

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014

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

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

41-1464066
(I.R.S. Employer
Identification No.)

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

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

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of registrant's units outstanding as of June 30, 2014

1,022

PART I – FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS

**APACHE OFFSHORE INVESTMENT PARTNERSHIP
STATEMENT OF CONSOLIDATED INCOME
(Unaudited)**

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
REVENUES:				
Oil and gas sales	\$740,574	\$951,694	\$1,470,762	\$1,973,184
Interest income	35	28	35	28
	<u>740,609</u>	<u>951,722</u>	<u>1,470,797</u>	<u>1,973,212</u>
EXPENSES:				
Depreciation, depletion and amortization	146,020	200,537	290,671	413,910
Asset retirement obligation accretion	31,801	31,786	64,369	63,504
Lease operating expenses	233,762	328,054	540,520	692,561
Gathering and transportation costs	27,405	24,457	48,875	54,775
Administrative	95,490	98,000	191,000	196,000
	<u>534,478</u>	<u>682,834</u>	<u>1,135,435</u>	<u>1,420,750</u>
NET INCOME	<u>\$206,131</u>	<u>\$268,888</u>	<u>\$ 335,362</u>	<u>\$ 552,462</u>
NET INCOME ALLOCATED TO:				
Managing Partner	\$ 68,933	\$ 90,633	\$ 122,343	\$ 186,382
Investing Partners	137,198	178,255	213,019	366,080
	<u>\$206,131</u>	<u>\$268,888</u>	<u>\$ 335,362</u>	<u>\$ 552,462</u>
NET INCOME PER INVESTING PARTNER UNIT	<u>\$ 134</u>	<u>\$ 175</u>	<u>\$ 209</u>	<u>\$ 358</u>
WEIGHTED AVERAGE INVESTING PARTNER UNITS OUTSTANDING	<u>1,021.5</u>	<u>1,021.5</u>	<u>1,021.5</u>	<u>1,021.5</u>

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP
STATEMENT OF CONSOLIDATED CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 335,362	\$ 552,462
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	290,671	413,910
Asset retirement obligation accretion	64,369	63,504
Changes in operating assets and liabilities:		
(Increase) decrease in accrued receivables	(466,921)	20,148
Increase (decrease) in receivable from/payable to Apache Corporation	7,551	(95,318)
Increase (decrease) in accrued operating expenses	272,026	(11,226)
Increase (decrease) in deferred credits and other	(84,817)	(231,829)
Net cash provided by operating activities	418,241	711,651
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to oil and gas properties	—	(13,909)
Net cash used in investing activities	—	(13,909)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions to Managing Partner	(90,615)	(187,491)
Net cash used in financing activities	(90,615)	(187,491)
NET INCREASE IN CASH AND CASH EQUIVALENTS	327,626	510,251
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,320,218	3,118,789
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$4,647,844	\$3,629,040

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP
CONSOLIDATED BALANCE SHEET
(Unaudited)

	<u>June 30,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,647,844	\$ 4,320,218
Accrued revenues receivable	502,217	35,296
Receivable from Apache Corporation	784	8,335
	<u>5,150,845</u>	<u>4,363,849</u>
OIL AND GAS PROPERTIES, on the basis of full cost accounting:		
Proved properties	194,634,634	194,634,634
Less – Accumulated depreciation, depletion and amortization	<u>(186,490,490)</u>	<u>(186,199,819)</u>
	8,144,144	8,434,815
	<u>\$ 13,294,989</u>	<u>\$ 12,798,664</u>
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Current asset retirement obligation	\$ 934,486	\$ 991,248
Accrued operating expenses	424,566	152,540
	<u>1,359,052</u>	<u>1,143,788</u>
ASSET RETIREMENT OBLIGATION	<u>1,264,918</u>	<u>1,228,604</u>
PARTNERS' CAPITAL:		
Managing Partner	440,636	408,908
Investing Partners (1,021.5 units outstanding)	10,230,383	10,017,364
	<u>10,671,019</u>	<u>10,426,272</u>
	<u>\$ 13,294,989</u>	<u>\$ 12,798,664</u>

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

APACHE OFFSHORE INVESTMENT PARTNERSHIP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Apache Offshore Investment Partnership, a Delaware general partnership (the Investment Partnership), was formed on October 31, 1983, consisting of Apache Corporation, a Delaware corporation (Apache or the Managing Partner), as Managing Partner and public investors (the Investing Partners). The Investment Partnership invested its entire capital in Apache Offshore Petroleum Limited Partnership, a Delaware limited partnership (the Operating Partnership). The primary business of the Investment Partnership is to serve as the sole limited partner of the Operating Partnership. The accompanying financial statements include the accounts of both the Investment Partnership and the Operating Partnership. The term "Partnership", as used herein, refers to the Investment Partnership or the Operating Partnership, as the case may be.

