

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A
AMENDMENT NO. 1

[MARK ONE]

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED] FOR THE FISCAL YEAR ENDED DECEMBER 31, 1994,
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED] FOR THE TRANSITION PERIOD FROM _____ TO _____
COMMISSION FILE NUMBER 1-4300

APACHE CORPORATION

A DELAWARE CORPORATION

IRS EMPLOYER NO. 41-0747868

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TELEPHONE NUMBER (713) 296-6000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH REGISTERED -----
Common Stock, \$1.25 Par Value	New York Stock Exchange Chicago Stock Exchange
Common Stock Purchase Rights	New York Stock Exchange Chicago Stock Exchange
9.25% Notes due 2002	New York Stock Exchange

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

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

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 registrant'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. / /

Aggregate market value of the voting stock held by non-affiliates of registrant as of May 17, 1995	\$1,939,528,058
Number of shares of registrant's common stock outstanding as of May 17, 1995	69,892,903

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of registrant's proxy statement relating to registrant's 1995 annual meeting of shareholders have been incorporated by reference into Part III hereof.

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TABLE OF CONTENTS

DESCRIPTION		
ITEM		PAGE
- - - - -		- - - - -
PART I		
1	BUSINESS	2
2	PROPERTIES	10
3	LEGAL PROCEEDINGS	14
4	SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	14
PART II		
5	MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS	15
6	SELECTED FINANCIAL DATA	16
7	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	17
8	FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	26
9	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	26
PART III		
10.	DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT	27
11.	EXECUTIVE COMPENSATION	27
12.	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	27
13.	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	27
PART IV		
14.	EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K	28

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 (Mbbbls) and millions of barrels (MMbbbls). 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 (Mcf/d) or millions of British thermal units per day (MMBtud), respectively. Gas sales volumes may be expressed in terms of one million British thermal units (MMBtu), which is approximately equal to one Mcf. With respect to information relating to the Company's working interest in wells or acreage, "net" oil and gas wells or acreage is determined by multiplying gross wells or acreage by the Company's working interest therein. Unless otherwise specified, all references to wells and acres are gross.

ITEM 1. BUSINESS

GENERAL

Apache Corporation (Apache or the Company), a Delaware corporation formed in 1954, is an independent energy company that explores for, develops, produces, gathers, processes and markets natural gas and crude oil. In North America, Apache's exploration and production interests are spread over 15 states in the U.S. and two Canadian provinces, focusing on the Gulf of Mexico, the Anadarko Basin of Oklahoma, the Permian Basin of West Texas and New Mexico, the Gulf Coast region, the Western Sedimentary Basin in Canada and the Rocky Mountain region. Internationally, Apache has production interests in Australia and is currently focusing its international exploration efforts offshore Western Australia, China and the Ivory Coast, and in Indonesia and Egypt. Apache's common stock has been listed on the New York Stock Exchange since 1969, and on the Chicago Stock Exchange since 1960.

Apache holds interests in many of its U.S., Canadian and international properties through operating subsidiaries, such as MW Petroleum Corporation (MW), DEK Energy Company (DEKALB, formerly known as DEKALB Energy Company), Apache Energy Resources Corporation (AERC, formerly known as Hadson Energy Resources Corporation), Apache Energy Limited (AEL, formerly known as Hadson Energy Limited), Apache International, Inc. and Apache Overseas, Inc. Properties referred to in this document may be held by those subsidiaries. Apache treats all operations as one segment of business.

On May 17, 1995, Apache acquired DEKALB, an oil and gas company engaged in the exploration for, and the development of, crude oil and natural gas in Canada, through a merger which resulted in DEKALB becoming a wholly-owned subsidiary of Apache. Pursuant to the merger agreement, Apache issued 8.4 million shares of its common stock in exchange for outstanding DEKALB stock and for DEKALB employee stock options that remained outstanding at the time of the merger. The merger was accounted for as a "pooling of interests" for financial accounting purposes. As a result, this Amendment No. 1 on Form 10-K/A has been prepared to present information for 1994 and preceding years on a combined basis using the pooling method of accounting.

1994 RESULTS

In 1994, Apache had net income of \$45.6 million, or \$.65 per share, on total revenues of \$592.6 million. Net cash provided by operating activities during 1994 was \$358 million.

The year 1994 was Apache's seventeenth consecutive year of production growth and seventh consecutive year of oil and gas reserves growth. Apache's average daily production was approximately 38 Mbbls of oil and 483 MMcf of natural gas for the year. The Company's estimated proved reserves at December 31, 1994, were 330 MMboe, of which approximately 66 percent was natural gas. Apache's growth in reserves during the year reflects the replacement of 199 percent of the Company's 1994 production. Approximately 41 percent of the newly added reserves were acquired through Apache's ongoing acquisition efforts. The remainder was attributable to Apache's active drilling and workover program, which yielded 296 new producing U.S. and Canadian wells out of 367 attempts, and involved 415 U.S. and Canadian workover and recompletion projects during the year.

At December 31, 1994, Apache had interests in approximately 4,085 net oil and gas wells and 1,032,982 net developed acres of oil and gas properties. In addition, the Company had interests in 760,270 net undeveloped acres under U.S. and Canadian leases and 4,239,290 net undeveloped acres under international exploration and production rights.

APACHE'S GROWTH STRATEGY

Apache's growth strategy is to increase production, reserves and cash flow through a combination of acquisitions, moderate-risk drilling and development of its inventory of existing projects. The Company also emphasizes reducing operating costs per unit produced and selling marginal and non-strategic properties in order to increase its profit margins.

For Apache, property acquisition is only one phase in a continuing cycle of business growth. Apache's aim is to follow each acquisition cycle with a cycle of reserve enhancement, property consolidation and cash flow acceleration, facilitating asset growth and debt reduction. This approach requires well-planned and carefully executed property development and a commitment to a selective program of ongoing property dispositions. It motivates Apache to target acquisitions that have ascertainable additional reserve potential and to apply an active drilling, workover and recompletion program to realize the potential of the acquired undeveloped and partially developed properties. Apache prefers to operate its properties so that it can best influence their development; as a result, the Company operates properties accounting for over 75 percent of its production.

Pursuing its acquire-and-develop strategy, Apache increased its total proved reserves more than 242 MMboe, or nearly 276 percent in the last ten years. In addition to its acquisition strategy, Apache continues to develop and exploit its existing inventory of workover, recompletion and other development projects to increase reserves and production. During 1994, Apache acquired \$180.7 million of additional properties and replaced over 106 percent of its U.S. production through its drilling, workover and recompletion program.

Apache's international investments supplement its long-term growth strategy. Although international exploration is recognized as higher-risk than most of Apache's U.S. and Canadian activities, it offers potential for greater rewards and significant reserve additions. Apache directed its international efforts in 1994 towards the exploration and development of properties in Western Australia, China, Indonesia, Egypt, The Congo and the Ivory Coast of western Africa, where it believes that reserve additions may be made through higher-risk exploration and through improved production practices and recovery techniques.

RECENT ACQUISITIONS AND DISPOSITIONS

TRANSACTIONS IN EARLY 1995. On March 1, 1995, Apache purchased certain U.S. oil and gas properties from Texaco Exploration and Production Inc. (Texaco) for an adjusted purchase price of \$571 million, effective January 1, 1995. The transaction is subject to customary closing and post-closing adjustments, and includes proved reserves at the effective date of approximately 113 million barrels of energy equivalent, of which approximately 70 percent is oil. At the time of purchase, the daily production on the acquired properties was approximately 20 Mbbbls of oil and 85 MMcf of gas.

The Texaco properties are highly concentrated, with approximately two-thirds of the reserves located in 54 fields, and are in producing regions where Apache has existing operations -- the Permian Basin, the Gulf Coast of Texas and Louisiana, western Oklahoma, eastern Texas, the Rocky Mountains and the Gulf of Mexico. Apache will operate approximately two-thirds of the production and acquire an average working interest of 70 percent in the operated properties. The Texaco transaction includes approximately 500,000 net mineral acres, as well as a substantial quantity of seismic data.

Information concerning Apache's acquisition of DEKALB is set forth above under the heading "General".

In early 1995, Apache announced plans to accelerate the disposition of lower margin and non-strategic properties, including sales of a substantial portion of its Rocky Mountain properties and non-strategic assets from its other regions.

1994 ACQUISITIONS. On December 30, 1994, Apache purchased substantially all of the U.S. oil and gas properties of Crystal Oil Company (Crystal) for approximately \$95.8 million. The producing properties acquired from Crystal are located primarily along the Arkansas-Louisiana border and in southern Louisiana, and daily production at the time of acquisition was approximately 20 MMcf of gas and 2,700 bbls of oil. The acquisition also included approximately 32,000 net undeveloped mineral acres in southern Louisiana. Apache acquired an average 80-percent working interest in the properties overall, including a 97-percent working interest in two fields that account for approximately 60 percent of the value.

During 1994, Apache also acquired approximately 16 MMboe of proved reserves through 90 smaller, tactical acquisitions for an aggregate consideration of \$84.9 million. Apache also sold \$19.6 million of its non-strategic properties during 1994.

1993 ACQUISITIONS. In 1993, Apache entered into two agreements to purchase a combined 104 Bcfe of proved reserves in the Gulf of Mexico from Hall-Houston Oil Company (Hall-Houston) for an aggregate consideration of \$113.7 million. In June 1993, Apache closed the first of the two transactions, paying \$29.3 million for Hall-Houston's interest in Mustang Island Blocks 787 and 805. Apache acquired substantially all of Hall-Houston's other producing properties in the Gulf of Mexico for an additional \$84.4 million in the second transaction which closed on August 31, 1993. With the Hall-Houston transactions, Apache more than doubled its existing interest in offshore gas production, acquiring interests in 63 producing fields and 12 fields under development or awaiting pipeline connections.

Apache acquired Hadson Energy Resources Corporation (now AERC) through a series of private transactions and a subsequent merger on November 12, 1993. The aggregate consideration paid for the acquisition was approximately \$98 million, including the issuance of 307,977 shares of Apache common stock. Apache acquired AERC and its subsidiaries subject to approximately \$67.6 million of net liabilities at the time of the merger. Through the acquisition of AERC, Apache added proved reserves of 66 Bcfe in the U.S. and 64 Bcfe in Australia. AERC's reserves fit well with Apache's existing interests in Oklahoma and the Carnarvon Basin offshore Western Australia. In the U.S., nearly two-thirds of the value of AERC's properties are concentrated in Oklahoma, where Apache was already the largest independent gas producer. AERC's operations in Western Australia, including the Harriet complex of oil and natural gas fields, provide Apache with the reserves and infrastructure required for the commercial development of certain other Australian interests.

During 1993, Apache also acquired 12 MMboe of proved reserves through 76 smaller, tactical acquisitions for an aggregate consideration of \$78.6 million. Apache also sold \$3.4 million of its non-strategic properties during 1993.

EXPLORATION AND PRODUCTION

The Company's North American exploration and production activities are divided into five U.S. operating regions, the Gulf of Mexico, Midcontinent, Permian Basin, Gulf Coast and Rocky Mountain regions, plus a Canadian region. Approximately 96 percent of the Company's proved reserves are located in the five U.S. regions and Canada. Apache conducts its Australian exploration and production and its Indonesian exploration through its Australian region, while all other international interests are directed by the Company through its principal offices in Houston, Texas. Information concerning the amount of revenue, operating income and identifiable assets attributable to U.S., Canadian and international operations, respectively, is set forth in the Supplemental Oil and Gas Disclosures under Item 8 below, and incorporated herein by reference.

GULF OF MEXICO. As a result of Apache's acquisition of Matagorda Island Blocks 681 and 682 in late 1992 and the Hall-Houston transactions in 1993, the Gulf of Mexico became Apache's largest producing region. Due to the growth resulting from these acquisitions, Apache divided its former Gulf Coast region into two regions: Gulf of Mexico and Gulf Coast. The Gulf of Mexico region encompasses all of Apache's interests in properties offshore Texas, Louisiana and Alabama. By year-end 1994, Apache increased its production in the Gulf of Mexico to approximately 203 MMcf of gas per day.

At December 31, 1994, the Gulf of Mexico region encompassed 282,302 net acres, located in both state and federal waters, and accounted for 48.1 MMboe, or 15 percent, of the Company's year-end 1994 reserves. Apache participated in 28 wells which were drilled in the region during the year, 21 of which were completed as producers. The Company performed 36 workover and recompletion operations in the region during 1994.

MIDCONTINENT. Apache's Midcontinent region is known for its sizable position in the Anadarko Basin. Apache has drilled and operated in the Anadarko Basin for over three decades, developing an extensive database of geologic information and a substantial acreage position. In 1993, Apache enhanced its position through the acquisition of AERC with its significant acreage and producing interests in the Anadarko Basin.

At December 31, 1994, Apache held an interest in 271,770 net acres in the region, which accounted for approximately 75.7 MMboe, or 23 percent, of Apache's total proved reserves. Apache participated in 103 wells which were drilled in the Midcontinent region during the year, 90 of which were completed as producing wells. The Company performed 36 workover and recompletion operations in the region during 1994.

PERMIAN BASIN. The Permian Basin of West Texas and New Mexico remained an important region to Apache in 1994, generating 16 percent of the Company's production revenues for the year. As of December 31, 1994, Apache held an interest in 103,247 net acres in the region, which accounted for 57.6 MMboe, or 17 percent, of the Company's total proved reserves. Apache's operations in the Permian Basin focused primarily on workovers and recompletions, which totaled 51 for the year. Compared with 1993, Apache nearly doubled its drilling activity in the region during 1994, with 32 of the 38 wells drilled in the region completed as producers.

GULF COAST. The Gulf Coast region encompasses the Texas and Louisiana coasts, central Texas, Mississippi and Alabama. In 1994, the region was one of the most prominent in the Company in the number of workover and recompletion projects completed and the number of wells drilled. Apache participated in 85 wells drilled in the Gulf Coast region during the year, 74 of which were completed as producers, including 30 Austin Chalk wells in central Texas, all of which were productive. The Company performed 173 workover and recompletion operations during 1994 in the Gulf Coast region. As of December 31, 1994, the region encompassed approximately 194,107 net acres, and accounted for 43 MMboe, or 13 percent, of the Company's year-end 1994 total proved reserves.

ROCKY MOUNTAIN. In the Rocky Mountain region, Apache emphasized oil enhancement opportunities during 1994, conducting 94 development projects. At year-end, Apache held an interest in 481,162 net acres in the region, which accounted for approximately 34.2 MMboe, or 10 percent, of the Company's total proved reserves. Apache participated in 45 wells in the region during the year, 26 of which were productive. Apache has announced the Company's intention to sell in 1995 substantially all of its Rocky Mountain properties in connection with its property rationalization program, which emphasizes the disposition of lower margin properties. The Company currently intends to close its Rocky Mountain regional office, located in Denver, Colorado, and redeploy those employees to provide support for its Gulf Coast, Permian Basin and Canadian operations.

CANADA. The Canadian region concentrates its exploration and development activity in the Provinces of Alberta and British Columbia, generating eight percent of the Company's revenues in 1994. Apache participated in 68 wells in this region during the year, 53 of which were completed as producers. The Company performed 25 workovers and recompletions on operated wells during 1994. At December 31, 1994, the region encompassed approximately 408,114 net acres, and accounted for 60.7 MMboe, or 18 percent, of the Company's year-end 1994 total proved reserves.

AUSTRALIA. The state of Western Australia has become an important region for Apache following the completion of the AERC acquisition. In the fourth quarter of 1993, Apache consolidated the operation of its Australian properties with AERC's Australian subsidiary, AEL, headquartered in Perth, Western Australia. During 1994, AEL participated in two successful horizontal development wells in the Harriet field, offshore Western Australia, and also participated in nine exploratory wells. Average oil production in the region increased by 70 percent from 1993 to approximately 3,200 bbls per day for 1994, primarily as a result of the addition of the AERC properties in the second half of 1993.

As of December 31, 1994, Apache held 3,373,150 net developed and undeveloped acres in Western Australia. Australian reserves accounted for 10.8 MMboe, or three percent, of the Company's total proved reserves at year end. Through AEL and its subsidiaries, Apache also owns a 22.5-percent interest in and operates the Harriet Gas Gathering Project, a gas processing and compression facility with a throughput capacity of 80 MMcfd, and a 60-mile, 12-inch offshore pipeline with a throughput capacity of 175 MMcfd. The facilities are located in close proximity to AEL's producing properties offshore in the Carnarvon Basin. During 1994, AEL produced 2.9 bcf of natural gas. Through AEL, Apache acts as operator for most of its properties in Western Australia.

In early 1993, Apache took over as operator and increased its interest in the Java Sea IV block, offshore Indonesia, and the Padang Panjang block on the island of Sumatra, Indonesia. In early 1994, operations for Indonesia were consolidated under the direction of AEL out of its offices in Perth, Western Australia. In 1994, two exploratory wells were drilled in Indonesia, one of which was a discovery.

OTHER INTERNATIONAL OPERATIONS. Outside of Australia, Apache's international interests currently consist only of exploration interests. In 1994, Apache Overseas, Inc., Apache International, Inc. and their subsidiaries (excluding Australia and Indonesia as discussed above) drilled three gross exploratory wells - one each in Egypt, China and The Congo, resulting in two discoveries.

One discovery well was in Zhao Dong block in the Bohai Bay, offshore the People's Republic of China, where Apache has a 33-percent interest in an area containing approximately 48,677 undeveloped acres (16,225 acres net to Apache). The well tested at a rate of over 2,000 bbls per day and was confirmed by an appraisal well which tested at over 3,500 bbls per day. Future plans call for at least one additional appraisal well which, if successful, would lead to field development of the block.

Apache holds a 25-percent interest in the two-million acre Qarun block in the western desert of Egypt which is operated by Phoenix Resource Companies of Qarun. In 1994, Apache participated in an apparent discovery well in the Qarun block which was plugged and abandoned when well bore problems developed. Plans call for an appraisal well on the same structure. In February 1995, Apache and its partners announced the discovery of a second field in the Qarun block approximately two kilometers from its first apparent discovery. The second well tested at rates up to 1,370 bopd.

In the Congo, an Apache subsidiary participated in a discovery well that tested at a rate over 2,000 bbls per day. Through its subsidiary, Apache holds a 20-percent working interest in the well. An appraisal well and an additional exploratory well are planned for 1995.

OIL AND NATURAL GAS MARKETING

During 1994, Apache sold approximately 89 percent of its U.S. natural gas on the spot market through Natural Gas Clearinghouse (NGC) or through market responsive contracts with other parties; the remaining 11 percent was sold through long-term, premium-priced contracts. Sales to NGC accounted for 37 percent of the Company's oil and gas revenues in 1994. Apache and NGC have agreed that NGC will market substantially all of Apache's U.S. spot market gas production under terms of their agreement which is effective through September 1995. The Company believes that if the NGC contract were terminated, it would not have a material adverse effect on the Company due to the existence of alternative marketing arrangements and purchasers. Apache does not anticipate any significant extension of its arrangement with NGC beyond the current term, and the Company is exploring alternative means to market its gas following termination of such arrangement.

In December 1994, the Company signed a long-term gas contract under which Apache received an advance payment of \$67.4 million. Apache will supply the purchaser with approximately 43 Bcf of gas over six years, with volumes averaging 20 MMcfd. Initial deliveries began in January 1995. Apache also signed a long-term gas supply agreement with a cogeneration company in August 1994, under which Apache will supply a minimum of 51.1 Bcf over ten years for use in electric power generation from its cogeneration facility located in northeast Texas. Deliveries of approximately 20 MMcfd are scheduled to begin in early 1997.

Apache assumed its own U.S. crude oil marketing operations in 1992. Most of Apache's crude oil production is sold through lease-level marketing to refiners, traders and transporters, generally under 30-day contracts that renew automatically until canceled.

Oil produced from Canadian properties is sold to crude oil purchasers or refiners at market prices which depend on worldwide crude prices adjusted for location and quality of the oil. Natural gas produced from Canadian properties is sold to major aggregators of natural gas, gas marketers and direct users under long and short-term contracts. Oil and gas contracts provide for sales at specified prices, or at prices which are subject to change due to market conditions.

The Company diversifies the markets for its Canadian gas production by selling directly or indirectly to customers through aggregators and brokers in the United States and Canada. The Company transports natural gas via the Company's firm transportation contracts to California (12MMcfd) and to the Province of Ontario, Canada (four MMcfd) through end-users' firm transportation contracts. In 1994, the Company contracted for the sale of five MMcfd of natural gas to the Hermiston Cogeneration Project, located in the Pacific Northwest of the United States. The Hermiston Project is expected to commence purchases of natural gas in the third quarter of 1996.

In Australia, approximately 22 Bcf of AEL's proved gas reserves are dedicated to the Gas Corporation of Western Australia, a corporation owned by the government of Western Australia doing business as AlintaGas (formerly the State Energy Commission of Western Australia or SECWA), under a long-term contract with a remaining period of 7-1/2

years. The agreement contains take-or-pay provisions that require AlintaGas to purchase a minimum of 35 MMcfd (approximately eight MMcfd net to AEL) through the remainder of the contract term at a stated minimum price that escalates with the Western Australia consumer price index. Payments received under this contract are in Australian dollars. If for any reason the AlintaGas contract was canceled, AEL might not be able to find other markets for its gas produced from the Harriet field.

AEL markets all oil and natural gas liquids produced from its interests in the Harriet field through a contract with Marubeni International Petroleum (Singapore) Pte Limited (Marubeni), which was extended in 1994. Pricing under the contract in 1994 represented a fixed premium to the average of the quoted spot market prices of Tapis and Dubai crude oil, with payment made in U.S. dollars. Production sold under this contract in 1994 realized an average price of \$18.23 per barrel (exclusive of the impact of hedging activities). In 1995, pricing under this contract will represent a fixed premium of the quoted spot market price of Tapis crude oil. The Company believes that if this contract were terminated, it would not have a material adverse effect on the Company due to the demand for Australian crude oil and the existence of alternative purchasers.

OIL AND NATURAL GAS PRICES

Natural gas prices remained volatile in 1994 with Apache's average gas prices during the year ranging from \$ 1.48 per Mcf in October to \$2.11 per Mcf in February. Fluctuations are largely due to natural gas supply and demand perceptions. Apache's average realized gas price of \$1.78 per Mcf for 1994 declined eight percent from the prior-year average of \$1.94 per Mcf. Apache's 1993 average realized natural gas price increased 17 percent above the 1992 average of \$1.66 per Mcf.

Due to the escalating price contract with AlintaGas, AEL's natural gas production in Western Australia is not subject to the same degree of price volatility as is Apache's U.S. and Canadian gas production; however, natural gas sales under the AlintaGas contract represented only about two percent of the Company's total natural gas sales at year end. In 1994, the price received for production under the contract averaged \$1.94 per Mcf. Total Australian gas sales in 1994, including sales under the AlintaGas contract and spot sales to other parties, averaged \$1.90 per Mcf, six percent above the 1993 average of \$1.79 per Mcf.

Oil prices remained vulnerable due to unpredictable political and economic forces during 1994, but partially recovered from the five-year low that Apache experienced in the fourth quarter of 1993. Management believes that, absent a comprehensive U.S. energy policy, oil prices will continue to fluctuate in response to changes in the policies of the Organization of Petroleum Exporting Countries (OPEC), events in the Middle East and other factors associated with the world political environment. As a result of the many uncertainties associated with levels of production maintained by OPEC and other oil producing countries, the availabilities of world-wide energy supplies and the competitive relationships and consumer perceptions of various energy sources, management is unable to predict what changes will occur in crude oil and natural gas prices.

Apache's worldwide crude oil price averaged \$15.65 per barrel in 1994, seven percent lower than the average price of \$16.74 per barrel in 1993, and 14 percent lower than the average price of \$18.11 per barrel in 1992. Apache's average crude oil price for its Australian production, including production sold under the Marubeni contract, was \$17.95 per barrel in 1994, seven percent lower than the average price in 1993.

