

SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549

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 FORM S-8  
 REGISTRATION STATEMENT  
 UNDER  
 THE SECURITIES ACT OF 1933

APACHE CORPORATION  
 (EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE NO. 41-0747868  
 (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION) (I.R.S. EMPLOYER IDENTIFICATION NUMBER)

2000 POST OAK BOULEVARD, SUITE 100, HOUSTON, TEXAS 77056-4400  
 (713) 296-6000

(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

APACHE CORPORATION  
 1996 SHARE PRICE APPRECIATION PLAN

CONDITIONAL GRANT AGREEMENT BETWEEN  
 APACHE CORPORATION AND PETROMODELS, INC.

CONDITIONAL GRANT AGREEMENT BETWEEN  
 APACHE CORPORATION AND THOMAS B. PATRICK

STOCK OPTION AGREEMENT BETWEEN  
 APACHE CORPORATION AND THOMAS B. PATRICK  
 (FULL TITLES OF THE PLANS)

Z.S. KOBIASHVILI, VICE PRESIDENT AND GENERAL COUNSEL  
 APACHE CORPORATION

2000 POST OAK BOULEVARD, SUITE 100, HOUSTON, TEXAS 77056-4400  
 (713) 296-6000

(NAME AND ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (1)
Common Stock, par value \$1.25 per share, and associated Preferred Stock Purchase Rights (2)	2,092,000 shares	\$33.06	\$69,161,250	\$20,958

- (1) Estimated solely for the purpose of calculating the registration fee. Pursuant to Rules 457(c) and 457(h), the offering price and registration fee are computed on the basis of the average of the high and low prices of the Common Stock, as reported on The New York Stock Exchange, Inc. Composite Transactions Reporting System for April 28, 1997.
- (2) Preferred Stock Purchase Rights are evidenced by certificates for shares of the Common Stock and automatically trade with the Common Stock. Value attributable to such Preferred Stock Purchase Rights, if any, is reflected in the market price of the Common Stock.

This registration statement on Form S-8 is being filed by the registrant, Apache Corporation ("Apache"), for the purposes of (i) registering 2,000,000 shares of Apache Common Stock, par value \$1.25 per share ("Apache Common Stock") for issuance under the terms of Apache's 1996 Share Price Appreciation Plan, (ii) registering 54,000 shares of Apache Common Stock under the terms of that certain Conditional Grant Agreement, made as of January 1, 1997, between Apache and PetroModels, Inc., a consultant to Apache; (iii) registering 18,000 shares of Apache Common Stock under the terms of that certain Conditional Grant Agreement, to be made as of May 1, 1997, between Apache and Thomas B. Patrick, a consultant to Apache, and (iv) registering 20,000 shares of Apache Common Stock under the terms of that certain Stock Option Agreement, to be made as of May 1, 1997, between Apache and Thomas B. Patrick, a consultant to Apache.

PART II  
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents filed by Apache Corporation (the "Registrant" or "Apache") with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Commission File No. 1-4300, are incorporated by reference into this Registration Statement:

- (1) Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
- (2) All documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing of such documents.

The descriptions set forth below of the common stock of Apache, par value \$1.25 per share ("Apache Common Stock"), the preferred stock and the Rights (as defined below) constitute brief summaries of certain provisions of Apache's Restated Certificate of Incorporation, Apache's Bylaws and the Rights Agreement between Apache and Norwest Bank Minnesota, N. A. ("Norwest"), and are qualified in their entirety by reference to the relevant provisions of such documents, all of which are listed under Item 8 as exhibits to this Registration Statement and are incorporated herein by reference.

APACHE COMMON STOCK

All outstanding shares of Apache Common Stock are fully paid and nonassessable, and all holders of Apache Common Stock have full voting rights and are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. The Board of Directors of Apache is classified into three groups of approximately equal size, one-third elected each year. Stockholders do not have the right to cumulate votes in the election of directors and have no preemptive or subscription rights. Apache Common Stock is neither redeemable nor convertible, and there are no sinking fund provisions relating to such stock.

Subject to preferences that may be applicable to any shares of preferred stock outstanding at the time, holders of Apache Common Stock are entitled to dividends when and as declared by the Board of Directors from funds legally available therefor and are entitled, in the event of liquidation, to share ratably in all assets remaining after payment of liabilities.

Apache's current policy is to reserve one ten-thousandth (1/10,000) of a share of Series A Preferred Stock (as defined below) for each share of Apache Common Stock issued in order to provide for possible exercises of Rights (as defined below) under Apache's existing Rights Agreement.

The currently outstanding Apache Common Stock and the Rights (as defined below) under Apache's existing Rights Agreement are listed on the New York Stock Exchange and the Chicago Stock Exchange. Norwest is the transfer agent and registrar for Apache Common Stock.

Apache typically mails its annual report to stockholders within 120 days after the end of its fiscal year. Notices of stockholder meetings are mailed to record holders of Apache Common Stock at their addresses shown on the books of the transfer agent and registrar.

#### PREFERRED STOCK

Apache has five million shares of no par preferred stock authorized, of which 25,000 shares have been designated Series A Junior Participating Preferred Stock ("Series A Preferred Stock") and authorized for issuance pursuant to the Rights (as defined below) that trade with Apache Common Stock. No preferred stock is currently outstanding; however, shares of Series A Preferred Stock have been reserved for issuance in accordance with the Rights Agreement relating to the Rights. Shares of preferred stock may be authorized for issuance and issued by the Board of Directors with such voting powers and in such classes and series, and with such designations, preferences, and relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof (including conversion into or exchange for Apache Common Stock or other securities of Apache or its subsidiaries), as may be stated and expressed in the resolution or resolutions providing for the issuance of such preferred stock adopted by the Board of Directors providing for the issuance of such preferred stock.

#### RIGHTS

In December 1995, Apache declared a dividend of one right (a "Right") for each outstanding share of Apache Common Stock effective January 31, 1996. Each Right entitles the registered holder to purchase from Apache one ten-thousandth (1/10,000) of a share of Series A Preferred Stock at a price of \$100 per one ten-thousandth of a share, subject to adjustment. The Rights are exercisable ten calendar days following a public announcement that certain persons or groups have acquired 20 percent or more of the outstanding shares of Apache Common Stock or ten business days following commencement of an offer for 30 percent or more of the outstanding shares of Apache Common Stock. Unless and until the Rights become exercisable, they will be transferred with and only with the shares of Apache Common Stock. If Apache engages in certain business combinations or a 20-percent stockholder engages in certain transactions with Apache, the Rights become exercisable for Apache Common Stock or the common stock of the corporation acquiring Apache (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 outstanding shares of Apache Common Stock, and who engages in certain transactions or realizes the benefits of certain transactions with Apache, will become void. Apache may redeem the Rights at \$.01 per Right at any time until ten business days after public announcement that a person has acquired 20 percent or more of the outstanding shares of Apache Common Stock. Unless the Rights have been previously redeemed, all shares of Apache Common Stock will include Rights, including the Apache Common Stock issuable under the terms of the Apache Corporation 1996 Performance Stock Option Plan.

#### ITEM 4. DESCRIPTION OF SECURITIES

Not applicable

#### ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Not applicable.

## ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law ("DGCL"), inter alia, authorizes a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the corporation) because the person is or was a director, officer, employee or agent of another corporation or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with the suit or proceeding if the person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reason to believe his conduct was unlawful. Similar indemnity is authorized against expenses (including attorneys' fees) actually and reasonably incurred in defense or settlement of any pending, completed or threatened action or suit if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and provided further that (unless a court of competent jurisdiction otherwise provides) the person shall not have been adjudged liable to the corporation. The indemnification may be made only as authorized in each specific case upon a determination by the stockholders or disinterested directors that indemnification is proper because the indemnitee has met the applicable standard of conduct.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against him and incurred by him in any capacity, or arising out of his status as such, whether or not the corporation would otherwise have the power to indemnify him. Apache maintains policies insuring the officers and directors of Apache and its subsidiaries against certain liabilities for actions taken in their capacities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act").