These financial statements have been prepared by the Partnership, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). They reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results for the interim periods, on a basis consistent with the annual audited financial statements. All such adjustments are of a normal, recurring nature. Certain information, accounting policies, and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) have been omitted pursuant to such rules and regulations, although the Partnership believes that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the Partnership's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, and which contains a summary of the Partnership's significant accounting policies and other disclosures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As of June 30, 2014, the Partnership's significant accounting policies are consistent with those discussed in Note 2 of its consolidated financial statements contained in the Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. Significant estimates with regard to these financial statements include the estimate of proved oil and gas reserves and related present value estimates of future net cash flow therefrom and asset retirement obligations. Actual results could differ from those estimates.

New Pronouncements Issued But Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) issued a joint revenue recognition standard, ASU 2014-09. The new standard removes inconsistencies in existing standards, changes the way companies recognize revenue from contracts with customers, and increases disclosure requirements. The guidance requires companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for annual and interim periods beginning after December 15, 2016. The standard is required to be adopted using either the full retrospective approach, with all prior periods presented adjusted, or the modified retrospective approach, with a cumulative adjustment to retained earnings on the opening balance sheet. The Partnership is currently evaluating the level of effort needed to implement the standard, the impact of adopting this standard on its consolidated financial statements, and whether to use the full retrospective approach or the modified retrospective approach.

2. RECEIVABLE FROM / PAYABLE TO APACHE CORPORATION

The receivable from/payable to Apache represents the net result of the Investing Partners' revenue received and expenditures paid in the current month. Generally, cash in this amount will be paid by Apache to the Partnership or transferred to Apache in the month after the Partnership's transactions are processed and the net results of operations are determined.

3. RIGHT OF PRESENTMENT

As provided in the Partnership Agreement, as amended (the "Amended Partnership Agreement"), a first right of presentment valuation was computed during the first quarter of 2014. The per-unit value was determined to be \$16,020 based on the valuation date of December 31, 2013. The Partnership did not repurchase any Investing Partner Units (Units) during the first six months of 2014, as a result of the Partnership's limited amount of cash available for discretionary purposes. The per-unit right of presentment value computed during the first quarter of 2013 was determined to be \$15,412 based on the valuation date of December 31, 2012. The Partnership did not repurchase any Units during the first six months of 2013. Pursuant to the Amended Partnership Agreement, the Partnership has no obligation to purchase any Units presented to the extent it determines that it has insufficient funds for such purchases.

4. ASSET RETIREMENT OBLIGATIONS

The following table describes the changes to the Partnership's asset retirement obligation liability for the first six months of 2014:

Asset retirement obligation at December 31, 2013	\$2,219,852
Accretion expense	64,369
Liabilities settled	(84,817)
Asset retirement obligation at June 30, 2014	2,199,404
Less current portion	(934,486)
Asset retirement obligation, long-term	<u>\$1,264,918</u>

5. FAIR VALUE MEASUREMENTS

Certain assets and liabilities are reported at fair value on a recurring basis in the Partnership's consolidated balance sheet. As of June 30, 2014, and December 31, 2013, the carrying amounts of the Partnership's current assets and current liabilities approximated fair value because of the short-term nature or maturity of these instruments.

The Partnership did not use derivative financial instruments or otherwise engage in hedging activities during the six months ended June 30, 2014, and 2013.

ITEM 2 – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion relates to Apache Offshore Investment Partnership (the Partnership) and should be read in conjunction with the Partnership’s consolidated financial statements and accompanying notes included under Part I, Item 1, “Financial Statements” of this Quarterly Report on Form 10-Q, as well as its consolidated financial statements, accompanying notes and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in the Partnership’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

The Partnership’s business is participation in oil and gas exploration, development and production activities on federal lease tracts in the Gulf of Mexico, offshore Louisiana and Texas.

Financial Overview

The Partnership reported net income of \$206,131 for the second quarter of 2014, down from \$268,888 in the second quarter of 2013. Net income per Investing Partner Unit decreased to \$134 per Unit in the second quarter of 2014, down from \$175 per Unit in the second quarter of 2013. Lower oil and gas production in 2014 contributed to the decrease in earnings and net income per Investing Partner Unit from 2013. The lower production reflected Matagorda Island 681/682 being taken off production during the third quarter of 2013 as being uneconomical and significant production declines at Ship Shoal 258/259.