Terms of the acquisition of MW from Amoco Production Company (Amoco) included an oil and gas price sharing provision under which certain price sharing payments may be payable to Amoco. Pursuant to this provision, to the extent that oil prices exceed specified reference prices that rise to \$33.12 per barrel over the eight-year period ending June 30, 1999, and to the extent that gas prices exceed specified reference prices that rise to \$2.68 per Mcf over the five-year period ending June 30, 1996, Apache will share the excess price realization with Amoco on a portion of the MW production.

From time to time, Apache buys or sells contracts to hedge a limited portion of its future oil and gas production against exposure to spot market price changes. (See Note 8 to the Company's financial statements under Item 8 below.)

The Company's business has been and will continue to be affected by future worldwide changes in oil and gas prices and the relationship between the prices of oil and gas. No assurance can be given as to the trend in, or level of, future oil and gas prices.

RESERVE VALUE CEILING TEST

Under the Securities and Exchange Commission's full cost accounting rules, the Company reviews the carrying value of its oil and gas properties each quarter on a country-by-country basis. Under full cost accounting rules, capitalized costs of 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, as adjusted for related tax effects and deferred tax reserves. Application of this rule 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. If a write-down is required, the one-time charge to earnings would not impact cash flow from operating activities. The Company had no write-downs due to ceiling test limitations during 1994, but a further weakening of oil and gas prices from year-end levels could result in a write-down of oil and gas properties during 1995.

GOVERNMENT REGULATION OF THE OIL AND GAS INDUSTRY

The Company's exploration, production and marketing operations are regulated extensively at the federal, state and local levels, as well as by other countries in which the Company does business. Oil and gas exploration, development and production activities are subject to various laws and regulations governing a wide variety of matters. For example, hydrocarbon-producing states have statutes or regulations addressing conservation practices and the protection of correlative rights, and such regulations may affect Apache's operations and limit the quantity of hydrocarbons Apache may produce and sell. Other regulated matters include marketing, pricing, transportation, and valuation of royalty payments.

At the U.S. federal level, the Federal Energy Regulatory Commission (FERC) regulates interstate transportation of natural gas under the Natural Gas Act and regulates the maximum selling prices of certain categories of gas sold in "first sales" in interstate and intrastate commerce under the Natural Gas Policy Act (NGPA). Effective January 1, 1993, the Natural Gas Wellhead Decontrol Act deregulated natural gas prices for all "first sales" of natural gas, which includes all sales by Apache of its own production. As a result, all sales of the Company's natural gas produced in the U.S. may be sold at market prices, unless otherwise committed by contract.

Apache's gas sales are affected by regulation of intrastate and interstate gas transportation. In an attempt to promote competition, the FERC has issued a series of orders which have altered significantly the marketing and transportation of natural gas. The effect of these orders has been to enable the Company to market its natural gas production to purchasers other than the interstate pipelines located in the vicinity of its producing properties. The Company believes that these changes have generally improved the Company's access to transportation and have enhanced the marketability of its natural gas production. To date, Apache has not experienced any material adverse effect on gas marketing as a result of these FERC orders; however, the Company cannot predict what new regulations may be adopted by the FERC and other regulatory authorities, or what effect subsequent regulations may have on its future gas marketing.

ENVIRONMENTAL MATTERS

Apache, as an owner or lessee and operator of oil and gas properties, is subject to various federal, provincial, state, local and foreign country laws and regulations relating to 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, require suspension or cessation of operations in affected areas and impose restrictions on the injection of liquids into subsurface aquifers that may contaminate groundwater.

Apache maintains insurance coverage which it believes are customary in the industry, although it is not fully insured against all environmental risks. The Company is not aware of any environmental claims existing as of

December 31, 1994, which would have a material impact upon the Company's financial position or results of operations.

Apache has made and will continue to make expenditures in its efforts to comply with these requirements, which it believes are necessary business costs in the oil and gas industry. Apache has established policies for continuing compliance with environmental laws and regulations, including regulations applicable to its operations in Canada, Australia and other countries. Apache has also established operational procedures designed to limit the environmental impact of its field facilities. The costs incurred by these policies and procedures are inextricably connected to normal operating expenses such that the Company is unable to separate the expenses related to environmental matters; however, the Company does not believe any such additional expenses are material to its financial position or results of operations.

Although environmental requirements do have a substantial impact upon the energy industry, generally these requirements do not appear to affect Apache any differently, or to any greater or lesser extent, than other companies in the industry. Apache does not believe that compliance with federal, state, local or foreign country 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 or competitive position of the Company or its subsidiaries, 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 oil and gas industry is highly competitive. Because oil and gas are fungible commodities, the principal form of competition with respect to product sales is price competition. Apache strives to maintain the lowest finding and production costs possible to maximize profits.

As an independent oil and gas company, Apache frequently competes for reserve acquisitions, exploration leases, licenses, concessions and marketing agreements against companies with substantially larger financial and other resources than Apache possesses. Moreover, many competitors have established strategic long-term positions and maintain strong governmental relationships in countries in which the Company may seek new entry. Apache expects this high degree of competition to continue.

EMPLOYEES

On December 31, 1994, Apache had 1,182 full-time employees.

OFFICES

Apache's principal executive offices are located at One Post Oak Central, 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400. During 1994, the Company maintained regional exploration and production offices in Tulsa, Oklahoma; Houston, Texas; Denver, Colorado; Calgary, Alberta; and Perth, Western Australia. In 1995, the Company intends to close its Denver, Colorado office and redeploy those employees to its remaining regional offices.

ITEM 2. PROPERTIES

OIL AND GAS EXPLORATION AND PRODUCTION PROPERTIES AND RESERVES

ACREAGE

The developed and undeveloped acreage, including both U.S. leases and international production and exploration rights that Apache held as of December 31, 1994, are as follows:

	Undeveloped Acreage		Developed Acreage	
	Gross Acres	Net Acres	Gross Acres	Net Acres
GULF OF MEXICO				
Alabama	--	--	54,749	13,432
Louisiana	113,933	51,755	240,371	99,056
Texas	96,543	58,805	130,889	59,254
Total	210,476	110,560	426,009	171,742
MIDCONTINENT				
Arkansas	833	637	3,900	1,824
Kansas	40	40	--	--
Louisiana	11,905	6,427	82,360	37,668
Oklahoma	40,657	15,555	445,935	166,976
Texas	4,939	3,679	74,382	38,964
Total	58,374	26,338	606,577	245,432
PERMIAN BASIN				
New Mexico	4,801	2,026	62,613	19,036
Texas	73,548	37,206	67,650	44,979
Total	78,349	39,232	130,263	64,015
GULF COAST				
Alabama	1,153	678	483	204
Florida	162	14	--	--
Louisiana	5,686	4,678	67,090	26,961
Mississippi	2,042	781	12,944	3,686
New Mexico	--	--	7,698	3,676
Texas	48,620	27,103	181,314	126,326
Total	57,663	33,254	269,529	160,853
ROCKY MOUNTAIN				
Colorado	57,845	34,035	3,001	2,412
Kansas	6,190	2,047	160	--
Michigan	--	--	40	6
Montana	27,862	10,177	10,952	7,444
Nebraska	658	329	80	10
Nevada	149,493	65,674	1,880	881
New Mexico	10,975	10,421	39,290	27,999
North Dakota	48,950	20,214	43,371	23,318
South Dakota	720	146	3,640	2,835
Utah	200	200	1,680	1,034
Wyoming	461,137	251,175	35,516	20,805
Total	764,030	394,418	139,610	86,744
TOTAL UNITED STATES	1,168,892	603,802	1,571,988	728,786

	Undeveloped Acreage		Developed Acreage	
	Gross Acres	Net Acres	Gross Acres	Net Acres
INTERNATIONAL				
Australia	6,833,430	3,320,600	280,460	52,550
Canada	259,618	156,468	383,447	251,646
China	48,677	16,225	--	--
The Congo	236,228	47,245	--	--
Egypt	1,927,380	481,845	--	--
Indonesia	722,290	280,890	--	--
Ivory Coast	269,338	92,485	--	--
TOTAL INTERNATIONAL	10,296,961	4,395,758	663,907	304,196
TOTAL COMPANY	11,465,853	4,999,560	2,235,895	1,032,982

PRODUCTIVE OIL AND GAS WELLS

The number of productive oil and gas wells, operated and non-operated, in which Apache had an interest as of December 31, 1994, is set forth below.

	Gas		Oil	
	Gross	Net	Gross	Net
Gulf of Mexico	440	122	40	4
Midcontinent	1,580	515	344	139
Permian Basin	452	100	2,195	813
Gulf Coast	568	382	1,441	1,034
Rocky Mountain	232	142	772	420
Canada	393	257	882	151
International	3	1	27	5
Total	3,668	1,519	5,701	2,566

GROSS WELLS DRILLED

The following table sets forth the number of gross exploratory and gross development wells drilled in the last three fiscal years in which the Company participated. The number of wells drilled refers to the number of wells commenced at any time during the respective fiscal year. "Productive" wells are either producing wells or wells capable of commercial production. At December 31, 1994, the Company was participating in 29 wells in the U.S., three Canadian wells and one international well in the process of drilling.

	Exploratory			Developmental		
	Productive	Dry	Total	Productive	Dry	Total
1994						
United States	20	17	37	223	39	262
Canada	18	12	30	35	3	38
International	7	8	15	2	-	2
Total	45	37	82	260	42	302
1993						
United States	12	19	31	198	37	235
Canada	11	15	26	13	1	14
International	3	5	8	-	-	-
Total	26	39	65	211	38	249
1992						
United States	10	32	42	145	16	161
Canada	3	7	10	11	5	16
International	-	6	6	-	-	-
Total	13	45	58	156	21	177

NET WELLS DRILLED

The following table sets forth, for each of the last three fiscal years, the number of net exploratory and net developmental wells drilled by Apache.

	Exploratory			Developmental		
	Productive	Dry	Total	Productive	Dry	Total
1994						
United States	10.7	10.4	21.1	100.1	27.0	127.1
Canada	13.0	7.0	20.0	28.0	2.0	30.0
International	2.3	2.4	4.7	0.4	-	0.4
Total	26.0	19.8	45.8	128.5	29.0	157.5
1993						
United States	4.2	10.4	14.6	90.4	22.2	112.6
Canada	8.0	11.0	19.0	6.0	1.0	7.0
International	0.6	1.3	1.9	-	-	-
Total	12.8	22.7	35.5	96.4	23.2	119.6
1992						
United States	4.2	17.6	21.8	63.1	11.0	74.1
Canada	2.0	3.0	5.0	1.0	2.0	3.0
International	-	1.1	1.1	-	-	-
Total	6.2	21.7	27.9	64.1	13.0	77.1

PRODUCTION AND PRICING DATA

The following table describes, for each of the last three fiscal years, oil, natural gas liquids (NGLs) and gas production for the Company, average production costs and average sales prices.

Year Ended December 31,	Production			Average Production Cost per boe	Average Sales Price		
	Oil (Mbbbls)	NGLs (Mbbbls)	Gas (Mmcf)		Oil (per bbl)	NGLs (per bbl)	Gas (per Mcf)
1994	13,815	724	176,397	\$3.40	\$15.65	\$11.21	\$1.78
1993	13,036	733	131,591	3.94	16.74	11.55	1.94
1992	13,465	885	119,962	4.20	18.11	11.79	1.66

ESTIMATED RESERVES AND RESERVE VALUE INFORMATION

The following information relating to estimated reserve quantities, reserve values and discounted future net revenues is derived from, and qualified in its entirety by reference to, the more complete reserve and revenue information and assumptions included in the Company's financial statements under Item 8 below. The Company's estimates of proved reserve quantities of its U.S., Canadian and certain international properties have been subject to review by Ryder Scott Company Petroleum Engineers. 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 information represents estimates only and should not be construed as being exact. See the Supplemental Oil and Gas Disclosures under Item 8 below.

The following table sets forth the Company's estimated proved developed and undeveloped reserves as of December 31, 1994, 1993 and 1992:

	Natural Gas (Bcf)	Oil, NGLs and Condensate (Mmbbls)
	-----	-----
1994		
Developed	1,184.9	100.0
Undeveloped	131.3	10.6
	-----	-----
Total	1,316.2	110.6
	=====	=====
1993		
Developed	983.7	92.6
Undeveloped	141.9	10.4
	-----	-----
Total	1,125.6	103.0
	=====	=====
1992		
Developed	848.7	87.0
Undeveloped	70.9	7.6
	-----	-----
Total	919.6	94.6
	=====	=====

The following table sets forth the estimated future value of all proved reserves of the Company, and proved developed reserves of the Company, as of December 31, 1994, 1993 and 1992. Future reserve values are based on year-end prices except in those instances where the sale of gas and oil is covered by contract terms providing for determinable escalations. Operating costs, production and ad valorem taxes, and future development costs are based on current costs with no escalations.

	Estimated Future Net Revenues		Present Value of Estimated Future Net Revenues Before Income Taxes (Discounted at 10 Percent)	
	Proved	Proved Developed	Proved	Proved Developed
	-----	-----	-----	-----
	(In thousands)			
December 31,				
1994	\$2,581,459	\$2,390,126	\$1,600,927	\$1,512,305
1993	2,591,291	2,289,172	1,626,096	1,450,669
1992	2,211,315	2,041,851	1,272,952	1,195,990

At December 31, 1994, estimated future net revenues expected to be received from all proved reserves of the Company, and from proved developed reserves of the Company, were as follows:

	Proved	Proved Developed
	-----	-----
	(In thousands)	
December 31,		
1995	\$ 360,011	\$ 388,814
1996	328,388	308,949
1997	281,491	254,528
Thereafter	1,611,569	1,437,835
	-----	-----
Total	\$2,581,459	\$2,390,126
	=====	=====

The Company believes that no major discovery or other favorable or adverse event has occurred since December 31, 1994, which would cause a significant change in the estimated proved reserves reported herein. The estimates above are based on year-end pricing in accordance with the Securities and Exchange Commission (SEC) guidelines and do not reflect current prices. Since January 1, 1994, no oil or gas reserve information has been filed with, or included in any report to, any U.S. authority or agency other than the SEC and the Energy Information Administration (EIA). The basis of reporting reserves to the EIA for the Company's reserves is identical to that set forth in the foregoing table.

TITLE TO INTERESTS

The Company believes that its title to the various interests set forth above is satisfactory and consistent with the standards generally accepted in the oil and gas industry, subject only to immaterial exceptions which do not detract substantially from the value of the interests or materially interfere with their use in the Company's operations. The interests owned by the Company may be subject to one or more royalty, overriding royalty and other outstanding interests customary in the industry. The interests may additionally be subject to burdens such as net profits interests, liens incident to operating agreements and current taxes, development obligations under oil and gas leases and other encumbrances, easements and restrictions, none of which detract substantially from the value of the interests or materially interfere with their use in the Company's operations.

ITEM 3. LEGAL PROCEEDINGS

The information set forth under the caption "Litigation" in Note 9 to the Company's financial statements under Item 8 below is incorporated herein by reference.

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

No matters were submitted for a vote of security holders during the fourth quarter of 1994.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Apache's common stock, par value \$1.25 per share, is traded on the New York Stock Exchange and the Chicago Stock Exchange under the symbol APA. The table below provides certain information regarding Apache common stock for 1994 and 1993. Prices shown are from the New York Stock Exchange Composite Transactions Reporting System.

	1994			1993		
	Price Range		Dividends per Share	Price Range		Dividends per Share
	High	Low		High	Low	
First Quarter	\$26 7/8	\$22 1/2	\$.07	\$26 1/4	\$17 5/8	\$.07
Second Quarter	29	22 1/4	\$.07	30 1/4	24 3/8	\$.07
Third Quarter	29 1/4	23	\$.07	33 1/2	26 3/8	\$.07
Fourth Quarter	28 7/8	23 5/8	\$.07	31 1/4	20 3/8	\$.07

The closing price per share of Apache common stock, as reported on the New York Stock Exchange Composite Transactions Reporting System for February 28, 1995, was \$25.00. At December 31, 1994, there were 69,666,092 shares of Apache common stock outstanding, held by approximately 13,420 shareholders of record and 33,000 beneficial owners.

Each share of Apache common stock also represents one common stock purchase right which, under certain circumstances, would entitle the holder to acquire additional shares of common stock. See Note 6 to the Company's financial statements under Item 8 below.

The Company has paid cash dividends on its common stock for 112 consecutive quarters through December 31, 1994, and intends to continue the payment of dividends at current levels, although future dividend payments will depend upon the Company's level of earnings, financial requirements and other relevant factors.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial data of the Company and its consolidated subsidiaries for each of the years in the five-year period ended December 31, 1994, which information has been derived from the Company's audited financial statements. Apache's previously reported data for 1994 and prior years has been restated to reflect the merger with DEKALB under the pooling of interests method of accounting. This information should be read in connection with and is qualified in its entirety by the more detailed information and financial statements under Item 8 below.

	At or for the Year Ended December 31,				
	1994	1993(a)	1992(b)	1991(c)	1990
	(In thousands, except per share amounts)				
INCOME STATEMENT DATA					
Total revenues	\$ 592,626	\$ 512,632	\$ 517,403	\$ 457,872	\$ 386,688
Net income (loss) -- continuing operations	45,583	41,421	(14,632)	(35,216)	53,114
Net income (loss) per common share -- continuing operations	.65	.67	(.26)	(.65)	.99
Cash dividends per common share(d)	.28	.28	.28	.28	.28
BALANCE SHEET DATA					
Working capital (deficit)	\$ (3,203)	\$ (55,538)	\$ (32,775)	\$ (57,593)	\$ 18,358
Total assets	2,036,627	1,759,203	1,774,767	1,597,633	1,363,337
Long-term debt	719,033	504,334	524,098	658,395	386,580
Shareholders' equity	891,087	868,596	554,524	601,181	622,489
Common shares outstanding at end of year	69,666	69,504	55,361	55,305	53,296

(a) Includes financial data for AERC after June 30, 1993, and for Hall-Houston after July 31, 1993. See Note 1 to the Company's financial statements under Item 8 below.

(b) The net loss in 1992 resulted from the sale of substantially all of DEKALB's U.S. assets for a loss of \$25.6 million after-tax. DEKALB also reported Canadian ceiling test write-downs of \$15.9 million after-tax and U.S. ceiling test write-downs of \$24.7 million after-tax.

(c) Includes financial data for MW after June 30, 1991. The net loss in 1991 resulted from DEKALB reporting U.S. ceiling test write-downs of \$66 million after-tax.

(d) No cash dividends were paid on outstanding DEKALB common stock in 1994, 1993 and 1992. Cash dividends paid on DEKALB common stock totaled \$.8 million in 1991 and \$2.9 million in 1990.

Reference is made to Item 7, "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS," for a discussion of significant acquisitions and to the Summary of Significant Accounting Policies and Note 1 to the Company's financial statements under Item 8 below.

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

OVERVIEW

On May 17, 1995, Apache Corporation (Apache or the Company) acquired DEKALB Energy Company (DEKALB, now known as DEK Energy Company) through a merger which resulted in DEKALB becoming a wholly-owned subsidiary of Apache. Pursuant to the merger agreement, Apache issued 8.4 million shares of its common stock in exchange for outstanding DEKALB stock and DEKALB employee stock options that remained outstanding at the time of the merger. The merger was accounted for as a "pooling of interest" for financial accounting purposes. As a result, the following discussion and analysis for 1994 and preceding years has been prepared on a combined basis using the pooling method of accounting.

Apache's financial performance during 1994 is best understood in light of the following factors:

PRODUCTION INCREASES; COMMODITY PRICES -- The current year's performance was affected by substantial increases in natural gas production partially offset by lower average oil and natural gas prices for the year. Apache's natural gas production increased by 34 percent over the prior year, attributable principally to developmental drilling, recompletions and acquisitions completed in 1993. These gains were partially offset as Apache's average realized natural gas price declined eight percent from the prior year. Apache's oil production increased by six percent over the prior year. Although oil prices improved from the five-year low experienced in the fourth quarter of 1993, Apache's average realized oil price in 1994 was seven percent lower than in 1993.

ACQUISITIONS -- Apache continued to acquire properties in 1994, acquiring \$180.7 million of oil and gas properties in the current year following its mid-1993 acquisition of Hadson Energy Resources Corporation (now known as Apache Energy Resources Corporation or AERC) and substantially all of the producing properties of Hall-Houston Oil Company (Hall-Houston) in the Gulf of Mexico for an aggregate of \$211.7 million. The Company's 1994 performance reflects a full 12 months of ownership of AERC and the Hall-Houston properties; however, over half of the 1994 acquisitions were booked in the fourth quarter, and did not have a significant impact on the Company's 1994 performance. Acquisitions which closed in 1993 and 1994 accounted for approximately 41 percent of the overall increase in gas production from a year ago.

INCREASE IN AVERAGE COMMON SHARES OUTSTANDING -- The weighted average number of shares of Apache common stock outstanding in 1994 increased by 7.7 million shares (12 percent) over 1993, primarily as a result of the issuance of 5.8 million shares in connection with a public stock offering in March 1993 and the issuance of 7.8 million shares in connection with the conversion of \$150 million of subordinated debentures in September 1993. Proceeds from these transactions reduced outstanding debt by \$281.8 million.

RESULTS OF OPERATIONS

NET INCOME AND REVENUES

Apache reported net income for the year of \$45.6 million, a three-percent decrease from 1993 earnings of \$46.8 million. The Company's 1993 net income included a one-time benefit of \$5.3 million, or \$.08 per share, for the cumulative effects of a change in accounting principle related to the adoption of the liability method of accounting for income taxes under Statement of Financial Accounting Standards (SFAS) No. 109. Net income from continuing operations of \$.65 per share was down from 1993, as the increase in 1994 income from continuing operations of \$4.2 million was offset by the increase in the weighted average number of shares of Apache common stock outstanding. Significant factors contributing to the higher income from continuing operations were increased oil production and substantially increased natural gas production partially offset by decreases in oil and natural gas prices. Volume and price information concerning the Company's 1994 and 1993 oil and gas production is summarized in the following table:

Selected Oil and Gas Operating Statistics	1994	1993	Increase (Decrease)
Gas volume - Mcf per day:			
United States	419,161	299,486	40%
Canada	56,142	57,449	(2)%
International	7,975	3,589	122%
Total	483,278	360,524	34%
	=====	=====	
Average Gas Price - Per Mcf	\$ 1.78	\$ 1.94	(8)%
Oil volume - Barrels per day:			
United States	32,669	31,809	3%
Canada	2,003	2,033	(1)%
International	3,177	1,874	70%
Total	37,849	35,716	6%
	=====	=====	
Average Oil Price - Per barrel	\$ 15.65	\$ 16.74	(7)%
Natural Gas Liquids (NGL) - Barrels per day:	1,985	2,008	(1)%
Average NGL Price - Per barrel	\$ 11.28	\$ 11.55	(2)%

Revenues for 1994 totaled \$592.6 million, or 16 percent higher than a year ago. Oil and gas revenues in 1994 totaled \$538.4 million, an increase of 12 percent over production revenues of \$481.8 million in 1993. Production revenues were influenced by record natural gas production, declining natural gas prices, increased oil production and lower average oil prices for the year. In addition, Apache's gathering, processing and marketing revenues increased 71 percent to \$44.3 million in 1994 from \$25.9 million in 1993. Revenues from international operations increased 18 percent to \$72.6 million with a full twelve months of Australian production from the AERC acquisition.