Article VII of Apache's Bylaws provides, in substance, that directors, officers, employees and agents of Apache shall be indemnified to the extent permitted by Section 145 of the DGCL. Additionally, the Seventeenth Article of Apache's Restated Certificate of Incorporation eliminates in certain circumstances the monetary liability of directors of Apache for a breach of their fiduciary duty as directors. These provisions do not eliminate the liability of a director (i) for a breach of a director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions by a director not in good faith; (iii) for acts or omissions by a director involving intentional misconduct or a knowing violation of the law; (iv) under Section 174 of the DGCL (relating to the declaration of dividends and purchase or redemption of shares in violation of the DGCL); and (v) for transactions from which the director derived an improper personal benefit.

## ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

## ITEM 8. EXHIBITS.

The following exhibits are filed herewith unless otherwise indicated:

EXHIBIT NUMBER -----	DESCRIPTION OF EXHIBIT -----
4.1	Restated Certificate of Incorporation of Apache Corporation (incorporated by reference to Exhibit 3.1 to Apache's Annual Report on Form 10-K for the fiscal year ended December 31, 1993, Commission File No. 1-4300)
4.2	Certificate of Ownership and Merger Merging Apache Energy Resources Corporation into Registrant, effective December 31, 1995, as filed with the Secretary of State of Delaware on December 21, 1995 (incorporated by reference to Exhibit 3.2 to Apache's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, Commission File No. 1-4300)
4.3	Certificate of Designations, Preferences and Rights of Series A Junior Participating Preferred Stock of Registrant, effective January 31, 1996, as filed with the Secretary of State of Delaware on January 22, 1996 (incorporated by reference to Exhibit 3.3 to Apache's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, Commission File No. 1-4300)
4.4	Bylaws of Apache Corporation, as amended July 11, 1996, effective May 2, 1996 (incorporated by reference to Exhibit 3.1 to Amendment No. 1 on Form 8-K/A to Apache's Current Report on Form 8-K, dated May 20, 1996, Commission File No. 1-4300)
4.5	Form of Apache Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Apache's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, Commission File No. 1-4300)
4.6	Rights Agreement, dated as of January 31, 1996, between Apache and Norwest Bank Minnesota, N.A., rights agent, relating to the declaration of a Rights dividend to the holders of Apache Common Stock of record on January 31, 1996 (incorporated by reference to Exhibit (a) to Apache's Registration Statement on Form 8-A, Commission File No. 1-4300)
4.7	Apache Corporation 1996 Share Price Appreciation Plan (incorporated by reference to Appendix A to Apache's definitive 14A Proxy Statement, Commission File No. 1-4300, filed March 28, 1997)
*4.8	Form of Conditional Grant Agreement, made as of January 1, 1997, between Apache and PetroModels, Inc.
*4.9	Form of Conditional Grant Agreement, to be made as of May 1, 1997, between Apache and Thomas B. Patrick
*4.10	Form of Stock Option Agreement, to be made as of May 1, 1997, between Apache and Thomas B. Patrick
*5.1	Opinion of legal counsel regarding legality of securities being registered
*23.1	Consent of Arthur Andersen LLP
*23.2	Consent of Coopers & Lybrand, Chartered Accountants

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
*23.3	Consent of Ryder Scott Company Petroleum Engineers
*23.4	Consent of Netherland, Sewell & Associates, Inc.
*23.5	Consent of legal counsel included in Exhibit 5.1
*24.1	Power of Attorney included as part of the signature pages of this Registration Statement

\*Filed herewith

ITEM 9. UNDERTAKINGS.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement relating to the securities offered herein shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) That, for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(6) That, for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions of Article 15, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

## SIGNATURES

The Registrant. Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Houston, State of Texas.

APACHE CORPORATION

Date: April 30, 1997

By: /s/ Raymond Plank

-----  
Raymond Plank,  
Chairman and Chief Executive Officer

## POWER OF ATTORNEY

The undersigned directors and officers of Apache Corporation do hereby constitute and appoint Raymond Plank, G. Steven Farris, Z. S. Kobiashvili and Mark A. Jackson, and each of them, with full power of substitution, our true and lawful attorneys-in-fact to sign and execute, on behalf of the undersigned, any and all amendments (including post-effective amendments) to this Registration Statement; and each of the undersigned does hereby ratify and confirm all that said attorneys-in-fact shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons, in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE ----
/s/ Raymond Plank ----- Raymond Plank	Chairman and Chief Executive Officer (Principal Executive Officer)	April 30, 1997
/s/ Mark A. Jackson ----- Mark A. Jackson	Vice President and Chief Financial Officer (Principal Financial Officer)	April 30, 1997
/s/ Thomas L. Mitchell ----- Thomas L. Mitchell	Controller and Chief Accounting Officer (Principal Accounting Officer)	April 30, 1997

SIGNATURE -----	TITLE -----	DATE -----
/s/ Frederick M. Bohlen ----- Frederick M. Bohlen	Director	April 30, 1997
/s/ Virgil B. Day ----- Virgil B. Day	Director	April 30, 1997
/s/ G. Steven Farris ----- G. Steven Farris	Director	April 30, 1997
/s/ Randolph M. Ferlic ----- Randolph M. Ferlic	Director	April 30, 1997
/s/ Eugene C. Fiedorek ----- Eugene C. Fiedorek	Director	April 30, 1997
/s/ W. Brooks Fields ----- W. Brooks Fields	Director	April 30, 1997
----- Robert V. Gisselbeck	Director	April 30, 1997
/s/ Stanley K. Hathaway ----- Stanley K. Hathaway	Director	April 30, 1997
/s/ John A. Kocur ----- John A. Kocur	Director	April 30, 1997
/s/ George D. Lawrence, Jr. ----- George D. Lawrence, Jr.	Director	April 30, 1997
/s/ Mary Ralph Lowe ----- Mary Ralph Lowe	Director	April 30, 1997
/s/ Joseph A. Rice ----- Joseph A. Rice	Director	April 30, 1997

## INDEX TO EXHIBITS

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*23.5	Consent of legal counsel included in Exhibit 5.1
*24.1	Power of Attorney included as part of the signature pages of this Registration Statement

- - - - -  
\*Filed herewith

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING  
SECURITIES THAT HAVE BEEN REGISTERED UNDER THE  
SECURITIES ACT OF 1933, AS AMENDED

CONDITIONAL GRANT AGREEMENT  
BETWEEN APACHE CORPORATION AND PETROMODELS, INC.,

THIS CONDITIONAL GRANT AGREEMENT is made as of this 1st day of January, 1997 between APACHE CORPORATION, a Delaware corporation (together with its Affiliated Corporations, except where the context otherwise requires, the "Company"), and PETROMODELS, INC. (the "Consultant").

WITNESSETH: This Agreement evidences a Conditional Grant (as defined below) to the Consultant under which entitlement to any payments shall vest only if one or both of the Price Threshold Dates (as defined below) occurs, which payments will be in increments in accordance with the provisions of this Agreement.

DEFINITIONS

"BOARD" means the Board of Directors of the Company or any authorized committee thereof.

"CONDITIONAL GRANT" means the conditional entitlement, evidenced by this Conditional Grant Agreement between the Company and the Consultant, to receive all or a portion of an Initial Amount and Final Amount, subject to and in accordance with the provisions of this Agreement.

"FAIR MARKET VALUE" means the closing price of the Stock as reported on The New York Stock Exchange, Inc. Composite Transactions Reporting System for a particular date. If there are no Stock transactions on such date, the Fair Market Value shall be determined as of the immediately preceding date on which there were Stock transactions.

"FINAL AMOUNT" means 30,000 shares of Stock, payable if and when vested in increments in the form of shares of Stock, pursuant to Section 3 of this Agreement.