Net income for the six months ending June 30, 2014, totaled \$335,362 compared to \$552,462 for the six months ending June 30, 2013. Net income per Investing Partner Unit of \$209 in the six-month period ending June 30, 2014 was down from \$358 per Unit in the first six months of 2013. The decline in earnings and net income per Investing Partner Unit from 2013 reflected lower oil and gas production in 2014.

Results of Operations

Total revenues decreased 22 percent from the second quarter of 2013 to the second quarter of 2014 and year-to-date revenues in 2014 decreased 25 percent from the first six months of 2013 on lower oil and gas production.

The Partnership’s oil, gas and natural gas liquids (NGL) production volume and price information is summarized in the following table (gas volumes are presented in thousand cubic feet (Mcf) per day):

	<u>For the Quarter Ended June 30,</u>			<u>For the Six Months Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Gas volume – Mcf per day	254	755	(66)%	292	890	(67)%
Average gas price – per Mcf	\$ 6.06	\$ 4.34	40%	\$ 5.24	\$ 3.89	35%
Oil volume – barrels per day	55	64	(14)%	58	64	(9)%
Average oil price – per barrel	\$113.25	\$107.46	5%	\$107.08	\$109.85	(3)%
NGL volume – barrels per day	7	7	— %	9	10	(10)%
Average NGL price – per barrel	\$ 47.60	\$ 45.27	5%	\$ 38.94	\$ 37.72	3%

Oil and Gas Sales

Natural gas sales totaled \$139,996 in the second quarter of 2014, decreasing \$158,344 or 53 percent from the same period in 2013. Natural gas volumes declined 66 percent from the second quarter of 2013, decreasing sales by \$276,067. The decline in the Partnership’s production from 2013 was attributable to the shut-in of Matagorda Island 681/682 (381 Mcf per day) and declines at Ship Shoal 258/259. Matagorda Island 681/682 ceased production in August 2013 and is awaiting plugging operations. The Partnership’s average realized natural gas price for the quarter increased \$1.72 per Mcf, or 40 percent, from the second quarter of 2013, increasing sales by \$117,723 from a year ago.

The Partnership’s crude oil sales for the second quarter of 2014 totaled \$570,991 compared to \$625,739 of crude oil sales in the second quarter of 2013. Crude oil volumes on a per day basis fell from 64 barrels per day in 2013 to 55 barrels per day in 2014, reducing sales by \$88,446. The decrease in volumes in 2014 was attributable to natural depletion at South Timbalier 295. The Partnership’s average realized price in the second quarter of 2014 increased \$5.79 per barrel from the second quarter of 2013.

During the second quarter of 2014, the Partnership sold 7 barrels per day of natural gas liquids, flat with the second quarter of 2013. The Partnership's average NGL price for the current quarter increased five percent from a year ago to \$47.60 per barrel.

Natural gas sales for the first six months of 2014 decreased 56 percent from a year ago, dropping to \$277,169 in the current period from \$626,482 during the first six months of 2013. A 67 percent decrease in natural gas volumes during the first six months of 2014 from the same period a year ago reduced sales by \$566,675. The Partnership's decline in gas production in 2014 was primarily impacted by the shut-in of Matagorda Island 681/682 (336 Mcf per day) and declines in production at Ship Shoal 258/259 (164 Mcf per day) and North Padre Island 969/976 (110 Mcf per day). The Partnership's average realized gas prices increased from \$3.89 per Mcf in the first six months of 2013 to \$5.24 per Mcf in 2014, increasing sales by \$217,362.

Crude oil sales for the six months of 2014 totaled \$1.1 million, down 12 percent from the same period in 2013. The Partnership's crude oil volumes decreased from 64 barrels per day during the first six months of 2013 to 58 barrels per day during the same period of 2014 as a result of natural depletion impacting production at South Timbalier 295. The Partnership's average realized oil price for the first six months of 2014 decreased three percent from the first six months of 2013, dropping to \$107.08 per barrel in 2014.

The Partnership sold 9 barrels per day of natural gas liquids in the first six months of 2014, down from 10 barrels per day in the first six months of 2013. The decrease reflected lower processed volumes at Ship Shoal 258/259 in 2014. NGL prices for the first six months increased three percent from a year ago, rising to \$38.94 per barrel.

