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): November 30, 1999

APACHE CORPORATION
(Exact name of registrant as specified in Charter)

DELAWARE	1-4300	41-0747868
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

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

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On October 5, 1999, Apache Corporation ("Apache") entered into an agreement to acquire, through its indirect wholly-owned subsidiary Apache Canada Ltd., certain oil and gas interests located in Alberta, British Columbia and Saskatchewan, Canada, from Shell Canada Limited for approximately US $524 million, subject to adjustment. The transaction closed on November 30, 1999, with an effective date of November 1, 1999, for Cdn $761 million after adjustments (US $517 million at current exchange rates).

The transaction includes oil and gas interests with estimated proved reserves of approximately 87.5 million barrels of oil equivalent, 294,294 net acres of undeveloped lease holdings, proprietary 2-D and 3-D seismic data, and a 100-percent interest in a gas processing plant. Apache funded the purchase from cash on hand and by issuing commercial paper. Apache's press release, dated December 1, 1999 and related to the closing of this transaction, is listed under Item 7 as Exhibit 99.1 and incorporated herein by reference.

The proceeds from the sales of the Notes, described below under Item 5, will be used to repay a portion of Apache's outstanding commercial paper.

ITEM 5. OTHER EVENTS

On November 2, 1999, Apache and its indirect wholly-owned subsidiary, Apache Finance Canada Corporation ("Apache Finance"), filed a Registration Statement on Form S-3 (Registration Nos. 333-90147 and 333-90147-01) with the Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended (the "Act"). The Registration Statement, as amended by Apache and Apache Finance on November 12, 1999, was declared effective by the SEC on November 15, 1999, and covers debt securities of Apache Finance, unconditionally guaranteed by Apache, for delayed or continuous offering pursuant to Rule 415 under the Act for an aggregate initial offering price not to exceed US $400 million. The Registration Statement contains further information concerning the terms and offering of the debt securities. Apache Finance will issue the debt securities under an indenture dated November 23, 1999 (the "Indenture"), among Apache Finance as Issuer, Apache as Guarantor, and The Chase Manhattan Bank as Trustee.

On or about December 13, 1999, and under a Terms Agreement dated December 8, 1999 and the Underwriting Agreement Basic Terms incorporated by reference therein (collectively, the "Underwriting Agreement"), by and among Apache Finance, Apache and Goldman, Sachs & Co., ABN AMRO Incorporated, Banc of America Securities LLC, Chase Securities Inc., Credit Suisse First Boston Corporation, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, and RBC Dominion Securities Corporation (the "Underwriters"), Apache Finance will issue to the Underwriters, for offering to the public, US $300 million principal amount of 7.75% Notes due December 15, 2029 (the "Notes") under the Indenture. Apache Finance will issue the notes in the form of a global note, which includes Apache's

guarantee. The Underwriting Agreement and the form of the Notes and Guarantee are listed under Item 7 as Exhibits 1.1 and 4.1, respectively, and are incorporated herein by reference.

Apache's press release, dated December 9, 1999 and related to the Notes, is listed under Item 7 as Exhibit 99.2 and is incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) EXHIBITS.

EXHIBIT NO.	DESCRIPTION
*1.1	Terms Agreement, dated December 8, 1999, and the Underwriting Agreement Basic Terms, among Apache, Apache Finance and the Underwriters.
*4.1	Form of 7.75% Notes due December 15, 2029 and Guarantee.
*10.1	Apache's 1996 Performance Stock Option Plan, as amended and restated September 23, 1999.
*99.1	Press Release, dated December 1, 1999, "Apache Completes Acquisition of Shell Canada Assets with 87.5 MMboe Proved Reserves for US$517 Million".
*99.2	Press Release, dated December 9, 1999, "Apache Finance Canada Sells $300 Million of 30-Year Notes Yielding 7.839 Percent".

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* 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 CORPORATION

Date: December 10, 1999

/s/ Z. S. KOBIASHVILI

Z. S. Kobiashvili
Vice President and General Counsel

INDEX TO EXHIBITS

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* filed herewith

Exhibit 1.1

TERMS AGREEMENT

December 8, 1999

Apache Finance Canada Corporation
Suite 1000
700-9th Ave. S.W.
Calgary, Alberta
Canada T2P 3V4
Attention: Vice President and Treasurer

Apache Corporation
One Post Oak Central
2000 Post Oak Boulevard
Suite 100
Houston, Texas 77056-4400
Attention: Vice President and Treasurer

Dear Sirs:

The undersigned underwriters (the "Underwriters") understand that Apache Finance Canada Corporation (the "Company") proposes to issue and sell $300,000,000 aggregate principal amount of its debt securities (the "Offered Securities") irrevocably and unconditionally guaranteed as to payment of principal, premium, if any, Additional Amounts, if any, and interest by Apache Corporation, as guarantor (the "Guarantor"). Subject to the terms and conditions set forth herein or incorporated by reference herein, the Underwriters offer to purchase, severally and not jointly, the principal amount of Offered Securities set forth below opposite their respective names at 98.102% of the principal amount thereof together with accrued interest thereon from December 13, 1999 to the Closing Time:

Underwriter	Principal Amount of Debt Securities
Goldman, Sachs & Co.	$120,002,000
ABN AMRO Incorporated	$ 25,714,000
Banc of America Securities LLC	$ 25,714,000
Chase Securities Inc.	$ 25,714,000
Credit Suisse First Boston Corporation	$ 25,714,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	$ 25,714,000
Morgan Stanley & Co. Incorporated	$ 25,714,000
RBC Dominion Securities Corporation	$ 25,714,000
Total	$300,000,000

The Offered Securities shall have the following terms:

Principal amount: $300,000,000

Form:	registered book-entry form
Denomination:	$1,000
Date of maturity:	December 15, 2029
Interest rate, rates or formula (or method of calculation of interest accrual):	7.75% per annum
Date from which interest accrues:	December 13, 1999
Interest payment dates, if any:	June 15 and December 15 (commencing June 15, 2000)
Initial price to public:	98.977%
Closing Time:	December 13, 1999
Place of delivery and payment:	New York, New York
Company account for wire transfer of payment:	Bank One N.A. ABA No. 071000013 Apache Finance Canada Corporation Account No. 5577527 Money Transfer Production, 9th Floor 525 West Monroe Suite #Ili-0180 Chicago, Illinois 60661 Swift Code: FNBCUS44
Redemption provisions, if any:	As described in the Prospectus Supplement, dated the date hereof relating to the Offered Securities.
Lock-up pursuant to Section 3(i) of the Basic Terms (as defined herein):	yes
Securities Exchanges, if any, on which application will be made to list the Offered Securities:	none
Delayed Delivery Contracts:	not authorized
Delivery date:	
Expiration date:	
Compensation to Underwriters:	
Minimum contract:	
Maximum aggregate principal amount:	

Other terms, if any: As described in the Prospectus Supplement, dated the date hereof relating to the Offered Securities.

All the provisions contained in "Apache Finance Canada Corporation - --Debt Securities--Underwriting Agreement Basic Terms" (the "Basic Terms") attached hereto as Annex A, are herein incorporated by reference in their entirety and shall be deemed to be a part of this Terms Agreement to the same extent as if such provisions had been set forth in full herein. Terms defined in such document are used herein as therein defined.

Any notice by the Company or the Guarantor to the Underwriters pursuant to this Terms Agreement shall be sufficient if given in accordance with Section 11 of the Basic Terms addressed to:

Goldman, Sachs & Co.
32 Old Slip, 21st Floor
New York, NY 10005
Attention: Registration Department
Telecopy No.: (212) 357-1557

which shall, for all purposes of this Agreement, be the "Representative".

Very truly yours,

GOLDMAN, SACHS & CO.
ABN AMRO INCORPORATED
BANC OF AMERICA SECURITIES LLC
CHASE SECURITIES INC.
CREDIT SUISSE FIRST BOSTON CORPORATION
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
MORGAN STANLEY & CO. INCORPORATED
RBC DOMINION SECURITIES CORPORATION

By: GOLDMAN, SACHS & CO.

Acting for itself and as Representative of the Underwriters

By: /s/ Goldman, Sachs & Co.

Name:
Title:

Accepted:

APACHE FINANCE CANADA CORPORATION

By: /s/ Matthew W. Dundrea

Name: Matthew W. Dundrea
Title: Vice President and Treasurer

APACHE CORPORATION

By: /s/ Matthew W. Dundrea

Name: Matthew W. Dundrea
Title: Vice President and Treasurer

APACHE FINANCE CANADA CORPORATION

DEBT SECURITIES

GUARANTEED BY APACHE CORPORATION

UNDERWRITING AGREEMENT BASIC TERMS

APACHE FINANCE CANADA CORPORATION

Debt Securities

Guaranteed by Apache Corporation

UNDERWRITING AGREEMENT BASIC TERMS

Apache Finance Canada Corporation, an unlimited liability company organized under the laws of Nova Scotia, Canada (the "Company"), may issue and sell from time to time its debt securities (the "Debt Securities"). The Debt Securities are unconditionally guaranteed as to payment of principal, premium, if any, Additional Amounts (as defined in the Indenture), if any, and interest by Apache Corporation (the "Guarantor"). The Debt Securities are issuable under, and the guarantee thereof by the Guarantor (the "Guarantee") is contained in, an indenture, dated as of November 23, 1999 (the "Indenture"), between the Company, the Guarantor and The Chase Manhattan Bank, as trustee (the "Trustee"). Each issue of Debt Securities may vary as to series, aggregate principal amount, maturity, interest rate or rates and timing of payments thereof, redemption provisions, if any, and any other variable terms as set forth in the Terms Agreement (as defined below) relating thereto which the Indenture contemplates may be set forth in the Debt Securities as issued from time to time.