Natural gas sales contributed \$314 million to revenues, up 23 percent from 1993, the result of higher annual production partially offset by lower prices during 1994. Gas production for the year averaged 483 MMcf per day, up 34 percent from 1993, positively affecting gas sales by \$87 million. This increase is principally the result of production increases from developmental drilling and the contribution from 12 months of operations from properties acquired in 1993, the most significant of which were the offshore properties acquired from Hall-Houston and the properties acquired in the merger with AERC. Acquisitions added approximately 50 MMcfd of production increases for the year, whereas developmental drilling and recompletions accounted for nearly 73 MMcfd.

Apache's average realized price for its natural gas was \$1.78 per Mcf during 1994, eight percent lower than the average price of \$1.94 per Mcf during 1993, which negatively affected gas sales by \$28.2 million. During 1994, Apache's average realized gas prices ranged from \$1.48 per Mcf in October to \$2.11 per Mcf in February. Gas prices remained depressed during the second half of 1994 due to warmer than usual weather in the northeastern United States and higher volumes of gas held in inventory by utilities and gas storage facilities. Hedging activities increased Apache's 1994 gas price by \$.02 per Mcf (\$3.0 million in sales) compared to \$.04 per Mcf decrease (\$5.4 million in sales) in 1993. The 1994 hedging was in the form of floating for fixed price swap agreements, with hedged volumes ranging from 10,000 MMBtud to 40,000 MMBtud. Hedging activities in 1993 included a \$3.8 million net loss from swap agreements and a \$1.6 million payment to Amoco Production Company (Amoco) under the terms of the price support hedging agreement described in Footnote 8 to the Company's financial statements. With natural gas spot prices rising significantly during the second and third quarters of 1993, the 1993 hedging activities in effect mitigated the upside potential of improving prices.

The impact of increased oil production was offset by lower oil prices in 1994. Oil production contributed \$216.2 million to revenues during 1994, less than one percent below Apache's oil sales in 1993. Average daily oil production of approximately 37.9 Mbbls of oil increased six percent over the prior year, positively affecting oil sales by \$13 million, as acquisitions offset the effects of natural depletion. Oil sales represented 40 percent of total oil and gas sales in 1994 compared to 45 percent of total oil and gas sales in 1993.

The Company's average realized oil price of \$15.65 per barrel declined seven percent from 1993, negatively affecting oil sales by \$15 million. Apache's average realized oil prices in 1994 ranged from \$12.64 per barrel in March to \$17.84 per barrel in July. Hedging activities increased Apache's average realized oil price by \$.20 per barrel (\$2.7 million in sales) as compared to a \$.37 per barrel increase (\$4.8 million in sales) in 1993. The 1994 hedges were in the form of floating for fixed price swap agreements with respect to the sale of oil, whereas 1993 sales hedges were due to the price support hedging agreement with Amoco.

Revenues from the sale of natural gas liquids decreased four percent from 1993, to \$8.2 million in 1994.

Revenues from gas gathering, processing and marketing were \$44.3 million in 1994, up 71 percent from 1993. The revenue increase primarily reflects additional volumes sold under crude oil and natural gas contracts, an activity that generally creates relatively low margins. Gross margins from gathering, processing and marketing were \$6.4 million in 1994, an increase of 32 percent from 1993.

Other revenues increased to \$9.5 million in 1994, up from \$4.3 million in 1993. Non-recurring revenues in 1994 included \$4 million from the favorable resolution of take-or-pay contract issues and \$2.2 million in gains from the sale of stock held for investment.

COSTS AND EXPENSES

Operating costs per equivalent unit of production declined 14 percent in 1994, as a 23-percent increase in production volumes more than offset a six-percent increase in operating costs. Aggregate operating costs increased from \$140.6 million in 1993 to \$149.5 million in 1994. Operating costs include lifting costs, workover expense, and applicable U.S. or foreign production taxes. On an equivalent unit of production basis, operating costs in 1994 declined to \$3.40 per boe, down from \$3.94 per boe in 1993. Apache's declining costs per boe reflect increasing natural gas production and lower production costs associated with the operation of gas-bearing properties as compared with oil-bearing properties. The decline in unit cost reflects the Company's continued cost saving efforts and the addition of offshore properties which are not subject to production taxes and traditionally have lower unit lifting costs.

Depreciation, depletion and amortization (DD&A) expense rose 30 percent year-over-year to \$257.8 million due to increased oil and natural gas production and a higher U.S. amortization rate expressed on a boe basis. Apache's U.S. amortization rate increased from \$5.61 per boe in 1993 to \$5.88 per boe in 1994 due to higher finding costs during the last two years. Recurring international DD&A expense increased as higher Australian production more than offset the impact of lower Canadian production.

Although Apache increased its international exploration activity in 1994, international impairments declined to \$7.3 million in 1994 from \$23.2 million in 1993, reflecting the Company's successful international exploration efforts in China, Egypt, The Congo and Indonesia during 1994.

Administrative, selling and other costs increased \$2.1 million in 1994, or six percent from 1993. Administrative, selling and other costs, on an equivalent unit of production basis, declined 15 percent from the prior year to \$.88 per boe in 1994 from \$1.03 per boe in 1993, reflecting the increase in production over the prior year and results of the Company's sustained efforts to contain costs. The Company integrated AERC and the Hall-Houston properties with minimal increases in administrative staff.

Net financing costs of \$34.7 million were 13 percent higher than 1993. This was primarily as a result of increasing interest rates and increased debt in 1994 related to the AERC and Hall-Houston acquisitions which were funded in the second half of 1993. By year end, effective interest rates on Apache's floating rate debt, which includes all advances under its bank credit facility, increased approximately 59 percent over year-end 1993, as market rates increased at six different times during the year. Apache's average effective interest rate during 1994 increased to 6.88 percent from 5.46 percent during 1993. On an equivalent unit of production basis, net financing costs declined to \$.79 per boe in 1994 from \$.86 per boe in 1993, as increased production offset the rising cost of financing. On December 31, 1994, Apache's outstanding debt balance was \$719 million, an increase of 39 percent from \$519 million on December 31, 1993.

PRIOR-YEAR COMPARATIVE INFORMATION

The Company reported net income of \$46.8 million, or \$.75 per share, in 1993 compared to a loss of \$15.7 million, or \$.28 per share, in 1992. The 1992 results were driven by a \$34.9 million pre-tax loss on the disposal of substantially all of DEKALB's U.S. assets and impairments on oil and gas properties which totaled \$65.3 million. These losses were partially offset by a \$30.3 million pre-tax gain on the sale of the Company's interest in Natural Gas Clearinghouse (NGC).

Volume and price information concerning the Company's 1993 and 1992 oil and gas production is summarized in the following table:

Selected Oil and Gas Operating Statistics	1993	1992	Increase (Decrease)
-----	-----	-----	-----
Gas volume - Mcf per day:			
United States	299,486	280,473	7%
Canada	57,449	47,292	21%
International	3,589	--	--
Total	----- 360,524 =====	----- 327,765 =====	10%
Average Gas Price - Per Mcf	\$ 1.94	\$ 1.66	17%
Oil volume - Barrels per day:			
United States	31,809	33,604	(5)%
Canada	2,033	2,120	(4)%
International	1,874	1,066	76%
Total	----- 35,716 =====	----- 36,790 =====	(3)%
Average Oil Price - Per Barrel	\$ 16.74	\$ 18.11	(8)%
Natural Gas Liquids (NGL) - Barrels per day	2,008	2,420	(17)%
Average NGL Price - Per barrel	\$ 11.55	\$ 11.79	(2)%

Revenues for 1993 totaled \$512.6 million, a one-percent decrease from the Company's 1992 revenues, which included a \$30.3 million gain from the sale of the Company's interest in NGC. Production revenues in 1993 totaled \$481.8 million compared to \$453.8 million in 1992. Oil and gas revenues were influenced by improved gas prices over 1992, declining second-half oil prices, and the acquisition of AERC and the Hall-Houston properties in the second half of the year. Revenues from international operations increased 34 percent in 1993, to \$61.4 million, with six months of Australian production from the 1993 AERC acquisition.

Natural gas sales in 1993 contributed \$255 million to revenues, up 28 percent from 1992, the result of sustained higher prices and higher production during 1993. Apache's average realized price for 1993 was \$1.94 per Mcf, up 17 percent over the 1992 average of \$1.66 per Mcf, positively affecting 1993 gas sales by \$36.4 million. Hedging activities decreased gas sales by \$5.4 million (\$.04 per Mcf) in 1993 as compared to a \$2.5 million decrease in 1992. Both years included losses on swap agreements and price sharing obligations with Amoco.

The impact of higher gas prices was augmented by higher gas production in 1993 as compared with 1992. Gas production for the year averaged 360.5 MMcf per day, up 10 percent from 1992, positively affecting gas sales by \$19.3 million. This increase is principally the result of production from newly acquired properties, the most significant of which were the offshore properties acquired from Hall-Houston, the additional 93-percent working interest in Matagorda Island Blocks 681 and 682 acquired in 1992, and the properties acquired in the merger with AERC. Combined, these three acquisitions comprised 332 Bcfe of proved reserves at year end 1993 and contributed 68 MMcf of gas per day to Apache's 1993 average daily production.

Oil production in 1993 declined due to the sale by DEKALB of substantially all of its U.S. properties. Oil revenues were further reduced by lower oil prices. Oil production contributed \$218.2 million to revenues during 1993, eleven percent below Apache's record \$243.9 million in oil sales in 1992. Average daily oil production of approximately 35.7 Mbbbls of oil decreased three percent from the prior year, negatively affecting oil sales by \$7.8 million.

The Company's average realized oil price of \$16.74 per barrel declined eight percent from 1992, negatively affecting oil sales by \$17.9 million. Hedging activities boosted Apache's average realized oil price in 1993 by \$.37 per barrel (\$4.8 million in sales), as compared to a \$.34 per barrel increase (\$4.7 million in sales) in 1992, due to Amoco price support hedging activities.

Revenues from the sale of natural gas liquids and sulfur in 1993 declined 19 percent from 1992 to \$8.5 million, a result of lower prices for natural gas liquids and the sale of the Whitney Canyon gas processing plant in 1992. The sale of natural gas liquids declined from 2.4 Mbbbls per day in 1992 to 2.0 Mbbbls per day in 1993.

Revenues from gas gathering, processing and marketing were \$25.9 million in 1993, down 10 percent from 1992. The decline primarily reflects the sale of Apache's interest in a gas gathering system in western Oklahoma in March 1993. As a result, gross margins from gathering, processing and marketing were \$4.9 million in 1993, a decline of 32 percent from 1992.

Operating costs were down two percent in 1993 to \$140.6 million due to a decline in operating costs per barrel of oil equivalent. Operating costs include lifting costs, workover expense, and applicable domestic or foreign production taxes. On an equivalent unit of production basis, operating costs declined six percent in 1993 to \$3.94 per boe, down from \$4.20 per boe in 1992. Apache's declining costs per boe reflect increasing natural gas production and lower production costs associated with operating gas-bearing properties as compared to oil-bearing properties. Apache's operating costs were also reduced by refunds of well-control insurance totaling \$.7 million and production tax refunds totaling \$1.8 million during 1993.

DD&A expense rose ten percent year-over-year to \$198.3 million due to increased production. Apache's domestic amortization per boe was up slightly in 1993 to \$5.61 from \$5.30 per boe in 1992.

International impairments, including Canada, declined to \$23.2 million in 1993 from \$40.6 million in 1992. The 1993 impairments included \$6.7 million of the Company's investment in West Africa which the Company wrote-off in the third quarter of 1993 when it recognized a reduced probability of establishing commercial operations on two of Apache's concessions, and provisions for Apache's investment in the Java Sea (Indonesia) and Nanteau (France). In 1992, the Company recorded a \$28.6 million write down of its Canadian properties and \$12 million in impairments on international prospects with no oil and gas production.

Administrative, selling and other costs were down 10 percent from those incurred in 1992, despite the Company's acquisitions during 1993. The reduction reflects the Company's sustained efforts to contain costs, the non-recurring administrative costs incurred in the 1992 corporate relocation to Houston, and the integration of MW. In 1993, Apache successfully assimilated the AERC and Hall-Houston properties with minimal additions to its administrative staff. Administrative cost reductions were partially offset, however, by expenses associated with an employee benefit plan based on Apache common stock, which increased in price by approximately 25 percent from year-end 1992 to year-end 1993.

Net financing costs declined 22 percent in 1993, despite the use of bank debt to fund the AERC acquisition and Hall-Houston transaction. The decline is primarily attributable to a decline of approximately 152 basis points in Apache's effective interest in 1993 as compared with 1992, reflecting a general decline in interest rates and the conversion of Apache's 7 1/2-percent convertible subordinated debentures due 2000 into shares of Apache common stock in September 1993. Interest expense also declined as a result of Apache's repayment of bank debt from a portion of the \$131.8 million in net proceeds of its public offering of common stock in March 1993, the successful conversion of approximately \$150 million of its 7 1/2-percent convertible subordinated debentures due 2000 and through the redemption of \$7 million of 9-percent convertible subordinated debentures due 2001. Debt reductions attributable to the public offering and debt conversion in 1993 were offset by debt incurred in connection with acquisitions. On December 31, 1993, Apache's outstanding debt balance was \$519 million, a decrease of one percent from \$525.6 million on December 31, 1992.

CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

CAPITAL COMMITMENTS

Apache's primary needs for cash 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 generally funds its exploration and development activities through internally generated cash flows. Apache budgets its capital expenditures based upon projected cash flows and routinely adjusts its capital expenditures in response to changes in oil and gas prices and corresponding changes in cash flow.

Expenditures for exploration and development increased to \$336.7 million in 1994 from \$235.1 million in 1993. In the U.S., Apache completed 243 producing wells out of 299 gross wells drilled during the year compared with 266 gross wells drilled in 1993, of which 210 were completed as producers. Internationally, the Company had discoveries on 62 of 85 wells drilled in 1994, while completing 27 of 48 wells as producers in 1993. In 1994, the international completions included 45 gas wells in the Canadian Province of Alberta and 9 oil wells in the Province of British Columbia. U.S. expenditures for exploration and development in 1995, including workover and recompletion operations, are expected to decline to approximately \$160 million as additional funds are used to reduce debt. The Company expects its international exploration and development expenditures in 1995 will total approximately \$65 million, of which a larger share will be incurred outside of Canada.

Cash expenditures for acquisitions during 1994 were \$180.7 million, compared to \$262.9 million in 1993. The most significant acquisition that Apache closed during 1994 was the purchase of substantially all of the U.S. oil and gas properties of Crystal Oil Company (Crystal) for \$95.8 million. Apache also acquired approximately \$84.9 million of other oil and gas properties through a number of different transactions during 1994. Funds for the 1994 acquisitions were obtained principally from borrowings under the Company's revolving bank credit facility.

On March 1, 1995, Apache purchased certain U.S. oil and gas properties from Texaco Exploration and Production Inc. (Texaco) for approximately \$571 million in cash, subject to adjustment. Apache delivered a \$25 million deposit, representing a portion of the purchase price, upon execution of the purchase and sale agreement with Texaco in December 1994, and delivered the balance in cash at closing. Funds for the Texaco transaction were obtained from several sources, including increased borrowing capacity under the Company's bank credit facility and proceeds of Apache's \$172.5 million 6-percent Convertible Subordinated Debentures due 2002 (6-percent debentures), which were issued on January 4, 1995. On March 1, 1995, lenders increased the Apache revolving credit facility to \$1 billion, subject to borrowing base availability.

Information concerning Apache's acquisition of DEKALB is set forth above under the heading "Overview".

The Company aggressively pursues acquisition opportunities as part of its reserve growth strategy. The amount and timing of future funding requirements for acquisitions are dependent upon several factors, including the market for oil and gas properties, and cannot be predicted for the upcoming year.

The aggregate cost of acquisitions in 1993, including the value of the shares issued and liabilities added through the acquisition of AERC, totaled \$326.7 million. Apache's most significant transactions during 1993 were its acquisitions of oil and gas properties from Hall-Houston for \$113.7 million in cash and the acquisition of AERC for approximately \$98 million in cash and the issuance of 307,977 shares of Apache common stock. Apache also acquired more than \$78.6 million of other properties during 1993, primarily representing purchases of additional working interests in properties in which Apache already held an interest, including the purchase of Key Production Company's interest in certain properties held by APC Operating Partnership L.P. prior to that partnership's dissolution during the first quarter of 1993.

Other capital expenditures for 1993 include the purchase of NGC's interest in a gas gathering system in western Oklahoma which was sold in March 1993, in a transaction described under "Capital Resources and Liquidity" below.

At December 31, 1994, Apache had outstanding \$454 million under its revolving bank credit facility, \$25.8 million in additional bank debt consolidated through the AEL banker's acceptance facility and an aggregate of \$239.2 million in principal amount of other long-term debt, comprised principally of notes and debentures maturing in the years 1997 through 2002. The Company's overall debt at December 31, 1994 had increased \$200.1 million from December 31, 1993, partly the result of borrowing to fund acquisitions and the purchase of approximately \$15 million of AERC shares tendered to the Company in the first quarter of 1994. Apache made cash payments on long-term debt totaling \$38 million in 1994, of which \$14.7 million was scheduled under the Company's debt obligations and \$19.6 million was paid due to the termination of AERC's bank credit facility. Interest payments on the Company's outstanding debt obligations during 1995 are projected (using weighted average balances for floating rate obligations) to be approximately \$89 million, while scheduled principal payments for 1995 currently total \$.1 million.

Dividends paid during 1994 totaled \$17.1 million, up 15 percent from 1993, primarily due to the issuance of approximately 5.8 million shares of the Company's common stock in connection with the March 1993 common stock offering, and the issuance of approximately 7.8 million shares in September 1993 upon the conversion of Apache's subordinated debentures. The Company's dividend policy currently provides for the payment of regular quarterly dividends at the rate of \$.28 per share annually. Although no change in the dividend policy is contemplated for 1995, the declaration and amount of future dividends is dependent upon the Company's cash requirements, applicable debt covenants and other factors deemed relevant by the Board of Directors.

CAPITAL RESOURCES AND LIQUIDITY

The Company's primary capital resources are net cash provided by operating activities, proceeds from financing activities and proceeds from sales of non-strategic assets.

Net cash provided by operating activities during 1994 was \$357.8 million, up \$101.8 million from 1993. The 40-percent improvement in cash flows primarily reflects increased natural gas production and a \$67.4 million advance on future gas deliveries related to the Company's sale of approximately 43.8 Bcf of natural gas for delivery over a six-year period. (See Note 5 to the Company's financial statements). Eliminating the effects of forward sale transactions, net cash provided by operating activities increased by 14 percent over 1993, reflecting the results of increased production partially offset by lower oil and gas prices.

The Company anticipates that it will engage in additional forward sale transactions in the future if sales can be made under terms and conditions that are favorable to the Company in light of market conditions. Future cash flows will be influenced by product prices and production volumes and are not presently ascertainable.

On January 4, 1995, Apache completed the issuance of \$172.5 million principal amount of its 6-percent debentures to reduce bank debt, provide funding for acquisitions and general corporate purposes. The debentures are convertible at the option of the holder into Apache common stock at a conversion price of \$30.68 per share.

On March 1, 1995, in connection with the acquisition of certain oil and gas properties from Texaco, lenders increased the size of Apache's revolving credit facility from \$700 million to \$1 billion, subject to borrowing base availability. The borrowing base is the estimated loan value of the Company's oil and gas reserves, not including reserves outside the United States and subject to certain other exclusions, based upon forecast rates of production, as periodically redetermined by the lenders. Upon closing the Texaco transaction on March 1, 1995, Apache had approximately \$840 million in loans outstanding under the facility with approximately \$60 million remaining available. (See Note 3 to the Company's financial statements.)

Under terms of the credit agreement, as amended March 1, 1995, the Company must (i) maintain a minimum tangible net worth of \$650 million, which is adjusted quarterly for subsequent earnings and securities transactions, and (ii) maintain a ratio (A) earnings before interest, taxes, depreciation, depletion and amortization to (B) consolidated interest expense, of not less than 3.7:1. Restrictive covenants under the facility include certain limitations on indebtedness and contingent obligations, as well as certain restrictions on liens and investments in international subsidiaries. The Company has complied with its financial ratios and restrictive covenants at all times since the inception of the revolving credit facility in July 1991. The facility matures on March 1, 2000, and may be extended in one-year increments with the lenders' consent.

In May 1994, Apache terminated AERC's bank credit facility and converted the banker's acceptance facility of Apache Energy Limited (AEL), a wholly-owned Australian subsidiary of AERC, from a reducing term credit facility to a revolving credit facility with a commitment of \$30 million, subject to financial covenants and borrowing base availability. The AEL facility provides for advances discounted at a varying rate over the discount rate prevailing in the Canadian banker's acceptance market. Under the terms of AEL's revolving credit facility, AEL must maintain certain minimum financial ratios, including a current ratio (including funds available under the AEL credit facility) of 1.0 to 1.0, a ratio of consolidated cash flow to debt service of 1.1 to 1.0, and a ratio of consolidated cash flow to consolidated interest expense of 3.0 to 1.0. In addition, AEL must maintain a minimum tangible net worth of \$30 million, which is adjusted quarterly for subsequent earnings, and satisfy restrictive covenants similar to those under Apache's revolving credit facility. At year end, the borrowing base was \$30 million of which \$25.8 million was outstanding, and AEL was in compliance with the financial ratios and restrictive covenants under the facility. Apache and its subsidiaries (other than AEL and its subsidiaries) have not guaranteed the AEL credit facility.

In March 1993, Apache and NGC completed the sale of their respective interests in a gathering system located in western Oklahoma. Apache received gross cash proceeds of approximately \$32.2 million in the transaction, of which \$16.4 million was attributable to NGC's interest in the system.

Also in March 1993, Apache completed the public offering of approximately 5.8 million shares of Apache common stock for net proceeds of \$131.8 million. Net proceeds of the offering were used to repay outstanding debt under Apache's revolving bank credit facility. In September 1993, Apache completed the conversion of its 7 1/2-percent convertible subordinated debentures due 2000, resulting in the issuance of approximately 7.8 million shares of Apache common stock. Primarily as a result of the conversion and Apache's March 1993 equity offering, Apache's debt as a percentage of capital declined to 37 percent at December 31, 1993.

In October, 1992, DEKALB sold substantially all of its U.S. oil and gas properties for approximately \$104 million. Pursuant to the terms of the sale, the purchaser assumed certain liabilities related to the properties. As a result of the property disposition, DEKALB recorded a pre-tax loss of \$34.9 million in 1992.

In May 1992, Apache issued 9.25-percent notes due 2002 in the principal amount of \$100 million. Proceeds from the offering were used to reduce bank debt, pay off its 9 1/2-percent convertible debentures due 1996 and for general corporate purposes. In December 1992, the Company privately placed 3.93-percent convertible notes due 1997 in the principal amount of \$75 million. The 3.93-percent notes are not redeemable before maturity and are convertible into Apache common stock at the option of the holders at any time prior to maturity at a conversion price of \$27.00 per share. Proceeds from the sale of the 3.93-percent notes were used to repay bank debt.

The Company had \$30 million in cash and cash equivalents on hand at December 31, 1994, down from \$39.7 million at the end of 1993. The Company's ratio of current assets to current liabilities at year end of .98:1 improved from a ratio of .7:1 at year-end 1993.

Management believes that cash on hand at year end, net cash generated from operations, proceeds from the sale of the 6-percent debentures, and increased borrowing capacity under its revolving bank credit facility will be adequate to satisfy the Company's financial obligations, including its purchase obligation with respect to the Texaco transaction (see "Capital Commitments"), and to meet future liquidity needs for at least the next two fiscal years.

