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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 31, 2008

APACHE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-4300
(Commission
File Number)

41-0747868
(I.R.S. Employer
Identification No.)

2000 Post Oak Boulevard
Suite 100
Houston, Texas 77056-4400
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (713) 296-6000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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The information in this Current Report on Form 8-K, including Exhibit 99.1 furnished herewith, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of Section 18, and shall not be incorporated by reference in any filing under the Securities Act or the Exchange Act, except as set forth by specific reference in such filing.

Item 2.02. Results of Operations and Financial Condition.

On July 31, 2008, Apache Corporation issued a press release announcing financial and operating results for the fiscal quarter ended June 30, 2008. The full text of the press release is furnished herewith as Exhibit 99.1 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit No. | Description |
|--------------------|---|
| 99.1 | Press Release dated July 31, 2008, “Apache’s Second-Quarter Net Income Surges to \$1.4 Billion or \$4.28 per Share” |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

APACHE CORPORATION

Date: July 31, 2008

/s/ Roger B. Plank
Roger B. Plank
Executive Vice President and Chief Financial Officer

INDEX TO EXHIBITS

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Press Release dated July 31, 2008, "Apache's Second-Quarter Net Income Surges to \$1.4 Billion or \$4.28 per Share" |

CONTACTS:

| | | |
|--------------------|---|--|
| (Media): | Bill Mintz | (713) 296-7276 |
| (Investor): | Robert Dye David Higgins | (713) 296-6662 (713) 296-6690 |
| (Web site): | www.apachecorp.com | |

FOR RELEASE AT 7:45 A.M. CENTRAL TIME**APACHE'S SECOND-QUARTER NET INCOME SURGES
TO \$1.4 BILLION OR \$4.28 PER SHARE**

Houston, July 31, 2008 – Apache Corporation (NYSE, Nasdaq: APA) today reported that high crude oil and natural gas prices fueled record quarterly net income of \$1.4 billion or \$4.28 per diluted common share, a 128-percent increase from \$632 million or \$1.89 per share in the prior-year period.

Second-quarter cash from operations before changes in operating assets and liabilities* totaled \$2.3 billion, compared with \$1.5 billion in the prior-year period, and surpassed the record of \$1.9 billion set in the fourth quarter of 2007.

Second-quarter production declined 3.6 percent from the prior-year period and 1 percent from the first quarter to 551,600 barrels of oil equivalent (boe) per day. The decline is primarily the result of an explosion that disrupted operations at the gas processing and transportation hub at Varanus Island in Australia as well as a strike at a refinery in Scotland that shut in production from all of the fields on the Forties Pipeline System, including Apache's Forties Field.

"The second quarter was highlighted by record financial results, continued exploration success, and sustained progress in delivering our pipeline of development projects," said G. Steven Farris, Apache's president and chief executive officer. "Despite the challenges we faced during the quarter, we remain positive about the long-term outlook. Driven by successful drilling programs and seven development projects that are expected to add 135,000 boe per day to worldwide net production over the next four years, we are confident Apache is entering a period of accelerating production growth in 2009-2012."

Apache's second-quarter net income surges to \$1.4 billion or \$4.28 per share

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Drilling highlights included:

- The Geauxpher discovery in the deepwater Gulf of Mexico has estimated proved and probable reserves of 100 billion cubic feet. Apache has a 40 percent working interest in the field;
- The Heqet-2 well in Egypt tested 2,100 barrels per day from a depth of more than 14,000 feet;
- The Umbarka-174 well in Egypt tested 4,300 barrels per day;
- In Canada, two Ootla shale wells drilled by Apache's partner EnCana added further support to the current estimated potential of 9-16 trillion cubic feet net to Apache, and
- Five wells drilled in the Forties Field in the North Sea during the first half of 2008 averaged an aggregate of 8,900 barrels per day in the second quarter. Apache has a 97 percent working interest in the Forties Field.