Whenever the Company determines to make an offering of Debt Securities, the Company and the Guarantor will enter into an agreement (the "Terms Agreement") providing for the sale of such securities (the "Offered Securities") to, and the purchase and offering thereof by, one or more underwriters specified in the Terms Agreement (the "Underwriters", which term shall include any Underwriters substituted pursuant to Section 10 hereof). The Terms Agreement relating to the Offered Securities shall specify the names of the Underwriters participating in such offering, the amount of Offered Securities which each such Underwriter severally agrees to purchase, the price at which the Offered Securities are to be purchased by the Underwriters from the Company, the initial public offering price, the time and place of delivery and payment, such other information as is indicated in Exhibit A hereto and such other terms as are agreed by the Company and the Underwriters. In addition, each Terms Agreement shall specify whether the Company has agreed to grant to the Underwriters an option to purchase additional Offered Securities to cover over-allotments, if any, and the amount of Offered Securities subject to such option (the "Option Securities"). As used herein, the term "Offered Securities" shall include the Option Securities, if any, and "Representatives" shall mean the Underwriter or Underwriters so specified in the Terms Agreement or, if no Underwriter is so specified, shall mean each Underwriter. The Terms Agreement may be in the form of an exchange of any standard form of written telecommunication between the Underwriters and the Company. The offering of the Offered Securities will be governed by the Terms Agreement, as supplemented hereby

(collectively, this "Agreement"), and this Agreement shall inure to the benefit of and be binding upon each Underwriter participating in the offering of the Offered Securities.

The Company and the Guarantor have prepared and filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (Nos. 333-90147 and 333-90147-01) for the registration of Debt Securities, including the Offered Securities and the Guarantee, under the Securities Act of 1933, as amended (the "1933 Act"), and the offering thereof from time to time in accordance with Rule 415 of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations"), and have prepared and filed such amendments thereto as may have been required to the date hereof. Such registration statement, as amended, has been declared effective by the Commission, and the Indenture has been qualified under the Trust Indenture Act of 1939 (the "1939 Act"). A preliminary prospectus supplement relating to the Offered Securities (the "preliminary prospectus") was provided to the Underwriters and filed pursuant to Rule 424 under the 1933 Act. As provided in Section 3(a), a prospectus supplement reflecting the terms of the Offered Securities, the terms of the offering thereof and the other matters set forth therein has been prepared and will be filed pursuant to Rule 424 under the 1933 Act. Such prospectus supplement, in the form first filed after the date of the Terms Agreement pursuant to Rule 424, is herein referred to as the "Prospectus Supplement." Such registration statement, as amended at the date of the Terms Agreement, including the exhibits thereto and the documents filed by the Company with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), that are incorporated by reference therein, is herein called the "Registration Statement." Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations is herein referred to as the "Rule 462(b) Registration Statement," and after such filing the term "Registration Statement" shall include the Rule 462(b) Registration Statement. The basic prospectus included in the Registration Statement relating to all offerings of Debt Securities and the Guarantee under the Registration Statement, as supplemented by the Prospectus Supplement, is herein called the "Prospectus," except that, if such basic prospectus is amended or supplemented on or prior to the date on which the Prospectus Supplement is first filed pursuant to Rule 424, the term "Prospectus" shall refer to the basic prospectus as so amended or supplemented and as supplemented by the Prospectus Supplement or, if any revised prospectus shall be provided to the Underwriters by the Company and the Guarantor for their use in connection with the offering of the Offered Securities which differs from such basic prospectus and Prospectus Supplement (whether or not required to be filed by the Company pursuant to Rule 424), the term "Prospectus" shall refer to such revised prospectus (including any prospectus supplement) from and after the time it is first provided to the Underwriters for such use, in either case including the documents filed by the Company with the Commission pursuant to the 1934 Act, that are incorporated by reference therein.

SECTION 1. Representations and Warranties. The Company represents and warrants as to matters relating to the Company and the Guarantor represents and warrants as to matters relating to the Guarantor and its consolidated subsidiaries, to each Underwriter named in the Terms Agreement as of the date thereof and as of the Closing Time referred to in Section 2(c) hereof, and as of each Date of Delivery (if any) referred to in Section 2(b) hereof (in each case, a "Representation Date"), as follows:

(a) The Company has been duly incorporated and is validly existing as an unlimited liability company under the laws of Nova Scotia, Canada, with corporate power and authority to own, lease and operate its properties and conduct its business as described in the Prospectus, and to enter into and perform its obligations under this Agreement, the Offered Securities and the Indenture; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which the character or location of its properties or the nature or the conduct of its business requires such qualification, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or to be in good standing would not have a material adverse effect on the condition, financial or otherwise, on the results of operations, business affairs or business prospects of the Company or on its ability to perform its obligations hereunder or under the Offered Securities or the Indenture. The Company is an indirect wholly-owned subsidiary of the Guarantor and has one wholly-owned subsidiary, Apache Canada Management Limited, which has one wholly-owned subsidiary, Apache Canada Holdings Ltd.

(b) The Guarantor has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement; and the Guarantor is duly qualified as a foreign corporation to transact business and is in good standing in the State of Texas and in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify and be in good standing would not have a material adverse effect on the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Guarantor and its subsidiaries considered as one enterprise.

(c) Each "significant subsidiary" of the Guarantor as defined in Rule 405 of Regulation C of the 1933 Act Regulations (collectively, the "Significant Subsidiaries") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and conduct its business as described in the Prospectus and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify and be in good standing would not have a material adverse effect on the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Guarantor and its subsidiaries considered as one enterprise; and, except as described in the Prospectus, all of the issued and outstanding capital stock of each Significant Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and, except for directors' qualifying shares (if applicable), is owned by the Guarantor, directly or

through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity.

(d) The Guarantor meets the requirements for use of Form S-3 under the 1933 Act. Each of the Registration Statement and any Rule 462(b) Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company or the Guarantor, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

(e) At the time the Registration Statement and the Rule 462(b) Registration Statement, if any, became effective and as of each Representation Date, the Registration Statement and the Rule 462(b) Registration Statement, if any, complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and the 1939 Act and the rules and regulations of the Commission promulgated thereunder; the Registration Statement and the Rule 462(b) Registration Statement, if any, each at the time it became effective, did not, and at each time thereafter at which any amendment to the Registration Statement becomes effective or any Annual Report on Form 10-K is filed by the Guarantor with the Commission and as of each Representation Date, will not, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and the Prospectus, as of each Representation Date, does not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement and the Rule 462(b) Registration Statement, if any, or the Prospectus made in reliance upon and in conformity with information furnished to the Company or the Guarantor in writing by the Underwriters expressly for use in the Registration Statement and the Rule 462(b) Registration Statement, if any, or the Prospectus.

(f) The documents incorporated by reference in the Prospectus, at the time they were or hereafter are filed with the Commission, complied or when so filed will comply, as the case may be, in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission promulgated thereunder (the "1934 Act Regulations"), and, when read together and with the other information in the Prospectus, did not and will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were or are made, not misleading.

(g) The accountants who certified the financial statements included or incorporated by reference in the Registration Statement and the Prospectus are

independent public accountants with respect to the Company and the Guarantor as required by the 1933 Act and the 1933 Act Regulations.

(h) The financial statements and any supporting schedules of the Guarantor and its subsidiaries included or incorporated by reference in the Registration Statement and the Prospectus present fairly the consolidated financial position of the Guarantor and its subsidiaries as of the dates indicated and the consolidated results of their operations for the periods specified; except as stated therein, said financial statements have been prepared in conformity with U.S. generally accepted accounting principles applied on a consistent basis; the supporting schedules included or incorporated by reference in the Registration Statement and the Prospectus present fairly the information required to be stated therein; and the pro forma financial statements and the related notes thereto, if any, included or incorporated by reference in the Registration Statement and the Prospectuses present fairly the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(i) The petroleum engineers who have consented to being named as having reviewed certain reserve data included or incorporated by reference in the Prospectus are independent engineers with respect to the Guarantor and its subsidiaries.

(j) This Agreement and the applicable Delayed Delivery Contracts (as defined below), if any, have been duly authorized, executed and delivered by the Company and the Guarantor and, upon execution and delivery by the Underwriters, will be valid and legally binding agreements of the Company and the Guarantor; on and after the Closing Time, the Indenture will have been duly authorized, executed and delivered by the Company and the Guarantor and, assuming due execution and delivery by the Trustee, will be a valid and legally binding agreement of the Company and the Guarantor enforceable in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equity principles, and except further as enforceability thereof may be limited by (1) requirements that a claim with respect to any Debt Securities denominated other than in U.S. dollars (or a foreign currency or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (2) governmental authority to limit, delay or prohibit the making of payments outside the United States. The Offered Securities have been duly and validly authorized for issuance, offer and sale pursuant to this Agreement and each Delayed Delivery Contract, if any, and when issued, authenticated and delivered pursuant to the provisions of this Agreement and the Indenture against payment of the consideration therefor, the Offered Securities will constitute valid

and legally binding obligations of the Company enforceable in accordance with their terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equity principles, and except further as enforceability thereof may be limited by (1) requirements that a claim with respect to any Offered Securities denominated other than in U.S. dollars (or a foreign currency or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate or exchange prevailing on a date determined pursuant to applicable law or (2) governmental authority to limit, delay or prohibit the making of payments outside the United States. The Offered Securities and the Indenture, including the Guarantee, will be substantially in the form heretofore delivered to the Underwriters and conform in all material respects to all statements relating thereto contained in the Prospectus; and each Holder (as defined in the Indenture) of Offered Securities will be entitled to the benefits of the Indenture.

(k) The Guarantee has been duly and validly authorized by the Guarantor, and, when the Offered Securities are issued, authenticated and delivered pursuant to the provisions of this Agreement and the Indenture against payment of the consideration therefor, the Guarantee will be a valid and legally binding obligation of the Guarantor with respect to the Offered Securities enforceable in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, moratorium and other laws relating to or affecting creditors' rights generally against the Guarantor and by general equity principles and except further as enforceability thereof may be limited by (1) requirements that a claim with respect to any Offered Securities denominated other than in U.S. dollars (or a foreign currency or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (2) governmental authority to limit, delay or prohibit the making of payments outside the United States, and each Holder of Offered Securities will be entitled to the benefits of the Guarantee.