FUTURE TRENDS

The closing of the Texaco transaction marks the completion of a major acquisition cycle which will be followed by property consolidation and rationalization. Apache is committed to reducing its debt to capitalization ratio through the selective disposition of marginal and non-strategic properties and through property development focused on cash flow and debt reduction. In that regard, Apache announced on February 15, 1995, the Company's plan to sell substantially all of the oil and gas properties in its Rocky Mountain region and non-strategic assets in other operating regions, and to close its Denver, Colorado office. While total capital expenditures will be higher in 1995 due to the Texaco transaction, U.S. exploration and development costs will be reduced from their 1994 levels as a result of low product prices and the commitment to reduce debt. Property dispositions and reduced domestic exploration outlays in 1995 will likely result in lower production and reserves from the level achieved upon completion of the Texaco transaction. The following factors may also impact Apache's operating results and financial condition in the future.

CONTINUING VOLATILITY OF PRODUCT PRICES

In 1994, spot market natural gas prices remained volatile and continued to behave unpredictably. Spot market oil prices, which are especially vulnerable to complex and unpredictable political and economic forces, also remained volatile in 1994, as Apache's average realized price fluctuated from \$12.64 per barrel in March to \$ 17.84 per barrel in July. Management believes that, absent a comprehensive U.S. energy policy, oil prices will continue to fluctuate in response to changes in the policies of the Organization of Petroleum Exporting Countries (OPEC), events in the Middle

East and events in certain non-OPEC countries. Management also believes that gas prices will remain volatile and may fluctuate due to supply and demand perceptions.

MARKETING AND HEDGING

In August 1994, Apache named a vice president of marketing, a newly created position, to oversee the marketing and sale of the Company's gas production. The Company expects to take a more active role in the marketing of Apache's production in 1995.

Also during 1994, Apache undertook a comprehensive review of its risk management policies and procedures, with emphasis on commodity hedging. At December 31, 1994, Apache had eight open swap agreements hedging a total of 30,000 MMBtud of natural gas and 400 bopd of crude oil. (See Note 8 to the Company's financial statements.) The Company is likely to increase the use of commodity derivatives contracts to either fix or support oil and gas prices at targeted levels, or to minimize the impact of price fluctuations.

CEILING TEST FOR FULL COST COMPANIES

Oil and gas producers that conduct their financial reporting under the full cost accounting rules are subject to Securities and Exchange Commission (SEC) rules that require quarterly "ceiling test" calculations. This test requires a write-down when the capitalized cost of oil and gas properties exceeds the present value of proved reserves, plus the lower of cost or market value for unproved properties. (See Supplemental Oil and Gas Disclosures to the Company's financial statements). The test is applied at the end of each fiscal quarter on a country-by-country basis, and requires a write-down if the "ceiling" is exceeded, even if prices decline only for a short period of time. Many full cost companies, including Apache, are concerned about the impact of prolonged unfavorable gas prices on their ceiling test calculations. A further deterioration of gas or oil prices from year-end levels could result in the Company recording a non-cash charge to earnings related to its oil and gas properties in 1995. SEC rules permit the exclusion of capitalized costs and present value of recently acquired properties in performing ceiling test calculations. Pursuant to these rules, Apache has requested waivers and the SEC has granted one-year waivers with respect to the properties acquired from Texaco and Crystal. If the ceiling is exceeded on all U.S. properties, Apache will be required to perform an additional ceiling test excluding the Texaco and Crystal properties and record a write-down of carrying value if the ceiling is still exceeded.

ENVIRONMENTAL REGULATION

The Company operates under numerous state and federal laws regulating the discharge of materials into, and the protection of, the environment. In the ordinary course of business, Apache conducts an ongoing review of the effects of these various environmental laws on its business and operations. The estimated cost of continued compliance with current environmental laws, based upon the information currently available, is not material to the Company's financial position or results of operations. It is impossible to determine whether and to what extent Apache's future performance may be affected by environmental laws; however, management does not believe that such laws will have a material adverse effect on the Company's financial position or results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary financial information required to be filed under this item are presented on pages F-1 through F-34 of this Form 10-K, and are incorporated herein by reference.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information set forth under the captions "Information About Nominees for Election as Directors," "Continuing Directors," "Executive Officers of the Company," and "Voting Securities and Principal Holders" in the Company's proxy statement relating to the Company's 1995 annual meeting of shareholders (the "Proxy Statement") is incorporated herein by reference.

The information set forth under Item 10 in DEKALB's Annual Report on Form 10-K for the year ended December 31, 1994, SEC File No. 0-2886, is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information 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 Proxy Statement is incorporated herein by reference.

The information set forth under Item 11 in DEKALB's Annual Report on Form 10-K for the year ended December 31, 1994, SEC File No. 0-2886, is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information set forth under the caption "Voting Securities and Principal Holders" in the Proxy Statement is incorporated herein by reference.

The information set forth under Item 12 in DEKALB's Annual Report on Form 10-K for the year ended December 31, 1994, SEC File No. 0-2886, is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information set forth under the caption "Certain Business Relationships and Transactions" in the Proxy Statement is incorporated herein by reference.

The information set forth under Items 11 and 13 in DEKALB's Annual Report on Form 10-K for the year ended December 31, 1994, SEC File No. 0-2886, is incorporated herein by reference.

PART IV

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

(A) DOCUMENTS INCLUDED IN THIS REPORT:

1. FINANCIAL STATEMENTS

Report of independent public accountants	F-1
Auditors' report	F-2
Report of management	F-3
Statement of consolidated operations for each of the three years in the period ended December 31, 1994	F-4
Statement of consolidated cash flows for each of the three years in the period ended December 31, 1994	F-5
Consolidated balance sheet as of December 31, 1994 and 1993	F-6
Statement of consolidated shareholders' equity for each of the three years in the period ended December 31, 1994	F-8
Summary of significant accounting policies	F-9
Notes to consolidated financial statements	F-11
Supplemental oil and gas disclosures	F-26
Supplemental quarterly financial data	F-32

2. FINANCIAL STATEMENT SCHEDULES

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 Company's financial statements and related notes.

3. EXHIBITS

EXHIBIT NO.	DESCRIPTION
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2.1 --	Stock Purchase Agreement, dated July 1, 1991, between Registrant and Amoco Production Company (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K, dated July 1, 1991, SEC File No. 1-4300, filed July 19, 1991).
2.2 --	Purchase and Sale Agreement between Hall-Houston Oil Company, as seller, and Registrant, as buyer, dated as of June 2, 1993 (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K, dated August 31, 1993, SEC File No. 1-4300, filed September 7, 1993).
2.3 --	Purchase and Sale Agreement between Hall-Houston Oil Company, as seller, and Registrant, as buyer, dated as of August 13, 1993 (incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K, dated August 31, 1993, SEC File No. 1-4300, filed September 7, 1993).
2.4 --	Form of Acquisition Agreement between Registrant, HERC Acquisition Corporation and Hadson Energy Resources Corporation, dated August 26, 1993, and amended September 28, 1993 (incorporated by reference to Exhibit 2.1 to Registrant's Registration Statement on Form S-4, Registration No. 33-67954, filed September 29, 1993).
2.5 --	Purchase and Sale Agreement by and between Texaco Exploration and Production Inc., as seller, and Registrant, as buyer, dated December 22, 1994 (incorporated by reference to Exhibit 99.3 to Registrant's Current Report on Form 8-K, dated November 29, 1994, SEC File No. 1-4300, filed December 29, 1994).
2.6 --	Amended and Restated Agreement and Plan of Merger among Registrant, XPX Acquisitions, Inc. and DEKALB Energy Company, dated December 21, 1994 (incorporated by reference to Exhibit 2.1 to Amendment No. 3 to Registrant's Registration Statement on Form S-4, Registration No. 33-57321, filed April 14, 1995).
2.7 --	Matagorda Island 681 Field Purchase and Sale Agreement with Option to Exchange, dated November 24, 1992, between Shell Offshore Inc., SOI Royalties Inc., and Registrant (incorporated by reference to Exhibit 10.7 to Apache Offshore Investment Partnership's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 0-13546).
3.1 --	Restated Certificate of Incorporation of Registrant, dated December 1, 1993, as filed with the Secretary of State of Delaware on December 16, 1993 (incorporated by reference to Exhibit 3.1 to Registrant's Annual Report on Form 10-K for year ended December 31, 1993, SEC File No. 1-4300).
3.2 --	Bylaws of Registrant, dated as of December 9, 1992 (incorporated by reference to Exhibit 3.3 to Registrant's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 1-4300).
4.1 --	Form of common stock certificate (incorporated by reference to Exhibit 4.4 to Amendment No. 1 to Registrant's Registration Statement on Form S-3, Registration No. 33-5097, filed May 16, 1986).

EXHIBIT NO.	DESCRIPTION
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4.2 --	Rights Agreement, dated as of January 10, 1986, between Registrant and First Trust Company, Inc., rights agent, relating to the declaration of Rights to Registrant's common stockholders of record on January 24, 1986 (incorporated by reference to Exhibit 4.9 to Registrant's Annual Report on Form 10-K for year ended December 31, 1985, SEC File No. 1-4300).
10.1 --	Second Amended and Restated Credit Agreement, dated April 30, 1994, among Registrant, the lenders named therein, and The First National Bank of Chicago and Chemical Bank, as agents (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for quarter ended June 30, 1994, SEC File No. 1-4300).
10.2 --	Third Amended and Restated Credit Agreement, dated March 1, 1995, among Registrant, the lenders named therein, and The First National Bank of Chicago, as Administrative Agent and Arranger, and Chemical Bank, as Co-Agent and Arranger (incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for year ended December 31, 1994, SEC File No. 1-4300).
10.3 --	Fiscal Agency Agreement, dated as of January 4, 1995, between Registrant and Chemical Bank, as fiscal agent (incorporated by reference to Exhibit 99.2 to Registrant's Current Report on Form 8-K, dated December 6, 1994, SEC File No. 1-4300, filed January 11, 1995.)
+10.4 --	1982 Employee Stock Option Plan, as updated in January 1987 to conform to the Tax Reform Act of 1986 (incorporated by reference to Exhibit 10.7 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).
+10.5 --	Apache Corporation Corporate Administrative Group Incentive Plan, effective as of January 1, 1989 (incorporated by reference to Exhibit 10.8 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).
+10.6 --	First Amendment to Apache Corporation Corporate Administrative Group Incentive Plan, effective January 1, 1990 (incorporated by reference to Exhibit 10.14 to Registrant's Annual Report on Form 10-K for year ended December 31, 1993, SEC File No. 1-4300).
+10.7 --	Apache Corporation Retirement/401(k) Savings Plan, dated December 22, 1994, effective January 1, 1995 (incorporated by reference to Exhibit 10.7 to Registrant's Annual Report on Form 10-K for year ended December 31, 1994, SEC File No 1-4300).
+10.8 --	Non-Qualified Retirement/Savings Plan of Apache Corporation, dated November 16, 1989 (incorporated by reference to Exhibit 10.11 to Registrant's Annual Report on Form 10-K for year ended December 31, 1989, SEC File No. 1-4300).
+10.9 --	Apache International, Inc. Common Stock Award Plan, dated February 12, 1990 (incorporated by reference to Exhibit 10.13 to Registrant's Annual Report on Form 10-K for year ended December 31, 1989, SEC File No. 1-4300).
+10.10 --	Apache Corporation 1990 Phantom Stock Appreciation Plan, dated as of September 28, 1990 (incorporated by reference to Exhibit 10.17 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).
+10.11 --	Apache Corporation 1990 Stock Incentive Plan, dated as of September 28, 1990 (incorporated by reference to Exhibit 10.18 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).

EXHIBIT NO.	DESCRIPTION
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+10.12 --	Amendment No. 1 to the Apache Corporation 1990 Stock Incentive Plan, dated as of July 17, 1992 (incorporated by reference to Exhibit 4.4 to Registrant's Registration Statement on Form S-8, Registration No. 33-53442, filed October 19, 1992).
+10.13 --	Apache Corporation 1995 Stock Option Plan, adopted February 9, 1995 (incorporated by reference to Exhibit 10.13 to Registrant's Annual Report on Form 10-K for year ended December 31, 1994, SEC File No. 1-4300).
+10.14 --	Apache Corporation Income Continuance Plan, as amended and restated February 24, 1988 (incorporated by reference to Exhibit 10.19 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).
+10.15 --	Apache Corporation Directors' Deferred Compensation Plan, as amended and restated September 14, 1994 (incorporated by reference to Exhibit 10.15 to Registrant's Annual Report on Form 10-K for year ended December 31, 1994, SEC File No. 1-4300).
+10.16 --	Apache Corporation Phantom Stock Appreciation Plan for Directors, effective as of May 4, 1989 (incorporated by reference to Exhibit 10.22 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).
+10.17 --	Apache Corporation Outside Directors' Retirement Plan, effective December 15, 1992 (incorporated by reference to Exhibit 10.25 to Registrant's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 1-4300).
+10.18 --	Apache Corporation Equity Compensation Plan for Non-Employee Directors, adopted February 9, 1994, and form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.26 to Registrant's Annual Report on Form 10-K for year ended December 31, 1993, SEC File No. 1-4300).
+10.19 --	Amended and Restated Employment Agreement, dated December 5, 1990, between Registrant and Raymond Plank (incorporated by reference to Exhibit 10.9 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).
+10.20 --	Amended and Restated Employment Agreement, dated December 20, 1990, between Registrant and John A. Kocur (incorporated by reference to Exhibit 10.10 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).
+10.21 --	Employment Agreement, dated March 20, 1991, between Registrant and William J. Johnson (incorporated by reference to Exhibit 10.15 to Registrant's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 1-4300).
+10.22 --	Employment Agreement, dated June 6, 1988, between Registrant and G. Steven Farris (incorporated by reference to Exhibit 10.6 to Registrant's Annual Report on Form 10-K for year ended December 31, 1989, SEC File No. 1-4300).
+10.23 --	Consulting Agreement, dated November 1, 1993, between Registrant and John A. Kocur (incorporated by reference to Exhibit 10.30 to Registrant's Annual Report on Form 10-K for year ended December 31, 1993, SEC File No. 1-4300).
+10.24 --	Consulting Agreement, effective April 28, 1994, between Registrant and William J. Johnson (incorporated by reference to Exhibit 10.24 to Registrant's Annual Report on Form 10-K for year ended December 31, 1994, SEC File No. 1-4300).

EXHIBIT NO.	DESCRIPTION
-----	-----
+10.25 --	Consulting Agreement, effective January 1, 1995, between Registrant and John L. Moran (incorporated by reference to Exhibit 10.25 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994, SEC File No. 1-4300).
10.26 --	Indenture, dated as of April 1, 1988, between DEKALB and Continental Illinois Bank and Trust Company of Chicago, as trustee, relating to the 10% Long-Term Notes and 9.875% Long-Term Notes (incorporated by reference to Exhibit 4(a) to DEKALB's Registration Statement on Form S-3, Registration No. 33-12534, filed March 11, 1987).
10.27 --	Extendible Revolving Term Credit Agreement, dated November 19, 1992, between DEKALB Energy Canada Ltd. and the Royal Bank of Canada (incorporated by reference to Exhibit 4.2 to DEKALB's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 0-2886).
+10.28 --	DEKALB Stock Option Plan and form of Stock Option Agreement (incorporated by reference to Exhibits 10.1 and 10.2 to DEKALB's Annual Report on Form 10-K for year ended August 31, 1986, SEC File No. 0-2886).
+10.29 --	Letter Agreement, dated July 23, 1992, between DEKALB and Vincent J. Tkachyk (incorporated by reference to Exhibit 10.3 to DEKALB's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 0-2886).
+10.30 --	DEKALB Deferred Management Employees Compensation Plan, revised as of July 1, 1983, (incorporated by reference to Exhibit 10.13 to DEKALB's Annual Report on Form 10-K for year ended December 31, 1988, SEC File No. 0-2886).
+10.31 --	Employment Agreements between DEKALB and Bruce P. Bickner, dated January 1, 1992, and John H. Witmer, Jr., dated January 1, 1992 (incorporated by reference to Exhibits 10.14 and 10.15 to DEKALB's Annual Report on Form 10-K for year ended December 31, 1991, SEC File No. 0-2886).
+10.32 --	DEKALB Long Term Incentive Plan, dated February 28, 1990 (incorporated by reference to Exhibit 10.16 to DEKALB's Quarterly Report on Form 10-Q for quarter ended March 31, 1990, SEC File No. 0-2886).
10.33 --	Firm Transportation Service Agreement, dated April 25, 1991, between DEKALB and Pacific Gas Transmission Company (incorporated by reference to Exhibit 10.9 to DEKALB's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 0-2886).
10.34 --	Asset Purchase and Sale Agreement, dated July 8, 1992, between DEKALB and Louis Dreyfus Gas Holdings Inc. (incorporated by reference to Exhibit 10.10 to DEKALB's Current Report on Form 8-K, dated October 16, 1992, SEC File No. 0-2886).
+10.35 --	DEKALB Profit Based Thrift Plan, effective September 1, 1989, as amended August 14, 1991 (incorporated by reference to Exhibit 10.11 to DEKALB's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 0-2886).
+10.36 --	Temporary Consulting Contracts between DEKALB and Donald McMorland, dated June 1, 1994, and John Leteta, dated November 28, 1994 (incorporated by reference to Exhibits 10.11 and 10.12 to DEKALB's Annual Report on Form 10-K for year ended December 31, 1994, SEC File No. 0-2886).

EXHIBIT NO.	DESCRIPTION
-----	-----
*11.1 --	Statement regarding computation of earnings per share of Registrant's common stock for the year ended December 31, 1994.
*21.1 --	Subsidiaries of Registrant
*23.1 --	Consent of Arthur Andersen LLP
*23.2 --	Consent of Coopers & Lybrand
*23.3 --	Consent of Ryder Scott Company Petroleum Engineers
*27.1 --	Financial Data Schedule

* Filed herewith.

+ Management contracts or compensatory plans or arrangements required to be filed herewith pursuant to Item 14 hereof.

Note: Debt instruments of the Registrant defining the rights of long-term debt holders in principal amounts not exceeding 10 percent of the Registrant's consolidated assets have been omitted and will be provided to the Commission upon request.

(B) REPORTS ON FORM 8-K

The following reports on Form 8-K were filed by Apache during the fiscal quarter ended December 31, 1994:

November 29, 1994 - Item 5. Other Events - Apache entered into a memorandum of understanding, and subsequently into a purchase and sale agreement with Texaco Exploration and Production Inc., under which Apache will acquire Texaco's interest in over 300 oil and gas fields for approximately \$600 million, subject to certain adjustments.

December 6, 1994 - Item 5. Other Events - Apache issued \$172.5 million principal amount of 6-percent Convertible Subordinated Debentures due 2002, which are convertible into Apache common stock at a conversion price of \$30.68 per share.

December 21, 1994 - Item 5. Other Events - Apache entered into an agreement and plan of merger with DEKALB pursuant to which (i) each outstanding share of DEKALB stock will be converted into the right to receive between .85 and .90 shares of Apache common stock, and (ii) DEKALB will become a wholly-owned subsidiary of Apache.

The following reports on Form 8-K were filed by DEKALB during the fiscal quarter ended December 31, 1994:

September 17, 1994 - Item 5. Other Events - Announcement of the death of Michael E. Finnegan, Executive Vice President and Chief Financial Officer of DEKALB.

December 21, 1994 - Item 5. Other Events - DEKALB entered into an agreement and plan of merger among Apache, XPX Acquisitions, Inc. ("XPX"), a wholly owned subsidiary of Apache, and DEKALB, providing for the merger of XPX into DEKALB in a transaction under Delaware law by which DEKALB would become a wholly owned subsidiary of Apache; and Item 7 - Financial Statements and Exhibits related to such transaction.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized.

APACHE CORPORATION

Date: August 2, 1995

By: /s/ Mark A. Jackson

Mark A. Jackson,
Vice President, Finance

Pursuant to the requirements of the Securities Exchange Act of 1934, this Amendment No. 1 on Form 10-K/A has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. (Apache Corporation does not have a Principal Financial Officer.)

SIGNATURE

TITLE

SIGNATURE -----	TITLE -----
/s/ Raymond Plank* ----- Raymond Plank	Chairman and Chief Executive Officer (Principal Executive Officer)
/s/ Mark A. Jackson* ----- Mark A. Jackson	Vice President, Finance
/s/ R. Kent Samuel* ----- R. Kent Samuel	Controller and Chief Accounting Officer (Principal Accounting Officer)
/s/ Frederick M. Bohen* ----- Frederick M. Bohen	Director
/s/ Virgil B. Day* ----- Virgil B. Day	Director
/s/ G. Steven Farris* ----- G. Steven Farris	Director
/s/ Randolph M. Ferlic* ----- Randolph M. Ferlic	Director
/s/ Eugene C. Fiedorek* ----- Eugene C. Fiedorek	Director
/s/ W. Brooks Fields* ----- W. Brooks Fields	Director
/s/ Robert V. Gisselbeck* ----- Robert V. Gisselbeck	Director
/s/ Stanley K. Hathaway* ----- Stanley K. Hathaway	Director
/s/ John A. Kocur* ----- John A. Kocur	Director
/s/ Jay A. Precourt* ----- Jay A. Precourt	Director
/s/ Joseph A. Rice* ----- Joseph A. Rice	Director

*By /s/ Mark A. Jackson

August 2, 1995

Mark A. Jackson
Attorney-in-Fact

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To The Shareholders of Apache Corporation:

We have audited the accompanying consolidated balance sheet of Apache Corporation (a Delaware corporation) and Subsidiaries as of December 31, 1994 and 1993, and the related statements of consolidated income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of DEKALB Energy Company, a company acquired during 1995 in a transaction accounted for as a pooling of interests, as discussed in Note 1. Such financial statements are included in the consolidated financial statements of Apache Corporation and reflect total assets and total revenues of 10 percent and eight percent, respectively, of the related consolidated totals as of and for the year ended December 31, 1994, total assets and total revenues of 12 percent and nine percent, respectively, of the related consolidated totals as of and for the year ended December 31, 1993, and total revenues of 12 percent of the related consolidated total for the year ended December 31, 1992, after restatement to reflect certain adjustments as set forth in Note 1. The financial statements of DEKALB Energy Company, prior to those adjustments, were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to amounts included for DEKALB Energy Company, is based solely upon the report of the other auditors.

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, and the report of other auditors, provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Apache Corporation and Subsidiaries as of December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

As explained in Note 4 to the consolidated financial statements, effective January 1, 1993, the Company changed its method of accounting for income taxes.

ARTHUR ANDERSEN LLP

Houston, Texas
May 17, 1995

F-1

AUDITORS' REPORT

To the Shareholders and Board of Directors of DEKALB Energy Company:

We have audited the consolidated balance sheets of DEKALB Energy Company as at December 31, 1994 and 1993, and the consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1994. These consolidated financial statements are the responsibility of the Company'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 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.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of DEKALB Energy Company as at December 31, 1994 and 1993, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1994, in accordance with United States generally accepted accounting principles.

COOPERS & LYBRAND

Calgary, Alberta
February 13, 1995

REPORT OF MANAGEMENT

The financial statements and related financial information of Apache Corporation and Subsidiaries were prepared by and are the responsibility of management. The statements have been prepared in conformity with generally accepted accounting principles and include amounts that are based on management's best estimates and judgments.

Management maintains and places reliance on systems of internal control designed to provide reasonable assurance, weighing the costs with the benefits sought, that all transactions are properly recorded in the Company's books and records, that policies and procedures are adhered to and that assets are safeguarded. The systems of internal controls are supported by written policies and guidelines, internal audits and the selection and training of qualified personnel.

The financial statements of Apache Corporation and its Subsidiaries, except for DEKALB Energy Company, have been audited by Arthur Andersen LLP, independent public accountants. The financial statements of DEKALB Energy Company and its subsidiaries were audited by Coopers & Lybrand. Their audits included developing an overall understanding of each Company's accounting systems, procedures and internal controls and conducting tests and other auditing procedures sufficient to support their opinions on the fairness of the respective consolidated financial statements.

