "Event of Default" as defined in the Australian Loan Documents, the Canadian Loan Documents or the U.S. Loan Documents shall occur; provided that the occurrence of a "Default" as defined in the Australian Loan Documents, the Canadian Loan Documents or the U.S. Loan Documents shall constitute a Default under this Agreement; provided further that if such "Default" is cured or waived under the Australian Loan Documents, the Canadian Loan Documents or the U.S. Loan Documents, as applicable, then such "Default" shall no longer constitute a Default under this Agreement.

SECTION 8.2 Action if Bankruptcy. If any Event of Default described in Section 8.1(g) shall occur, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Loans and all other obligations hereunder shall automatically be and become immediately due and payable, without notice or demand.

SECTION 8.3 Action if Other Event of Default. If any Event of Default (other than any Event of Default described in Section 8.2) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Global Administrative Agent, upon the direction of the Required Lenders, shall by notice to Borrower declare all of the outstanding principal amount of the Loans and all other obligations hereunder to be due and payable and the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other obligations shall be and become immediately due and payable, without further notice, demand or presentment, and the Commitments shall terminate.

ARTICLE IX

Agents

Each of the Lenders hereby irrevocably appoints JPMorgan Chase Bank as Global Administrative Agent, Bank of America, N.A. as Global Syndication Agent, Citibank, N.A. as Global Documentation Agent, Bank of America, N.A., and BNP Paribas as 364-Day Co-

Syndication Agents, and Deutsche Bank AG New York Branch and Societe Generale as 364-Day Co-Documentation Agents, and authorizes each such Agent to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

Any bank serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with Borrower or any Subsidiary or other Affiliate thereof as if it were not an Agent hereunder.

The Agents shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Agents shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) each Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that such Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2), and (c) except as expressly set forth herein, the Agents shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as such Agent or any of its Affiliates in any capacity. Each Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2) or in the absence of its own gross negligence or willful misconduct. Each Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to such Agent by Borrower or a Lender, and such Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to such Agent.

The Global Administrative Agent and the other Agents shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Global Administrative Agent and the other Agents also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Global Administrative Agent and the other Agents may consult with legal counsel (who may be counsel for Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Any Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by such Agent. Any Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of such Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as an Agent.

Subject to the appointment and acceptance of a successor Global Administrative Agent as provided in this paragraph, the Global Administrative Agent may resign at any time by notifying the Lenders and Borrower. Upon any such resignation, Borrower shall have the right, in consultation with the Combined Required Lenders, to appoint one of the Lenders as a successor. If no successor shall have been so appointed by Borrower and shall have accepted such appointment within 30 days after the retiring Global Administrative Agent gives notice of its resignation, then the retiring Global Administrative Agent may, on behalf of the Lenders, appoint a successor Global Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Global Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Global Administrative Agent, and the retiring Global Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by Borrower to a successor Global Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such successor. After the Global Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.3 shall continue in effect for the benefit of such retiring Global Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Global Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

ARTICLE X

Miscellaneous

SECTION 10.1 Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to Borrower, to:

Apache Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400
Attention: Matthew W. Dundrea
Vice President and Treasurer
Telephone: (713) 296-6640
Facsimile: (713) 296-6458

with a copy to:

Assistant Treasurer
Apache Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400
Telephone: (713) 296-6642
Facsimile: (713) 296-6477

and with copy to:

Vice President and General Counsel
Apache Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400
Telephone: (713) 296-6204
Facsimile: (713) 296-6458

(b) if to the Global Administrative Agent, to:

JPMorgan Chase Bank
Loan & Agency Services Group
One Chase Manhattan Plaza
8th Floor
New York, New York 10081
Attention: Lisa Pucciarelli
Telephone: (212) 552-7446
Facsimile: (212) 552-5777

with a copy to:

JPMorgan Chase Bank
600 Travis, 20 CTH 86
Houston, Texas 77002
Attention: Peter Licalzi
Telephone: (713) 216-8870
Facsimile: (713) 216-4117

(c) if to any other Lender, to it at its address (or telecopy number) provided to the Global Administrative Agent and Borrower or as set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.2 Waivers; Amendments.

(a) No failure or delay by the Global Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Global Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Global Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Any of the Combined Loan Documents or any provision thereof may be waived, amended or modified pursuant to an agreement or agreements in writing entered into by Borrower and the Combined Required Lenders or by Borrower and the Global Administrative Agent with the consent of the Combined Required Lenders; provided that the same waiver, amendment or modification is requested by Borrower in connection with each of the Combined Credit Agreements; and provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of (i) the Lenders described in the first proviso of Section 10.2(c) without the prior written consent of each Lender affected thereby and (ii) the Global Administrative Agent without the prior written consent of the Global Administrative Agent.

(c) Except as provided for in Section 10.2(b) above, neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by Borrower and the Required Lenders or by Borrower and the Global Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender or the Commitments without the written consent of such Lender or each Lender, respectively, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.17(b) or (c) in a manner

that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, or (v) change any of the provisions of this Section or the definition of "Required Lenders", "Combined Required Lenders" or any other provision hereof or thereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or thereunder or make any determination or grant any consent hereunder or thereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Global Administrative Agent hereunder or thereunder without the prior written consent of the Global Administrative Agent.

SECTION 10.3 Expenses; Indemnity; Damage Waiver.

(a) Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Agents and their Affiliates, including the reasonable fees, charges and disbursements of counsel for the Agents, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by the Agents or any Lender, including the fees, charges and disbursements of any counsel for the Agents or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or this Agreement.

(b) Borrower shall indemnify the Agents and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the actual or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (i) resulted from the gross negligence or willful misconduct of such Indemnitee or (ii) arise in connection with any issue in litigation commenced by Borrower or any of its Subsidiaries against any Indemnitee for which a final judgment is entered in favor of Borrower or any of its Subsidiaries against such Indemnitee.

(c) To the extent that Borrower fails to pay any amount required to be paid by it to the Global Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Global Administrative Agent, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is

sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Global Administrative Agent.

(d) To the extent permitted by applicable law, Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions or any Loan or the use of the proceeds thereof, except for any such claim arising from such Indemnitee's gross negligence or willful misconduct.

(e) All amounts due under this Section shall be payable not later than thirty (30) days after written demand therefor.

SECTION 10.4 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Global Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (i) except in the case of an assignment to a Lender or an Affiliate of a Lender, each of Apache and the Global Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Global Administrative Agent) shall be in increments of \$1,000,000 and not less than \$10,000,000 unless each of Borrower and the Global Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, (iv) the parties to each assignment shall execute and deliver to the Global Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500, and (v) the assignee, if it shall not be a Lender, shall deliver to the Global Administrative Agent an Administrative Questionnaire; and provided further that any consent of Apache otherwise required under this paragraph shall not be required if an Event of Default under Section 8.1 has occurred and is continuing. Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights

and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.15, 2.16, 2.17, 2.19 and 10.3). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Global Administrative Agent, acting for this purpose as an agent of Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Borrower, the Global Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Global Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register and will provide prompt written notice to Borrower of the effectiveness of such Assignment. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of Borrower or the Global Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) Borrower, the Global Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and (iv) if such Participant is not a Lender or an Affiliate of a Lender, such Lender shall have given notice to Borrower of the name of the Participant and the amount of such participation. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.2(c) that affects such Participant. Subject to paragraph (f) of this Section, Borrower agrees that each

Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.8 as though it were a Lender, provided such Participant agrees to be subject to Section 2.17(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.14, 2.15 or 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless Borrower shall expressly agree otherwise in writing. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.16 unless Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of Borrower, to comply with Section 2.16(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender to a Federal Reserve Bank or, in the case of a Lender organized in a jurisdiction outside of the United States, a comparable Person, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.5 Survival. All covenants, agreements, representations and warranties made by Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Global Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.14, 2.15, 2.16, 2.17, 2.19 and 10.3 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 10.6 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Global Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by the Global Administrative Agent and when the Global Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be

binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.7 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.8 Right of Setoff. If an Event of Default shall have occurred and be continuing and the Obligations of Borrower shall have been accelerated, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Borrower against any of and all the obligations of each Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmaturing. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.9 GOVERNING LAW; JURISDICTION; CONSENT TO SERVICE OF PROCESS.

(a) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(b) BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT THE AGENTS OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY

ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 10.10 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.11 Confidentiality. Each of the Agents and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory or self-regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of Borrower or (h) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section by any Person or (B) becomes available to any Agent or any Lender on a nonconfidential basis from a source other than Borrower or any Person obligated to maintain the confidentiality of such Information. Prior to disclosing any Information under clause (c) above, the Agent or Lender required or asked to make such disclosure shall make a good faith effort to give Borrower prior notice of such proposed disclosure to permit Borrower to attempt to obtain a protective order or other appropriate injunctive relief. For the purposes of this Section, "Information" means all information received from Borrower relating to Borrower or its business, other than any publicly available information and such information that is available to any Agent or any Lender on a nonconfidential basis prior to disclosure by Borrower; provided that, in the case of information received from Borrower after the date hereof, such information is clearly identified at the time of

delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.12 Interest Rate Limitation. It is the intention of the parties hereto to conform strictly to applicable interest, usury and criminal laws and, anything herein to the contrary notwithstanding, the obligations of Borrower to a Lender or any Agent under this Agreement shall be subject to the limitation that payments of interest shall not be required to the extent that receipt thereof would be contrary to provisions of law applicable to such Lender or Agent limiting rates of interest which may be charged or collected by such Lender or Agent. Accordingly, if the transactions contemplated hereby would be illegal, unenforceable, usurious or criminal under laws applicable to a Lender or Agent (including the laws of any jurisdiction whose laws may be mandatorily applicable to such Lender or Agent notwithstanding anything to the contrary in this Agreement or any other Loan Document but subject to Section 2.12 hereof) then, in that event, notwithstanding anything to the contrary in this Agreement or any other Loan Document, it is agreed as follows:

(i) the provisions of this Section shall govern and control;

(ii) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, taken, reserved, charged or received under this Agreement, or under any of the other aforesaid agreements or otherwise in connection with this Agreement by such Lender or Agent shall under no circumstances exceed the maximum amount of interest allowed by applicable law (such maximum lawful interest rate, if any, with respect to each Lender and the Agent herein called the "Highest Lawful Rate"), and any excess shall be cancelled automatically and if theretofore paid shall be credited to Borrower by such Lender or Agent (or, if such consideration shall have been paid in full, such excess refunded to Borrower);

(iii) all sums paid, or agreed to be paid, to such Lender or Agent for the use, forbearance and detention of the indebtedness of Borrower to such Lender or Agent hereunder or under any Loan Document shall, to the extent permitted by laws applicable to such Lender or Agent, as the case may be, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the actual rate of interest is uniform throughout the full term thereof;

(iv) if at any time the interest provided pursuant to this Section or any other clause of this Agreement or any other Loan Document, together with any other fees or compensation payable pursuant to this Agreement or any other Loan Document and deemed interest under laws applicable to such Lender or Agent, exceeds that amount which would have accrued at the Highest Lawful Rate, the amount of interest and any such fees or compensation to accrue to such Lender or Agent pursuant to this Agreement shall be limited, notwithstanding anything to the contrary in this Agreement or any other Loan Document, to that amount which would have accrued at the Highest Lawful Rate, but any subsequent reductions, as applicable, shall not reduce the interest to accrue to such Lender or Agent pursuant to this Agreement below the Highest Lawful Rate until

the total amount of interest accrued pursuant to this Agreement or such other Loan Document, as the case may be, and such fees or compensation deemed to be interest equals the amount of interest which would have accrued to such Lender or Agent if a varying rate per annum equal to the interest provided pursuant to any other relevant Section hereof (other than this Section), as applicable, had at all times been in effect, plus the amount of fees which would have been received but for the effect of this Section; and

(v) with the intent that the rate of interest herein shall at all times be lawful, and if the receipt of any funds owing hereunder or under any other agreement related hereto (including any of the other Loan Documents) by such Lender or Agent would cause such Lender to charge Borrower a criminal rate of interest, the Lenders and the Agents agree that they will not require the payment or receipt thereof or a portion thereof which would cause a criminal rate of interest to be charged by such Lender or Agent, as applicable, and if received such affected Lender or Agent will return such funds to Borrower so that the rate of interest paid by Borrower shall not exceed a criminal rate of interest from the date this Agreement was entered into.

SECTION 10.13 Joint and Several Obligations. Each Borrower has determined that it is in its best interest and in pursuance of its legitimate business purposes to induce the Lenders to extend credit to the Borrowers pursuant to this Agreement. Each Borrower acknowledges and represents that the availability of the Commitments to each of the Borrowers benefits each Borrower individually and that the Loans made will be for and inure to the benefit of each of the Borrowers individually and as a group. Accordingly, each Borrower shall be jointly and severally liable (as a principal and not as a surety, guarantor or other accommodation party) for each and every representation, warranty, covenant and obligation to be performed by the Borrowers under this Agreement and the other Loan Documents, and each Borrower acknowledges that in extending the credit provided herein the Agent and the Lenders are relying upon the fact that the Obligations of each Borrower hereunder are the joint and several obligations of a principal. The invalidity, unenforceability or illegality of this Agreement or any other Loan Document as to one Borrower or the release by the Agent or the Lenders of a Borrower hereunder or thereunder shall not affect the Obligations of the other Borrowers under this Agreement or the other Loan Documents, all of which shall otherwise remain valid and legally binding obligations of the other Borrowers.

SECTION 10.14 NO ORAL AGREEMENTS. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

APACHE CORPORATION

By:

Name: Matthew W. Dundrea
Title: Vice President and Treasurer

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

S-1

JPMORGAN CHASE BANK, as Global
Administrative Agent and as Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

BANK OF AMERICA, N.A., as Global
Syndication Agent, a 364-Day
Co-Syndication Agent, and as Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

CITIBANK, N.A., as Global Documentation
Agent and as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

S-4

BNP PARIBAS, as a 364-Day Co-Syndication
Agent and as Lender

By: -----

Name:
Title:

By: -----

Name:
Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

DEUTSCHE BANK AG NEW YORK BRANCH, as a
364-Day Co-Documentation Agent and as
Lender

By: _____

Name:
Title:

By: _____

Name:
Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

S-6

SOCIETE GENERALE, as a 364-Day
Co-Documentation Agent and as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

S-7

ROYAL BANK OF CANADA, as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

S-8

THE BANK OF NOVA SCOTIA, ATLANTA AGENCY,
as Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

BANK ONE, NA (MAIN OFFICE CHICAGO), as
Lender

By: _____

Name:
Title:

By: _____

Name:
Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

S-10

TORONTO DOMINION (TEXAS), INC., as Lender

By: _____

Name:

Title:

By: _____

Name:

Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

UNION BANK OF CALIFORNIA, N.A., as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

S-12

WACHOVIA BANK, NATIONAL ASSOCIATION, as
Lender

By:

Name:
Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

S-13

BAYERISCHE LANDESBANK GIROZENTRALE,
CAYMAN ISLANDS BRANCH, as Lender

By: _____

Name:
Title:

By: _____

Name:
Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

THE ROYAL BANK OF SCOTLAND PLC, as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

S-15

ABN AMRO BANK N.V., as Lender

By: _____

Name:
Title:

By: _____

Name:
Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

CREDIT LYONNAIS, NEW YORK BRANCH, as
Lender

By:

Name:

Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

S-17

ING CAPITAL LLC, as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

S-18

MERRILL LYNCH BANK USA, as Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

MIZUHO CORPORATE BANK, LIMITED, as Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

SUMITOMO MITSUI BANKING CORPORATION, as
Lender

By:

Name:

Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

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WELLS FARGO BANK TEXAS, N.A., as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

S-22

SOUTHWEST BANK OF TEXAS, N.A., as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

S-23

THE BANK OF NEW YORK, as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

S-24

BANCA NAZIONALE DEL LAVORO S.P.A., NEW
YORK BRANCH, as Lender

By: -----

Name:
Title:

By: -----

Name:
Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

KBC BANK, N.V., NEW YORK BRANCH, as
Lender

By:

Name:

Title:

[SIGNATURE PAGE TO 364-DAY CREDIT AGREEMENT]

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[CANADIAN CREDIT AGREEMENT]

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CREDIT AGREEMENT

dated as of June 3, 2002

among

APACHE CANADA LTD.,

THE LENDERS PARTY HERETO,

JPMORGAN CHASE BANK,
as Global Administrative Agent,

BANK OF AMERICA, N.A.,
as Global Syndication Agent,

CITIBANK, N.A.,
as Global Documentation Agent,

ROYAL BANK OF CANADA,
as Canadian Administrative Agent,

THE BANK OF NOVA SCOTIA and
THE TORONTO-DOMINION BANK,
as Canadian Co-Syndication Agents,

and

BNP PARIBAS (CANADA) and
BAYERISCHE LANDESBANK GIROZENTRALE,
as Canadian Co-Documentation Agents,

J.P. MORGAN SECURITIES INC.,
BANC OF AMERICA SECURITIES, LLC and
SALOMON SMITH BARNEY INC.,
as Global Co-Lead Arrangers and Joint Bookrunners

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of June 3, 2002, is among APACHE CANADA LTD., a corporation organized under the laws of the Province of Alberta ("Apache Canada" and together with each other Person that becomes an Additional Borrower pursuant to Section 2.20, the "Borrower"), Canada, the LENDERS (as defined below) party hereto, JPMORGAN CHASE BANK, as Global Administrative Agent, BANK OF AMERICA, N.A., as Global Syndication Agent, CITIBANK, N.A., as Global Documentation Agent, ROYAL BANK OF CANADA, as Canadian Administrative Agent, THE BANK OF NOVA SCOTIA and THE TORONTO-DOMINION BANK, as Canadian Co-Syndication Agents, and BNP PARIBAS (CANADA) and BAYERISCHE LANDESBANK GIROZENTRALE, as Canadian Co-Documentation Agents.

The parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.1 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Accepting Lenders" is defined in Section 2.6(c).

"Additional Borrower" means any Person which becomes a Borrower under this Agreement pursuant to Section 2.20.

"Additional Borrower Counterpart" is defined in Section 2.20.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Global Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agents" means each of the Global Administrative Agent, the Global Syndication Agent, the Global Documentation Agent, the Canadian Administrative Agent, the Canadian Co-Syndication Agents and the Canadian Co-Documentation Agents.

"Agreed Currency" is defined in Section 2.19(a).

"Agreement" means this Credit Agreement, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

and (iii) if the ratings established or deemed to have been established by Moody's, S&P and Fitch for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's, S&P or Fitch), such change shall be effective as of the date on

which it is first announced by the applicable rating agency. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's, S&P or Fitch shall change, or if any such rating agency shall cease to be in the business of rating corporate debt obligations, Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation. Changes in the Applicable Rate will occur automatically without prior notice.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.4), and accepted by the Canadian Administrative Agent, in substantially the form of Exhibit D or any other form approved by the Canadian Administrative Agent.

"Australian Administrative Agent" means Citisecurities Limited (ABN 51 008 489 610) in its capacity as Australian administrative agent for the lenders party to the Australian Credit Agreement and any successor thereto.

"Australian Borrower" means Apache Energy Limited and each other Person that becomes a borrower under the Australian Credit Agreement.

"Australian Credit Agreement" means that certain Credit Agreement of even date herewith among the Australian Borrower, the Australian Lenders, the Global Administrative Agent, the Global Syndication Agent, the Global Documentation Agent, the Australian Administrative Agent, Bank of America, N.A., Sydney Branch (ARBN 064 874 531) and Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162), as Australian co-syndication agents, and Royal Bank of Canada (ABN 86 076 940 880) and Bank One, NA, Australia Branch (ARBN 065 752 918), as Australian co-documentation agents, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Australian Lenders" means the financial institutions listed on the signature pages of the Australian Credit Agreement and their respective successors and assigns.

"Australian Loan Documents" means the Australian Credit Agreement, any notes, any guaranties, any assignment agreements, and the agreement with respect to fees, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Authorized Officer" means, with respect to any Borrower, the Chairman, the Vice Chairman, the President, the Executive Vice President and Chief Financial Officer and the Vice President and Treasurer of such Borrower, and any officer or employee of such Borrower specified as such to the Canadian Administrative Agent and the Global Administrative Agent in writing by any of the aforementioned officers of such Borrower, or, with respect to Parent, the Chairman, the President, the Executive Vice President and Chief Financial Officer and the Vice

President and Treasurer of Parent, and any officer or employee of Parent specified as such to the Canadian Administrative Agent and the Global Administrative Agent in writing by any of the aforementioned officers of Parent.

"Availability Period" means, with respect to any Lender, the period from and including the Global Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitment of such Lender; provided, however, that no Commitment of any Lender shall terminate prior to the Maturity Date except as provided in Sections 2.6, 2.8, 4.1, 8.2, 8.3 and 10.4.

"Borrower" means Apache Canada Ltd., a corporation organized under the laws of the Province of Alberta, Canada and each other Person that becomes an Additional Borrower pursuant to Section 2.20.

"Borrowing" means Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

"Borrowing Request" means a request by Borrower for a Borrowing in accordance with Section 2.3, in substantially the form of Exhibit E or any other form approved by the Canadian Administrative Agent and the Global Administrative Agent.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in Calgary, Toronto and New York are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Canadian Administrative Agent" means Royal Bank of Canada in its capacity as Canadian Administrative Agent for the lenders party to the Canadian Credit Agreement and any successor thereto.

"Canadian Co-Documentation Agents" means BNP Paribas (Canada) and Bayerische Landesbank Girozentrale, each in its capacity as Canadian co-documentation agent for the Lenders hereunder.

"Canadian Co-Syndication Agents" means The Bank of Nova Scotia and The Toronto-Dominion Bank, each in its capacity as Canadian co-syndication agent for the Lenders hereunder.

"Capital" means the consolidated shareholder's equity of Parent and its Subsidiaries plus the consolidated Debt of Parent and its Subsidiaries.

"Capitalized Lease" means, with any respect to a Person, any lease of property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with GAAP.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et. seq., as amended from time to time.

"Certificate of Extension" means a certificate of Parent and Borrower, executed by an Authorized Officer and delivered to the Global Administrative Agent and the Canadian Administrative Agent, in a form acceptable to the Global Administrative Agent and the Canadian Administrative Agent, which requests an extension of the then scheduled Maturity Date pursuant to Section 2.6.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.16(b), by any lending office of such Lender or by such Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Combined Commitments" means the commitment of each Combined Lender under the Combined Credit Agreements, as such commitment may be reduced, increased or terminated from time to time pursuant to the Combined Loan Documents and, if any such commitments are no longer in effect under any Combined Credit Agreement, the aggregate unpaid principal amount of the outstanding loans for which the applicable commitment is no longer in effect under such Combined Credit Agreement. The initial amount of each Combined Lender's Commitment is set forth on Schedule 2.1 to the applicable Combined Credit Agreement, or in a Assignment and Acceptance (as defined in this Agreement, the U.S. Credit Agreement and the 364-Day Credit Agreement) or in a Substitution Certificate (as defined in the Australian Credit Agreement) or pursuant to which such Combined Lender shall have assumed its Combined Commitment, as applicable. The initial aggregate amount of the Combined Lenders' Combined Commitments is \$1,500,000,000.

"Combined Commitment Utilization" means, for any period, the ratio of (i) the aggregate principal amount of then outstanding Combined Loans (other than any Competitive Loans (as defined in the U.S. Credit Agreement)) to (ii) the then aggregate amount of the Combined Commitments.

"Combined Credit Agreements" means this Agreement, the Australian Credit Agreement, the U.S. Credit Agreement and the 364-Day Credit Agreement.

"Combined Lenders" means the Lenders hereunder, the Australian Lenders, the U.S. Lenders and the 364-Day Lenders.

"Combined Loan Documents" means the Loan Documents, the Australian Loan Documents, the U.S. Loan Documents and the 364-Day Loan Documents.

"Combined Loans" means the loans made by the Combined Lenders to Borrower, U.S. Borrower, 364-Day Borrower and Australian Borrower pursuant to the Combined Loan Documents.

"Combined Required Lenders" means Combined Lenders having in the aggregate 51% of the aggregate total Combined Commitments under the Combined Loan Documents.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make Loans, as such commitment may be (a) reduced from time to time pursuant to Section 2.8, (b) reduced or increased from time to time pursuant to Section 2.6 or pursuant to assignments by or to such Lender pursuant to Section 10.4 and (c) terminated pursuant to Sections 4.1, 8.2 or 8.3. The amount of the Commitment represents such Lender's maximum Credit Exposure hereunder. The initial amount of each Lender's Commitment is set forth on Schedule 2.1, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders' Commitments is \$150,000,000.

"Commitment Utilization Margin" means, on any date, if the Combined Commitment Utilization is less than 33%, then an amount equal to zero basis points per annum (0 bps) and, if the Combined Commitment Utilization is greater than or equal to 33%, then an amount equal to 12.5 basis points per annum. Changes in the Commitment Utilization Margin will occur automatically without prior notice.

"Consolidated Tangible Net Worth" means (i) the consolidated shareholder's equity of Parent and its Subsidiaries (determined in accordance with GAAP), less (ii) the amount of consolidated intangible assets of Parent and its Subsidiaries, plus (iii) the aggregate amount of any non-cash write downs, on a consolidated basis, by Parent and its Subsidiaries during the term hereof.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Loans at such time.

"Debt" of any Person means indebtedness, including capital leases, shown as debt on a consolidated balance sheet of such Person prepared in accordance with GAAP.

"Declining Lenders" is defined in Section 2.6(c).

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"dollars" or "\$" refers to lawful money of the United States of America.

"Environmental Laws" means all applicable federal, state, provincial, territorial or local statutes, laws, ordinances, codes, rules and regulations (including consent decrees and administrative orders) relating to public health and safety and protection of the environment (including, for example and without limitation, the Environmental Protection and Enhancement Act (Alberta) and the Canadian Environmental Protection Act).

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of

Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article VIII.

"Excluded Taxes" means, with respect to any Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the federal, or any provincial or territorial, government of Canada, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the federal, or any provincial or territorial, government of Canada or any similar tax imposed by any other jurisdiction in which Borrower is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by Borrower under Section 2.18(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender's failure to comply with Section 2.16(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from Borrower with respect to such withholding tax pursuant to Section 2.16(a).

"Existing Global Credit Facilities" means (i) that certain Credit Agreement [U.S. Credit Agreement], dated as of June 12, 1997, among Apache Corporation, the lenders party thereto, The Chase Manhattan Bank, as global administrative agent, and the other agents party thereto, (ii) that certain Credit Agreement [Australian Credit Agreement], dated as of June 12, 1997, among Apache Energy Limited (CAN 009 301 964) and Apache Oil Australia Pty. Limited (ACN 050 611 688), the lenders party thereto, The Chase Manhattan Bank, as global administrative agent, and the other agents party thereto, (iii) that certain Credit Agreement [Canadian Credit Agreement], dated as of June 12, 1997, among Apache Canada Ltd., the lenders party thereto, The Chase Manhattan Bank, as global administrative agent, and the other agents party thereto, and (iv) that certain 364-Day Credit Agreement, dated as of July 14, 2000, among Apache Corporation, the lenders party thereto, Citibank, N.A., as administrative agent, and the other agents party thereto.

"Facility Fee" is defined in Section 2.11(a).

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as

published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Global Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Fitch" means Fitch, Inc. and any affiliate or successor thereto that is a nationally recognized rating agency in the United States.

"Foreign Lender" means any Lender that is not a resident in Canada for purposes of the Income Tax Act (Canada). For purposes of this definition, Canada and each Province and Territory thereof shall be deemed to constitute a single jurisdiction.

"GAAP" means generally accepted accounting principles as in effect from time to time, applied on a basis consistent with the most recent financial statements of Parent, Borrower and their Subsidiaries delivered to the Lenders pursuant hereto.

"Global Administrative Agent" means JPMorgan Chase Bank, in its capacity as global administrative agent for the Combined Lenders.

"Global Documentation Agent" means Citibank, N.A., in its capacity as global documentation agent for the Combined Lenders.

"Global Effective Date" means a date agreed upon by Parent, Borrower, the Canadian Administrative Agent and the Global Administrative Agent as the date on which the conditions specified in Section 4.1 of each Combined Credit Agreement are satisfied (or waived in accordance with Section 10.2 of each Combined Credit Agreement).

"Global Effectiveness Notice" means a notice and certificate of Parent and Borrower properly executed by an Authorized Officer of Parent and Borrower, respectively, addressed to the Combined Lenders and delivered to the Global Administrative Agent and the Canadian Administrative Agent, in sufficient number of counterparts to provide one for each such lender and each agent under each Combined Credit Agreement, whereby Parent certifies satisfaction of all the conditions precedent to the effectiveness under Section 4.1 of each Combined Credit Agreement.

"Global Syndication Agent" means Bank of America, N.A., in its capacity as global syndication agent for the Combined Lenders.

"Governmental Authority" means the government of Canada, any other nation or any political subdivision thereof, whether state, provincial, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guaranty" means that certain Guaranty, dated as of June 3, 2002, by Parent in favor of the Lenders and the other Lender Parties (as defined therein), in substantially the form of Exhibit F or any other form approved by the Global Administrative Agent and the Canadian

Administrative Agent, as such Guaranty may from time to time be amended, supplemented, restated, reaffirmed or otherwise modified.