(l) Since the respective dates as of which information is given in the Registration Statement, any Rule 462(b) Registration Statement and the Prospectus, except as may otherwise be stated therein or contemplated thereby, (1) there has been no material adverse change in the condition, financial or otherwise, or in the results of operations, business affairs or business prospects of the Company or the Guarantor and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business and (2) there have been no material transactions entered into by the Guarantor or any of its subsidiaries other than those in the ordinary course of business.

(m) Neither the Guarantor nor any of its subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other instrument to which it is a party or by which it or any of them or their properties may be bound, where the

consequences of such violation or default would have a material adverse effect on the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Company or the Guarantor and its subsidiaries considered as one enterprise; and the execution and delivery of this Agreement, each Delayed Delivery Contract, if any, and the Indenture and the consummation of the transactions contemplated herein and therein have been duly authorized by all necessary corporate action of the Company and the Guarantor and will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Guarantor or any of its subsidiaries pursuant to, any contract, indenture, mortgage, loan agreement, note, lease or other instrument to which the Guarantor or any of its subsidiaries is a party or by which it or any of them may be bound or to which any of the property or assets of the Guarantor or any subsidiary thereof is subject, nor will such action result in any violation of the provisions of the charter or by-laws of the Company or the Guarantor or any law, administrative regulation or administrative or court order or decree, where the consequences of such conflict, breach, creation, imposition, violation or default would have a material adverse effect on the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Company or the Guarantor and its subsidiaries considered as one enterprise.

(n) No consent, approval, authorization, order, decree, registration or qualification of or with any court or governmental agency or body is required for the consummation by the Company and the Guarantor of the transactions contemplated by this Agreement or in connection with the sale of Offered Securities hereunder, except such as have been obtained or rendered, as the case may be, or as may be required under state or Blue Sky laws.

(o) Except as may be included or incorporated by reference in the Registration Statement and the Prospectus, there is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending or, to the knowledge of the Company or the Guarantor, threatened against or affecting the Guarantor or any of its subsidiaries which might, in the opinion of the Company or the Guarantor, result in any material adverse change in the condition, financial or otherwise, or in the results of operations, business affairs or business prospects of the Company or the Guarantor and its subsidiaries considered as one enterprise, or could reasonably be expected to materially and adversely affect the properties or assets thereof or could reasonably be expected to materially and adversely affect the consummation of this Agreement or the Indenture or any transaction contemplated hereby or thereby.

(p) There are no contracts or documents of the Guarantor or any of its subsidiaries which are required to be filed as exhibits to the Registration Statement by the 1933 Act or by the 1933 Act Regulations which have not been so filed.

(q) Neither the Guarantor nor any of its subsidiaries is in violation of any law, ordinance, governmental rule or regulation or court decree to which it may be subject or has failed to obtain any license, permit, franchise or other governmental authorization necessary to the ownership of its property or to the conduct of its business, which violation or failure would materially adversely affect the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Company or the Guarantor and its subsidiaries considered as one enterprise; and the Guarantor and its subsidiaries own or possess or have obtained all governmental licenses, permits, consents, orders, approvals and other authorizations and have properly filed with the appropriate authorities all notices, applications and other documents necessary to lease or own their respective properties and to carry on their respective businesses as presently conducted, except where the failure to possess such licenses or authorizations or make such filings would not materially adversely affect the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Company or the Guarantor and its subsidiaries considered as one enterprise.

(r) The Guarantor and its subsidiaries own or possess, or can acquire on reasonable terms, adequate trademarks, service marks and trade names necessary to conduct the business now operated by them, except as set forth or incorporated by reference in the Registration Statement or except where the failure to own or possess the same would not materially adversely affect the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Company or the Guarantor and its subsidiaries considered as one enterprise, and neither the Guarantor nor any of its subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to any trademarks, service marks or trade names which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would materially adversely affect the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Company or the Guarantor and its subsidiaries considered as one enterprise.

(s) The Guarantor and its subsidiaries have legal, valid and defensible title to all of their interests in oil and gas properties and to all other real and personal property owned by them and any other real property and buildings held under lease by the Guarantor and its subsidiaries are held by them under valid, subsisting and enforceable leases, in each case free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances and defects of any kind, except such as (1) are described in the Prospectus, (2) liens and encumbrances under operating agreements, unitization and pooling agreements, production sales contracts, farm-out agreements and other oil and gas exploration and production agreements, in each case that secure payment of amounts not yet due and payable for the performance of other inchoate obligations and are of a scope and nature customary in connection with similar drilling and producing operations or (3) those that do not have a material adverse effect on the condition, financial or otherwise, or the results of operations, business affairs or business

prospects of the Company or the Guarantor and its subsidiaries considered as one enterprise.

(t) The information underlying the estimates of oil and gas reserves as described in the Prospectus is complete and accurate in all material respects (or, with regard to any information underlying the estimates prepared by any petroleum engineers retained by the seller of such oil and gas reserves, is, to the best knowledge of the Company and the Guarantor after reasonable investigation, complete and accurate in all material respects); other than production of the reserves in the ordinary course of business and intervening product price fluctuations described in the Prospectus, the Company and the Guarantor are not aware of any facts or circumstances that would result in a material adverse change in the reserves or the present value of future net cash flows therefrom as described in the Prospectus. Estimates of such reserves and present values comply in all material respects with the applicable requirements of Regulation S-X and Industry Guide 2 under the 1933 Act.

(u) Neither the Company, nor the Guarantor or any of its other subsidiaries, is required to be registered under the Investment Company Act of 1940, as amended (the "1940 Act").

(v) The Guarantor has complied and will comply with the provisions of Florida H.B. 1771, codified as Section 517.075 of the Florida Statutes, 1987, as amended, and all regulations promulgated thereunder relating to issuers doing business in Cuba.

(w) The Guarantor has reviewed its operations and that of its subsidiaries and any third parties with which the Guarantor or any of its subsidiaries has a material relationship to evaluate the extent to which the business or operations of the Guarantor or any of its subsidiaries will be affected by the Year 2000 Problem. As a result of such review, the Guarantor has no reason to believe, and does not believe, that the Year 2000 Problem will have a material adverse effect on the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Guarantor and its subsidiaries considered as one enterprise or result in any material loss or interference with the Guarantor business or operations. The "Year 2000 Problem" as used herein means any significant risk that computer hardware or software used in the receipt, transmission, processing, manipulation, storage, retrieval, retransmission or other utilization of data or in the operation of mechanical or electrical systems of any kind will not, in the case of dates or time periods occurring after December 31, 1999, function at least as effectively as in the case of dates or time periods occurring prior to January 1, 2000.

(x) Except as described in the Registration Statement, (1) neither the Guarantor nor any of its subsidiaries is in violation of any local or foreign laws or regulations relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land

surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), except such violations as would not, singly or in the aggregate, have a material adverse effect on the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Company or the Guarantor and its subsidiaries considered as one enterprise, and (2) to the best of the Company's and the Guarantor's knowledge, there are no events or circumstances that could reasonably be expected to be the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Guarantor or any of its subsidiaries relating to any Hazardous Materials or the violation of any Environmental Laws, which, singly or in the aggregate, could reasonably be expected to have a material adverse effect on the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Company or the Guarantor and its subsidiaries considered as one enterprise.

(y) Except as described in the Prospectus, or as has already been paid or authorized for payment, no stamp duty or similar tax or duty is payable under applicable laws or regulations of Canada or any political subdivision thereof (collectively, "Canada") in connection with the creation, issuance or delivery of the Offered Securities, the transfer of any of the Offered Securities or with respect to the execution and delivery of this Agreement, the Offered Securities or the Indenture or any document contemplated hereby or thereby.

(z) Except as described in the Prospectus, payments made by the Company under the Offered Securities or the Guarantor under the Guarantee or either of them hereunder or under the Indenture will not be subject under the current laws or regulations of Canada to any withholdings or similar charges for or on account of taxation.

(aa) The choice of the laws of the State of New York as the governing law of the Offered Securities, the Indenture and this Agreement is a valid choice of law under the laws of Canada and courts of Canada will honor this choice of law. The Company has the power to submit and pursuant to this Agreement and the Indenture has legally, validly, effectively and irrevocably submitted to the personal jurisdiction of the United States District Court for the Southern District of New York and the Supreme Court of New York, New York County (including, in each case, any appellate courts therefrom) in any suit, action or proceeding against it arising out of or related to any of the Offered Securities, the Indenture and the Guarantee or with respect to its obligations, liabilities or any other matter arising out of or in connection with the sale of the Offered Securities by the Company to the Underwriters under this Agreement and has validly and irrevocably waived any objection to the venue of a proceeding in any such court;

and has the power to designate, appoint and empower and pursuant to this Agreement and the Indenture has legally, validly, effectively and irrevocably designated, appointed and empowered an agent for service of process in any suit or proceeding based on or arising under this Agreement, the Offered Securities or the Indenture, as the case may be, in any federal or state court in the State of New York.

(bb) Except as described in the Prospectus, any final judgment for a definite sum of money rendered by any court of the State of New York or of the United States located in the State of New York having jurisdiction under its own domestic laws in respect of any suit, action or proceeding against the Company based upon any instruments or agreements entered into for the consummation of the transactions contemplated herein would be declared enforceable against the Company by the courts of Canada without reexamination, review of the merits of the cause of action in respect of which the original judgment was given or relitigation of the matters adjudicated upon or payment of any stamp, registration or similar tax or duty, provided that (A) the judgment is consistent with public policy in Canada and any relevant political subdivision, (B) the judgment was not given or obtained by fraud or in a manner contrary to natural justice, (C) the judgment was not based on a clear mistake of law or fact, (D) the judgment was not directly or indirectly for the payment of taxes or other charges of a like nature or of a fine or other penalty, (E) the judgment is for a definite sum, and (F) there has been no prior judgment in another court between the same parties concerning the same issues as are dealt with in the judgment to be enforced in Canada. The Company is not aware of any reason why the enforcement in Canada of such a judgment in respect of any of the instruments or agreements executed for consummation of the transactions contemplated herein or in the Prospectus would be contrary to public policy in Canada.