The Apache Corporation Board of Directors exercises its oversight responsibility for the financial statements through its Audit Committee, composed solely of directors who are not employed by Apache. The Audit Committee meets periodically with management, internal auditors and the independent public accountants to ensure that they are successfully completing designated responsibilities. The internal auditors and independent public accountants have open access to the Audit Committee to discuss auditing and financial reporting issues.

Raymond Plank
Chairman of the Board
and Chief Executive Officer

Mark A. Jackson
Vice President, Finance

R. Kent Samuel
Controller and Chief Accounting Officer

APACHE CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED OPERATIONS
(RESTATED)

	For the Year Ended December 31,		
	1994	1993	1992
	-----	-----	-----
	(In thousands, except per share data)		
REVENUES:			
Oil and gas production revenues	\$ 538,389	\$ 481,848	\$ 453,835
Gathering, processing and marketing revenues	44,287	25,862	28,594
Equity in income of affiliates	459	624	3,451
Gain on sale of investment in affiliate	--	--	30,259
Other revenues	9,491	4,298	1,264
	-----	-----	-----
	592,626	512,632	517,403
	-----	-----	-----
OPERATING EXPENSES:			
Depreciation, depletion and amortization	257,821	198,320	179,876
Impairments	7,300	23,200	65,320
(Gain) loss on disposal of assets	--	(513)	34,942
Operating costs	149,474	140,580	144,170
Gathering, processing and marketing costs	37,866	21,010	21,452
Administrative, selling and other	38,729	36,629	40,599
Financing costs:			
Interest expense	37,838	34,205	45,731
Amortization of deferred loan costs	3,987	3,896	3,888
Capitalized interest	(6,034)	(6,279)	(8,996)
Interest income	(1,048)	(1,145)	(1,170)
	-----	-----	-----
	525,933	449,903	525,812
	-----	-----	-----
INCOME (LOSS) BEFORE INCOME TAXES	66,693	62,729	(8,409)
Provision for income taxes	21,110	21,308	6,223
	-----	-----	-----
INCOME (LOSS) FROM CONTINUING OPERATIONS	45,583	41,421	(14,632)
Loss from discontinued operations	--	--	(1,050)
Cumulative effect of change in accounting principle	--	5,334	--
	-----	-----	-----
NET INCOME (LOSS)	\$ 45,583	\$ 46,755	\$ (15,682)
	=====	=====	=====
INCOME (LOSS) PER SHARE:			
Continuing operations	\$.65	\$.67	\$ (.26)
Discontinued operations	--	--	(.02)
Cumulative effect of change in accounting principle	--	.08	--
	-----	-----	-----
NET INCOME (LOSS) PER COMMON SHARE	\$.65	\$.75	\$ (.28)
	=====	=====	=====
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	69,715	62,013	55,344
	=====	=====	=====

The accompanying summary of significant accounting policies and notes to consolidated financial statements are integral parts of this statement.

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

	For the Year Ended December 31,		
	1994	1993	1992
	(In thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income (loss) from continuing operations	\$ 45,583	\$ 41,421	\$ (14,632)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by operating activities:			
Depreciation, depletion and amortization	257,821	198,320	179,876
Impairments	7,300	23,200	65,320
Amortization of deferred loan costs	3,987	3,896	3,888
Provision for deferred income taxes	24,385	20,539	(998)
Gain on sale of investment in affiliate	--	--	(30,259)
Gain (loss) on disposal of assets	--	(513)	34,942
Other	46	140	603
Cash distributions in excess of (less than) earnings of affiliates	(459)	(662)	2,650
Gain on sale of stock held for investment	(2,178)	--	--
Changes in operating assets and liabilities, net of effects of acquisitions:			
(Increase) decrease in receivables	(12,128)	(8,641)	12,373
(Increase) decrease in advances to oil and gas ventures and other	(2,281)	137	(3,598)
Increase (decrease) in deferred charges and other	(3,238)	2,120	(5,968)
Decrease in payables	(17,288)	(5,463)	(12,508)
Increase (decrease) in accrued operating costs	541	(8,177)	(8,660)
Advance from gas purchaser	67,376	--	--
Decrease in deferred credits and noncurrent liabilities	(11,768)	(11,166)	(556)
Cash flows from continuing operations	357,699	255,151	222,473
Cash flows from discontinued operations	70	840	480
Net cash provided by operating activities	357,769	255,991	222,953
CASH FLOWS FROM INVESTING ACTIVITIES:			
Exploration and development expenditures	(344,125)	(237,831)	(154,771)
Acquisition of oil and gas properties	(180,742)	(192,256)	(64,867)
Non-cash portion of net oil and gas property additions	5,480	8,789	2,877
Purchase of AERC stock, net of cash acquired	(13,885)	(70,692)	--
Purchase of stock held for investment	(5,051)	--	--
Proceeds from sale of oil and gas properties	19,525	10,342	142,098
Prepaid acquisition cost	(25,377)	--	--
Proceeds from sale of stock held for investment	6,640	--	--
Proceeds from sale of gas gathering system	--	32,201	--
Proceeds from sale of investment in affiliate	--	--	58,200
Other capital expenditures, net	(11,968)	(32,370)	(12,609)
Other, net	(1,716)	1,145	(1,173)
Net cash used by investing activities	(551,219)	(480,672)	(30,245)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Long-term borrowings	244,058	275,424	301,378
Payments on long-term debt	(38,019)	(180,400)	(439,253)
Net increase (decrease) in short-term borrowings	(5,478)	5,455	(1,631)
Dividends paid	(17,131)	(14,919)	(13,130)
Proceeds from issuance of common stock	4,599	134,224	709
Payments to acquire treasury stock	(3,389)	(104)	(331)
Costs of debt and equity transactions	(875)	(270)	(3,971)
Net cash provided (used) by financing activities	183,765	219,410	(156,229)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,685)	(5,271)	36,479
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	39,728	44,999	8,520
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 30,043	\$ 39,728	\$ 44,999

The accompanying summary of significant accounting policies and notes to consolidated financial statements are integral parts of this statement.

APACHE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(RESTATED)

	December 31,	
	1994	1993
	----- (In thousands) -----	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 30,043	\$ 39,728
Receivables	111,310	99,714
Inventories	8,868	7,152
Advances to oil and gas ventures and other	10,093	7,750
	-----	-----
	160,314	154,344
	-----	-----
PROPERTY AND EQUIPMENT:		
Oil and gas, on the basis of full cost accounting:		
Proved properties	3,265,770	2,815,036
Unproved properties and properties under development, not being amortized	157,379	114,645
Gas gathering, transmission and processing facilities	25,809	25,809
Other	49,912	39,755
	-----	-----
	3,498,870	2,995,245
Less: Accumulated depreciation, depletion and amortization	(1,682,039)	(1,424,248)
	-----	-----
	1,816,831	1,570,997
	-----	-----
OTHER ASSETS:		
Deferred charges and other	59,482	33,862
	-----	-----
	\$ 2,036,627	\$ 1,759,203
	=====	=====

The accompanying summary of significant accounting policies and notes to consolidated financial statements are integral parts of this statement.

APACHE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(RESTATED)

	December 31,	
	1994	1993
	(In thousands)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term notes and current maturities of long-term debt	\$ 100	\$ 14,680
Accounts payable	92,861	128,084
Accrued operating expense	16,722	19,471
Accrued income taxes	--	6,048
Accrued exploration and development	25,077	15,442
Accrued compensation and benefits	10,794	9,541
Other accrued expenses	17,963	16,616
	-----	-----
	163,517	209,882
	-----	-----
LONG-TERM DEBT	719,033	504,334
	-----	-----
DEFERRED CREDITS AND OTHER NONCURRENT LIABILITIES:		
Income taxes	151,216	125,878
Advance from gas purchaser	67,376	--
Other	44,398	50,513
	-----	-----
	262,990	176,391
	-----	-----
COMMITMENTS AND CONTINGENCIES (Note 9)		
SHAREHOLDERS' EQUITY:		
Common stock, \$1.25 par, 215,000,000 shares authorized, 70,785,067 and 70,753,137 shares issued, respectively	88,482	88,442
Paid-in capital	500,101	499,817
Retained earnings	335,293	306,892
Treasury stock, at cost, 1,118,975 and 1,248,827 shares, respectively	(13,452)	(14,414)
Currency translation adjustments	(19,337)	(12,141)
	-----	-----
	891,087	868,596
	-----	-----
	\$ 2,036,627	\$ 1,759,203
	=====	=====

The accompanying summary of significant accounting policies and notes to consolidated financial statements are integral parts of this statement.

APACHE CORPORATION AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED SHAREHOLDERS' EQUITY
(RESTATED)

	Common Stock -----	Paid-In Capital -----	Retained Earnings ----- (In thousands)	Treasury Stock -----	Currency Translation Adjustments -----	Total Shareholders' Equity -----
BALANCE, DECEMBER 31, 1991, as previously reported	\$ 68,850	\$ 321,343	\$ 327,973	\$ (105,884)	\$ 12,016	\$ 624,298
DEKALB treasury shares retired.....	(2,521)	(87,092)	--	89,613	--	--
Par value increase for DEKALB shares outstanding.....	4,538	(4,538)	--	--	--	--
Cumulative effect on prior years of conforming adjustment to depreciation, depletion and amortization	--	--	(23,117)	--	--	(23,117)
ADJUSTED BALANCE, DECEMBER 31, 1991	70,867	229,713	304,856	(16,271)	12,016	601,181
Net income (loss)	--	--	(15,682)	--	--	(15,682)
Dividends (\$.28 per common share)	--	--	(13,135)	--	--	(13,135)
Common shares issued	79	435	--	--	--	514
Treasury shares issued	--	(717)	--	935	--	218
Treasury shares purchased	--	--	--	(331)	--	(331)
Treasury shares retired	(34)	(294)	--	328	--	--
Currency translation adjustments	--	--	--	--	(18,241)	(18,241)
BALANCE, DECEMBER 31, 1992	70,912	229,137	276,039	(15,339)	(6,225)	554,524
Net income	--	--	46,755	--	--	46,755
Dividends (\$.28 per common share)	--	--	(15,902)	--	--	(15,902)
Common shares issued	17,538	270,859	--	--	--	288,397
Treasury shares issued	--	(108)	--	950	--	842
Treasury shares purchased	--	--	--	(104)	--	(104)
Treasury shares retired	(8)	(71)	--	79	--	--
Currency translation adjustments	--	--	--	--	(5,916)	(5,916)
BALANCE, DECEMBER 31, 1993	88,442	499,817	306,892	(14,414)	(12,141)	868,596
Net income	--	--	45,583	--	--	45,583
Dividends (\$.28 per common share)	--	--	(17,182)	--	--	(17,182)
Common shares issued	281	3,428	--	--	--	3,709
Treasury shares issued	--	--	--	966	--	966
Treasury shares purchased	--	--	--	(3,389)	--	(3,389)
Treasury shares retired	(241)	(3,144)	--	3,385	--	--
Currency translation adjustments	--	--	--	--	(7,196)	(7,196)
BALANCE, DECEMBER 31, 1994	\$ 88,482	\$ 500,101	\$ 335,293	\$ (13,452)	\$ (19,337)	\$ 891,087

The accompanying summary of significant accounting policies and notes to consolidated financial statements are integral parts of this statement.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Apache Corporation (Apache or the Company) and its subsidiaries after elimination of intercompany balances and transactions. The Company's interests in oil and gas ventures and partnerships are proportionately consolidated. Investments in incorporated affiliates in which Apache owns between a 20-percent and 50-percent interest are accounted for using the equity method.

INVENTORIES

Inventories consist principally of tubular goods and production equipment stated at the lower of weighted average cost or market.

PROPERTY AND EQUIPMENT

The Company uses the full cost method of accounting for its investment in oil and gas properties. Under this method, the Company capitalizes all acquisition, exploration and development costs incurred for the purpose of finding oil and gas reserves, including salaries, benefits and other internal costs directly attributable to these activities. Apache capitalized \$33.2 million, \$27.8 million and \$25.9 million of internal costs in 1994, 1993 and 1992, respectively. Costs associated with production and general corporate activities are expensed in the period incurred. Internal costs attributable to the management of the Company's producing properties, before recoveries from industry partners, totaled \$13.2 million, \$10.8 million and \$ 10.6 million in 1994, 1993 and 1992, respectively, and are included in operating costs on the Company's Statement of Consolidated Income. Interest costs related to development projects in progress for an extended period are also capitalized to oil and gas properties. Unless significant reserves are involved, proceeds from the sale of oil and gas properties are accounted for as reductions to capitalized costs and gains or losses are not recognized.

Apache computes the provision for depreciation, depletion and amortization (DD&A) of oil and gas properties on a quarterly basis using the unit-of-production method based upon production and estimates of proved reserve quantities. Unevaluated costs and related capitalized interest costs are excluded from the amortization base until the properties associated with these costs are evaluated and determined to be productive. The amortizable base includes estimated future development cost and dismantlement, restoration and abandonment costs, net of estimated salvage values. These future costs are generally estimated by engineers employed by Apache.

Apache limits, on a country-by-country basis, 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, net of related tax effects, discounted at 10 percent. If capitalized costs exceed this limit, the excess is charged to DD&A expense. The Company recorded write downs of capitalized costs in 1992 totaling \$53.3 million. Included in the estimated future net cash flows are Canadian provincial tax credits expected to be realized beyond the date at which the legislation, under its provisions, could be repealed. To date, the Canadian provincial government has not indicated an intention to repeal this legislation.

The costs of certain unevaluated leasehold acreage and wells in the process of being drilled are not being amortized. Costs not being amortized are periodically assessed for possible impairments or reductions in value. If a reduction in value has occurred, costs being amortized are increased or a charge is made against earnings for those international operations where a reserve base is not yet established.

Buildings, equipment, gas gathering, transmission and processing facilities are depreciated on a straight-line basis over the estimated useful lives of the assets which range from two to 20 years. Accumulated depreciation for these assets totaled \$25.7 million and \$19.3 million at December 31, 1994 and 1993, respectively.

ACCOUNTS PAYABLE

Included in accounts payable at December 31, 1994 and 1993, are liabilities of approximately \$30.3 million and \$38.6 million, respectively, representing the amount by which checks issued but not presented to the Company's banks for collection exceeded balances in applicable bank accounts.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

REVENUE RECOGNITION

Apache 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 Apache is entitled based on its interests in the properties. Differences between volumes sold and volumes based on entitlements create gas imbalances which are generally reflected as adjustments to reported gas reserves and future cash flows. Adjustments for gas imbalances totaled less than one percent of Apache's proved gas reserves at December 31, 1994. 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 their entitled share through production.

HEDGING ACTIVITIES

The Company periodically enters into commodity derivative contracts in order to either fix or support oil and gas prices at targeted levels and to minimize the impact of price fluctuations. Apache uses swaps, puts or fixed-price contracts to hedge its commodity prices. Gains or losses on these hedging activities are recognized in oil and gas production revenues when the hedged production occurs. Estimates of future liabilities and receivables applicable to oil and gas commodity hedges are reflected in future cash flows from proved reserves in the supplemental oil and gas disclosures, with such estimates based on prices in effect as of the date of the reserve report.

The Company also purchases interest rate caps and enters into interest rate swap transactions in its management of interest rate exposure. Interest rate swap agreements generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts. Gains or losses on these activities are recognized in interest expense in the period hedged by the agreements.

INCOME TAXES

The Company provides deferred income taxes for all temporary differences between financial and income tax reporting. Effective January 1, 1993, the Company implemented the provisions of Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." Under the liability method specified by SFAS No. 109, deferred taxes are determined based on the estimated future tax effect of differences between the financial statement and tax bases of assets and liabilities given the provisions of enacted tax laws. The adoption of SFAS No. 109 resulted in a one time benefit of \$5.3 million in the first quarter of 1993.

FOREIGN CURRENCY TRANSLATION

The U.S. dollar is considered the functional currency for each of the Company's international operations except for the Canadian subsidiary whose functional currency is Canadian dollars. Translation adjustments resulting from translating the Canadian subsidiary foreign currency financial statements into U.S. dollar equivalents are reported separately and accumulated in a separate component of shareholders' equity. For other international operations, translation gains or losses are recognized in current net income and were not material in any of the periods presented.

INCOME PER COMMON SHARE

Income per common share amounts are based on the weighted average number of shares of common stock outstanding. The effects of common equivalent shares, which would include shares from the assumed conversion of the 3.93-percent notes, were immaterial or were not dilutive for each of the periods presented. Furthermore, fully diluted income per share, assuming conversion of certain of the convertible debentures, was not significantly different than primary income per share for all periods presented.

STATEMENT OF CONSOLIDATED CASH FLOWS

The Company 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.

APACHE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ACQUISITIONS AND DIVESTITURES

COMPLETED TRANSACTIONS

On May 17, 1995, Apache acquired DEKALB Energy Company (DEKALB, now known as DEK Energy Company), an oil and gas company engaged in the exploration for, and the development of, crude oil and natural gas in Canada, through a merger which resulted in DEKALB becoming a wholly-owned subsidiary of Apache. Pursuant to the merger agreement, DEKALB shareholders received .8764 shares of Apache common stock in exchange for each share of DEKALB Class A stock and Class B stock. As a result, 8.4 million shares of Apache common stock were issued in exchange for outstanding DEKALB stock and for DEKALB employee stock options. The estimated merger costs of approximately \$10 million will be charged to expense in the second quarter of 1995.

The merger was accounted for as a "pooling of interests". As a result, the financial information has been restated to present information for 1994 and preceding years on a combined basis using the "pooling of interests" method of accounting. The common stock data presented herein includes DEKALB, restated based upon the .8764 exchange ratio for the merger.

In connection with the DEKALB merger, the methods used by Apache and DEKALB in computing DD&A of proved oil and gas properties were conformed to the units-of-production method using physical units. This method was previously used by DEKALB and in conforming the methods used, Apache adopted the units-of-production method in lieu of the future gross revenue method. The conforming adjustments for DD&A has been reflected retroactively in the combined financial statements along with an adjustment to DEKALB's previously recorded deferred tax valuation allowance for U.S. operating loss carryforwards expected to be utilized by Apache in future periods. All other adjustments are reclassifications to conform financial statement presentation. A reconciliation of the previously separate results to the restated combined results is as follows:

	1994 ----	1993 ----	1992 ----
	(In thousands)		
Revenues:			
Apache	\$ 545,621	\$ 466,638	\$ 454,300
DEKALB	46,290	45,903	60,733
Reclassifications to conform presentation	715	91	2,370
	----- \$ 592,626	----- \$ 512,632	----- \$ 517,403
	=====	=====	=====
Income (loss) from continuing operations:			
Apache	\$ 42,837	\$ 37,334	\$ 47,776
DEKALB	6,813	5,672	(69,253)
Conforming adjustments:			
DD&A	(6,682)	(4,311)	99
Income taxes.....	2,615	2,726	6,746
	----- \$ 45,583	----- \$ 41,421	----- \$(14,632)
	=====	=====	=====
Net income (loss):			
Apache	\$ 42,837	\$ 37,334	\$ 47,776
DEKALB	6,813	11,006	(70,303)
Conforming adjustments:			
DD&A	(6,682)	(4,311)	99
Income taxes.....	2,615	2,726	6,746
	----- \$ 45,583	----- \$ 46,755	----- (\$ 15,682)
	=====	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Additionally, beginning retained earnings as of January 1, 1992, has been reduced by \$23.1 million, relating to the conforming adjustment to DD&A.

Apache and DEKALB had no significant intercompany transactions prior to the merger.

In December 1994, Apache purchased substantially all of the U.S. oil and gas properties of Crystal Oil Company (Crystal) for approximately \$95.8 million. The producing oil and gas properties acquired from Crystal are located primarily along the Arkansas-Louisiana border and southern Louisiana. The acquisition also included approximately 32,000 net undeveloped mineral acres in southern Louisiana.

In 1993, Apache purchased the outstanding stock of Hadson Energy Resources Corporation (now known as Apache Energy Resources Corporation, AERC) for approximately \$98 million through a series of privately negotiated transactions and a merger approved by a majority of AERC stockholders. In July 1993, Apache completed the purchase of 4.2 million shares of AERC's outstanding common stock, or approximately 68 percent of the AERC common stock then outstanding, for \$59.2 million. The Company agreed to pay an additional \$1.00 per share (\$4.2 million) to the selling stockholders if the Company increased its ownership in AERC to 80 percent or more. Pursuant to the merger agreement approved by AERC stockholders on November 12, 1993, AERC stockholders other than Apache could elect to receive, for each share of AERC common stock, either \$15 in cash or .574 share of Apache common stock. Apache issued 307,977 shares of Apache common stock valued at \$7.9 million and paid a total of \$76.1 million to former stockholders of AERC as consideration for the merger. At December 31, 1993, Apache reflected a liability of \$13.9 million accrued for AERC shares which had not yet been surrendered to Apache. During 1994, Apache completed the purchase of the remaining AERC shares.

Also in 1993, Apache entered into two agreements to purchase 104 Bcfe of proved reserves from Hall-Houston Oil Company (Hall-Houston) for an aggregate consideration of \$113.7 million. In June 1993, Apache closed the first of the two transactions, paying \$29.3 million for Hall-Houston's interest in Mustang Island Blocks 787 and 805. The second transaction, encompassing substantially all of Hall-Houston's producing properties in the Gulf of Mexico for an additional \$84.4 million, was completed in August 1993. These transactions included interests in 63 producing fields and 12 fields under development or awaiting pipeline connections.

Effective November 1, 1992, Apache completed the acquisition of Shell Offshore Inc.'s 93-percent working interest in Matagorda Island Blocks 681 and 682 in the Gulf of Mexico. Apache paid \$57.4 million for properties, which included 14 miles of gathering lines and approximately 11,500 net acres of leases.

Except for the DEKALB transaction, each transaction described above has been accounted for using the purchase method of accounting and have been included in the financial statements of Apache since the dates of acquisition.

Effective October 16, 1992, DEKALB sold substantially all of its U.S. oil and gas properties to Louis Dreyfus Gas Holdings Inc. (Dreyfus). DEKALB received \$104 million of gross proceeds from the sale, which included approximately \$6.0 million of cash flow from the properties from the effective date (July 1, 1992). Pursuant to the terms of the sale, Dreyfus assumed certain liabilities related to the properties. A pre-tax loss of \$34.9 million was recorded on the sale in 1992.

Effective May 1, 1992, Apache sold its 36.67-percent general partnership interest in Natural Gas Clearinghouse (NGC) for \$58.2 million. The Company recognized a gain on the sale of approximately \$30.3 million or \$19.8 million after tax.

The loss from discontinued operations in 1992 is a result of a change to estimated future expense relating to the sale of the stock of two DEKALB subsidiaries; a brokerage business in 1986 and Lindsay Manufacturing Co. in 1989.

APACHE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following unaudited pro forma summary of the Company's restated consolidated results of operations for 1994 was prepared as if the Texaco transaction, discussed below, occurred on January 1, 1994. The pro forma data for 1993 was prepared as if the Hall-Houston transactions and AERC acquisition occurred as of January 1, 1993. The pro forma data for 1992 assumes that the Hall-Houston transactions, the AERC acquisition and the NGC sale occurred as of or prior to January 1, 1992. The pro forma data is based on numerous assumptions and is not necessarily indicative of future operations.

(Unaudited)	For the Year Ended December 31,		
	1994	1993	1992

	(In thousands, except per share data)		
Oil and gas production revenues ...	\$701,869	\$526,260	\$532,197
Total revenues	755,926	561,065	570,605
Net income	35,359	46,391	(36,442)
Income per share51	.74	(.65)
Weighted average shares outstanding	69,715	62,291	55,652

1995 Transactions

On March 1, 1995, Apache purchased certain U.S. oil and gas properties from Texaco Exploration and Production Inc. (Texaco) for an adjusted purchase price of \$571 million, effective January 1, 1995. The transaction is subject to customary closing and post-closing adjustments. Apache delivered a \$25 million deposit, representing a portion of the purchase price, upon execution of the purchase and sale agreement with Texaco in December 1994, and delivered the balance in cash at closing. Funds for the Texaco transaction were obtained from several sources, including increased borrowing capacity under the Company's bank credit facility and proceeds of Apache's \$172.5 million 6-percent Convertible Subordinated Debentures due 2002, which were issued on January 4, 1995. (See Note 3.)