"Hazardous Material" means (a) any "hazardous substance," as defined by CERCLA; (b) any "hazardous waste," as defined by the Resource Conservation and Recovery Act; or (c) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance within the meaning of any other Environmental Law.

"Indebtedness" of any Person means all (i) Debt, and (ii) guaranties or other contingent obligations in respect of the Debt of any other Person.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Index Debt" means senior, unsecured, non-credit enhanced, long-term indebtedness for borrowed money of Parent that is not guaranteed by any other Person or subject to any other credit enhancement.

"Interest Election Request" means a request by Borrower to convert or continue a Borrowing in accordance with Section 2.7, in substantially the form of Exhibit E or any other form approved by the Global Administrative Agent and the Canadian Administrative Agent.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December, and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three (3) months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three (3) months' duration after the first day of such Interest Period.

"Interest Period" means the period commencing on the date of any Eurodollar Borrowing and ending on the numerically corresponding day, or, with the consent of the Canadian Administrative Agent, such other day, in the calendar month that is one, two, three or six months (or, with the consent of each Lender, nine or twelve months) thereafter, as Borrower may elect, provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Judgment Currency" is defined in Section 2.19(b).

"Lenders" means the Persons listed on Schedule 2.1 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as reasonably determined by the Global Administrative Agent, the Canadian Administrative Agent and Borrower from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Global Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means any mortgage, pledge, lien, encumbrance, charge, or security interest of any kind, granted or created to secure Indebtedness; provided, however, that, with respect to any prohibitions of Liens on Property, the following transactions shall not be deemed to create a Lien to secure Indebtedness; (i) production payments and (ii) liens required by statute and created in favor of Canadian governmental entities to secure partial, progress, advance, or other payments intended to be used primarily in connection with air or water pollution control.

"Loan Document" means this Agreement, the Guaranty, any Borrowing Request, any Interest Election Request, any Certificate of Extension, any Assignment and Acceptance, any Additional Borrower Counterpart, any election notice, the agreement with respect to fees described in Section 2.11(b), and each other agreement, document or instrument delivered by Borrower or any other Person in connection with this Agreement, as such may be amended from time to time.

"Loans" means the loans made by the Lenders to Borrower pursuant to this Agreement.

"Material Adverse Effect" means, as to any matter, that such matter could reasonably be expected to materially and adversely affect the assets, business, properties, condition (financial or otherwise) of Parent and its Subsidiaries taken as a whole. No matter shall be considered to result, or be expected to result, in a Material Adverse Effect unless such matter causes Parent and its Subsidiaries, on a consolidated basis, to suffer a loss or incur a cost equal to at least ten percent (10%) of Parent's Consolidated Tangible Net Worth.

"Maturity Date" means the Original Maturity Date, or such other later date as may result from any extension requested by Borrower and Parent and consented to by some or all of the Lenders pursuant to Section 2.6.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto that is a nationally recognized rating agency in the United States.

"Obligations" means, at any time, the sum of (i) the outstanding principal amount of any Loans plus (ii) all accrued and unpaid interest and Facility Fees plus (iii) all other obligations of Borrower or any Subsidiary to any Lender or any Agent, whether or not contingent, arising under or in connection with any of the Loan Documents.

"Original Maturity Date" means June 3, 2007.

"Other Currency" is defined in Section 2.19(a).

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"Parent" means Apache Corporation, a corporation organized under the laws of the State of Delaware.

"Person" means any natural person, corporation, limited liability company, unlimited liability company, joint venture, partnership, firm, association, trust, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

"Property" means (i) any property owned or leased by Borrower or any Subsidiary, or any interest of Borrower or any Subsidiary in property, which is considered by Borrower to be capable of producing oil, gas, or minerals in commercial quantities, (ii) any interest of Borrower or any Subsidiary in any refinery, processing or manufacturing plant owned or leased by Borrower or any manufacturing plant owned or leased by Borrower or any Subsidiary, (iii) any interest of Borrower or any Subsidiary in all present and future oil, gas, other liquid and gaseous hydrocarbons, and other minerals now or hereafter produced from any other Property or to which Borrower or any Subsidiary may be entitled as a result of its ownership of any Property, and (iv) all real and personal assets owned or leased by Borrower or any Subsidiary used in the drilling, gathering, processing, transportation, or marketing of any oil, gas, and other hydrocarbons or minerals, except (a) any such real or personal assets related thereto employed in transportation, distribution or marketing or (b) any interest of Borrower or any Subsidiary in, any refinery, processing or manufacturing plant, or portion thereof, which property described in clauses (a) or (b), in the opinion of the Board of Directors of Borrower, is not a principal plant or principal facility in relation to the activities of Borrower and its Subsidiaries taken as a whole.

"Register" has the meaning set forth in Section 10.4.

"Regulation U" means any of Regulations T, U or X of the Board of Governors of the Federal Reserve System of the United States from time to time in effect and shall include any successor or other regulations or official interpretations of said Board or any successor Person relating to the extension of credit for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System or any successor Person.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Replacement Lenders" is defined in Section 2.6(c)(ii).

"Required Lenders" means Lenders having in the aggregate 51% of the aggregate total Commitments, or, if the Commitments have been terminated, Lenders holding 51% of the aggregate unpaid principal amount of the outstanding Obligations.

"Resource Conservation and Recovery Act" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 690, et seq., as amended from time to time.

"Restricted Subsidiary" means any Subsidiary of Borrower or Parent that owns any asset representing or consisting of an entitlement to production from, or other interest in, reserves of oil, gas or other minerals in place located in the United States, Canada or Australia or is otherwise designated by Parent in writing to the Global Administrative Agent.

"S&P" means Standard & Poor's and any successor thereto that is a nationally-recognized rating agency in the United States.

"subsidiary" means, with respect to any Person, any corporation or other similar entity of which more than 50% of the outstanding capital stock (or other equity) having ordinary voting power to elect a majority of the Board of Directors of such corporation or entity (irrespective of whether or not at the time capital stock or any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person.

"Subsidiary" means any subsidiary of Borrower or Parent; provided, however, that in all events the following Persons shall not be deemed to be Subsidiaries of the Parent or any of its Subsidiaries: Apache Offshore Investment Partnership, a Delaware general partnership, Apache Offshore Petroleum Limited Partnership, a Delaware limited partnership, Main Pass 151 Pipeline Company, a Texas general partnership, and Apache 681/682 Joint Venture, a Texas joint venture.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"364-Day Borrower" means Apache Corporation, a Delaware corporation, and each other Person that becomes a borrower under the 364-Day Credit Agreement.

"364-Day Credit Agreement" means that certain 364-Day Credit Agreement of even date herewith among the 364-Day Borrower, the 364-Day Lenders, the Global Administrative Agent, Bank of America, N.A., and BNP Paribas, as 364-Day co-syndication agents, and Deutsche Bank AG New York Branch, and Societe Generale, as 364-Day co-documentation agents, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"364-Day Lenders" means the financial institutions listed on the signature pages of the 364-Day Credit Agreement and their respective successors and assigns.

"364-Day Loan Documents" means the 364-Day Credit Agreement, any notes, any guaranties, any assignment agreements, and the agreement with respect to fees, together with all

exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Transactions" means the execution, delivery and performance by Borrower of this Agreement and the other Loan Documents, the borrowing of Loans and the use of the proceeds thereof.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the LIBO Rate or the Alternate Base Rate.

"United States" or "U.S." means the United States of America, its fifty states and the District of Columbia.

"Unrestricted Subsidiary" means any Subsidiary of Borrower that is not a Restricted Subsidiary.

"U.S. Base Rate" means the rate of interest per annum announced from time to time by the Canadian Administrative Agent as the reference rate used by it for determining interest rates charged on U.S. Dollar commercial loans made in Canada; each change in the U.S. Base Rate shall be effective from and including the date such change is announced as being effective.

"U.S. Borrower" means Apache Corporation, a Delaware corporation, and each other Person that becomes a borrower under the U.S. Credit Agreement.

"U.S. Credit Agreement" means that certain Credit Agreement of even date herewith among the U.S. Borrower, the U.S. Lenders, the Global Administrative Agent, the Global Syndication Agent, the Global Documentation Agent, Bank of America, N.A. and Wachovia Bank, National Association, as U.S. co-syndication agents, and Citibank, N.A. and Union Bank of California, N.A., as U.S. co-documentation agents, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"U.S. Lenders" means the financial institutions listed on the signature pages of the U.S. Credit Agreement and their respective successors and assigns.

"U.S. Loan Documents" means the U.S. Credit Agreement, any notes, any assignment agreements, and the agreement with respect to fees, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

SECTION 1.2 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a "Eurodollar Loan"). Borrowings also may be classified and referred to by Type (e.g., a "Eurodollar Borrowing").

SECTION 1.3 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require,

any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.4 Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if Borrower notifies the Canadian Administrative Agent and the Global Administrative Agent that Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Canadian Administrative Agent and the Global Administrative Agent notify Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

The Credits

SECTION 2.1 Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Loans in U.S. Dollars to Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (a) such Lender's Credit Exposure exceeding such Lender's Commitment or (b) the Credit Exposures exceeding the total Commitments. Subject to the conditions set forth herein, Borrower may borrow, prepay and reborrow Loans. Apache Canada and any Additional Borrowers shall be jointly and severally liable for all Obligations.

SECTION 2.2 Loans and Borrowings.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations

hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.13, each Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 (including any continuation or conversion of existing Loans made in connection therewith). At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 (including any continuation or conversion of existing Loans made in connection therewith); provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments. Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of ten (10) Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.3 Requests for Borrowings. To request a Borrowing, Borrower shall notify the Canadian Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 1:00 p.m., Toronto time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than noon, Toronto time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Canadian Administrative Agent of a written Borrowing Request in a form approved by the Canadian Administrative Agent and signed by Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.2:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period".

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then Borrower shall be deemed to have selected an Interest Period of one month's

duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Canadian Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.4 [Intentionally omitted].

SECTION 2.5 Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., Toronto time, to the account of the Canadian Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Canadian Administrative Agent will make such Loans available to Borrower by promptly crediting the amounts so received, in like funds, to an account of Borrower designated by Borrower from time to time in a written notice to the Canadian Administrative Agent executed by two Authorized Officers of Apache Canada and two Authorized Officers of any Additional Borrower.

(b) Unless the Canadian Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Canadian Administrative Agent such Lender's share of such Borrowing, the Canadian Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Canadian Administrative Agent, then the applicable Lender and Borrower severally agree to pay to the Canadian Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to Borrower to but excluding the date of payment to the Canadian Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate or a rate determined by the Canadian Administrative Agent in accordance with banking industry rules in Canada on interbank compensation or (ii) in the case of Borrower, the interest rate applicable to Loans made in such Borrowing. If such Lender pays such amount to the Canadian Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.6 Extension of Maturity Date and of Commitments.

(a) Subject to the other provisions of this Agreement and provided that no Event of Default has occurred and is continuing, the total Commitments shall be effective for an initial period from the Global Effective Date to the Original Maturity Date; provided that the Maturity Date, and concomitantly the total Commitments, may be extended for successive one year periods expiring on the date which is one (1) year from the then scheduled Maturity Date. If Parent and Borrower shall request in a Certificate of Extension delivered to the Canadian Administrative Agent and the Global Administrative Agent at least 45 days prior to a date which is an anniversary of the Global Effective Date that the Maturity Date be extended for one year from the then scheduled Maturity Date, then the Canadian Administrative Agent shall promptly notify each Lender of such request and each Lender shall notify the Canadian Administrative Agent, no later than 30 days prior to such anniversary of the Global Effective Date, whether such

Lender, in the exercise of its sole discretion, will extend the Maturity Date for such one year period. Any Lender which shall not timely notify the Canadian Administrative Agent whether it will extend the Maturity Date shall be deemed to not have agreed to extend the Maturity Date. No Lender shall have any obligation whatsoever to agree to extend the Maturity Date. Any agreement to extend the Maturity Date by any Lender shall be irrevocable, except as provided in Section 2.6(c).

(b) If all Lenders notify the Canadian Administrative Agent pursuant to clause (a) of this Section 2.6 of their agreement to extend the Maturity Date, then the Canadian Administrative Agent shall so notify the Global Administrative Agent, each Lender and Borrower, and such extension shall be effective without other or further action by any party hereto for such additional one year period.

(c) If Lenders constituting at least the Required Lenders approve the extension of the then scheduled Maturity Date (such Lenders agreeing to extend the Maturity Date herein called the "Accepting Lenders") and if one or more Lenders shall notify, or be deemed to notify, the Canadian Administrative Agent pursuant to clause (a) of this Section 2.6 that they will not extend the then scheduled Maturity Date (such Lenders herein called the "Declining Lenders"), then (A) the Canadian Administrative Agent shall promptly so notify Borrower and the Accepting Lenders, (B) the Accepting Lenders shall, upon Borrower's election to extend the then scheduled Maturity Date in accordance with clause (i) or (ii) below, extend the then scheduled Maturity Date and (C) Borrower shall, pursuant to a notice delivered to the Canadian Administrative Agent, the Accepting Lenders and the Declining Lenders, no later than the tenth (10th) day following the date by which each Lender is required, pursuant to Section 2.6(a), to approve or disapprove the requested extension of the total Commitments, either:

(i) elect to extend the Maturity Date and direct the Declining Lenders to terminate their Commitments, which termination shall become effective on the date which would have been the Maturity Date except for the operation of this Section 2.6. On the date which would have been the Maturity Date except for the operation of this Section, (x) Borrower shall deliver a notice of the effectiveness of such termination to the Declining Lenders with a copy to the Canadian Administrative Agent and (y) Borrower shall pay in full in immediately available funds all Obligations of Borrower owing to the Declining Lenders, including any amounts required pursuant to Section 2.15, and (z) upon the occurrence of the events set forth in clauses (x) and (y), the Declining Lenders shall each cease to be a Lender hereunder for all purposes, other than for purposes of Sections 2.14 through 2.17, Section 2.19 and Section 10.3, and shall cease to have any obligations or any Commitment hereunder, other than to the Agents pursuant to Article IX, and the Canadian Administrative Agent shall promptly notify the Accepting Lenders and Borrower of the new Commitments; or

(ii) elect to extend the Maturity Date and, prior to or no later than the then scheduled Maturity Date, (A) to replace one or more of the Declining Lenders with another lender or lenders reasonably acceptable to the Canadian Administrative Agent (such lenders herein called the "Replacement Lenders") and (B) Borrower shall pay in full in immediately available funds all Obligations of Borrower owing to any Declining Lenders which are not being replaced, as provided in clause (i) above; provided that (x)

any Replacement Lender shall purchase, and any Declining Lender shall sell, such Declining Lender's rights and obligations hereunder without recourse or expense to, or warranty by, such Declining Lender being replaced for a purchase price equal to the aggregate outstanding principal amount of the Obligations payable to such Declining Lender plus any accrued but unpaid interest on such Obligations and accrued but unpaid fees or other amounts owing in respect of such Declining Lender's Loans and Commitments hereunder, and (y) upon the payment of such amounts referred to in clause(x) and the execution of an Assignment and Acceptance by such Replacement Lender and such Declining Lender, such Replacement Lender shall each constitute a Lender hereunder and such Declining Lender being so replaced shall no longer constitute a Lender (other than for purposes of Sections 2.14 through 2.17, Section 2.19 and Section 10.3), and shall no longer have any obligations hereunder, other than to the Agents pursuant to Article IX; or

(iii) elect to revoke and cancel the extension request in such Certificate of Extension by giving notice of such revocation and cancellation to the Canadian Administrative Agent and the Global Administrative Agent (which shall promptly notify the Lenders thereof) no later than the tenth (10th) day following the date by which each Lender is required, pursuant to clause (a) of this Section, to approve or disapprove the requested extension of the Maturity Date, and concomitantly the total Commitments.

If Borrower fails to timely provide the election notice referred to in this clause(c), Borrower shall be deemed to have revoked and cancelled the extension request in the Certificate of Extension and to have elected not to extend the Maturity Date.

SECTION 2.7 Interest Elections.

(a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request (or an ABR Borrowing if no Type is specified) and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request (or one month if no Interest Period is specified). Thereafter, Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. Borrower may, subject to the requirements of Section 2.2(c), elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, Borrower shall notify the Canadian Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.3 if Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Canadian Administrative Agent of a written Interest Election Request signed by Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.2:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Canadian Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Canadian Administrative Agent, at the request of the Required Lenders, so notifies Borrower, then, so long as an Event of Default is continuing, (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid and provided the Indebtedness has not been accelerated pursuant to Section 8.3, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.8 Termination and Reduction of Commitments.

(a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 and (ii) Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the

Loans in accordance with Section 2.10, the Credit Exposures would exceed the total Commitments.

(c) Borrower shall notify the Canadian Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least two Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Canadian Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by Borrower (by notice to the Canadian Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.9 Repayment of Loans; Evidence of Debt.

(a) Borrower hereby unconditionally promises to pay to the Canadian Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan on the Maturity Date or, if earlier, the date on which the Commitment of such Lender relating to such Loan is terminated (except for termination of the Commitment of the assigning Lender pursuant to Section 10.4(b)).

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Canadian Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrower to each Lender hereunder and (iii) the amount of any sum received by the Canadian Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Canadian Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by one or more promissory notes. In such event, Borrower shall prepare, execute and deliver to such Lender promissory notes payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns and in a form approved by the Canadian Administrative Agent and the Global Administrative Agent). Thereafter, the Loans evidenced by such promissory

notes and interest thereon shall at all times (including after assignment pursuant to Section 10.4) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if any such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.10 Prepayment of Loans.

(a) Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section.

(b) Borrower shall notify the Canadian Administrative Agent by telephone (confirmed by teletype) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 1:00 p.m., Toronto time, three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than noon, Toronto time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.8, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.8. Promptly following receipt of any such notice, the Canadian Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.2. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.12 and compensation for break funding, to the extent required by Section 2.15.

SECTION 2.11 Fees.

(a) Borrower agrees to pay to the Canadian Administrative Agent for the account of each Lender a facility fee (the "Facility Fee"), which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Global Effective Date to but excluding the earlier to occur of (i) the date on which such Commitment terminates (except for termination of the Commitment of the assigning Lender pursuant to Section 10.4(b)) or (ii) the Maturity Date; provided that, if such Lender continues to have any Credit Exposure after its Commitment terminates, then such Facility Fee shall continue to accrue on the daily amount of such Lender's Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Credit Exposure. Accrued Facility Fees shall be payable in arrears on the first day of April, July and October and the second day of January of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; provided that any Facility Fees accruing after the date on which the Commitments terminate shall be payable on demand. All Facility Fees shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) Borrower agrees to pay to the Canadian Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between Borrower and the Canadian Administrative Agent.

(c) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Canadian Administrative Agent for distribution, in the case of Facility Fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.12 Interest.

(a) The Loans comprising each ABR Borrowing shall bear interest on the daily amount outstanding at the Alternate Base Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest on the daily amount outstanding at the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and on the Maturity Date; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion, and (iv) with respect to any Declining Lender, accrued interest shall be paid upon the termination of the Commitment of such Lender.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the U.S. Base Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or LIBO Rate shall be determined by the Canadian Administrative Agent, and such determination shall be conclusive absent demonstrable error.

(f) Interest Act Waiver. To the extent permitted by applicable law, any provision of the Interest Act (Canada) or the Judgment Interest Act (Alberta) which restricts any rate of interest set forth herein shall be inapplicable to this Agreement and is hereby waived by Borrower.

(g) Nominal Rate. The theory of deemed reinvestment shall not apply to the calculation of interest or payment of fees or other amounts hereunder, notwithstanding anything contained in this Agreement, acceptance or other evidence of indebtedness or in any other Loan Document now or hereafter taken by any Agent or any Lender for the obligations of Borrower under this Agreement, or any other instrument referred to herein, and all interest and fees payable by Borrower to the Lenders, shall accrue from day to day, computed as described herein in accordance with the "nominal rate" method of interest calculation.

(h) Interest Act. Where, in this Agreement, a rate of interest or fees is to be calculated on the basis of a 360-day year, such rate is, for the purpose of the Interest Act (Canada), equivalent to the said rate (i) multiplied by the actual number of days in the one year period beginning on the first day of the period of calculation and (ii) divided by 360.

SECTION 2.13 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(i) the Canadian Administrative Agent determines (which determination shall be conclusive absent demonstrable error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period; or

(ii) the Canadian Administrative Agent is advised by the Required Lenders that the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Canadian Administrative Agent shall give notice thereof to Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Canadian Administrative Agent notifies Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.14 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender; or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of

principal, interest or otherwise), then Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender reasonably determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section (together with the calculation thereof) shall be delivered to Borrower and shall be conclusive absent demonstrable error. Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender notifies Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.15 Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.10(b) and is revoked in accordance therewith) or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by Borrower pursuant to either Section 2.6 or Section 2.18 then, in any such event, Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a

comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive, together with the calculation thereof, pursuant to this Section shall be delivered to Borrower and to the Canadian Administrative Agent and shall be conclusive absent demonstrable error. Borrower shall pay to the Canadian Administrative Agent for the account of such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.16 Taxes.

(a) Any and all payments by or on account of any obligation of Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Canadian Administrative Agent, the Global Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower shall make such deductions and (iii) Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Borrower shall pay the Canadian Administrative Agent, the Global Administrative Agent and each Lender, within 10 days after written demand therefor, the full amount of any Indemnified Taxes or Other Taxes paid by the Canadian Administrative Agent, the Global Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto (other than any such penalties or interest arising through the failure of the Canadian Administrative Agent, the Global Administrative Agent or Lender to act as a reasonably prudent agent or lender, respectively), whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by a Lender, or by either the Canadian Administrative Agent or the Global Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent demonstrable error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by Borrower to a Governmental Authority, Borrower shall deliver to the Canadian Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Canadian Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to

Borrower (with a copy to the Canadian Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate.

SECTION 2.17 Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or of amounts payable under Section 2.14, 2.15 or 2.16, or otherwise) prior to 1:00 p.m., Toronto time, on the date when due, in immediately available funds, without set-off or counterclaim. All such payments shall be made to the Canadian Administrative Agent, 200 Bay Street, 12th floor, South Tower, Toronto, Ontario, M5J 2W7, attention: Agency Services Group, telephone (416) 842-3901, facsimile: (416) 842-4023, except that payments pursuant to Sections 2.14, 2.16 and 10.3 shall be made directly to the Persons entitled thereto. The Canadian Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Canadian Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties. If insufficient funds are received due to Borrower's entitlement to withhold amounts on account of Excluded Taxes in relation to a particular Lender, such insufficiency shall not be subject to this Section 2.17(b) but shall be withheld from and shall only affect payments made to such Lender.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply).

Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of Borrower in the amount of such participation.

(d) Unless the Canadian Administrative Agent shall have received notice from Borrower prior to the date on which any payment is due to the Canadian Administrative Agent for the account of the Lenders hereunder that Borrower will not make such payment, the Canadian Administrative Agent may assume that Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Canadian Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Canadian Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Canadian Administrative Agent in accordance with banking industry rules in Canada on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.17(d), then the Canadian Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Canadian Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Section until all such unsatisfied obligations are fully paid.

SECTION 2.18 Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 2.14, or if Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.14 or 2.16, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.14, or if Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, or if any Lender defaults in its obligation to fund Loans hereunder, then Borrower may upon notice to such Lender and the Canadian Administrative Agent and the Global Administrative Agent, require such Lender to assign and delegate, without recourse or expense to, or warranty by, such Lender (in accordance with and subject to the restrictions contained in Section 10.4), all its interests, rights and obligations under this Agreement to an assignee designated by Borrower and which meets the requirements of Section 10.4(b) that shall assume such obligations (which assignee may be another Lender, if a

Lender accepts such assignment); provided that (i) Borrower shall have received the prior written consent of the Canadian Administrative Agent and the Global Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or Borrower (in the case of all other amounts), (iii) the assignee and assignor shall have entered into an Assignment and Acceptance, and (iv) in the case of any such assignment resulting from a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments.

SECTION 2.19 Currency Conversion and Currency Indemnity.

(a) Payments in Agreed Currency. Borrower shall make payment relative to any Obligation in the currency (the "Agreed Currency") in which the Obligation was effected. If any payment is received on account of any Obligation in any currency (the "Other Currency") other than the Agreed Currency (whether voluntarily or pursuant to an order or judgment or the enforcement thereof or the realization of any security or the liquidation of Borrower or otherwise howsoever), such payment shall constitute a discharge of the liability of Borrower hereunder and under the other Loan Documents in respect of such obligation only to the extent of the amount of the Agreed Currency which the relevant Lender or Agent, as the case may be, is able to purchase with the amount of the Other Currency received by it on the Business Day next following such receipt in accordance with its normal procedures and after deducting any premium and costs of exchange.

(b) Conversion of Agreed Currency into Judgment Currency. If, for the purpose of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due in the Agreed Currency then the conversion shall be made on the basis of the rate of exchange prevailing on the next Business Day following the date such judgment is given and in any event Borrower shall be obligated to pay the Agents and the Lenders any deficiency in accordance with Section 2.19(c). For the foregoing purposes "rate of exchange" means the rate at which the relevant Lender or Agent, as applicable, in accordance with its normal banking procedures is able on the relevant date to purchase the Agreed Currency with the Judgment Currency after deducting any premium and costs of exchange.

(c) Circumstances Giving Rise to Indemnity. If (i) any Lender or any Agent receives any payment or payments on account of the liability of Borrower hereunder pursuant to any judgment or order in any Other Currency, and (ii) the amount of the Agreed Currency which the relevant Lender or Agent, as applicable, is able to purchase on the Business Day next following such receipt with the proceeds of such payment or payments in accordance with its normal procedures and after deducting any premiums and costs of exchange is less than the amount of the Agreed Currency due in respect of such obligations immediately prior to such judgment or order, then Borrower on demand shall, and Borrower hereby agrees to, indemnify and save the Lenders and the Agents harmless from and against any loss, cost or expense arising out of or in connection with such deficiency.

(d) Indemnity Separate Obligation. The agreement of indemnity provided for in Section 2.19(c) shall constitute an obligation separate and independent from all other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lenders or Agents or any of them from time to time, and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

SECTION 2.20 Additional Borrowers.

(a) A Person which is a Restricted Subsidiary which is a resident of, and domiciled in, Canada may become an Additional Borrower with respect hereto, and shall be bound by and entitled to the benefits and obligations of this Agreement as a Borrower hereunder to the same extent as any other Borrower, upon the fulfillment of the following conditions:

(i) Resolutions and Officers' Certificates. Such Person shall deliver all the items identified in Section 4.1(a) with respect to such Person.

(ii) Certificate. An Authorized Officer of each Borrower shall have delivered to the Global Administrative Agent and the Canadian Administrative Agent a certificate stating that such Person is a Restricted Subsidiary of the Parent which is resident of, and domiciled in, Canada.

(iii) No Default. No Default or Event of Default shall have occurred and be continuing.

(iv) Representations and Warranties. The representations and warranties in Article III hereto are true and correct with respect to such Person, mutatis mutandis, as of the date such Person executes the Additional Borrower Counterpart described in clause (v) below.

(v) Additional Borrower Counterpart. Such Person shall execute an Additional Borrower Counterpart to this Agreement, substantially in the form of Exhibit G (the "Additional Borrower Counterpart") or such other agreement in form and substance satisfactory to the Global Administrative Agent and the Canadian Administrative Agent.

(vi) Opinions of Counsel. The Global Administrative Agent and the Canadian Administrative Agent shall have received legal opinions, dated as of the date such Person executes the Additional Borrower Counterpart described above, addressed to the Agents and the Lenders, having substantially the same coverage as those opinions attached hereto as Exhibits A and B and in form and substance acceptable to the Global Administrative Agent and the Canadian Administrative Agent, in their reasonable discretion.

(vii) Approval. The Global Administrative Agent and the Canadian Administrative Agent shall have approved the addition of such Person as an Additional Borrower, such approval not to be unreasonably withheld.

(b) Upon fulfillment of the conditions in this Section 2.20(a), the Global Administrative Agent will promptly notify each Lender of the date that such Person becomes an Additional Borrower hereunder.

ARTICLE III

Representations and Warranties

In order to induce the Lenders and the Agents to enter into this Agreement and the Lenders to make Loans hereunder, Borrower represents and warrants unto the Agents and each Lender as set forth in this Article III.

SECTION 3.1 Organization. Borrower is a corporation, and each of its Subsidiaries is a corporation or other legal entity, in either case duly incorporated or otherwise properly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority, permits and approvals, and is in good standing to conduct its business in each jurisdiction in which its business is conducted where the failure to so qualify would have a Material Adverse Effect.