(cc) The Company, and its obligations under this Agreement, the Offered Securities and the Indenture, are subject to civil and commercial law and to suit and neither it nor any of its properties, assets or revenues have any right of immunity, on the grounds of sovereignty, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or counterclaim, from the jurisdiction of any Canadian, New York State or U.S. federal court, as the case may be, from service of process, attachment upon or prior to judgment, or attachment in aid of execution of judgment, or from execution or enforcement of a judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of a judgment, in any such court, with respect to its obligations or liabilities or any other matter under or arising out of or in connection with the Offered Securities, this Agreement or the Indenture; and, to the extent that the Company or any of its properties, assets or revenues may have or may hereafter become entitled to any such right of immunity in any such court in which proceedings may at any time be commenced, the Company has waived or will waive such right to the extent permitted by law and has consented to such relief and enforcement as provided in this Agreement and the Indenture.

(dd) It is not necessary under the laws of Canada or any authority or agency therein in order to enable an owner of any interest in the Offered Securities or the Guarantee to enforce its rights under the Offered Securities or the Guarantee or to enable any of the Underwriters to enforce its rights under this Agreement, as the case may be, that it should, as a result solely of its holding or underwriting, as the case may be, of the Offered Securities, be licensed, qualified or otherwise entitled to carry on business in Canada or any authority or agency therein; the Offered Securities, the Indenture and this Agreement are in proper legal form under the laws of Canada or authority or agency therein for the enforcement thereof against the Company therein; and it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of the Offered Securities, the Indenture or this Agreement in Canada or any authority or agency therein that any of them be filed or recorded or enrolled with any court, authority or agency in, or that any stamp, registration or similar taxes or duties be paid to any court, authority or agency of Canada.

(ee) Except as described in the Prospectus, no exchange control authorization or other authorization, approval, consent or license of any governmental authority or agency of or in Canada is required for the payment by the Company of any amounts in United States dollars pursuant to the terms of the Offered Securities or to the Underwriters pursuant to this Agreement.

Any certificate signed by any director or officer of the Company or the Guarantor and delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Company or the Guarantor, as the case may be, as to the matters covered thereby.

SECTION 2. Purchase and Sale.

(a) The several commitments of the Underwriters to purchase the Offered Securities pursuant to this Agreement shall be deemed to have been made on the basis of the representations and warranties herein contained and shall be subject to the terms and conditions herein and therein set forth. Offered Securities which are subject to Delayed Delivery Contracts are herein sometimes referred to as "Delayed Delivery Offered Securities" and Offered Securities which are not subject to Delayed Delivery Contracts are herein sometimes referred to as "Immediate Delivery Offered Securities."

(b) In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company may grant, if so provided in the Terms Agreement, an option to the Underwriters named in the Terms Agreement, severally and not jointly, to purchase up to the principal amount of Option Securities set forth therein at the same price per security (plus, except as otherwise provided in the Terms Agreement, interest, if any, accrued and unpaid from the Closing Time until the applicable Date of Delivery), as is applicable to the Offered Securities. Such option, if granted, will expire 30 days after the date of the Terms Agreement, and may be exercised in whole or in part from time to time only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Offered Securities upon notice by the Representatives to the

Company setting forth the principal amount of Option Securities as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (a "Date of Delivery") shall be determined by the Representatives, but shall not be later than seven full business days and not earlier than two full business days after the exercise of said option, nor in any event prior to the Closing Time, as hereinafter defined, unless otherwise agreed upon by the Representatives, the Company and the Guarantor. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase the proportion of the total principal amount of Option Securities then being purchased that the principal amount of Immediate Delivery Offered Securities each such Underwriter has agreed to purchase, as set forth in the Terms Agreement, bears to the total principal amount of Immediate Delivery Offered Securities, subject to such adjustments as the Representatives in their discretion shall make to eliminate any sales or purchases in less than authorized denominations.

(c) Payment of the purchase price for, and delivery of, the Immediate Delivery Offered Securities to be purchased by the Underwriters shall be made at the place set forth in the Terms Agreement, or at such other place as shall be agreed upon by the Representatives, the Company and the Guarantor, on the third business day (unless postponed in accordance with the provisions of Section 10) following the date of the Terms Agreement or such other time as shall be agreed upon by the Underwriters, the Company and the Guarantor (such time and date being referred to as the "Closing Time"). Except as specified in the Terms Agreement, payment shall be made to the Company by wire transfer in same day funds to the account specified in the Terms Agreement against delivery to the Underwriters for the respective accounts of the Underwriters of the Immediate Delivery Offered Securities to be purchased by them (unless the Offered Securities are issuable only in the form of one or more global instruments registered in the name of a depository or a nominee of a depository, in which event the Underwriters' interest in such global instrument shall be noted in a manner satisfactory to the Underwriters and their counsel). In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates representing, such Option Securities shall be made at such place as shall be agreed upon by the Representatives and the Company, on each Date of Delivery as agreed by the Representatives and the Company. The Immediate Delivery Offered Securities shall be in such denominations and registered in such names as the Underwriters may request in writing at least two business days prior to the Closing Time or relevant Date of Delivery, as the case may be. The Immediate Delivery Offered Securities, which if agreed by the Representatives may be in temporary form, will be made available for examination and packaging by the Representatives on or before the first business day prior to the Closing Time or relevant Date of Delivery, as the case may be.

(d) If authorized by the Terms Agreement, the Underwriters named therein may solicit offers to purchase Offered Securities from the Company pursuant to delayed delivery contracts ("Delayed Delivery Contracts") substantially in the form of Exhibit B hereto, with such changes therein as the Company and the Guarantor may approve. As compensation for arranging Delayed Delivery Contracts, the Company or the Guarantor, as the case may be, will pay to the Representatives at the Closing Time, for the account of the Underwriters, a fee equal to that percentage of the aggregate principal amount of Delayed Delivery Offered Securities for which Delayed Delivery Contracts are made at the Closing Time as is specified in the Terms Agreement. Any Delayed Delivery Contracts are to be with institutional investors of the types

set forth in the Prospectus Supplement. At the Closing Time the Company and the Guarantor will enter into Delayed Delivery Contracts (for not less than the minimum principal amount of Delayed Delivery Offered Securities per Delayed Delivery Contract specified in the Terms Agreement) with all purchasers proposed by the Underwriters and previously approved by the Company and the Guarantor as provided below, but not for an aggregate principal amount of Offered Securities in excess of that specified in the Terms Agreement. The Underwriters will not have any responsibility for the validity or performance of Delayed Delivery Contracts.

(e) The Representatives are to submit to the Company, at least two business days prior to the Closing Time, the names of any institutional investors with which it is proposed that the Company will enter into Delayed Delivery Contracts and the principal amount of Delayed Delivery Offered Securities to be purchased by each of them, and the names of the institutions with which the making of Delayed Delivery Contracts is approved by the Company and the principal amount of Delayed Delivery Offered Securities to be covered by each such Delayed Delivery Contract.

(f) The principal amount of Offered Securities agreed to be purchased by the respective Underwriters pursuant to this Agreement shall be reduced by the principal amount of Delayed Delivery Offered Securities covered by Delayed Delivery Contracts, as to each Underwriter as set forth in a written notice delivered by the Underwriters to the Company; provided, however, that the total principal amount of Immediate Delivery Offered Securities to be purchased by all Underwriters shall be the total amount of the Offered Securities covered by this Agreement, less the total principal amount of Delayed Delivery Offered Securities covered by Delayed Delivery Contracts.

SECTION 3. Covenants of the Company and the Guarantor. The Company and the Guarantor covenant with each Underwriter as follows:

(a) Immediately following the execution of the Terms Agreement, the Company will prepare a Prospectus Supplement in form approved by the Representatives setting forth the principal amount of Offered Securities and their terms not otherwise specified in the Indenture, if applicable, the names of the Underwriters and the principal amount of the Offered Securities which each severally and not jointly has agreed to purchase, the names of the Underwriters, the price at which the Offered Securities are to be purchased by the Underwriters from the Company, the initial public offering price, the selling concession and reallowance, if any, any delayed delivery arrangements, and such other information as the Representatives and the Company deem appropriate in connection with the offering of the Offered Securities. The Company will promptly transmit copies of the Prospectus Supplement to the Commission for filing pursuant to Rule 424 of the 1933 Act Regulations and will furnish to the Underwriters named therein as many copies of the Prospectus (including the Prospectus Supplement) as the Representatives shall reasonably request.

(b) If at any time when the Prospectus is required by the 1933 Act to be delivered in connection with sales of the Offered Securities any event shall occur or condition exist as a result of which it is necessary, in the opinion of counsel for

the Underwriters or counsel for the Guarantor and the Company, to amend or supplement the Prospectus in order that the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time the Prospectus is delivered to a purchaser, or if it shall be necessary, in the opinion of either such counsel, to amend or supplement the Registration Statement or the Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company and the Guarantor will promptly amend the Registration Statement and the Prospectus, whether by filing documents pursuant to the 1934 Act or the 1933 Act or otherwise, as may be necessary to correct such untrue statement or omission or to make the Registration Statement and the Prospectus comply with such requirements.

(c) The Guarantor will make generally available to its security holders as soon as practicable, but not later than 90 days after the close of the period covered thereby, an earnings statement (in form complying with the provisions of Rule 158 of the 1933 Act Regulations) covering each twelve month period beginning, in each case, not later than the first day of the Guarantor's fiscal quarter next following the "effective date" (as defined in such Rule 158) of the Registration Statement with respect to each sale of Offered Securities.

(d) While the Prospectus is required by the 1933 Act to be delivered in connection with sales of the Offered Securities, the Company or the Guarantor will give the Representatives notice of its intention to file any additional registration statement with respect to the registration of additional Debt Securities, any amendment to the Registration Statement (including any filing under Rule 462(b)) or any amendment or supplement to the Prospectus, whether pursuant to the 1934 Act, the 1933 Act or otherwise; will furnish the Underwriters with copies of any such amendment or supplement or other documents proposed to be filed a reasonable time in advance of such proposed filing or use, as the case may be; and will not file any such amendment or supplement or other documents in a form to which the Representatives or counsel to the Underwriters reasonably object.