In Egypt, Apache expects to commence production through the Salam gas plant expansion in October. The gas plant project – one element of Apache's development pipeline – is forecasted to contribute additional net production of 100 million cubic feet (MMcf) of gas and 5,000 barrels of condensate per day by the end of the year.

"At Varanus Island, we will resume partial gas sales over the next few days," Farris said. "The initial rate is expected to be 110 MMcf per day; later in August, we expect production to increase to 220 MMcf per day.

"We want to assure the citizens of Western Australia that Apache understands the hardship that they have experienced and that fully restoring production is our highest priority," Farris said.

"We are confident that Apache will overcome the temporary setbacks in Australia and the North Sea and will register its 29th annual production increase in the last 30 years," Farris said.

During the second quarter, Apache received an average of \$110.32 per barrel of oil – up 72 percent from the prior-year period – and \$8.09 per thousand cubic feet (Mcf) of gas, up 47 percent.

Apache's second-quarter net income surges to \$1.4 billion or \$4.28 per share

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Apache Corporation is an oil and gas exploration and production company with operations in the United States, Canada, Egypt, the United Kingdom North Sea, Australia and Argentina.

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*Adjusted earnings and cash from operations before changes in operating assets and liabilities are non-GAAP measures. Please see reconciliations below.

NOTE: Apache will conduct a conference call to discuss its first-quarter results at 1 p.m. Central time on July 31, 2008. The call will be webcast from Apache's Web site, <http://www.apachecorp.com>. The webcast replay and podcast will be archived on Apache's Web site. The conference call will be available for delayed playback by telephone for one week beginning at approximately 3 p.m. on July 31. To access the telephone playback, dial (719) 457-0820 and provide Apache's confirmation code, 5011412.

This news release contains certain "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 including, without limitation, expectations, beliefs, plans and objectives regarding production and exploration activities. Any matters that are not historical facts are forward-looking and, accordingly, involve estimates, assumptions, risks and uncertainties, including, without limitation, risks, uncertainties and other factors discussed in our 2007 Form 10-K and on our Web site. There is no assurance that Apache's expectations will be realized, and actual results may differ materially from those expressed in the forward-looking statements. We assume no duty to update these statements as of any future date.

APACHE CORPORATION
FINANCIAL INFORMATION
(In thousands, except per share data)

| | For the Quarter Ended June 30, | | For the Six Months Ended June 30, | |
|---|-----------------------------------|-------------------|--------------------------------------|---------------------|
| | 2008 | 2007 | 2008 | 2007 |
| REVENUES AND OTHER: | | | | |
| Oil and gas production revenues | \$ 3,904,118 | \$ 2,444,031 | \$ 7,082,067 | \$ 4,467,098 |
| Other | (3,927) | 28,513 | 5,865 | 8,321 |
| | <u>3,900,191</u> | <u>2,472,544</u> | <u>7,087,932</u> | <u>4,475,419</u> |
| COSTS AND EXPENSES: | | | | |
| Depreciation, depletion and amortization | 627,668 | 591,107 | 1,248,157 | 1,122,020 |
| Asset retirement obligation accretion | 25,679 | 24,134 | 52,176 | 48,198 |
| Lease operating expenses | 446,738 | 406,667 | 901,376 | 788,774 |
| Gathering and transportation | 39,767 | 34,435 | 80,743 | 65,698 |
| Taxes other than income | 298,548 | 143,791 | 541,126 | 253,761 |
| General and administrative | 78,872 | 70,798 | 161,295 | 138,660 |
| Financing costs, net | 39,050 | 63,358 | 83,303 | 105,421 |
| | <u>1,556,322</u> | <u>1,334,290</u> | <u>3,068,176</u> | <u>2,522,532</u> |
| INCOME BEFORE INCOME TAXES | 2,343,869 | 1,138,254 | 4,019,756 | 1,952,887 |
| Current income tax provision | 702,106 | 297,058 | 1,189,906 | 483,580 |
| Deferred income tax provision | 196,534 | 207,658 | 363,108 | 342,820 |
| | <u>1,445,229</u> | <u>633,538</u> | <u>2,466,742</u> | <u>1,126,487</u> |
| NET INCOME | 1,445,229 | 633,538 | 2,466,742 | 1,126,487 |
| Preferred stock dividends | 1,420 | 1,420 | 2,840 | 2,840 |
| | <u>1,443,809</u> | <u>632,118</u> | <u>2,463,902</u> | <u>1,123,647</u> |
| INCOME ATTRIBUTABLE TO COMMON STOCK | <u>\$ 1,443,809</u> | <u>\$ 632,118</u> | <u>\$ 2,463,902</u> | <u>\$ 1,123,647</u> |
| NET INCOME PER COMMON SHARE: | | | | |
| Basic | <u>\$ 4.32</u> | <u>\$ 1.91</u> | <u>\$ 7.38</u> | <u>\$ 3.39</u> |
| Diluted | <u>\$ 4.28</u> | <u>\$ 1.89</u> | <u>\$ 7.32</u> | <u>\$ 3.37</u> |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | <u>334,208</u> | <u>331,812</u> | <u>333,801</u> | <u>331,514</u> |