"FINAL PRICE THRESHOLD DATE" means the last of any 10 trading days (which need not be consecutive) during any period of 30 consecutive trading days occurring prior to January 1, 2000, but not thereafter, on each of which 10 days the closing price of the Stock as reported on The New York Stock Exchange, Inc. Composite Transactions Reporting System has equaled or

exceeded \$60 per share. If the above trading criteria is met more than once, the first occurrence shall be deemed to be the Final Price Threshold Date.

"INITIAL AMOUNT" means 24,000 shares of Stock, payable if and when vested in increments in the form of shares of Stock, pursuant to Section 2 of this Agreement.

"INITIAL PRICE THRESHOLD DATE" means the last of any 10 trading days (which need not be consecutive) during any period of 30 consecutive trading days occurring prior to January 1, 2000, but not thereafter, on each of which 10 days the closing price of the Stock as reported on The New York Stock Exchange, Inc. Composite Transactions Reporting System has equaled or exceeded \$50 per share. If the above trading criteria is met more than once, the first occurrence shall be deemed to be the Initial Price Threshold Date.

"PRICE THRESHOLD DATE" means either the Initial Price Threshold Date or the Final Price Threshold Date, as the context may require.

"STOCK" means the \$1.25 par value Common Stock of the Company.

#### AGREEMENT

1. CONDITIONAL GRANT. Subject to the terms and conditions of this Agreement, the Company hereby conditionally grants to the Consultant the right to a conditional issuance of Stock following the occurrence of one or both of the Price Threshold Dates, as set forth below.

(a) If at any time prior to January 1, 2000, the Initial Price Threshold Date occurs, the Consultant may become entitled to receive a portion or all of the Initial Amount payable in accordance with the payment schedule and as otherwise set out in Section 2 of this Agreement.

(b) If at any time prior to January 1, 2000, the Final Price Threshold Date occurs, the Consultant may become entitled to receive a portion or all of the Final Amount payable in accordance with the payment schedule and as otherwise set out in Section 3 of this Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, THE FOREGOING CONDITIONAL GRANT SHALL BE SUBJECT TO THE APPROVAL AND RATIFICATION OF THE APACHE CORPORATION 1996 SHARE PRICE APPRECIATION PLAN (THE "PLAN") BY THE SHAREHOLDERS OF THE COMPANY AT THE COMPANY'S NEXT ANNUAL MEETING OF SHAREHOLDERS OR AT AN EARLIER SPECIAL MEETING. THE FOREGOING CONDITIONAL GRANT SHALL ALSO BE SUBJECT TO THE APPROVAL AND RATIFICATION BY THE BOARD. UPON APPROVAL OF THE PLAN AS SET FORTH ABOVE, THE GRANT SHALL NO LONGER BE CONDITIONED UPON SUCH APPROVALS, BUT SHALL REMAIN SUBJECT TO THE TERMS AND CONDITIONS SET FORTH HEREIN. IN THE EVENT THAT THE PLAN IS NOT APPROVED AS SET FORTH ABOVE, THE GRANT SHALL BE NULL AND VOID, THIS AGREEMENT SHALL TERMINATE WITHOUT FURTHER LIABILITY OF THE COMPANY AND THE CONSULTANT SHALL HAVE NO FURTHER RIGHTS HEREUNDER.

2. INITIAL AMOUNT PAYMENT. Subject to the provisions of Section 4 of this Agreement, the Initial Amount shall be payable in increments strictly in accordance with the following schedule:

(a) The entitlement to receive the first one-third (1/3) of the Initial Amount shall vest on the Initial Price Threshold Date and shall be paid by the Company to the Consultant within thirty (30) days of the Initial Price Threshold Date in the manner set out in Section 2(c) below.

(b) The entitlement to receive the remainder of the Initial Amount shall vest and become payable in equal parts on the dates occurring, respectively, 18 months and 36 months from the Initial Price Threshold Date, as set forth in Section 2(c) below. If any of the above dates is not a business day during which the Company is open for business, the date shall be the first business date occurring immediately thereafter.

(c) Each of the above payments shall be paid in the form of shares of Stock to be issued to the Consultant. If either of the dates referenced in 2(b) above occurs on or after January 1, 2000, vesting and time of payment shall be accelerated to as soon after January 1, 2000 as is administratively practicable.

(d) No entitlement shall be payable under this Section 2 if the Initial Price Threshold Date has not occurred prior to January 1, 2000.

3. FINAL AMOUNT. Subject to the provisions of Section 4 of this Agreement, the entitlement to receive the Final Amount shall be payable in increments strictly in accordance with the following schedule:

(a) The entitlement to receive the first one-third (1/3) of the Final Amount shall vest on the Final Price Threshold Date and shall be paid by the Company to the Consultant within thirty (30) days of the Final Price Threshold Date in the manner set out in Section 3(c) below.

(b) The entitlement to receive the remainder of the Final Amount shall vest and become payable on the dates occurring, respectively, 18 months and 36 months from the Final Price Threshold Date, as set forth in Section 3(c) below. If any of the aforementioned payment dates is not a business day during which the Company is open for business, the payment date shall be the first business date occurring immediately thereafter.

(c) Each of the above payments shall be paid in the form of shares of Stock to be issued to the Consultant. If either of the dates referenced in 2(b) above occurs on or after January 1, 2000, vesting and time of payment shall be accelerated to as soon after January 1, 2000 as is administratively practicable.

(d) No entitlement shall be payable under this Section 3 if the Final Price Threshold Date has not occurred prior to January 1, 2000.

4. TERMINATION OF CONSULTING AGREEMENT. Except as set forth below, this Conditional Grant and the right to receive any payment hereunder shall be subject to the condition that the Consultant maintains that certain Consulting Agreement effective January 1, 1997, between Consultant and Company in full force and effect from the date of this Agreement until the applicable vesting date as follows:

IF THE CONSULTANT VOLUNTARILY TERMINATES THE CONSULTING AGREEMENT, OR IF THE CONSULTING AGREEMENT IS TERMINATED BY THE COMPANY FOR CAUSE OR OTHERWISE, WHICH IN EITHER CASE MAY BE DONE ON 30 DAYS WRITTEN NOTICE, ANY PORTION OF ANY CONDITIONAL GRANT NOT PREVIOUSLY VESTED IN ACCORDANCE WITH SECTIONS 2 AND 3 SHALL THEREAFTER BE VOID FOR ALL PURPOSES.

5. CERTAIN ADJUSTMENTS. If the Company shall at any time increase or decrease the number of its outstanding shares of Stock or change in any way the rights and privileges of such shares by means of a Stock dividend or any other distribution upon such shares payable in Stock, or through a Stock split, subdivision, consolidation, combination, reclassification or recapitalization involving the Stock (hereinafter a "capital restructuring"), then for purposes of determining the entitlement to payments under Sections 2 and 3 of this Agreement, the Initial Amount and Final Amount shall be, in each case, equitably and, if deemed appropriate, proportionally adjusted to take into account any capital restructuring. Any adjustment under this Section shall be made by the Board, whose determination with regard thereto shall be final and binding upon all parties.

6. REORGANIZATION OR LIQUIDATION. In the event that the Company is merged or consolidated with another corporation and the Company is not the surviving corporation, or if all or substantially all of the assets or more than 20 percent of the outstanding Stock of the Company is acquired by any other corporation, business entity or person, or in case of a reorganization (other than a reorganization under the United States Bankruptcy Code) or liquidation of the Company, and if the provisions of Section 7 hereof do not apply, the Board, or the board of directors of any corporation assuming the obligations of the Company, shall, as to the outstanding Conditional Grants either (i) make appropriate provision for the adoption and continuation of this Agreement by the acquiring or successor corporation and for the protection of any outstanding Conditional Grants by the substitution on an equitable basis of appropriate stock of the Company or of the merged, consolidated or otherwise reorganized corporation which will be issuable with respect to the Stock, provided that no additional benefits shall be conferred upon the Consultant holding this Conditional Grant as a result of such substitution, or (ii) provided that a Price Threshold Date has occurred, upon written notice to the Consultants, the Board may accelerate the vesting and payment dates of the entitlement to Stock under outstanding Conditional Grants so that all such existing entitlements are paid prior to any such event. In the latter event, such acceleration shall only apply to entitlements to Stock payable as the result of the occurrence of the most recent Price Threshold Date and shall not by such

acceleration, deem the occurrence of a Price Threshold Date that has not occurred by the date of the notice.