SECTION 3.2 Authorization and Validity. The execution, delivery and performance by Borrower of this Agreement and each other Loan Document executed or to be executed by it, are within Borrower's corporate powers, have been duly authorized by all necessary corporate action on behalf of it, and do not (a) contravene Borrower's articles of incorporation or other organizational documents, as the case may be; (b) contravene any material contractual restriction, law or governmental regulation or court decree or order binding on or affecting Borrower or any Subsidiary; or (c) result in, or require the creation or imposition of, any Lien, not permitted by Section 7.1, on any of Borrower's or any Subsidiary's properties. This Agreement constitutes, and each other Loan Document executed by Borrower will, on the due execution and delivery thereof, constitute, the legal, valid and binding obligations of Borrower enforceable in accordance with their respective terms subject as to enforcement only to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditor rights generally and to general principles of equity.

SECTION 3.3 Government Approval and Regulation. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by Borrower of this Agreement or any other Loan Document. Neither Parent or Borrower nor any of their Subsidiaries is an "investment company," within the meaning of the Investment Company Act of 1940, as amended, or a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 3.4 Unfunded Pension Liabilities. The unfunded pension or similar liabilities of Parent, Borrower and their Subsidiaries do not in the aggregate exceed \$25,000,000.

SECTION 3.5 Regulation U. Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of any Loans will be used for a purpose which violates, or would be inconsistent with, Regulation U. Terms for which meanings are provided in Regulations U are used in this Section with such meanings.

SECTION 3.6 Taxes. Borrower and each of its Subsidiaries has to the best knowledge of Borrower after due investigation filed all tax returns and reports required by law to have been filed by it and has paid all taxes and governmental charges thereby shown to be owing, except any such taxes or charges which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or which the failure to file or pay could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.7 Subsidiaries; Restricted Subsidiaries. Schedule 3.7 hereto contains an accurate list of all of the presently existing Subsidiaries, including, without limitation, Restricted Subsidiaries, of Borrower as of the date of this Agreement, setting forth their respective jurisdictions of incorporation or organization and the percentage of their respective capital stock or, the revenue share attributable to the general and limited partnership interests, as the case may be, owned by Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock of such Subsidiaries which are corporations have been duly authorized and issued and are fully paid and non-assessable.

ARTICLE IV

Conditions

SECTION 4.1 Effectiveness. This Agreement shall become effective upon the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 4.1.

- (a) Resolutions and Officers Certificates. The Canadian Administrative Agent and the Global Administrative Agent shall have received from Borrower a certificate, dated the Global Effective Date, of the Secretary or Assistant Secretary of Borrower as to (i) resolutions of its governing board, then in full force and effect authorizing the execution, delivery and performance of this Agreement and each other Loan Document to be executed by it; (ii) the incumbency and signatures of those of its officers authorized to act with respect to this Agreement and each other Loan Document executed by it; and (iii) its articles of incorporation and bylaws; upon which certificates each Lender may conclusively rely until it shall have received a further certificate of an authorized officer of Borrower canceling or amending such prior certificate.
- (b) Existing Facilities. The Canadian Administrative Agent and the Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Parent and Borrower, stating that Parent or its Subsidiaries have repaid in full and terminated the Existing Global Credit Facilities concurrently with the effectiveness of the Combined Credit Agreements.

- (c) Opinions of Counsel. The Global Administrative Agent shall have received opinions, dated the Global Effective Date, addressed to the Canadian Administrative Agent and the Global Administrative Agent, the other Agents and all Lenders, from (i) Bennett Jones LLP, counsel to Borrower, in substantially the form attached hereto as Exhibit A, and (ii) Chamberlain, Hrdlicka, White, Williams & Martin, U.S. counsel to Borrower, in substantially the form attached hereto as Exhibit B.
- (d) Closing Fees and Expenses. The Canadian Administrative Agent shall have received for its own account, or for the account of each Lender and other Agent, as the case may be, all fees, costs and expenses due and payable pursuant hereto.
- (e) Financial Statements. The Canadian Administrative Agent and the Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Borrower, stating that (i) the audited consolidated financial statements of Parent and its Subsidiaries for fiscal year 2001 and (ii) the report and accompanying financial statements of Parent, Borrower and its Subsidiaries for fiscal year 2001 (collectively, the "2001 Financials") fairly present Parent's and Borrower's consolidated financial condition and results of operations and that prior to the Global Effective Date no material adverse change in the condition or operations of Parent or Borrower and its Subsidiaries, taken as a whole, from that reflected in the 2001 Financials has occurred and is continuing.
- (f) Environmental Warranties. In the ordinary course of its business, Borrower conducts an ongoing review of the effect of existing Environmental Laws on the business, operations and properties of Borrower and its Subsidiaries, in the course of which it attempts to identify and evaluate associated liabilities and costs (including, without limitation, any capital or operating expenditures required for clean-up or closure of properties presently or previously owned, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of this review, the Canadian Administrative Agent and the Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Borrower, stating that after such review Borrower has reasonably concluded that existing Environmental Laws are unlikely to have a Material Adverse Effect, or that Borrower has established adequate reserves in respect of any required clean-up.
- (g) Global Effectiveness Notice. The Canadian Administrative Agent and the Global Administrative Agent shall have received the Global Effectiveness Notice.
- (h) Other Combined Credit Agreements. The Canadian Administrative Agent shall have received copies of the executed (i) U.S. Credit Agreement and the other U.S.

Loan Documents, (ii) Australian Credit Agreement and the other Canadian Loan Documents and (iii) 364-Day Credit Agreement and the other 364-Day Loan Documents.

- (i) Guaranty. The Canadian Administrative Agent and the Global Administrative Agent shall have received an executed Guaranty for Borrower.
- (j) Litigation. The Canadian Administrative Agent and Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Parent, stating that no litigation, arbitration, governmental proceeding, Tax claim dispute or administrative or other proceeding shall be pending or, to the knowledge of Parent, threatened against Parent or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect or which purports to affect the legality, validity or enforceability of this Agreement or any other Loan Document.
- (k) Other Documents. The Canadian Administrative Agent and the Global Administrative Agent shall have received such other instruments and documents as any of the Agents or their counsel may have reasonably requested.

The Canadian Administrative Agent shall notify Borrower, the other Agents and the Lenders of the Global Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.2) at or prior to 3:00 p.m., Toronto time, on July 31, 2002 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 4.2 All Loans. The obligation of each Lender to fund any Loan which results in an increase in the aggregate outstanding principal amount of Loans under this Agreement on the occasion of any Borrowing shall be subject to the satisfaction of each of the conditions precedent set forth in this Section 4.2.

- (a) Compliance with Warranties and No Default. Both before and after giving effect to any Borrowing, the following statements shall be true and correct: (1) the representations and warranties set forth in Article III shall be true and correct with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct as of such earlier date); and (b) no Default or Event of Default shall have then occurred and be continuing.
- (b) Borrowings. The Canadian Administrative Agent shall have received a Borrowing Request for any Borrowing.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and all Obligations shall have been paid in full and unless the Required Lenders shall otherwise consent in writing, Borrower covenants and agrees with the Lenders that:

SECTION 5.1 Financial Reporting and Notices. Borrower will furnish, will cause to be furnished or will assist Parent in furnishing, to each Lender, the Canadian Administrative Agent and the Global Administrative Agent copies of the following financial statements, reports, notices and information:

- (a) within 90 days after the end of each Fiscal Year of Borrower, a copy of the financial statements for Borrower and its Subsidiaries for such fiscal year, including therein consolidated balance sheets of Borrower and its Subsidiaries as of the end of such fiscal year and consolidated statements of earnings and cash flow of Borrower and its Subsidiaries for such fiscal year, all prepared in accordance with GAAP in each case certified by an Authorized Officer of Borrower, such signature deemed to be a certification that such financial statements present fairly in accordance with GAAP the financial position of Borrower and its Subsidiaries;
- (b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of Borrower commencing with the fiscal quarter ending June 30, 2002, unaudited consolidated balance sheets of Borrower and its Subsidiaries as of the end of such fiscal quarter and consolidated statements of earnings and cash flow of Borrower and its Subsidiaries for such fiscal quarter and for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal quarter, all prepared in accordance with GAAP certified by an Authorized Officer of Borrower, such signature deemed to be a certification that such financial statements present fairly in accordance with GAAP the financial position of Borrower and its Subsidiaries;
- (c) together with the financial statements described in (a) and (b) above, a compliance certificate, in substantially the form of Exhibit C or any other form approved by the Canadian Administrative Agent and the Global Administrative Agent, executed by an Authorized Officer of Parent, an Authorized Officer of Apache Canada and an Authorized Officer of any Additional Borrower;
- (d) within five (5) days after the occurrence of each Default, a statement of an Authorized Officer of Parent and an Authorized Officer of Borrower setting forth details of such Default and the action which Parent and Borrower have taken and proposes to take with respect thereto;
- (e) promptly after the sending or filing thereof, copies of all material public filings, reports and communications from Parent or Borrower, and all reports and

registration statements which Parent or Borrower or any of their Subsidiaries files with the Securities and Exchange Commission, any national securities exchange or any federal or provincial securities regulatory body in Canada;

- (f) such other information respecting the financial condition or operations of Borrower or any of its Subsidiaries as any Lender through the Canadian Administrative Agent may from time to time reasonably request.

SECTION 5.2 Compliance with Laws. Borrower will, and will cause each of its Subsidiaries to, comply in all material respects with all applicable laws, rules, regulations and orders where noncompliance therewith may reasonably be expected to have a Material Adverse Effect, except where the necessity of compliance therewith is contested in good faith by appropriate proceedings.

SECTION 5.3 Maintenance of Properties. Borrower will, and will cause each of its Subsidiaries to, maintain, preserve, protect and keep valid title to, or valid leasehold interest in, all of its properties and assets, real and personal, tangible and intangible, of any nature whatsoever (including patents, trademarks, trade names, service marks and copyrights), free and clear of all Liens, charges or claims (including infringement claims with respect to patents, trademarks, copyrights and the like) except as permitted pursuant to Section 7.1 and except for imperfections and other burdens of title thereto as do not in the aggregate materially detract from the value thereof or for the use thereof in their businesses (taken as a whole).

SECTION 5.4 Insurance. Borrower will, and will cause each of its Subsidiaries to, maintain or cause to be maintained with responsible insurance companies (subject to self-insured retentions) insurance with respect to its properties and business against such casualties and contingencies and of such types and in such amounts as is customary in the case of similar businesses.

SECTION 5.5 Books and Records. Borrower will, and will cause each of its Subsidiaries to, keep books and records which accurately reflect all of its business affairs and transactions and permit the Canadian Administrative Agent or the Global Administrative Agent and the other Agents and each Lender through the Canadian Administrative Agent or the Global Administrative Agent or any of their respective authorized representatives, during normal business hours and at reasonable intervals, to visit all of its offices, to discuss its financial matters with its officers and to examine (and, at the expense of the Canadian Administrative Agent, the Global Administrative Agent or such other Agent or Lender or, if a Default or Event of Default has occurred and is continuing, at the expense of Borrower, photocopy extracts from) any of its books or other records.

SECTION 5.6 Minimum Book Value for Assets of Parent and its Restricted Subsidiaries. Parent shall maintain an aggregate book value for assets of Parent and its Restricted Subsidiaries (without duplication and excluding the aggregate book value attributable to Parent or any Restricted Subsidiary arising in connection with any Subsidiary which is not a Restricted Subsidiary) as of the end of any fiscal quarter, commencing with the quarter ending March 31, 2002, equal to or greater than the difference of (i) \$2,000,000,000 less (ii) the aggregate amount of any non-cash write downs (other than for recurring depletion or

depreciation) made by Parent and any Restricted Subsidiary; provided that, if as of the end of any fiscal quarter Parent is not in compliance with this Section, Parent, for a period of 30 days following the delivery of the financial statements for such fiscal quarter, shall be entitled to cure such non-compliance by delivering a notice to the Global Administrative Agent designating certain Unrestricted Subsidiaries as Restricted Subsidiaries for the purposes of this Agreement at which time the Global Administrative Agent shall redetermine compliance with this Section using such newly-designated Restricted Subsidiaries in such redetermination.

SECTION 5.7 Use of Proceeds. Borrower will, and will cause each Subsidiary to, use the proceeds of the Loans (i) to refinance existing Indebtedness of Borrower and its Subsidiaries or (ii) for Borrower's and its Subsidiaries' general corporate purposes, including any non-hostile acquisitions.

ARTICLE VI

Financial Covenants

Until the Commitments have expired or been terminated and all Obligations shall have been paid in full and unless the Required Lenders shall otherwise consent in writing, Borrower covenants and agrees with the Lenders that:

SECTION 6.1 Minimum Tangible Net Worth. Parent will not permit its Consolidated Tangible Net Worth as of the end of any fiscal quarter, commencing with the quarter ending December 31, 2001, to be less than (i) \$2,000,000,000 plus (ii) an amount equal to 50% of the sum of Parent's and its Subsidiaries' consolidated net income for each fiscal quarter, beginning with the fiscal quarter ending March 31, 2002, during which such consolidated net income is greater than \$0.

SECTION 6.2 Ratio of Total Debt to Capital. Parent will not permit its ratio (expressed as a percentage) of (i) the consolidated Debt of Parent and its Subsidiaries to (ii) Capital to be greater than 60% at the end of any fiscal quarter beginning with the fiscal quarter ending June 30, 2002.

ARTICLE VII

Negative Covenants

Until the Commitments have expired or terminated and all Obligations have been paid in full and unless the Required Lenders shall otherwise consent in writing, Borrower covenants and agrees with the Lenders that:

SECTION 7.1 Liens. Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon the stock, assets, or indebtedness of Borrower or any of its Subsidiaries to secure Indebtedness of Borrower or any other Person except:

- (i) Liens on any property or assets owned or leased by Borrower or any Subsidiary existing at the time such property or asset was acquired (or at the time such

Person became a Subsidiary); provided that in the case of the acquisition of a Subsidiary such Lien only encumbers property or assets immediately prior to, or at the time of, the acquisition by Borrower of such Subsidiary;

- (ii) purchase money Liens so long as such Liens only encumber property or assets acquired with the proceeds of the purchase money indebtedness incurred in connection with such Lien;
- (iii) Liens granted by an Unrestricted Subsidiary on its assets to secure Indebtedness incurred by such Unrestricted Subsidiary;
- (iv) Liens on assets of a Restricted Subsidiary securing Indebtedness of a Restricted Subsidiary owing to Borrower, to Parent or to another Restricted Subsidiary or Liens on assets of an Unrestricted Subsidiary securing Indebtedness of an Unrestricted Subsidiary owing to Borrower, to Parent, to a Restricted Subsidiary or to another Unrestricted Subsidiary;
- (v) Liens existing on the Global Effective Date set forth on Schedule 7.1;
- (vi) Liens arising under operating agreements;
- (vii) Liens reserved in oil, gas and/or mineral leases for bonus rental payments and for compliance with the terms of such leases;
- (viii) Liens pursuant to partnership agreements, oil, gas and/or mineral leases, farm-out agreements, division orders, contracts for the sale, delivery, purchase, exchange, or processing of oil, gas and/or other hydrocarbons, unitization and pooling declarations and agreements, operating agreements, development agreements, area of mutual interest agreements, forward sales of oil, natural gas and natural gas liquids, and other agreements which are customary in the oil, gas and other mineral exploration, development and production business and in the business of processing of gas and gas condensate production for the extraction of products therefrom;
- (ix) Liens on the stock or other ownership interests of or in any Unrestricted Subsidiary;
- (x) Liens for taxes, assessments or similar charges, incurred in the ordinary course of business, that are not yet due and payable or that are being contested as set forth in Section 3.6;
- (xi) pledges or deposits made in the ordinary course of business to secure payment of worker's compensation, or to participate in any fund in connection with worker's compensation, unemployment insurance, old-age pensions or other social security programs;
- (xii) Liens imposed by mandatory provisions of law such as for mechanics', materialmen's, warehousemen's, carriers', or other like Liens, securing

obligations incurred in the ordinary course of business that are not yet due and payable;

- (xiii) Liens in renewal or extension of any of the foregoing permitted Liens, so long as limited to the property or assets encumbered and the amount of Indebtedness secured immediately prior to such renewal or extension;
- (xiv) Liens or any rights of distress reserved in or exercisable under any lease or sublease to which it is a lessee which secure the payment of rent or compliance with the terms of such lease or sublease, provided that such rent is not then overdue and it is then in compliance in all material respects with such terms;
- (xv) Liens in favor of a government or public authority within Canada resulting from the deposit of cash or bonds as security for the performance of any of its obligations (other than for the payment of money) made in the ordinary course of its business, provided that such security is required or requested pursuant to any applicable law, and the obligations secured thereby are not overdue (or if overdue are being contested by it diligently and in good faith by appropriate proceedings);
- (xvi) Liens to secure its performance in connection with bids or tenders submitted by it, or contracts (other than contracts for the payment of money) or leases of real property (other than Capitalized Leases) or licenses to which it is a party, all such Liens being granted in the ordinary course of its business, provided that such performance obligations are not overdue (or if overdue are being contested by it diligently and in good faith by appropriate proceedings); and
- (xvii) in addition to Liens permitted by clauses (i) through (xvi) above, Liens on property or assets of Parent, Borrower and any of their Subsidiaries if the aggregate Indebtedness of all such Persons secured thereby does not exceed \$100,000,000.

SECTION 7.2 Mergers. Borrower will not liquidate or dissolve, amalgamate with, consolidate with, or merge into or with, any other Person, or sell, lease or otherwise transfer all or substantially all of its assets unless (a) Borrower is the survivor of such amalgamation, merger or consolidation, and (b) no Default or Event of Default has occurred and is continuing or would occur after giving effect thereto.

SECTION 7.3 Asset Dispositions. Borrower will not, and will not permit any of its Restricted Subsidiaries to, sell, transfer, lease, contribute or otherwise convey, or grant options, warrants or other rights with respect to all or substantially all of its assets. Notwithstanding the foregoing, nothing herein shall prohibit any transfer of any assets from any Borrower to any Subsidiary of such Borrower, from any Subsidiary of a Borrower to such Borrower or from a Subsidiary of a Borrower to another Subsidiary of such Borrower.

SECTION 7.4 Transactions with Affiliates. Borrower will not, and will not permit any of its Subsidiaries to, enter into, or cause, suffer or permit to exist any arrangement or contract with any of its other Affiliates unless such arrangement or contract or group of arrangements or contracts, as the case may be, are conducted on an arms-length basis.

SECTION 7.5 Restrictive Agreements. Borrower will not, and will not permit any of its Subsidiaries to, enter into any agreement (excluding this Agreement or any other Loan Document) limiting the ability of Borrower to amend or otherwise modify this Agreement or any other Loan Document. Borrower will not, and will not permit any of its Restricted Subsidiaries to, enter into any agreement which restricts or prohibits the ability of any Restricted Subsidiary to make any payments, directly or indirectly, to Borrower by way of dividends, advances, repayments of loans or advances, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments, or any other agreement or arrangement which restricts the ability of any such Restricted Subsidiary to make any payment, directly or indirectly, to Borrower.

SECTION 7.6 Guaranties. Parent and Borrower will not, and will not permit any of their Restricted Subsidiaries to, guaranty any Indebtedness not included in the consolidated Debt of Parent and its Subsidiaries in an aggregate outstanding principal amount at any time exceeding \$100,000,000.

ARTICLE VIII

Events of Default

SECTION 8.1 Listing of Events of Default. Each of the following events or occurrences described in this Section 8.1 shall constitute an "Event of Default":

- (a) Non-Payment of Obligations. Borrower shall default in the payment or prepayment when due of any principal of any Loan, or Borrower shall default (and such default shall continue unremedied for a period of five (5) Business Days) in the payment when due of any interest, fee or of any other obligation hereunder.
- (b) Breach of Warranty. Any representation or warranty of Borrower made or deemed to be made hereunder or in any other Loan Document or any other writing or certificate furnished by or on behalf of Borrower to the Global Administrative Agent, the Canadian Administrative Agent, any other Agent or any Lender for the purposes of or in connection with this Agreement or any such other Loan Document is or shall be false or misleading when made in any material respect.
- (c) Non-Performance of Covenants and Obligations. Borrower or Parent shall default in the due performance and observance of any of its obligations under Section 5.6, Section 7.2 or under Article VI.
- (d) Non-Performance of Other Covenants and Obligations. Borrower or Parent shall default in the due performance and observance of any other agreement contained herein or in any other Loan Document, and such default shall continue unremedied for a period of 30 days after notice thereof shall have been given to Borrower by the Global Administrative Agent, the Canadian Administrative Agent, or the Required Lenders.

- (e) Default on Other Indebtedness. A default shall occur in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any direct payment obligation of Parent, Borrower or any of their Restricted Subsidiaries in any amount in excess of \$25,000,000.
- (f) [Intentionally omitted].
- (g) Bankruptcy and Insolvency. Borrower or any of its Restricted Subsidiaries shall (a) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness to generally pay, debts as they become due; (b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, receiver and manager, sequestrator or other custodian for Borrower, or any of its Restricted Subsidiaries, or any substantial part of the property of any thereof, or make a general assignment for the benefit of creditors; (c) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, receiver and manager, sequestrator or other custodian for Borrower, or any of its Restricted Subsidiaries, or for a substantial part of the property of any thereof, and such trustee, receiver, receiver and manager, sequestrator or other custodian shall not be discharged within 60 days, provided that Borrower and each Restricted Subsidiary hereby expressly authorizes the Global Administrative Agent, the Canadian Administrative Agent, each other Agent and each Lender to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; (d) permit or suffer to exist the commencement of any bankruptcy, insolvency, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of Borrower or any of its Restricted Subsidiaries, and, if any such case or proceeding is not commenced by Borrower or such Restricted Subsidiary, such case or proceeding shall be consented to or acquiesced in by Borrower or such Restricted Subsidiary or shall result in the entry of an order for relief or shall remain for 60 days undismissed, provided that Borrower and each Restricted Subsidiary hereby expressly authorizes the Global Administrative Agent, the Canadian Administrative Agent, and each Lender to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or (e) take any corporate or partnership action authorizing, or in furtherance of, any of the foregoing. Notwithstanding parts (c) and (d) of this Section 8.1(g), during the 60 day periods referred to therein, and for the sole purposes of (i) voting at any meeting of creditors of Borrower which may take place during such 60 day period or (ii) having standing and participating in proceedings or matters arising out of (c) or (d) above where any Agent or Lender is acting to preserve, protect or defend its rights under the Loan Documents, the Lenders, at their sole option, shall be deemed to have accelerated repayment pursuant to Section 8.3 and the Indebtedness of Borrower hereunder shall be deemed to have become due and payable, but such deeming shall not of itself be considered a Default hereunder.

- (h) Judgments. Any judgment or order for the payment of money in an amount of \$25,000,000 or more in excess of valid and collectible insurance in respect thereof or in excess of an indemnity with respect thereto reasonably acceptable to the Required Lenders shall be rendered against Parent, Borrower or any of their Restricted Subsidiaries and either (a) enforcement proceedings shall have been commenced by any creditor upon such judgment or order, or (b) such judgment shall have become final and non-appealable and shall have remained outstanding for a period of 60 consecutive days.
- (i) Change in Control. Parent shall fail to own or control, directly or indirectly, all of the outstanding shares of common stock of Borrower.
- (j) Event of Default under other Combined Loan Documents. Any "Event of Default" as defined in the U.S. Loan Documents, the Australian Loan Documents or the 364-Day Loan Documents shall occur; provided that the occurrence of a "Default" as defined in the U.S. Loan Documents, the Australian Loan Documents or the 364-Day Loan Documents shall constitute a Default under this Agreement; provided further that if such "Default" is cured or waived under the U.S. Loan Documents, the Australian Loan Documents or the 364-Day Loan Documents, as applicable, then such "Default" shall no longer constitute a Default under this Agreement.

SECTION 8.2 Action if Bankruptcy. If any Event of Default described in Section 8.1(g) shall occur, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Loans and all other obligations hereunder shall automatically be and become immediately due and payable, without notice or demand.

SECTION 8.3 Action if Other Event of Default. If any Event of Default (other than any Event of Default described in Section 8.2) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Canadian Administrative Agent, upon the direction of the Required Lenders, shall by notice to Borrower declare all of the outstanding principal amount of the Loans and all other obligations hereunder to be due and payable and the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other obligations shall be and become immediately due and payable, without further notice, demand or presentment, and the Commitments shall terminate.

ARTICLE IX

Agents

Each of the Lenders hereby irrevocably appoints JPMorgan Chase Bank as Global Administrative Agent, Bank of America, N.A. as Global Syndication Agent, Citibank, N.A. as Global Documentation Agent, Royal Bank of Canada as Canadian Administrative Agent, The Bank of Nova Scotia and The Toronto-Dominion Bank as Canadian Co-Syndication Agents, and BNP Paribas (Canada) and Bayerische Landesbank Girozentrale as Canadian Co-Documentation Agents, and authorizes each such Agent to take such actions on its behalf and to exercise such

powers as are delegated to such Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

Any bank serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with Borrower or any Subsidiary or other Affiliate thereof as if it were not an Agent hereunder.

The Agents shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Agents shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) each Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that such Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2), and (c) except as expressly set forth herein, the Agents shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as such Agent or any of its Affiliates in any capacity. Each Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2) or in the absence of its own gross negligence or willful misconduct. Each Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to such Agent by Borrower or a Lender, and such Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to such Agent.

The Canadian Administrative Agent, the Global Administrative Agent and the other Agents shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Canadian Administrative Agent, the Global Administrative Agent and the other Agents also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Canadian Administrative Agent, the Global Administrative Agent and the other Agents may consult with legal counsel (who may be counsel for Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Any Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by such Agent. Any Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of such Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as an Agent.

Subject to the appointment and acceptance of a successor Global Administrative Agent or Canadian Administrative Agent as provided in this paragraph, the Global Administrative Agent or the Canadian Administrative Agent may resign at any time by notifying the Lenders and Borrower. Upon any such resignation, Borrower shall have the right, in consultation with the Combined Required Lenders, to appoint one of the Lenders as a successor. If no successor shall have been so appointed by Borrower and shall have accepted such appointment within 30 days after the retiring Global Administrative Agent or Canadian Administrative Agent gives notice of its resignation, then the retiring Global Administrative Agent or Canadian Administrative Agent may, on behalf of the Lenders, appoint a successor Global Administrative Agent or Canadian Administrative Agent which shall be a bank with an office in New York, New York, or Toronto, Canada, respectively, or an Affiliate of any such bank. Upon the acceptance of its appointment as Global Administrative Agent or Canadian Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Global Administrative Agent or Canadian Administrative Agent, and the retiring Global Administrative Agent or Canadian Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by Borrower to a successor Global Administrative Agent or Canadian Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such successor. After the Global Administrative Agent's or Canadian Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.3 shall continue in effect for the benefit of such retiring Global Administrative Agent or Canadian Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Global Administrative Agent or Canadian Administrative Agent, respectively.

Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

ARTICLE X

Miscellaneous

SECTION 10.1 Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for

herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to Borrower, to:

Apache Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400
Attention: Matthew W. Dundrea
Vice President and Treasurer
Telephone: (713) 296-6640
Facsimile: (713) 296-6458

with a copy to:

Assistant Treasurer
Apache Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400
Telephone: (713) 296-6642
Facsimile: (713) 296-6477

and with copy to:

Vice President and General Counsel
Apache Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400
Telephone: (713) 296-6204
Facsimile: (713) 296-6458

(b) if to the Global Administrative Agent, to:

JPMorgan Chase Bank
Loan & Agency Services Group
One Chase Manhattan Plaza
8th Floor
New York, New York 10081
Attention: Lisa Pucciarelli
Telephone: (212) 552-7446
Facsimile: (212) 552-5777

with a copy to:

JPMorgan Chase Bank
600 Travis, 20 CTH 86
Houston, Texas 77002
Attention: Peter Licalzi
Telephone: (713) 216-8870
Facsimile: (713) 216-4117

(c) if to the Canadian Administrative Agent, to:

Royal Bank of Canada
200 Bay Street
12th floor, South Tower
Toronto, Ontario, M5J 2W7
Canada
Attention: Agency Services Group
Telephone: (416) 842-3901
Facsimile: (416) 842-4023

with a copy to:

Royal Bank of Canada
2800 Post Oak Blvd., Suite 5700
Houston, Texas 77056
USA
Attention: Jason York
Telephone: (713) 403-5679
Facsimile: (713) 403-5624

(d) if to any other Lender, to it at its address (or telecopy number) provided to the Global Administrative Agent, the Canadian Administrative Agent and Borrower or as set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.2 Waivers; Amendments.

(a) No failure or delay by the Global Administrative Agent, the Canadian Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Global Administrative Agent, the Canadian Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default,

regardless of whether the Global Administrative Agent, the Canadian Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Any of the Combined Loan Documents or any provision thereof may be waived, amended or modified pursuant to an agreement or agreements in writing entered into by Borrower and the Combined Required Lenders or by Borrower and the Global Administrative Agent and the Canadian Administrative Agent with the consent of the Combined Required Lenders; provided that the same waiver, amendment or modification is requested by Parent in connection with each of the Combined Credit Agreements; and provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of (i) the Lenders described in the first proviso of Section 10.2(c) without the prior written consent of each Lender affected thereby and (ii) the Global Administrative Agent or the Canadian Administrative Agent without the prior written consent of the Global Administrative Agent or the Canadian Administrative Agent, respectively.