Information concerning Apache's acquisition of DEKALB is set forth above under the heading "Completed Transactions".

Planned Transactions

On February 15, 1995, Apache announced plans to accelerate the disposition of lower margin and non-strategic oil and gas properties, including sales of a substantial portion of its Rocky Mountain properties and non-strategic assets from its other regions, and to close its Denver, Colorado office.

2. INVESTMENTS IN EQUITY SECURITIES

Apache has certain investments in equity securities which are classified as "available-for-sale" pursuant to SFAS No. 115, "Accounting For Certain Investments in Debt and Equity Securities." At December 31, 1994, the aggregate cost basis totaled \$7.2 million and the related aggregate fair value approximated cost.

During 1994, the Company realized gross gains totaling \$2.2 million from the sale of available-for-sale securities. Apache utilizes the average cost method in computing realized gains or losses, which are included in other revenues on the accompanying Statement of Consolidated Income.

APACHE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

At December 31, 1993, Apache owned approximately 20 percent of the outstanding shares of Key Production Company, Inc. (Key). In the fourth quarter of 1994, Apache reduced its ownership interest in Key to approximately 10 percent and discontinued reporting equity earnings from the former affiliate. Equity earnings attributable to Key, and an equity investment in NGC during part of 1992 (See Note 1), are presented below:

	For the Year Ended December 31,		
	1994	1993	1992
	(In thousands)		
Income from affiliates:			
Key Production Company	\$ 459	\$ 624	\$ 4
Natural Gas Clearinghouse	--	--	3,447
	-----	-----	-----
	\$ 459	\$ 624	\$ 3,451
	=====	=====	=====

3. DEBT

	December 31,	
	1994	1993
	(In thousands)	
Senior debt:		
Apache revolving bank facility	\$ 454,000	\$ 240,000
9.25-percent notes due 2002, net of discount	99,713	99,688
3.93-percent convertible notes due 1997	75,000	75,000
	-----	-----
	628,713	414,688
	-----	-----
Other obligations:		
9.875-percent note due 2000	29,225	29,225
10-percent note due 1998	22,100	22,100
Royal Bank of Canada facility	10,222	5,663
AEL acceptance facility	25,800	22,000
AERC bank facility	--	19,550
Share of offshore partnership financing ...	2,973	4,636
Other notes payable	100	1,152
	-----	-----
	90,420	104,326
	-----	-----
Total debt	719,133	519,014
Less: Current maturities	(100)	(14,680)
	-----	-----
Long-term debt	\$ 719,033	\$ 504,334
	=====	=====

At December 31, 1994, Apache had a \$700 million revolving bank facility funded by a group of banks. The maximum amount available was subject to periodic redetermination of a borrowing base, determined solely at the discretion of the banks, predicated upon the Company's oil and gas reserve values and forecast rate of production. As of December 31, 1994, the borrowing base was \$560 million and the principal amount outstanding was \$454 million. The bank facility was scheduled to mature on April 30, 1998, and the agreement provided for perpetual one-year extensions as requested year-by-year by the Company and subject to the approval of the banks. Interest on amounts borrowed was charged at the First National Bank of Chicago's base rate or at London Interbank Offered Rates (LIBOR) plus a margin determined by the Company's public senior debt rating and its ratio of debt to total capital. At December 31, 1994, the margin was .375 percent. Facility and commitment fees were also determined similar to borrowing fees. The Company paid a facility fee of .25 percent on the available portion of the commitment and .125 percent on the unavailable portion of the commitment.

APACHE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

On March 1, 1995, the Company's revolving bank facility agreement was amended and restated, increasing the facility to \$1 billion. The Company's borrowing base, including the value of the Texaco properties, was initially set at \$765 million. The facility expires on March 1, 2000, and may be extended in one-year increments with the lenders' consent. In addition to the borrowing base predicated on the Company's oil and gas reserve value, the bank facility provides a non-conforming borrowing base as defined in the agreement. The initial non-conforming borrowing base of \$135 million is available until May 10, 1996, and at reduced amounts through November 4, 1996. Financial covenants of the amended agreement are similar to those existing at December 31, 1994, and are described below. Based on the Company's ratio of debt to total capital at March 1, 1995, the interest rate margin over LIBOR increased from .375 percent to 1.125 percent. At the March 1, 1995 debt level, the Company will pay a facility fee of .375 percent of the available portion of the commitment and .1875 percent of the unavailable portion of the commitment.

The 9.25-percent notes totaling \$100 million were issued by Apache in May 1992 and are not redeemable prior to their maturity in June 2002. In December 1992, Apache issued the 3.93-percent convertible notes. These notes mature in November 1997, and are not redeemable prior to maturity. They are convertible into Apache common stock at \$27 per share, subject to adjustment under certain circumstances.

The indentures for the 9.25-percent and 3.93-percent note issues impose substantially similar obligations on the Company including limits on the Company's ability to incur debt secured by certain liens and on its ability to enter into certain sale and leaseback transactions. Upon certain changes in control of the Company, both issues are subject to mandatory repurchase (or conversion at the option of the noteholders in the case of the 3.93-percent notes).

Financial covenants of the \$700 million bank facility and the 3.93-percent notes require the Company to maintain a minimum consolidated tangible net worth of not less than \$576 million as of December 31, 1994 (increased to \$650 million with respect to the bank facility as amended March 1, 1995). The minimum consolidated tangible net worth requirement is adjusted quarterly for subsequent earnings and equity transactions. The company is also required to maintain a ratio of (i) earnings before interest expense, state and federal taxes and depreciation, depletion and amortization to (ii) consolidated interest expense of not less than 3.7:1 for the banks and 3.5:1 for the lenders under the 3.93-percent notes. The Company was in compliance with all financial covenants at December 31, 1994.

The 9.875-percent and 10-percent notes relate to DEKALB's operations. On or after April 15, 1995, DEKALB is permitted to redeem in full the \$22.1 million outstanding of 10-percent notes, at a price equal to 100 percent of the principal amount, plus accrued interest to the redemption date. Upon receipt of the proceeds from the disposition of certain U.S. assets, DEKALB repurchased \$55.3 million of its publicly held notes in 1992, and repurchased an additional \$18.4 million in 1993. The repurchase price approximated the recorded value of the notes.

In connection with Apache's Canadian operations, DEKALB Energy Canada Ltd. also had a \$30 million Canadian funds revolving term credit facility with the Royal Bank of Canada, under which \$10.2 million was outstanding at December 31, 1994.

In conjunction with the AERC acquisition, Apache assumed two bank credit agreements outstanding at the time it acquired a majority interest in AERC. During 1994, Apache terminated a bank credit facility held in the name of AERC and amended and restated the debt agreement of AERC's wholly-owned subsidiary, Apache Energy Limited (AEL, formerly known as Hadson Energy Limited). The AEL Acceptance Facility is a separate credit facility provided by Bank of Montreal which provided funding for the construction of an offshore gas gathering project. The borrowing base is \$30 million, of which \$25.8 million was outstanding at December 31, 1994. The AEL credit facility is not guaranteed by Apache.

APACHE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

An \$18 million banking facility made in 1992 by Apache on behalf of Apache Offshore Investment Partnership had \$11.1 million outstanding at December 31, 1994, of which Apache's share was \$3 million. Availability under this facility is reduced quarterly by \$1.5 million beginning in October 1995.

On January 4, 1995, Apache completed the issue of \$172.5 million of 6-percent Convertible Subordinated Debentures due 2002 (the 6-percent debentures). The 6-percent debentures are convertible at the option of the holder into Apache common stock at a conversion price of \$30.68 per share.

As of December 31, 1994 and 1993, the Company had approximately \$12 million and \$14 million, respectively, of unamortized costs associated with its various debt obligations. These costs are reflected as deferred charges and other in the accompanying Consolidated Balance Sheet and are being amortized over the life of the related debt.

See Note 8 for disclosure concerning the fair value of debt instruments.

AGGREGATE MATURITIES OF DEBT (IN THOUSANDS)

	December 31, 1994 -----	Unaudited Pro Forma at May 17, 1995* -----
1995	\$ 100	\$ --
1996	10,382	80,441
1997	76,607	76,661
1998	477,305	23,411
1999	25,800	22,500
Thereafter	128,939	1,066,449
	-----	-----
	\$ 719,133	\$1,269,462
	=====	=====

*Pro forma data reflects the issuance of \$172.5 million of 6-percent debentures as described above and \$825 million outstanding under the revolving bank facility on May 17, 1995.

4. INCOME TAXES

Income(loss) before income taxes is composed of the following:

	1994 -----	1993 -----	1992 -----
		(In thousands)	
United States.....	\$ 59,948	\$ 74,279	\$ 22,339
International.....	6,745	(11,550)	(30,748)
	-----	-----	-----
Total	\$ 66,693	\$ 62,729	\$ (8,409)
	=====	=====	=====

APACHE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS --- (CONTINUED)

The total provision for income taxes consists of the following:

	For the Year Ended December 31,		
	1994	1993	1992
	(In thousands)		
Current taxes:			
Federal	\$ (3,890)	\$ 140	4,163
State	100	50	902
Foreign	515	579	3,403
Deferred taxes	24,385	20,539	(998)
	-----	-----	-----
	21,110	21,308	7,470
Cumulative effect of adoption of SFAS No. 109	--	(5,334)	--
	-----	-----	-----
	\$ 21,110	\$ 15,974	\$ 7,470
	=====	=====	=====

The 1993 provision for income taxes includes a \$3.5 million charge for the change in federal statutory rates from 34 percent to 35 percent enacted under the Omnibus Budget Reconciliation Act of 1993 (OBRA). As discussed in the Summary of Significant Accounting Policies, effective January 1, 1993, the Company adopted SFAS No. 109 "Accounting for Income Taxes." The adoption of this statement resulted in a one time benefit of \$5.3 million which was recognized in the first quarter of 1993.

The 1992 provision for income taxes includes approximately \$1.2 million for Apache's tax provision related to its share of NGC's partnership income. This provision was reflected as a reduction of equity in income of affiliates in the Statement of Consolidated Income.

A reconciliation of the federal statutory income tax amounts to the effective amounts is as follows:

	For the Year Ended December 31,		
	1994	1993	1992
	(In thousands)		
Statutory income tax	\$ 23,343	\$ 21,955	\$ (2,859)
State income tax, less federal benefit	1,013	965	1,426
Taxation of foreign operations	1,486	969	(814)
Reversal of prior period timing differences at rates in excess of current statutory rates	--	--	(1,302)
Utilization of federal income tax credits	(1,545)	(2,133)	--
Increase in corporate income tax rate provided for in OBRA	--	3,500	--
DEKALB income tax benefit limitation recorded (reversed)	(2,499)	(1,769)	8,768
All other, net	(688)	(2,179)	2,251
	-----	-----	-----
	\$ 21,110	\$ 21,308	\$ 7,470
	=====	=====	=====

Deferred taxes are determined based on the estimated future tax effects of differences between the financial statement and tax bases of assets and liabilities using the provisions of enacted tax laws.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS --- (CONTINUED)

The net deferred tax liability as of December 31, 1994, is comprised of the following:

	December 31,	
	----- 1994	----- 1993
	----- (In thousands)	
Deferred tax assets:		
Accrued expenses	\$ (2,984)	\$ (8,696)
Deferred income	(30,343)	(3,287)
Deferred compensation	(1,927)	(2,380)
Net operating loss carryforwards	(33,108)	(25,593)
Alternative minimum tax credits	(20,792)	(20,734)
Liabilities	(2,717)	(3,366)
Other	(9,392)	(6,018)
	-----	-----
Total deferred tax assets	(101,263)	(70,074)
Valuation allowance	1,374	1,482
	-----	-----
Net deferred tax assets	(99,889)	(68,592)
	-----	-----
Deferred tax liabilities:		
Depreciation, depletion and amortization	243,171	190,170
Other	7,934	4,300
	-----	-----
Total deferred tax liabilities	251,105	194,470
	-----	-----
Deferred income tax (asset) liability	\$ 151,216	\$ 125,878
	=====	=====

U.S. deferred taxes have not been provided on foreign earnings totaling \$58 million which are permanently reinvested abroad. Presently, limited foreign tax credits are available to reduce the U.S. taxes on such amounts if repatriated.

At December 31, 1994, the Company has U.S. federal net operating loss carryforwards of \$58.4 million and statutory depletion carryforwards of \$6.6 million available to reduce future U.S. federal taxable income. The net operating loss carryforwards will expire unless otherwise utilized, beginning in 1995. The statutory depletion may be carried forward indefinitely. The Company has alternative minimum tax (AMT) credit carryforwards of \$20.8 million and investment tax credits of approximately \$1.4 million. AMT credits can be carried forward indefinitely and may only be used to reduce regular tax liabilities in excess of AMT liabilities. If the investment tax credits are not utilized, they will expire by 2003. The Company also has foreign net operating loss carryforwards of \$22.2 million and foreign capital loss carryforwards of \$8.4 million which may be carried forward indefinitely and may be utilized to reduce future foreign taxable income.

5. ADVANCE FROM GAS PURCHASER

In December 1994, Apache received \$67.4 million from a purchaser as an advance payment for future natural gas deliveries of 20,000 MMBtu per day over a six-year period commencing January 1995. As a condition of the arrangement with the purchaser, Apache entered into a gas price swap contract with a third party under which Apache became a fixed price payor at identical volumes and at prices starting at \$1.81 per MMBtu and escalating at \$.10 per MMBtu per year through the year 2000. In addition, the purchaser will pay to Apache a monthly fee of \$.05 per MMBtu on the contracted volumes. The net result of these related transactions is that gas delivered to the purchaser will be reported as revenue at prevailing spot prices in the future with Apache realizing a small premium associated with the monthly fee to be paid by the purchaser. The Company, through its marketing subsidiaries, may purchase gas from third parties to satisfy gas delivery requirements of this arrangement. Contracted volumes relating to this arrangement are included in the Company's Supplemental Oil and Gas Disclosures.

The payment has been classified as an advance on the balance sheet as of December 31, 1994, and will be reduced as gas is delivered to the purchaser under the terms of the contract. Gas volumes delivered to the purchaser will be reported as revenue at prices used to calculate the amount advanced, before imputed interest, minus or plus amounts paid or received by Apache applicable to the price swap agreement. Interest expense will be recorded based on a 9 1/2-percent rate.

APACHE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS --- (CONTINUED)

6. CAPITAL STOCK

COMMON STOCK OUTSTANDING

	1994	1993	1992
	-----	-----	-----
Balance, beginning of year	69,504,310	55,361,438	55,305,357
Treasury shares issued (acquired), net	129,852	119,087	19,791
Treasury shares acquired and retired	(192,808)	(6,302)	(27,488)
Shares issued:			
Public offering	--	5,795,000	--
Acquisition of AERC	2,974	305,003	--
Conversion of 7 1/2-percent debentures..	--	7,816,453	--
Dividend reinvestment plan	13,789	--	--
Stock options	207,975	113,631	61,655
Other	--	--	2,123
	-----	-----	-----
Balance, end of year	69,666,092	69,504,310	55,361,438
	=====	=====	=====

Public Offering -- In March 1993, Apache completed the public offering of approximately 5.8 million shares of Apache common stock for net proceeds of \$131.8 million.

Stock Option Plans -- At December 31, 1994, common shares totaling 2,155,239 were reserved for issuance under stock option plans for officers and key employees. The outstanding options expire at various dates through 2004 and are exercisable at prices ranging from \$2.39 to \$26.875 with an aggregate exercise price of \$27.8 million. The following table summarizes the changes in stock options for the year and the number of common shares available for grant at year end:

	1994	1993	1992
	-----	-----	-----
Outstanding, beginning of year	1,178,505	1,173,158	934,210
Exercised (\$1.14 to \$26.625)	(207,975)	(129,085)	(123,830)
Granted (\$13.12 to \$26.875)	546,984	355,505	519,377
Reissued (\$14.83 to \$26.875)	--	--	12,160
Canceled or expired (\$8.625 to \$36.23)..	(177,466)	(221,073)	(168,759)
	-----	-----	-----
Outstanding, end of year	1,340,048	1,178,505	1,173,158
	=====	=====	=====
Available for grant, end of year	815,191	1,241,460	1,375,891
	=====	=====	=====

Rights to Purchase Common Stock -- In 1986, the Company declared a dividend of one right to purchase one share of common stock at \$50 per share (subject to adjustment) on each outstanding share of common stock (the Rights). The Rights are exercisable only if certain persons or groups acquire 20 percent or more of the common stock or commence a tender offer for 30 percent or more of the common stock. If the Company engages in certain business combinations or a 20-percent stockholder engages in certain transactions with the Company, the Rights become exercisable for Apache common stock or common stock of the corporation acquiring the Company (as the case may be) at 50 percent of the then-market price. Any Rights that are or were beneficially owned by a person who has acquired 20 percent or more of the common stock and who engages in certain transactions or realizes the benefits of certain transactions with the Company will become void. The Company may redeem the Rights at a specified price at any time until 10 business days after public announcement that a person has acquired 20 percent or more of the outstanding shares of common stock. The Rights will expire on January 31, 1996, unless earlier redeemed by the Company. Unless the Rights have been previously redeemed, all shares of common stock issued by the Company will include Rights.

Preferred Stock -- The Company has five million shares of no par preferred stock authorized, of which none are outstanding.

APACHE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS --- (CONTINUED)

7. NON-CASH INVESTING AND FINANCING ACTIVITIES

A summary of non-cash investing and financing activities is presented below.

In 1993, Apache acquired Hadson Energy Resources Corporation (now AERC) for approximately \$98 million in cash and Apache common stock. The accompanying financial statements include the following attributable to the acquisition:

	(In thousands)
Value of properties acquired, including gathering facilities	\$ 159,996
Common stock issued (305,003 shares)	(7,777)
Liability for AERC shares not surrendered as of December 31, 1993	(13,906)
Cash paid, net of cash acquired	(70,692)

Net AERC liabilities added through consolidation	\$ 67,621
	=====

During the first quarter of 1994, the Company issued 2,974 shares of Apache common stock and paid \$13.9 million for AERC shares which had not been surrendered by the end of 1993.

In September 1993, Apache called for redemption of its 7 1/2-percent convertible subordinated debentures due 2000. Following receipt of the notice of redemption, nearly all holders of the debentures elected to convert the principal amount of their debentures into shares of Apache common stock. Holders of less than one-tenth of one percent of the debentures elected to receive cash (\$.1 million).

	(In thousands)
Long-term debt converted into common stock	\$ 149,900
Unamortized debt issue costs charged to equity	(2,686)

Increase to shareholders' equity (7.8 million shares of common stock issued)	\$ 147,214
	=====

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	For the Year Ended December 31,		
	1994	1993	1992

	(In thousands)		
Cash paid (received) during the year for:			
Interest, net of amounts capitalized .	\$ 30,909	\$ 35,336	\$ 34,120
Income and other taxes, net of refunds	6,874	(86)	20,355

APACHE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS --- (CONTINUED)

8. FINANCIAL INSTRUMENTS AND OFF-BALANCE-SHEET RISK

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1994 and 1993.

	1994		1993	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
Cash and cash equivalents	\$ 30,043	\$ 30,043	\$ 39,728	\$ 39,728
Investment securities	7,242	7,422	--	--
Long-term debt:				
Bank debt	(490,022)	(490,022)	(287,213)	(287,213)
9.25-percent notes due 2002	(99,713)	(100,213)	(99,688)	(100,311)
3.93-percent convertible notes due 1997	(75,000)	(79,928)	(75,000)	(87,323)
9.875-percent notes due 2000	(29,225)	(29,079)	(29,225)	(31,563)
10-percent notes due 1998	(22,100)	(21,934)	(22,100)	(22,984)
Unrecognized financial instruments:				
Interest rate swap	--	(181)	--	--
Commodity price swaps	--	(1,190)	--	122

The following methods and assumptions were used to estimate the fair value of the financial instruments summarized in the above table. The carrying values of trade receivables and trade payables included in the accompanying Consolidated Balance Sheet approximated market value at December 31, 1994 and 1993.

Cash and Cash Equivalents -- The carrying amounts approximated fair value due to the short maturity of these instruments.

Investment Securities -- The fair value of investments are based on quoted market prices.

Debt -- The fair value of the 9.25-percent notes was based on the quoted market price for that issue, while the fair value of the 3.93-percent notes was estimated based on quotes obtained from private investment firms. The fair values of the 9.875-percent and 10-percent notes are based upon estimates provided to the Company by independent sources. The difference between the carrying amount and the fair value of the Company's other debt obligations was not significant.

Interest Rate Instruments -- The Company periodically enters into various financial instruments to manage its interest rate exposure. At December 31, 1994, the Company had one outstanding interest rate swap agreement with a notional principal amount totaling \$14 million. The notional amount reduces by \$2 million each quarter through July 1996, with interest fixed at 8.15 percent.

The fair value of the open interest rate swap was the estimated amount that the Company would pay to terminate the swap agreement, taking into account current interest rates and the credit worthiness of the swap counterparties.

APACHE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS --- (CONTINUED)

Commodity Price Hedges -- The Company enters into certain commodity derivative contracts to reduce the risk caused by fluctuations in the prices of oil and natural gas. During the last three years, Apache has used swaps, puts and fixed-price contracts to hedge its commodity prices. Apache's hedging activities are primarily conducted with major investment and commercial banks which the Company believes are minimal credit risks. The agreements call for Apache to receive, or make, payments based upon the differential between a fixed and a variable commodity price as specified in the contract.

At December 31, 1994, Apache's Consolidated Balance Sheet included deferred credits totaling \$.9 million for gains realized on the early termination of commodity price hedges. The hedging gains will be amortized to oil and gas production revenues over periods ranging from one to 38 months.

Apache entered into a swap agreement under which the Company will receive a fixed price of \$2.1825 per MMBtu and pay the floating price on 10,000 MMBtu per day over a five-year period starting in January 1995. Based on the estimated amount Apache would receive to terminate the swap agreement, the fair value of this asset at December 31, 1994 was \$3.3 million.

Apache also entered into a swap agreement, as discussed in Note 5, to become a fixed price payor on 20,000 MMBtu per day over a six-year period starting January 1995. The estimated amount Apache would have to pay to terminate this contract at December 31, 1994 was \$6.4 million.

Additionally, the Company had six differential and price swaps outstanding at December 31, 1994, which were related to Canadian operations. The six swaps in total related to production of 400 bopd of oil and 52 MMBtud of gas. Unrealized profits on these contracts at year end, based upon prices in effect at December 31, 1994, were approximately \$1.9 million.

In connection with the purchase of MW Petroleum Corporation in mid-1991, the Company and Amoco Production Company (Amoco) entered into a hedging agreement. Under the terms of this agreement, Apache would receive support payments in the event oil prices fell below specified reference prices for any year during the two-year period ended June 30, 1993, and Amoco will receive payments in the event oil prices rose above specified reference prices for any year during the eight-year period ending June 30, 1999, or in the event gas prices exceeded specified reference prices for any year during the five-year period ending June 30, 1996. In the event price sharing payments are due to Amoco, the volumes listed below would be doubled until Amoco recovers its net payments to Apache (\$5.8 million through the contract year ended June 30, 1994) plus interest.

The notional volumes and the reference prices specified in the Amoco price support agreement are summarized below:

Year Ended June 30:	Oil		Gas	
	MMbbl	Price	Bcf	Price
1995.....	2.8	\$ 26.25	12.3	\$ 2.45
1996.....	2.4	27.80	10.5	2.68
1997.....	2.0	29.48	--	--
1998.....	1.7	31.25	--	--
1999.....	1.4	33.12	--	--

Based on the Company's projection of oil and gas prices for the years noted above, Apache will not be liable to Amoco for future price sharing payments.