#### 7. CHANGE IN CONTROL.

(a) IN GENERAL. In the event of a change in control of the Company as defined in Section 7(c) hereof, then the Board may, in its sole discretion, without obtaining Stockholder approval, to the extent permitted in Section 11 hereof, take any or all of the following actions assuming the occurrence of a Price Threshold Date: (i) accelerate the vesting and payment dates of the entitlement to receive Stock under any outstanding Conditional Grant so that all existing entitlements become fully payable, which acceleration may be conditional upon the occurrence of subsequent events including, without limitation, a change in control, and may be made irrevocable, either conditionally or unconditionally; (ii) pay cash to Consultant in exchange for the cancellation of Consultant's outstanding Conditional Grants in an amount equal to the Fair Market Value of the Stock to which Consultant has a conditional entitlement under such Conditional Grants at the date of the cancellation of the Conditional Grants; and (iii) make any other adjustments or amendments to the outstanding Conditional Grants as the Board deems appropriate.

(b) LIMITATION ON PAYMENTS. If the provisions of this Section 7 would result in the receipt by any Consultant of a payment within the meaning of Section 280G or any successor section(s) of the Internal Revenue Code, and the regulations promulgated thereunder, and if the receipt of such payment by any Consultant would, in the opinion of independent tax counsel of recognized standing selected by the Company, result in the payment by such Consultant of any excise tax provided for in Sections 280G and 4999 or any successor section(s) of the Internal Revenue Code, then the amount of such payment shall be reduced to the extent required, in the opinion of independent tax counsel, to prevent the imposition of such excise tax; provided, however, that the Board, in its sole discretion, may authorize the payment of all or any portion of the amount of such reduction to the Consultant.

(c) DEFINITION. For purposes of this Agreement, a "change in control" shall mean any of the events specified in the Company's Income Continuation Plan or any successor Plan which constitute a change in control within the meaning of such Plan.

#### 8. RIGHTS OF CONSULTANT.

(a) RETENTION OF CONSULTANT. Nothing contained in this Agreement shall confer upon the Consultant any right with respect to the continuation of the Consulting Agreement with the Company or any Affiliated Corporation, or interfere in any way with the right of the Company or any Affiliated Corporation, subject to the terms of the Consulting Agreement to the contrary, at any time to terminate such Consulting Agreement or to increase or decrease the level of the Consultant's compensation from the level in existence at the date of this Agreement.

(b) NONTRANSFERABILITY. No right or interest of the Consultant in this Conditional Grant shall be assignable or Consultant.

#### 9. GENERAL RESTRICTIONS.

(a) INVESTMENT REPRESENTATIONS. The Company may require the Consultant, as a condition of receiving shares of Stock issued under this Conditional Grant, to give written assurances in substance and form satisfactory to the Company and its counsel to the effect that such person is acquiring the Stock subject to this Conditional Grant for his own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as the Company deems necessary or appropriate in order to comply with federal and applicable state securities laws.

(b) COMPLIANCE WITH SECURITIES LAWS. This Conditional Grant shall be subject to the requirement that, if at any time counsel to the Company shall determine that the listing, registration or qualification of the shares of Stock subject to this Conditional Grant upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, is necessary as a condition of, or in connection with, the issuance of shares of Stock thereunder, this Conditional Grant may not be payable in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration, qualification, consent or approval.

10. REQUIREMENTS OF LAW. The issuance of Stock pursuant to this Conditional Grant shall be subject to all applicable laws, rules and regulations. This Conditional Grant Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

11. EXPIRATION OF THIS AGREEMENT. This Agreement shall terminate and be of no force or effect if the Initial Price Threshold Date does not occur prior to January 1, 2000.

#### 12. MISCELLANEOUS.

(a) NOTICES. Any notice required or permitted to be given under this Agreement shall be in writing and shall be given by first class, registered or certified mail, postage prepaid, or by personal delivery to the appropriate party, addressed:

(i) If to the Company, to Apache Corporation at its principal place of business at 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400 (Attention: Office of the Secretary) or at such other address as may have been furnished to the Consultant in writing by the Company; or

(ii) If to the Consultant, at the address indicated below the Consultant's signature, or at such other address as may have been furnished to the Company by the Consultant.

Any such notice shall be deemed to have been given as of the second day after deposit in the United States Postal Service, postage prepaid, properly addressed as set forth above, in the case of mailed notice, or as of the date delivered in the case of personal delivery.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

APACHE CORPORATION

-----  
G. Steven Farris  
President and Chief Operating Officer

CONSULTANT  
PETROMODELS, INC.

-----  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

-----  
PetroModels' Tax Identification Number

-----  
Mailing Address

-----  
City, State, Zip Code

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING  
SECURITIES THAT HAVE BEEN REGISTERED UNDER THE  
SECURITIES ACT OF 1933, AS AMENDED

CONDITIONAL GRANT AGREEMENT  
BETWEEN APACHE CORPORATION AND THOMAS B. PATRICK

THIS CONDITIONAL GRANT AGREEMENT is made as of this 1st day of May, 1997 between APACHE CORPORATION, a Delaware corporation (together with its Affiliated Corporations, except where the context otherwise requires, the "Company"), and THOMAS B. PATRICK (the "Consultant").

WITNESSETH: This Agreement evidences a Conditional Grant (as defined below) to the Consultant under which entitlement to any payments shall vest only if one or both of the Price Threshold Dates (as defined below) occurs, which payments will be in increments in accordance with the provisions of this Agreement.

DEFINITIONS

"BOARD" means the Board of Directors of the Company or any authorized committee thereof.

"CONDITIONAL GRANT" means the conditional entitlement, evidenced by this Conditional Grant Agreement between the Company and the Consultant, to receive all or a portion of an Initial Amount and Final Amount, subject to and in accordance with the provisions of this Agreement.

"CONSULTING AGREEMENT" means that certain Consulting Agreement by and between Thomas B. Patrick and the Company dated August 7, 1996, as amended.

"FAIR MARKET VALUE" means the closing price of the Stock as reported on The New York Stock Exchange, Inc. Composite Transactions Reporting System for a particular date. If there are no Stock transactions on such date, the Fair Market Value shall be determined as of the immediately preceding date on which there were Stock transactions.

"FINAL AMOUNT" means 10,000 shares of Stock, payable if and when vested in increments in the form of shares of Stock, pursuant to Section 3 of this Agreement.

"FINAL PRICE THRESHOLD DATE" means the last of any 10 trading days (which need not be consecutive) during any period of 30 consecutive trading days occurring prior to January 1, 2000,

but not thereafter, on each of which 10 days the closing price of the Stock as reported on The New York Stock Exchange, Inc. Composite Transactions Reporting System has equaled or exceeded \$60 per share. If the above trading criteria is met more than once, the first occurrence shall be deemed to be the Final Price Threshold Date.

"INITIAL AMOUNT" means 8,000 shares of Stock, payable if and when vested in increments in the form of shares of Stock, pursuant to Section 2 of this Agreement.

"INITIAL PRICE THRESHOLD DATE" means the last of any 10 trading days (which need not be consecutive) during any period of 30 consecutive trading days occurring prior to January 1, 2000, but not thereafter, on each of which 10 days the closing price of the Stock as reported on The New York Stock Exchange, Inc. Composite Transactions Reporting System has equaled or exceeded \$50 per share. If the above trading criteria is met more than once, the first occurrence shall be deemed to be the Initial Price Threshold Date.

"PRICE THRESHOLD DATE" means either the Initial Price Threshold Date or the Final Price Threshold Date, as the context may require.

"STOCK" means the \$1.25 par value Common Stock of the Company.