(c) Except as provided for in Section 10.2(b) above, neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by Borrower and the Required Lenders or by Borrower and the Global Administrative Agent and the Canadian Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender or the Commitments without the written consent of such Lender or each Lender, respectively, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.17(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, or (v) change any of the provisions of this Section or the definition of "Required Lenders", "Combined Required Lenders" or any other provision hereof or thereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or thereunder or make any determination or grant any consent hereunder or thereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Global Administrative Agent or the Canadian Administrative Agent hereunder or thereunder without the prior written consent of the Global Administrative Agent or the Canadian Administrative Agent, respectively.

SECTION 10.3 Expenses; Indemnity; Damage Waiver.

(a) Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Agents and their Affiliates, including the reasonable fees, charges and disbursements of counsel for the Agents (on a solicitor and his own client basis), in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by the Agents or any Lender, including the fees, charges and disbursements of

any counsel (on a solicitor and his own client basis) for the Agents or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or this Agreement.

(b) Borrower shall indemnify the Agents and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnatee") against, and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel (or a solicitor and his own client basis) for any Indemnatee, incurred by or asserted against any Indemnatee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the actual or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnatee is a party thereto; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses (i) resulted from the gross negligence or willful misconduct of such Indemnatee or (ii) arise in connection with any issue in litigation commenced by Borrower or any of its Subsidiaries against any Indemnatee for which a final judgment is entered in favor of Borrower or any of its Subsidiaries against such Indemnatee.

(c) To the extent that Borrower fails to pay any amount required to be paid by it to the Global Administrative Agent or the Canadian Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Global Administrative Agent or the Canadian Administrative Agent, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Global Administrative Agent or the Canadian Administrative Agent, respectively.

(d) To the extent permitted by applicable law, Borrower shall not assert, and hereby waives, any claim against any Indemnatee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions or any Loan or the use of the proceeds thereof, except for any such claim arising from such Indemnatee's gross negligence or willful misconduct.

(e) All amounts due under this Section shall be payable not later than thirty (30) days after written demand therefor.

SECTION 10.4 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Global Administrative Agent, the Canadian Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees which are residents in Canada for purposes of the Income Tax Act (Canada) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (i) except in the case of an assignment to a Lender or an Affiliate of a Lender, each of Borrower, the Canadian Administrative Agent and the Global Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Canadian Administrative Agent and the Global Administrative Agent) shall be in increments of \$1,000,000 and not less than \$10,000,000 unless each of Borrower, the Canadian Administrative Agent and the Global Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, (iv) the parties to each assignment shall execute and deliver to the Canadian Administrative Agent and the Global Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500 to the Canadian Administrative Agent, and (v) the assignee, if it shall not be a Lender, shall deliver to the Canadian Administrative Agent and the Global Administrative Agent an Administrative Questionnaire; and provided further that any consent of Borrower otherwise required under this paragraph shall not be required if an Event of Default under Section 8.1 has occurred and is continuing. Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.15, 2.16, 2.17, 2.19 and 10.3). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Canadian Administrative Agent and the Global Administrative Agent, acting for this purpose as an agent of Borrower, shall maintain at one of its offices in Toronto, Canada,

and The City of New York, respectively, a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Borrower, the Canadian Administrative Agent, the Global Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Canadian Administrative Agent and the Global Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register and will provide prompt written notice to Borrower of the effectiveness of such Assignment. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of Borrower, the Canadian Administrative Agent or the Global Administrative Agent, sell participations to one or more banks or other entities which are resident in Canada for purposes of the Income Tax Act (Canada) (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) Borrower, the Canadian Administrative Agent, the Global Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and (iv) if such Participant is not a Lender or an Affiliate of a Lender, such Lender shall have given notice to Borrower of the name of the Participant and the amount of such participation. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.2(c) that affects such Participant. Subject to paragraph (f) of this Section, Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.8 as though it were a Lender, provided such Participant agrees to be subject to Section 2.17(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.14, 2.15 or 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless Borrower shall expressly agree

otherwise in writing. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.16 unless Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of Borrower, to comply with Section 2.16(e) as though it were a Lender.

SECTION 10.5 Survival. All covenants, agreements, representations and warranties made by Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Canadian Administrative Agent, the Global Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.14, 2.15, 2.16, 2.17, 2.19 and 10.3 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 10.6 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Canadian Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by the Canadian Administrative Agent and the Global Administrative Agent and when the Canadian Administrative Agent and the Global Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.7 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.8 Right of Setoff. If an Event of Default shall have occurred and be continuing and the Obligations of Borrower shall have been accelerated, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or

Affiliate to or for the credit or the account of any Borrower against any of and all the obligations of each Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.9 GOVERNING LAW; JURISDICTION; CONSENT TO SERVICE OF PROCESS.

(a) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE PROVINCE OF ALBERTA AND OF CANADA APPLICABLE THEREIN.

(b) BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE PROVINCE OF ALBERTA, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH COURTS OF THE PROVINCE OF ALBERTA. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT THE AGENTS OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE PROVINCE OF ALBERTA.

NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 10.10 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.11 Confidentiality. Each of the Agents and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory or self-regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of Borrower or (h) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section by any Person or (B) becomes available to any Agent or any Lender on a nonconfidential basis from a source other than Borrower or any Person obligated to maintain the confidentiality of such Information. Prior to disclosing any Information under clause (c) above, the Agent or Lender required or asked to make such disclosure shall make a good faith effort to give Borrower prior notice of such proposed disclosure to permit Borrower to attempt to obtain a protective order or other appropriate injunctive relief. For the purposes of this Section, "Information" means all information received from Borrower relating to Borrower or its business, other than any publicly available information and such information that is available to any Agent or any Lender on a nonconfidential basis prior to disclosure by Borrower; provided that, in the case of information received from Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.12 Interest Rate Limitation. It is the intention of the parties hereto to conform strictly to applicable interest, usury and criminal laws and, anything herein to the contrary notwithstanding, the obligations of Borrower to a Lender or any Agent under this Agreement shall be subject to the limitation that payments of interest shall not be required to the extent that receipt thereof would be contrary to provisions of law applicable to such Lender or Agent limiting rates of interest which may be charged or collected by such Lender or Agent. Accordingly, if the transactions contemplated hereby would be illegal, unenforceable, usurious or criminal under laws applicable to a Lender or Agent (including the laws of any jurisdiction whose laws may be mandatorily applicable to such Lender or Agent notwithstanding anything to the contrary in this Agreement or any other Loan Document but subject to Section 2.12 hereof)

then, in that event, notwithstanding anything to the contrary in this Agreement or any other Loan Document, it is agreed as follows:

(i) the provisions of this Section shall govern and control;

(ii) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, taken, reserved, charged or received under this Agreement, or under any of the other aforesaid agreements or otherwise in connection with this Agreement by such Lender or Agent shall under no circumstances exceed the maximum amount of interest allowed by applicable law (such maximum lawful interest rate, if any, with respect to each Lender and the Agent herein called the "Highest Lawful Rate"), and any excess shall be cancelled automatically and if theretofore paid shall be credited to Borrower by such Lender or Agent (or, if such consideration shall have been paid in full, such excess refunded to Borrower);

(iii) all sums paid, or agreed to be paid, to such Lender or Agent for the use, forbearance and detention of the indebtedness of Borrower to such Lender or Agent hereunder or under any Loan Document shall, to the extent permitted by laws applicable to such Lender or Agent, as the case may be, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the actual rate of interest is uniform throughout the full term thereof;

(iv) if at any time the interest provided pursuant to this Section or any other clause of this Agreement or any other Loan Document, together with any other fees or compensation payable pursuant to this Agreement or any other Loan Document and deemed interest under laws applicable to such Lender or Agent, exceeds that amount which would have accrued at the Highest Lawful Rate, the amount of interest and any such fees or compensation to accrue to such Lender or Agent pursuant to this Agreement shall be limited, notwithstanding anything to the contrary in this Agreement or any other Loan Document, to that amount which would have accrued at the Highest Lawful Rate, but any subsequent reductions, as applicable, shall not reduce the interest to accrue to such Lender or Agent pursuant to this Agreement below the Highest Lawful Rate until the total amount of interest accrued pursuant to this Agreement or such other Loan Document, as the case may be, and such fees or compensation deemed to be interest equals the amount of interest which would have accrued to such Lender or Agent if a varying rate per annum equal to the interest provided pursuant to any other relevant Section hereof (other than this Section), as applicable, had at all times been in effect, plus the amount of fees which would have been received but for the effect of this Section; and

(v) with the intent that the rate of interest herein shall at all times be lawful, and if the receipt of any funds owing hereunder or under any other agreement related hereto (including any of the other Loan Documents) by such Lender or Agent would cause such Lender to charge Borrower a criminal rate of interest, the Lenders and the Agents agree that they will not require the payment or receipt thereof or a portion thereof which would cause a criminal rate of interest to be charged by such Lender or Agent, as applicable, and if received such affected Lender or Agent will return such funds to

Borrower so that the rate of interest paid by Borrower shall not exceed a criminal rate of interest from the date this Agreement was entered into.

SECTION 10.13 Joint and Several Obligations. Each Borrower has determined that it is in its best interest and in pursuance of its legitimate business purposes to induce the Lenders to extend credit to the Borrowers pursuant to this Agreement. Each Borrower acknowledges and represents that the availability of the Commitments to each of the Borrowers benefits each Borrower individually and that the Loans made will be for and inure to the benefit of each of the Borrowers individually and as a group. Accordingly, each Borrower shall be jointly and severally liable (as a principal and not as a surety, guarantor or other accommodation party) for each and every representation, warranty, covenant and obligation to be performed by the Borrowers under this Agreement and the other Loan Documents, and each Borrower acknowledges that in extending the credit provided herein the Agent and the Lenders are relying upon the fact that the Obligations of each Borrower hereunder are the joint and several obligations of a principal. The invalidity, unenforceability or illegality of this Agreement or any other Loan Document as to one Borrower or the release by the Agent or the Lenders of a Borrower hereunder or thereunder shall not affect the Obligations of the other Borrowers under this Agreement or the other Loan Documents, all of which shall otherwise remain valid and legally binding obligations of the other Borrowers.

SECTION 10.14 NO ORAL AGREEMENTS. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

APACHE CANADA LTD.

By:

Name: Matthew W. Dundrea
Title: Vice President and Treasurer

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

S-1

JPMORGAN CHASE BANK, as Global
Administrative Agent

By: _____

Name:

Title:

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

S-2

BANK OF AMERICA, N.A., as Global
Syndication Agent

By: _____

Name:

Title:

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

S-3

CITIBANK, N.A., as Global Documentation Agent

By:

Name:

Title:

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

S-4

ROYAL BANK OF CANADA, as Canadian
Administrative Agent and as Lender

By: _____

Name:

Title:

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

S-5

THE BANK OF NOVA SCOTIA, as a Canadian
Co-Syndication Agent and as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

S-6

THE TORONTO-DOMINION BANK, as a
Canadian Co-Syndication Agent and
as Lender

By: _____

Name:
Title:

By: _____

Name:
Title:

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

S-7

BNP PARIBAS (CANADA), as a Canadian
Co-Documentation Agent and as Lender

By: -----

Name:
Title:

By: -----

Name:
Title:

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]
S-8

BAYERISCHE LANDESBANK
GIROZENTRALE, as a Canadian
Co-Documentation Agent and as Lender

By: -----

Name:
Title:

By: -----

Name:
Title:

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]
S-9

JPMORGAN CHASE BANK, TORONTO
BRANCH, as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]
S-10

[AUSTRALIAN CREDIT AGREEMENT]

=====

CREDIT AGREEMENT

dated as of June 3, 2002

among

APACHE ENERGY LIMITED,

THE LENDERS PARTY HERETO,

JPMORGAN CHASE BANK,
as Global Administrative Agent,

BANK OF AMERICA, N.A.,
as Global Syndication Agent,

CITIBANK, N.A.,
as Global Documentation Agent,

CITISECURITIES LIMITED,
as Australian Administrative Agent,

BANK OF AMERICA, N.A., SYDNEY BRANCH, and
DEUTSCHE BANK AG, SYDNEY BRANCH,
as Australian Co-Syndication Agents,

and

ROYAL BANK OF CANADA and
BANK ONE, NA, AUSTRALIA BRANCH,
as Australian Co-Documentation Agents,

J.P. MORGAN SECURITIES INC.,
BANC OF AMERICA SECURITIES, LLC and
SALOMON SMITH BARNEY INC.,
as Global Co-Lead Arrangers and Joint Bookrunners

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of June 3, 2002, is among APACHE ENERGY LIMITED (ACN 009 301 964), a corporation organized under the laws of the State of Western Australia, Australia ("Apache Energy Limited" and together with each other Person that becomes an Additional Borrower pursuant to Section 2.20, the "Borrower"), the LENDERS (as defined below) party hereto, JPMORGAN CHASE BANK, as Global Administrative Agent, BANK OF AMERICA, N.A., as Global Syndication Agent, CITIBANK, N.A., as Global Documentation Agent, CITISECURITIES LIMITED (ABN 51 008 489 610), as Australian Administrative Agent, BANK OF AMERICA, N.A., SYDNEY BRANCH (ARBN 064 874 531) and DEUTSCHE BANK AG, SYDNEY BRANCH (ABN 13 064 165 162), as Australian Co-Syndication Agents, and ROYAL BANK OF CANADA (ABN 86 076 940 880) and BANK ONE, NA, AUSTRALIA BRANCH (ARBN 065 752 918), as Australian Co-Documentation Agents.

The parties hereto agree as follows:

ARTICLE I.

Definitions

SECTION 1.1 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Accepting Lenders" is defined in Section 2.6(c).

"Additional Borrower" means any Person which becomes a Borrower under this Agreement pursuant to Section 2.20.

"Additional Borrower Counterpart" is defined in Section 2.20.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Global Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agents" means each of the Global Administrative Agent, the Global Syndication Agent, the Global Documentation Agent, the Australian Administrative Agent, the Australian Co-Syndication Agents and the Australian Co-Documentation Agents.

"Agreed Currency" is defined in Section 2.19(a).

"Agreement" means this Credit Agreement, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Apache Energy Limited" means Apache Energy Limited (ACN 009 301 964), a corporation organized under the laws of the State of Western Australia, Australia.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"Applicable Rate" means, for any day, (i) with respect to any Loan, the applicable rate per annum set forth below under the caption "Eurodollar Margin" plus the Commitment Utilization Margin, if any, or (ii) with respect to the Facility Fees payable hereunder, the applicable rate per annum set forth below under the caption "Facility Fee", in either case, based upon the ratings by Moody's, S&P and Fitch, respectively, applicable on such date to the Index Debt:

Facility	
Fee (in	
basis	
Eurodollar	
Margin (in	
basis	
Index Debt	
Ratings:	
points)	
points) --	

Category	
1: A/A2	
8.00 27.00	
Category	
2: A-/A3	
10.00	
30.00	
Category	
3:	
BBB+/Baa1	
12.50	
37.50	
Category	
4:	
BBB/Baa2	
15.00	
45.00	
Category	
5:	
BBB-/Baa3	
20.00	
65.00	
Category	
6: <	
BBB-/Baa3	
25.00	
75.00	

For purposes of the foregoing, (i) if either Moody's, S&P or Fitch shall not have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the penultimate sentence of this definition), then such rating agency shall be deemed to have established a rating in Category 6; (ii) if the ratings established or deemed to have been established by Moody's, S&P and Fitch for the Index Debt shall fall within different Categories, the Applicable Rate shall be based on the highest two ratings, unless the highest two ratings shall fall within different Categories in which case the Applicable Rate shall be based on the lower of the highest two ratings; and (iii) if the ratings established or deemed to have been established by Moody's, S&P and Fitch for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's, S&P or Fitch), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's, S&P or Fitch shall change, or if any such rating agency shall cease to be in the business of rating corporate debt obligations, Borrower and the Lenders shall negotiate in good faith to amend this definition

to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to

such change or cessation. Changes in the Applicable Rate will occur automatically without prior notice.

"Australian Administrative Agent" means Citisecurities Limited (ABN 51 008 489 610) in its capacity as Australian administrative agent for the lenders party to the Australian Credit Agreement and any successor thereto.

"Australian Co-Documentation Agents" means Royal Bank of Canada (ABN 86 076 940 880) and Bank One, NA, Australia Branch (ARBN 065 752 918), each in its capacity as Australian Co-Documentation Agent for the Lenders hereunder.

"Australian Co-Syndication Agents" means Bank of America, N.A., Sydney Branch (ARBN 064 874 531) and Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162), each in its capacity as Australian Co-Syndication Agent for the Lenders hereunder.

"Authorized Officer" means, with respect to any Borrower, the Chairman, the Vice Chairman, the President, the Executive Vice President and Chief Financial Officer and the Vice President and Treasurer of such Borrower, and any officer or employee of such Borrower specified as such to the Australian Administrative Agent and the Global Administrative Agent in writing by any of the aforementioned officers of such Borrower, or, with respect to Parent, the Chairman, the President, the Executive Vice President and Chief Financial Officer and the Vice President and Treasurer of Parent, and any officer or employee of Parent specified as such to the Australian Administrative Agent and the Global Administrative Agent in writing by any of the aforementioned officers of Parent.

"Availability Period" means, with respect to any Lender, the period from and including the Global Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitment of such Lender; provided, however, that no Commitment of any Lender shall terminate prior to the Maturity Date except as provided in Sections 2.6, 2.8, 4.1, 8.2, 8.3 and 10.4.

"Borrower" means Apache Energy Limited and each other Person that becomes an Additional Borrower pursuant to Section 2.20.

"Borrowing" means Loans made or continued on the same date and as to which a single Interest Period is in effect.

"Borrowing Request" means a request by Borrower for a Borrowing in accordance with Section 2.3, in substantially the form of Exhibit E or any other form approved by the Australian Administrative Agent and the Global Administrative Agent.

"Business Day" means a weekday on which (a) (for the purpose of determining the LIBO Rate under the second sentence of the definition of "LIBO Rate") the relevant financial markets are open in London; (b) (except for the purpose stated in paragraph (a)) banks are open for business in Sydney and Melbourne; and (c) in the case where a payment is to be made, banks are open for business in New York City, Sydney and Melbourne.

"Canadian Administrative Agent" means Royal Bank of Canada in its capacity as Canadian administrative agent for the lenders party to the Canadian Credit Agreement and any successor thereto.

"Canadian Borrower" means Apache Canada Ltd., a corporation organized under the laws of the Province of Alberta, Canada, and each other Person that becomes a borrower under the Canadian Credit Agreement.

"Canadian Credit Agreement" means that certain Credit Agreement of even date herewith among the Canadian Borrower, the Canadian Lenders, the Global Administrative Agent, the Canadian Administrative Agent, The Bank of Nova Scotia and The Toronto-Dominion Bank, as Canadian co-syndication agents, and BNP Paribas (Canada) and Bayerische Landesbank Girozentrale, as Canadian co-documentation agents, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Canadian Lenders" means the financial institutions listed on the signature pages of the Canadian Credit Agreement and their respective successors and assigns.

"Canadian Loan Documents" means the Canadian Credit Agreement, any notes, any guaranties, any assignment agreements, and the agreement with respect to fees, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Capital" means the consolidated shareholder's equity of Parent and its Subsidiaries plus the consolidated Debt of Parent and its Subsidiaries.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et. seq., as amended from time to time.

"Certificate of Extension" means a certificate of Parent and Borrower, executed by an Authorized Officer and delivered to the Global Administrative Agent and the Australian Administrative Agent, in a form acceptable to the Global Administrative Agent and the Australian Administrative Agent, which requests an extension of the then scheduled Maturity Date pursuant to Section 2.6.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.16(b), by any lending office of such Lender or by such Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Combined Commitments" means the commitment of each Combined Lender under the Combined Credit Agreements, as such commitment may be reduced, increased or terminated from time to time pursuant to the Combined Loan Documents and, if any such commitments are no longer in effect under any Combined Credit Agreement, the aggregate unpaid principal

amount of the outstanding loans for which the applicable commitment is no longer in effect under such Combined Credit Agreement. The initial amount of each Combined Lender's Commitment is set forth on Schedule 2.1 to the applicable Combined Credit Agreement, or in a Assignment and Acceptance (as defined in the U.S. Credit Agreement, the Canadian Credit Agreement and the 364-Day Credit Agreement) or in a Substitution Certificate or pursuant to which such Combined Lender shall have assumed its Combined Commitment, as applicable. The initial aggregate amount of the Combined Lenders' Combined Commitments is \$1,500,000,000.

"Combined Commitment Utilization" means, for any period, the ratio of (i) the aggregate principal amount of then outstanding Combined Loans (other than any Competitive Loans (as defined in the U.S. Credit Agreement)) to (ii) the then aggregate amount of the Combined Commitments.

"Combined Credit Agreements" means this Agreement, the U.S. Credit Agreement, the Canadian Credit Agreement and the 364-Day Credit Agreement.

"Combined Lenders" means the Lenders hereunder, the U.S. Lenders, the Canadian Lenders and the 364-Day Lenders.

"Combined Loan Documents" means the Loan Documents, the U.S. Loan Documents, the Canadian Loan Documents and the 364-Day Loan Documents.

"Combined Loans" means the loans made by the Combined Lenders to Borrower, U.S. Borrower, the 364-Day Borrower and Canadian Borrower pursuant to the Combined Loan Documents.

"Combined Required Lenders" means Combined Lenders having in the aggregate 51% of the aggregate total Combined Commitments under the Combined Loan Documents.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make Loans as such commitment may be (a) reduced from time to time pursuant to Section 2.8, (b) reduced or increased from time to time pursuant to Section 2.6 or pursuant to assignments by or to such Lender pursuant to Section 10.4 and (c) terminated pursuant to Sections 4.1, 8.2 or 8.3. The amount of the Commitment represents such Lender's maximum Credit Exposure hereunder. The initial amount of each Lender's Commitment is set forth on Schedule 2.1, or in the Substitution Certificate pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders' Commitments is \$150,000,000.

"Commitment Utilization Margin" means, on any date, if the Combined Commitment Utilization is less than 33%, then an amount equal to zero basis points per annum (0 bps) and, if the Combined Commitment Utilization is greater than or equal to 33%, then an amount equal to 12.5 basis points per annum. Changes in the Commitment Utilization Margin will occur automatically without prior notice.

"Consolidated Tangible Net Worth" means (i) the consolidated shareholder's equity of Parent and its Subsidiaries (determined in accordance with GAAP), less (ii) the amount of consolidated intangible assets of Parent and its Subsidiaries, plus (iii) the aggregate amount of

any non-cash write downs, on a consolidated basis, by Parent and its Subsidiaries during the term hereof.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Loans at such time.

"Debt" of any Person means indebtedness, including capital leases, shown as debt on a consolidated balance sheet of such Person prepared in accordance with GAAP.

"Declining Lenders" is defined in Section 2.6(c).

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"dollars" or "\$" refers to lawful money of the United States of America.

"Environmental Laws" means all applicable federal, state, provincial, territorial or local statutes, laws, ordinances, codes, rules and regulations (including consent decrees and administrative orders) relating to public health and safety, protection of the environment and planning (including, for example and without limitation, the Environmental Protection Act 1986 (WA), Explosives & Dangerous Goods Act 1961 (WA), Mining Act (WA), Clean Air Act 1961 (NSW), Clean Water Act 1970 (NSW), Noise Control Act 1975 (NSW), Dangerous Goods Act 1975 (NSW), Environmentally Hazardous Chemicals Act 1985 (NSW), Waste Minimisation & Management Act 1995 (NSW), Environmental Offences & Penalties Act 1989 (NSW), Pollution Act 1970 (NSW), Environmental Planning & Assessment Act 1979 (NSW) and the Environmental Protection (Impact of Proposals) Act of 1974 Commonwealth of Australia).

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Event of Default" has the meaning assigned to such term in Article VIII.

"Excluded Taxes" means, with respect to any Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by Australia, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits

taxes imposed by Australia or any similar tax imposed by any other jurisdiction in which Borrower is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by Borrower under Section 2.18(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender's failure to comply with Section 2.16(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from Borrower with respect to such withholding tax pursuant to Section 2.16(a).

"Existing Global Credit Facilities" means (i) that certain Credit Agreement [U.S. Credit Agreement], dated as of June 12, 1997, among Apache Corporation, the lenders party thereto, The Chase Manhattan Bank, as global administrative agent, and the other agents party thereto, (ii) that certain Credit Agreement [Australian Credit Agreement], dated as of June 12, 1997, among Apache Energy Limited (CAN 009 301 964) and Apache Oil Australia Pty. Limited (ACN 050 611 688), the lenders party thereto, The Chase Manhattan Bank, as global administrative agent, and the other agents party thereto, (iii) that certain Credit Agreement [Canadian Credit Agreement], dated as of June 12, 1997, among Apache Canada Ltd., the lenders party thereto, The Chase Manhattan Bank, as global administrative agent, and the other agents party thereto, and (iv) that certain 364-Day Credit Agreement, dated as of July 14, 2000, among Apache Corporation, the lenders party thereto, Citibank, N.A., as administrative agent, and the other agents party thereto.

"Facility Fee" is defined in Section 2.11.

"Fitch" means Fitch, Inc. and any affiliate or successor thereto that is a nationally recognized rating agency in the United States.

"Foreign Lender" means any Lender that is not a resident in Australia for purposes of, the Income Tax Assessment Act 1936 (Cth). For purposes of this definition, Australia and each State thereof shall be deemed to constitute a single jurisdiction.

"GAAP" means generally accepted accounting principles as in effect from time to time, applied on a basis consistent with the most recent financial statements of Parent, Borrower and their Subsidiaries delivered to the Lenders pursuant hereto.

"Global Administrative Agent" means JPMorgan Chase Bank, in its capacity as global administrative agent for the Combined Lenders.

"Global Documentation Agent" means Citibank, N.A., in its capacity as global documentation agent for the Combined Lenders.

"Global Effective Date" means a date agreed upon by Parent, Borrower, the Australian Administrative Agent and the Global Administrative Agent as the date on which the conditions specified in Section 4.1 of each Combined Credit Agreement are satisfied (or waived in accordance with Section 10.2 of each Combined Credit Agreement).

"Global Effectiveness Notice" means a notice and certificate of Parent and Borrower properly executed by an Authorized Officer of Parent and Borrower, respectively, addressed to the Combined Lenders and delivered to the Global Administrative Agent and the Australian Administrative Agent, in sufficient number of counterparts to provide one for each such lender and each agent under each Combined Credit Agreement, whereby Parent certifies satisfaction of all the conditions precedent to the effectiveness under Section 4.1 of each Combined Credit Agreement.

"Global Syndication Agent" means Bank of America, N.A., in its capacity as global syndication agent for the Combined Lenders.

"Governmental Authority" means the government of Australia, any other nation or any political subdivision thereof, whether state, provincial, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guaranty" means that certain Deed of Guaranty, dated as of June 3, 2002, by Parent in favor of the Lenders and the other Lender Parties (as defined therein), in substantially the form of Exhibit F or any other form approved by the Global Administrative Agent and the Australian Administrative Agent, as such Guaranty may from time to time be amended, supplemented, restated, reaffirmed or otherwise modified.

"Hazardous Material" means (a) any "hazardous substance," as defined by CERCLA; (b) any "hazardous waste," as defined by the Resource Conservation and Recovery Act; or (c) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance within the meaning of any other Environmental Law.

"Indebtedness" of any Person means all (i) Debt, and (ii) guaranties or other contingent obligations in respect of the Debt of any other Person.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Index Debt" means senior, unsecured, non-credit enhanced, long-term indebtedness for borrowed money of Parent that is not guaranteed by any other Person or subject to any other credit enhancement.

"Interest Election Request" means a request by Borrower to convert or continue a Borrowing in accordance with Section 2.7, in substantially the form of Exhibit E or any other form approved by the Global Administrative Agent and the Australian Administrative Agent.

"Interest Payment Date" means, with respect to any Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Borrowing with an Interest Period of more than three (3) months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three (3) months' duration after the first day of such Interest Period.

"Interest Period" means the period commencing on the date of any Borrowing and ending on the numerically corresponding day, or, with the consent of the Australian Administrative Agent, such other day, in the calendar month that is one, two, three or six months (or, with the consent of each Lender, nine or twelve months) thereafter, as Borrower may elect, provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Judgment Currency" is defined in Section 2.19(b).

"Lenders" means the Persons listed on Schedule 2.1 and any other Person that shall have become a party hereto pursuant to Section 10.4 (including any commercial lending institution becoming a party hereto pursuant to a Substitution Certificate) or otherwise by operation of law, other than any such Person that ceases to be a party hereto pursuant to a Substitution Certificate.