APACHE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS --- (CONTINUED)

9. COMMITMENTS AND CONTINGENCIES

Investment in Program Operations -- Prior to 1989, the Company organized numerous oil and gas limited partnerships. At December 31, 1994, Apache was contingently liable for \$8.1 million of bank financing arranged by the Company on behalf of the Apache Offshore Investment Partnership (See Note 3).

As compensation for its services as general partner and operator, the Company shares in oil and gas revenues, receives a management fee in accordance with formulas described in each limited partnership agreement, and is reimbursed for administrative, exploration and production expenses incurred on behalf of the partnerships. These reimbursements (\$.5 million, \$.6 million and \$4.8 million in the years 1994, 1993 and 1992, respectively) have been netted against operating expenses in the accompanying financial statements.

Litigation -- The Company is involved in litigation and is subject to governmental and regulatory controls arising in the ordinary course of business. It is the opinion of the Company's management that all claims and litigation involving the Company are not likely to have a material adverse effect on its financial position or results of operations.

Environmental -- Apache, as an owner and operator of oil and gas properties, is subject to various federal, state, local and foreign country laws and regulations relating to 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, require suspension or cessation of operations in affected areas and impose restrictions on the injection of liquids into subsurface aquifers that may contaminate ground water. Apache maintains insurance coverage which it believes are customary in the industry, although it is not fully insured against all environmental risks. The Company is not aware of any environmental claims existing as of December 31, 1994, which would have a material impact on its financial position or results of operations.

International Commitments -- The Company, through its subsidiaries, has acquired or has been conditionally or unconditionally granted exploration rights in Australia, The Congo, Egypt, China, Indonesia and the Ivory Coast. In order to comply with the contracts and agreements granting these rights, the Company, through various wholly-owned subsidiaries, is committed to expend approximately \$50 million through 1997.

Retirement and Deferred Compensation Plans -- The Company provides a retirement/401(k) savings plan and a non-qualified retirement/savings plan for employees. These plans allow participating employees to elect to contribute up to 10 percent of their salaries, with Apache making matching contributions up to a maximum of six percent of each employee's salary. In addition, the Company annually contributes a percentage of each participating employee's compensation, as defined, to the plan. Vesting in the Company's contributions occurs at the rate of 20 percent per year. Additionally, DEKALB maintains a separate retirement plan. Total expenses under all plans were \$5.8 million, \$5.6 million and \$6.7 million for 1994, 1993 and 1992, respectively. The unfunded liability for all plans has been accrued in the consolidated balance sheet.

APACHE CORPORATION SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS --- (CONTINUED)

Lease Commitments -- The Company has leases for office space and equipment with varying expiration dates through 2007. Net rental expense was \$4.4 million, \$5.0 million and \$6.8 million for 1994, 1993 and 1992, respectively.

As of December 31, 1994, minimum rental commitments under long-term operating leases and long-term pipeline transportation commitments, ranging from 15 to 30 years, are as follows:

	Rental Commitments	Sublease Rentals	Net Minimum Rental Commitments	Pipeline Transportation Commitments	Net Minimum Commitments
	-----	-----	-----	-----	-----
			(In thousands)		
1995	\$ 7,134	\$ (1,355)	\$ 5,779	\$ 3,905	\$ 9,684
1996	7,239	(1,396)	5,843	3,092	8,935
1997	5,579	(582)	4,997	3,013	8,010
1998	5,385	--	5,385	2,835	8,220
1999	5,831	--	5,831	2,816	8,647
Thereafter	37,281	--	37,281	55,157	92,438
	-----	-----	-----	-----	-----
	\$ 68,449	\$ (3,333)	\$ 65,116	\$ 70,818	\$ 135,934
	=====	=====	=====	=====	=====

10. CUSTOMER INFORMATION

Major Purchasers -- NGC has been the principal purchaser of Apache's spot market gas production since April 1990. Sales to NGC accounted for 40 percent, 36 percent and 27 percent of the Company's oil and gas revenues in 1994, 1993 and 1992, respectively. Sales to Amoco represented 12 percent and 27 percent of the Company's 1993 and 1992 oil and gas revenues, respectively, and were less than 10 percent for 1994.

Concentration of Credit Risk -- The Company'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. Apache has not experienced significant credit losses on such sales. The Company believes that if the NGC contract was terminated, it would not have a material adverse effect on the Company due to the existence of alternative marketing arrangements and purchasers.

The proved gas reserves in the Carnarvon Basin of Western Australia acquired in the AERC acquisition are dedicated for sale to the Gas Corporation of Western Australia, a corporation owned by the government of Western Australia doing business as AlintaGas (formerly the State Energy Commission of Western Australia or SECWA), pursuant to a long-term, take-or-pay contract. If the AlintaGas contract were terminated, the Company might not be able to find other markets for the gas produced from these fields. Although the Company considers such an occurrence highly unlikely, the loss of the AlintaGas contract might force the Company to write-down the carrying value of these fields.

APACHE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS --- (CONTINUED)

11. BUSINESS SEGMENT INFORMATION

The Company's operations are primarily natural gas and crude oil exploration and production related. Accordingly, such operations are classified as one business segment. Financial information by geographic area is presented below:

	1994 -----	1993 ----- (In thousands)	1992 -----
Gross Operating Revenues			
United States.....	\$ 518,735	\$ 450,517	\$ 438,014
Canada.....	47,005	45,994	37,660
Other International.....	26,427	15,497	8,019
Equity in income of affiliates and gain on sale of investment in affiliate.....	459	624	33,710
Total Revenues.....	<u>\$ 592,626</u>	<u>\$ 512,632</u>	<u>\$ 517,403</u>
Operating Income (Loss)			
United States.....	\$ 119,764	\$ 130,008	\$ 62,783
Canada.....	20,748	18,385	(15,386)
Other International.....	(806)	(18,982)	(9,464)
Operating Income (loss).....	139,706	129,411	37,933
Equity in income of affiliates and gain on sale of investment in affiliate.....	459	624	33,710
Administrative, selling and other.....	(38,729)	(36,629)	(40,599)
Financing costs.....	(34,743)	(30,677)	(39,453)
Income (loss) before income taxes.....	<u>\$ 66,693</u>	<u>\$ 62,729</u>	<u>\$ (8,409)</u>
Identifiable Assets			
United States.....	\$ 1,717,058	\$ 1,460,267	\$ 1,567,548
Canada.....	196,589	187,574	189,198
Other International.....	122,980	111,362	18,021
Total.....	<u>\$ 2,036,627</u>	<u>\$ 1,759,203</u>	<u>\$ 1,774,767</u>

APACHE CORPORATION AND SUBSIDIARIES
 SUPPLEMENTAL OIL AND GAS DISCLOSURES
 (UNAUDITED)

Oil and Gas Operations -- The following table sets forth revenue and direct cost information relating to the Company's oil and gas exploration and production activities. Apache has no long-term agreements to purchase oil or gas production from foreign governments or authorities.

	For the Year Ended December 31,		
	1994	1993	1992
	(In thousands)		
UNITED STATES			
Oil and gas revenues	\$ 467,161	\$ 421,845	\$ 409,298
Operating costs:			
Depreciation, depletion and amortization	222,935	170,128	159,438
Impairments	--	--	24,728
(Gain) loss on disposal of assets.....	--	(513)	34,942
Lease operating	107,361	102,830	107,152
Production taxes	22,280	21,218	23,803
Income tax	44,821	50,215	20,098
	397,397	343,878	370,161
Results of operations	\$ 69,764	\$ 77,967	\$ 39,137
Amortization rate per boe - recurring	\$ 5.88	\$ 5.61	\$ 5.30
CANADA			
Oil and gas revenues	\$ 44,889	\$ 44,506	\$ 36,518
Operating costs:			
Depreciation, depletion and amortization	14,603	15,142	12,839
Impairments	--	--	28,592
Lease operating	11,654	12,467	11,615
Income tax (benefit)	8,833	8,164	(6,689)
	35,090	35,773	46,357
Results of operations	\$ 9,799	\$ 8,733	\$ (9,839)
Amortization rate per boe - recurring	\$ 3.34	\$ 3.38	\$ 3.41
OTHER INTERNATIONAL			
Oil and gas revenues	\$ 26,339	\$ 15,497	\$ 8,019
Operating costs:			
Depreciation, depletion and amortization	11,754	7,214	3,883
Impairments	7,300	23,200	12,000
Lease operating	6,257	3,456	1,600
Production taxes	1,922	609	--
Income tax (benefit)	(295)	(6,264)	(3,181)
	26,938	28,215	14,302
Results of operations	\$ (599)	\$ (12,718)	\$ (6,283)
Amortization rate per boe - recurring	\$ 7.15	\$ 8.00	\$ 9.96
TOTAL			
Oil and gas revenues	\$ 538,389	\$ 481,848	\$ 453,835
Operating costs:			
Depreciation, depletion and amortization	249,292	192,484	176,160
Impairments	7,300	23,200	65,320
(Gain) loss on disposal of assets.....	--	(513)	34,942
Lease operating	125,272	118,753	120,367
Production taxes	24,202	21,827	23,803
Income tax	53,359	52,115	10,228
	459,425	407,866	430,820
Results of operations	\$ 78,964	\$ 73,982	\$ 23,015

APACHE CORPORATION AND SUBSIDIARIES

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

Costs Not Being Amortized -- The following table sets forth a summary of oil and gas property costs not being amortized at December 31, 1994, by the year in which such costs were incurred.

	Total	1994	1993	1992	1991 and Prior
	(In thousands)				
Leasehold and seismic.....	\$102,466	\$ 38,220	\$ 28,828	\$ 2,931	\$ 32,487
Exploration and development.....	9,206	9,206	--	--	--
International.....	45,707	30,117	14,181	990	419
Total.....	<u>\$157,379</u>	<u>\$ 77,543</u>	<u>\$ 43,009</u>	<u>\$ 3,921</u>	<u>\$ 32,906</u>

Capitalized Costs Incurred -- The following table sets forth the capitalized costs incurred in oil and gas producing activities.

	For the Year Ended December 31,		
	1994	1993	1992
	(In thousands)		
UNITED STATES			
Acquisition of proved properties .	\$ 179,972	\$ 242,659	\$ 62,955
Acquisition of unproved properties	32,526	14,342	8,226
Exploration	16,722	16,979	19,723
Development	216,451	164,839	96,638
Capitalized interest	4,889	4,764	6,035
Property sales	(5,854)	(9,430)	(142,098)
	<u>444,706</u>	<u>434,153</u>	<u>51,479</u>
CANADA			
Acquisition of proved properties .	770	2,075	1,912
Acquisition of unproved properties	7,337	2,686	906
Exploration	13,399	8,168	5,060
Development	19,714	6,532	3,143
Capitalized interest	1,145	1,515	2,961
Property sales	(13,671)	(912)	--
	<u>28,694</u>	<u>20,064</u>	<u>13,982</u>
OTHER INTERNATIONAL			
Acquisition of proved properties*.	--	81,942	--
Exploration	30,089	18,006	10,091
Development	1,853	--	1,988
	<u>31,942</u>	<u>99,948</u>	<u>12,079</u>
TOTAL			
Acquisition of proved properties .	180,742	326,676	64,867
Acquisition of unproved properties	39,863	17,028	9,132
Exploration	60,210	43,153	34,874
Development	238,018	171,371	101,769
Capitalized interest	6,034	6,279	8,996
Property sales	(19,525)	(10,342)	(142,098)
	<u>\$ 505,342</u>	<u>\$ 554,165</u>	<u>\$ 77,540</u>

* International acquisitions in 1993 included \$16.8 million of unevaluated costs added through the merger of AERC.

APACHE CORPORATION AND SUBSIDIARIES

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

Capitalized Costs -- The following table sets forth the capitalized costs and related accumulated depreciation, depletion and amortization, including impairments, relating to the Company's oil and gas production, exploration and development activities.

	December 31,	
	1994	1993
	(In thousands)	
UNITED STATES		
Proved properties.....	\$2,810,670	\$ 2,390,644
Unproved properties.....	111,672	86,992
	2,922,342	2,477,636
Accumulated depreciation, depletion and amortization.....	(1,437,540)	(1,214,605)
	1,484,802	1,263,031
CANADA		
Proved properties.....	312,649	298,235
Unproved properties.....	11,454	9,048
	324,103	307,283
Accumulated depreciation, depletion and amortization.....	(139,555)	(130,079)
	184,548	177,204
OTHER INTERNATIONAL		
Proved properties.....	142,451	126,157
Unproved properties.....	34,253	18,605
	176,704	144,762
Accumulated depreciation, depletion and amortization.....	(79,270)	(60,216)
	97,434	84,546
TOTAL		
Proved properties.....	3,265,770	2,815,036
Unproved properties.....	157,379	114,645
	3,423,149	2,929,681
Accumulated depreciation, depletion and amortization.....	(1,656,365)	(1,404,900)
	\$ 1,766,784	\$ 1,524,781
	=====	=====

Oil and Gas Reserve Information - Proved oil and gas reserve quantities are based on estimates prepared by the Company's engineers in accordance with guidelines established by the Securities and Exchange Commission (SEC). The Company's estimates of proved reserve quantities of its U.S., Canadian and certain international properties are subject to review by Ryder Scott Company Petroleum Engineers, independent petroleum engineers. Other international proved reserves, for all periods presented below are located in Australia.

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.

APACHE CORPORATION AND SUBSIDIARIES
 SUPPLEMENTAL OIL AND GAS DISCLOSURES -- (CONTINUED)
 (UNAUDITED)

Crude Oil, Condensate and Natural Gas Liquids

(In thousands of barrels)

	United States	Canada	Other International	Total
Total proved reserves:				
Balance December 31, 1991	90,859	14,384	648	105,891
Extensions, discoveries and other additions	7,112	227	--	7,339
Purchases of minerals in-place	226	382	--	608
Revisions of previous estimates	7,796	(12)	206	7,990
Production	(12,964)	(997)	(390)	(14,351)
Sales of properties	(12,834)	--	--	(12,834)

Balance December 31, 1992	80,195	13,984	464	94,643
Extensions, discoveries and other additions	10,885	397	--	11,282
Purchases of minerals in-place	9,871	188	5,095	15,154
Revisions of previous estimates	(3,215)	(300)	1,125	(2,390)
Production	(12,096)	(989)	(684)	(13,769)
Sales of properties	(1,917)	(46)	--	(1,963)

Balance December 31, 1993	83,723	13,234	6,000	102,957
Extensions, discoveries and other additions	9,669	690	349	10,708
Purchases of minerals in-place	9,232	83	--	9,315
Revisions of previous estimates	5,347	(2,239)	273	3,381
Production	(12,418)	(962)	(1,159)	(14,539)
Sales of properties	(1,108)	(90)	--	(1,198)

Balance December 31, 1994	94,445	10,716	5,463	110,624
=====				
Proved developed reserves:				
December 31, 1991	79,296	14,371	648	94,315
December 31, 1992	72,596	13,972	464	87,032
December 31, 1993	74,288	13,221	5,113	92,622
December 31, 1994	84,085	10,612	5,322	100,019

Natural Gas

(Millions of cubic feet)

	United States	Canada	Other International	Total
Total proved reserves:				
Balance December 31, 1991	682,512	280,730	--	963,242
Extensions, discoveries and other additions	69,985	5,904	--	75,889
Purchases of minerals in-place	68,685	1,617	--	70,302
Revisions of previous estimates	30,256	4,812	--	35,068
Production	(102,653)	(16,633)	--	(119,286)
Sales of properties	(105,486)	(87)	--	(105,573)

Balance December 31, 1992	643,299	276,343	--	919,642
Extensions, discoveries and other additions	119,210	19,094	--	138,304
Purchases of minerals in-place	174,115	4,405	33,343	211,863
Revisions of previous estimates	(7,335)	2,198	1,327	(3,810)
Production	(109,312)	(20,969)	(1,310)	(131,591)
Sales of properties	(5,118)	(3,660)	--	(8,778)

Balance December 31, 1993	814,859	277,411	33,360	1,125,630
Extensions, discoveries and other additions	190,386	44,912	408	235,706
Purchases of minerals in-place	158,309	2,710	--	161,019
Revisions of previous estimates	(21,937)	6,880	1,114	(13,943)
Production	(152,994)	(20,491)	(2,911)	(176,396)
Sales of properties	(4,335)	(11,526)	--	(15,861)

Balance December 31, 1994	984,288	299,896	31,971	1,316,155
=====				
Proved developed reserves:				
December 31, 1991	623,704	267,391	--	891,095

December 31, 1992	585,424	263,305	--	848,729
December 31, 1993	696,421	263,070	24,251	983,742
December 31, 1994	888,039	274,611	22,265	1,184,915

APACHE CORPORATION AND SUBSIDIARIES

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

Future Net Cash Flows -- Future revenues are based on year-end prices except in those instances where the sale of natural gas is covered by contract terms providing for determinable escalations. Operating costs, production and ad valorem taxes and future development costs are based on current costs with no escalation.

The following table sets forth unaudited information concerning future net cash flows for oil and gas reserves, net of income tax expense. Income tax expense has been computed using expected future tax rates and giving effect to permanent differences and credits which, under current laws, relate to oil and gas producing activities. This information does not purport to present the fair market value of the Company's oil and gas assets, but does present a standardized disclosure concerning possible future net cash flows that would result under the assumptions used.

	December 31,		
	1994	1993	1992
	(In thousands)		
UNITED STATES			
Cash inflows	\$ 3,401,300	\$ 3,062,525	\$ 2,798,223
Production and development costs	(1,294,801)	(1,085,205)	(1,047,958)
Income tax expense	(376,932)	(362,353)	(338,177)
Net cash flows	1,729,567	1,614,967	1,412,088
10-percent annual discount rate .	(628,408)	(550,887)	(543,419)
Discounted future net cash flows	1,101,159	1,064,080	868,669
CANADA			
Cash inflows (1)	536,463	672,023	648,061
Production and development costs	(156,589)	(155,238)	(194,259)
Income tax expense	(119,766)	(135,319)	(91,740)
Net cash flows	260,108	381,466	362,062
10-percent annual discount rate .	(100,532)	(179,046)	(201,572)
Discounted future net cash flows	159,576	202,420	160,490
OTHER INTERNATIONAL			
Cash inflows	163,303	154,466	9,231
Production and development costs	(68,217)	(57,281)	(5,903)
Income tax expense	(27,910)	(24,680)	(588)
Net cash flows	67,176	72,505	2,740
10-percent annual discount rate .	(15,366)	(21,209)	(26)
Discounted future net cash flows	51,810	51,296	2,714
TOTAL			
Cash inflows	4,101,066	3,889,014	3,455,515
Production and development costs	(1,519,607)	(1,297,724)	(1,248,120)
Income tax expense	(524,608)	(522,352)	(430,505)
Net cash flows	2,056,851	2,068,938	1,776,890
10-percent annual discount rate .	(744,306)	(751,142)	(745,017)
Discounted future net cash flows (2)	\$ 1,312,545	\$ 1,317,796	\$ 1,031,873

(1) Included in cash inflows is approximately \$25.7 million, \$39.4 million and \$45.6 million (\$9.8 million, \$12.0 million and \$14.1 million after discount at 10 percent per annum) for 1994, 1993 and 1992, respectively, of Canadian provincial tax credits expected to be realized beyond the date at which the legislation, under its provisions, could be repealed.

(2) Estimated future net cash flows before income tax expense, discounted 10 percent, totaled approximately \$1.60 billion, \$1.63 billion and \$ 1.27 billion as of December 31, 1994, 1993 and 1992, respectively.

APACHE CORPORATION AND SUBSIDIARIES

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

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

	For the Year Ended December 31,		
	1994	1993	1992
	(In thousands)		
Sales, net of production costs	\$(388,915)	\$(341,268)	\$(309,665)
Net change in prices and production costs	(173,059)	(25,742)	3,496
Discoveries and improved recovery, net of related costs	211,358	227,500	121,765
Change in future development costs	24,065	2,236	12,530
Revision of quantities	13,167	(26,752)	80,381
Purchases	165,273	352,918	102,541
Accretion of discount	159,302	124,599	116,839
Change in income taxes	16,517	(67,242)	(24,534)
Sales of properties	(21,497)	(7,698)	(135,733)
Change in production rates and other	(11,462)	47,372	(30,351)
	<u>\$ (5,251)</u>	<u>\$ 285,923</u>	<u>\$ (62,731)</u>

Impact of Pricing -- The estimates of cash flows and reserve quantities shown above are based on year-end oil and gas prices, except in those cases where future gas sales are covered by contracts at specified prices. Estimates of future liabilities and receivables applicable to oil and gas commodity hedges are reflected in future cash flows from proved reserves with such estimates based on prices in effect as of the date of the reserve report. Fluctuations are largely due to supply and demand perceptions for natural gas and volatility in oil prices.

Under SEC rules, companies that follow full cost accounting methods are required to make quarterly "ceiling test" calculations. Under this test, capitalized costs of 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, as adjusted for related tax effects and deferred tax reserves. Application of these rules during periods of relatively low oil and gas prices, even if of short-term duration, may result in write-downs.

Many full cost companies, including Apache, are concerned about the impact of prolonged unfavorable gas prices on their ceiling test calculations. A further deterioration of gas or oil prices from year-end levels would likely result in the Company recording a non-cash charge to earnings related to its oil and gas properties in 1995. SEC rules permit the exclusion of capitalized costs and present value of recently acquired properties in performing ceiling test calculations. Pursuant to these rules, Apache has requested waivers and the SEC has granted one-year waivers with respect to the properties acquired from Texaco and Crystal. If the ceiling is exceeded on all U.S. properties, Apache will be required to perform an additional ceiling test excluding the Texaco and Crystal properties and record a write-down of carrying value if the ceiling is still exceeded.

APACHE CORPORATION AND SUBSIDIARIES
 SUPPLEMENTAL QUARTERLY FINANCIAL DATA
 (UNAUDITED)

	First -----	Second -----	Third -----	Fourth -----	Total -----
	(In thousands, except per share amounts)				
1994					
Revenues	\$ 132,721	\$ 147,054	\$ 152,971	\$ 159,880	\$ 592,626
Expenses, net	124,496	134,147	140,582	147,818	547,043

Net income	\$ 8,225	\$ 12,907	\$ 12,389	\$ 12,062	\$ 45,583
	=====				
Net income per common share	\$.12	\$.19	\$.18	\$.17	\$.65
	=====				
1993					
Revenues	\$ 120,419	\$ 123,219	\$ 132,258	\$ 136,736	\$ 512,632
Expenses, net	106,238	109,637	132,274	123,062	471,211

Income before cumulative effect of change in accounting principle	14,181	13,582	(16)	13,674	41,421
Cumulative effect of change in accounting principle	5,334	--	--	--	5,334

Net income (loss)	\$ 19,515	\$ 13,582	\$ (16)	\$ 13,674	\$ 46,755
	=====				
Income before cumulative effect of change in accounting principle per common share	\$.25	\$.22	\$ --	\$.20	\$.67
	=====				
Net income per common share	\$.35	\$.22	\$ --	\$.20	\$.75
	=====				

 The sum of the individual quarterly earnings per share may not agree with year-to-date earnings per share as each period's computation is based on the weighted average number of common shares outstanding during that period.

