SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from ______________ to ________________

Commission File Number 0-13546

APACHE OFFSHORE INVESTMENT PARTNERSHIP

A Delaware	IRS Employer
General Partnership	No. 41-1464066

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

Telephone Number (713) 296-6000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
PARTNERSHIP UNITS

Indicate by check mark whether the Partnership (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 Partnership was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ----

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Partnership's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10- K. X

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of Apache Corporation's proxy statement relating to its 1999 annual meeting of shareholders have been incorporated by reference into Part III hereof.

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DESCRIPTION

All defined terms under Rule 4-10(a) of Regulation S-X shall have their statutorily-prescribed meanings when used in this report. Quantities of natural gas are expressed in this report in terms of thousand cubic feet (Mcf), million cubic feet (MMcf) or billion cubic feet (Bcf). Oil is quantified in terms of barrels (bbls), thousands of barrels (Mbbls) and millions of barrels (MMbbls). Natural gas is compared to oil in terms of barrels of oil equivalent (boe) or million barrels of oil equivalent (MMboe). Oil and natural gas liquids are compared with natural gas in terms of million cubic feet equivalent (MMcfe) and billion cubic feet equivalent (Bcfe). One barrel of oil is the energy equivalent of six Mcf of natural gas. Daily oil and gas production is expressed in terms of barrels of oil per day (bopd) and thousands of cubic feet of gas per day (Mcfd), respectively. With respect to information relating to the Partnership's working interest in wells or acreage, "net" oil and gas wells or acreage is determined by multiplying gross wells or acreage by the Partnership's working interest therein. Unless otherwise specified, all references to wells and acres are gross.

PART I

ITEM 1. BUSINESS

GENERAL

Apache Offshore Investment Partnership (the Investment Partnership), a Delaware general partnership, was organized in October 1983, with public investors as Investing Partners and Apache Corporation (Apache), a Delaware corporation, as Managing Partner. The operations of the Investment Partnership are conducted by Apache Offshore Petroleum Limited Partnership (the Limited Partnership), a Delaware limited partnership, of which Apache is the sole general partner and the Investment Partnership is the sole limited partner.

The Investing Partners purchased Units of Partnership Interests (Units) in the Investment Partnership at $150,000 per Unit, with five percent down and the balance in payments as called by the Investment Partnership. As of December 31, 1998, a total of $85,000 had been called for each Unit. In 1989, the Investment Partnership determined that the full $150,000 per Unit was not needed, fixed the total calls at $85,000 per Unit, and released the Investing Partners from liability for future calls. The Investment Partnership invested, and will continue to invest, its entire capital in the Limited Partnership. As used hereafter, the term "Partnership" refers to either the Investment Partnership or the Limited Partnership, as the case may be.

The Partnership's business is participation in oil and gas exploration, development and production activities on federal lease tracts in the Gulf of Mexico, offshore Louisiana and Texas. Except for the Matagorda Island Block 681 and 682 interests, as described below, the Partnership acquired its oil and gas interests through the purchase of 85 percent of the working interests held by Apache as a participant in a venture (the Venture) with Shell Oil Company (Shell) and certain other companies. The Partnership owns working interests ranging from 6.29 percent to 9.44 percent in the Venture's properties.

The Venture acquired substantially all of its oil and gas properties through bidding for leases offered by the federal government. The Venture members relied on Shell's knowledge and expertise in determining bidding strategies for the acquisitions. When Shell was successful in obtaining the properties, it generally billed participating members on a promoted basis (one-third for one-quarter) for the acquisition of exploratory leases and on a straight-up basis for the acquisition of leases defined as drainage tracts. All such billings were proportionately reduced to each member's working interest.

In November 1992, Apache and the Partnership formed a joint venture to acquire Shell's 92.6 percent working interest in Matagorda Island Blocks 681 and 682 pursuant to a jointly-held contractual preferential right to purchase. Apache and the Partnership previously owned working interests in the blocks equal to 1.109 percent and 6.287 percent, respectively, and net revenue interests of .924 percent and 5.239 percent, respectively. To facilitate the acquisition, Apache and the Partnership contributed all of their interests in Matagorda Island Blocks 681 and 682 to a newly formed joint venture, and Apache contributed $64.6 million ($55.6 million net of purchase price adjustments) to the joint venture to finance the acquisition. The Partnership had neither the cash nor additional financing to fund its proportionate share of the acquisition and participated through an increased net revenue interest in the joint venture.

Under the terms of the joint venture agreement, the Partnership's effective net revenue interest in the Matagorda Island Block 681 and 682 properties increased to 13.284 percent as a result of the acquisition, while its working interest was unchanged. The acquisition added approximately 7.5 Bcf of natural gas and 16 Mbbls of oil to the Partnership's reserve base without any incremental expenditures by the Partnership.

Since the Venture is not expected to acquire any additional exploratory acreage, future acquisitions, if any, will be confined to those leases defined as drainage tracts. The current Venture members would pay their proportionate share of acquiring any drainage tracts on a non-promoted basis.

Offshore exploration differs from onshore exploration in that production from a prospect generally will not commence until a sufficient number of productive wells have been drilled to justify the significant costs associated with construction of a production platform. Exploratory wells usually are drilled from mobile platforms until there are sufficient indications of commercial production to justify construction of a permanent production platform.

Apache, as Managing Partner, manages the Partnership's operations. Apache uses a portion of its staff and facilities for this purpose and is reimbursed for actual costs paid on behalf of the Partnership, as well as for general, administrative and overhead costs properly allocable to the Partnership.

1998 BUSINESS DEVELOPMENT

The Partnership spud five new wells in 1998. Two developmental wells were drilled at South Pass Block 83. Both of these wells were sidetracked, completed and began producing in 1998. A third well spud in 1997 was drilled to total depth in 1998 and abandoned.

An exploratory well at North Padre Island Block 976 was drilled and temporarily abandoned in 1998, and was being evaluated at December 31, 1998. A developmental well was also drilled and sidetracked and is expected to be completed in 1999. Additionally, an exploratory well was drilled and abandoned in 1998 at North Padre Island Block 969.

At South Timbalier Block 295, a developmental well spud in 1997 was completed and began production. In addition, a water-injection well spud in 1996 at South Timbalier Block 295 was completed and initiated in 1998.

In early 1998, the Partnership completed an exploratory well spud in 1997 at Matagorda Island Block 705. This well was recompleted in mid-1998 and returned to production late in the year. In addition, a developmental well spud in 1997 was completed and began production at Ship Shoal Block 259.

Since inception, the Partnership has acquired an interest in 49 prospects. As of December 31, 1998, 42 of those prospects have been surrendered or sold.

The status of the Partnership's 49 original prospects is shown in the following table:

	AS OF DECEMBER 31,	
	1998	1997
Prospect Status		
Producing - fully developed	6	7
Producing - partially developed	1	3
Total discoveries	7	10
Surrendered/sold	42	39
Total	49	49

As of December 31, 1998, 115 wells have been drilled on the seven remaining prospects. Of the 115 wells, 90 were productive and of those, 77 are currently producing. Fifteen of the Partnership's producing wells are dual completions. The Partnership had, at December 31, 1998, estimated proved oil and gas reserves of 15.3 Bcfe, of which 67 percent was natural gas.

In January 1998, the Partnership sold its interest in the Krypton Prospect (West Cameron Block 368). Additionally, the Partnership relinquished its overriding royalty interests in the Cortez Prospect (Matagorda Island Block 588) in August 1998 and in the Topaz Prospect (Vermillion Block 95) in October 1998.

