SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1996,

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the transition period from ------------- to --------------

Commission file number 0-13546

Apache Offshore Investment Partnership

A Delaware General Partnership	IRS Employer No. 41-1464066

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

Telephone Number (713) 296-6000

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

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

Indicate by check mark whether the 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. X

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of Apache Corporation's proxy statement relating to its 1997 annual meeting of shareholders have been incorporated by reference into Part III hereof.

TABLE OF CONTENTS

DESCRIPTION

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

PART I

ITEM 1. BUSINESS

General

Apache Offshore Investment Partnership is a Delaware general partnership organized in October 1983, with Apache Corporation (Apache), a Delaware corporation, as Managing Partner and public investors as Investing Partners. The Investing Partners purchased Units of Partnership Interests (Units) at $150,000 per Unit with five percent down and the balance in payments as called by the Registrant. As of December 31, 1996, a total of $85,000 had been called for each Unit. In 1989, the Registrant determined that the full $150,000 per Unit was not needed, fixed the total calls at $85,000 per Unit, and released the Investing Partners from liability for future calls. The Registrant invested, and will continue to invest, its entire capital as the sole limited partner in Apache Offshore Petroleum Limited Partnership, a Delaware limited partnership of which Apache is the sole general partner. The limited partnership conducts operations on behalf of the Registrant. The terms "Registrant" or "Partnership", as used hereafter, refer to either the general or limited partnership, as the case may be.

The Registrant's business is participation in oil and gas exploration, development and production activities on federal lease tracts in the Gulf of Mexico, offshore Louisiana and Texas. Except for the Matagorda Island Block 681 and 682 interests, as described below, the Registrant acquired its oil and gas interests through the purchase of 85 percent of the working interests held by Apache as a participant in a venture (the Venture) with Shell Oil Company (Shell) and certain other companies. The Registrant owns working interests ranging from 4.92 percent to 7.08 percent in the Venture's properties.

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

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

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

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

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

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

1996 Business Development

The acquisition and evaluation phase of the Venture's activity is almost complete. One development well was drilled, completed and began production in the West Cameron 368 field during 1996. The drilling of a water injection well for pressure maintenance at South Timbalier 295 was in progress at year-end. Additionally, two developmental wells are approved for drilling in 1997 at South Timbalier 295.

Since inception, the Registrant has acquired an interest in 49 prospects. As of December 31, 1996, 37 prospects have been surrendered.

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

	As of December 31,	
Prospect Status	1996	1995
Producing-Fully Developed	10	10
Producing-Partially Developed	1	2
Total Discoveries	11	12
Surrendered/ Sold	38	37
Total	49	49

As of December 31, 1996, 107 wells have been drilled on the 11 remaining prospects. Of the 107 wells, 91 were indicated productive and of those, 84 are currently producing. Twelve of the Registrant's producing wells are dual completions. The Partnership had, at December 31, 1996, estimated proved oil and gas reserves of 22.8 Bcfe, of which 72 percent was natural gas.

During 1996, the Partnership sold its interest in the No-See-Um prospect (Vermillion 226/237 unit).

Reserves Value Ceiling Test

Under the full cost accounting rules of the Securities and Exchange Commission (SEC), the Partnership reviews the carrying value of its oil and gas properties each quarter. Under the 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. Application of these rules generally requires pricing future production at the unescalated oil and gas prices in effect at the end of each fiscal quarter and requires a writedown if the "ceiling" is exceeded, even if prices declined for only a short period of time. The Partnership had no writedowns due to ceiling test limitations in 1996, 1995 or 1994.

Marketing

Apache, on behalf of the Registrant, seeks and negotiates oil and gas marketing arrangements with various marketers and purchasers. During 1996, the Partnership's spot market gas was purchased primarily by Producers Energy Marketing, LLC (ProEnergy) and the Partnership's oil and condensate production was purchased primarily by Plains Petroleum Operating Co. (Plains Petroleum). Apache held a 44 percent interest in ProEnergy at December 31, 1996. The Partnership expects to receive prevailing spot market prices at the relevant delivery points on an ongoing basis.

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

Environmental

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

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

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

Competition

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

ITEM 2. PROPERTIES

Acreage is held by the Registrant pursuant to the terms of various leases. The Registrant does not anticipate any difficulty in retaining any of its desirable leases. A summary of the Partnership's producing wells and gross acreage as of December 31, 1996, is set forth below:

Lease Block	Prospect	State	Producing Oil/Gas Wells Gross	Producing Oil/Gas Wells Net	Average Working Interest	Acres Dev. Gross	Acres Undev. Gross
High Island A-6	Glenda	TX	7	.3	.0491686	5,760	--
Ship Shoal 258, 259	Genesis	LA	9	.6	.0628698	10,141	--
South Timbalier 276, 295	Grover	LA	23	1.6	.0708333	10,000	--
North Padre Island 969, 976	Rosita	TX	12	.9	.0708333	11,520	--
Matagorda Island 681, 682	Roberto	TX	13	.8	.0628698	11,520	--
West Cameron 368	Krypton	LA	3	.2	.0708333	5,000	--
Matagorda Island 588	Cortez	TX	2	.0	ORRI	5,760	--
South Pass 83, 74	Manx	LA	9	.6	.0678914	7,500	--
East Cameron 60, 51	East Aragonite	LA	1	.1	.0708333	5,000	5,000
Vermillion 95	Topaz	LA	1	.0	ORRI	5,000	--
Ship Shoal 201, 202	Bromeliad	LA	4	.0	ORRI	10,000	--
			84	5.1		87,201	5,000

During 1996, the Partnership's interest in Vermillion 226/237 was sold and a non-producing lease on High Island A-5 (a portion of the Glenda Prospect) expired. See Note (4), "Oil and Gas Properties" and the supplemental oil and gas disclosures to the Partnership's financial statements, under Item 8 below, for costs incurred in oil and gas development and production activities and related reserve information. On a net revenue basis, the Partnership owns 5.1 wells.