APACHE CORPORATION
FINANCIAL INFORMATION
(In thousands)

| | For the Quarter Ended June 30, | | For the Six Months Ended June 30, | |
|---|-----------------------------------|---------------------|--------------------------------------|---------------------|
| | 2008 | 2007 | 2008 | 2007 |
| COSTS INCURRED: (1) | | | | |
| North America exploration and development | \$ 801,279 | \$ 641,261 | \$ 1,544,635 | \$ 1,382,036 |
| International exploration and development | 682,766 | 507,874 | 1,291,229 | 934,243 |
| | <u>\$ 1,484,045</u> | <u>\$ 1,149,135</u> | <u>\$ 2,835,864</u> | <u>\$ 2,316,279</u> |
| | | | | |
| Oil and gas property acquisitions | <u>\$ 142,848</u> | <u>\$ 6,098</u> | <u>\$ 150,795</u> | <u>\$ 1,032,994</u> |

(1) Includes noncash asset retirement costs and capitalized interest as follows:

| | | | | |
|------------------------|-----------|-----------|------------|------------|
| Capitalized interest | \$ 17,878 | \$ 15,898 | \$ 35,056 | \$ 37,674 |
| Asset retirement costs | \$ 86,434 | \$ 52,007 | \$ 171,506 | \$ 126,828 |

| | June 30, 2008 | December 31, 2007 |
|---|---------------------|----------------------|
| BALANCE SHEET DATA: | | |
| Cash and Cash Equivalents | \$ 1,008,442 | \$ 125,823 |
| Other Current Assets | 3,147,904 | 2,626,428 |
| Property and Equipment, net | 26,934,253 | 25,231,593 |
| Restricted Cash | 94,357 | — |
| Goodwill | 189,252 | 189,252 |
| Other Assets | 502,951 | 461,555 |
| Total Assets | <u>\$31,877,159</u> | <u>\$28,634,651</u> |
| | | |
| Current Liabilities | \$ 4,124,303 | \$ 2,665,016 |
| Long-Term Debt | 3,912,136 | 4,011,605 |
| Deferred Credits and Other Noncurrent Liabilities | 7,326,251 | 6,580,051 |
| Shareholders' Equity | 16,514,469 | 15,377,979 |
| Total Liabilities and Shareholders' Equity | <u>\$31,877,159</u> | <u>\$28,634,651</u> |
| | | |
| Common shares outstanding at end of period | 334,451 | 332,927 |