FULL COST CEILING TEST

Under the full cost accounting rules of the Securities and Exchange Commission (SEC), the Partnership reviews the carrying value of its oil and gas properties each quarter. Under full cost accounting rules, capitalized costs of proved oil and gas properties may not exceed the present value of estimated future net revenues from proved reserves, discounted at 10 percent, plus the lower of cost or fair market value of unproved properties included in the costs being amortized, if any. Application of these rules generally requires pricing future production at the unescalated oil and gas prices in effect at the end of each fiscal quarter and requires a write-down if the "ceiling" is exceeded, even if prices declined for only a short period of time. The Partnership had no write-downs during 1998 due to ceiling test limitations.

MARKETING

Apache, on behalf of the Partnership, seeks and negotiates oil and gas marketing arrangements with various marketers and purchasers. During 1998, the Partnership's spot market gas was purchased primarily by Producers Energy Marketing LLC (ProEnergy) and the Partnership's oil and condensate production was purchased primarily by Plains Petroleum Operating Co. (Plains Petroleum). In June 1998, Apache formed a strategic alliance with Cinergy Corp. (Cinergy) to market substantially all of Apache's natural gas production from North America and sold its 57 percent interest in ProEnergy to Cinergy. ProEnergy will continue to market Apache's North American natural gas production for 10 years, with an option to terminate after six years, under an amended and restated gas purchase agreement effective July 1, 1998. The prices the Partnership received for its gas production prior to the sale of ProEnergy were, in the opinion of Apache, comparable to the prices that would have been received from a non-affiliated party. The prices the Partnership received after the sale of ProEnergy and will continue to receive for its gas production, in the opinion of Apache, approximate market prices.

See Note (5) "Major Customer Information" to the Partnership's financial statements under Item 8. Because the Partnership's oil and gas products are commodities and the prices and terms of its sales reflect those of the market, the Partnership does not believe that the loss of any customer would have a material adverse affect on the Partnership's business or results of operations. The Partnership is not in a position to predict future oil and gas prices.

ENVIRONMENTAL

The Partnership, as an owner or lessee of interests in oil and gas properties, is subject to various federal, state and local laws and regulations relating to the discharge of materials into, and protection of, the environment. These laws and regulations may, among other things, impose liability on the lessee under an oil and gas lease for the cost of pollution clean-up resulting from operations, subject the lessee to liability for pollution damages and require suspension or cessation of operations in affected areas.

The Partnership has made and will continue to make expenditures in its efforts to comply with these requirements. These costs are inextricably connected to normal operating expenses such that the Partnership is unable to separate the expenses related to environmental matters; however, the Partnership does not believe such expenditures are material to its financial position or results of operations.

The Partnership does not believe that compliance with federal, state or local provisions regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, will have a material adverse effect upon the capital expenditures, earnings and the competitive position of the Partnership, but there is no assurance that changes in or additions to laws or regulations regarding the protection of the environment will not have such an impact.

COMPETITION

The Partnership is a very minor factor in the oil and gas industry in the Gulf of Mexico area and faces strong competition from much larger producers for the marketing of its oil and gas. The Partnership's ability to compete for purchasers and favorable marketing terms will depend on the general demand for oil and gas from Gulf of Mexico producers. More particularly, it will depend largely on the efforts of Apache to find the best markets.

ITEM 2. PROPERTIES

Acreage is held by the Partnership pursuant to the terms of various leases. The Partnership does not anticipate any difficulty in retaining any of its desirable leases. A summary of the Partnership's producing wells and gross acreage as of December 31, 1998, is set forth below:

LEASE BLOCK	PROSPECT	STATE	PRODUCING OIL/GAS WELLS GROSS	NET	AVERAGE WORKING INTEREST	ACRES DEVELOPED GROSS	UNDEVELOPED GROSS
Ship Shoal 258, 259	Genesis	LA	11	.7	.0628698	10,141	--
South Timbalier 276, 295	Grover	LA	24	1.7	.0708333	10,000	--
North Padre Island 969, 976	Rosita	TX	13	.9	.0708333	11,520	5,760
Matagorda Island 681, 682, 705	Roberto	TX	18	1.1	.0789697	11,880	--
South Pass 83, 74	Manx	LA	7	.5	.0678914	7,500	--
East Cameron 60	East Aragonite	LA	1	.1	.0944444	5,000	--
Ship Shoal 201, 202	Bromeliad	LA	3	--	ORRI	10,000	--
			77	5.0		66,041	5,760

In January 1998, the Partnership sold its interest in the Krypton Prospect (West Cameron Block 368). The Partnership relinquished its overriding royalty interests in the Cortez Prospect (Matagorda Island Block 588) and the Topaz Prospect (Vermillion Block 95) in August 1998 and October 1998, respectively. See Note (4) "Oil and Gas Properties" to the Partnership's financial statements for costs incurred in oil and gas development and production activities. See Supplemental Oil and Gas Disclosures under Item 8 for related reserve information. On a net revenue basis, the Partnership owns five wells.

PRODUCTION AND PRICING DATA

The following table describes, for each of the last three fiscal years, oil and gas production for the Partnership, average production costs (excluding severance taxes) and average sales prices.

YEAR ENDED DECEMBER 31,	PRODUCTION OIL (MBBLS)	GAS (MMCF)	AVERAGE PRODUCTION COST PER MCFE	AVERAGE SALES PRICES OIL (PER BBL)	GAS (PER MCF)
1998	106	3,127	$ .27	$ 12.40	$ 2.08
1997	125	3,878	.10	19.30	2.49
1996	164	5,651	.18	20.73	2.50

See the Supplemental Oil and Gas Disclosures under Item 8 for estimated oil and gas reserves quantities.

ITEM 3. LEGAL PROCEEDINGS

There are no material legal proceedings pending to which the Partnership is a party or to which the Partnership's interests are subject.

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

There were no matters submitted to a vote of security holders during the fourth quarter of 1998.

PART II

ITEM 5. MARKET FOR THE PARTNERSHIP'S SECURITIES AND RELATED SECURITY HOLDER MATTERS

As of December 31, 1998, there were 1,141.0 of the Partnership's Units outstanding held by approximately 934 investors of record. The Partnership has no other class of security outstanding or authorized. The Units are not traded on any security market. Cash distributions totaled approximately $1.7 million, or $1,500 per Unit, during 1998 and approximately $5.4 million, or $4,500 per Unit, during 1997.

As discussed in Item 7, an amendment to the Partnership Agreement in February 1994 created a right of presentment under which all Investing Partners have a limited and voluntary right to offer their Units to the Partnership twice each year to be purchased in cash.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data for the five years ended December 31, 1998, should be read in conjunction with the Partnership's financial statements and related notes included under Item 8.

	AS OF OR FOR THE YEAR ENDED DECEMBER 31,				
	1998	1997	1996	1995	1994
	(In thousands, except per Unit amounts)				
Total assets	$ 9,841	$ 10,524	$ 12,252	$ 13,486	$ 14,291
Long-term debt	$ --	$ --	$ 1,998	$ 7,310	$ 9,435
Partners' capital	$ 9,080	$ 8,647	$ 8,498	$ 5,472	$ 4,175
Oil and gas sales	$ 7,827	$ 12,067	$ 17,511	$ 13,138	$ 16,926
Net income	$ 3,621	$ 8,244	$ 11,127	$ 6,214	$ 10,116
Net income allocated to:					
Managing Partner	$ 1,061	$ 1,967	$ 2,652	$ 1,800	$ 2,519
Investing Partners	2,560	6,277	8,475	4,414	7,597
	$ 3,621	$ 8,244	$ 11,127	$ 6,214	$ 10,116
Net income per Investing Partner Unit	$ 2,193	$ 5,260	$ 7,032	$ 3,584	$ 5,974
Cash distributions per Investing Partner Unit	$ 1,500	$ 4,500	$ 4,500	$ 2,250	$ 4,500

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Partnership's 1998 net income per Investing Partner Unit was lower than 1997. In addition to reduced production volumes, lower average oil and gas prices significantly impacted net income. The average natural gas price was 16 percent lower than the average price in 1997, while the average crude oil price declined 36 percent from 1997. Lease operating expense (LOE) was significantly higher in 1998, partially offset by lower depreciation, depletion and amortization (DD&A) expense. Distributions per Investing Partner Unit made in 1998 were significantly lower than 1997.