#### AGREEMENT

1. CONDITIONAL GRANT. Subject to the terms and conditions of this Agreement, the Company hereby conditionally grants to the Consultant the right to a conditional issuance of Stock following the occurrence of one or both of the Price Threshold Dates, as set forth below.

(a) If at any time prior to January 1, 2000, the Initial Price Threshold Date occurs, the Consultant may become entitled to receive a portion or all of the Initial Amount payable in accordance with the payment schedule and as otherwise set out in Section 2 of this Agreement.

(b) If at any time prior to January 1, 2000, the Final Price Threshold Date occurs, the Consultant may become entitled to receive a portion or all of the Final Amount payable in accordance with the payment schedule and as otherwise set out in Section 3 of this Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, THE FOREGOING CONDITIONAL GRANT SHALL BE SUBJECT TO THE APPROVAL AND RATIFICATION OF THE APACHE CORPORATION 1996 SHARE PRICE APPRECIATION PLAN (THE "PLAN") BY THE SHAREHOLDERS OF THE COMPANY. THE FOREGOING CONDITIONAL GRANT SHALL ALSO BE SUBJECT TO THE APPROVAL AND RATIFICATION BY THE BOARD. UPON THE APPROVALS SET FORTH ABOVE, THE GRANT SHALL NO LONGER BE CONDITIONED UPON SUCH APPROVAL, BUT SHALL REMAIN SUBJECT TO THE TERMS AND CONDITIONS SET FORTH HEREIN. IN THE EVENT THAT THE PLAN IS NOT APPROVED AS SET FORTH ABOVE,

THE GRANT SHALL BE NULL AND VOID, THIS AGREEMENT SHALL TERMINATE WITHOUT FURTHER LIABILITY OF THE COMPANY AND THE CONSULTANT SHALL HAVE NO FURTHER RIGHTS HEREUNDER.

2. INITIAL AMOUNT PAYMENT. Subject to the provisions of Section 4 of this Agreement, the Initial Amount shall be payable in increments strictly in accordance with the following schedule:

(a) The entitlement to receive the first one-third (1/3) of the Initial Amount shall vest on the Initial Price Threshold Date and shall be paid by the Company to the Consultant within thirty (30) days of the Initial Price Threshold Date in the manner set out in Section 2(c) below.

(b) The entitlement to receive the remainder of the Initial Amount shall vest and become payable in equal parts on the dates occurring, respectively, 18 months and 36 months from the Initial Price Threshold Date, as set forth in Section 2(c) below. If any of the above dates is not a business day during which the Company is open for business, the date shall be the first business date occurring immediately thereafter.

(c) Each of the above payments shall be paid in the form of shares of Stock to be issued to the Consultant. If either of the dates referenced in 2(b) above occurs on or after May 1, 2000, vesting and time of payment shall be accelerated to as soon after May 1, 2000 as is administratively practicable.

(d) No entitlement shall be payable under this Section 2 if the Initial Price Threshold Date has not occurred prior to January 1, 2000.

3. FINAL AMOUNT. Subject to the provisions of Section 4 of this Agreement, the entitlement to receive the Final Amount shall be payable in increments strictly in accordance with the following schedule:

(a) The entitlement to receive the first one-third (1/3) of the Final Amount shall vest on the Final Price Threshold Date and shall be paid by the Company to the Consultant within thirty (30) days of the Final Price Threshold Date in the manner set out in Section 3(c) below.

(b) The entitlement to receive the remainder of the Final Amount shall vest and become payable on the dates occurring, respectively, 18 months and 36 months from the Final Price Threshold Date, as set forth in Section 3(c) below. If any of the aforementioned payment dates is not a business day during which the Company is open for business, the payment date shall be the first business date occurring immediately thereafter.

(c) Each of the above payments shall be paid in the form of shares of Stock to be issued to the Consultant. If either of the dates referenced in 2(b) above occurs on or after

May 1, 2000, vesting and time of payment shall be accelerated to as soon after May 1, 2000 as is administratively practicable.

(d) No entitlement shall be payable under this Section 3 if the Final Price Threshold Date has not occurred prior to January 1, 2000.

4. TERMINATION OF CONSULTING AGREEMENT. Except as set forth below, this Conditional Grant and the right to receive any payment hereunder shall be subject to the condition that the Consultant maintains that certain Consulting Agreement effective August 7, 1996, between Consultant and Company in full force and effect from the date of this Agreement until the applicable vesting date as follows:

(a) IF THE CONSULTANT VOLUNTARILY TERMINATES THE CONSULTING AGREEMENT, OR IF THE CONSULTING AGREEMENT IS TERMINATED BY THE COMPANY FOR CAUSE, WHICH IN EITHER CASE MAY BE DONE ON 30 DAYS WRITTEN NOTICE, ANY PORTION OF ANY CONDITIONAL GRANT NOT PREVIOUSLY VESTED IN ACCORDANCE WITH SECTIONS 2 AND 3 SHALL THEREAFTER BE VOID FOR ALL PURPOSES.

(b) IF CONSULTANT DIES, OR IF CONSULTANT BECOMES DISABLED SO THAT CONSULTANT IS UNABLE TO PERFORM TO THE SATISFACTION OF THE COMPANY THE SERVICES REQUIRED UNDER THE CONSULTING AGREEMENT, DURING THE TERM OF THE CONSULTING AGREEMENT, PAYMENT IN STOCK IN ACCORDANCE WITH SECTIONS 2 AND 3, AS APPLICABLE, SHALL BE MADE TO CONSULTANT OR TO THOSE ENTITLED UNDER CONSULTANT'S WILL OR BY THE LAWS OF DESCENT AND DISTRIBUTION, PROVIDED THAT THE APPLICABLE PRICE THRESHOLD DATE OCCURRED PRIOR TO THE EARLIER OF CONSULTANT'S DISABILITY OR DEATH. IN ANY SUCH EVENT ALL ACCRUED BUT UNVESTED SHARES RELATING TO A PREVIOUSLY ACHIEVED PRICE THRESHOLD DATE SHALL BE PAID. THERE SHALL BE NO ENTITLEMENT TO ANY PAYMENT WHICH MAY ARISE DUE TO THE OCCURRENCE OF A PRICE THRESHOLD DATE AFTER THE EARLIER OF CONSULTANT'S DISABILITY OR DEATH.

5. CERTAIN ADJUSTMENTS. If the Company shall at any time increase or decrease the number of its outstanding shares of Stock or change in any way the rights and privileges of such shares by means of a Stock dividend or any other distribution upon such shares payable in Stock, or through a Stock split, subdivision, consolidation, combination, reclassification or recapitalization involving the Stock (hereinafter a "capital restructuring"), then for purposes of determining the entitlement to payments under Sections 2 and 3 of this Agreement, the Initial Amount and Final Amount shall be, in each case, equitably and, if deemed appropriate, proportionally adjusted to take into account any capital restructuring. Any adjustment under this Section shall be made by the Company, whose determination with regard thereto shall be final and binding upon all parties.

6. REORGANIZATION OR LIQUIDATION. In the event that the Company is merged or consolidated with another corporation and the Company is not the surviving corporation, or if all or substantially all of the assets or more than 20 percent of the outstanding Stock of the Company is acquired by any other corporation, business entity or person, or in case of a reorganization

(other than a reorganization under the United States Bankruptcy Code) or liquidation of the Company, and if the provisions of Section 7 hereof do not apply, the Company, or the board of directors of any corporation assuming the obligations of the Company, shall, as to the outstanding Conditional Grants either (i) make appropriate provision for the adoption and continuation of this Agreement by the acquiring or successor corporation and for the protection of any outstanding Conditional Grants by the substitution on an equitable basis of appropriate stock of the Company or of the merged, consolidated or otherwise reorganized corporation which will be issuable with respect to the Stock, provided that no additional benefits shall be conferred upon the Consultant holding this Conditional Grant as a result of such substitution, or (ii) provided that a Price Threshold Date has occurred, upon written notice to the Consultants, the Company may accelerate the vesting and payment dates of the entitlement to Stock under outstanding Conditional Grants so that all such existing entitlements are paid prior to any such event. In the latter event, such acceleration shall only apply to entitlements to Stock payable as the result of the occurrence of the most recent Price Threshold Date and shall not by such acceleration, deem the occurrence of a Price Threshold Date that has not occurred by the date of the notice.