Since the Partnership does not anticipate acquiring additional acreage or conducting exploratory drilling on leases in which it currently holds an interest, declines in oil and gas production can be expected in future periods as a result of natural depletion. Also, given the small number of producing wells owned by the Partnership and exposure to inclement weather in the Gulf of Mexico, the Partnership's production during the remainder of 2014 and beyond may be subject to more volatility than those companies with a larger or more diversified property portfolio.

Operating Expenses

The Partnership's depreciation, depletion and amortization (DD&A) rate, expressed as a percentage of oil and gas sales, was approximately 20 percent for the second quarter of 2014 and 21 percent for the second quarter of 2013. DD&A, expressed as a percentage of oil and gas sales, for the first six months of 2014 and 2013 was 20 percent and 21 percent, respectively. The dollar amount of DD&A expense for the first six months of 2014 decreased from the comparable periods a year ago as a result of lower oil and gas sales in 2014.

The Partnership recognized \$31,801 in asset retirement obligation accretion for the second quarter of 2014 compared to \$31,786 for the second quarter of 2013. For the six months ending June 30, 2014, and 2013, the Partnership recognized asset retirement obligation accretion of \$64,369 and \$63,504, respectively.

Lease operating expenses (LOE) for the second quarter of 2014 of \$233,762 decreased 29 percent from the second quarter of 2013 on lower repair costs and the reduced cost resulting from shutting-in Matagorda Island 681/682. LOE for the first six months of 2014 was down 22 percent from the same period a year ago, decreasing to \$540,520 in the first six months of 2014. The decline in costs for the first six months reflected lower repair and workover costs in 2014, and lower costs on the shut-in of Matagorda Island 681/682. LOE for the first six months of 2013 included repair costs on platforms at South Timbalier 295 and Ship Shoal 258/259, and costs to re-stage a compressor at Ship Shoal 258/259.

In the second quarter of 2014, gathering and transportation costs for the delivery of oil and gas totaled \$27,405. Gathering and transportation costs during the first six months of 2014 of \$48,875 decreased 11 percent from the same period in 2013. The year-to-date decrease was the result of lower oil and gas volumes from a year ago.

Capital Resources and Liquidity

The Partnership's primary capital resource is net cash provided by operating activities, which totaled \$0.4 million for the first six months of 2014, down from \$0.7 million in the comparable period in 2013 as a result of lower oil and gas production which negatively impacted the Partnership's 2014 earnings.

At June 30, 2014, the Partnership had approximately \$4.6 million in cash and cash equivalents, up from approximately \$4.3 million at December 31, 2013. The Partnership's goal is to maintain cash and cash equivalents at least sufficient to cover the undiscounted value of its future asset retirement obligation liability. The Partnership also plans to reserve funds for anticipated repairs which may disrupt the Partnership's production.

The Partnership's future financial condition, results of operations and cash from operating activities will largely depend upon prices received for its oil and natural gas production. 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.

The Partnership's oil and gas reserves and production will also significantly impact future results of operations and cash from operating activities. The Partnership's production is subject to fluctuations in response to remaining quantities of oil and gas reserves, weather, pipeline capacity, consumer demand, mechanical performance and workover, recompletion and drilling activities. Declines in oil and gas production can be expected in future years as a result of normal depletion and the non-participation in acquisition or exploration activities by the Partnership. Based on production estimates from independent engineers and current market conditions, the Partnership forecasts it will be able to meet its liquidity needs for routine operations in the foreseeable future. The Partnership will reduce capital expenditures and distributions to partners as cash from operating activities declines.

In the event that future short-term operating cash requirements are greater than the Partnership's financial resources, the Partnership may seek short-term, interest-bearing advances from the Managing Partner as needed. The Managing Partner, however, is not obligated to make loans to the Partnership.

On an ongoing basis, the Partnership reviews the possible sale of lower value properties prior to incurring associated dismantlement and abandonment costs.

Capital Commitments

The Partnership's primary needs for cash are for operating expenses, drilling and recompletion expenditures, future dismantlement and abandonment costs, distributions to Investing Partners, and the purchase of Units offered by Investing Partners under the right of presentment. To the extent there is discretion, the Partnership allocates available capital to investment in the Partnership's properties so as to maximize production and resultant cash flow. The Partnership had no outstanding debt or lease commitments at June 30, 2014. The Partnership did not have any contractual obligations as of June 30, 2014, other than the liability for dismantlement and abandonment costs of its oil and gas properties. The Partnership has recorded a separate liability for the present value of this asset retirement obligation as discussed in the notes to the financial statements included in the Partnership's latest annual report on Form 10-K.