(e) While the Prospectus is required by the 1933 Act to be delivered in connection with sales of the Offered Securities, the Company or the Guarantor will notify the Representatives immediately, and promptly confirm the notice in writing, of (i) the effectiveness of any amendment to the Registration Statement, (ii) the transmittal to the Commission for filing of any supplement to the Prospectus or any document to be filed pursuant to the 1934 Act which will be incorporated by reference into the Registration Statement or the Prospectus, (iii) the receipt of any comments from the Commission with respect to the Registration Statement, the Prospectus or the Prospectus Supplement, (iv) any request by the Commission for any amendment to the Registration Statement, or any amendment or supplement to the Prospectus or for additional information, (v) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose

and (vi) any change in the rating assigned by any nationally recognized statistical rating organization to any debt securities of the Company or the Guarantor or the public announcement by any nationally recognized statistical rating organization that it has under surveillance or review, with possible negative implications, its rating of any debt securities of the Company or the Guarantor. The Company and the Guarantor will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(f) The Company will deliver to each Underwriter one conformed copy of the Registration Statement (as originally filed) and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein and documents incorporated by reference in the Prospectus) and will also deliver to the Representatives as many conformed copies of the Registration Statement as originally filed and of each amendment thereto (without exhibits) as the Representatives may reasonably request. While the Prospectus is required by the 1933 Act to be delivered in connection with sales of the Offered Securities, the Company will furnish to the Representatives as many copies of the Prospectus (including the Prospectus Supplement) as the Representatives reasonably request.

(g) The Company and the Guarantor will endeavor, in cooperation with the Underwriters, to qualify the Offered Securities for offering and sale under the applicable securities laws of such states and other jurisdictions of the United States as the Underwriters may designate, and will maintain such qualifications in effect for as long as may be required for the distribution of the Offered Securities; provided, however, that neither the Company nor the Guarantor shall be obligated to file any general consent to service of process or to qualify as a foreign corporation in any jurisdiction in which it is not so qualified. The Company and the Guarantor will file such statements and reports as may be required by the laws of each jurisdiction in which the Offered Securities have been qualified as above provided. The Company or the Guarantor will promptly advise the Representatives of the receipt by the Company of any notification with respect to the suspension of the qualification of the Offered Securities for sale in any such state or jurisdiction or the initiating or threatening of any proceeding for such purpose.

(h) The Company and the Guarantor, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act in connection with sales of the Offered Securities, will file all documents required to be filed with the Commission pursuant to Sections 13, 14 or 15(d) of the 1934 Act within the time periods prescribed by the 1934 Act and the 1934 Act Regulations.

(i) If specified in the Terms Agreement, between the date of the Terms Agreement and the completion of the distribution of the Offered Securities or the Closing Time, whichever is later, or such other time as is specified in the Terms Agreement, the Company or the Guarantor will not, without the prior written consent of the Representatives, offer or sell, grant any option for the sale of, or

enter into any agreement to sell, any debt securities of the Company or the Guarantor substantially similar to the Offered Securities (other than the Offered Securities that are to be sold pursuant to such agreement or commercial paper in the ordinary course of business).

SECTION 4. Conditions of Underwriters' Obligations. The obligations of the Underwriters to purchase Offered Securities pursuant to this Agreement are subject to the accuracy of the representations and warranties on the part of the Company and the Guarantor herein contained, to the accuracy of the statements which the Company's and the Guarantor's officers made in any certificate furnished pursuant to the provisions hereof, to the performance by the Company and the Guarantor of all of their respective covenants and other obligations hereunder and under the Terms Agreement, and to the following further conditions:

(a) The Registration Statement and any Rule 462(b) Registration Statement have become effective and, at the Closing Time, no stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement shall have been issued under the 1933 Act or proceedings therefor initiated or threatened by the Commission and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. A prospectus containing the Rule 430A information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A) or, if the Company has elected to rely upon Rule 434, a term sheet shall have been filed with the Commission in accordance with Rule 424(b).

(b) At the Closing Time, the Representatives shall have received:

(1) The favorable opinion, dated as of the Closing Time, of Chamberlain, Hrdlicka, White, Williams & Martin, counsel to the Company and the Guarantor, to the effect that:

(i) The Guarantor has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware.

(ii) This Agreement and the applicable Delayed Delivery Contracts, if any, have been duly authorized, executed and delivered by the Company and the Guarantor.

(iii) The Indenture has been duly authorized, executed and delivered by the Company and the Guarantor and (assuming the Indenture has been duly authorized, executed and delivered by the Trustee) constitutes a legal, valid and binding agreement of the Company and the Guarantor, enforceable in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or

affecting creditors' rights generally and by general equity principles, and further as enforceability thereof may be limited by (1) requirements that a claim with respect to any Debt Securities denominated other than in U.S. dollars (or a foreign currency or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (2) governmental authority to limit, delay or prohibit the making of payments outside the United States.

(iv) The Guarantee has been duly authorized by the Guarantor and, when the Offered Securities are executed and authenticated as specified in the Indenture and delivered against payment pursuant to the Terms Agreement, as supplemented by this Agreement, or any Delayed Delivery Contracts, will, with respect to such Securities, constitute the valid and binding obligation of the Guarantor, enforceable in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, moratorium and other laws relating to or affecting creditors' rights against the Guarantor and by general equity principles, and further as enforceability thereof may be limited by (1) requirements that a claim with respect to any Debt Securities denominated other than in U.S. dollars (or a foreign currency or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (2) governmental authority to limit, delay or prohibit the making of payments outside the United States.

(v) The Offered Securities, in the form(s) certified by the Company as of the Closing Time, have been duly authorized for issuance, offer and sale pursuant to this Agreement and, when issued, authenticated and delivered pursuant to the provisions of this Agreement, any Delayed Delivery Contract and the Indenture against payment of the consideration therefor, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equity principles, and except further as enforceability thereof may be limited by (1) requirements that a claim with respect to any Debt Securities denominated other than in U.S. dollars (or a foreign currency or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (2) governmental authority to limit, delay or prohibit the making of payments outside the United States; and each holder of Offered Securities will be entitled to the benefits of the Indenture.

(vi) The Offered Securities and the Indenture conform in all material respects to the statements relating thereto in the Prospectus; and the statements in the Prospectus under the captions "Description of Notes and Guarantees" and "Description of Securities," insofar as they purport to summarize certain provisions of documents specifically referred to therein, are accurate summaries of such provisions.

(vii) The Indenture has been duly qualified under the 1939 Act.

(viii) The Registration Statement, including any Rule 462(b) Registration Statement, has been declared effective by the Commission under the 1933 Act and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement has been issued under the 1933 Act or proceedings therefor initiated or threatened by the Commission.

(ix) The Registration Statement, including any Rule 462(b) Registration Statement, and the Prospectus (except for financial statements and engineering reports and other financial or engineering data, and except for those parts of the Registration Statement that constitute the Form T-1, as to which such counsel need not express any opinion), as of their respective effective or issue dates, appeared on their face to be appropriately responsive to the requirements of the 1933 Act and the 1933 Act Regulations.

(x) The information contained in the Prospectus under the caption "Certain Income Tax Considerations - United States Federal Income Tax Considerations," to the extent that such information constitutes matters of law, summaries of legal matters or legal conclusions, has been reviewed by such counsel and is correct.

(xi) The Company has legally, validly, effectively and irrevocably submitted to the personal jurisdiction of any federal or state court in the State of New York, County of New York in any suit or proceeding based on or arising under this Agreement and has validly and effectively waived any objection to the venue of a proceeding in any such court as provided in Section 14 of this Agreement; and the Company has the power to designate, appoint and empower and pursuant to this Agreement has validly, effectively and irrevocably designated, appointed and empowered an agent for service of process in any suit or proceeding based on or arising under this Agreement in any federal or state court in the State of New York, County of New York as provided in Section 14 of this Agreement.

In rendering such opinion, counsel for the Company and the Guarantor may rely (i) as to matters of fact upon the representations of officers of the Company and the Guarantor contained in any certificate delivered to such counsel and certificates of public officials, which certificates shall be attached to or delivered with such opinion, (ii) as to matters of the laws of Canada and its provinces upon the opinions of McInnes Cooper & Robertson and Bennett Jones furnished pursuant to this Agreement and (iii) as to the laws of the State of New York applicable to the enforceability of the Offered Securities and the Indenture upon the opinion of Brown & Wood LLP. Such opinion shall be limited to the General Corporation Law of the State of Delaware, the laws of the State of Texas and the laws of the United States of America.

(2) The favorable opinion of Zurab S. Kobiashvili, General Counsel of the Guarantor, to the effect that:

(i) The Guarantor has the corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement and the Delayed Delivery Contracts, if any.

(ii) To the best knowledge and information of such counsel, the Guarantor is duly qualified as a foreign corporation to transact business and is in good standing in the State of Texas and in each other jurisdiction in which such qualification is required, except where the failure to so qualify and be in good standing would not have a material adverse effect on the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Guarantor and its subsidiaries considered as one enterprise.

(iii) Each Significant Subsidiary has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and conduct its business as described in the Prospectus, and, to the best of such counsel's knowledge and information, is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, except where the failure to so qualify and be in good standing would not have a material adverse effect on the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Guarantor and its subsidiaries considered as one enterprise; and all of the issued and outstanding capital stock of each Significant Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable, and is owned by the Guarantor, directly or indirectly, free and clear of any mortgage, pledge, lien, encumbrance, claim or equity (except as described in the Prospectus).

(iv) Each document filed pursuant to the 1934 Act and incorporated by reference in the Prospectus (except for financial statements, supporting schedules and other financial or statistical information as to which no opinion need be rendered) appeared on its face to be appropriately responsive when so filed to the requirements of the 1934 Act and the 1934 Act Regulations.