"LIBO Rate" means, with respect to any Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as reasonably determined by the Global Administrative Agent, the Australian Administrative Agent and Borrower from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Borrowing for such Interest Period shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Global Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means any mortgage, pledge, lien, encumbrance, charge, or security interest of any kind, granted or created to secure Indebtedness; provided, however, that, with respect to any prohibitions of Liens on Property, the following transactions shall not be deemed to create a Lien to secure Indebtedness; (i) production payments (as such term is used in the United States) and (ii) liens required by statute and created in favor of Australian governmental entities to secure partial, progress, advance, or other payments intended to be used primarily in connection with air or water pollution control.

"Loan Document" means this Agreement, the Guaranty, any Borrowing Request, any Interest Election Request, any Certificate of Extension, any Substitution Certificate, any

Additional Borrower Counterpart, any election notice, the agreement with respect to fees described in Section 2.11(b) and each other agreement, document or instrument delivered by Borrower or any other Person in connection with this Agreement, as such may be amended from time to time.

"Loans" means the loans made by the Lenders to Borrower pursuant to this Agreement which bear interest at a rate determined by reference to the LIBO Rate.

"Material Adverse Effect" means, as to any matter, that such matter could reasonably be expected to materially and adversely affect the assets, business, properties, condition (financial or otherwise) of Parent and its Subsidiaries taken as a whole. No matter shall be considered to result, or be expected to result, in a Material Adverse Effect unless such matter causes Parent and its Subsidiaries, on a consolidated basis, to suffer a loss or incur a cost equal to at least ten percent (10%) of Parent's Consolidated Tangible Net Worth.

"Maturity Date" means the Original Maturity Date, or such other later date as may result from any extension requested by Borrower and Parent and consented to by some or all of the Lenders pursuant to Section 2.6.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto that is a nationally recognized rating agency in the United States.

"Obligations" means, at any time, the sum of (i) the outstanding principal amount of any Loans plus (ii) all accrued and unpaid interest and Facility Fees plus (iii) all other obligations of Borrower or any Subsidiary to any Lender or any Agent, whether or not contingent, arising under or in connection with any of the Loan Documents.

"Original Maturity Date" means June 3, 2007.

"Other Currency" is defined in Section 2.19(a).

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"Parent" means Apache Corporation, a corporation organized under the laws of the State of Delaware.

"Person" means any natural person, corporation, limited liability company, unlimited liability company, joint venture, partnership, firm, association, trust, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

"Property" means (i) any property owned or leased by Borrower or any Subsidiary, or any interest of Borrower or any Subsidiary in property, which is considered by Borrower to be capable of producing oil, gas, or minerals in commercial quantities, (ii) any interest of Borrower or any Subsidiary in any refinery, processing or manufacturing plant owned or leased by Borrower or any manufacturing plant owned or leased by Borrower or any Subsidiary, (iii) any

interest of Borrower or any Subsidiary in all present and future oil, gas, other liquid and gaseous hydrocarbons, and other minerals now or hereafter produced from any other Property or to which Borrower or any Subsidiary may be entitled as a result of its ownership of any Property, and (iv) all real and personal assets owned or leased by Borrower or any Subsidiary used in the drilling, gathering, processing, transportation, or marketing of any oil, gas, and other hydrocarbons or minerals, except (a) any such real or personal assets related thereto employed in transportation, distribution or marketing or (b) any interest of Borrower or any Subsidiary in, any refinery, processing or manufacturing plant, or portion thereof, which property described in clauses (a) or (b), in the opinion of the Board of Directors of Borrower, is not a principal plant or principal facility in relation to the activities of Borrower and its Subsidiaries taken as a whole.

"Register" has the meaning set forth in Section 10.4.

"Regulation U" means any of Regulations T, U or X of the Board of Governors of the Federal Reserve System of the United States from time to time in effect and shall include any successor or other regulations or official interpretations of said Board or any successor Person relating to the extension of credit for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System or any successor Person.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Replacement Lenders" is defined in Section 2.6(c)(ii).

"Required Lenders" means Lenders having in the aggregate 51% of the aggregate total Commitments, or, if the Commitments have been terminated, Lenders holding 51% of the aggregate unpaid principal amount of the outstanding Obligations.

"Resource Conservation and Recovery Act" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 690, et seq., as amended from time to time.

"Restricted Subsidiary" means any Subsidiary of Borrower or Parent that owns any asset representing or consisting of an entitlement to production from, or other interest in, reserves of oil, gas or other minerals in place located in the United States, Canada or Australia or is otherwise designated by Parent in writing to the Global Administrative Agent.

"S&P" means Standard & Poor's and any successor thereto that is a nationally-recognized rating agency in the United States.

"subsidiary" means, with respect to any Person, any corporation or other similar entity of which more than 50% of the outstanding capital stock (or other equity) having ordinary voting power to elect a majority of the Board of Directors of such corporation or entity (irrespective of whether or not at the time capital stock or any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person.

"Subsidiary" means any subsidiary of Borrower or Parent; provided, however, that in all events the following Persons shall not be deemed to be Subsidiaries of the Parent or any of its Subsidiaries: Apache Offshore Investment Partnership, a Delaware general partnership, Apache Offshore Petroleum Limited Partnership, a Delaware limited partnership, Main Pass 151 Pipeline Company, a Texas general partnership, and Apache 681/682 Joint Venture, a Texas joint venture.

"Substitution Certificate" means a substitution certificate entered into by a Lender and a transferee (with the consent of any party whose consent is required by Section 10.4), and accepted by the Australian Administrative Agent, in substantially the form of Exhibit D or any other form approved by the Australian Administrative Agent.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"364-Day Borrower" means Apache Corporation, a Delaware corporation, and each other Person that becomes a borrower under the 364-Day Credit Agreement.

"364-Day Credit Agreement" means that certain 364-Day Credit Agreement of even date herewith among the 364-Day Borrower, the 364-Day Lenders, the Global Administrative Agent, Bank of America, N.A., and BNP Paribas, as 364-Day co-syndication agents, and Deutsche Bank AG New York Branch, and Societe Generale, as 364-Day co-documentation agents, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"364-Day Lenders" means the financial institutions listed on the signature pages of the 364-Day Credit Agreement and their respective successors and assigns.

"364-Day Loan Documents" means the 364-Day Credit Agreement, any notes, any guaranties, any assignment agreements, and the agreement with respect to fees, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Transactions" means the execution, delivery and performance by Borrower of this Agreement and the other Loan Documents, the borrowing of Loans and the use of the proceeds thereof.

"United States" or "U.S." means the United States of America, its fifty states and the District of Columbia.

"Unrestricted Subsidiary" means any Subsidiary of Borrower that is not a Restricted Subsidiary.

"U.S. Borrower" means Apache Corporation, a Delaware corporation, and each other Person that becomes a borrower under the U.S. Credit Agreement.

"U.S. Credit Agreement" means that certain Credit Agreement of even date herewith among the U.S. Borrower, the U.S. Lenders, the Global Administrative Agent, the Global

Syndication Agent, the Global Documentation Agent, Bank of America, N.A. and Wachovia Bank, National Association, as U.S. co-syndication agents, and Citibank, N.A. and Union Bank of California, N.A., as U.S. co-documentation agents, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"U.S. Lenders" means the financial institutions listed on the signature pages of the U.S. Credit Agreement and their respective successors and assigns.

"U.S. Loan Documents" means the U.S. Credit Agreement, any notes, any assignment agreements, and the agreement with respect to fees, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

SECTION 1.2 [Intentionally omitted].

SECTION 1.3 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.4 Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if Borrower notifies the Australian Administrative Agent and the Global Administrative Agent that Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Australian Administrative Agent and the Global Administrative Agent notify Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II.

The Credits

SECTION 2.1 Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Loans in U.S. Dollars to Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (a) such Lender's Credit Exposure exceeding such Lender's Commitment or (b) the Credit Exposures exceeding the total Commitments. Subject to the conditions set forth herein, Borrower may borrow, prepay and reborrow Loans. Apache Energy Limited and any Additional Borrowers shall be jointly and severally liable for all Obligations.

SECTION 2.2 Loans and Borrowings.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.13, each Borrowing shall be comprised entirely of Loans as Borrower may request in accordance herewith. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 (including any continuation of existing Loans made in connection therewith); provided that a Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments. There shall not at any time be more than a total of ten (10) Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.3 Requests for Borrowings. To request a Borrowing, Borrower shall notify the Australian Administrative Agent of such request by telephone not later than 1:00 p.m., New York time, three Business Days before the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Australian Administrative Agent of a written Borrowing Request in a form approved by the Australian Administrative Agent and signed by Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.2:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(iv) an account or accounts in New South Wales, Australia, Australian Capital Territory, Australia or outside of Australia for payment of the Borrowing previously designated to the Australian Administrative Agent by a written notice executed by two Authorized Officers of Apache Energy Limited and, if applicable, two Authorized Officers of any Additional Borrower.

If no Interest Period is specified with respect to any requested Borrowing, then Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Australian Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.4 [Intentionally omitted].

SECTION 2.5 Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York time, to the account of the Australian Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Australian Administrative Agent will make such Loans available to Borrower by promptly crediting the amounts so received, in like funds, to an account of Borrower maintained in New South Wales, Australia, Australian Capital Territory, Australia or outside of Australia and designated by Borrower from time to time in a written notice to the Australian Administrative Agent executed by two Authorized Officers of Apache Energy Limited and two Authorized Officers of any Additional Borrower.

(b) Unless the Australian Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Australian Administrative Agent such Lender's share of such Borrowing, the Australian Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, but is under no obligation to, make available to Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Australian Administrative Agent, then the applicable Lender and Borrower severally agree to pay to the Australian Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to Borrower to but excluding the date of payment to the Australian Administrative Agent, at (i) in the case of such Lender, at a rate reasonably determined by the Australian Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of Borrower, the interest rate applicable to Loans made in such Borrowing. If such Lender pays such amount to the Australian Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.6 Extension of Maturity Date and of Commitments.

(a) Subject to the other provisions of this Agreement and provided that no Event of Default has occurred and is continuing, the total Commitments shall be effective for an initial period from the Global Effective Date to the Original Maturity Date; provided that the Maturity Date, and concomitantly the total Commitments, may be extended for successive one year periods expiring on the date which is one (1) year from the then scheduled Maturity Date. If Parent and Borrower shall request in a Certificate of Extension delivered to the Australian Administrative Agent and the Global Administrative Agent at least 45 days prior to a date which is an anniversary of the Global Effective Date that the Maturity Date be extended for one year from the then scheduled Maturity Date, then the Australian Administrative Agent shall promptly notify each Lender of such request and each Lender shall notify the Australian Administrative Agent, no later than 30 days prior to such anniversary of the Global Effective Date, whether such Lender, in the exercise of its sole discretion, will extend the Maturity Date for such one year period. Any Lender which shall not timely notify the Australian Administrative Agent whether it will extend the Maturity Date shall be deemed to not have agreed to extend the Maturity Date. No Lender shall have any obligation whatsoever to agree to extend the Maturity Date. Any agreement to extend the Maturity Date by any Lender shall be irrevocable, except as provided in Section 2.6(c).

(b) If all Lenders notify the Australian Administrative Agent pursuant to clause (a) of this Section 2.6 of their agreement to extend the Maturity Date, then the Australian Administrative Agent shall so notify the Global Administrative Agent, each Lender and Borrower, and such extension shall be effective without other or further action by any party hereto for such additional one year period.

(c) If Lenders constituting at least the Required Lenders approve the extension of the then scheduled Maturity Date (such Lenders agreeing to extend the Maturity Date herein called the "Accepting Lenders") and if one or more Lenders shall notify, or be deemed to notify, the Australian Administrative Agent pursuant to clause (a) of this Section 2.6 that they will not extend the then scheduled Maturity Date (such Lenders herein called the "Declining Lenders"), then (A) the Australian Administrative Agent shall promptly so notify Borrower and the Accepting Lenders, (B) the Accepting Lenders shall, upon Borrower's election to extend the then scheduled Maturity Date in accordance with clause (i) or (ii) below, extend the then scheduled Maturity Date and (C) Borrower shall, pursuant to a notice delivered to the Australian Administrative Agent, the Accepting Lenders and the Declining Lenders, no later than the tenth (10th) day following the date by which each Lender is required, pursuant to Section 2.6(a), to approve or disapprove the requested extension of the total Commitments, either:

(i) elect to extend the Maturity Date and direct the Declining Lenders to terminate their Commitments, which termination shall become effective on the date which would have been the Maturity Date except for the operation of this Section. On the date which would have been the Maturity Date except for the operation of this Section, (x) Borrower shall deliver a notice of the effectiveness of such termination to the Declining Lenders with a copy to the Australian Administrative Agent and (y) Borrower shall pay in full in immediately available funds all Obligations of Borrower owing to the Declining Lenders, including any amounts required pursuant to Section 2.15, and (z)

upon the occurrence of the events set forth in clauses (x) and (y), the Declining Lenders shall each cease to be a Lender hereunder for all purposes, other than for purposes of Sections 2.14 through 2.17, Section 2.19 and Section 10.3, and shall cease to have any obligations or any Commitment hereunder, other than to the Agents pursuant to Article IX, and the Australian Administrative Agent shall promptly notify the Accepting Lenders and Borrower of the new Commitments; or

(ii) elect to extend the Maturity Date and, prior to or no later than the then scheduled Maturity Date, (A) to replace one or more of the Declining Lenders with another lender or lenders reasonably acceptable to the Australian Administrative Agent (such lenders herein called the "Replacement Lenders") and (B) Borrower shall pay in full in immediately available funds all Obligations of Borrower owing to any Declining Lenders which are not being replaced, as provided in clause (i) above; provided that (x) any Replacement Lender shall purchase, and any Declining Lender shall sell, such Declining Lender's rights and obligations hereunder without recourse or expense to, or warranty by, such Declining Lender being replaced for a purchase price equal to the aggregate outstanding principal amount of the Obligations payable to such Declining Lender plus any accrued but unpaid interest on such Obligations and accrued but unpaid fees or other amounts owing in respect of such Declining Lender's Loans and Commitments hereunder, and (y) upon the payment of such amounts referred to in clause(x) and the execution of a Substitution Certificate by such Replacement Lender and such Declining Lender, such Replacement Lender shall each constitute a Lender hereunder and such Declining Lender being so replaced shall no longer constitute a Lender (other than for purposes of Sections 2.14 through 2.17, Section 2.19 and Section 10.3), and shall no longer have any obligations hereunder, other than to the Agents pursuant to Article IX; or

(iii) elect to revoke and cancel the extension request in such Certificate of Extension by giving notice of such revocation and cancellation to the Australian Administrative Agent and the Global Administrative Agent (which shall promptly notify the Lenders thereof) no later than the tenth (10th) day following the date by which each Lender is required, pursuant to clause (a) of this Section, to approve or disapprove the requested extension of the Maturity Date, and concomitantly the total Commitments.

If Borrower fails to timely provide the election notice referred to in this clause (c), Borrower shall be deemed to have revoked and cancelled the extension request in the Certificate of Extension and to have elected not to extend the Maturity Date.

SECTION 2.7 Interest Elections.

(a) Each Borrowing shall have an initial Interest Period as specified in the applicable Borrowing Request (or one month if no Interest Period is specified). Thereafter, Borrower may elect to continue such Borrowing and may elect Interest Periods therefor, all as provided in this Section. Borrower may, subject to the requirements of Section 2.2(c), elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, Borrower shall notify the Australian Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.3 if Borrower were requesting a Borrowing resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Australian Administrative Agent of a written Interest Election Request signed by Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.2:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clause (iii) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day; and

(iii) the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Borrowing but does not specify an Interest Period, then Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Australian Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If Borrower fails to deliver a timely Interest Election Request with respect to a Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be continued as a Borrowing with an Interest Period of one month. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Australian Administrative Agent, at the request of the Required Lenders, so notifies Borrower, then, so long as an Event of Default is continuing, unless repaid and provided the Indebtedness has not been accelerated pursuant to Section 8.3, each Borrowing shall be continued as a Borrowing with an Interest Period of one month at the end of the Interest Period applicable thereto.

SECTION 2.8 Termination and Reduction of Commitments.

(a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 and (ii) Borrower shall not

terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.10, the Credit Exposures would exceed the total Commitments.

(c) Borrower shall notify the Australian Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least two Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Australian Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by Borrower (by notice to the Australian Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.9 Repayment of Loans; Evidence of Debt.

(a) Borrower hereby unconditionally promises to pay to the Australian Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan on the Maturity Date or, if earlier, the date on which the Commitment of such Lender relating to such Loan is terminated (except for termination of the Commitment of the assigning Lender pursuant to Section 10.4(b)).

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Australian Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrower to each Lender hereunder and (iii) the amount of any sum received by the Australian Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Australian Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by one or more promissory notes. In such event, Borrower shall prepare, execute and deliver to such Lender promissory notes payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns and in a form approved by the Australian Administrative Agent and the Global Administrative Agent). Thereafter, the Loans evidenced by such promissory

notes and interest thereon shall at all times (including after assignment pursuant to Section 10.4) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if any such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.10 Prepayment of Loans.

(a) Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section.

(b) Borrower shall notify the Australian Administrative Agent by telephone (confirmed by teletype) of any prepayment hereunder not later than 1:00 p.m., New York time, three Business Days before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.8, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.8. Promptly following receipt of any such notice, the Australian Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing as provided in Section 2.2. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.12 and compensation for break funding, to the extent required by Section 2.15.

SECTION 2.11 Fees.

(a) Borrower agrees to pay to the Australian Administrative Agent for the account of each Lender a facility fee (the "Facility Fee"), which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Global Effective Date to but excluding the earlier to occur of (i) the date on which such Commitment terminates (except for termination of the Commitment of the assigning Lender pursuant to Section 10.4(b)) or (ii) the Maturity Date; provided that, if such Lender continues to have any Credit Exposure after its Commitment terminates, then such Facility Fee shall continue to accrue on the daily amount of such Lender's Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Credit Exposure. Accrued Facility Fees shall be payable in arrears on the first day of April, July and October and the second day of January of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; provided that any Facility Fees accruing after the date on which the Commitments terminate shall be payable on demand. All Facility Fees shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) Borrower agrees to pay to the Australian Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between Borrower and the Australian Administrative Agent.

(c) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Australian Administrative Agent for distribution, in the case of Facility Fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.12 Interest.

(a) [Intentionally omitted].

(b) The Loans comprising each Borrowing shall bear interest on the daily amount outstanding at the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraph of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to Borrowings with an Interest Period equal to one month as of the date of determination.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and on the Maturity Date; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion, and (iv) with respect to any Declining Lender, accrued interest shall be paid upon the termination of the Commitment of such Lender.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable LIBO Rate shall be determined by the Australian Administrative Agent, and such determination shall be conclusive absent demonstrable error.

SECTION 2.13 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Borrowing:

(i) the Australian Administrative Agent determines (which determination shall be conclusive absent demonstrable error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period; or

(ii) the Australian Administrative Agent is advised by the Required Lenders that the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost

to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Australian Administrative Agent shall give notice thereof to Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Australian Administrative Agent notifies Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Loans from such Lender then outstanding shall bear interest at such Lender's cost of funds plus the Applicable Rate for the remainder of the Interest Period applicable to such Loan and (ii) until such time as such situation is no longer the case, any Loan made thereafter shall consist of a Loan which bears interest at such Lender's cost of funds plus the Applicable Margin made by such Lender(s) and Loans made by each other Lender; provided that if the circumstances giving rise to such notice do not affect all Interest Periods, then Borrowings with respect to the unaffected Interest Periods shall be permitted.

SECTION 2.14 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender; or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender reasonably determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section (together with the calculation thereof) shall be delivered to Borrower and shall be conclusive absent demonstrable error. Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender notifies Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.15 Break Funding Payments. In the event of (a) the payment of any principal of any Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.10(b) and is revoked in accordance therewith) or (d) the assignment of any Loan other than on the last day of the Interest Period applicable thereto as a result of a request by Borrower pursuant to either Section 2.6 or Section 2.18, then, in any such event, Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive, together with the calculation thereof, pursuant to this Section shall be delivered to Borrower and to the Australian Administrative Agent and shall be conclusive absent demonstrable error. Borrower shall pay to the Australian Administrative Agent for the account of such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.16 Taxes.

(a) Any and all payments by or on account of any obligation of Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Australian Administrative Agent, the Global Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower shall make such deductions and (iii) Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Borrower shall pay the Australian Administrative Agent, the Global Administrative Agent and each Lender, within 10 days after written demand therefor, the full amount of any Indemnified Taxes or Other Taxes paid by the Australian Administrative Agent, the Global Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto (other than any such penalties or interest arising through the failure of the Australian Administrative Agent, the Global Administrative Agent or Lender to act as a reasonably prudent agent or lender, respectively), whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by a Lender, or by either the Australian Administrative Agent or the Global Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent demonstrable error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by Borrower to a Governmental Authority, Borrower shall deliver to the Australian Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Australian Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to Borrower (with a copy to the Australian Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate.

(f) The Borrower shall (i) pay any stamp duty arising in connection with any Loan Document and (ii) reimburse any Lender for any goods and services tax that it is liable to pay on a supply made in connection with any Loan Document.

SECTION 2.17 Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or of amounts payable under Section 2.14, 2.15 or 2.16, or otherwise) prior to 1:00 p.m., New York time, on the date when due, in immediately available funds, without set-off or counterclaim. All such payments shall be made to the Australian Administrative Agent, c/o Citibank N.A., 399 Park Avenue, New York, NY USA 10043, for account Citibank N.A., Hong Kong (A/c No. 10990845), for further credit to Citicorp International Limited Attention: Agency Department, Ref: Apache, except that payments pursuant to Sections 2.14, 2.16 and 10.3 shall be made directly to the Persons entitled thereto. The Australian Administrative Agent shall distribute any such payments received by it for the

account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Australian Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties. If insufficient funds are received due to Borrower's entitlement to withhold amounts on account of Excluded Taxes in relation to a particular Lender, such insufficiency shall not be subject to this Section 2.17(b) but shall be withheld from and shall only affect payments made to such Lender.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of Borrower in the amount of such participation.

(d) Unless the Australian Administrative Agent shall have received notice from Borrower prior to the date on which any payment is due to the Australian Administrative Agent for the account of the Lenders hereunder that Borrower will not make such payment, the Australian Administrative Agent may assume that Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, but is under no obligation to, distribute to the Lenders the amount due. In such event, if Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Australian Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but

excluding the date of payment to the Australian Administrative Agent, at a rate reasonably determined by the Australian Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.17(d), then the Australian Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Australian Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Section until all such unsatisfied obligations are fully paid.

SECTION 2.18 Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 2.14, or if Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to transfer its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or transfer (i) would eliminate or reduce amounts payable pursuant to Section 2.14 or 2.16, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or transfer.

(b) If any Lender requests compensation under Section 2.14, or if Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, or if any Lender defaults in its obligation to fund Loans hereunder, then Borrower may, upon notice to such Lender and the Australian Administrative Agent and the Global Administrative Agent, require such Lender to transfer and delegate, without recourse or expense to, or warranty by, such Lender (in accordance with and subject to the restrictions contained in Section 10.4), all its interests, rights and obligations under this Agreement to a transferee designated by Borrower and which meets the requirements of Section 10.4(b) that shall assume such obligations (which transferee may be another Lender, if a Lender accepts such transfer); provided that (i) Borrower shall have received the prior written consent of the Australian Administrative Agent and the Global Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the transferee (to the extent of such outstanding principal and accrued interest and fees) or Borrower (in the case of all other amounts), (iii) the transferee and transferor shall have entered into a Substitution Certificate, and (iv) in the case of any such transfer resulting from a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16, such transfer will result in a reduction in such compensation or payments.

SECTION 2.19 Currency Conversion and Currency Indemnity.

(a) Payments in Agreed Currency. Borrower shall make payment relative to any Obligation in the currency (the "Agreed Currency") in which the Obligation was effected. If any

payment is received on account of any Obligation in any currency (the "Other Currency") other than the Agreed Currency (whether voluntarily or pursuant to an order or judgment or the enforcement thereof or the realization of any security or the liquidation of Borrower or otherwise howsoever), such payment shall constitute a discharge of the liability of Borrower hereunder and under the other Loan Documents in respect of such obligation only to the extent of the amount of the Agreed Currency which the relevant Lender or Agent, as the case may be, is able to purchase with the amount of the Other Currency received by it on the Business Day next following such receipt in accordance with its normal procedures and after deducting any premium and costs of exchange.

(b) Conversion of Agreed Currency into Judgment Currency. If, for the purpose of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due in the Agreed Currency then the conversion shall be made on the basis of the rate of exchange prevailing on the next Business Day following the date such judgment is given and in any event Borrower shall be obligated to pay the Agents and the Lenders any deficiency in accordance with Section 2.19(c). For the foregoing purposes "rate of exchange" means the rate at which the relevant Lender or Agent, as applicable, in accordance with its normal banking procedures is able on the relevant date to purchase the Agreed Currency with the Judgment Currency after deducting any premium and costs of exchange.

(c) Circumstances Giving Rise to Indemnity. If (i) any Lender or any Agent receives any payment or payments on account of the liability of Borrower hereunder pursuant to any judgment or order in any Other Currency, and (ii) the amount of the Agreed Currency which the relevant Lender or Agent, as applicable, is able to purchase on the Business Day next following such receipt with the proceeds of such payment or payments in accordance with its normal procedures and after deducting any premiums and costs of exchange is less than the amount of the Agreed Currency due in respect of such obligations immediately prior to such judgment or order, then Borrower on demand shall, and Borrower hereby agrees to, indemnify and save the Lenders and the Agents harmless from and against any loss, cost or expense arising out of or in connection with such deficiency.

(d) Indemnity Separate Obligation. The agreement of indemnity provided for in Section 2.19(c) shall constitute an obligation separate and independent from all other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lenders or Agents or any of them from time to time, and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

SECTION 2.20 Additional Borrowers.

(a) A Person which is a Restricted Subsidiary which is a resident of, and domiciled in, Australia may become an Additional Borrower with respect hereto, and shall be bound by and entitled to the benefits and obligations of this Agreement as a Borrower hereunder to the same extent as any other Borrower, upon the fulfillment of the following conditions:

(i) Resolutions and Officers' Certificates. Such Person shall deliver all the items identified in Section 4.1(a) with respect to such Person.

(ii) Certificate. An Authorized Officer of each Borrower shall have delivered to the Global Administrative Agent and the Australian Administrative Agent a certificate stating that such Person is a Restricted Subsidiary of the Parent which is resident of, and domiciled in, Australia.

(iii) No Default. No Default or Event of Default shall have occurred and be continuing.

(iv) Representations and Warranties. The representations and warranties in Article III hereto are true and correct with respect to such Person, mutatis mutandis, as of the date such Person executes the Additional Borrower Counterpart described in clause (v) below.

(v) Additional Borrower Counterpart. Such Person shall execute an Additional Borrower Counterpart to this Agreement, substantially in the form of Exhibit G (the "Additional Borrower Counterpart") or such other agreement in form and substance satisfactory to the Global Administrative Agent and the Australian Administrative Agent.

(vi) Opinions of Counsel. The Global Administrative Agent and the Australian Administrative Agent shall have received legal opinions, dated as of the date such Person executes the Additional Borrower Counterpart described above, addressed to the Agents and the Lenders, having substantially the same coverage as those opinions attached hereto as Exhibits A and B and in form and substance acceptable to the Global Administrative Agent and the Australian Administrative Agent, in their reasonable discretion.

(vii) Approval. The Global Administrative Agent and the Australian Administrative Agent shall have approved the addition of such Person as an Additional Borrower, such approval not to be unreasonably withheld.

(b) Upon fulfillment of the conditions in this Section 2.20(a), the Global Administrative Agent will promptly notify each Lender of the date that such Person becomes an Additional Borrower hereunder.

ARTICLE III.

Representations and Warranties

In order to induce the Lenders and the Agents to enter into this Agreement and the Lenders to make Loans hereunder, Borrower represents and warrants unto the Agents and each Lender as set forth in this Article III.

SECTION 3.1 Organization. Borrower is a corporation, and each of its Subsidiaries is a corporation or other legal entity, in either case duly incorporated or otherwise

properly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority, permits and approvals, and is in good standing to conduct its business in each jurisdiction in which its business is conducted where the failure to so qualify would have a Material Adverse Effect.

SECTION 3.2 Authorization and Validity. The execution, delivery and performance by Borrower of this Agreement and each other Loan Document executed or to be executed by it, are within the corporate powers of Borrower, have been duly authorized by all necessary corporate action on behalf of it, and do not (a) contravene the certificate or articles of incorporation or memorandum or other organizational documents of Borrower; (b) contravene any material contractual restriction, law or governmental regulation or court decree or order binding on or affecting Borrower or any Subsidiary; or (c) result in, or require the creation or imposition of, any Lien, not permitted by Section 7.1, on any of properties of Borrower or any of its Subsidiaries. This Agreement constitutes, and each other Loan Document executed by Borrower will, on the due execution and delivery thereof, constitute, the legal, valid and binding obligations of Borrower enforceable in accordance with their respective terms subject as to enforcement only to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditor rights generally and to general principles of equity.