APACHE CORPORATION
FINANCIAL INFORMATION

| | For the Quarter Ended June 30, | | For the Six Months Ended June 30, | |
|--|-----------------------------------|--------------|--------------------------------------|--------------|
| | 2008 | 2007 | 2008 | 2007 |
| FINANCIAL DATA (In thousands, except per share data): | | | | |
| Revenues and other | \$ 3,900,191 | \$ 2,472,544 | \$ 7,087,932 | \$ 4,475,419 |
| Income Attributable to Common Stock | \$ 1,443,809 | \$ 632,118 | \$ 2,463,902 | \$ 1,123,647 |
| Basic Net Income Per Common Share | \$ 4.32 | \$ 1.91 | \$ 7.38 | \$ 3.39 |
| Diluted Net Income Per Common Share | \$ 4.28 | \$ 1.89 | \$ 7.32 | \$ 3.37 |
| Weighted Average Common Shares Outstanding | 334,208 | 331,812 | 333,801 | 331,514 |
| Diluted Shares Outstanding | 337,676 | 333,906 | 336,802 | 333,595 |

PRODUCTION AND PRICING DATA:

OIL VOLUME — Barrels per day

| | | | | |
|---------------|---------|---------|---------|---------|
| United States | 100,049 | 91,060 | 100,364 | 82,901 |
| Canada | 17,746 | 19,036 | 17,547 | 19,034 |
| Egypt | 64,886 | 59,890 | 63,718 | 60,129 |
| Australia | 8,367 | 16,071 | 8,894 | 14,117 |
| North Sea | 56,570 | 55,209 | 57,670 | 54,445 |
| Argentina | 12,067 | 11,282 | 12,146 | 11,041 |
| Total | 259,685 | 252,548 | 260,339 | 241,667 |

AVERAGE OIL PRICE PER BARREL

| | | | | |
|---------------|----------|----------|----------|----------|
| United States | \$ 97.64 | \$ 60.08 | \$ 90.59 | \$ 58.21 |
| Canada | 119.16 | 63.75 | 106.33 | 58.71 |
| Egypt | 126.20 | 68.65 | 112.28 | 62.65 |
| Australia | 133.79 | 74.96 | 116.78 | 71.54 |
| North Sea | 121.10 | 66.59 | 108.23 | 61.57 |
| Argentina | 50.12 | 45.78 | 47.61 | 43.26 |
| Total | 110.32 | 64.12 | 99.76 | 60.21 |

NATURAL GAS VOLUME — Mcf per day

| | | | | |
|---------------|-----------|-----------|-----------|-----------|
| United States | 758,524 | 801,778 | 751,269 | 770,974 |
| Canada | 357,828 | 389,218 | 359,289 | 386,136 |
| Egypt | 233,793 | 234,466 | 238,385 | 238,951 |
| Australia | 129,531 | 196,249 | 160,355 | 195,608 |
| North Sea | 2,507 | 1,944 | 2,556 | 1,917 |
| Argentina | 197,284 | 216,187 | 181,209 | 207,263 |
| Total | 1,679,467 | 1,839,842 | 1,693,063 | 1,800,849 |

AVERAGE NATURAL GAS PRICE PER MCF

| | | | | |
|---------------|----------|---------|---------|---------|
| United States | \$ 10.62 | \$ 7.29 | \$ 9.50 | \$ 7.13 |
| Canada | 9.63 | 6.79 | 8.59 | 6.62 |
| Egypt | 6.26 | 4.48 | 5.72 | 4.26 |
| Australia | 2.17 | 1.79 | 2.14 | 1.78 |
| North Sea | 21.90 | 13.39 | 19.05 | 10.90 |
| Argentina | 1.39 | 1.02 | 1.60 | 1.08 |
| Total | 8.09 | 5.51 | 7.25 | 5.37 |

NGL VOLUME — Barrels per day

| | | | | |
|---------------|--------|--------|--------|--------|
| United States | 7,231 | 8,060 | 7,236 | 7,631 |
| Canada | 1,868 | 2,113 | 2,052 | 2,172 |
| Argentina | 2,905 | 2,816 | 2,812 | 2,726 |
| Total | 12,004 | 12,989 | 12,100 | 12,529 |