(v) Neither the Guarantor nor any of its subsidiaries is required to be registered under the 1940 Act.

(vi) No consent, approval, authorization, order, decree, registration or qualification of or with any court or governmental authority or agency is required that has not been obtained in connection with the consummation by the Company or the Guarantor of the transactions contemplated by this Agreement, any Delayed Delivery Contract or the Indenture, except such

as have been obtained or rendered, as the case may be, or as may be required under the 1933 Act, the 1933 Act Regulations, the 1934 Act, the 1934 Act Regulations or state securities laws; and the execution and delivery of this Agreement, the Delayed Delivery Contract, if applicable, and the Indenture and the consummation of the transactions contemplated herein and therein have been duly authorized by all necessary corporate action of the Company and the Guarantor and, to the best knowledge and information of such counsel, will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Guarantor or any of its subsidiaries pursuant to, any contract, indenture, mortgage, loan agreement, note, lease or other instrument to which the Guarantor or any of its subsidiaries is a party or by which it or any of them may be bound or to which any of the property or assets of the Guarantor or any such subsidiary is subject, nor will such action result in any violation of the provisions of the charter or by-laws of the Guarantor or any applicable law, administrative regulation or, to the best knowledge and information of such counsel, administrative or court order or decree.

(vii) Neither the Guarantor nor any of its Significant Subsidiaries is in violation of its charter or by-laws.

(viii) To the best knowledge and information of such counsel, neither the Guarantor nor any of its subsidiaries is in violation of any law, ordinance, governmental rule or regulation or court decree to which it may be subject or has failed to obtain any license, permit, franchise or other governmental authorization necessary to the ownership of its property or to the conduct of its business, which violation or failure would materially adversely affect the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Guarantor and its subsidiaries considered as one enterprise; and, to the best knowledge and information of such counsel, the Guarantor and its subsidiaries own or possess or have obtained all governmental licenses, permits, consents, orders, approvals and other authorizations necessary to lease or own their respective properties and to carry on their respective businesses as presently conducted, except where the failure to obtain such authorizations would not have a material adverse effect on the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Guarantor and its subsidiaries considered as one enterprise.

(ix) To the best of such counsel's knowledge and information, there is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or threatened against or affecting, the Guarantor or any of its subsidiaries, which would be reasonably expected to result in any material adverse change in the condition, financial or otherwise, or in the results of operations, business affairs or business prospects of the Guarantor and its subsidiaries considered as one enterprise, or would materially and adversely affect the properties or assets thereof or would materially and adversely affect the consummation of this Agreement, the Delayed

Delivery Contracts, if applicable, or the Indenture or any transaction contemplated hereby or thereby.

(x) To the best of such counsel's knowledge and information, there are no contracts or other documents required to be described or referred to in the Registration Statement or to be filed as exhibits thereto other than those described or referred to therein or filed or incorporated by reference as exhibits thereto, the descriptions thereof or references thereto are correct in all material respects, and, to the best of such counsel's knowledge and information, no default exists in the due performance or observance of any material obligation, agreement, covenant or conditions contained in any contract, or other documents so described, referred to, filed or incorporated by reference where the consequences of such default would have a material adverse effect on the condition, financial or otherwise, or the results of operations, business affairs or business prospects of the Guarantor and its subsidiaries considered as one enterprise.

In rendering such opinion, Zurab S. Kobiashvili may rely (i) as to matters of fact upon the representations of officers of the Guarantor contained in any certificate delivered to such counsel and certificates of public officials, which certificates shall be attached to or delivered with such opinion; and (ii) as to matters of the laws of Canada covered thereby, upon the opinions of McInnes Cooper & Robertson and Bennett Jones furnished pursuant to this Agreement and (iii) as to matters regarding the Significant Subsidiaries, (a) item 10 of the opinion of George J. Morgenthaler, former Senior Vice President and General Counsel of the Company, dated March 30, 1993, as to each subsidiary referenced in that opinion, (b) the opinion of Glen Kenneth Ward as to Apache Energy Limited and (c) the opinion of Ian Paget Brown as to Apache Qarun Corporation LDC, Apache Qarun Exploration Company LDC and Apache Khalda Corporation LDC. Such opinion shall be limited to the General Corporation Law of the State of Delaware, the laws of the State of Texas and the laws of the United States of America.

(3) The favorable opinion, dated as of the Closing Time, of McInnes Cooper & Robertson, Canadian counsel to the Company and the Guarantor, in form and substance satisfactory to the Representatives, to the effect that:

(i) The Company has been duly incorporated and is validly existing as a corporation under the laws of Nova Scotia, Canada, and has no subsidiaries.

(ii) The Company has corporate power and authority to own, lease and operate its properties and conduct its business as described in the Registration Statement.

(iii) To such counsel's knowledge, after having made inquiries of the Secretary of the Company, the Company is duly qualified as a foreign corporation to transact business and is in good standing in each

jurisdiction in which such qualification is required to transact business whether by reason of ownership or leasing of property or the conduct of business, except where the failure so to qualify could not reasonably be expected to have a material adverse effect on the business, operations or condition, financial or otherwise, or the results of operations of the Company or its ability to perform its obligations hereunder or under the Offered Securities or the Indenture.

(iv) This Agreement and the applicable Delayed Delivery Contracts, if any, have been duly authorized, executed and delivered by the Company.

(v) The Indenture has been duly authorized, executed and delivered by the Company and (assuming the Indenture has been duly authorized, executed and delivered by the Trustee) constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, moratorium and other laws relating to or affecting creditors' rights against the Company and by general equity principles.

(vi) The Offered Securities have been duly authorized and, when the Offered Securities are executed and authenticated as specified in the Indenture and delivered against payment pursuant to the Terms Agreement, as supplemented by this Agreement, or any Delayed Delivery Contracts, will constitute valid and binding obligations of the Company, enforceable in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, moratorium and other laws relating to or affecting creditors' rights against the Company and by general equity principles.

(vii) No consent, approval, authorization, order or decree of any court or governmental agency or body in Canada is required for the execution and delivery by the Company of this Agreement, the Indenture or the Terms Agreement or any Delayed Delivery Contract or for the consummation by the Company of the transactions contemplated hereby or thereby. The execution and delivery of the this Agreement, any Delayed Delivery Contract and the Indenture and the consummation by the Company of the transactions contemplated by this Agreement and the Offered Securities and the incurrence of the obligations and consummation of the transactions contemplated herein and therein have been authorized by all necessary corporate action of the Company and will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to, any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which the Company is a party or by which it may be bound or to which any of the property or assets of the Company is subject, nor will any such action result in any violation of the Articles of Association of the Company or any applicable law, administrative regulation or administrative or court order or decree.

(viii) No stamp duty or similar tax or duty is payable under applicable laws or regulations of Canada in connection with the creation, issuance or delivery of the Offered Securities, the transfer of any of the Offered Securities or with respect to the execution and delivery of this Agreement, the Offered Securities or the Indenture or any document contemplated hereby or thereby.

(ix) It is not necessary under the laws of Canada or any authority or agency therein in order to enable an owner of any interest in the Offered Securities or the Guarantee to enforce its rights under the Offered Securities or the Guarantee or to enable any of the Underwriters to enforce its rights under this Agreement, as the case may be, that it should, as a result solely of its holding or underwriting of the Offered Securities, be licensed, qualified or otherwise entitled to carry on business in Canada or any authority or agency therein; the Offered Securities, the Indenture and this Agreement are in proper legal form under the laws of Canada or authority or agency therein for the enforcement thereof against the Company therein; and it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of the Offered Securities, the Indenture or this Agreement in Canada or any authority or agency therein that any of them be filed or recorded or enrolled with any court, authority or agency in, or that any stamp, registration or similar taxes or duties be paid to any court, authority or agency of Canada.

(x) The choice of the laws of the State of New York as the governing law of the Offered Securities, the Indenture and this Agreement is a valid choice of law under the laws of Canada and courts of Canada should honor this choice of law.

(xi) Any final judgment for a definite sum of money rendered by any court of the State of New York or of the United States located in the State of New York having jurisdiction under its own domestic laws in respect of any suit, action or proceeding against the Company based upon any instruments or agreements entered into for the consummation of the transactions contemplated in this Agreement, the Indenture, or the Offered Securities would be declared enforceable against the Company by the courts of Canada without reexamination, review of the merits of the cause of action in respect of which the original judgment was given or relitigation of the matters adjudicated upon or payment of any stamp, registration or similar tax or duty, provided that (A) the judgment is consistent with public policy in Canada and any relevant political subdivision, (B) the judgment was not given or obtained by fraud or in a manner contrary to natural justice, (C) the judgment was not based on a clear mistake of law or fact, (D) the judgment was not directly or indirectly for the payment of taxes or other charges of a like nature or of a fine or other penalty, (E) the judgment is for a definite sum, and (F) there has been no prior judgment in another court between the same parties concerning the same issues as are dealt with in the judgment to be enforced in Canada. Such counsel is not aware of any reason why the enforcement in Canada of such a judgment in respect of any of the instruments or

agreements executed for consummation of the transactions contemplated herein or in the Prospectus would be contrary to public policy in Canada.

(xii) The Company, and its obligations under this Agreement, the Offered Securities and the Indenture, are subject to civil and commercial law and to suit and neither it nor any of its properties, assets or revenues have any right of immunity, on the grounds of sovereignty, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or counterclaim, from the jurisdiction of any Canadian, New York State or U.S. federal court, as the case may be, from service of process, attachment upon or prior to judgment, or attachment in aid of execution of judgment, or from execution or enforcement of a judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of a judgment, in any such court, with respect to its obligations or liabilities or any other matter under or arising out of or in connection with the Offered Securities, this Agreement or the Indenture; and, to the extent that the Company or any of its properties, assets or revenues may have or may hereafter become entitled to any such right of immunity in any such court in which proceedings may at any time be commenced, the Company may waive such right to the extent permitted by law and may consent to such relief and enforcement as provided in this Agreement and the Indenture.