RESULTS OF OPERATIONS

NET INCOME AND REVENUE

The Partnership reported net income of $3.6 million for 1998 versus $8.2 million in 1997. Net income per Investing Partner Unit decreased 58 percent, to $2,193 from $5,260. The impact on net income of lower production volumes, lower oil and gas prices and higher LOE during 1998 was partially offset by lower DD&A expense.

Revenues decreased 36 percent, from $12.2 million in 1997, to $7.9 million in 1998. Natural gas and crude oil sales contributed approximately 82 percent and 17 percent, respectively, to the Partnership's total revenue in 1998. The Partnership is not in a position to predict future oil and gas prices.

The Partnership's oil and gas production volume and price information is summarized in the following table:

	FOR THE YEAR ENDED DECEMBER 31,		
	1998	1997	DECREASE
Gas volumes - Mcf per day	8,567	10,625	(19%)
Average gas price - per Mcf	$2.08	$2.49	(16%)
Oil volume - barrels per day	291	341	(15%)
Average oil price - per barrel	$12.40	$19.30	(36%)

Continued declines in production can be expected due to normal depletion. It is not anticipated that the Partnership will acquire any additional exploratory leases or that significant exploratory drilling will take place on leases in which the Partnership currently holds interests.

1998 COMPARED TO 1997

Natural gas sales for 1998 totaled $6.5 million, 33 percent lower than in 1997. The decrease was driven by lower average prices and lower production volumes. The decrease in production volumes resulted primarily from normal declines at Matagorda Island Block 681 and North Padre Island Block 969 and the sale of West Cameron Block 368.

The Partnership's crude oil sales for 1998 totaled $1.3 million, a 45 percent decrease from 1997. The average realized price for 1998 decreased 36 percent when compared to 1997. In addition to the decrease in crude oil prices was a 15 percent decline in production versus 1997. The decrease in oil production resulted primarily from normal decline at East Cameron Block 60 and downtime for drilling operations at Ship Shoal Block 259.

Given the small number of producing wells owned by the Partnership, and the fact that offshore wells tend to decline at a faster rate than onshore wells, the Partnership's future production will be subject to more volatility than those entities with greater reserves and longer-lived properties.

OPERATING EXPENSES

The Partnership's DD&A rate, expressed as a percentage of oil and gas sales, was approximately 35 percent during 1998, up from 25 percent for 1997. The increase in the DD&A rate was a result of decreased natural gas and crude oil prices. Overall, 1998 DD&A expense of $2.7 million decreased by $.3 million when compared to 1997 due to lower production in the current period.

LOE of $1.0 million increased by $.6 million during 1998 when compared to 1997. The increase in LOE was the result of higher workover activity in 1998 and non-recurring credits received from joint venture audits in 1997.

1997 COMPARED TO 1996

Natural gas sales for 1997 totaled $9.7 million, 31 percent lower than in 1996. The decrease was driven by lower production volumes due to normal declines in production, downtime for drilling at South Timbalier Block 295, and downtime for drilling and compressor installation work at Ship Shoal Block 259. Also contributing to the decline was the Partnership taking less than its entitlement at South Pass Block 83 and North Padre Island Block 969, where make-up volumes were taken by underproduced working interest owners.

The Partnership's crude oil sales for 1997 totaled $2.4 million, a 29 percent decrease from 1996. The average realized price for 1997 decreased seven percent when compared to 1996. In addition to the decrease in crude oil prices was a 24 percent decline in production versus 1996. The decrease in oil production resulted primarily from normal decline at East Cameron Block 60 and downtime for drilling operations at South Timbalier Block 295.

OPERATING EXPENSES

Primarily as a result of lower oil and gas production, DD&A expense for 1997 decreased 31 percent from 1996. The Partnership's DD&A rate, expressed as a percentage of oil and gas sales, was 25 percent during each of 1997 and 1996.

LOE of $.4 million decreased by $.8 million, or 63 percent, during 1997 when compared to 1996. The reduction in LOE in 1997 was the result of lower workover activity and non-recurring credits received from joint venture audits in 1997.

Interest expense for 1997 included only one month of interest, as the Partnership repaid the outstanding debt balance and terminated its revolving credit facility on January 31, 1997.

CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

CAPITAL COMMITMENTS

The Partnership's primary needs for cash are for operating expenses, drilling and recompletion expenditures, distributions to Investing Partners, and the purchase of Units offered by Investing Partners under the right of presentment. The Partnership used cash from operating activities in 1997 and 1996 to reduce debt by $2.0 million and $5.3 million, respectively. The Partnership had no outstanding debt at December 31, 1998.

During 1998, the Partnership's oil and gas property additions totaled $2.3 million. The 1998 additions include drilling activity on a water-injection well and a developmental well at South Timbalier Block 295. In addition, one developmental well was drilled at Ship Shoal Block 259, and one exploratory well was completed at Matagorda Island Block 705. At South Pass Block 83, two sidetrack developmental wells were drilled, and one sidetrack developmental and two exploratory wells were drilled at North Padre Island Blocks 976 and 969. Additions to oil and gas properties totaled $4.0 million and $1.1 million in 1997 and 1996, respectively.

The Partnership anticipates capital expenditures will total approximately $1.7 million in 1999, based on preliminary information provided by the operators of the properties in which the Partnership has interests. The anticipated capital expenditures relate primarily to recompletions at South Timbalier Block 295 and completions at North Padre Island Block 976. Additional capital expenditures may be proposed by the operators in the future.

During 1998, the Partnership paid distributions to Investing Partners totaling approximately $1.7 million or $1,500 per Unit, which is 67 percent lower than the per Unit distribution in 1997. The Partnership made a distribution of $750 per Unit in March 1999. Apache, as the Managing Partner, will review the possibility of a distribution in October 1999. Future distributions will be dependent on actual and expected production levels, realized and expected oil and gas prices and actual and anticipated capital expenditures.

In February 1994, an amendment to the Partnership Agreement created a right of presentment under which all Investing Partners have a limited and voluntary right to offer their Units to the Partnership twice each year to be purchased for cash. In 1998, the first right of presentment offer of $11,161 per Unit, plus interest to the date of payment, was made to Investing Partners based on a December 31, 1997 valuation date. The second right of presentment offer of $9,824 per Unit, plus interest to the date of payment, was made to the Investing Partners based on a valuation date of June 30, 1998. As a result, the Partnership acquired 43.22 Units for a total of approximately $487,000 in cash. In 1997 and 1996, Investing Partners were paid approximately $180,000 and $162,000, respectively, for a total of 28.16 Units.

There will be two rights of presentment in 1999, but the Partnership is not in a position to predict how many Units will be presented for repurchase and cannot, at this time, determine if the Partnership will have sufficient funds available to repurchase Units. The Amended Partnership Agreement contains limitations on the number of Units that the Partnership can repurchase, including an annual limit on repurchases of 10 percent of outstanding Units. The Partnership has no obligation to repurchase any Units presented to the extent that it determines that it has insufficient funds for such repurchases.

CAPITAL RESOURCES AND LIQUIDITY

The Partnership's primary capital resource is net cash provided by operating activities, which was $6.9 million for 1998, a decrease of 40 percent from 1997, reflecting declines in oil and gas production and prices and higher LOE. Future operating cash flows will be influenced by oil and gas prices and production which cannot be determined at this time.