AVERAGE NGL PRICE PER BARREL

| | | | | |
|---------------|----------|----------|----------|----------|
| United States | \$ 65.27 | \$ 42.10 | \$ 61.32 | \$ 38.78 |
| Canada | 59.26 | 39.28 | 56.05 | 35.29 |
| Argentina | 32.31 | 36.06 | 39.98 | 33.68 |
| Total | 56.36 | 40.33 | 55.46 | 37.06 |

APACHE CORPORATION
FINANCIAL INFORMATION
(In thousands, except per share data)

NON-GAAP FINANCIAL MEASURES:

Reconciliation of income attributable to common stock to adjusted earnings:

The press release discusses Apache's adjusted earnings. Adjusted earnings excludes certain items that management believes affect the comparability of operating results. The following provides the reasons adjusted earnings is a meaningful measure:

- Management uses adjusted earnings to evaluate the company's operational trends and performance relative to other oil and gas producing companies.
- Management believes this presentation may be useful to investors who follow the practice of some industry analysts who adjust reported company earnings for items that may obscure underlying fundamentals and trends.
- The reconciling items below are the types of items management believes are frequently excluded by analysts when evaluating the operating trends and comparability of the company's results.

| | <u>For the Quarter Ended June 30,</u> | | <u>For the Six Months Ended June 30,</u> | |
|---|---|-------------------|--|---------------------|
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Income Attributable to Common Stock (GAAP) | \$ 1,443,809 | \$ 632,118 | \$ 2,463,902 | \$ 1,123,647 |
| Adjustments: | | | | |
| Foreign currency fluctuation impact on deferred tax expense | 281 | 68,256 | (12,079) | 70,652 |
| Impact of Canadian Federal tax rate reductions | — | (17,685) | — | (17,074) |
| Adjusted Earnings (Non-GAAP) | <u>\$ 1,444,090</u> | <u>\$ 682,689</u> | <u>\$ 2,451,823</u> | <u>\$ 1,177,225</u> |
| Adjusted Earnings Per Share (Non-GAAP) | | | | |
| Basic | <u>\$ 4.32</u> | <u>\$ 2.06</u> | <u>\$ 7.35</u> | <u>\$ 3.55</u> |
| Diluted | <u>\$ 4.28</u> | <u>\$ 2.04</u> | <u>\$ 7.28</u> | <u>\$ 3.53</u> |
| Average Number of Common Shares | | | | |
| Basic | <u>334,208</u> | <u>331,812</u> | <u>333,801</u> | <u>331,514</u> |
| Diluted | <u>337,676</u> | <u>333,906</u> | <u>336,802</u> | <u>333,595</u> |

Reconciliation of net cash provided by operating activities to

cash from operations before changes in operating assets and liabilities:

The press release discusses Apache's cash from operations before changes in operating assets and liabilities. It is presented because management believes the information is useful for investors because it is used internally and widely accepted by those following the oil and gas industry as a financial indicator of a company's ability to generate cash to internally fund exploration and development activities, fund dividend programs, and service debt. It is also used by research analysts to value and compare oil and gas exploration and production companies, and is frequently included in published research when providing investment recommendations. Cash from operations before changes in operating assets and liabilities, therefore, is an additional measure of liquidity, but is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing, or financing activities.

The following table reconciles net cash provided by operating activities to cash from operations before changes in operating assets and liabilities.

| | <u>For the Quarter Ended June 30,</u> | | <u>For the Six Months Ended June 30,</u> | |
|---|---|---------------------|--|---------------------|
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Net cash provided by operating activities | \$ 1,929,509 | \$ 1,386,446 | \$ 3,737,913 | \$ 2,450,005 |
| Changes in operating assets and liabilities | 390,240 | 80,575 | 426,520 | 209,476 |
| Cash from operations before changes in operating assets and liabilities | <u>\$ 2,319,749</u> | <u>\$ 1,467,021</u> | <u>\$ 4,164,433</u> | <u>\$ 2,659,481</u> |