Production and Pricing Data

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

Year Ended December 31,	Production Oil (Mbbls)	Production Gas (MMcf)	Average Production Cost per Mcfe	Average Sales Prices Oil (per Bbl)	Average Sales Prices Gas (per Mcf)
1996	164	5,651	$ .18	$ 20.73	$ 2.50
1995	210	6,052	.19	16.97	1.58
1994	250	7,140	.09	15.71	1.82

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

See the supplemental oil and gas disclosures under Item 8 below for estimated oil and gas reserves quantities.

ITEM 3. LEGAL PROCEEDINGS

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

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

There were no matters submitted to a vote of security holders during the fourth quarter of 1996.

PART II

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

As of December 31, 1996, there were 1,197.9 of the Registrant's Units outstanding held by approximately 974 investors of record. There is no other class of security outstanding or authorized. The Units are not traded on any security market. Cash distributions made during 1996 to Investing Partners totaled $5.4 million, or $4,500 per Unit. The Partnership made cash distributions of $2,250 per Unit to the Investing Partners in 1995.

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

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data for the five years ended December 31, 1996, should be read in conjunction with the Partnership's financial statements and related notes included under Item 8 below.

	At or For the Years Ended December 31,				
	1996	1995	1994	1993	1992
	(In thousands, except per Unit amounts)				
Total assets	$ 12,252	$ 13,486	$ 14,291	$ 19,521	$ 22,886
Long-term debt	$ 1,998	$ 7,310	$ 9,435	$ 14,790	$ 23,545
Partners' capital (deficit)	$ 8,498	$ 5,472	$ 4,175	$ 3,334	$ (1,940)
Oil and gas sales	$ 17,511	$ 13,138	$ 16,926	$ 18,730	$ 12,853
Net income	$ 11,127	$ 6,214	$ 10,116	$ 10,185	$ 3,115
Net income allocated to:					
Managing Partner	$ 2,652	$ 1,800	$ 2,519	$ 2,635	$ 1,406
Investing Partners	8,475	4,414	7,597	7,550	1,709
	$ 11,127	$ 6,214	$ 10,116	$ 10,185	$ 3,115
Net income per Investing Partner Unit	$ 7,032	$ 3,584	$ 5,974	$ 5,838	$ 1,321
Cash distributions per Investing Partner Unit	$ 4,500	$ 2,250	$ 4,500	$ 2,000	$ --

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

In 1996, the Partnership realized record net income per Investing Partner Unit and the highest cash flow provided by operating activities in its history. Solid increases in both natural gas and crude oil prices were the most significant contributors to the Partnership's improved results. The average natural gas price for 1996 was the highest realized by the Partnership since inception and the highest annual crude oil price realized since 1991. As a result of the improved cash flow in 1996, the Partnership reduced outstanding debt by $5.3 million to $2.0 million by year-end and, in addition, made the largest single distribution in its history of $3,500 per Investing Partner Unit in October 1996. On January 31, 1997, the Partnership elected to repay the outstanding debt balance and terminate its revolving credit facility.

RESULTS OF OPERATIONS

Net Income and Revenue

The Partnership reported net income of $11.1 million for 1996 versus $6.2 million in 1995. Net income per Investing Partner Unit increased 96 percent, to $7,032 from $3,584. Higher realized natural gas and crude oil prices, lower financing costs and reduced lease operating expense led the way to the Partnership's improved results.

Revenues increased 33 percent, from $13.1 million in 1995, to $17.5 million in 1996. Natural gas and crude oil sales contributed 81 percent and 19 percent, respectively, to the Partnership's total revenue in 1996 with the remainder attributable to interest income. While oil and gas prices are currently higher than amounts realized a year ago, the Partnership is not in a position to predict future prices.

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

	For the Year Ended December 31,		
	1996	1995	Increase (Decrease)
Gas volumes - Mcf per day	15,441	16,581	(7) %
Average gas price - per Mcf	$ 2.50	$ 1.58	58 %
Oil volume - Barrels per day	447	575	(22) %
Average oil price - per barrel	$ 20.73	$ 16.97	22 %

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

1996 Compared to 1995

Natural gas sales for 1996 totaled $14.1 million, 47 percent higher than those recorded in 1995. The increase was driven by higher average realized natural gas prices, which favorably impacted revenue by $5.2 million. Partially offsetting this increase was a 1,140 Mcfd decline in natural gas production for 1996 when compared to 1995, reducing revenues by $.6 million. The decline in production from 1995 was primarily driven by natural declines at Roberto (-665 Mcfd) and High Island A-6 (-387 Mcfd). Also contributing to the gas production decline was the make-up of previously over-produced gas and natural decline at South Pass 83 (-423 Mcfd).