(xiii) It is not necessary under the laws of Canada or any authority or agency therein in order to enable an owner of any interest in the Offered Securities or the Guarantee to enforce its rights under the Offered Securities or the Guarantee or to enable any of the Underwriters to enforce its rights under this Agreement, as the case may be, that it should, as a result solely of its holding or underwriting of the Offered Securities, be licensed, qualified or otherwise entitled to carry on business in Canada or any authority or agency therein; the Offered Securities, the Indenture and this Agreement are in proper legal form under the laws of Canada or authority or agency therein for the enforcement thereof against the Company therein; and it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of the Offered Securities, the Indenture or this Agreement in Canada or any authority or agency therein that any of them be filed or recorded or enrolled with any court, authority or agency in, or that any stamp, registration or similar taxes or duties be paid to any court, authority or agency of Canada.

(xiv) Except as disclosed in the Prospectus, no exchange control authorization or any other authorization, approval, consent or license of any governmental authority or agency of or in Canada is required for the payment by the Company of any amounts in United States dollars pursuant to the terms of the Offered Securities or to the Underwriters pursuant to this Agreement.

In giving their opinion, McInnes Cooper & Robertson may rely as to matters of New York law upon the opinion of Brown & Wood LLP furnished pursuant to this Agreement, and as to matters of other United States law upon the opinion of

Chamberlain, Hrdlicka, White, Williams & Martin furnished pursuant to this Agreement.

(4) The favorable opinion, dated as of the Closing Time, of Bennett Jones, special Canadian Tax Counsel to the Company, in form and substance satisfactory to counsel to the Underwriters.

(5) The favorable opinion, dated as of the Closing Time, of Brown & Wood LLP, counsel for the Underwriters, with respect to the matters set forth in clauses (i) to (ix) and (xi), inclusive, and (xi) of subsection (b)(1) of this Section.

(6) In giving their opinions required by subsection (b)(1), (b)(2), (b)(3) and (b)(5), respectively, of this Section 4, Chamberlain, Hrdlicka, White, Williams & Martin, Zurab S. Kobiashvili, McInnes Cooper & Robertson, Bennett Jones and Brown & Wood LLP shall each additionally state that in the course of the preparation of the Registration Statement and the Prospectus such counsel has considered the information set forth therein in light of the matters required to be set forth therein, and has participated in conferences with officers and representatives of the Company and the Guarantor including their independent public accountants, during the course of which the contents of the Registration Statement and the Prospectus and related matters were discussed. Such counsel need not independently check the accuracy or completeness of, or otherwise verify, and accordingly need not pass upon, and accordingly need not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus and such counsel may, in good faith, rely as to materiality upon the judgment of officers and representatives of the Company and the Guarantor. Such counsel shall additionally state that, however, as a result of such consideration and participation, nothing has come to such counsel's attention which causes such counsel to believe that the Registration Statement, at the time it became effective (or, if an amendment to the Registration Statement or an Annual Report on Form 10-K has been filed by the Guarantor with the Commission subsequent to the effectiveness of the Registration Statement, then at the time such amendment became effective or at the time of the most recent such filing, as the case may be), contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading or that the Prospectus or any amendment or supplement thereto, at the time the Prospectus was issued at the time any such amendment or supplement was issued or, at the Closing Time included or includes an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (it being understood that such counsel need express no opinion with respect to the financial statements and engineering reports and other financial or engineering data contained in the Registration Statement (including the Prospectus) or those parts of the Registration Statement which constitute the Form T-1).

(c) At the Closing Time, there shall not have been, since the date of the Terms Agreement or since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change in the

condition, financial or otherwise, or in the results of operations, business affairs or business prospects of the Company or of the Guarantor and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Representatives shall have received a certificate of (A) the Chief Executive Officer, President or a Vice President and the Treasurer, the Assistant Treasurer, the principal financial officer or principal accounting officer of the Company, dated as of the Closing Time, to the effect that (i) there has been no such material adverse change with respect to the Company and its subsidiaries, (ii) the representations and warranties of the Company contained in Section 1 are true and correct as of the Closing Time and (iii) the Company has performed or complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the date of such certificate, and (B) the Chief Executive Officer, President or a Vice President and the Treasurer, the Assistant Treasurer, the principal financial officer or principal accounting officer of the Guarantor, dated as of the Closing Time, to the effect that (i) there has been no such material adverse change with respect to the Guarantor and its subsidiaries, (ii) the representations and warranties of the Guarantor consolidated as one enterprise contained in Section 1 are true and correct as of the Closing Time, (iii) the Guarantor has performed or complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the date of such certificate and (iv) no stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement has been issued and no proceedings for that purpose have been initiated or threatened by the Commission. As used in this Section 4(c), the term "Prospectus" means the Prospectus in the form first provided to the applicable Underwriter or Underwriters for use in confirming sales of the Offered Securities.

(d) (1) On the date of the Terms Agreement, the Underwriters shall have received a letter from Arthur Andersen LLP, dated as of the date thereof and in form and substance satisfactory to the Underwriters, to the effect that:

(i) They are independent accountants with respect to the Guarantor and its subsidiaries within the meaning of the 1933 Act, the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations.

(ii) It is their opinion that the consolidated financial statements and supporting schedule(s) included or incorporated by reference in the Registration Statement and the Prospectus and audited by them and covered by their opinions therein comply in form in all material respects with the applicable accounting requirements of the 1933 Act, the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations.

(iii) They have performed specified procedures, not constituting an audit, including a reading of the latest available interim financial statements of the Guarantor and its indicated subsidiaries, a reading of the minute books of the Guarantor and such subsidiaries since the end of the most recent fiscal year with respect to which an audit report has been issued, inquiries of and

discussions with certain officials of the Guarantor and such subsidiaries responsible for financial and accounting matters with respect to the unaudited consolidated financial statements included or incorporated by reference in the Registration Statement and the Prospectus and the latest available interim unaudited financial statements of the Guarantor and its subsidiaries, and such other inquiries and procedures as may be specified in such letter, and on the basis of such inquiries and procedures, nothing came to their attention that caused them to believe that: (A) any material modifications should be made to the unaudited consolidated financial statements of the Guarantor and its subsidiaries included or incorporated by reference in the Registration Statement and the Prospectus for them to be in conformity with generally accepted accounting principles in the United States, (B) the unaudited consolidated financial statements of the Guarantor and its subsidiaries included or incorporated by reference in the Registration Statement and the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the 1934 Act and the 1934 Act Regulations or (C) at a specified date not more than three days prior to the date of such letter, there was any change in the consolidated capital stock, any increase in consolidated long-term debt or any decrease in the consolidated net current assets or consolidated net assets of the Guarantor and its subsidiaries, in each case as compared with the amounts shown on the most recent consolidated balance sheet of the Guarantor and its subsidiaries included or incorporated by reference in the Registration Statement and the Prospectus or, during the period from the date of such balance sheet to a specified date not more than three days prior to the date of such letter, there were any decreases, as compared with the corresponding period in the preceding year, in consolidated revenues or in the total or per-share amounts of income before extraordinary items or of net income of the Guarantor and its subsidiaries, except in all instances for changes, increases or decreases that the Registration Statement and the Prospectus disclose have occurred or may occur or except for such exceptions enumerated in such letter as shall have been agreed to by the Underwriters and the Guarantor.

(iv) They have performed specified procedures, not constituting an audit, set forth in their letter, based upon which nothing came to their attention that caused them to believe that the unaudited pro forma consolidated condensed financial statements, if any, included or incorporated by reference in the Registration Statement or the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X and that the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements.

(v) In addition to the audit referred to in their opinions and the limited procedures referred to in clauses (iii) and (iv) above, they have carried out certain specified procedures, not constituting an audit, with respect to certain amounts, percentages and financial information which are included or incorporated by reference in the Registration Statement and the Prospectus and which are specified by the Underwriters, and have found such amounts, percentages and financial information to be in agreement with the relevant

accounting, financial and other records of the Guarantor and its subsidiaries identified in such letter.

(2) At the Closing Time, the Underwriters shall have received from Arthur Andersen LLP, a letter, dated as of the Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (d)(1) of this Section, except that the specified date referred to shall be a date not more than three days prior to the Closing Time.

(e) At the Closing Time, counsel for the Underwriters shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Offered Securities and the Guarantee as herein contemplated and related proceedings or in order to evidence the accuracy and completeness of any of the representations and warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company and the Guarantor in connection with the issuance and sale of the Offered Securities as herein and in the Terms Agreement contemplated shall be satisfactory in form and substance to the Representatives.

(f) In the event that the Terms Agreement provides for Option Securities and the Underwriters exercise their option pursuant to Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company and the Guarantor contained herein and the statements in any certificates furnished by the Company and the Guarantor hereunder shall be true and correct as of each Date of Delivery, and the Underwriters shall have received:

(1) Unless the Date of Delivery is the Closing Time, a certificate, dated such Date of Delivery, of the Chief Executive Officer, President or a Vice President and the Treasurer, the Assistant Treasurer, the principal financial officer or principal accounting officer of the Guarantor, in their capacities as such, confirming that the certificate delivered at the Closing Time pursuant to Section 4(c) hereof remains true and correct as of such Date of Delivery.

(2) The favorable opinion of Chamberlain, Hrdlicka, White, Williams & Martin, counsel for the Company and the Guarantor, Zurab S. Kobiashvili, General Counsel for the Guarantor, McInnes Cooper & Robertson, Canadian Counsel for the Company and the Guarantor and Bennett Jones, special Canadian Tax Counsel for the Company and the Guarantor, in each case, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities and otherwise substantially to the same effect as the opinions required by subsections (1), (2), (3) and (4) of Section 4(b) hereof.

(3) The favorable opinion of Brown & Wood LLP, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities and otherwise to the same effect as the opinion required by subsection (5) to Section 4(b) hereof.