The Partnership's future financial condition and results of operations will largely depend upon prices received for its oil and natural gas production and the costs of acquiring, finding, developing and producing reserves. A substantial portion of the Partnership's production is sold under market-sensitive contracts. Prices for oil and natural gas are subject to fluctuations in response to changes in supply, market uncertainty and a variety of factors beyond the Partnership's control. These factors include worldwide political instability (especially in the Middle East), the foreign supply of oil and natural gas, the price of foreign imports, the level of consumer demand and the price and availability of alternative fuels. With natural gas accounting for 83 percent of the Partnership's 1998 production and 67 percent of total proved reserves, on an energy equivalent basis, the Partnership is affected more by fluctuations in natural gas prices than in oil prices.

It is expected that the net cash provided by operating activities will be sufficient to meet the Partnership's liquidity needs for routine operations over the next two years. However, in the event that future short-term operating cash requirements are greater than the Partnership's financial resources, the Partnership will seek short-term, interest-bearing advances from the Managing Partner as needed.

In accordance with the Partnership's continuing objectives to maximize unit holder value and cash distributions, the Managing Partner plans to re-evaluate the future of the Partnership following this year's capital investments.

IMPACT OF THE YEAR 2000 ISSUE

The inability of some computer programs and embedded computer chips to distinguish between the year 1900 and the year 2000 (the Year 2000 issue) poses a serious threat of business disruption to any organization that utilizes computer technology and computer chip technology in their business systems or equipment. Apache, as Managing Partner, manages the Partnership's operations. Apache uses a portion of its staff for this purpose and is reimbursed for actual costs paid on behalf of the Partnership, as well as for general, administrative and overhead costs properly allocable to the Partnership. Apache has formed a Year 2000 Task Force with representation from major business units to inventory and assess the risk of hardware, software, telecommunications systems, office equipment, embedded chip controls and systems, process control systems, facility control systems and dependencies on external trading partners. The project phases, expected completion dates and percentage complete as of March 1999 are as follows:

PHASE	COMPLETION DATE	PERCENT COMPLETE
Organization	July 1998	100%
Assessment	November 1998	100%
Desktop Computers		
Network Hardware		
Software		
Embedded Systems		
External Trading Partners		
Building/Infrastructure Systems		
Telecommunications Systems		
Implementation/Replacement	September 1999	75%
Computer Hardware		
Core Business Software		
Desktop Software		
Embedded Systems		
Building Systems		
Contact External Trading Partners	March 1999	100%
Contingency Planning	April 1999	70%

To date, the Managing Partner is not aware of any significant Year 2000 issues that would cause problems in the area of safety, environmental or business interruption. Apache will assess the risks associated with hardware, software, infrastructure, embedded chips and external trading partners that are not Year 2000 compliant. While Apache is confident that Year 2000 remediation efforts will succeed in minimizing exposure to business disruption, plans are being developed that will allow continuation of business in all but the worst case scenarios. All remediation and replacement efforts and contingency planning are expected to be complete by September 1999. All critical external trading partners have been contacted to determine Year 2000 readiness and contingency plans will be developed where assurance of Year 2000 compliance is not received by March 31, 1999.

In 1997, the Managing Partner initiated a project to replace existing business software as it relates to Apache's production, land, marketing, accounting and financial systems to more effectively and efficiently meet its business needs. Replacement computer systems selected by the Managing Partner from SAP America, Inc., PricewaterhouseCoopers LLP, Innovative Business Solutions and Landmark Graphics will properly recognize dates beyond December 31, 1999. The Managing Partner plans to implement the replacement software by March 31, 1999. The business system replacement project is 90 percent complete and Apache believes that the March 31, 1999 deadline is attainable.

The Managing Partner expects that its cost to achieve Year 2000 compliance will not exceed $4 million excluding the cost of implementing business replacement systems. These costs will be borne by the Managing Partner and will not have any impact on the financial results of the Partnership.

The Managing Partner presently believes that with conversions to new software and completion of efforts planned by the Year 2000 Task Force, the risk associated with Year 2000 will be significantly reduced. However, the Managing Partner is unable to assure that the consequences of Year 2000 failures of systems maintained by Apache or by third parties will not materially adversely impact the Partnership's results of operations, liquidity or financial condition.

FORWARD-LOOKING STATEMENTS AND RISK

Certain statements in this report, including statements of the future plans, objectives, and expected performance of the Partnership, are forward-looking statements that are dependent upon certain events, risks and uncertainties that may be outside the Partnership'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. Fluctuations in oil and gas prices, or a prolonged continuation of the current low price of crude oil, may substantially adversely affect the Partnership's financial position, results of operations and cash flows.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

APACHE OFFSHORE INVESTMENT PARTNERSHIP

INDEX TO FINANCIAL STATEMENTS

Schedules -

All financial statement schedules have been omitted because they are either not required, not applicable or the information required to be presented is included in the financial statements or related notes thereto.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Partners of Apache Offshore Investment Partnership:

We have audited the accompanying balance sheet of Apache Offshore Investment Partnership (a Delaware partnership) as of December 31, 1998 and 1997, and the related statements of income, cash flows and changes in partners' capital for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Apache Offshore Investment Partnership as of December 31, 1998 and 1997, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Houston, Texas
February 26, 1999

APACHE OFFSHORE INVESTMENT PARTNERSHIP
BALANCE SHEET

	DECEMBER 31, 1998	DECEMBER 31, 1997
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,324,949	$ 691,797
Accrued revenues receivable	1,297,999	1,537,451
Receivable from Apache Corporation	--	218,729
Drilling advances	--	72,020
	2,622,948	2,519,997
OIL AND GAS PROPERTIES, on the basis of full cost accounting:		
Proved properties	168,331,700	166,397,087
Less - Accumulated depreciation, depletion and amortization	(161,114,094)	(158,392,914)
	7,217,606	8,004,173
	$ 9,840,554	$ 10,524,170
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Accrued exploration and development	$ 591,920	$ 1,764,917
Accrued operating expenses payable	98,367	112,263
Payable to Apache Corporation	69,973	--
	760,260	1,877,180
PARTNERS' CAPITAL:		
Managing Partner	597,060	505,035
Investing Partners (1,141.0 and 1,184.2 Units outstanding, respectively)	8,483,234	8,141,955
	9,080,294	8,646,990
	$ 9,840,554	$ 10,524,170

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP
STATEMENT OF INCOME

	FOR THE YEAR ENDED DECEMBER 31,		
	1998	1997	1996
REVENUES:			
Oil and gas sales	$ 7,827,380	$ 12,066,643	$ 17,510,612
Interest income	55,691	69,755	24,699
Other income	--	89,249	--
	7,883,071	12,225,647	17,535,311
OPERATING EXPENSES:			
Depreciation, depletion and amortization	2,721,180	2,983,020	4,320,182
Lease operating	1,000,708	445,651	1,216,844
Administrative	540,000	540,000	532,325
Interest expense	--	12,818	339,045
	4,261,888	3,981,489	6,408,396
NET INCOME	$ 3,621,183	$ 8,244,158	$ 11,126,915
Net income allocated to:			
Managing Partner	$ 1,061,052	$ 1,967,386	$ 2,651,779
Investing Partners	2,560,131	6,276,772	8,475,136
	$ 3,621,183	$ 8,244,158	$ 11,126,915
NET INCOME PER INVESTING PARTNER UNIT	$ 2,193	$ 5,260	$ 7,032
WEIGHTED AVERAGE INVESTING PARTNER UNITS OUTSTANDING	1,167.4	1,193.3	1,205.3