The Partnership's crude oil sales for the year totaled $3.4 million, a five percent decrease from 1995. The average realized price for 1996 increased 22 percent when compared to 1995, favorably impacting revenues by $.6 million. Offsetting the benefit of higher crude oil prices was a 128 bopd decline in production versus 1995, reducing sales by $.8 million. The decrease in oil production resulted primarily from natural decline at South Timbalier 295.

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

In 1996, approximately $25,000 of interest income was earned on the Partnership's investment account resulting from cash accumulated to fund cash distributions to Investing Partners and for the purchase of Units offered by Investing Partners under the right of presentment.

Operating Expenses

Depreciation, depletion and amortization (DD&A) expense for 1996 decreased two percent from last year, while the Partnership's DD&A rate, expressed as a percentage of sales, was 25 percent during 1996, compared to 34 percent in 1995. The rate decrease reflects higher price realizations and upward reserve revisions.

Lease operating expense (LOE) of $1.2 million decreased by $.2 million, or 11 percent, during 1996 when compared to 1995. The reduction in LOE in 1996 was the result of lower workover activity.

Interest expense decreased 43 percent in 1996. The decrease was primarily a result of a 73 percent reduction in debt from $7.3 million at December 31, 1995, to $2.0 million at December 31, 1996. Also contributing to the decrease was a slight decline in interest rates from 6.5 percent at December 31, 1995, to 6.4 percent at December 31, 1996.

1995 Compared to 1994
- ---------------------

Revenue

Oil and gas sales of $13.1 million in 1995 decreased by $3.8 million, or 22 percent, as compared to 1994. Lower gas prices accounted for $1.2 million of this decrease while lower oil and gas production accounted for $2.6 million. The properties particularly affected by these declines were Matagorda Island 681 ($3.0 million), South Pass 83 ($1.1 million), North Padre Island 969 ($.5 million) and South Timbalier 295 ($.4 million).

The average oil and natural gas prices received during 1995 were $16.97 per barrel and $1.58 per Mcf, respectively. This represented an eight percent increase in oil prices and a 13 percent decrease in natural gas prices when compared to 1994.

Average oil and natural gas production during 1995 totaled 575 bopd and 16,581 Mcfd, respectively. This represented a 16 percent decrease in oil production and a 15 percent decrease in gas production when compared to 1994. The decrease in oil production was due primarily to the plugging and abandonment of the South Timbalier 295A #2 in 1994, which reduced oil production by 109 bopd. The decrease in gas production was due to natural declines and shut-ins for workovers or recompletions at Matagorda Island 681, South Pass 83, North Padre Island 969 and South Timbalier 295.

Operating Expenses

The DD&A rate increased during 1995 as compared to 1994, from 28 percent of sales to 34 percent. This increase resulted from lower gas price realizations partially offset by upward reserve revisions.

Lease operating expense of $1.4 million in 1995 increased by $.6 million, or 69 percent, during 1995 as compared to 1994. This increase was largely a result of workover costs to maintain production in the East Cameron 60 field.

Administrative expense of $.5 million in 1995 decreased five percent from 1994. Administrative expense in 1994 included legal expenses in connection with the solicitation of consents from the Investing Partners as required for amendment of the partnership agreement relating to the right of presentment for Investing Partners.

Interest expense of $.6 million in 1995 decreased by $.1 million when compared to 1994. The decrease was primarily a function of a 23 percent reduction in debt, from $9.4 million at December 31, 1994, to $7.3 million at December 31, 1995. Additionally, interest rates decreased from 6.9 percent at December 31, 1994, to 6.5 percent at December 31, 1995.

CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

Capital Commitments

The Partnership's primary needs for cash are for operating expenses, repayment of principal and interest on outstanding debt, drilling and recompletion expenditures, distributions to Investing Partners and the purchase of Units offered by Investing Partners under the right of presentment. In 1996, the Partnership reduced net long-term debt by $5.3 million. The Partnership's cash payments for interest expense decreased to $.3 million during 1996 from $.6 million during 1995 as a result of reduction in outstanding debt balances and reduced interest rates. The Partnership used cash from operating activities in 1995 and 1994 to reduce debt by $2.1 million and $5.4 million, respectively. On January 31, 1997, the Partnership repaid the remaining $2.0 million outstanding under its revolving credit facility.

During 1996, the Partnership's oil and gas property additions totaled $1.1 million. The 1996 additions include costs of drilling and completing the #2 ST2 well at West Cameron 368 and the modification of the platform for a drilling rig at South Timbalier 295. Additionally, a water injection well for maintenance was in progress at the end of 1996.

Additions to oil and gas properties totaled $3.2 million and $.9 million in 1995 and 1994, respectively. The Partnership anticipates capital expenditures will total approximately $2.1 million in 1997, based on preliminary information provided by the operators of the properties in which the Partnership has interests. The anticipated capital expenditures relate primarily to the drilling of two developmental wells at South Timbalier 295 and the installation of major gas compression facilities at Ship Shoal 258/259. Additional capital expenditures may be proposed by the operators in the future.

During 1996, the Partnership paid distributions to Investing Partners totaling $5.4 million or $4,500 per Unit, compared to $2,250 per Unit in 1995. The Partnership also made a distribution of $1,000 per Unit on March 1, 1997. Apache, as the Managing Partner, will review the possibility of an additional distribution in late 1997. Future distributions will be dependent on actual and expected production levels, realized and expected oil and gas prices and actual and anticipated capital expenditures.