SECTION 3.3 Government Approval and Regulation. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by Borrower of this Agreement or any other Loan Document. Neither Parent, Borrower nor any of their Subsidiaries is an "investment company," within the meaning of the Investment Company Act of 1940, as amended, or a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 3.4 Superannuation Scheme. Borrower administers a defined benefit superannuation fund (as described in the Superannuation Industry (Supervision) Act 1993 (the "SIS Act") and Parent, Borrower and their Subsidiaries liabilities under such fund do not in the aggregate exceed \$25,000,000.

SECTION 3.5 Regulation U. Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of any Loans will be used for a purpose which violates, or would be inconsistent with, Regulation U. Terms for which meanings are provided in Regulations U are used in this Section with such meanings.

SECTION 3.6 Taxes. Borrower and each of its Subsidiaries has to the best knowledge of Borrower after due investigation filed all tax returns and reports required by law to have been filed by it and has paid all taxes and governmental charges thereby shown to be owing, except any such taxes or charges which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or which the failure to file or pay could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.7 Subsidiaries; Restricted Subsidiaries. Schedule 3.7 hereto contains an accurate list of all of the presently existing Subsidiaries, including, without limitation, Restricted Subsidiaries, of Borrower as of the date of this Agreement, setting forth their respective jurisdictions of incorporation or organization and the percentage of their respective capital stock or, the revenue share attributable to the general and limited partnership interests, as the case may be, owned by Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock of such Subsidiaries which are corporations have been duly authorized and issued and are fully paid and non-assessable.

ARTICLE IV.

Conditions

SECTION 4.1 Effectiveness. This Agreement shall become effective upon the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 4.1.

- (a) Resolutions and Officers Certificates. The Australian Administrative Agent and the Global Administrative Agent shall have received from Borrower a certificate, dated the Global Effective Date, of the Secretary or Assistant Secretary of Borrower as to (i) resolutions of its governing board, then in full force and effect authorizing the execution, delivery and performance of this Agreement and each other Loan Document to be executed by it; (ii) the incumbency and signatures of those of its officers authorized to act with respect to this Agreement and each other Loan Document executed by it; and (iii) its articles of incorporation and bylaws; upon which certificates each Lender may conclusively rely until it shall have received a further certificate of an authorized officer of Borrower canceling or amending such prior certificate.
- (b) Existing Facilities. The Australian Administrative Agent and the Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Parent and each Borrower, stating that Parent or its Subsidiaries have repaid in full and terminated the Existing Global Credit Facilities concurrently with the effectiveness of the Combined Credit Agreements.
- (c) Opinions of Counsel. The Global Administrative Agent shall have received opinions, dated the Global Effective Date, addressed to the Australian Administrative Agent and the Global Administrative Agent, the other Agents and all Lenders, from (i) Allens, Arthur Robinson, counsel to Borrower, in substantially the form attached hereto as Exhibit A, and (ii) Chamberlain, Hrdlicka, White, Williams & Martin, U.S. counsel to Borrower, in substantially the form attached hereto as Exhibit B.
- (d) Closing Fees and Expenses. The Australian Administrative Agent shall have received for its own account, or for the account of each Lender and other Agent, as the case may be, all fees, costs and expenses due and payable pursuant hereto.

- (e) Financial Statements. The Australian Administrative Agent and the Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Borrower, stating that (i) the audited consolidated financial statements of Parent and its Subsidiaries for fiscal year 2001 and (ii) the report and accompanying financial statements of Parent, Borrower and its Subsidiaries for fiscal year 2001 (collectively, the "2001 Financials") fairly present Parent's and Borrower's consolidated financial condition and results of operations and that prior to the Global Effective Date no material adverse change in the condition or operations of Parent or Borrower and its Subsidiaries, taken as a whole, from that reflected in the 2001 Financials has occurred and is continuing.
- (f) Environmental Warranties. In the ordinary course of its business, each Borrower conducts an ongoing review of the effect of existing Environmental Laws on the business, operations and properties of each Borrower and their Subsidiaries, in the course of which it attempts to identify and evaluate associated liabilities and costs (including, without limitation, any capital or operating expenditures required for clean-up or closure of properties presently or previously owned, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of this review, the Australian Administrative Agent and the Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of each Borrower, stating that after such review each Borrower has reasonably concluded that existing Environmental Laws are unlikely to have a Material Adverse Effect, or that each Borrower has established adequate reserves in respect of any required clean-up.
- (g) Global Effectiveness Notice. The Australian Administrative Agent and the Global Administrative Agent shall have received the Global Effectiveness Notice.
- (h) Other Combined Credit Agreements. The Australian Administrative Agent shall have received copies of the executed (i) U.S. Credit Agreement and the other U.S. Loan Documents, (ii) Canadian Credit Agreement and the other Canadian Loan Documents and (iii) 364-Day Credit Agreement and the other 364-Day Loan Documents.
- (i) Guaranty. The Australian Administrative Agent and the Global Administrative Agent shall have received an executed Guaranty for Borrower.
- (j) Litigation. The Australian Administrative Agent and the Global Administrative Agent shall have received a certificate, signed by an Authorized Officer of Parent, stating that no litigation, arbitration, governmental proceeding, Tax claim, dispute or administrative or other proceeding shall be pending or, to the knowledge of Parent, threatened against Parent or any of its Subsidiaries which could

reasonably be expected to have a Material Adverse Effect or which purports to affect the legality, validity or enforceability of this Agreement or any other Loan Document.

- (k) Other Documents. The Australian Administrative Agent and the Global Administrative Agent shall have received such other instruments and documents as any of the Agents or their counsel may have reasonably requested.

The Australian Administrative Agent shall notify Borrower, the other Agents and the Lenders of the Global Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.2) at or prior to 3:00 p.m., New York City time, on July 31, 2002 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 4.2 All Loans. The obligation of each Lender to fund any Loan which results in an increase in the aggregate outstanding principal amount of Loans under this Agreement on the occasion of any Borrowing shall be subject to the satisfaction of each of the conditions precedent set forth in this Section 4.2.

- (a) Compliance with Warranties and No Default. Both before and after giving effect to any Borrowing, the following statements shall be true and correct: (1) the representations and warranties set forth in Article III shall be true and correct with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct as of such earlier date); and (b) no Default or Event of Default shall have then occurred and be continuing.
- (b) Borrowings. The Australian Administrative Agent shall have received a Borrowing Request for any Borrowing.

ARTICLE V.

Affirmative Covenants

Until the Commitments have expired or been terminated and all Obligations shall have been paid in full and unless the Required Lenders shall otherwise consent in writing, Borrower covenants and agrees with the Lenders that:

SECTION 5.1 Financial Reporting and Notices. Borrower will furnish, will cause to be furnished or will assist Parent in furnishing, to each Lender, the Australian Administrative Agent and the Global Administrative Agent copies of the following financial statements, reports, notices and information:

- (a) within 90 days after the end of each Fiscal Year of Borrower, a copy of the financial statements for Borrower and its Subsidiaries for such fiscal year, including therein consolidated balance sheets of Borrower and its Subsidiaries as of the end of such fiscal year and consolidated statements of earnings and cash

flow of Borrower and its Subsidiaries for such fiscal year, all prepared in accordance with GAAP in each case certified by an Authorized Officer of Borrower, such signature deemed to be a certification that such financial statements present fairly in accordance with GAAP the financial position of Borrower and its Subsidiaries;

- (b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of Borrower commencing with the fiscal quarter ending June 30, 2002, unaudited consolidated balance sheets of Borrower and its Subsidiaries as of the end of such fiscal quarter and consolidated statements of earnings and cash flow of Borrower and its Subsidiaries for such fiscal quarter and for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal quarter, all prepared in accordance with GAAP certified by an Authorized Officer of Borrower, such signature deemed to be a certification that such financial statements present fairly in accordance with GAAP the financial position of Borrower and its Subsidiaries;
- (c) together with the financial statements described in (a) and (b) above, a compliance certificate, in substantially the form of Exhibit C or any other form approved by the Australian Administrative Agent and the Global Administrative Agent, executed by an Authorized Officer of Parent, an Authorized Officer of Apache Energy Limited and an Authorized Officer of any Additional Borrower;
- (d) within five (5) days after the occurrence of each Default, a statement of an Authorized Officer of Parent and an Authorized Officer of Borrower setting forth details of such Default and the action which Parent and Borrower have taken and proposes to take with respect thereto;
- (e) promptly after the sending or filing thereof, copies of all material public filings, reports and communications from Parent or Borrower, and all reports and registration statements which Parent or Borrower or any of their Subsidiaries files with the Securities and Exchange Commission, any national securities exchange or any federal securities regulatory body in Australia;
- (f) such other information respecting the financial condition or operations of Borrower or any of its Subsidiaries as any Lender through the Australian Administrative Agent may from time to time reasonably request.

SECTION 5.2 Compliance with Laws. Borrower will, and will cause each of its Subsidiaries to, comply in all material respects with all applicable laws, rules, regulations and orders where noncompliance therewith may reasonably be expected to have a Material Adverse Effect, except where the necessity of compliance therewith is contested in good faith by appropriate proceedings.

SECTION 5.3 Maintenance of Properties. Borrower will, and will cause each of its Subsidiaries to, maintain, preserve, protect and keep valid title to, or valid leasehold interest in, all of its properties and assets, real and personal, tangible and intangible, of any nature

whatsoever (including patents, trademarks, trade names, service marks and copyrights), free and clear of all Liens, charges or claims (including infringement claims with respect to patents, trademarks, copyrights and the like) except as permitted pursuant to Section 7.1 and except for imperfections and other burdens of title thereto as do not in the aggregate materially detract from the value thereof or for the use thereof in their businesses (taken as a whole).

SECTION 5.4 Insurance. Borrower will, and will cause each of its Subsidiaries to, maintain or cause to be maintained with responsible insurance companies (subject to self-insured retentions) insurance with respect to its properties and business against such casualties and contingencies and of such types and in such amounts as is customary in the case of similar businesses.

SECTION 5.5 Books and Records. Borrower will, and will cause each of its Subsidiaries to, keep books and records which accurately reflect all of its business affairs and transactions and permit the Australian Administrative Agent or the Global Administrative Agent and the other Agents and each Lender through the Australian Administrative Agent or the Global Administrative Agent or any of their respective authorized representatives, during normal business hours and at reasonable intervals, to visit all of its offices, to discuss its financial matters with its officers and to examine (and, at the expense of the Australian Administrative Agent, the Global Administrative Agent or such other Agent or Lender or, if a Default or Event of Default has occurred and is continuing, at the expense of Borrower, photocopy extracts from) any of its books or other records.

SECTION 5.6 Minimum Book Value for Assets of Parent and Its Restricted Subsidiaries. Parent shall maintain an aggregate book value for assets of Parent and its Restricted Subsidiaries (without duplication and excluding the aggregate book value attributable to Parent or any Restricted Subsidiary arising in connection with any Subsidiary which is not a Restricted Subsidiary) as of the end of any fiscal quarter, commencing with the quarter ending March 31, 2002, equal to or greater than the difference of (i) \$2,000,000,000 less (ii) the aggregate amount of any non-cash write downs (other than for recurring depletion or depreciation) made by Parent and any Restricted Subsidiary; provided that, if as of the end of any fiscal quarter Parent is not in compliance with this Section, Parent, for a period of 30 days following the delivery of the financial statements for such fiscal quarter, shall be entitled to cure such non-compliance by delivering a notice to the Global Administrative Agent designating certain Unrestricted Subsidiaries as Restricted Subsidiaries for the purposes of this Agreement at which time the Global Administrative Agent shall redetermine compliance with this Section using such newly-designated Restricted Subsidiaries in such redetermination.

SECTION 5.7 Use of Proceeds. Borrower will, and will cause each Subsidiary to, use the proceeds of the Loans (i) to refinance existing Indebtedness of Borrower and its Subsidiaries or (ii) for Borrower's and its Subsidiaries' general corporate purposes, including any non-hostile acquisitions.

SECTION 5.8 Borrowing Request. It is a condition precedent to the operation of this Article V that Borrower has submitted a Borrowing Request to the Australian Administrative Agent.

ARTICLE VI.

Financial Covenants

Until the Commitments have expired or been terminated and all Obligations shall have been paid in full and unless the Required Lenders shall otherwise consent in writing, Borrower covenants and agrees with the Lenders that:

SECTION 6.1 Minimum Tangible Net Worth. Parent will not permit its Consolidated Tangible Net Worth as of the end of any fiscal quarter, commencing with the quarter ending December 31, 2001, to be less than (i) \$2,000,000,000 plus (ii) an amount equal to 50% of the sum of Parent's and its Subsidiaries' consolidated net income for each fiscal quarter, beginning with the fiscal quarter ending March 31, 2002, during which such consolidated net income is greater than \$0.

SECTION 6.2 Ratio of Total Debt to Capital. Parent will not permit its ratio (expressed as a percentage) of (i) the consolidated Debt of Parent and its Subsidiaries to (ii) Capital to be greater than 60% at the end of any fiscal quarter beginning with the fiscal quarter ending June 30, 2002.

ARTICLE VII.

Negative Covenants

Until the Commitments have expired or terminated and all Obligations have been paid in full and unless the Required Lenders shall otherwise consent in writing, Borrower covenants and agrees with the Lenders that:

SECTION 7.1 Liens. Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon the stock, assets, or indebtedness of Borrower or any of its Subsidiaries to secure Indebtedness of Borrower or any other Person except:

- (i) Liens on any property or assets owned or leased by Borrower or any Subsidiary existing at the time such property or asset was acquired (or at the time such Person became a Subsidiary); provided that in the case of the acquisition of a Subsidiary such Lien only encumbers property or assets immediately prior to, or at the time of, the acquisition by Borrower of such Subsidiary;
- (ii) purchase money Liens so long as such Liens only encumber property or assets acquired with the proceeds of the purchase money indebtedness incurred in connection with such Lien;
- (iii) Liens granted by an Unrestricted Subsidiary on its assets to secure Indebtedness incurred by such Unrestricted Subsidiary;
- (iv) Liens on assets of a Restricted Subsidiary securing Indebtedness of a Restricted Subsidiary owing to Borrower, to Parent or to another Restricted Subsidiary or

Liens on assets of an Unrestricted Subsidiary securing Indebtedness of an Unrestricted Subsidiary owing to Borrower, to Parent, to a Restricted Subsidiary or to another Unrestricted Subsidiary;

- (v) Liens existing on the Global Effective Date set forth on Schedule 7.1;
- (vi) Liens arising under operating agreements;
- (vii) Liens reserved in oil, gas and/or mineral leases for bonus rental payments and for compliance with the terms of such leases;
- (viii) Liens pursuant to partnership agreements, oil, gas and/or mineral leases, farm-out agreements, division orders, contracts for the sale, delivery, purchase, exchange, or processing of oil, gas and/or other hydrocarbons, unitization and pooling declarations and agreements, operating agreements, development agreements, area of mutual interest agreements, forward sales of oil, natural gas and natural gas liquids, and other agreements which are customary in the oil, gas and other mineral exploration, development and production business and in the business of processing of gas and gas condensate production for the extraction of products therefrom;
- (ix) Liens on the stock or other ownership interests of or in any Unrestricted Subsidiary;
- (x) Liens for taxes, assessments or similar charges, incurred in the ordinary course of business, that are not yet due and payable or that are being contested as set forth in Section 3.6;
- (xi) pledges or deposits made in the ordinary course of business to secure payment of worker's compensation, or to participate in any fund in connection with worker's compensation, unemployment insurance, old-age pensions or other social security programs;
- (xii) Liens imposed by mandatory provisions of law such as for mechanics', materialmen's, warehousemen's, carriers', or other like Liens, securing obligations incurred in the ordinary course of business that are not yet due and payable;
- (xiii) Liens in renewal or extension of any of the foregoing permitted Liens, so long as limited to the property or assets encumbered and the amount of Indebtedness secured immediately prior to such renewal or extension; and
- (xiv) in addition to Liens permitted by clauses (i) through (xiii) above, Liens on property or assets of Parent, Borrower and any of their Subsidiaries if the aggregate Indebtedness of all such Persons secured thereby does not exceed \$100,000,000.

SECTION 7.2 Mergers. Borrower will not liquidate or dissolve, amalgamate with, consolidate with, or merge into or with, any other Person, or sell, lease or otherwise transfer all or substantially all of its assets unless (a) Borrower is the survivor of such amalgamation, merger or consolidation, and (b) no Default or Event of Default has occurred and is continuing or would occur after giving effect thereto.

SECTION 7.3 Asset Dispositions. Borrower will not, and will not permit any of its Restricted Subsidiaries to, sell, transfer, lease, contribute or otherwise convey, or grant options, warrants or other rights with respect to all or substantially all of its assets. Notwithstanding the foregoing, nothing herein shall prohibit any transfer of any assets from any Borrower to any Subsidiary of such Borrower, from any Subsidiary of a Borrower to such Borrower or from a Subsidiary of a Borrower to another Subsidiary of such Borrower.

SECTION 7.4 Transactions with Affiliates. Borrower will not, and will not permit any of its Subsidiaries to, enter into, or cause, suffer or permit to exist any arrangement or contract with any of its other Affiliates unless such arrangement or contract or group of arrangements or contracts, as the case may be, are conducted on an arms-length basis.

SECTION 7.5 Restrictive Agreements. Borrower will not, and will not permit any of its Subsidiaries to, enter into any agreement (excluding this Agreement or any other Loan Document) limiting the ability of Borrower to amend or otherwise modify this Agreement or any other Loan Document. Borrower will not, and will not permit any of its Restricted Subsidiaries to, enter into any agreement which restricts or prohibits the ability of any Restricted Subsidiary to make any payments, directly or indirectly, to Borrower by way of dividends, advances, repayments of loans or advances, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments, or any other agreement or arrangement which restricts the ability of any such Restricted Subsidiary to make any payment, directly or indirectly, to Borrower.

SECTION 7.6 Guaranties. Parent and Borrower will not, and will not permit any of its Restricted Subsidiaries to, guaranty any Indebtedness not included in the consolidated Debt of Parent and its Subsidiaries in an aggregate outstanding principal amount at any time exceeding \$100,000,000.

ARTICLE VIII.

Events of Default

SECTION 8.1 Listing of Events of Default. Each of the following events or occurrences described in this Section 8.1 shall constitute an "Event of Default":

- (a) Non-Payment of Obligations. Borrower shall default in the payment or prepayment when due of any principal of any Loan, or Borrower shall default (and such default shall continue unremedied for a period of five (5) Business Days) in the payment when due of any interest, fee or of any other obligation hereunder.

- (b) Breach of Warranty. Any representation or warranty of Borrower made or deemed to be made hereunder or in any other Loan Document or any other writing or certificate furnished by or on behalf of Borrower to the Global Administrative Agent, the Australian Administrative Agent, any other Agent or any Lender for the purposes of or in connection with this Agreement or any such other Loan Document is or shall be false or misleading when made in any material respect.
- (c) Non-Performance of Covenants and Obligations. Borrower or Parent shall default in the due performance and observance of any of its obligations under Section 5.6, Section 7.2 or under Article VI.
- (d) Non-Performance of Other Covenants and Obligations. Borrower or Parent shall default in the due performance and observance of any other agreement contained herein or in any other Loan Document, and such default shall continue unremedied for a period of 30 days after notice thereof shall have been given to Borrower by the Global Administrative Agent, the Australian Administrative Agent, or the Required Lenders.
- (e) Default on Other Indebtedness. A default shall occur in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any direct payment obligation of Parent, Borrower or any of its Restricted Subsidiaries in any amount in excess of \$25,000,000.
- (f) [Intentionally omitted].
- (g) Administration, Winding Up, Arrangements and Insolvency. Borrower or any of its Restricted Subsidiaries shall (a) become or under legislation is presumed or taken to be insolvent or generally fail to pay, or admit in writing its inability or unwillingness to generally pay, debts as they become due; (b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, receiver and manager sequestrator, liquidator, provisional liquidator, administrator or other custodian for Borrower, or any of its Restricted Subsidiaries, or any substantial part of the property of any thereof, or make a general assignment for the benefit of creditors; (c) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of an administrator, trustee, receiver, receiver and manager, sequestrator, liquidator, provisional liquidator, administrator or other custodian for Borrower, or any of its Restricted Subsidiaries, or for a substantial part of the property of any thereof, and such administrator, trustee, receiver, receiver and manager sequestrator, liquidator, provisional liquidator, administrator or other custodian shall not be discharged within 60 days, provided that Borrower and each Restricted Subsidiary hereby expressly authorizes the Global Administrative Agent, the Australian Administrative Agent, each other Agent and each Lender to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; (d) permit or suffer to exist the commencement of any bankruptcy, insolvency, reorganization, debt arrangement, compromise or composition with or assignment

for the benefit of its creditors or a class of them, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up, administration or liquidation proceeding, in respect of Borrower or any of its Restricted Subsidiaries, and, if any such case or proceeding is not commenced by Borrower or such Restricted Subsidiary, such case or proceeding shall be consented to or acquiesced in by Borrower or such Restricted Subsidiary or shall result in the entry of an order for relief or shall remain for 60 days undismissed or an investigation into all or part of the affairs of Borrower under companies legislation, provided that Borrower and each Restricted Subsidiary hereby expressly authorizes the Global Administrative Agent, the Australian Administrative Agent, and each Lender to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or (e) take any corporate or partnership action authorizing, or in furtherance of, any of the foregoing.

- (h) Judgments. Any judgment or order for the payment of money in an amount of \$25,000,000 or more in excess of valid and collectible insurance in respect thereof or in excess of an indemnity with respect thereto reasonably acceptable to the Required Lenders shall be rendered against Parent, Borrower or any of their Restricted Subsidiaries and either (a) enforcement proceedings shall have been commenced by any creditor upon such judgment or order, or (b) such judgment shall have become final and non-appealable and shall have remained outstanding for a period of 60 consecutive days.
- (i) Change in Control. Parent fails to own or control, directly or indirectly, all of the voting shares of Borrower.
- (j) Event of Default under other Combined Loan Documents. Any "Event of Default" as defined in the U.S. Loan Documents, the Canadian Loan Documents or the 364-Day Loan Documents shall occur; provided that the occurrence of a "Default" as defined in the U.S. Loan Documents, the Canadian Loan Documents or the 364-Day Loan Documents shall constitute a Default under this Agreement; provided further that if such "Default" is cured or waived under the U.S. Loan Documents, the Canadian Loan Documents or the 364-Day Loan Documents, as applicable, then such "Default" shall no longer constitute a Default under this Agreement.
- (k) Enforcement Against Assets. A receiver, receiver and manager or similar officer is appointed to, Liens are enforced over or distresses, attachments or other executions are levied or enforced over all or any of the assets and undertaking of Borrower in excess of \$25,000,000 in the aggregate.

SECTION 8.2 Action if Administration, Winding Up, Arrangements and Insolvency. If any Event of Default described in Section 8.1(g) shall occur, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Loans and all other obligations hereunder shall automatically be and become immediately due and payable, without notice or demand.

SECTION 8.3 Action if Other Event of Default. If any Event of Default (other than any Event of Default described in Section 8.2) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Australian Administrative Agent, upon the direction of the Required Lenders, shall by notice to Borrower declare all of the outstanding principal amount of the Loans and all other obligations hereunder to be due and payable and the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other obligations shall be and become immediately due and payable, without further notice, demand or presentment, and the Commitments shall terminate.

ARTICLE IX.

Agents

Each of the Lenders hereby irrevocably appoints JPMorgan Chase Bank as Global Administrative Agent, Bank of America, N.A. as Global Syndication Agent, Citibank, N.A. as Global Documentation Agent, Citisecurities Limited (ABN 51 008 489 610) as Australian Administrative Agent, Bank of America, N.A., Sydney Branch (ARBN 064 874 531) and Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162), as Australian Co-Syndication Agents, and Royal Bank of Canada (ABN 86 076 940 880) and Bank One, NA, Australia Branch (ARBN 065 752 918) as Australian Co-Documentation Agents, and authorizes each such Agent to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

Any bank serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with Borrower or any Subsidiary or other Affiliate thereof as if it were not an Agent hereunder.

The Agents shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Agents shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) each Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that such Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2), and (c) except as expressly set forth herein, the Agents shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as such Agent or any of its Affiliates in any capacity. Each Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2) or in the absence of its own gross negligence or willful misconduct. Each Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to such Agent by Borrower or a Lender, and such Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document

delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to such Agent.

The Australian Administrative Agent, the Global Administrative Agent and the other Agents shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Australian Administrative Agent, the Global Administrative Agent and the other Agents also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Australian Administrative Agent, the Global Administrative Agent and the other Agents may consult with legal counsel (who may be counsel for Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Any Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by such Agent. Any Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of such Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as an Agent.

Subject to the appointment and acceptance of a successor Global Administrative Agent or Australian Administrative Agent as provided in this paragraph, the Global Administrative Agent or the Australian Administrative Agent may resign at any time by notifying the Lenders and Borrower. Upon any such resignation, Borrower shall have the right, in consultation with the Combined Required Lenders, to appoint one of the Lenders as a successor. If no successor shall have been so appointed by Borrower and shall have accepted such appointment within 30 days after the retiring Global Administrative Agent or Australian Administrative Agent gives notice of its resignation, then the retiring Global Administrative Agent or Australian Administrative Agent may, on behalf of the Lenders, appoint a successor Global Administrative Agent or Australian Administrative Agent which shall be a bank with an office in New York, New York, or Sydney, Australia, respectively, or an Affiliate of any such bank. Upon the acceptance of its appointment as Global Administrative Agent or Australian Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Global Administrative Agent or Australian Administrative Agent, and the retiring Global Administrative Agent or Australian Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by Borrower to a successor Global Administrative Agent or Australian Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such successor. After the Global Administrative Agent's or Australian Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.3 shall continue in effect for the benefit of such retiring

Global Administrative Agent or Australian Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Global Administrative Agent or Australian Administrative Agent, respectively.

Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

ARTICLE X.

Miscellaneous

SECTION 10.1 Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to Borrower, to:

Apache Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400
Attention: Matthew W. Dundrea
Vice President and Treasurer
Telephone: (713) 296-6640
Facsimile: (713) 296-6458

with a copy to:

Assistant Treasurer
Apache Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400
Telephone: (713) 296-6642
Facsimile: (713) 296-6477

and with copy to:

Vice President and General Counsel
Apache Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400
Telephone: (713) 296-6204
Facsimile: (713) 296-6458

(b) if to the Global Administrative Agent, to:

JPMorgan Chase Bank
Loan & Agency Services Group
One Chase Manhattan Plaza
8th Floor
New York, New York 10081
Attention: Lisa Pucciarelli
Telephone: (212) 552-7446
Facsimile: (212) 552-5777

with a copy to:

JPMorgan Chase Bank
600 Travis, 20 CTH 86
Houston, Texas 77002
Attention: Peter Licalzi
Telephone: (713) 216-8870
Facsimile: (713) 216-4117

(c) if to the Australian Administrative Agent, to:

Citisecurities Limited (ABN 51 008 489 610)
Level 25, 2 Park Street
Sydney NSW 2000
Australia
Attention: Maria Mills/Tim Fancourt
E-mail: maria.mills@citi.com.au
E-mail: tim.fancourt@citi.com.au
Telephone No: 61 2 8225 2066/65 (direct lines)
Switch No: 61 2 8225 1000
Fax No: 61 2 8225 5244

with a copy to:

Citicorp International Limited
10/F., Two Harbourfront
22 Tak Fung Street
Hung Hom, Kowloon
HONG KONG
Attention: Dixon Koon/Maggie Tai
E-mail: dixon.koon@citicorp.com
E-mail: maggie.tai@citicorp.com
Telephone No: 852 2306 6642/44 (direct lines)
Fax No: 852 2621 3183/4

(d) if to any other Lender, to it at its address (or telecopy number) provided to the Global Administrative Agent, the Australian Administrative Agent and Borrower or as set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.2 Waivers; Amendments.

(a) No failure or delay by the Global Administrative Agent, the Australian Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Global Administrative Agent, the Australian Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Global Administrative Agent, the Australian Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Any of the Combined Loan Documents or any provision thereof may be waived, amended or modified pursuant to an agreement or agreements in writing entered into by Borrower and the Combined Required Lenders or by Borrower and the Global Administrative Agent and the Australian Administrative Agent with the consent of the Combined Required Lenders; provided that the same waiver, amendment or modification is requested by Parent in connection with each of the Combined Credit Agreements; and provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of (i) the Lenders described in the first proviso of Section 10.2(c) without the prior written consent of each Lender affected thereby and (ii) the Global Administrative Agent or the Australian Administrative Agent without the prior written consent of the Global Administrative Agent or the Australian Administrative Agent, respectively.