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP
STATEMENT OF CASH FLOWS

	FOR THE YEAR ENDED DECEMBER 31,		
	1998	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 3,621,183	$ 8,244,158	$ 11,126,915
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	2,721,180	2,983,020	4,320,182
Changes in operating assets and liabilities:			
(Increase) decrease in accrued revenues receivable	239,452	1,508,734	(301,197)
Increase (decrease) in accrued operating expenses payable	(13,896)	(286,635)	191,476
Increase (decrease) in receivable from/payable to Apache Corporation	288,702	(1,061,813)	773,260
Net cash provided by operating activities	6,856,621	11,387,464	16,110,636
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to oil and gas properties	(2,331,287)	(4,007,934)	(1,073,490)
Proceeds from sales of oil and gas properties	396,674	488,750	17,425
Non-cash portion of oil and gas property additions	(1,172,997)	1,250,969	87,018
(Increase) decrease in drilling advances	72,020	(72,020)	8,570
Net cash used in investing activities	(3,035,590)	(2,340,235)	(960,477)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repurchase of Partnership Units	(487,313)	(179,523)	(161,899)
Distributions to Investing Partners	(1,731,539)	(5,362,339)	(5,411,224)
Distributions to Managing Partner, net	(969,027)	(2,553,540)	(2,527,170)
Payments of long-term debt	--	(1,997,500)	(5,312,500)
Net cash used in financing activities	(3,187,879)	(10,092,902)	(13,412,793)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	633,152	(1,045,673)	1,737,366
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	691,797	1,737,470	104
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,324,949	$ 691,797	$ 1,737,470
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for interest	$ --	$ 11,073	$ 285,000

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP
STATEMENT OF CHANGES IN PARTNERS' CAPITAL

	MANAGING PARTNER	INVESTING PARTNERS	TOTAL
BALANCE, DECEMBER 31, 1995	$ 966,580	$ 4,505,032	$ 5,471,612
Distributions, net	(2,527,170)	(5,411,224)	(7,938,394)
Repurchase of Partnership Units	--	(161,899)	(161,899)
Net income	2,651,779	8,475,136	11,126,915
BALANCE, DECEMBER 31, 1996	1,091,189	7,407,045	8,498,234
Distributions, net	(2,553,540)	(5,362,339)	(7,915,879)
Repurchase of Partnership Units	--	(179,523)	(179,523)
Net income	1,967,386	6,276,772	8,244,158
BALANCE, DECEMBER 31, 1997	505,035	8,141,955	8,646,990
Distributions, net	(969,027)	(1,731,539)	(2,700,566)
Repurchase of Partnership Units	--	(487,313)	(487,313)
Net income	1,061,052	2,560,131	3,621,183
BALANCE, DECEMBER 31, 1998	$ 597,060	$ 8,483,234	$ 9,080,294

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS

(1) ORGANIZATION

NATURE OF OPERATIONS -

Apache Offshore Investment Partnership was formed as a Delaware general partnership on October 31, 1983, consisting of Apache Corporation (Apache) as Managing Partner and public investors as Investing Partners. The general partnership invested its entire capital in Apache Offshore Petroleum Limited Partnership, a Delaware limited partnership formed to conduct oil and gas exploration, development and production operations. The accompanying financial statements include the accounts of both the limited and general partnerships. Apache is the general partner of both the limited and general partnerships, and holds approximately five percent of the 1,141.0 Investing Partner Units (Units) outstanding at December 31, 1998. The term "Partnership", as used hereafter, refers to the limited or the general partnership, as the case may be.

The Partnership purchased, at cost, an 85 percent interest in offshore leasehold interests acquired by Apache as a co-venturer in a series of oil and gas exploration, development and production activities on 87 federal lease tracts (12 remain as of December 31, 1998) in the Gulf of Mexico, offshore Louisiana and Texas. The remaining 15 percent interest was purchased by an affiliated partnership or retained by Apache. The Partnership acquired an increased net revenue interest in Matagorda Island Blocks 681 and 682 in November 1992, when the Partnership and Apache formed a joint venture to acquire a 92.6 percent working interest in the blocks.

Since inception, the Partnership has participated in 14 federal offshore lease sales in which 49 prospects were acquired (through the same date 42 of those prospects have been surrendered/sold). The Partnership's working interests in the seven remaining venture prospects range from 6.29 percent to 9.44 percent.

The Partnership's future financial condition and results of operations will depend largely upon prices received for its oil and natural gas production and the costs of acquiring, finding, developing and producing reserves. A substantial portion of the Partnership's production is sold under market-sensitive contracts. Prices for oil and natural gas are subject to fluctuations in response to changes in supply, market uncertainty and a variety of factors beyond the Partnership's control. These factors include worldwide political instability (especially in the Middle East), the foreign supply of oil and natural gas, the price of foreign imports, the level of consumer demand, and the price and availability of alternative fuels. With natural gas accounting for 83 percent of the Partnership's 1998 production and 67 percent of total proved reserves, on an energy equivalent basis, the Partnership is affected more by fluctuations in natural gas prices than in oil prices.

Under the terms of the Partnership Agreements, the Investing Partners receive 80 percent and Apache receives 20 percent of revenue. The Investing Partners generally pay for 90 percent and Apache generally pays for 10 percent of exploration and development costs and expenses incurred by the Partnership. However, intangible drilling costs, interest costs and fees or expenses related to the loans incurred by the Partnership are allocated 99 percent to the Investing Partners and one percent to Apache until such time as the amount so allocated to the Investing Partners equals 90 percent of the total amount of such costs, including such costs incurred by Apache prior to the formation of the Partnerships.

APACHE OFFSHORE INVESTMENT PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

RIGHT OF PRESENTMENT -

An amendment to the Partnership Agreement adopted in February 1994, created a right of presentment under which all Investing Partners have a limited and voluntary right to offer their Units to the Partnership twice each year to be purchased for cash. During 1998, the Investing Partners sold a total of 43.22 Units to the Partnership for a total of approximately $487,000 in cash. The first right of presentment was based upon a valuation date of December 31, 1997 for a purchase price of $11,161 per Unit, plus interest to the date of payment. The second presentment offer was based on a valuation date of June 30, 1998 for a purchase price of $9,824 per Unit, plus interest to the payment date. During 1997 and 1996, the Partnership paid the Investing Partners approximately $180,000 and $162,000, respectively, to acquire a total of 28.16 Units.

The Partnership is not in a position to predict how many Units will be presented for repurchase during 1999, however, no more than 10 percent of the outstanding Units may be purchased under the right of presentment in any year. The Partnership has no obligation to purchase any Units presented to the extent that it determines that it has insufficient funds for such purchases.

The table below sets forth the total repurchase price and the repurchase price per Unit for all outstanding Units at each presentment period, based on the right of presentment valuation formula defined in the amendment to the Partnership Agreement. The right of presentment offers, made twice annually, are based on a discounted Unit value formula. The discounted Unit value will be not less than the Investing Partner's share of: (a) the sum of (i) 70 percent of the discounted estimated future net revenues from proved reserves, discounted at a rate of 1.5 percent over prime or First National Bank of Chicago's base rate in effect at the time the calculation is made, (ii) cash on hand, (iii) prepaid expenses, (iv) accounts receivable less a reasonable reserve for doubtful accounts, (v) oil and gas properties other than proved reserves at cost less any amounts attributable to drilling and completion costs incurred by the Partnership and included therein, and (vi) the book value of all other assets of the Partnership, less the debts, obligations and other liabilities of all kinds (including accrued expenses) then allocable to such interest in the Partnership, all determined as of the valuation date, divided by (b) the number of Units, and fractions thereof, outstanding as of the valuation date. The discounted Unit value does not purport to be, and may be substantially different from, the fair market value of a Unit.