In February 1994, an amendment to the Partnership Agreement created a right of presentment under which all Investing Partners have a limited and voluntary right to offer their Units to the Partnership twice each year to be purchased for cash. In the initial presentment period, based upon a valuation date of December 31, 1993, Investing Partners sold 46 Units to the Partnership for a purchase price of $13,226 per Unit, plus interest to the date of payment. During the second presentment period, based upon a valuation date of June 30, 1994, Investing Partners sold nine Units to the Partnership for a purchase price of $12,562 per Unit, plus interest to the date of payment. As a result of the two 1994 presentment offerings, the Partnership purchased approximately 55 Units for a total of $748,000 in cash.

In 1995, the first right of presentment offer was made to the Investing Partners for $10,391 per Unit, plus interest to the date of payment, based on a December 31, 1994 valuation date. The second right of presentment offer of $10,114 per Unit, plus interest to the date of payment, was made to the Investing Partners based on a valuation date of June 30, 1995. As a result of the two 1995 presentments, the Partnership purchased an additional 25.99 Units for a total of $279,000 in cash.

During 1996, the Partnership purchased an additional 14.49 Units for a total of $162,000 in cash. The first right of presentment offer for 1996 of $10,698 per Unit, plus interest to the date of payment, was made to the Investing Partners using a valuation date of December 31, 1995. The second right of presentment for 1996 of $10,572 per Unit, plus interest to the date of payment, was made to the Investing Partners based on a valuation date of June 30, 1996.

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

Capital Resources and Liquidity

The Partnership's primary capital resource is net cash provided by operating activities.

Net cash provided by operating activities for 1996 was $16.1 million, an increase of 67 percent, reflecting higher realized gas and oil prices during 1996 and lower financing costs, partially offset by gas and oil production declines. Future cash flows will be influenced by gas and oil prices and production and are not presently ascertainable.

The Partnership's future financial condition and results of operations will largely depend upon prices received for its oil and natural gas production and the costs of acquiring, finding, developing and producing reserves. A substantial portion of the Partnership's production is sold under market-sensitive contracts. Prices for oil and natural gas are subject to fluctuations in response to changes in supply, market uncertainty and a variety of factors beyond the Partnership's control. These factors include worldwide political instability (especially in the Middle East), the foreign supply of oil and natural gas, the price of foreign imports, the level of consumer demand and the price and availability of alternative fuels. With natural gas accounting for 85 percent of the Partnership's 1996 production and 72 percent of total proved reserves, on an energy equivalent basis, the Partnership is affected more by fluctuations in natural gas prices than in oil prices.

In July 1992, Apache obtained a $29,750,000 reducing revolving credit facility with a group of banks on behalf of the Partnership. In order to reduce fees, and based on its projection of future needs, the Partnership requested and received a reduction in the available commitment in September 1996. At December 31, 1996, the available commitment was $5.1 million, of which $2.0 million was outstanding. On January 31, 1997, the Partnership repaid the outstanding debt balance and the credit facility was terminated.

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

Private Securities Litigation Reform Act Disclosure

Certain forward-looking information contained in this report is being provided in reliance upon the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as set forth in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such information includes, without limitation, discussions as to estimates, expectations, beliefs, plans and objectives concerning the Partnership's future financial and operating performance. Such forward-looking information is subject to assumptions and beliefs based on current information known to the Partnership and factors that could yield actual results differing materially from those anticipated. Such factors include, without limitation, the prices received for the Partnership's oil and natural gas production, the costs of acquiring, finding, developing and producing reserves, the rates of production of the Partnership's hydrocarbon reserves, the Partnership's success in acquiring or finding additional reserves, unforeseen operational hazards, significant changes in tax or regulatory environments, and the political and economic uncertainties of foreign oil and gas supplies.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

APACHE OFFSHORE INVESTMENT PARTNERSHIP

INDEX TO FINANCIAL STATEMENTS AND SUPPORTING SCHEDULES

Schedules -

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Partners of Apache Offshore Investment Partnership:

We have audited the accompanying balance sheet of Apache Offshore Investment Partnership (a Delaware partnership) as of December 31, 1996 and 1995, and the related statements of income, cash flows and changes in partners' capital for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Apache Offshore Investment Partnership as of December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Houston, Texas
March 24, 1997

APACHE OFFSHORE INVESTMENT PARTNERSHIP
BALANCE SHEET

	December 31, 1996	December 31, 1995
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,737,470	$ 104
Accrued revenues receivable	3,046,185	2,744,988
Drilling advances	--	8,570
	4,783,655	2,753,662
OIL AND GAS PROPERTIES, on the basis of full cost accounting:		
Proved properties	162,877,903	161,821,838
Less-Accumulated depreciation, depletion and amortization	(155,409,894)	(151,089,712)
	7,468,009	10,732,126
	$ 12,251,664	$ 13,485,788
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Accrued exploration and development	$ 513,948	$ 426,930
Accrued operating expenses payable and other	398,898	207,422
Payable to Apache Corporation	843,084	69,824
	1,755,930	704,176
LONG-TERM DEBT	1,997,500	7,310,000
PARTNERS' CAPITAL:		
Managing Partner	1,091,189	966,580
Investing Partners (1,197.9 and 1,212.3 Units outstanding, respectively)	7,407,045	4,505,032
	8,498,234	5,471,612
	$ 12,251,664	$ 13,485,788