(c) Except as provided for in Section 10.2(b) above, neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by Borrower and the Required Lenders or by Borrower and the Global Administrative Agent and the Australian Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender or the Commitments without the written consent of such Lender or each Lender, respectively, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of

the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.17(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, or (v) change any of the provisions of this Section or the definition of "Required Lenders", "Combined Required Lenders" or any other provision hereof or thereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or thereunder or make any determination or grant any consent hereunder or thereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Global Administrative Agent or the Australian Administrative Agent hereunder or thereunder without the prior written consent of the Global Administrative Agent or the Australian Administrative Agent, respectively.

SECTION 10.3 Expenses; Indemnity; Damage Waiver.

(a) Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Agents and their Affiliates, including the reasonable fees, charges and disbursements of counsel for the Agents, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by the Agents or any Lender, including the fees, charges and disbursements of any counsel for the Agents or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or this Agreement.

(b) Borrower shall indemnify the Agents and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel (or a solicitor and his own client basis) for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the actual or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (i) resulted from the gross negligence or willful misconduct of such Indemnitee or (ii) arise in connection with any issue in litigation commenced by Borrower or any of its Subsidiaries against any Indemnitee for which a final judgment is entered in favor of Borrower or any of its Subsidiaries against such Indemnitee.

(c) To the extent that Borrower fails to pay any amount required to be paid by it to the Global Administrative Agent or the Australian Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Global Administrative Agent or the Australian Administrative Agent, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Global Administrative Agent or the Australian Administrative Agent, respectively.

(d) To the extent permitted by applicable law, Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions or any Loan or the use of the proceeds thereof, except for any such claim arising from such Indemnitee's gross negligence or willful misconduct.

(e) All amounts due under this Section shall be payable not later than thirty (30) days after written demand therefor.

SECTION 10.4 Successors and Transferees.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and transferees permitted hereby, except that Borrower may not transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted transfer by Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and transferees permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Global Administrative Agent, the Australian Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may transfer to one or more bank or other entities which are residents in Australia for purposes of the Income Tax Assessment Act 1936 (Cth) ("Substituting Lender") all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (i) except in the case of a transfer to a Lender or an Affiliate of a Lender, each of Borrower, the Australian Administrative Agent and the Global Administrative Agent must give their prior written consent to such transfer (which consent shall not be unreasonably withheld), (ii) except in the case of a transfer to a Lender or an Affiliate of a Lender or a transfer of the entire remaining amount of the transferring Lender's Commitment, the amount of the Commitment of the transferring Lender subject to each such transfer (determined as of the date the Substitution Certificate with respect to such transfer is delivered to the Australian Administrative Agent and the Global Administrative Agent) shall be in increments of \$1,000,000 and not less than \$10,000,000 unless each of Borrower, the Australian Administrative Agent and the Global Administrative Agent otherwise consent, (iii) each partial transfer shall be made as a transfer of a proportionate part of all the transferring Lender's rights and obligations under this Agreement, (iv) the parties to each transfer shall execute and deliver to the Australian Administrative Agent and the Global Administrative Agent

a Substitution Certificate, together with a processing and recordation fee of \$3,500 to the Australian Administrative Agent, and (v) the Substituting Lender, if it shall not be a Lender, shall deliver to the Australian Administrative Agent and the Global Administrative Agent an Administrative Questionnaire; and provided further that any consent of Borrower otherwise required under this paragraph shall not be required if an Event of Default under Section 8.1 or has occurred and is continuing. Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Substitution Certificate the Substituting Lender thereunder shall be a party hereto and, to the extent of the interest transferred by such Substitution Certificate, have the rights and obligations of a Lender under this Agreement, and the transferring Lender thereunder shall, to the extent of the interest transferred by such Substitution Certificate, be released from its obligations under this Agreement (and, in the case of a Substitution Certificate covering all of the transferring Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.15, 2.16, 2.17, 2.19 and 10.3). Any transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Australian Administrative Agent and the Global Administrative Agent, acting for this purpose as an agent of Borrower, shall maintain at one of its offices in Sydney, Australia, and The City of New York, respectively, a copy of each Substitution Certificate delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Borrower, the Australian Administrative Agent, the Global Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Substitution Certificate executed by an transferring Lender and a Substituting Lender, the Substituting Lender's completed Administrative Questionnaire (unless the Substituting Lender shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such transfer required by paragraph (b) of this Section, the Australian Administrative Agent and the Global Administrative Agent shall accept such Substitution Certificate and record the information contained therein in the Register and will provide prompt written notice to Borrower of the effectiveness of such Substitution Certificate. No transfer shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of Borrower, the Australian Administrative Agent or the Global Administrative Agent, sell participations to one or more banks or other entities which are resident in Australia for purposes of the Income Tax Assessment Act 1936 (Cth) (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender

shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) Borrower, the Australian Administrative Agent, the Global Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and (iv) if such Participant is not a Lender or an Affiliate of a Lender, such Lender shall have given notice to Borrower of the name of the Participant and the amount of such participation. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.2(c) that affects such Participant. Subject to paragraph (f) of this Section, Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 to the same extent as if it were a Lender and had acquired its interest by transfer pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.8 as though it were a Lender, provided such Participant agrees to be subject to Section 2.17(c) as though it were a Lender. Any stamp duty payable on or in respect of such a sale which does not occur during the continuation of a Default shall be paid by the Participant.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.14, 2.15 or 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless Borrower shall expressly agree otherwise in writing. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.16 unless Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of Borrower, to comply with Section 2.16(e) as though it were a Lender.

SECTION 10.5 Survival. All covenants, agreements, representations and warranties made by Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Australian Administrative Agent, the Global Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.14, 2.15, 2.16, 2.17, 2.19 and 10.3 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 10.6 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the

Australian Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by the Australian Administrative Agent and the Global Administrative Agent and when the Australian Administrative Agent and the Global Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.7 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.8 Right of Setoff. If an Event of Default shall have occurred and be continuing and the Obligations of Borrower shall have been accelerated, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Borrower against any of and all the obligations of each Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmaturred. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.9 GOVERNING LAW; JURISDICTION; CONSENT TO SERVICE OF PROCESS.

(a) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW SOUTH WALES AND OF AUSTRALIA APPLICABLE THEREIN.

(b) BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW SOUTH WALES, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH COURTS OF THE STATE OF NEW SOUTH WALES. EACH OF THE PARTIES HERETO AGREES

THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT THE AGENTS OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW SOUTH WALES. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 10.10 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.11 Confidentiality. Each of the Agents and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory or self-regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of Borrower or (h) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section by any Person or (B) becomes available to any Agent or any Lender on a non-confidential basis from a source other than Borrower or any Person obligated to maintain the confidentiality of such Information. Prior to disclosing any Information under clause (c) above, the Agent or Lender required or asked to make such disclosure shall make a good faith effort to give Borrower prior notice of such proposed disclosure to permit Borrower to attempt to obtain a protective order or other

appropriate injunctive relief. For the purposes of this Section, "Information" means all information received from Borrower relating to Borrower or its business, other than any publicly available information and such information that is available to any Agent or any Lender on a non-confidential basis prior to disclosure by Borrower; provided that, in the case of information received from Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.12 Interest Rate Limitation. It is the intention of the parties hereto to conform strictly to applicable interest, usury and criminal laws and, anything herein to the contrary notwithstanding, the obligations of Borrower to a Lender or any Agent under this Agreement shall be subject to the limitation that payments of interest shall not be required to the extent that receipt thereof would be contrary to provisions of law applicable to such Lender or Agent limiting rates of interest which may be charged or collected by such Lender or Agent. Accordingly, if the transactions contemplated hereby would be illegal, unenforceable, usurious or criminal under laws applicable to a Lender or Agent (including the laws of any jurisdiction whose laws may be mandatorily applicable to such Lender or Agent notwithstanding anything to the contrary in this Agreement or any other Loan Document but subject to Section 2.12 hereof) then, in that event, notwithstanding anything to the contrary in this Agreement or any other Loan Document, it is agreed as follows:

(i) the provisions of this Section shall govern and control;

(ii) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, taken, reserved, charged or received under this Agreement, or under any of the other aforesaid agreements or otherwise in connection with this Agreement by such Lender or Agent shall under no circumstances exceed the maximum amount of interest allowed by applicable law (such maximum lawful interest rate, if any, with respect to each Lender and the Agent herein called the "Highest Lawful Rate"), and any excess shall be cancelled automatically and if theretofore paid shall be credited to Borrower by such Lender or Agent (or, if such consideration shall have been paid in full, such excess refunded to Borrower);

(iii) all sums paid, or agreed to be paid, to such Lender or Agent for the use, forbearance and detention of the indebtedness of Borrower to such Lender or Agent hereunder or under any Loan Document shall, to the extent permitted by laws applicable to such Lender or Agent, as the case may be, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the actual rate of interest is uniform throughout the full term thereof;

(iv) if at any time the interest provided pursuant to this Section or any other clause of this Agreement or any other Loan Document, together with any other fees or compensation payable pursuant to this Agreement or any other Loan Document and deemed interest under laws applicable to such Lender or Agent, exceeds that amount which would have accrued at the Highest Lawful Rate, the amount of interest and any

such fees or compensation to accrue to such Lender or Agent pursuant to this Agreement shall be limited, notwithstanding anything to the contrary in this Agreement or any other Loan Document, to that amount which would have accrued at the Highest Lawful Rate, but any subsequent reductions, as applicable, shall not reduce the interest to accrue to such Lender or Agent pursuant to this Agreement below the Highest Lawful Rate until the total amount of interest accrued pursuant to this Agreement or such other Loan Document, as the case may be, and such fees or compensation deemed to be interest equals the amount of interest which would have accrued to such Lender or Agent if a varying rate per annum equal to the interest provided pursuant to any other relevant Section hereof (other than this Section), as applicable, had at all times been in effect, plus the amount of fees which would have been received but for the effect of this Section; and

(v) with the intent that the rate of interest herein shall at all times be lawful, and if the receipt of any funds owing hereunder or under any other agreement related hereto (including any of the other Loan Documents) by such Lender or Agent would cause such Lender to charge Borrower a criminal rate of interest, the Lenders and the Agents agree that they will not require the payment or receipt thereof or a portion thereof which would cause a criminal rate of interest to be charged by such Lender or Agent, as applicable, and if received such affected Lender or Agent will return such funds to Borrower so that the rate of interest paid by Borrower shall not exceed a criminal rate of interest from the date this Agreement was entered into.

SECTION 10.13 Joint and Several Obligations. Each Borrower has determined that it is in its best interest and in pursuance of its legitimate business purposes to induce the Lenders to extend credit to the Borrowers pursuant to this Agreement. Each Borrower acknowledges and represents that the availability of the Commitments to each of the Borrowers benefits each Borrower individually and that the Loans made will be for and inure to the benefit of each of the Borrowers individually and as a group. Accordingly, each Borrower shall be jointly and severally liable (as a principal and not as a surety, guarantor or other accommodation party) for each and every representation, warranty, covenant and obligation to be performed by the Borrowers under this Agreement and the other Loan Documents, and each Borrower acknowledges that in extending the credit provided herein the Agent and the Lenders are relying upon the fact that the Obligations of each Borrower hereunder are the joint and several obligations of a principal. The invalidity, unenforceability or illegality of this Agreement or any other Loan Document as to one Borrower or the release by the Agent or the Lenders of a Borrower hereunder or thereunder shall not affect the Obligations of the other Borrowers under this Agreement or the other Loan Documents, all of which shall otherwise remain valid and legally binding obligations of the other Borrowers.

SECTION 10.14 NO ORAL AGREEMENTS. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

APACHE ENERGY LIMITED (ACN 009 301 964)

By:

Name: Matthew W. Dundrea
Title: Vice President and Treasurer

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S-1

JPMORGAN CHASE BANK, as Global
Administrative Agent

By:

Name:
Title:

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S-2

BANK OF AMERICA, N.A., as Global Syndication Agent

By:

Name:
Title:

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S-3

CITIBANK, N.A., as Global Documentation
Agent

By:

Name:
Title:

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S-4

CITISECURITIES LIMITED (ABN 51 008 489 610),
as Australian Administrative Agent

By:

Name:
Title:

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S-5

BANK OF AMERICA, N.A., SYDNEY BRANCH (ARBN
064 874 531), as an Australian
Co-Syndication Agent and as Lender

By: _____

Name:

Title:

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S-6

DEUTSCHE BANK AG, SYDNEY BRANCH (ABN 13 064
165 162), as an Australian Co-Syndication
Agent and as Lender

By:

Name:
Title:

By:

Name:
Title:

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S-7

ROYAL BANK OF CANADA (ARBN 076 940 880), as
an Australian Co-Documentation Agent and as
Lender

By: _____

Name:

Title:

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S-8

BANK ONE, NA, AUSTRALIA BRANCH (ARBN 065 752
918), as an Australian Co-Documentation
Agent and as Lender

By: _____

Name:

Title:

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S-9

CITIBANK, N.A. (ARBN 072 814 058), as Lender

By:

Name:

Title:

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S-10

JPMORGAN CHASE BANK (ARBN 074 112 011), as
Lender

By:

Name:
Title:

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S-11

GUARANTY

THIS GUARANTY (this "Guaranty"), dated as of June 3, 2002, is made by APACHE CORPORATION, a Delaware corporation (the "Guarantor"), in favor of each of the Lender Parties (as defined below).

WITNESSETH:

WHEREAS, Apache Canada Ltd., a corporation organized under the laws of the Province of Alberta, Canada ("Apache Canada" and, together with each other Person that becomes an Additional Borrower pursuant to Section 2.20 of the Credit Agreement (as herein defined), "Borrower"), the Lenders named in the Credit Agreement defined below, JPMorgan Chase Bank, as Global Administrative Agent ("Global Administrative Agent"), Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Royal Bank of Canada, as Canadian Administrative Agent ("Canadian Administrative Agent"), The Bank of Nova Scotia and The Toronto-Dominion Bank, as Canadian Co-Syndication Agents, and BNP Paribas (Canada) and Bayerische Landesbank Girozentrale, as Canadian Co-Documentation Agents, have entered into that certain Credit Agreement dated as of June 3, 2002 (such agreement, as the same may from time to time be amended, supplemented, restated or otherwise modified, the "Credit Agreement"), pursuant to which Lenders agreed to make Loans;

WHEREAS, pursuant to Section 4.1 of the Credit Agreement, the Guarantor is required to execute and deliver this Guaranty;

WHEREAS, the Guarantor has duly authorized the execution, delivery and performance of this Guaranty; and

WHEREAS, it is in the best interests of the Guarantor to execute this Guaranty inasmuch as the Guarantor derives and will continue to derive substantial direct and indirect benefits from the Loans made from time to time to Borrower by Lenders pursuant to the Credit Agreement;

NOW, THEREFORE, for good and valuable consideration the receipt of which is hereby acknowledged, and in order to induce Lenders to make Loans to Borrower, the Guarantor agrees, for the benefit of each Lender Party, as follows:

ARTICLE I.

DEFINITIONS

SECTION 1.1 Certain Terms. The following terms (whether or not underscored) when used in this Guaranty, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Apache Canada" is defined in the first recital.

"Borrower" is defined in the first recital.

"Canadian Administrative Agent" is defined in the first recital.

"Credit Agreement" is defined in the first recital.

"Global Administrative Agent" is defined in the first recital.

"Guarantor" is defined in the preamble.

"Guaranty" is defined in the preamble.

"Lender Party" means, as the context may require, any Lender, the Global Administrative Agent, the Canadian Administrative Agent or any other Agent and each of their respective successors, transferees and assigns.

"Lenders" is defined in the first recital.

"U.C.C." means the Uniform Commercial Code as in effect in the State of New York.

"U.S. Credit Agreement" means that certain Credit Agreement, dated as of June 3, 2002, among Guarantor, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Bank of America, N.A. and Wachovia Bank, National Association, as U.S. co-syndication agents, and Citibank, N.A. and Union Bank of California, N.A., as U.S. co-documentation agents, as the same may from time to time be amended, supplemented, restated or otherwise modified.

SECTION 1.2 Credit Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Guaranty, including its preamble and recitals, have the meanings provided in the Credit Agreement.

SECTION 1.3 U.C.C. Definitions. Unless otherwise defined herein or the context otherwise requires, terms for which meanings are provided in the U.C.C. are used in this Guaranty, including its preamble and recitals, with such meanings.

ARTICLE II.

GUARANTY PROVISIONS

SECTION 2.1 Guaranty. The Guarantor hereby absolutely, unconditionally and irrevocably

(a) guarantees the full and punctual payment when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all Obligations of Borrower now or hereafter existing under the Credit Agreement and each other Loan Document to which Borrower is or may become a party, whether for principal, interest, fees, expenses or otherwise, and including all amounts in respect of indemnities by Borrower of any Lender or any Agent), and

(b) indemnifies and holds harmless each Lender Party for any and all costs and expenses (including reasonable attorney's fees and expenses) incurred by such Lender Party, as the case may be, in enforcing any rights under this Guaranty.

This Guaranty constitutes a guaranty of payment when due and not of collection, and the Guarantor specifically agrees that it shall not be necessary or required that any Lender Party exercise any right, assert any claim or demand or enforce any remedy whatsoever against Borrower (or any other Person) before or as a condition to the obligations of the Guarantor hereunder.

SECTION 2.2 Acceleration of Guaranty. The Guarantor agrees that, in the event of the dissolution or insolvency of Borrower or the Guarantor, or the inability or failure of Borrower or the Guarantor to pay debts as they become due, or an assignment by Borrower or the Guarantor for the benefit of creditors, or the commencement of any case or proceeding in respect of Borrower or the Guarantor under any bankruptcy, insolvency or similar laws, which, if commenced by any Person other than Borrower, is not dismissed within 30 days, and if such event shall occur at a time when any of the Obligations of Borrower may not then be due and payable, the Guarantor will pay to the Lender Parties forthwith the full amount which would be payable hereunder by the Guarantor if all such Obligations were then due and payable.

SECTION 2.3 Guaranty Absolute, etc. This Guaranty shall in all respects be a continuing, absolute, unconditional and irrevocable guaranty of payment, and shall remain in full force and effect until all Obligations of Borrower have been paid in full, all obligations of the Guarantor hereunder shall have been paid in full and all Commitments shall have terminated. The Guarantor guarantees that the Obligations of Borrower will be paid strictly in accordance with the terms of the Credit Agreement and each other Loan Document under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Lender Party with respect thereto. The liability of the Guarantor under this Guaranty with respect to the Obligations of Borrower shall be absolute, unconditional and irrevocable irrespective of:

(a) any lack of validity, legality or enforceability of the Credit Agreement or any other Loan Document;

(b) the failure of any Lender Party (i) to assert any claim or demand or to enforce any right or remedy against Borrower or any other Person (including any other guarantor) under the provisions of the Credit Agreement, any other Loan Document or otherwise, or (ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any Obligations of Borrower;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of Borrower, or any other extension, compromise or renewal of any Obligation of Borrower;

(d) any reduction, limitation, impairment or termination of any Obligations of Borrower for any reason, including any claim of waiver, release, surrender, alteration or compromise;

(e) any amendment to, rescission, waiver, or other modification of, or any consent to departure from, any of the terms of the Credit Agreement or any other Loan Document;

(f) any addition, exchange, release, surrender or non-perfection of any collateral, or any amendment to or waiver or release or addition of, or consent to departure from, any other guaranty, held by any Lender Party securing any of the Obligations of Borrower; or

(g) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, Borrower, any surety or any guarantor,

and shall not be subject to (and the Guarantor hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Obligations of Borrower or otherwise.

SECTION 2.4 Reinstatement, etc. The Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is rescinded or must otherwise be restored by any Lender Party, upon the insolvency, bankruptcy or reorganization of Borrower or otherwise, all as though such payment had not been made.

SECTION 2.5 Waiver, etc. The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations of Borrower and this Guaranty and any requirement that any Agent or any other Lender Party protect, secure, perfect or insure any security interest or Lien, or any property subject thereto, or exhaust any right or take any action against Borrower or any other Person (including any other guarantor) or entity or any collateral securing the Obligations of Borrower.

SECTION 2.6 Subrogation, etc. The Guarantor will not exercise any rights which it may acquire by reason of any payment made hereunder, whether by way of rights of subrogation, reimbursement or otherwise, until the prior payment, in full and in cash, of all Obligations of Borrower. Any amount paid to the Guarantor on account of any payment made hereunder prior to the payment in full of all Obligations of Borrower shall be received and held in trust for the benefit of the Lender Parties and shall immediately be paid to the Canadian Administrative Agent and credited and applied against the Obligations of Borrower, whether matured or unmatured, in accordance with the terms of the Credit Agreement; provided, however, that if

(a) the Guarantor has made payment to the Lender Parties of all or any part of the Obligations of Borrower, and

(b) all Obligations of Borrower have been paid in full and all Commitments have been permanently terminated,

each Lender Party agrees that, at the Guarantor's request, the Canadian Administrative Agent, on behalf of the Lender Parties, will execute and deliver to the Guarantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by

subrogation to the Guarantor of an interest in the Obligations of Borrower resulting from such payment by the Guarantor. In furtherance of the foregoing, for so long as any Obligations or Commitments remain outstanding, the Guarantor shall refrain from taking any action or commencing any proceeding against Borrower (or its successors or assigns, whether in connection with a bankruptcy or insolvency proceeding or otherwise) to recover any amounts in respect of payments made under this Guaranty to any Lender Party.

SECTION 2.7 Successors, Transferees and Assigns, etc. This Guaranty shall (a) be binding upon the Guarantor, and its successors, transferees and assigns, and (b) inure to the benefit of and be enforceable by the Canadian Administrative Agent and each other Lender Party. Without limiting the generality of the foregoing clause (b), any Lender may assign or otherwise transfer (in whole or in part) any Loan held by it to any other Person or entity, and such other Person or entity shall thereupon become vested with all rights and benefits in respect thereof granted to such Lender under any Loan Document (including this Guaranty) or otherwise, subject, however, to any contrary provisions in such assignment or transfer, and to the provisions of Article IX and Section 10.4 of the Credit Agreement.

ARTICLE III.

REPRESENTATIONS AND WARRANTIES

The Guarantor hereby represents and warrants unto each Lender Party as set forth in this Article.

SECTION 3.1 U.S. Credit Agreement. All representations and warrants set forth in Article III of the U.S. Credit Agreement are true and correct and not misleading in any material respect and are made for the benefit of the Lender Parties as if set forth in full herein.

SECTION 3.2 Solvency. After giving effect to the Advances under the Credit Agreement and this Guaranty, the Guarantor is Solvent. As used herein, "Solvent" means, with respect to a Person at any time, a condition under which (a) the fair saleable value of such Person's assets is, on the date of determination, greater than the total amount of such Person's liabilities (including contingent and unliquidated liabilities) at such time; (b) such Person is able to pay all of its liabilities as such liabilities mature; and (c) such Person does not have unreasonably small capital with which to conduct its business. For purposes of this definition (i) the amount of a Person's contingent or unliquidated liabilities at any time shall be that amount which, in light of all the facts and circumstances then existing, represents the amount which can reasonably be expected to become an actual or matured liability; (ii) the "fair saleable value" of an asset shall be the amount which may be realized within a reasonable time either through collection or sale of such asset at its regular market value; and (iii) the "regular market value" of an asset shall be the amount which a capable and diligent business person could obtain for such asset from an interested buyer who is willing to purchase such asset under ordinary selling conditions.

ARTICLE IV.

COVENANTS, ETC.

SECTION 4.1 Affirmative Covenants. The Guarantor covenants and agrees that, so long as any portion of the Obligations shall remain unpaid or any Lender Party shall have any outstanding Commitment, the Guarantor will, unless the Required Lenders shall otherwise consent in writing, perform, comply with, observe and fulfill, for the benefit of the Lender Parties, each of the covenants, agreements and obligations (i) contained in Article V of the U.S. Credit Agreement (whether or not such agreement is then in effect) and (ii) pertaining or otherwise applicable to the Guarantor in the Credit Agreement, including, without limitation, the delivery of financial reports and notices described in Section 5.1 of the Credit Agreement. The Guarantor hereby irrevocably and unconditionally agrees to be bound by, and not to breach or otherwise fail to comply with, any of such covenants, agreements and obligations as if the Guarantor were a party to the Credit Agreement and such covenants, agreements and obligations are hereby reaffirmed by the Guarantor and are, together with all related definitions and ancillary provisions incorporated herein by reference hereby and made a part hereof for all purposes as if set out in full herein.

SECTION 4.2 Financial Covenants. The Guarantor covenants and agrees that, so long as any portion of the Obligations shall remain unpaid or any Lender Party shall have any outstanding Commitment, the Guarantor will, unless the Required Lenders shall otherwise consent in writing, perform, comply with, observe and fulfill, for the benefit of the Lender Parties, each of the covenants, agreements and obligations (i) contained in Article VI of the U.S. Credit Agreement (whether or not such agreement is then in effect) and (ii) pertaining or otherwise applicable to the Guarantor in the Credit Agreement. The Guarantor hereby irrevocably and unconditionally agrees to be bound by, and not to breach or otherwise fail to comply with, any of the provisions in any of such covenants, agreements and obligations as if the Guarantor were a party to the Credit Agreement and such covenants, agreements and obligations are hereby reaffirmed by the Guarantor and are, together with all related definitions and ancillary provisions incorporated herein by reference hereby and made a part hereof for all purposes as if set out in full herein.

SECTION 4.3 Negative Covenants. The Guarantor covenants and agrees that, so long as any portion of the Obligations shall remain unpaid or any Lender Party shall have any outstanding Commitment, the Guarantor will not, without the prior written consent of the Required Lenders, do anything prohibited (i) in Article VII of the U.S. Credit Agreement (whether or not such agreement is then in effect), or (ii) to the extent such prohibitions pertain or otherwise relate to the Guarantor in the Credit Agreement. The Guarantor hereby unconditionally and irrevocably agrees to be bound by, and not to breach or otherwise fail to comply with, any of such covenants, agreements and obligations to the extent such provisions pertain to the Guarantor and such covenants, agreements and obligations are hereby reaffirmed by the Guarantor and, together with all related definitions and ancillary provisions are incorporated herein by reference hereby made a part hereof for all purposes as if set out in full herein.

ARTICLE V.

MISCELLANEOUS PROVISIONS

SECTION 5.1 Loan Document. This Guaranty is a Loan Document executed pursuant to the Credit Agreement.

SECTION 5.2 Indemnification. In consideration of the execution and delivery of the Credit Agreement by each Lender and the extension of the Commitments, the Guarantor shall indemnify the Agents and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the actual or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Guarantor or any of its Subsidiaries, or any Environmental Liability related in any way to Guarantor or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (a) resulted from the gross negligence or willful misconduct of such Indemnitee or (b) arose in connection with any issue in litigation commenced by Guarantor or any of its Subsidiaries against any Indemnitee for which a final judgment is entered in favor of Guarantor or any of its Subsidiaries against such Indemnitee. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Guarantor hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. To the extent permitted by applicable law, Guarantor shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Guaranty or any agreement or instrument contemplated hereby, the Transactions or any Loan or the use of the proceeds thereof. The obligations of the Guarantor under this Section 5.2 shall survive the termination of this Agreement or any non-assumption of this Agreement in a bankruptcy or similar proceeding. The Guarantor shall be obligated to indemnify the Indemnitees for all Claims regardless of whether the Guarantor had knowledge of the facts and circumstances giving rise to such Claims.

SECTION 5.3 Binding on Successors, Transferees and Assigns; Assignment. In addition to, and not in limitation of, Section 2.7, this Guaranty shall be binding upon the Guarantor and its successors, transferees and assigns and shall inure to the benefit of and be enforceable by each Lender Party and their respective successors, transferees and assigns (to the full extent provided pursuant to Section 2.7).

SECTION 5.4 Amendments, etc. No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Canadian Administrative Agent and Global Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 5.5 Addresses for Notices to the Guarantor. All notices and other communications hereunder to the Guarantor shall be in writing (including telex or facsimile communication) and mailed or transmitted by telex or facsimile or delivered to it, addressed to it at the address set forth below its signature hereto or at such other address as shall be designated by the Guarantor in a written notice to the Canadian Administrative Agent and Global Administrative Agent at the address specified in the Credit Agreement complying as to delivery with the terms of this Section. All such notices and other communications if mailed and properly addressed postage prepaid shall be deemed given when deposited in the mails and, if transmitted by telex or facsimile properly addressed shall be deemed given when transmitted (answerback confirmed in the case of telexes). All notices and other communications hereunder to a Lender Party shall be given pursuant to the provisions of Section 10.1 of the Credit Agreement.

SECTION 5.6 No Waiver; Remedies. In addition to, and not in limitation of, Sections 2.3 and 2.5, no failure on the part of any Lender Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 5.7 Section Captions. Section captions used in this Guaranty are for convenience of reference only, and shall not affect the construction of this Guaranty.