RIGHT OF PRESENTMENT VALUATION DATE	TOTAL REPURCHASE PRICE	REPURCHASE PRICE PER UNIT
December 31, 1995	$ 14,181,413	$ 10,698
June 30, 1996	16,881,655	10,572
December 31, 1996	17,514,216	13,621
June 30, 1997	17,188,997	10,946
December 31, 1997	13,216,700	11,161
June 30, 1998	13,072,171	9,824

CAPITAL CONTRIBUTIONS -

A total of $85,000 per Unit, or approximately 57 percent of investor subscriptions, were called through December 31, 1998. The Partnership determined the full purchase price of $150,000 per Unit was not needed, and upon completion of the last subscription call in November 1989, released the Investing Partners from their remaining liability. As a result of investors defaulting on cash calls and repurchases under the presentment offer discussed above, the original 1,500 Units have been reduced to 1,141.0 Units at December 31, 1998.

APACHE OFFSHORE INVESTMENT PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

STATEMENT PRESENTATION -

The accounts of the Partnership are maintained on a tax basis method of accounting in accordance with the Articles of Partnership and methods of reporting allowed for federal income tax purposes.

Financial statements included in reports that the Partnership files with the Securities and Exchange Commission (SEC) are required to be prepared in conformity with generally accepted accounting principles. Accordingly, the accompanying financial statements were prepared to reflect memorandum entries to convert from tax basis to the accrual basis method in conformity with generally accepted accounting principles.

CASH EQUIVALENTS -

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

OIL AND GAS PROPERTIES -

The Partnership uses the full cost method of accounting for financial statement purposes. Under this method, the Partnership capitalizes all acquisition, exploration and development costs incurred for the purpose of finding oil and gas reserves. The amounts capitalized under this method include dry hole costs, leasehold costs, engineering, geological, exploration, development and other similar costs. Costs associated with production and administrative functions are expensed in the period incurred. Unless a significant portion of the Partnership's reserve volumes are sold (greater than 25 percent), proceeds from the sale of oil and gas properties are accounted for as reductions to capitalized costs, and gains or losses are not recognized.

Capitalized costs of oil and gas properties are amortized on the future gross revenue method whereby depreciation, depletion and amortization (DD&A) expense is computed quarterly by dividing current period oil and gas sales by estimated future gross revenue from proved oil and gas reserves (including current period oil and gas sales) and applying the resulting rate to the net cost of evaluated oil and gas properties, including estimated future development costs. The amortizable base includes estimated dismantlement, restoration and abandonment costs, net of estimated salvage values.

The Partnership limits the capitalized costs of proved oil and gas properties, net of accumulated DD&A, to the estimated future net cash flows from proved oil and gas reserves discounted at 10 percent, plus the lower of cost or fair value of unproved properties included in the costs being amortized, if any. If capitalized costs exceed this limit, the excess is charged to DD&A expense. The Partnership has not recorded any write-downs of capitalized costs for the three years presented.

REVENUE RECOGNITION -

The Partnership uses the sales method of accounting for natural gas revenues. Under this method, revenues are recognized based on actual volumes of gas sold to purchasers. The volumes of gas sold may differ from the volumes to which the Partnership is entitled based on its interests in the properties. Revenue is deferred and a liability is recorded for those properties where the estimated remaining reserves will not be sufficient to enable the underproduced owner to recoup its entitled share through production.

PER UNIT CALCULATION -

The net income per Investing Partner Unit is calculated by dividing the aggregate Investing Partners' net income for the period by the number of weighted average Investing Partner Units outstanding for that period.

INCOME TAXES -

The profit or loss of the Partnership for federal income tax reporting purposes is included in the income tax returns of the partners. Accordingly, no recognition has been given to income taxes in the accompanying financial statements.

USE OF ESTIMATES -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates with regard to these financial statements include the estimate of proved oil and gas reserve quantities and the related present value of estimated future net cash flows therefrom. See "Supplemental Oil and Gas Disclosures" below.

PAYABLE TO/RECEIVABLE FROM APACHE -

Payable to/receivable from Apache represents the net result of the Investing Partners' revenue and expenditure transactions in the current month. Generally, this amount will be transferred to or funded by Apache, as appropriate, in the month after the Partnership's transactions are processed and the net results from operations are determined.

MAINTENANCE AND REPAIRS -

Maintenance and repairs are charged to expense as incurred. Recompletions and replacements that improve or extend the life of existing properties are capitalized.

(3) COMPENSATION TO APACHE

Apache is entitled to the following types of compensation and reimbursement for costs and expenses.

	TOTAL REIMBURSED BY THE INVESTING PARTNERS FOR THE YEAR ENDED DECEMBER 31,		
	1998	1997	1996
	(In thousands)		
a. Apache is reimbursed for general, administrative and overhead expenses incurred in connection with the management and operation of the Partnership's business	$ 432	$ 432	$ 426
b. Apache is reimbursed for exploration and development overhead costs incurred in the Partnership's operations. These costs are based on exploration and development activities and are capitalized to oil and gas properties	$ 140	$ 222	$ 77

Apache operates certain Partnership properties. Billings to the Partnership are made on the same basis as to unaffiliated third parties or at prevailing industry rates.

APACHE OFFSHORE INVESTMENT PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

(4) OIL AND GAS PROPERTIES

The following tables contain direct cost information and changes in the Partnership's oil and gas properties for each of the years ended December 31. All costs of oil and gas properties are currently being amortized.

	1998	1997	1996
		(In thousands)	
Oil and Gas Properties			
Balance, beginning of year	$ 166,397	$ 162,878	$ 161,822
Costs incurred during the year:			
Leasehold additions -			
Investing Partners	17	5	23
Managing Partner	2	1	3
Development -			
Investing Partners	2,257	3,906	1,020
Managing Partner	56	96	27
Property sales proceeds (1) -			
Investing Partners	(357)	(440)	(13)
Managing Partner	(40)	(49)	(4)
Balance, end of year	$ 168,332	$ 166,397	$ 162,878

(1) The 1998 property sales proceeds are a result of the sale of the Krypton Prospect (West Cameron Block 368). The 1997 property sales proceeds are a result of the sale of the Glenda Prospect (High Island Block A-6) and the sale of the Partnership's interest in a farmout on the Roberto Prospect (Matagorda Island Block 670/682). The 1996 property sales proceeds are a result of the sale of the No-See-Um Prospect (Vermillion Block 226/337).

	MANAGING PARTNER	INVESTING PARTNERS	TOTAL
		(In thousands)	
Accumulated Depreciation, Depletion and Amortization			
Balance, December 31, 1995	$ 19,173	$ 131,917	$ 151,090
Provision	467	3,853	4,320
Balance, December 31, 1996	19,640	135,770	155,410
Provision	265	2,718	2,983
Balance, December 31, 1997	19,905	138,488	158,393
Provision	196	2,525	2,721
Balance, December 31, 1998	$ 20,101	$ 141,013	$ 161,114

The Partnership's aggregate DD&A expense was 35 percent of oil and gas sales for 1998 and 25 percent for both 1997 and 1996.

APACHE OFFSHORE INVESTMENT PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

(5) MAJOR CUSTOMER INFORMATION

Revenues received from major third party customers that exceeded 10 percent of oil and gas sales are discussed below. No other third party customers individually accounted for more than ten percent of oil and gas sales.