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP
STATEMENT OF INCOME

	For the Year Ended December 31, 1996	1995	1994
REVENUES:			
Oil and gas sales	$ 17,510,612	$ 13,138,358	$ 16,925,627
Interest income	24,699	--	3,481
	17,535,311	13,138,358	16,929,108
OPERATING EXPENSES:			
Depreciation, depletion and amortization	4,320,182	4,410,453	4,689,571
Lease operating	1,216,844	1,372,517	811,623
Administrative	532,325	529,832	557,849
Financing costs:			
Interest expense	339,045	596,572	683,812
Amortization of deferred financing costs	--	14,583	70,417
	6,408,396	6,923,957	6,813,272
NET INCOME	$ 11,126,915	$ 6,214,401	$ 10,115,836
Net income allocated to:			
Managing Partner	$ 2,651,779	$ 1,799,940	$ 2,518,929
Investing Partners	8,475,136	4,414,461	7,596,907
	$ 11,126,915	$ 6,214,401	$ 10,115,836
NET INCOME PER INVESTING PARTNER UNIT	$ 7,032	$ 3,584	$ 5,974
WEIGHTED AVERAGE INVESTING PARTNER UNITS OUTSTANDING	1,205.3	1,231.6	1,271.6

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP
STATEMENT OF CASH FLOWS

	For the Year Ended December 31, 1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 11,126,915	$ 6,214,401	$ 10,115,836
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	4,320,182	4,410,453	4,689,571
Amortization of deferred financing costs	--	14,583	70,417
Changes in operating assets and liabilities:			
(Increase) decrease in accrued revenues receivable	(301,197)	(715,704)	1,347,473
Increase (decrease) in accrued operating expenses payable	191,476	2,340	(166,850)
Increase (decrease) in payable to Apache	773,260	(248,397)	(693,937)
Other	--	--	(50,921)
Net cash provided by operating activities	16,110,636	9,677,676	15,311,589
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to oil and gas properties	(1,073,490)	(3,159,530)	(902,841)
Proceeds from sales of oil and gas properties	17,425	264,072	--
Non-cash portion of oil and gas property additions	87,018	268,803	145,350
(Increase) decrease in drilling advances	8,570	(8,570)	76,434
Net cash used in investing activities	(960,477)	(2,635,225)	(681,057)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repurchase of Partnership Units	(161,899)	(279,064)	(748,112)
Distributions to Investing Partners	(5,411,224)	(2,778,868)	(5,750,224)
Distributions to Managing Partner, net	(2,527,170)	(1,859,519)	(2,777,196)
Payments of long-term debt	(5,312,500)	(2,125,000)	(5,355,000)
Net cash used in financing activities	(13,412,793)	(7,042,451)	(14,630,532)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,737,366	--	--
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	104	104	104
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,737,470	$ 104	$ 104
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for interest	$ 285,000	$ 597,000	$ 681,980

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP
STATEMENT OF CHANGES IN PARTNERS' CAPITAL

	Managing Partner	Investing Partners	Total
BALANCE, DECEMBER 31, 1993	$ 1,284,426	$ 2,049,932	$ 3,334,358
Distributions, net	(2,777,196)	(5,750,224)	(8,527,420)
Repurchase of Partnership Units	--	(748,112)	(748,112)
Net income	2,518,929	7,596,907	10,115,836
BALANCE, DECEMBER 31, 1994	1,026,159	3,148,503	4,174,662
Distributions, net	(1,859,519)	(2,778,868)	(4,638,387)
Repurchase of Partnership Units	--	(279,064)	(279,064)
Net income	1,799,940	4,414,461	6,214,401
BALANCE, DECEMBER 31, 1995	966,580	4,505,032	5,471,612
Distributions, net	(2,527,170)	(5,411,224)	(7,938,394)
Repurchase of Partnership Units	--	(161,899)	(161,899)
Net income	2,651,779	8,475,136	11,126,915
BALANCE, DECEMBER 31, 1996	$ 1,091,189	$ 7,407,045	$ 8,498,234

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

(1) ORGANIZATION:

Nature of Operations -

Apache Offshore Investment Partnership was formed as a Delaware general partnership on October 31, 1983, consisting of Apache Corporation (Apache) as Managing Partner and public investors as Investing Partners. The Partnership invested its entire capital in Apache Offshore Petroleum Limited Partnership, a Delaware limited partnership formed to conduct oil and gas exploration, development and production operations. The accompanying financial statements include the accounts of both the limited and general partnerships. Apache is the general partner of both Partnerships and holds approximately four percent of the 1,197.9 Investing Partner Units outstanding at December 31, 1996. The term "Partnership," as used hereafter, refers to the limited or the general partnership, as the case may be.

The Partnership purchased, at cost, an 85 percent interest in offshore leasehold interests acquired by Apache as a co-venturer in a series of oil and gas exploration, development and production activities on 87 federal lease tracts (18 remain as of December 31, 1996) in the Gulf of Mexico, offshore Louisiana and Texas. The remaining 15 percent interest was purchased by an affiliated partnership or retained by Apache. The Partnership acquired an increased revenue interest in Matagorda Island Blocks 681 and 682 in November 1992, when the Partnership and Apache formed a joint venture to acquire a 92.6 percent working interest in the blocks.

As of December 31, 1996, the Partnership had participated in 14 federal offshore lease sales in which 49 prospects were acquired (through the same date 38 prospects have been surrendered/sold). The Partnership's working interests in the 11 remaining Venture prospects range from 4.92 percent to 7.08 percent.