During the first six months of 2014 the Partnership had no outlays for capital expenditures for additions to oil and gas properties as it did not commence any new drilling or recompletion projects during the period. The Partnership's cash outlays for capital expenditures during the first six months of 2013 were also minimal as the Partnership did not participate in any new drilling or recompletion projects in 2013. During the first six months of 2014, the Partnership spent \$84,817 on abandonment costs at North Padre Island 969/976. Based on information supplied by the operators of the properties, the Partnership anticipates capital expenditures of less than \$0.2 million during the remainder of 2014 as no new drilling projects are currently planned for 2014. Capital estimates may change based on realized prices, changes by the operator to the development plan, pipeline construction or modifications, or changes in government regulations.

Because of declining oil and gas production during the first six months of 2014 and the need to reserve cash for future asset retirement obligations, no distributions were made to Investing Partners during the first six months of 2014. The Partnership also made no distribution to Investing Partners during the first six months of 2013 as a result of the large amount of plugging costs funded by the Partnership during 2013.

The amount of future distributions will be dependent on actual and expected production levels, realized and anticipated oil and gas prices, expected drilling and recompletion expenditures, and prudent cash reserves for future dismantlement and abandonment costs that will be incurred after the Partnership's reserves are depleted. The Partnership's goal is to maintain cash and cash equivalents in the Partnership at least sufficient to cover the undiscounted value of its future asset retirement obligations. During the second half of 2014, the Partnership will review available cash balances and the factors noted above to determine whether there are sufficient funds to make a distribution to Investing Partners during the second half of 2014.

As provided in the Partnership Agreement, as amended (the "Amended Partnership Agreement"), a first right of presentment valuation was computed during the first quarter of 2014. The per-unit value was determined to be \$16,020 based on the valuation date of December 31, 2013. The Partnership did not repurchase any Investing Partner Units (Units) during the first six months of 2014, as a result of the Partnership's limited amount of cash available for discretionary purposes. The per-unit right of presentment value computed during the first quarter of 2013 was determined to be \$15,412 based on the valuation date of December 31, 2012. The Partnership did not repurchase any Units during the first six months of 2013. Pursuant to the Amended Partnership Agreement, the Partnership has no obligation to repurchase any Units presented to the extent it determines that it has insufficient funds for such purchases.

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Risk

The Partnership's major market risk exposure is in the pricing applicable to its oil and gas production. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot prices applicable to its natural gas production. Prices received for oil and gas production continue to be volatile and unpredictable. The Partnership did not use derivative financial instruments or otherwise engage in hedging activities during the first six months of 2014 or 2013.

The information set forth under "Commodity Risk" in Item 7A of the Partnership's Form 10-K for the year ended December 31, 2013, is incorporated by reference. Information about market risks for the current quarter is not materially different.

Forward-Looking Statements and Risk

This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included or incorporated by reference in this report, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected revenues, projected costs and plans, and objectives of management for future operations, are forward-looking statements. Such forward-looking statements are based on our examination of historical operating trends, the information that was used to prepare our estimate of proved reserves as of December 31, 2013, and other data in our possession or available from third parties. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "project," "estimate," "anticipate," "believe," or "continue" or similar terminology. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, our assumptions about:

- the market prices of oil, natural gas, NGLs and other products or services;
- the supply and demand for oil, natural gas, NGLs and other products or services;
- production and reserve levels;
- drilling risks;
- economic and competitive conditions;
- the availability of capital resources;
- capital expenditure and other contractual obligations;
- weather conditions;
- inflation rates;
- the availability of goods and services;
- legislative or regulatory changes;
- terrorism and cyber-attacks;
- occurrence of property acquisitions or divestitures;
- the securities or capital markets and related risks such as general credit, liquidity, market and interest-rate risks; and

- other factors disclosed under Items 1 and 2 – “Business and Properties — Estimated Proved Reserves and Future Net Cash Flows,” Item 1A – “Risk Factors,” Item 7 – “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” Item 7A – “Quantitative and Qualitative Disclosures About Market Risk,” and elsewhere in our most recently filed Form 10-K.

All subsequent written and oral forward-looking statements attributable to the Partnership, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements. We assume no duty to update or revise our forward-looking statements based on changes in internal estimates or expectations or otherwise.