APACHE CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL QUARTERLY FINANCIAL DATA -- (Continued)
(UNAUDITED)

The quarterly data shown above was restated to combine the operations of DEKALB with Apache in accordance with the "pooling of interests" method of accounting. Additionally, as described in Note 1 to the consolidated financial statements, conforming adjustments relative to DD&A and income taxes were made along with certain reclassifications. A reconciliation of the separate results, as previously reported in Apache's and DEKALB's quarterly reports on Form 10-Q, to the combined results is as follows:

	First	Second	Third	Fourth	Total
1994	(In thousands, except per share data)				
----	-----	-----	-----	-----	-----
Revenues:					
Apache	\$121,591	\$ 134,947	\$ 140,765	\$ 148,318	\$ 545,621
DEKALB	11,130	12,107	12,206	10,847	46,290
Reclassification to conform presentation	-	-	-	715	715
	=====	=====	=====	=====	=====
	\$132,721	\$147,054	\$ 152,971	\$ 159,880	\$ 592,626
Income (loss) from continuing operations:					
Apache	\$ 9,407	\$ 10,196	\$ 10,574	\$ 12,660	\$ 42,837
DEKALB	1,750	2,416	1,890	757	6,813
Conforming adjustments	(2,932)	295	(75)	(1,355)	(4,067)
	=====	=====	=====	=====	=====
	\$ 8,225	\$ 12,907	\$ 12,389	\$ 12,062	\$ 45,583
Net income (loss):					
Apache	\$ 9,407	\$ 10,196	\$ 10,574	\$ 12,660	\$ 42,837
DEKALB	1,750	2,416	1,890	757	6,813
Conforming adjustments	(2,932)	295	(75)	(1,355)	(4,067)
	=====	=====	=====	=====	=====
	\$ 8,225	\$ 12,907	\$ 12,389	\$ 12,062	\$ 45,583
Income (loss) per common share from continuing operations:					
Apache	\$.15	\$.17	\$.17	\$.21	\$.70
DEKALB	\$.18	\$.25	\$.20	\$.08	\$.71
As combined	\$.16	\$.19	\$.18	\$.19	\$.71
Conforming adjustments	\$ (.04)	\$ -	\$ -	\$ (.02)	\$ (.06)
	=====	=====	=====	=====	=====
	\$.12	\$.19	\$.18	\$.17	\$.65
Net income (loss) per common share:					
Apache	\$.15	\$.17	\$.17	\$.21	\$.70
DEKALB	\$.18	\$.25	\$.20	\$.08	\$.71
As combined	\$.16	\$.19	\$.18	\$.19	\$.71
Conforming adjustments	(.04)	\$ -	\$ -	\$ (.02)	\$ (.06)
	=====	=====	=====	=====	=====
	\$.12	\$.19	\$.18	\$.17	\$.65

APACHE CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL QUARTERLY FINANCIAL DATA -- (Continued)
(UNAUDITED)

	First	Second	Third	Fourth	Total
1993	(In thousands, except per share data)				
----	-----	-----	-----	-----	-----
Revenues:					
Apache	\$108,592	\$111,270	\$122,013	\$124,763	\$466,638
DEKALB	11,827	11,949	10,245	11,882	45,903
Reclassification to conform presentation	-	-	-	91	91
	-----	-----	-----	-----	-----
	\$120,419	\$123,219	\$132,258	\$136,736	\$512,632
	=====	=====	=====	=====	=====
Income (loss) from continuing operations:					
Apache	\$ 11,592	\$ 11,495	\$ 1,081	\$ 13,166	\$ 37,334
DEKALB	1,413	1,336	1,074	1,849	5,672
Conforming adjustments	1,176	751	(2,171)	(1,341)	(1,585)
	-----	-----	-----	-----	-----
	\$ 14,181	\$ 13,582	\$ (16)	\$ 13,674	\$ 41,421
	=====	=====	=====	=====	=====
Net income (loss):					
Apache	\$ 11,592	\$ 11,495	\$ 1,081	\$ 13,166	\$ 37,334
DEKALB	6,747	1,336	1,074	1,849	11,006
Conforming adjustments	1,176	751	(2,171)	(1,341)	(1,585)
	-----	-----	-----	-----	-----
	\$ 19,515	\$ 13,582	\$ (16)	\$ 13,674	\$ 46,755
	=====	=====	=====	=====	=====
Income (loss) per common share from continuing operations:					
Apache	\$.24	\$.22	\$.02	\$.22	\$.70
	-----	-----	-----	-----	-----
DEKALB	\$.15	\$.14	\$.11	\$.19	\$.59
	-----	-----	-----	-----	-----
As combined	\$.23	\$.21	\$.03	\$.22	\$.70
Conforming adjustments	.02	\$.01	\$ (.03)	\$ (.02)	\$ (.03)
	-----	-----	-----	-----	-----
	\$.25	\$.22	\$ --	\$.20	\$.67
	=====	=====	=====	=====	=====
Net income (loss) per common share:					
Apache	\$.24	\$.22	\$.02	\$.22	\$.70
	-----	-----	-----	-----	-----
DEKALB *	\$.70	\$.14	\$.11	\$.19	\$ 1.14
	-----	-----	-----	-----	-----
As combined	\$.33	\$.21	\$.03	\$.22	\$.78
Conforming adjustments	.02	\$.01	\$ (.03)	\$ (.02)	\$ (.03)
	-----	-----	-----	-----	-----
	\$.35	\$.22	\$ --	\$.20	\$.75
	=====	=====	=====	=====	=====

* The first quarter of 1993 includes a one time benefit of \$5.3 million as a result of the adoption of SFAS No. 109 "Accounting for Income Taxes" as of January 1, 1993.

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----
2.1 --	Stock Purchase Agreement, dated July 1, 1991, between Registrant and Amoco Production Company (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K, dated July 1, 1991, SEC File No. 1-4300, filed July 19, 1991).
2.2 --	Purchase and Sale Agreement between Hall-Houston Oil Company, as seller, and Registrant, as buyer, dated as of June 2, 1993 (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K, dated August 31, 1993, SEC File No. 1-4300, filed September 7, 1993).
2.3 --	Purchase and Sale Agreement between Hall-Houston Oil Company, as seller, and Registrant, as buyer, dated as of August 13, 1993 (incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K, dated August 31, 1993, SEC File No. 1-4300, filed September 7, 1993).
2.4 --	Form of Acquisition Agreement between Registrant, HERC Acquisition Corporation and Hadson Energy Resources Corporation, dated August 26, 1993, and amended September 28, 1993 (incorporated by reference to Exhibit 2.1 to Registrant's Registration Statement on Form S-4, Registration No. 33-67954, filed September 29, 1993).
2.5 --	Purchase and Sale Agreement by and between Texaco Exploration and Production Inc., as seller, and Registrant, as buyer, dated December 22, 1994 (incorporated by reference to Exhibit 99.3 to Registrant's Current Report on Form 8-K, dated November 29, 1994, SEC File No. 1-4300, filed December 29, 1994).
2.6 --	Amended and Restated Agreement and Plan of Merger among Registrant, XPX Acquisitions, Inc. and DEKALB Energy Company, dated December 21, 1994 (incorporated by reference to Exhibit 2.1 to Amendment No. 3 to Registrant's Registration Statement on Form S-4, Registration No. 33-57321, filed April 14, 1995).
2.7 --	Matagorda Island 681 Field Purchase and Sale Agreement with Option to Exchange, dated November 24, 1992, between Shell Offshore Inc., SOI Royalties Inc., and Registrant (incorporated by reference to Exhibit 10.7 to Apache Offshore Investment Partnership's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 0-13546).
3.1 --	Restated Certificate of Incorporation of Registrant, dated December 1, 1993, as filed with the Secretary of State of Delaware on December 16, 1993 (incorporated by reference to Exhibit 3.1 to Registrant's Annual Report on Form 10-K for year ended December 31, 1993, SEC File No. 1-4300).
3.2 --	Bylaws of Registrant, dated as of December 9, 1992 (incorporated by reference to Exhibit 3.3 to Registrant's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 1-4300).
4.1 --	Form of common stock certificate (incorporated by reference to Exhibit 4.4 to Amendment No. 1 to Registrant's Registration Statement on Form S-3, Registration No. 33-5097, filed May 16, 1986).

EXHIBIT INDEX - (Continued)

EXHIBIT NO. -----	DESCRIPTION -----
4.2 --	Rights Agreement, dated as of January 10, 1986, between Registrant and First Trust Company, Inc., rights agent, relating to the declaration of Rights to Registrant's common stockholders of record on January 24, 1986 (incorporated by reference to Exhibit 4.9 to Registrant's Annual Report on Form 10-K for year ended December 31, 1985, SEC File No. 1-4300).
10.1 --	Second Amended and Restated Credit Agreement, dated April 30, 1994, among Registrant, the lenders named therein, and The First National Bank of Chicago and Chemical Bank, as agents (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for quarter ended June 30, 1994, SEC File No. 1-4300).
10.2 --	Third Amended and Restated Credit Agreement, dated March 1, 1995, among Registrant, the lenders named therein, and The First National Bank of Chicago, as Administrative Agent and Arranger, and Chemical Bank, as Co-Agent and Arranger (incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for year ended December 31, 1994, SEC File No. 1-4300).
10.3 --	Fiscal Agency Agreement, dated as of January 4, 1995, between Registrant and Chemical Bank, as fiscal agent (incorporated by reference to Exhibit 99.2 to Registrant's Current Report on Form 8-K, dated December 6, 1994, SEC File No. 1-4300, filed January 11, 1995.)
+10.4 --	1982 Employee Stock Option Plan, as updated in January 1987 to conform to the Tax Reform Act of 1986 (incorporated by reference to Exhibit 10.7 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).
+10.5 --	Apache Corporation Corporate Administrative Group Incentive Plan, effective as of January 1, 1989 (incorporated by reference to Exhibit 10.8 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).
+10.6 --	First Amendment to Apache Corporation Corporate Administrative Group Incentive Plan, effective January 1, 1990 (incorporated by reference to Exhibit 10.14 to Registrant's Annual Report on Form 10-K for year ended December 31, 1993, SEC File No. 1-4300).
+10.7 --	Apache Corporation Retirement/401(k) Savings Plan, dated December 22, 1994, effective January 1, 1995 (incorporated by reference to Exhibit 10.7 to Registrant's Annual Report on Form 10-K for year ended December 31, 1994, SEC File No 1-4300).
+10.8 --	Non-Qualified Retirement/Savings Plan of Apache Corporation, dated November 16, 1989 (incorporated by reference to Exhibit 10.11 to Registrant's Annual Report on Form 10-K for year ended December 31, 1989, SEC File No. 1-4300).
+10.9 --	Apache International, Inc. Common Stock Award Plan, dated February 12, 1990 (incorporated by reference to Exhibit 10.13 to Registrant's Annual Report on Form 10-K for year ended December 31, 1989, SEC File No. 1-4300).
+10.10 --	Apache Corporation 1990 Phantom Stock Appreciation Plan, dated as of September 28, 1990 (incorporated by reference to Exhibit 10.17 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).
+10.11 --	Apache Corporation 1990 Stock Incentive Plan, dated as of September 28, 1990 (incorporated by reference to Exhibit 10.18 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).

EXHIBIT INDEX - (Continued)

EXHIBIT NO. -----	DESCRIPTION -----
+10.12 --	Amendment No. 1 to the Apache Corporation 1990 Stock Incentive Plan, dated as of July 17, 1992 (incorporated by reference to Exhibit 4.4 to Registrant's Registration Statement on Form S-8, Registration No. 33-53442, filed October 19, 1992).
+10.13 --	Apache Corporation 1995 Stock Option Plan, adopted February 9, 1995 (incorporated by reference to Exhibit 10.13 to Registrant's Annual Report on Form 10-K for year ended December 31, 1994, SEC File No. 1-4300).
+10.14 --	Apache Corporation Income Continuance Plan, as amended and restated February 24, 1988 (incorporated by reference to Exhibit 10.19 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).
+10.15 --	Apache Corporation Directors' Deferred Compensation Plan, as amended and restated September 14, 1994 (incorporated by reference to Exhibit 10.15 to Registrant's Annual Report on Form 10-K for year ended December 31, 1994, SEC File No. 1-4300).
+10.16 --	Apache Corporation Phantom Stock Appreciation Plan for Directors, effective as of May 4, 1989 (incorporated by reference to Exhibit 10.22 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).
+10.17 --	Apache Corporation Outside Directors' Retirement Plan, effective December 15, 1992 (incorporated by reference to Exhibit 10.25 to Registrant's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 1-4300).
+10.18 --	Apache Corporation Equity Compensation Plan for Non-Employee Directors, adopted February 9, 1994, and form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.26 to Registrant's Annual Report on Form 10-K for year ended December 31, 1993, SEC File No. 1-4300).
+10.19 --	Amended and Restated Employment Agreement, dated December 5, 1990, between Registrant and Raymond Plank (incorporated by reference to Exhibit 10.9 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).
+10.20 --	Amended and Restated Employment Agreement, dated December 20, 1990, between Registrant and John A. Kocur (incorporated by reference to Exhibit 10.10 to Registrant's Annual Report on Form 10-K for year ended December 31, 1990, SEC File No. 1-4300).
+10.21 --	Employment Agreement, dated March 20, 1991, between Registrant and William J. Johnson (incorporated by reference to Exhibit 10.15 to Registrant's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 1-4300).
+10.22 --	Employment Agreement, dated June 6, 1988, between Registrant and G. Steven Farris (incorporated by reference to Exhibit 10.6 to Registrant's Annual Report on Form 10-K for year ended December 31, 1989, SEC File No. 1-4300).
+10.23 --	Consulting Agreement, dated November 1, 1993, between Registrant and John A. Kocur (incorporated by reference to Exhibit 10.30 to Registrant's Annual Report on Form 10-K for year ended December 31, 1993, SEC File No. 1-4300).
+10.24 --	Consulting Agreement, effective April 28, 1994, between Registrant and William J. Johnson (incorporated by reference to Exhibit 10.24 to Registrant's Annual Report on Form 10-K for year ended December 31, 1994, SEC File No. 1-4300).

EXHIBIT INDEX - (Continued)

EXHIBIT NO. -----	DESCRIPTION -----
+10.25 --	Consulting Agreement, effective January 1, 1995, between Registrant and John L. Moran (incorporated by reference to Exhibit 10.25 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994, SEC File No. 1-4300).
10.26 --	Indenture, dated as of April 1, 1988, between DEKALB and Continental Illinois Bank and Trust Company of Chicago, as trustee, relating to the 10% Long-Term Notes and 9.875% Long-Term Notes (incorporated by reference to Exhibit 4(a) to DEKALB's Registration Statement on Form S-3, Registration No. 33-12534, filed March 11, 1987).
10.27 --	Extendible Revolving Term Credit Agreement, dated November 19, 1992, between DEKALB Energy Canada Ltd. and the Royal Bank of Canada (incorporated by reference to Exhibit 4.2 to DEKALB's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 0-2886).
+10.28 --	DEKALB Stock Option Plan and form of Stock Option Agreement (incorporated by reference to Exhibits 10.1 and 10.2 to DEKALB's Annual Report on Form 10-K for year ended August 31, 1986, SEC File No. 0-2886).
+10.29 --	Letter Agreement, dated July 23, 1992, between DEKALB and Vincent J. Tkachyk (incorporated by reference to Exhibit 10.3 to DEKALB's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 0-2886).
+10.30 --	DEKALB Deferred Management Employees Compensation Plan, revised as of July 1, 1983, (incorporated by reference to Exhibit 10.13 to DEKALB's Annual Report on Form 10-K for year ended December 31, 1988, SEC File No. 0-2886).
+10.31 --	Employment Agreements between DEKALB and Bruce P. Bickner, dated January 1, 1992, and John H. Witmer, Jr., dated January 1, 1992 (incorporated by reference to Exhibits 10.14 and 10.15 to DEKALB's Annual Report on Form 10-K for year ended December 31, 1991, SEC File No. 0-2886).
+10.32 --	DEKALB Long Term Incentive Plan, dated February 28, 1990 (incorporated by reference to Exhibit 10.16 to DEKALB's Quarterly Report on Form 10-Q for quarter ended March 31, 1990, SEC File No. 0-2886).
10.33 --	Firm Transportation Service Agreement, dated April 25, 1991, between DEKALB and Pacific Gas Transmission Company (incorporated by reference to Exhibit 10.9 to DEKALB's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 0-2886).
10.34 --	Asset Purchase and Sale Agreement, dated July 8, 1992, between DEKALB and Louis Dreyfus Gas Holdings Inc. (incorporated by reference to Exhibit 10.10 to DEKALB's Current Report on Form 8-K, dated October 16, 1992, SEC File No. 0-2886).
+10.35 --	DEKALB Profit Based Thrift Plan, effective September 1, 1989, as amended August 14, 1991 (incorporated by reference to Exhibit 10.11 to DEKALB's Annual Report on Form 10-K for year ended December 31, 1992, SEC File No. 0-2886).
+10.36 --	Temporary Consulting Contracts between DEKALB and Donald McMorland, dated June 1, 1994, and John Leteta, dated November 28, 1994 (incorporated by reference to Exhibits 10.11 and 10.12 to DEKALB's Annual Report on Form 10-K for year ended December 31, 1994, SEC File No. 0-2886).

EXHIBIT INDEX - (Continued)

EXHIBIT NO.	DESCRIPTION
-----	-----
*11.1 --	Statement regarding computation of earnings per share of Registrant's common stock for the year ended December 31, 1994.
*21.1 --	Subsidiaries of Registrant
*23.1 --	Consent of Arthur Andersen LLP
*23.2 --	Consent of Coopers & Lybrand
*23.3 --	Consent of Ryder Scott Company Petroleum Engineers
*27.1 --	Financial Data Schedule

- -----

* Filed herewith.

+ Management contracts or compensatory plans or arrangements required to be filed herewith pursuant to Item 14 hereof.

Note: Debt instruments of the Registrant defining the rights of long-term debt holders in principal amounts not exceeding 10 percent of the Registrant's consolidated assets have been omitted and will be provided to the Commission upon request.

EXHIBIT 11.1

APACHE CORPORATION AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	1994	1993	1992
	-----	-----	-----
Weighted Average Calculation:			
Net income (loss)	\$ 45,583	\$ 46,755	\$(15,682)
	=====	=====	=====
Weighted average shares outstanding .	69,715	62,013	55,344
	=====	=====	=====
Net income (loss) per share, based on weighted average shares outstanding	\$.65	\$.75	\$ (.28)
	=====	=====	=====
Primary Calculation:			
Net income (loss)	\$ 45,583	\$ 46,755	\$(15,682)
Assumed conversion of 3.93-percent debentures	2,121	2,145	141
	-----	-----	-----
Net income (loss), as adjusted	\$ 47,704	\$ 48,900	\$(15,541)
	=====	=====	=====
Common stock equivalents:			
Weighted average shares outstanding .	69,715	62,013	55,344
Stock options, using the treasury stock method	115	242	65
Common stock equivalents assuming conversion of 3.93-percent debentures			
	2,778	2,778	205
	-----	-----	-----
	72,608	65,033	55,614
	=====	=====	=====
Net income (loss) per common share primary	\$.65	\$.75	\$ (.28)
	=====	=====	=====

The assumed conversion of other convertible debt would be insignificant or antidilutive for all the periods presented above.

APACHE CORPORATION
LISTING OF SUBSIDIARIES

EXACT NAME OF SUBSIDIARY AND NAME UNDER WHICH SUBSIDIARY DOES BUSINESS	JURISDICTION OF INCORPORATION OR ORGANIZATION

Apache Foundation	Minnesota
Apache Gathering Company	Delaware
Apache Holdings, Inc.	Delaware
Apache International, Inc.	Delaware
Apache Cote d'Ivoire, Inc.	Delaware
Apache Oil Australia Pty Limited	New South Wales, Australia
Apache Oil Azerbaijan, Inc.	Delaware
Apache Oil Congo, Inc.	Delaware
Apache Oil Egypt, Inc.	Delaware
Apache Oil Java Sea, Inc.	Delaware
Apache Oil Sumatra, Inc.	Delaware
Apache Overseas, Inc.	Delaware
Apache China Corporation LDC	Cayman Islands
Apache Cote d'Ivoire Petroleum LDC	Cayman Islands
MW Petroleum Corporation	Colorado
MWJR Petroleum Corporation	Delaware
Nagasco, Inc.	Delaware
Apache NGC, Inc.	Delaware
Apache Marketing, Inc.	Delaware
Apache Transmission Corporation - Texas	Texas
Apache Crude Oil Marketing, Inc.	Delaware
Nagasco Marketing, Inc.	Delaware
Apache Corporation (New Jersey)	New Jersey
Apache-Beals Corporation	New York
Apache Oil Corporation	Texas
Burns Manufacturing Company	Minnesota
Apache Energy Resources Corporation	Delaware
Apache Bentu Limited	Oklahoma
Hadson Bunyu Limited	Oklahoma
Apache Energy Limited	Western Australia
Apache Northwest Pty Ltd.	Western Australia
Petro Energy Limited	New South Wales, Australia
Apache Beagle Pty Ltd.	Western Australia
Apache Carnarvon Pty Ltd.	Western Australia
Apache Dampier Pty Ltd.	Western Australia
Hadson Pacific Pty Ltd.	Western Australia
Hadson Timor Sea Pty Ltd.	Western Australia
Apache (WA 225) Pty Ltd.	Western Australia
Mid Equipment, Incorporated	Delaware
DEKALB Energy Company	Delaware
DEKALB Energy Texas, Inc.	Delaware
DEKALB Equipment Leasing Corporation #2	Delaware
DEKALB Exploration Inc.	Delaware
DEKALB Gas Marketing, Inc.	Delaware
DEKALB International Sales Corporation	Delaware
DEKALB Petroleum Corporation	Illinois
DEKALB Energy Canada Ltd.	Alberta, Canada
DEPCO, Inc.	Texas
Heinold Holdings, Inc.	Delaware
Kishwaukee Development Corporation	Illinois
Western Cattle Systems, Inc.	Delaware

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report included in this Form 10-K/A into Apache Corporation's previously filed Registration Statements on Form S-3 (Nos. 33-51253 and 33-53129) and on Form S-8 (Nos. 33-53442, 33-37402, 33-31407, 33-59721 and 33-59723).

ARTHUR ANDERSEN LLP

Houston, Texas
July 28, 1995

CONSENT OF COOPERS & LYBRAND

We hereby consent to the incorporation in this Form 10-K/A of Apache Corporation of our report dated February 13, 1995 on our audits of the consolidated financial statements of DEKALB Energy Company as of December 31, 1994 and 1993 and for the years ended December 31, 1994, 1993 and 1992, and the incorporation by reference of such report into Apache Corporation's previously filed Registration Statements on Form S-3 (Nos. 33-51253 and 33-53129) and Form S-8 (Nos. 33-53442, 33-37402, 33-31407, 33-59721 and 33-59723).

Coopers & Lybrand
Chartered Accountants

Calgary, Alberta, Canada
July 28, 1995

[Letterhead of Ryder Scott Company]

As independent petroleum engineers, we hereby consent to the reference in this Amendment on Form 10-K/A of Apache Corporation to our Firm's name and our Firm's review of the proved oil and gas reserve quantities of Apache Corporation and of DEKALB Energy Company, as of January 1, 1995, and to the incorporation by reference of our Firm's name and review into Apache Corporation's previously filed Registration Statements on Form S-3 (Nos. 33-51253 and 33-53129) and on Form S-8 (Nos. 33-53442, 33-37402, 33-31407, 33-59721 and 33-59723).

Ryder Scott Company
Petroleum Engineers

Houston, Texas
July 26, 1995

APACHE CORPORATION AND SUBSIDIARIES
 RESTATED FINANCIAL DATA TABLE
 PURSUANT TO ARTICLE 5 OF REGULATION S-X

1,000

12-MOS		
	DEC-31-1994	
	DEC-31-1994	
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	111,310	
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		8,868
	160,314	
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	163,517	
		719,033
		88,482
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2,036,627		
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	592,626	
		406,066
	452,461	
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	35,791	
	66,693	
		21,110
	45,583	
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		0
	45,583	
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		.65