The Partnership's future financial condition and results of operations will depend largely upon prices received for its oil and natural gas production and the costs of acquiring, finding, developing and producing reserves. A substantial portion of the Partnership's production is sold under market-sensitive contracts. Prices for oil and natural gas are subject to fluctuations in response to changes in supply, market uncertainty and a variety of factors beyond the Partnership's control. These factors include worldwide political instability (especially in the Middle East), the foreign supply of oil and natural gas, the price of foreign imports, the level of consumer demand, and the price and availability of alternative fuels. With natural gas accounting for 85 percent of the Partnership's 1996 production and 72 percent of total proved reserves, on an energy equivalent basis, the Partnership is affected more by fluctuations in natural gas prices than in oil prices.

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

An amendment to the Partnership Agreement adopted in February 1994, created a right of presentment under which all Investing Partners have a limited and voluntary right to offer their Units to the Partnership twice each year to be purchased for cash. In the initial presentment period, based upon a valuation date of December 31, 1993, and the second presentment period, based upon a valuation date of June 30, 1994, the Investing Partners sold a total of 55 Units to the Partnership. For these presentment periods, the Partnership offered purchase prices of $13,226 and $12,562 per Unit, respectively, plus interest to the date of payment for a total of $748,000 in cash. The right of presentment offers for 1995 of $10,391 per Unit and $10,114 per Unit, plus interest to the date of payment, were made to the Investing Partners based on valuation dates of December 31, 1994 and June 30, 1995, respectively. As a result of the two 1995 presentments, the Partnership purchased an additional 25.99 Units for a total of $279,000 in cash.

During 1996, the Investing Partners sold a total of 14.49 Units to the Partnership for a total of $162,000 in cash. The first right of presentment was based upon a valuation date of December 31, 1995 for a purchase price of $10,698 per Unit, plus interest to the date of payment. The second presentment offer was based on a valuation date of June 30, 1996 for a purchase price of $10,572 per Unit, plus interest to the payment date.

The Partnership is not in a position to predict how many Units will be presented for repurchase during 1997, however, no more than 10 percent of the outstanding Units may be purchased under the right of presentment in any year. The Partnership has no obligation to purchase any Units presented to the extent that it determines that it has insufficient funds for such purchases.

Repurchase Price -

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

(Unaudited)

Right of Presentment Valuation Date	Total Repurchase Price	Repurchase Price Per Unit
December 31, 1993	$ 20,980,558	$ 13,226
June 30, 1994	17,540,491	12,562
December 31, 1994	14,725,170	10,391
June 30, 1995	13,345,913	10,114
December 31, 1995	14,181,413	10,698
June 30, 1996	16,881,655	10,572

Capital Contributions -

A total of $85,000 per Unit, or approximately 57 percent of investor subscriptions, were called through December 31, 1996. The Partnership determined the full $150,000 per Unit was not needed, and upon completion of the last subscription call in November 1989, released the Investing Partners from their remaining liability. As a result of investors defaulting on cash calls and repurchases under the presentment offer discussed above, the original 1,500 Units have been reduced to 1,197.9 Units at December 31, 1996.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Statement Presentation -

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

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

Statement of Cash Flows -

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

Oil and Gas Properties -

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

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

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

Per Unit Calculation -

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

Income Taxes -

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

Deferred Financing Costs -

Amortization of deferred financing costs in 1995 and 1994 of $14,583 and $70,417, respectively, were related to the revolving credit facility.

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates with regard to these financial statements include the estimate of proved oil and gas reserve volumes and the related present value of estimated future net revenues therefrom (see supplemental oil and gas disclosures).

Payable to Apache -

Payable to Apache represents the net result of the Investing Partners' revenue and expenditure transactions in the current month. Generally, cash in this amount will be transferred to Apache in the following month after the Partnership's transactions are processed and the net results from operations are determined.

Maintenance and Repairs -

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

(3) COMPENSATION TO APACHE

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

	Total incurred by the Investing Partners for the year ended December 31, 1996	1995	1994
	(In thousands)		
a. Apache is reimbursed for general, administrative and overhead expenses incurred in connection with the management and operation of the Partnership's business.	$ 426	$ 424	$ 446
b. Apache is reimbursed for exploration and development overhead costs incurred in the Partnership's operations, which costs are based on exploration and development activities and are capitalized to oil and gas properties.	$ 77	$ 142	$ 31

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

(4) OIL AND GAS PROPERTIES

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

Oil and Gas Properties	1996	1995	1994
(In thousands)			
Balance, beginning of year	$ 161,822	$ 158,926	$ 158,024
Costs incurred during the year:			
Leasehold additions (retirements) -			
Investing Partners	23	(3)	--
Managing Partner	3	--	--
Development -			
Investing Partners	1,020	3,092	851
Managing Partner	27	71	51
Property sales proceeds(1) -			
Investing Partners	(13)	(234)	--
Managing Partner	(4)	(30)	--
Balance, end of year	$ 162,878	$ 161,822	$ 158,926

(1) The 1996 property sales proceeds are a result of the sale of the No-See-Um (Vermillion 226/337) prospect. Partnership's interests sold in 1995 related to non-producing, non-unitized leases.