ITEM 4 – CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

G. Steven Farris, the Managing Partner’s Chairman of the Board, Chief Executive Officer and President (in his capacity as principal executive officer), and Alfonso Leon, the Managing Partner’s Executive Vice President and Chief Financial Officer (in his capacity as principal financial officer), evaluated the effectiveness of the Partnership’s disclosure controls and procedures as of June 30, 2014, the end of the period covered by this report. Based on that evaluation and as of the date of that evaluation, these officers concluded that the Partnership’s disclosure controls and procedures were effective, providing effective means to ensure that the information it is required to disclose under applicable laws and regulations is recorded, processed, summarized and reported within the time periods specified under the Commission’s rules and forms and communicated to our management, including the Managing Partner’s principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our internal controls over financial reporting during the period covered by this quarterly report on Form 10-Q that materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

During the six months ended June 30, 2014, there were no material changes from the risk factors as previously disclosed in the Partnership’s Form 10-K for the year ended December 31, 2013.

ITEM 2. UNREGISTERED SALES OF EQUITY IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

a. Exhibits

- *3.1 Partnership Agreement of Apache Offshore Investment Partnership (incorporated by reference to Exhibit (3)(i) to Form 10 filed by Partnership with the Commission on April 30, 1985, Commission File No. 0-13546).
- *3.2 Amendment No. 1, dated February 11, 1994, to the Partnership Agreement of Apache Offshore Investment Partnership (incorporated by reference to Exhibit 3.3 to Partnership's Annual Report on Form 10-K for the year ended December 31, 1993, Commission File No. 0-13546).
- *3.3 Limited Partnership Agreement of Apache Offshore Petroleum Limited Partnership (incorporated by reference to Exhibit (3)(ii) to Form 10 filed by Partnership with the Commission on April 30, 1985, Commission File No. 0-13546).
- **31.1 Certification (pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act) by Principal Executive Officer
- **31.2 Certification (pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act) by Principal Financial Officer
- **32.1 Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principal Executive Officer and Principal Financial Officer
- **101.INS XBRL Instance Document.
- **101.SCH XBRL Taxonomy Schema Document.
- **101.CAL XBRL Calculation Linkbase Document.
- **101.LAB XBRL Label Linkbase Document.
- **101.PRE XBRL Presentation Linkbase Document.

* Incorporated by reference herein.

** Filed herewith.

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 thereunto duly authorized.

APACHE OFFSHORE INVESTMENT PARTNERSHIP

By: Apache Corporation, Managing Partner

Dated: August 8, 2014

/s/ Alfonso Leon

Alfonso Leon

Executive Vice President and Chief Financial Officer
(principal financial officer) of Apache Corporation,
Managing Partner

Dated: August 8, 2014

/s/ Rebecca A. Hoyt

Rebecca A. Hoyt

Senior Vice President, Chief Accounting Officer
and Controller (principal accounting officer)
of Apache Corporation, Managing Partner

CERTIFICATIONS

I, G. Steven Farris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Apache Offshore Investment Partnership;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ G. Steven Farris

G. Steven Farris
Chairman of the Board, Chief Executive Officer and President
(principal executive officer) of Apache Corporation, Managing Partner

Date: August 8, 2014

CERTIFICATIONS

I, Alfonso Leon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Apache Offshore Investment Partnership;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Alfonso Leon

Alfonso Leon
Executive Vice President and Chief Financial Officer
(principal financial officer) of Apache Corporation,
Managing Partner

Date: August 8, 2014

APACHE OFFSHORE INVESTMENT PARTNERSHIP
by Apache Corporation, Managing Partner

Certification of Principal Executive Officer
and Principal Financial Officer

I, G. Steven Farris, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the quarterly report on Form 10-Q of Apache Offshore Investment Partnership for the quarterly period ending June 30, 2014, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §78m or §78o (d)) and that information contained in such report fairly represents, in all material respects, the financial condition and results of operations of Apache Offshore Investment Partnership.

/s/ G. Steven Farris

By: G. Steven Farris
Title: Chairman of the Board, Chief Executive Officer and President
(principal executive officer) of Apache Corporation, Managing Partner

Date: August 8, 2014

I, Alfonso Leon, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the quarterly report on Form 10-Q of Apache Offshore Investment Partnership for the quarterly period ending June 30, 2014, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §78m or §78o (d)) and that information contained in such report fairly represents, in all material respects, the financial condition and results of operations of Apache Offshore Investment Partnership.

/s/ Alfonso Leon

By: Alfonso Leon
Title: Executive Vice President and Chief Financial Officer
(principal financial officer) of Apache Corporation,
Managing Partner

Date: August 8, 2014