Beginning in April 1996, Producers Energy Marketing LLC (ProEnergy), an affiliate of Apache until June 1998, became the principal purchaser of the Partnership's natural gas production. Sales to ProEnergy accounted for 92 percent, 87 percent, and 73 percent of the Partnership's oil and gas sales in 1998, 1997 and 1996, respectively. In June 1998, Apache formed a strategic alliance with Cinergy Corp. (Cinergy) to market substantially all of Apache's natural gas production from North America and sold its 57 percent interest in ProEnergy to Cinergy. ProEnergy will continue to market Apache's North American natural gas production for 10 years, with an option to terminate after six years, under an amended and restated gas purchase agreement effective July 1, 1998. The prices the Partnership received for its gas production prior to the sale of ProEnergy were, in the opinion of Apache, comparable to the prices that would have been received from a non-affiliated party. The prices the Partnership received after the sale of ProEnergy and will continue to receive for its gas production, in the opinion of Apache, approximate market prices.

Sales of oil and condensate to Plains Petroleum Operating Co. accounted for five percent, nine percent, and 10 percent of the Partnership's oil and gas sales in 1998, 1997 and 1996, respectively.

Effective November 1992, with Apache's and the Partnership's acquisition of an additional net revenue interest in Matagorda Island Blocks 681 and 682, a wholly-owned subsidiary of Apache purchased from Shell Oil Company (Shell) a 14.4 mile natural gas and condensate pipeline connecting Matagorda Island Block 681 to onshore markets. The Partnership paid the Apache subsidiary transportation fees totaling $.1 million in 1998 and $.2 million in each of 1997 and 1996 for the Partnership's share of gas. The fees, which are netted against oil and gas sales on the income statement, were at the same rates and terms as previously paid to Shell.

The Partnership's revenues are derived principally from uncollateralized sales to customers in the oil and gas industry; therefore, customers may be similarly affected by changes in economic and other conditions within the industry. The Partnership has not experienced material credit losses on such sales.

(6) DEBT

In July 1992, through Apache, the Partnership obtained a line of credit. Proceeds from this revolving bank facility were used to repay a limited recourse note which had previously been issued to finance offshore leasehold in the Partnership. The $2.0 million of outstanding debt at December 31, 1996, was due in 1998; however, on January 31, 1997, the Partnership repaid the loan in its entirety and terminated the facility.

It is expected that cash flows from operating activities will be sufficient to meet the Partnership's liquidity needs for routine operations over the next two years. However, in the event future short-term operating cash requirements are greater than the Partnership's financial resources, the Partnership will seek short-term, interest-bearing advances from the Managing Partner as needed.

(7) FINANCIAL INSTRUMENTS

The carrying amount of cash and cash equivalents, accrued revenue receivables and other financial instruments included in the accompanying balance sheet approximated their fair values at December 31, 1998 and 1997. The Partnership did not engage in hedging activities during the three-year period ended December 31, 1998.

SUPPLEMENTAL OIL AND GAS DISCLOSURES
(UNAUDITED)

OIL AND GAS RESERVE INFORMATION -

Proved oil and gas reserve quantities are based on estimates prepared by Ryder Scott Company Petroleum Engineers, independent petroleum engineers, in accordance with guidelines established by the SEC. These reserves are subject to revision due to the inherent imprecision in estimating reserves, and are revised as additional information becomes available. All the Partnership's reserves are located offshore Texas and Louisiana.

There are numerous uncertainties inherent in estimating quantities of proved reserves and projecting future rates of production and timing of development expenditures. The following reserve data represents estimates only and should not be construed as being exact.

(Oil in Mbbls and gas in MMcf)

	1998		1997		1996	
	OIL	GAS	OIL	GAS	OIL	GAS
Proved Reserves						
Beginning of year	922	12,511	1,065	16,396	1,169	20,848
Extensions, discoveries and other additions	3	2,080	92	289	--	252
Revisions of previous estimates	17	(997)	281	(150)	60	957
Production	(106)	(3,127)	(125)	(3,878)	(164)	(5,651)
Sales of reserves in-place	(4)	(198)	(391)	(146)	--	(10)
End of year	832	10,269	922	12,511	1,065	16,396
Proved Developed						
Beginning of year	883	10,824	917	14,223	1,112	18,798
End of year	792	8,585	883	10,824	917	14,223

SUPPLEMENTAL OIL AND GAS DISCLOSURES - (CONTINUED)
(UNAUDITED)

FUTURE NET CASH FLOWS -

The following table sets forth unaudited information concerning future net cash flows from proved oil and gas reserves. Future cash inflows are based on year-end prices. Operating costs and future development costs are based on current costs with no escalation. As the Partnership pays no income taxes, estimated future income tax expenses are omitted. This information does not purport to present the fair value of the Partnership's oil and gas assets, but does present a standardized disclosure concerning possible future net cash flows that would result under the assumptions used.

Discounted Future Net Cash Flows Relating to Proved Reserves

	DECEMBER 31,		
	1998	1997	1996
	(In thousands)		
Future cash inflows	$ 27,473	$ 46,733	$ 97,475
Future production and development costs	(8,744)	(10,739)	(14,072)
Net cash flows	18,729	35,994	83,403
10 percent annual discount rate	(5,001)	(9,137)	(21,325)
Discounted future net cash flows	$ 13,728	$ 26,857	$ 62,078

The following table sets forth the principal sources of change in the discounted future net cash flows:

	FOR THE YEAR ENDED DECEMBER 31,		
	1998	1997	1996
	(In thousands)		
Sales, net of production costs	$ (6,827)	$(11,621)	$(16,294)
Net change in prices and production costs	(9,548)	(31,310)	22,269
Extensions, discoveries and other additions	2,662	1,751	862
Development costs incurred	1,278	--	--
Revisions of quantities	(1,029)	2,616	3,920
Accretion of discount	2,686	6,208	4,912
Changes in future development costs	(132)	617	(607)
Sales of reserves in-place	(192)	(468)	(18)
Changes in production rates and other	(2,027)	(3,014)	(2,081)
	$(13,129)	$(35,221)	$ 12,963

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE PARTNERSHIP

All management functions are performed by Apache, the Managing Partner of the Partnership. The Partnership itself has no officers or directors. Information concerning the officers and directors of Apache set forth under the captions "Nominees for Election as Directors", "Continuing Directors", "Executive Officers of the Company", and "Voting Securities and Principal Holders" in the proxy statement relating to the 1999 annual meeting of shareholders of Apache (the Apache Proxy) is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

See Note (3), "Compensation to Apache" of the Partnership's financial statements, under Item 8 above, for information regarding compensation to Apache as Managing Partner. The information concerning the compensation paid by Apache to its officers and directors set forth under the captions "Summary Compensation Table", "Option/SAR Grants Table", "Option/SAR Exercises and Year-End Value Table", "Employment Contracts and Termination of Employment and Change-in-Control Arrangements", and "Director Compensation" in the Apache Proxy is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Apache, as an Investing Partner and the General Partner, owns 53 Units, or 4.6 percent of the outstanding Units of the Partnership, as of December 31, 1998. Directors and officers of Apache own 9.7 Units, slightly less than one percent of the Partnership's Units, as of December 31, 1998. Apache owns a one-percent General Partner interest (15 equivalent Units). To the knowledge of the Partnership, no Investing Partner owns, of record or beneficially, more than five percent of the Partnership's outstanding Units.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Effective November 1992, with Apache's and the Partnership's acquisition of an additional net revenue interest in Matagorda Island Blocks 681 and 682, a wholly-owned subsidiary of Apache purchased from Shell a 14.4 mile-long natural gas and condensate pipeline connecting Matagorda Island Block 681 to onshore markets. The Partnership paid the Apache subsidiary transportation fees totaling $.1 million in 1998 and $.2 million in each of 1997 and 1996 for Partnership's share of gas. The fees, which are netted against oil and gas sales on the income statement, were at the same rates and terms as previously paid to Shell.