#### 7. CHANGE IN CONTROL.

(a) IN GENERAL. In the event of a change in control of the Company as defined in Section 7(c) hereof, then the Board may, in its sole discretion, without obtaining Stockholder approval, take any or all of the following actions assuming the occurrence of a Price Threshold Date: (i) accelerate the vesting and payment dates of the entitlement to receive Stock under any outstanding Conditional Grant so that all existing entitlements become fully payable, which acceleration may be conditional upon the occurrence of subsequent events including, without limitation, a change in control, and may be made irrevocable, either conditionally or unconditionally; (ii) pay cash to Consultant in exchange for the cancellation of Consultant's outstanding Conditional Grants in an amount equal to the Fair Market Value of the Stock to which Consultant has a conditional entitlement under such Conditional Grants at the date of the cancellation of the Conditional Grants; and (iii) make any other adjustments or amendments to the outstanding Conditional Grants as the Company deems appropriate.

(b) LIMITATION ON PAYMENTS. If the provisions of this Section 7 would result in the receipt by any Consultant of a payment within the meaning of Section 280G or any successor section(s) of the Internal Revenue Code, and the regulations promulgated thereunder, and if the receipt of such payment by any Consultant would, in the opinion of independent tax counsel of recognized standing selected by the Company, result in the payment by such Consultant of any excise tax provided for in Sections 280G and 4999 or any successor section(s) of the Internal Revenue Code, then the amount of such payment shall be reduced to the extent required, in the opinion of independent tax counsel, to prevent the imposition of such excise tax; provided, however, that the Company, in its sole discretion, may authorize the payment of all or any portion of the amount of such reduction to the Consultant.

(c) DEFINITION. For purposes of this Agreement, a "change in control" shall mean any of the events specified in the Company's Income Continuance Plan or any successor Plan which constitute a change in control within the meaning of such Plan.

8. RIGHTS OF CONSULTANT.

(a) RETENTION OF CONSULTANT. Nothing contained in this Agreement shall confer upon the Consultant any right with respect to the continuation of the Consulting Agreement with the Company or any Affiliated Corporation, or interfere in any way with the right of the Company or any Affiliated Corporation, subject to the terms of the Consulting Agreement to the contrary, at any time to terminate such Consulting Agreement or to increase or decrease the level of the Consultant's compensation from the level in existence at the date of this Agreement.

(b) NONTRANSFERABILITY. No right or interest of the Consultant in this Conditional Grant shall be assignable by Consultant.

9. GENERAL RESTRICTIONS.

(a) INVESTMENT REPRESENTATIONS. The Company may require the Consultant, as a condition of receiving shares of Stock issued under this Conditional Grant, to give written assurances in substance and form satisfactory to the Company and its counsel to the effect that such person is acquiring the Stock subject to this Conditional Grant for his own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as the Company deems necessary or appropriate in order to comply with federal and applicable state securities laws.

(b) COMPLIANCE WITH SECURITIES LAWS. This Conditional Grant shall be subject to the requirement that, if at any time counsel to the Company shall determine that the listing, registration or qualification of the shares of Stock subject to this Conditional Grant upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, is necessary as a condition of, or in connection with, the issuance of shares of Stock thereunder, this Conditional Grant may not be payable in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Company. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration, qualification, consent or approval.

10. REQUIREMENTS OF LAW. The issuance of Stock pursuant to this Conditional Grant shall be subject to all applicable laws, rules and regulations. This Conditional Grant Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

11. EXPIRATION OF THIS AGREEMENT. This Agreement shall terminate and be of no force or effect if the Initial Price Threshold Date does not occur prior to January 1, 2000.

12. MISCELLANEOUS.

(a) NOTICES. Any notice required or permitted to be given under this Agreement shall be in writing and shall be given by first class, registered or certified mail, postage prepaid, or by personal delivery to the appropriate party, addressed:

(i) If to the Company, to Apache Corporation at its principal place of business at 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400 (Attention: Office of the Secretary) or at such other address as may have been furnished to the Consultant in writing by the Company; or

(ii) If to the Consultant, at the address indicated below the Consultant's signature, or at such other address as may have been furnished to the Company by the Consultant.

Any such notice shall be deemed to have been given as of the second day after deposit in the United States Postal Service, postage prepaid, properly addressed as set forth above, in the case of mailed notice, or as of the date delivered in the case of personal delivery.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

APACHE CORPORATION

-----  
Floyd R. Price  
Vice President - International Exploration  
and Production

CONSULTANT

-----  
Thomas B. Patrick

-----  
Social Security Number

-----  
Address

-----  
City, State, Zip Code

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS  
COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER  
THE SECURITIES ACT OF 1933, AS AMENDED

APACHE CORPORATION  
STOCK OPTION AGREEMENT

THIS AGREEMENT is made as of this 1st day of May, 1997 between APACHE CORPORATION, a Delaware corporation (together with its Affiliated Corporations, except where the context otherwise requires, the "Company"), and THOMAS B. PATRICK ("Patrick"). Capitalized terms shall have the meaning set herein.

DEFINITIONS

The following terms shall have the meanings set forth below:

(a) "Affiliated Corporation" means any corporation or other entity (including but not limited to a partnership) which is affiliated with Apache Corporation through stock ownership or otherwise and is treated as a common employer under the provisions of Sections 414(b) and (c) or any successor section(s) of the Internal Revenue Code.

(b) "Board" means the Board of Directors of the Company.

(c) "Consulting Agreement" means that certain Consulting Agreement by and between Thomas B. Patrick and the Company dated August 7, 1996, as amended.

(d) "Fair Market Value" means the closing price of the Stock as reported on the New York Stock Exchange, Inc. Composite Transactions Reporting System for a particular date. If there are no Stock transactions on such date, the Fair Market Value shall be determined as of the immediately preceding date on which there were Stock transactions.

(e) "Internal Revenue Code" means the Internal Revenue Code of 1986, as it may be amended from time to time.

(f) "Option" means a right to purchase Stock at a stated price for a specified period of time. All Options granted under this Agreement shall be Options which are not "incentive stock options" as described in Section 422 or any successor section(s) of the Internal Revenue Code.

(g) "Option Price" means the price at which shares of Stock subject to an Option may be purchased, determined in accordance with subsection 7.2(b) hereof.

(h) "Stock" means the \$1.25 par value Common Stock of the Company.

## TERMS AND CONDITIONS

1. Grant of Option. Subject to the terms and conditions of this Agreement, the Company hereby grants to Patrick an option (the "Option") to purchase 20,000 shares Stock at a price per share of \$\* (the "Option Price"). The Option is not intended to qualify as an incentive stock option under Section 422 or any successor section(s) of the Internal Revenue Code. Notwithstanding anything to the contrary set forth in this Agreement, the grant of the foregoing Option shall become unconditional, subject to the vesting, termination and forfeiture provisions set forth herein.

2. Vesting. The Option shall become exercisable in increments after each of the first three years of continuous service pursuant to the Consulting Agreement after the date of this Agreement (defined as the "Vesting Schedule"), as follows:

Required Number of Years of Continuous Consulting Service after the Date of this Agreement	Cumulative Proportion of Shares of Stock Exercisable after Such Period of Continuous Consulting Service
1	33 percent
2	67 percent
3	100 percent

Except as set forth in Sections 5 or 6 hereof, the Option shall not be exercisable as to any shares of Stock as to which the continuous consulting service requirement shall not be satisfied, regardless of the circumstances which under Patrick's service for the Company shall be terminated. The number of shares of Stock as to which the Option may be exercised shall be cumulative, as indicated above, so that once the Option shall become exercisable as to any shares of Stock it shall continue to be exercisable as to such shares of Stock until expiration or termination of the Option as provided in Section 7 hereof.