SECTION 5.8 Setoff. In addition to, and not in limitation of, any rights of any Lender Party under applicable law, each Lender Party shall, upon the occurrence of any Default or Unmatured Default, have the right to appropriate and apply to the payment of the obligations of the Guarantor owing to it hereunder, whether or not then due; provided, however, that any such appropriation and application shall be subject to the provisions of Section 10.8 of the Credit Agreement.

SECTION 5.9 Severability. Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION 5.10 GOVERNING LAW; JURISDICTION; CONSENT TO SERVICE OF PROCESS.

(a) THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK.

(b) GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. GUARANTOR AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT THE AGENTS OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST GUARANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. GUARANTOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) GUARANTOR IRREVOCABLY CONSENTS TO SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 5.11 Entire Agreement. THIS GUARANTY AND THE OTHER LOAN DOCUMENTS CONSTITUTE THE ENTIRE UNDERSTANDING AMONG THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDE ANY PRIOR AGREEMENTS, WRITTEN OR ORAL, WITH RESPECT THERETO.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

APACHE CORPORATION

By:

Name: Matthew W. Dundrea
Title: Vice President and Treasurer

Address: Apache Corporation
2000 South Post Oak
Boulevard, Suite 100
Houston, Texas 77056-4400

Attention: Matthew W. Dundrea
Vice President and Treasurer

Telephone: (713) 296-6203
Facsimile: (713) 296-6458

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GUARANTY

THIS GUARANTY (this "Guaranty"), dated as of June 3, 2002, is made by APACHE CORPORATION, a Delaware corporation (the "Guarantor"), in favor of each of the Lender Parties (as defined below).

WITNESSETH:

WHEREAS, Apache Energy Limited (ACN 009 301 964), a corporation organized under the laws of the State of Western Australia, Australia ("Apache Energy Limited" and, together with each other Person that becomes an Additional Borrower pursuant to Section 2.20 of the Credit Agreement (as herein defined), "Borrower"), the Lenders named in the Credit Agreement defined below, JPMorgan Chase Bank, as Global Administrative Agent ("Global Administrative Agent"), Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Citisecurities Limited (ABN 51 008 489 610), as Australian Administrative Agent ("Australian Administrative Agent"), Bank of America, N.A., Sydney Branch (ARBN 064 874 531) and Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162), as Australian Co-Syndication Agents, and Royal Bank of Canada (ABN 86 076 940 880) and Bank One, NA, Australia Branch (ARBN 065 752 918), as Australian Co-Documentation Agents, have entered into that certain Credit Agreement dated as of June 3, 2002 (such agreement, as the same may from time to time be amended, supplemented, restated or otherwise modified, the "Credit Agreement"), pursuant to which Lenders agreed to make Loans;

WHEREAS, pursuant to Section 4.1 of the Credit Agreement, the Guarantor is required to execute and deliver this Guaranty;

WHEREAS, the Guarantor has duly authorized the execution, delivery and performance of this Guaranty; and

WHEREAS, it is in the best interests of the Guarantor to execute this Guaranty inasmuch as the Guarantor derives and will continue to derive substantial direct and indirect benefits from the Loans made from time to time to Borrower by Lenders pursuant to the Credit Agreement;

NOW, THEREFORE, for good and valuable consideration the receipt of which is hereby acknowledged, and in order to induce Lenders to make Loans to Borrower, the Guarantor agrees, for the benefit of each Lender Party, as follows:

ARTICLE I.

DEFINITIONS

SECTION 1.1 Certain Terms. The following terms (whether or not underscored) when used in this Guaranty, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Apache Energy Limited" is defined in the first recital.

"Australian Administrative Agent" is defined in the first recital.

"Borrower" is defined in the first recital.

"Australian Administrative Agent" is defined in the first recital.

"Credit Agreement" is defined in the first recital.

"Global Administrative Agent" is defined in the first recital.

"Guarantor" is defined in the preamble.

"Guaranty" is defined in the preamble.

"Lender Party" means, as the context may require, any Lender, the Global Administrative Agent, the Australian Administrative Agent or any other Agent and each of their respective successors, transferees and assigns.

"Lenders" is defined in the first recital.

"U.C.C." means the Uniform Commercial Code as in effect in the State of New York.

"U.S. Credit Agreement" means that certain Credit Agreement, dated as of June 3, 2002, among Guarantor, the Lenders named therein, JPMorgan Chase Bank, as Global Administrative Agent, Bank of America, N.A., as Global Syndication Agent, Citibank, N.A., as Global Documentation Agent, Bank of America, N.A. and Wachovia Bank, National Association, as U.S. co-syndication agents, and Citibank, N.A. and Union Bank of California, N.A., as U.S. co-documentation agents, as the same may from time to time be amended, supplemented, restated or otherwise modified.

SECTION 1.2 Credit Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Guaranty, including its preamble and recitals, have the meanings provided in the Credit Agreement.

SECTION 1.3 U.C.C. Definitions. Unless otherwise defined herein or the context otherwise requires, terms for which meanings are provided in the U.C.C. are used in this Guaranty, including its preamble and recitals, with such meanings.

ARTICLE II.

GUARANTY PROVISIONS

SECTION 2.1 Guaranty. The Guarantor hereby absolutely, unconditionally and irrevocably

(a) guarantees the full and punctual payment when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all Obligations of Borrower now or hereafter existing under the Credit Agreement and each other Loan Document to which Borrower is or may become a party, whether for

principal, interest, fees, expenses or otherwise, and including all amounts in respect of indemnities by Borrower of any Lender or any Agent), and

(b) indemnifies and holds harmless each Lender Party for any and all costs and expenses (including reasonable attorney's fees and expenses) incurred by such Lender Party, as the case may be, in enforcing any rights under this Guaranty.

This Guaranty constitutes a guaranty of payment when due and not of collection, and the Guarantor specifically agrees that it shall not be necessary or required that any Lender Party exercise any right, assert any claim or demand or enforce any remedy whatsoever against Borrower (or any other Person) before or as a condition to the obligations of the Guarantor hereunder.

SECTION 2.2 Acceleration of Guaranty. The Guarantor agrees that, in the event of the dissolution or insolvency of Borrower or the Guarantor, or the inability or failure of Borrower or the Guarantor to pay debts as they become due, or an assignment by Borrower or the Guarantor for the benefit of creditors, or the commencement of any case or proceeding in respect of Borrower or the Guarantor under any bankruptcy, insolvency or similar laws, which, if commenced by any Person other than Borrower, is not dismissed within 30 days, or the appointment of an administrator to Borrower, or the appointment of a receiver, receiver and manager, or similar officer being appointed to all or any of the assets and undertaking of Borrower, or, in addition to assignment for the benefit of creditors, an arrangement, compromise, or composition with Borrower's creditors or a class of them, or the liquidation or winding up of Borrower or the commencement of proceedings to do so, and if such event shall occur at a time when any of the Obligations of Borrower may not then be due and payable, the Guarantor will pay to the Lender Parties in either the United States of America, Sydney, New South Wales, Australia or Canberra, Australian Capital Territory, Australia, forthwith the full amount which would be payable hereunder by the Guarantor if all such Obligations were then due and payable.

SECTION 2.3 Guaranty Absolute, etc. This Guaranty shall in all respects be a continuing, absolute, unconditional and irrevocable guaranty of payment, and shall remain in full force and effect until all Obligations of Borrower have been paid in full, all obligations of the Guarantor hereunder shall have been paid in full and all Commitments shall have terminated. The Guarantor guarantees that the Obligations of Borrower will be paid strictly in accordance with the terms of the Credit Agreement and each other Loan Document under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Lender Party with respect thereto. The liability of the Guarantor under this Guaranty with respect to the Obligations of Borrower shall be absolute, unconditional and irrevocable irrespective of:

(a) any lack of validity, legality or enforceability of the Credit Agreement or any other Loan Document;

(b) the failure of any Lender Party (i) to assert any claim or demand or to enforce any right or remedy against Borrower or any other Person (including any other guarantor) under the provisions of the Credit Agreement, any other Loan Document or

otherwise, or (ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any Obligations of Borrower;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of Borrower, or any other extension, compromise or renewal of any Obligation of Borrower;

(d) any reduction, limitation, impairment or termination of any Obligations of Borrower for any reason, including any claim of waiver, release, surrender, alteration or compromise;

(e) any amendment to, rescission, waiver, or other modification of, or any consent to departure from, any of the terms of the Credit Agreement or any other Loan Document;

(f) any addition, exchange, release, surrender or non-perfection of any collateral, or any amendment to or waiver or release or addition of, or consent to departure from, any other guaranty, held by any Lender Party securing any of the Obligations of Borrower;

(g) any Lender Party becoming a party to or bound by any compromise, moratorium, assignment of property, scheme of arrangement, composition of debts or scheme of reconstruction by or relating to any Person; or

(h) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, Borrower, any surety or any guarantor,

and shall not be subject to (and the Guarantor hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Obligations of Borrower or otherwise.

SECTION 2.4 Reinstatement, etc. The Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is rescinded or must otherwise be restored by any Lender Party, upon the insolvency, bankruptcy or reorganization of Borrower, the appointment of an administrator to Borrower, the appointment of a receiver, receiver and manager or similar officer being appointed to all or any of the assets and undertaking of Borrower, in addition to assignment for the benefit of creditors, any arrangement, compromise, or composition with Borrower's creditors or a class of them, or the liquidation or winding up of Borrower or the commencement of proceedings to do so, or otherwise, all as though such payment had not been made.

SECTION 2.5 Waiver, etc. The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations of Borrower and this Guaranty and any requirement that any Agent or any other Lender Party protect, secure, perfect or insure any security interest or Lien, or any property subject thereto, or exhaust any

right or take any action against Borrower or any other Person (including any other guarantor) or entity or any collateral securing the Obligations of Borrower.

SECTION 2.6 Subrogation, etc. The Guarantor will not exercise any rights which it may acquire by reason of any payment made hereunder, whether by way of rights of subrogation, reimbursement, contribution indemnity, proof or claim in liquidation or otherwise, until the prior payment, in full and in cash, of all Obligations of Borrower. Any amount paid to the Guarantor on account of any payment made hereunder prior to the payment in full of all Obligations of Borrower shall be received and held in trust for the benefit of the Lender Parties and shall immediately be paid to the Australian Administrative Agent and credited and applied against the Obligations of Borrower, whether matured or unmatured, in accordance with the terms of the Credit Agreement; provided, however, that if

(a) the Guarantor has made payment to the Lender Parties of all or any part of the Obligations of Borrower, and

(b) all Obligations of Borrower have been paid in full and all Commitments have been permanently terminated,

each Lender Party agrees that, at the Guarantor's request, the Australian Administrative Agent, on behalf of the Lender Parties, will execute and deliver to the Guarantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations of Borrower resulting from such payment by the Guarantor. In furtherance of the foregoing, for so long as any Obligations or Commitments remain outstanding, the Guarantor shall refrain from taking any action or commencing any proceeding against Borrower (or its successors or assigns, whether in connection with a bankruptcy or insolvency proceeding or otherwise) to recover any amounts in respect of payments made under this Guaranty to any Lender Party.

SECTION 2.7 Successors, Transferees and Assigns, etc. This Guaranty shall (a) be binding upon the Guarantor, and its successors, transferees and assigns, and (b) inure to the benefit of and be enforceable by the Australian Administrative Agent and each other Lender Party. Without limiting the generality of the foregoing clause (b), any Lender may assign or otherwise transfer (in whole or in part) any Loan held by it to any other Person or entity, and such other Person or entity shall thereupon become vested with all rights and benefits in respect thereof granted to such Lender under any Loan Document (including this Guaranty) or otherwise, subject, however, to any contrary provisions in such assignment or transfer, and to the provisions of Article IX and Section 10.4 of the Credit Agreement.

SECTION 2.8 Indemnity. If any Obligations (including obligations which would have been Obligations if they were recoverable) of Borrower are not recoverable from Borrower for any reason (including, without limitation, any legal limitation, disability, incapacity or thing affecting Borrower), the Guarantor shall indemnify each Lender Party on demand and shall satisfy those obligations to the relevant Lender Party on demand. This applies whether or not: (a) any transaction relating to the Obligations of Borrower was void or illegal or has been subsequently avoided, or (b) any matter or fact relating to that transaction was or ought to have been within the knowledge of any Lender Party.

ARTICLE III.

REPRESENTATIONS AND WARRANTIES

The Guarantor hereby represents and warrants unto each Lender Party as set forth in this Article.

SECTION 3.1 U.S. Credit Agreement. All representations and warrants set forth in Article III of the U.S. Credit Agreement are true and correct and not misleading in any material respect and are made for the benefit of the Lender Parties as if set forth in full herein.

SECTION 3.2 Solvency. After giving effect to the Advances under the Credit Agreement and this Guaranty, the Guarantor is Solvent. As used herein, "Solvent" means, with respect to a Person at any time, a condition under which (a) the fair saleable value of such Person's assets is, on the date of determination, greater than the total amount of such Person's liabilities (including contingent and unliquidated liabilities) at such time; (b) such Person is able to pay all of its liabilities as such liabilities mature; and (c) such Person does not have unreasonably small capital with which to conduct its business. For purposes of this definition (i) the amount of a Person's contingent or unliquidated liabilities at any time shall be that amount which, in light of all the facts and circumstances then existing, represents the amount which can reasonably be expected to become an actual or matured liability; (ii) the "fair saleable value" of an asset shall be the amount which may be realized within a reasonable time either through collection or sale of such asset at its regular market value; and (iii) the "regular market value" of an asset shall be the amount which a capable and diligent business person could obtain for such asset from an interested buyer who is willing to purchase such asset under ordinary selling conditions.

ARTICLE IV.

COVENANTS, ETC.

SECTION 4.1 Affirmative Covenants. The Guarantor covenants and agrees that, so long as any portion of the Obligations shall remain unpaid or any Lender Party shall have any outstanding Commitment, the Guarantor will, unless the Required Lenders shall otherwise consent in writing, perform, comply with, observe and fulfill, for the benefit of the Lender Parties, each of the covenants, agreements and obligations (i) contained in Article V of the U.S. Credit Agreement (whether or not such agreement is then in effect) and (ii) pertaining or otherwise applicable to the Guarantor in the Credit Agreement, including, without limitation, the delivery of financial reports and notices described in Section 5.1 of the Credit Agreement. The Guarantor hereby irrevocably and unconditionally agrees to be bound by, and not to breach or otherwise fail to comply with, any of such covenants, agreements and obligations as if the Guarantor were a party to the Credit Agreement and such covenants, agreements and obligations are hereby reaffirmed by the Guarantor and are, together with all related definitions and ancillary provisions incorporated herein by reference hereby and made a part hereof for all purposes as if set out in full herein. Notwithstanding the foregoing, the obligations of the Guarantor under Article V of the Credit Agreement will not take effect until one day after the date of execution of this Guaranty unless on that day Borrower prepays all Obligations in full.

SECTION 4.2 Financial Covenants. The Guarantor covenants and agrees that, so long as any portion of the Obligations shall remain unpaid or any Lender Party shall have any outstanding Commitment, the Guarantor will, unless the Required Lenders shall otherwise consent in writing, perform, comply with, observe and fulfill, for the benefit of the Lender Parties, each of the covenants, agreements and obligations (i) contained in Article VI of the U.S. Credit Agreement (whether or not such agreement is then in effect) and (ii) pertaining or otherwise applicable to the Guarantor in the Credit Agreement. The Guarantor hereby irrevocably and unconditionally agrees to be bound by, and not to breach or otherwise fail to comply with, any of the provisions in any of such covenants, agreements and obligations as if the Guarantor were a party to the Credit Agreement and such covenants, agreements and obligations are hereby reaffirmed by the Guarantor and are, together with all related definitions and ancillary provisions incorporated herein by reference hereby and made a part hereof for all purposes as if set out in full herein.

SECTION 4.3 Negative Covenants. The Guarantor covenants and agrees that, so long as any portion of the Obligations shall remain unpaid or any Lender Party shall have any outstanding Commitment, the Guarantor will not, without the prior written consent of the Required Lenders, do anything prohibited (i) in Article VII of the U.S. Credit Agreement (whether or not such agreement is then in effect), or (ii) to the extent such prohibitions pertain or otherwise relate to the Guarantor in the Credit Agreement. The Guarantor hereby unconditionally and irrevocably agrees to be bound by, and not to breach or otherwise fail to comply with, any of such covenants, agreements and obligations to the extent such provisions pertain to the Guarantor and such covenants, agreements and obligations are hereby reaffirmed by the Guarantor and, together with all related definitions and ancillary provisions are incorporated herein by reference hereby made a part hereof for all purposes as if set out in full herein.

ARTICLE V.

MISCELLANEOUS PROVISIONS

SECTION 5.1 Loan Document. This Guaranty is a Loan Document executed pursuant to the Credit Agreement.

SECTION 5.2 Indemnification. In consideration of the execution and delivery of the Credit Agreement by each Lender and the extension of the Commitments, the Guarantor shall indemnify the Agents and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnatee") against, and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnatee, incurred by or asserted against any Indemnatee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the actual or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Guarantor or any of its Subsidiaries, or any Environmental Liability related in any way to Guarantor or any of its

Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (a) resulted from the gross negligence or willful misconduct of such Indemnitee or (b) arose in connection with any issue in litigation commenced by Guarantor or any of its Subsidiaries against any Indemnitee for which a final judgment is entered in favor of Guarantor or any of its Subsidiaries against such Indemnitee. The obligations of the Guarantor under this Section 5.2 shall survive the termination of this Agreement or any non-assumption of this Agreement in a bankruptcy or similar proceeding. To the extent permitted by applicable law, Guarantor shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Guaranty or any agreement or instrument contemplated hereby, the Transactions or any Loan or the use of the proceeds thereof. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Guarantor hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The Guarantor shall be obligated to indemnify the Indemnitee for all Claims regardless of whether the Guarantor had knowledge of the facts and circumstances giving rise to such Claims.

SECTION 5.3 Binding on Successors, Transferees and Assigns; Substitution. In addition to, and not in limitation of, Section 2.7, this Guaranty shall be binding upon the Guarantor and its successors, transferees and assigns and shall inure to the benefit of and be enforceable by each Lender Party and their respective successors, transferees and assigns (to the full extent provided pursuant to Section 2.7); provided, however, that the Guarantor may not assign any of its obligations hereunder without the prior written consent of the Lenders.

SECTION 5.4 Amendments, etc. No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Australian Administrative Agent and Global Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 5.5 Addresses for Notices to the Guarantor. All notices and other communications hereunder to the Guarantor shall be in writing (including telex or facsimile communication) and mailed or transmitted by telex or facsimile or delivered to it, addressed to it at the address set forth below its signature hereto or at such other address as shall be designated by the Guarantor in a written notice to the Australian Administrative Agent and Global Administrative Agent at the address specified in the Credit Agreement complying as to delivery with the terms of this Section. All such notices and other communications if mailed and properly addressed postage prepaid shall be deemed given when deposited in the mails and, if transmitted by telex or facsimile properly addressed shall be deemed given when transmitted (answerback confirmed in the case of telexes). All notices and other communications hereunder to a Lender Party shall be given pursuant to the provisions of Section 10.1 of the Credit Agreement.

SECTION 5.6 No Waiver; Remedies. In addition to, and not in limitation of, Sections 2.3 and 2.5, no failure on the part of any Lender Party to exercise, and no delay in

exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 5.7 Section Captions. Section captions used in this Guaranty are for convenience of reference only, and shall not affect the construction of this Guaranty.

SECTION 5.8 Setoff. In addition to, and not in limitation of, any rights of any Lender Party under applicable law, each Lender Party shall, upon the occurrence of any Default or Unmatured Default, have the right to appropriate and apply to the payment of the obligations of the Guarantor owing to it hereunder, whether or not then due; provided, however, that any such appropriation and application shall be subject to the provisions of Section 10.8 of the Credit Agreement.

SECTION 5.9 Severability. Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION 5.10 Obligations. The Guarantor hereby acknowledges and covenants that the obligations binding upon it contained in this deed are owed to, and shall be for the benefit of, each and every Lender Party. Each Lender Party shall be entitled severally to enforce the said obligations against the Guarantor.

SECTION 5.11 GOVERNING LAW; JURISDICTION; CONSENT TO SERVICE OF PROCESS.

(a) THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK.

(b) GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. GUARANTOR AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE

JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT THE AGENTS OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST GUARANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. GUARANTOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) GUARANTOR IRREVOCABLY CONSENTS TO SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 5.12 Entire Agreement. THIS GUARANTY AND THE OTHER LOAN DOCUMENTS CONSTITUTE THE ENTIRE UNDERSTANDING AMONG THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDE ANY PRIOR AGREEMENTS, WRITTEN OR ORAL, WITH RESPECT THERETO.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

APACHE CORPORATION

By: _____

Name: Matthew W. Dundrea
Title: Vice President and Treasurer

Address: Apache Corporation
2000 South Post Oak Boulevard
Suite 100
Houston, Texas 77056-4400

Attention: Matthew W. Dundrea
Vice President and Treasurer

Telephone: (713) 296-6640
Facsimile: (713) 296-6458

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APACHE CORPORATION
 STATEMENT OF COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES AND
 COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
 (IN THOUSANDS)

SIX MONTHS ENDED JUNE 30, -----	2002			
2001 2001 2000 -----				
EARNINGS Pretax income (loss) from continuing operations before preferred interests of subsidiaries				
.....	\$ 372,778	\$		
808,887 \$1,206,863 \$1,203,681 Add: Fixed charges excluding capitalized interest and preferred interest requirements of consolidated subsidiaries	65,041			
71,198 134,484 116,190 -----				
----- Adjusted Earnings				
.....	\$			
437,819 \$ 880,085 \$1,341,347 \$1,319,871 =====				
===== FIXED CHARGES AND PREFERRED STOCK DIVIDENDS				
Interest expense including capitalized interest(1)	\$ 78,333	\$		
93,966 \$ 178,915 \$ 168,121 Amortization of debt expense				
.....	800	1,034		
2,460 2,726 Interest component of lease rental expenditures(2)	6,372	5,066	9,858	
7,343 Preferred interest requirements of consolidated subsidiaries	10,525(3)	-- 8,608	--	
----- Fixed charges				
.....				
96,030 100,066 199,841 178,190 Preferred stock dividend requirements(4)	12,815			
16,222 32,495 33,386 -----				
----- Combined Fixed Charges and Preferred Stock Dividends				
.....	\$ 108,845	\$ 116,288	\$ 232,336	\$
211,576 =====				
Ratio of Earnings to Fixed Charges				
.....	4.56	8.80	6.71	
7.41 =====				
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends ...	4.02	7.57	5.77	6.24
=====				
=====				
1999 1998 1997 -----				
EARNINGS Pretax income (loss) from continuing operations before preferred interests of subsidiaries				
.....	\$ 344,573	\$		
(187,563) \$ 258,640 Add: Fixed charges excluding capitalized interest and preferred interest requirements of consolidated subsidiaries	90,398			
78,728 78,531 -----				
Adjusted Earnings				
.....	\$			
434,971 \$ (108,835) \$ 337,171 =====				
===== FIXED CHARGES AND PREFERRED STOCK DIVIDENDS				
Interest expense including capitalized interest(1)				
.....	\$ 132,986	\$ 119,703	\$ 105,148	
Amortization of debt expense				
.....	4,854	4,496		
6,438 Interest component of lease rental expenditures(2)				
.....	5,789	3,808	3,438	
Preferred interest requirements of consolidated subsidiaries				

Fixed charges				
.....				
143,629 128,007 115,024 Preferred stock dividend requirements(4)	24,788			
2,905 -----				
----- Combined Fixed Charges and Preferred Stock Dividends				
.....	\$ 168,417	\$ 130,912	\$ 115,024	=====
===== Ratio of Earnings to Fixed Charges				
.....	3.03	--(5)	2.93	
=====				
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends ...				
2.58 --(5) 2.93 =====				

(1) Apache guaranteed and is contingently liable for certain debt. Fixed charges, relating to the debt for which Apache was contingently liable, have not been included in the fixed charges for any of the periods shown above.

- (2) Represents the portion of rental expense assumed to be attributable to interest factors of related rental obligations determined at interest rates appropriate for the period during which the rental obligations were incurred. Approximately 32 percent to 34 percent applies for all periods presented.
- (3) The \$11 million represents the total amount required to cover the preferred interest requirements of consolidated subsidiaries of \$9 million reported on the Statement of Consolidated Operations. The Company does not receive a tax benefit for a certain portion of preferred interest. Consequently, an additional \$2 million of pre-tax earnings is required to cover these fixed charges.
- (4) The Company does not receive a tax benefit for its preferred stock dividends. As a result, this amount represents the pre-tax earnings that would be required to cover preferred stock dividends of \$8 million.
- (5) Earnings were inadequate to cover fixed charges and combined fixed charges and preferred stock dividends by \$237 million and \$240 million, respectively, due to the \$243 million write-down of the carrying value of United States oil and gas properties.

APACHE CORPORATION

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER

I, G. Steven Farris, certify that the Quarterly Report of Apache Corporation on Form 10-Q for the quarterly period ending June 30, 2002, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m or Section 78o (d)) and that information contained in such report fairly represents, in all material respects, the financial condition and results of operations of Apache Corporation.

/s/ G. Steven Farris

By: G. Steven Farris
Title: President, Chief Executive Officer
and Chief Operating Officer

I, Roger B. Plank, certify that the Quarterly Report of Apache Corporation on Form 10-Q for the quarterly period ending June 30, 2002, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m or Section 78o (d)) and that information contained in such report fairly represents, in all material respects, the financial condition and results of operations of Apache Corporation.

/s/ Roger B. Plank

By: Roger B. Plank
Title: Executive Vice President
and Chief Financial Officer

STATEMENT UNDER OATH OF PRINCIPAL EXECUTIVE OFFICER
OF APACHE CORPORATION REGARDING FACTS AND CIRCUMSTANCES RELATING
TO EXCHANGE ACT FILINGS

I, G. Steven Farris, President, Chief Executive Officer and Chief Operating Officer of Apache Corporation, state and attest that:

(1) To the best of my knowledge, based upon a review of the covered reports of Apache Corporation (the "Company"), and, except as corrected or supplemented in a subsequent covered report:

- o no covered report contained an untrue statement of a material fact as of the end of the period covered by such report (or in the case of a report on Form 8-K or definitive proxy materials, as of the date on which it was filed); and
- o no covered report omitted to state a material fact necessary to make the statements in the covered report, in light of the circumstances under which they were made, not misleading as of the end of the period covered by such report (or in the case of a report on Form 8-K or definitive proxy materials, as of the date on which it was filed).

(2) I have reviewed the contents of this statement with the Company's audit committee.

(3) In this statement under oath, each of the following, if filed on or before the date of this statement, is a "covered report":

- o Annual Report of the Company on Form 10-K for the year ended December 31, 2001;
- o all reports on Form 10-Q, all reports on Form 8-K and all definitive proxy materials of the Company filed with the Commission subsequent to the filing of the Form 10-K identified above; and
- o any amendments to any of the foregoing.

/s/ G. Steven Farris

G. Steven Farris
President, Chief Executive Officer
and Chief Operating Officer

Subscribed and sworn to by G. Steven Farris before me this 12th day of August 2002.

/s/ VALENCIA A. MCNEIL

Notary Public

[SEAL]
My Commission Expires: April 16, 2006

STATEMENT UNDER OATH OF PRINCIPAL FINANCIAL OFFICER
OF APACHE CORPORATION REGARDING FACTS AND CIRCUMSTANCES RELATING
TO EXCHANGE ACT FILINGS

I, Roger B. Plank, Executive Vice President and Chief Financial Officer of Apache Corporation, state and attest that:

(1) To the best of my knowledge, based upon a review of the covered reports of Apache Corporation (the "Company"), and, except as corrected or supplemented in a subsequent covered report:

- o no covered report contained an untrue statement of a material fact as of the end of the period covered by such report (or in the case of a report on Form 8-K or definitive proxy materials, as of the date on which it was filed); and
- o no covered report omitted to state a material fact necessary to make the statements in the covered report, in light of the circumstances under which they were made, not misleading as of the end of the period covered by such report (or in the case of a report on Form 8-K or definitive proxy materials, as of the date on which it was filed).

(2) I have reviewed the contents of this statement with the Company's audit committee.

(3) In this statement under oath, each of the following, if filed on or before the date of this statement, is a "covered report":

- o Annual Report of the Company on Form 10-K for the year ended December 31, 2001;
- o all reports on Form 10-Q, all reports on Form 8-K and all definitive proxy materials of the Company filed with the Commission subsequent to the filing of the Form 10-K identified above; and
- o any amendments to any of the foregoing.

/s/ Roger B. Plank

Roger B. Plank
Executive Vice President
and Chief Financial Officer

Subscribed and sworn to by Roger B. Plank before me this 12th day of August 2002.

/s/ VALENCIA A. MCNEIL

Notary Public

[SEAL]
My Commission Expires: April 16, 2006