Accumulated Depreciation, Depletion and Amortization	Managing Partner	Investing Partners	Total
		(In thousands)	
Balance, December 31, 1993	$ 18,148	$ 123,842	$ 141,990
Provisions	584	4,105	4,689
Balance, December 31, 1994	18,732	127,947	146,679
Provisions	441	3,970	4,411
Balance, December 31, 1995	19,173	131,917	151,090
Provisions	467	3,853	4,320
Balance, December 31, 1996	$ 19,640	$ 135,770	$ 155,410

The Partnership's aggregate DD&A expense was 25 percent, 34 percent and 28 percent of oil and gas sales for 1996, 1995 and 1994, respectively.

(5) MAJOR CUSTOMER INFORMATION

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

Purchases by Producers Energy Marketing LLC (ProEnergy), a 44 percent owned affiliate of Apache, accounted for 73 percent of the Partnership's oil and gas sales in 1996. The prices the Partnership receives for its gas production are, in the opinion of Apache, not substantially different from prices that would be received from a non-affiliated party. Beginning with April 1996 production, ProEnergy was the principal purchaser of the Partnership's natural gas production. Purchases of oil and condensate by Plains Petroleum Operating Co. (Plains Petroleum) accounted for an additional 10 percent of the 1996 oil and gas sales.

Natural Gas Clearinghouse (NGC) was the principal purchaser of the Partnership's spot market gas production from April 1990 through September 30, 1995. Sales to NGC accounted for 49 percent and 77 percent of the Partnership's oil and gas sales in 1995 and 1994, respectively. Plains Petroleum purchases accounted for 28 percent and 14 percent of the Partnership's oil and gas sales in 1995 and 1994, respectively.

Effective November 1992, with Apache's and the Partnership's acquisition of an additional revenue interest in Matagorda Island Blocks 681 and 682, a wholly-owned subsidiary of Apache purchased from Shell Oil Company (Shell) a 14.4 mile natural gas and condensate pipeline connecting Matagorda Island Block 681 to onshore markets. The Partnership paid an Apache subsidiary transportation fees totaling $.2 million in each of 1996 and 1995 and $.3 million in 1994 for transportation of the Partnership's share of gas. The fees, which are netted against oil and gas sales on the income statement, were at the same rates and terms as previously paid to Shell.

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

(6) DEBT

In July 1992, through Apache, the Partnership obtained a line of credit. Proceeds from this reducing revolving bank facility were used to repay the limited recourse note which had previously been issued to finance offshore leasehold in the Partnership. At December 31, 1996, the Partnership had an available line of $5.1 million of which $2.0 million was outstanding. The $2.0 million of outstanding debt was due in 1998; however, on January 31, 1997, the Partnership repaid the loan in its entirety and terminated the facility.

At the Partnership's option, interest rates on the facility were based on the London Interbank Offered Rate (LIBOR) plus .75 percent (equal to 6.44 percent at December 31, 1996) or at First National Bank of Chicago's base rate plus .5 percent (equal to 8.75 percent at December 31, 1996).

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

(7) FINANCIAL INSTRUMENTS

The carrying amount of cash and cash equivalents, accrued revenue receivables and other financial instruments included in the accompanying balance sheet approximated market value at December 31, 1996 and 1995. The Partnership did not engage in hedging activities during the three year period ended December 31, 1996.

SUPPLEMENTAL OIL AND GAS DISCLOSURES
(UNAUDITED)

Oil and Gas Reserve Information -

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

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

(Oil in Mbbls and gas in MMcf)

Proved Reserves	1996		1995		1994	
Developed and						
Undeveloped	Oil	Gas	Oil	Gas	Oil	Gas

Beginning of year	1,169			20,848		1,237		25,122		1,373		29,305		
Extensions, discoveries														
and other additions		--		252		8		182		24		295		
Revisions of														
previous estimates		60		957		134		1,596			90		2,662	
Production		(164)	(5,651)		(210)	(6,052)		(250)	(7,140)					
Sales of reserves in-place		--		(10)		--		--		--		--		
			------	------	-----	------		-----	-------					
End of year		1,065	16,396	1,169	20,848	1,237	25,122							
				======	======		=====		=====		======		=======	
Proved Developed														
Beginning of year	1,112			18,798		1,150		22,701		1,324		27,727		
				======	=======	======	=======	======		=======				
End of year		917		14,223		1,112		18,798		1,150		22,701		
				======		======		=====		=====		======		=======

Future Net Cash Flows -

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

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

Discounted Future Net Cash Flows
Relating to Proved Reserves

	At December 31,		
	1996	1995	1994
	(In thousands)		
Future cash inflows	$ 97,475	$ 75,770	$ 60,383
Future production and development costs	(14,072)	(10,615)	(11,945)
Net cash flows	83,403	65,155	48,438
10 percent annual discount rate	(21,325)	(16,040)	(13,206)
Discounted future net cash flows	$ 62,078	$ 49,115	$ 35,232

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

	For the Years Ended December 31,		
	1996	1995	1994
	(In thousands)		
Sales, net of production costs	$ (16,294)	$ (11,766)	$ (16,114)
Net change in prices and production costs	22,269	15,808	(9,824)
Extensions, discoveries and other additions	862	566	735
Revisions of quantities	3,920	4,447	3,910
Accretion of discount	4,912	3,523	5,229
Changes in future development costs	(607)	301	113
Sales of reserves in-place	(18)	--	--
Changes in production rates and other	(2,081)	1,004	(1,104)
	$ 12,963	$ 13,883	$ (17,055)