Apache markets the Partnership's natural gas production through ProEnergy. In June 1998, Apache formed a strategic alliance with Cinergy to market substantially all of Apache's natural gas production from North America and sold its 57 percent interest in ProEnergy to Cinergy. ProEnergy will continue to market Apache's North American natural gas production for 10 years, with an option to terminate after six years, under an amended and restated gas purchase agreement effective July 1, 1998. The prices the Partnership received for its gas production prior to the sale of ProEnergy were, in the opinion of Apache, comparable to the prices that would have been received from a non-affiliated party. The prices the Partnership received after the sale of ProEnergy and will continue to receive for its gas production, in the opinion of Apache, approximate market prices.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

a. (1) Financial Statements - See accompanying index to financial statements in Item 8 above.

(2) Financial Statement Schedules - See accompanying index to financial statements in Item 8 above.

(3) Exhibits

3.1 Partnership Agreement of Apache Offshore Investment Partnership (incorporated by reference to Exhibit (3)(i) to Form 10 filed by Partnership with the Commission on April 30, 1985, Commission File No. 0-13546).

3.2 Amendment No. 1, dated February 11, 1994, to the Partnership Agreement of Apache Offshore Investment Partnership (incorporated by reference to Exhibit 3.3 to Partnership's Annual Report on Form 10-K for the year ended December 31, 1993, Commission File No. 0-13546).

3.3 Limited Partnership Agreement of Apache Offshore Petroleum Limited Partnership (incorporated by reference to Exhibit (3)(ii) to Form 10 filed by Partnership with the Commission on April 30, 1985, Commission File No. 0-13546).

10.1 Credit Agreement dated July 24, 1992, between Apache, the Lenders named therein and the First National Bank of Chicago, as Agent (incorporated by reference to Exhibit 10.1 to Partnership's Quarterly Report on Form 10-Q for the quarter ended June 30, 1992, Commission File No. 0-13546).

10.2 Second Amendment, dated as of July 29, 1994, to Credit Agreement between Apache, the Lenders named therein and the First National Bank of Chicago, as Agent (incorporated by reference to Exhibit 10.1 to Partnership's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994, Commission File No. 0-13546).

10.3 Third Amendment, dated as of March 31, 1995, to the Credit Agreement between Apache, the Lenders named therein and the First National Bank of Chicago, as Agent (incorporated by reference to Exhibit 10.6 to Partnership's Annual Report on Form 10-K for the year ended December 31, 1995, Commission File No. 0-13546).

10.4 Form of Assignment and Assumption Agreement between Apache Corporation and Apache Offshore Petroleum Limited Partnership (incorporated by reference to Exhibit 10.2 to Partnership's Quarterly Report on Form 10-Q for the quarter ended June 30, 1992, Commission File No. 0-13546).

10.5 Joint Venture Agreement, dated as of November 23, 1992, between Apache Corporation and Apache Offshore Petroleum Limited Partnership (incorporated by reference to Exhibit 10.6 to Partnership's Annual Report on Form 10-K for the year ended December 31, 1992, Commission File No. 0-13546).

10.6 Matagorda Island 681 Field Purchase and Sale Agreement with Option to Exchange, dated November 24, 1992, between Apache Corporation, Shell Offshore, Inc. and SOI Royalties, Inc. (incorporated by reference to Exhibit 10.7 to Partnership's Annual Report on Form 10-K for the year ended December 31, 1992, Commission File No. 0-13546).

*23.1 Consent of Ryder Scott Company Petroleum Engineers.

*27.1 Financial Data Schedule.

99.1 Consent statement of the Partnership, dated January 7, 1994 (incorporated by reference to Exhibit 99.1 to Partnership's Annual Report on Form 10-K for the year ended December 31, 1993, Commission File No. 0-13546).

99.2 Proxy statement to be dated on or about March 30, 1999, relating to the 1999 annual meeting of shareholders of Apache Corporation (incorporated by reference to the document filed by Apache pursuant to Rule 14A, Commission File No. 1-4300).

*Filed herewith.

b. Reports filed on Form 8-K.

No reports on Form 8-K were filed during the fiscal quarter ended December 31, 1998.

SIGNATURES

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP

By: Apache Corporation, General Partner

Date: March 15, 1999

By: /s/ Raymond Plank

Raymond Plank,
Chairman and Chief Executive Officer

POWER OF ATTORNEY

The officers and directors of Apache Corporation, General Partner of Apache Offshore Investment Partnership, whose signatures appear below, hereby constitute and appoint Raymond Plank, G. Steven Farris, Z.S. Kobiashvili and Roger B. Plank, and each of them (with full power to each of them to act alone), the true and lawful attorney-in-fact to sign and execute, on behalf of the undersigned, any amendment(s) to this report and each of the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Partnership and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Raymond Plank Raymond Plank	Chairman and Chief Executive Officer (Principal Executive Officer)	March 15, 1999
/s/Roger B. Plank Roger B. Plank	Vice President and Chief Financial Officer (Principal Financial Officer)	March 15, 1999
/s/ Thomas L. Mitchell Thomas L. Mitchell	Vice President and Controller (Principal Accounting Officer)	March 15, 1999

SIGNATURE	TITLE	DATE
/s/ Frederick M. Bohen Frederick M. Bohen	Director	March 15, 1999
/s/ G. Steven Farris G. Steven Farris	Director	March 15, 1999
/s/Randolph M. Ferlic Randolph M. Ferlic	Director	March 15, 1999
/s/ Eugene C. Fiedorek Eugene C. Fiedorek	Director	March 15, 1999
/s/ A. D. Frazier, Jr. A. D. Frazier, Jr.	Director	March 15, 1999
/s/ Stanley K. Hathaway Stanley K. Hathaway	Director	March 15, 1999
/s/ John A. Kocur John A. Kocur	Director	March 15, 1999
/s/ George D. Lawrence Jr. George D. Lawrence Jr.	Director	March 15, 1999
/s/ Mary Ralph Lowe Mary Ralph Lowe	Director	March 15, 1999
/s/ F. H. Merelli F. H. Merelli	Director	March 15, 1999
/s/ Joseph A. Rice Joseph A. Rice	Director	March 15, 1999

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Partnership Agreement of Apache Offshore Investment Partnership (incorporated by reference to Exhibit (3)(i) to Form 10 filed by Partnership with the Commission on April 30, 1985, Commission File No. 0-13546).
3.2	Amendment No. 1, dated February 11, 1994, to the Partnership Agreement of Apache Offshore Investment Partnership (incorporated by reference to Exhibit 3.3 to Partnership's Annual Report on Form 10-K for the year ended December 31, 1993, Commission File No. 0-13546).
3.3	Limited Partnership Agreement of Apache Offshore Petroleum Limited Partnership (incorporated by reference to Exhibit (3)(ii) to Form 10 filed by Partnership with the Commission on April 30, 1985, Commission File No. 0-13546).
10.1	Credit Agreement dated July 24, 1992, between Apache, the Lenders named therein and the First National Bank of Chicago, as Agent (incorporated by reference to Exhibit 10.1 to Partnership's Quarterly Report on Form 10-Q for the quarter ended June 30, 1992, Commission File No. 0-13546).
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99.2	Proxy statement to be dated on or about March 30, 1999, relating to the 1999 annual meeting of shareholders of Apache Corporation (incorporated by reference to the document filed by Apache pursuant to Rule 14A, Commission File No. 1-4300).

*Filed herewith.

EXHIBIT 23.1

[Letterhead of Ryder Scott Company]

As independent petroleum engineers, we hereby consent to the reference in this Form 10-K of Apache Offshore Investment Partnership to our Firm's name and our Firm's review of the proved oil and gas reserve quantities of Apache Offshore Investment Partnership as of January 1, 1999.

/s/ Ryder Scott Company
/s/ Petroleum Engineers

Ryder Scott Company
Petroleum Engineers

Houston, Texas
March 15, 1999

12-MOS
DEC-31-1998
DEC-31-1998
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2,193