3. Method for Exercising the Option. The Option may be exercised only by delivery in person or through certified or registered mail, to the Company at its principal office in Houston, Texas (Attention: Office of the Secretary) of written notice specifying the Option that is being exercised and the number of shares of Stock with respect to which the Option is being exercised. The notice must be accompanied by payment of the total Option Price. At the request of the Company, such notice shall contain Patrick's representation that he is purchasing such Stock for investment purposes only and his agreement not to sell or distribute any

\* The closing price of the Stock as reported on The New York Stock Exchange, Inc. Composite Transactions Reporting System on the date of grant.

Stock purchased pursuant to the Option in any manner or to take any other action with respect to any Stock purchased pursuant to the Option that is in violation of the Securities Act of 1933, as amended, or any applicable state law. Patrick acknowledges that all certificates representing shares of Stock acquired pursuant to the Option may have affixed thereto a restrictive legend to evidence the requirement for compliance with the Securities Act of 1933, as amended, and any applicable state securities laws. If the shares of Stock acquired pursuant to this Option are not issued in a registered transaction, the following legend shall be printed on all certificates representing such shares of Stock:

The shares represented by this Certificate are "restricted securities" as defined in Rule 144 under the Securities Act of 1933, as amended, and may not be sold or transferred except in transactions which comply with Rule 144 or, in the opinion of counsel acceptable to the issuer, are exempt therefrom.

The purchase of such Stock shall take place at the principal offices of the Company upon delivery of the notice of exercise, at which time the total Option Price for the Stock shall be paid in full by any of the following methods or any combination of the following methods:

(a) In cash or by personal, certified or cashier's check payable to the order of Apache Corporation;

(b) The delivery to the Company of certificates representing a number of shares of Stock then owned by Patrick, the Fair Market Value of which equals the Option Price of the Stock purchased pursuant to the Option, properly endorsed for transfer to the Company; provided, however, that no Option may be exercised by delivery to the Company of certificates representing Stock, unless such Stock has been held by Patrick for more than six months; for purposes of this Agreement, the Fair Market Value of any shares of Stock delivered in payment of the Option Price upon exercise of the Option shall be the Fair Market Value as of the Exercise Date; or

(c) By delivery to the Company of a properly executed notice of exercise together with irrevocable instructions to a broker to deliver to the Company promptly the amount of the proceeds of the sale of all or a portion of the Stock or of a loan from the broker to Patrick necessary to pay the Option Price, in each case in a form satisfactory to the Office of the Secretary.

Upon such notice to the Office of the Secretary and payment of the total Option Price, the exercise of the Option shall be deemed to be effective, and a properly executed certificate or certificates representing the Stock so purchased shall be issued by the Company and delivered to Patrick. If certificates representing Stock are used to pay all or part of the Option Price, separate certificates for the same number of shares of Stock shall be issued and delivered to Patrick representing each certificate used to pay the Option Price, and an additional certificate shall be issued and delivered to Patrick representing the additional shares of Stock, in excess of the Option Price, to which Patrick is entitled as a result of the exercise of the Option.

#### 4. Adjustment of the Option.

(a) Adjustment by Stock Split, Stock Dividend, Etc. If at any time the Company increases or decreases the number of its outstanding shares of Stock, or changes in any way the rights and privileges of such shares of Stock, by means of the payment of a Stock dividend or the making of any other distribution on such shares payable in Stock, or through a stock split or subdivision of shares of Stock, or a consolidation or combination of shares of Stock, or through a reclassification or recapitalization involving the Stock, the numbers, rights and privileges of the shares of Stock included in the Option shall be increased, decreased or changed in like manner as if such shares of Stock had been issued and outstanding, fully paid and non-assessable at the time of such occurrence.

(b) Dividends Payable in Stock of Another Corporation, Etc. If at any time the Company pays or makes any dividend or other distribution upon the Stock payable in securities or other property (except money or Stock), a proportionate part of such securities or other property shall be set aside and delivered to Patrick upon issuance of Stock purchased at the time of the exercise of the Option. The securities and other property delivered to Patrick upon exercise of the Option shall be in the same ratio to the total securities and property set aside for Patrick as the number of shares of Stock with respect to which the Option is then exercised is to the total shares of Stock subject to the Option. Prior to the time that any such securities or other property are delivered to Patrick in accordance with the foregoing, the Company shall be the owner of such securities or other property and shall have the right to vote the securities, receive any dividends payable on such securities, and in all other respects shall be treated as the owner. If securities or other property which have been set aside by the Company in accordance with this Section 4 are not delivered to Patrick because the Option is not exercised, then such securities or other property shall remain the property of the Company and shall be dealt with by the Company as it shall determine in its sole discretion.

(c) Other Changes in Stock. In the event there shall be any change, other than as specified in Subsections 4 (a) and (b) hereof, in the number or kind of outstanding shares of Stock or of any stock or other securities into which the Stock shall be changed or for which it shall have been exchanged, then and if the Company shall in its discretion determine that such change equitably requires an adjustment in the number or kind of shares subject to the Option, such adjustments shall be made by the Company and shall be effective for all purposes of this Agreement.

(d) Apportionment of Option Price. Upon any occurrence described in Subsections 4 (a), (b) and (c) hereof, the aggregate Option Price for the shares of Stock then subject to the Option shall remain unchanged and shall be apportioned ratably over the increased or decreased number or changed kinds of securities or other properties subject to the Option.

(e) Rights to Subscribe. If at any time the Company grants, to the holders of its Stock, rights to subscribe pro rata for additional shares of Stock or for any other securities of the Company or of any other corporation, there shall then be reserved with respect to the number of shares subject to the Option, the Stock or other securities for which Patrick would have been entitled to subscribe if immediately prior to such grant Patrick had exercised his entire Option. If, upon exercise of the Option, Patrick subscribes for the additional Stock or other securities, the Option Price shall be increased by the amount of the price that would have been payable by Patrick for such additional Stock or other securities.

5. Reorganization. If the provisions of Section 6 hereof do not apply and if the Company is merged or consolidated with another corporation and the Company is not the surviving corporation, or if all or substantially all of the assets or more than 20 percent of the outstanding voting stock of the Company is acquired by any other corporation, entity or person, or in case of a reorganization (other than a reorganization under the United States Bankruptcy Code) or upon the liquidation of the Company, the Company or the board of directors of any corporation assuming the obligations of the Company, shall, as to the unexercised portion of the Option, either (a) make appropriate provision for the protection of the Option, by the substitution on an equitable basis of appropriate stock of the Company or of the merged, consolidated or otherwise reorganized corporation which will be issuable with respect to the Stock, provided that no additional benefits shall be conferred upon Patrick as a result of such substitution, and the excess of the aggregate Fair Market Value of the shares subject to the Option immediately after such substitution over the Option Price thereof is not more than the excess of the aggregate Fair Market Value of the shares of Stock subject to the Option immediately before such substitution over the Option Price thereof, or (b) upon written notice to Patrick, provide that the unexercised portion of the Option shall be exercised within a specified number of days of the date of such notice or the Option will be terminated. In the latter event, the Company shall accelerate the exercise dates of the Option so that the Option becomes fully exercisable prior to any such event.

6. Change in Control.

(a) Effect of Change in Control on Option. Notwithstanding any other provision of this Agreement to the contrary, in the event of a change in control of the Company as defined in Subsection 6(c) hereof, the Company may, in its sole discretion, without obtaining stockholder approval, take any or all the following actions: (i) accelerate the exercise dates of the Option or make the Option fully vested and exercisable; (ii) grant a cash bonus award to Patrick equal to the amount necessary to pay the Option Price for all or any portion of the Option; (iii) pay cash to Patrick in exchange for the cancellation of the Option in an amount equal to the difference between the Option Price and the greater of the tender offer price for underlying Stock or the Fair Market Value of the Stock on the date of the cancellation of the Option; and (iv) make any other adjustment or amendment to the Option, subject to the provisions of Subsection 10(b) hereof.