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

All management functions are performed by Apache, the Managing Partner of the Registrant. The Registrant itself has no officers or directors. Information concerning the officers and directors of Apache set forth under the captions "Information About Nominees for Election as Directors," "Information About Continuing Directors," "Executive Officers of the Company," and "Voting Securities and Principal Holders" in the proxy statement relating to the 1997 annual meeting of shareholders of Apache (the "Apache Proxy") is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

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

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Apache, as an Investing Partner and the General Partner, owns 53 Units, or approximately four percent of the outstanding Units of the Registrant as of December 31, 1996. Directors and officers of Apache own 10.4 Units, approximately one percent of the Registrant's Units, as of December 31, 1996. Apache owns a one-percent General Partner interest (15 equivalent Units). To the knowledge of the Registrant, no Investing Partner owns, of record or beneficially, more than five percent of the Registrant's outstanding Units.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Effective November 1992, with Apache's and the Partnership's acquisition of an additional revenue interest in Matagorda Island Blocks 681 and 682, a wholly-owned subsidiary of Apache purchased from Shell a 14.4 mile-long natural gas and condensate pipeline connecting Matagorda Island Block 681 to onshore markets. The Partnership paid the Apache subsidiary transportation fees totaling $.2 million in each of 1996 and 1995 and $.3 million in 1994 for transportation of the Partnership's share of gas. The fees, which are netted against oil and gas sales on the income statement, were at the same rates and terms as previously paid to Shell.

Apache markets the Partnership's natural gas production through ProEnergy, an affiliate of Apache. At December 31, 1996, Apache held a 44 percent interest in ProEnergy. The prices the Partnership receives for its gas production are, in the opinion of Apache, not substantially different from the prices that would be received from a non-affiliated party.

PART IV

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

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

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

(3) Exhibits

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

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

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

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

10.2 Second Amendment, dated as of July 29, 1994, to Credit Agreement between Apache, the Lenders named therein and the First National Bank of Chicago, as Agent (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994, Commission File No. 1-13546).

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

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

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

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

*23.1 Consent of Ryder Scott Company Petroleum Engineers.

*27.1 Financial Data Schedule.

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

99.2 Proxy statement dated March 28, 1997, relating to the 1997 annual meeting of shareholders of Apache Corporation (incorporated by reference to the document filed by Apache pursuant to Rule 14A, Commission File No. 1-4300, dated March 28, 1997).

*Filed herewith.

b. Reports filed on Form 8-K.

No reports on Form 8-K were filed during the fiscal quarter ended December 31, 1996.

SIGNATURES

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP

By: Apache Corporation, General Partner

Date: March 26, 1997 By: /s/ Raymond Plank

Raymond Plank,
Chairman and Chief Executive Officer

POWER OF ATTORNEY

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

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

Signature	Title	Date
/s/ Raymond Plank - ----------------------- Raymond Plank	Chairman and Chief Executive Officer (Principal Executive Officer)	March 26, 1997
/s/ Mark A. Jackson - ----------------------- Mark A. Jackson	Vice President and Chief Financial Officer (Principal Financial Officer)	March 26, 1997
/s/ Thomas L. Mitchell - ----------------------- Thomas L. Mitchell	Controller and Chief Accounting Officer (Principal Accounting Officer)	March 26, 1997

Signature	Title	Date
/s/ Frederick M. Bohen - ------------------------------ Frederick M. Bohen	Director	March 26, 1997
/s/ Virgil B. Day - ------------------------------ Virgil B. Day	Director	March 26, 1997
/s/ G. Steven Farris - ------------------------------ G. Steven Farris	Director	March 26, 1997
/s/ Randolph M. Ferlic - ------------------------------ Randolph M. Ferlic	Director	March 26, 1997
/s/ Eugene C. Fiedorek - ------------------------------ Eugene C. Fiedorek	Director	March 26, 1997
/s/ W. Brooks Fields - ------------------------------ W. Brooks Fields	Director	March 26, 1997
/s/ Robert V. Gisselbeck - ------------------------------ Robert V. Gisselbeck	Director	March 26, 1997
/s/ Stanley K. Hathaway - ------------------------------ Stanley K. Hathaway	Director	March 26, 1997
/s/ George D. Lawrence Jr. - ------------------------------ George D. Lawrence Jr.	Director	March 26, 1997
/s/ Mary Ralph Lowe - ------------------------------ Mary Ralph Lowe	Director	March 26, 1997
/s/ John A. Kocur - ------------------------------ John A. Kocur	Director	March 26, 1997
/s/ Joseph A. Rice - ------------------------------ Joseph A. Rice	Director	March 26, 1997

EXHIBIT 23.1

[Letterhead of Ryder Scott Company]

As independent petroleum engineers, we hereby consent to the reference in this Form 10-K of Apache Offshore Investment Partnership to our Firm's name and our Firm's review of the proved oil and gas reserve quantities of Apache Offshore Investment Partnership as of January 1, 1997.

Ryder Scott Company
Petroleum Engineers

Houston, Texas
March 24, 1997

5
0000727538
ART.5 FDS FOR 10-K
1,000
U.S.DOLLAR

YEAR
DEC-31-1996
JAN-01-1996
DEC-31-1996
1,000
1,737,470
0
3,046,185
0
0
4,783,655
162,877,903
(155,409,894)
12,251,664
1,755,930
1,997,500
0
0
0
8,498,234
12,251,664
17,510,612
17,535,311
5,537,026
5,537,026
871,370
0
339,045
11,126,915
0
11,126,915
0
0
0
11,126,915
7,032
7,032