(b) Limitation on Payments. If the provisions of this Section 6 would result in the receipt by Patrick of a payment within the meaning of Section 280G or any successor section(s) of the Internal Revenue Code and the regulations promulgated thereunder and if the receipt of such payment by Patrick would, in the opinion of independent tax counsel of recognized standing selected by the Company, result in the payment by Patrick of any excise tax provided for in Sections 280G and 4999 or any successor section(s) of the Internal Revenue Code, then the amount of such payment shall be reduced to the extent required, in the opinion of such independent tax counsel, to prevent the imposition of such excise tax; provided, however, that the Company, in its sole discretion, may authorize the payment of all or any portion of the amount of such reduction to Patrick.

(c) Definitions. For purposes of this Agreement, a "change in control" shall mean any of the events specified in the Apache Corporation Income Continuance Plan or any successor plan(s) which constitute a change in control within the meaning of such plan.

7. Expiration and Termination of the Option. The Option shall expire five years from the date of this Agreement (the period from the date of this Agreement to the expiration date is defined as the "Option Period") or prior to such time as follows:

(a) If the Consulting Agreement is terminated by the Company within the Option Period for cause, as defined in the Consulting Agreement, the Option shall thereafter be void for all purposes.

(b) If Patrick dies, or if Patrick becomes disabled (such that Patrick is unable to provide the services required under the Consulting Agreement), during the Option Period or within the three-month period referred to in Subsection 7(c) hereof, the Option may be exercised by Patrick, or those entitled to do so under Patrick's will or by the laws of descent and distribution, as the case may be, within twelve months following Patrick's death or disability, (provided that such exercise must occur within the Option Period), but not thereafter. In any such case, the Option may be exercised only as to the shares of Stock as to which the Option had become exercisable on or before the earlier of the date of Patrick's death or disability.

(c) If the Consulting Agreement is terminated within the Option Period and prior to May 1, 2000 for any reason other than cause, Patrick's disability or death, the Option may be exercised by Patrick within three months following the date of such termination (provided that such exercise must occur within the Option Period), but not thereafter. In any such case, the Option may be exercised only as to the shares as to which the Option had become exercisable on or before the date of early termination of the Consulting Agreement.

8. Transferability. The Option may not be transferred by Patrick, except by will or pursuant to the laws of descent and distribution, and it shall be exercisable during Patrick's lifetime only by him, or in the event of Patrick's incapacity, by his guardian or legal

representative, and after Patrick's death, only by those entitled to do so under his will or the applicable laws of descent and distribution.

#### 9. Miscellaneous.

(a) Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be given by first class registered or certified mail, postage prepaid, or by personal delivery to the appropriate party, addressed:

(i) If to the Company, to Apache Corporation at its principal place of business at 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400 (Attention: Office of the Secretary) or at such other address as may have been furnished to Patrick in writing by the Company; or

(ii) If to Patrick, at the address indicated below Patrick's signature, or at such other address as may have been furnished to the Company by Patrick.

Any such notice shall be deemed to have been given as of the second day after deposit in the United States Postal Service, postage prepaid, properly addressed as set forth above, in the case of mailed notice, or as of the date delivered in the case of personal delivery.

(b) Amendment. The Company may make any adjustment in the Option Price, the number of shares of Stock subject to, or the terms of the Option by amendment or by substitution of an outstanding Option. Such amendment or substitution may result in terms and conditions (including Option Price, the number of shares of Stock covered, Vesting Schedule or Option Period) that differ from the terms and conditions of this Option; however, the Company may not adversely affect the rights of Patrick without the consent of Patrick. If such action is effected by amendment, the effective date of such amendment will be the date of the original grant of this Option. Except as provided herein, this Agreement may not be amended or otherwise modified unless evidenced in writing and signed by the Company and Patrick.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(d) Waiver. Any provision contained in this Agreement may be waived, either generally or in any particular instance, by the Company.

(e) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and Patrick and their respective heirs, executors, administrators, legal representatives, successors and assigns.

(f) Scope of Agreement. This Agreement is limited solely to governing the rights and obligations of Patrick with respect to the Stock and the Option.

(g) Gender and Number. Except when otherwise indicated by the context, the masculine gender shall also include the feminine gender, and the definition of any term herein in the singular shall also include the plural.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

APACHE CORPORATION

-----  
By: Daniel L. Schaeffer  
Director, Human Resources

THOMAS B. PATRICK

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-----  
Social Security Number

-----  
Address

-----  
City, State, Zip Code

[Apache Letterhead]

EXHIBIT 5.1

April 30, 1997

Apache Corporation  
2000 Post Oak Boulevard  
Suite 100  
Houston, Texas 77056-4400

Gentlemen:

I am rendering this opinion in my capacity as Assistant General Counsel of Apache Corporation, a Delaware corporation ("Apache"), in connection with the Registration Statement on Form S-8 (the "Registration Statement") filed on or about this date by Apache under the Securities Act of 1933, as amended, and relating to 2,092,000 shares of Apache's common stock, \$1.25 par value ("Apache Common Stock"), to be offered under the four plans described in the Registration Statement (respectively, the "Plans").

In connection therewith, I have examined the Registration Statement, the corporate proceedings with respect to the offering of shares and such other documents and instruments as I have deemed necessary or appropriate for the expression of the opinion contained herein.

On the basis of the foregoing, and having regard for such legal considerations I have deemed relevant, it is my opinion that the 2,092,000 shares of Apache Common Stock to be registered have been duly authorized for issuance and sale, and when issued in accordance with the terms and conditions of the Plans, will be legally issued, fully paid and non-assessable.

I express no opinion as to the laws of any jurisdiction other than the State of Texas and the General Corporation Law of the State of Delaware.

I consent to the inclusion of this letter as an exhibit to the Registration Statement and to the reference in the Prospectus included as part of the Registration Statement to my having issued the opinion expressed herein.

Very truly yours,

/s/ Eric L. Harry

Eric L. Harry  
Assistant General Counsel

## CONSENT OF ARTHUR ANDERSEN LLP

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated February 28, 1997 on the audited consolidated financial statements of Apache Corporation and Subsidiaries included in the Apache Corporation Annual Report on Form 10-K for the year ended December 31, 1996, and to all references to our Firm included in this registration statement.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Houston, Texas  
April 25, 1997

## CONSENT OF COOPERS &amp; LYBRAND

We hereby consent to the incorporation by reference in this registration statement of our report dated February 13, 1995 on our audit of the consolidated financial statements of DEKALB Energy Company for the year ended December 31, 1994 included in the Apache Corporation Annual Report on Form 10-K for the year ended December 31, 1996, and to all references to our Firm included in this registration statement.

/s/ Coopers & Lybrand

Coopers & Lybrand  
Chartered Accountants

Calgary, Alberta, Canada  
April 25, 1997

[Ryder Scott Letterhead]

EXHIBIT 23.3

Consent of Ryder Scott Company Petroleum Engineers

As independent petroleum engineers, we hereby consent to the incorporation by reference in this registration statement of our Firm's review of the proved oil and gas reserve quantities of Apache Corporation as of January 1, 1997, and to all references to our Firm included in this registration statement.

/s/ Ryder Scott Company  
/s/ Petroleum Engineers

Ryder Scott Company  
Petroleum Engineers

Houston, Texas  
April 25, 1997

[Netherland, Sewell Letterhead]

EXHIBIT 23.4

Consent of Independent Petroleum Engineers and Geologists

As independent petroleum engineers and geologists, we hereby consent to the incorporation by reference in this Registration Statement of our Firm's review of the proved oil and gas reserve quantities as of January 1, 1997, for certain of Apache Corporation's interests located in The Arab Republic of Egypt, and to all references to our Firm included in this Registration Statement.

Netherland, Sewell & Associates, Inc.

By: /s/ Dan Paul Smith  
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Dan Paul Smith  
Senior Vice President

Dallas, Texas  
April 25, 1997