(4) Unless the Date of Delivery is the Closing Time, a letter from Arthur Andersen LLP, in form and substance satisfactory to the Underwriters and dated such Date of Delivery, substantially the same in scope and substance as the letter furnished to the Underwriters at the Closing Time pursuant to Section 4(d) hereof, except that the "specified date" in the letter shall be a date not more than three days prior to such Date of Delivery.

If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by the Representatives by notice to the Company and the Guarantor at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 5.

SECTION 5. Payment of Expenses. The Company and the Guarantor, jointly and severally, will pay all expenses incident to the performance of its obligations under this Agreement, including:

(a) the preparation and filing of the Registration Statement, including any Rule 462(b) Registration Statement, and all amendments thereto and the Prospectus and any amendments or supplements thereto;

(b) the preparation, filing and reproduction of this Agreement and the Delayed Delivery Contract(s), if applicable;

(c) the preparation, printing, issuance and delivery of the Offered Securities, including any fees and expenses relating to the eligibility and issuance of Offered Securities in book-entry form;

(d) the fees and disbursements of the Company's accountants and counsel, of the Trustee and its counsel, and of any calculation agent or exchange rate agent;

(e) except as otherwise provided in the Terms Agreement, the reasonable fees and disbursements of counsel to the Underwriters;

(f) the qualification of the Offered Securities under state securities laws in accordance with the provisions of Section 3(k) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of any Blue Sky or Legal Investment Survey;

(g) the printing and delivery to the Underwriters in quantities as hereinabove stated of copies of the Registration Statement and any amendments thereto, and of the Prospectus and any amendments or supplements thereto, and the delivery by the Underwriters of the Prospectus and any amendments or supplements thereto in connection with solicitations or confirmations of sales of the Offered Securities;

(h) the preparation, reproducing and delivery to the Underwriters of copies of the Indenture and all amendments, supplements and modifications thereto;

(i) any fees charged by nationally recognized statistical rating organizations for the rating of the Offered Securities;

(j) the fees and expenses incurred in connection with any listing of Offered Securities on a securities exchange;

(k) the fees and expenses incurred with respect to any filing with the National Association of Securities Dealers, Inc.;

(l) any out-of-pocket expenses of the Underwriters incurred with the approval of the Company;

(m) the cost of providing any CUSIP or other identification numbers for the Offered Securities; and

(n) any duties, taxes and other charges payable in connection with the issuance, sale and delivery of the Offered Securities or the execution, delivery or performance of this Agreement or the Indenture.

If this Agreement is terminated by the Underwriters in accordance with the provisions of Section 4 or Section 9, the Company and the Guarantor shall reimburse the Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

SECTION 6. Indemnification. (a) The Company and the Guarantor agree, jointly and severally, to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including any Rule 462(b) Registration Statement, including information deemed to be part of the Registration Statement pursuant to Rule 430A(b) of the 1933 Act Regulations, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such untrue statement or omission or such alleged untrue statement or omission was made in reliance upon and in conformity with written information furnished to the Company or the Guarantor by an Underwriter expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto);

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any

claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that such settlement is effected with the written consent of the Company or the Guarantor, which consent shall not be unreasonably withheld; and

(iii) against any and all expense whatsoever, as incurred (including the fees and expenses of counsel chosen by such Underwriter), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above.

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, the Guarantor, their respective directors, each of their officers who signed the Registration Statement, and each person, if any, who controls the Company or the Guarantor within the meaning of Section 15 of the 1933 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), any Rule 462(b) Registration Statement or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Guarantor by such Underwriter expressly for use in the Registration Statement (or any amendment thereto), any Rule 462(b) Registration Statement or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that each Underwriter shall have the right to employ counsel to represent jointly the Underwriters and their respective controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Underwriters against the Company or the Guarantor under this Section if, in the judgment of any of the Underwriters, it is advisable for such Underwriter or Underwriters and controlling persons to be jointly represented by separate counsel, and in that event the fees and expenses of such separate counsel shall be paid by the Company and the Guarantor, acting jointly and severally. In no event shall the indemnifying parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same

general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties (which shall not unreasonably be withheld), settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) For purposes of this Section 6, all references to the Registration Statement, any preliminary prospectus or the Prospectus, or any amendment or supplement to any of the foregoing, shall be deemed to include, without limitation, any electronically transmitted copies thereof, including, without limitation, any copies filed with the Commission pursuant to EDGAR.

SECTION 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantor on the one hand and the Underwriters on the other hand from the offering of the Offered Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Guarantor on the one hand and of the Underwriters on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Guarantor on the one hand and the Underwriters on the other hand in connection with the offering of the Offered Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Offered Securities pursuant to this Agreement (before deducting expenses) received by the Company and the total commission or underwriting discount received by each Underwriter, in each case as set forth on the cover of the Prospectus Supplement, bear to the aggregate initial public offering price of the Offered Securities sold to or through such Underwriter as set forth on such cover. The relative fault of the Company and the Guarantor on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Guarantor or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company, the Guarantor and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an

indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission. Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Offered Securities sold to or through such Underwriter were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Underwriter, and each director of the Company or the Guarantor, each officer of the Company or the Guarantor who signed the Registration Statement, and each person, if any, who controls the Company or the Guarantor within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company or the Guarantor, as the case may be. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the principal amount of Offered Securities sold to or through each Underwriter and not joint.

SECTION 8. Representations, Warranties and Agreements to Survive Delivery. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company and the Guarantor submitted pursuant hereto or thereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or controlling person of an Underwriter, or by or on behalf of the Company or the Guarantor, and shall survive each delivery of and payment for any Offered Securities.

SECTION 9. Termination.

(a) The Representatives may terminate this Agreement immediately upon notice to the Company, at any time at or prior to the Closing Time if (i) there has been, since the date of the Terms Agreement or since the respective dates as of which information is given in the Registration Statement, any material adverse change in the condition, financial or otherwise, or in the results of operations, business affairs or business prospects of the Company or the Guarantor and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) there shall have occurred any material adverse change in the financial markets in Canada or the United States or any outbreak or escalation of hostilities or other national or international calamity or crisis or any material adverse change or prospective material adverse change in exchange controls or taxation in Canada or the United States the effect of which is such as to make it, in the judgment of the Representatives, impracticable to market the Offered Securities or enforce contracts for the sale of the Offered Securities, or (iii) trading in any securities of the Guarantor has been suspended by the Commission or a national securities exchange, or if trading generally on either the American Stock Exchange or the New York Stock Exchange shall have been suspended, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by either of said exchanges or by order of the Commission or any other governmental authority, or if a banking

moratorium shall have been declared by Canadian, U.S. Federal, New York or Texas authorities or if a banking moratorium shall have been declared by the relevant authorities in the country or countries of origin of any foreign currency or currencies in which the Offered Securities are denominated or payable, or (iv) the rating assigned by any nationally recognized statistical rating organization to any debt securities of the Company or the Guarantor as of the date of the Terms Agreement shall have been lowered since that date or if any such rating organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any debt securities of the Company or the Guarantor, as the case may be, or (v) there shall have come to the attention of the Representatives any facts that would cause them to reasonably believe that the Prospectus, at the time it was required to be delivered to a purchaser of the Offered Securities, included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time of such delivery, not misleading. As used in this Section 9, the term "Prospectus" means the Prospectus in the form first provided to the applicable Underwriter or Underwriters for use in confirming sales of the related Offered Securities.

(b) If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party, except to the extent provided in Section 5. Notwithstanding any such termination, (i) the covenants set forth in Section 3(b), (d), and (e) with respect to any offering of Offered Securities shall remain in effect so long as any Underwriter owns any such Offered Securities purchased from the Company pursuant to this Agreement and during the period when the Prospectus is required to be delivered in connection with sales of the Offered Securities and (ii) the covenants set forth in Section 3(c), (g), (h) and, if applicable, (i), the provisions of Section 5, the indemnity agreement set forth in Section 6, the contribution provisions set forth in Section 7 and the provisions of Sections 8, 11, 12 and 13 shall remain in effect.

SECTION 10. Default. If one or more of the Underwriters shall fail at the Closing Time or a Date of Delivery to purchase the Immediate Delivery Offered Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), then the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth. If, however, during such 24 hours the Representatives shall not have completed such arrangements for the purchase of all of the Defaulted Securities, then:

(a) if the amount of Defaulted Securities does not exceed 10% of the amount of Immediate Delivery Offered Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the amount of Defaulted Securities exceeds 10% of the number of Immediate Delivery Offered Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing Time, the obligation of the Underwriters to purchase and of the Company

to sell the Option Securities to be purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section 10 shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the Underwriters to purchase and the Company to sell the relevant Option Securities, as the case may be, any of the Representatives, the Company or the Guarantor shall have the right to postpone the Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or the Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section 10.

SECTION 11. Notices. All notices and other communications hereunder shall be in writing, either delivered by hand, by mail or by telex, telecopier or telegram, and any such notice shall be effective when received at the address specified in this Section 11. Notices to the Underwriters shall be directed as provided in the Terms Agreement. Notices to the Company shall be directed to Apache Finance Canada Corporation, Suite 1000, 700-9th Ave. S.W., Calgary, Alberta, Canada T2P 3V4, Attention: Corporate Secretary, with a copy to the Guarantor. Notices to the Guarantor shall be directed to Apache Corporation, 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400, Attention: Vice President and Treasurer, with a copy to: Mr. Ralph K. Miller, Jr., Chamberlain, Hrdlicka, White, Williams & Martin, 1200 Smith Street, Suite 1400, Houston, Texas 77002. Any party to this Agreement may from time to time designate another address to receive notice pursuant to this Agreement by notice duly given in accordance with the terms of this Section 11.

SECTION 12. Parties. This Agreement shall inure to the benefit of and be binding upon the Underwriters, the Company and the Guarantor and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and their respective successors and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Offered Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 13. Governing Law. This Agreement and all the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in such State.

SECTION 14. Consent to Jurisdiction; Appointment of Agent to Accept Service of Process.

(a) The Company irrevocably consents and agrees, for the benefit of the Holders from time to time of the Offered Securities, the Underwriters and the other persons referred to in Section 12 that any legal action, suit or proceeding against it with respect to its obligations, liabilities or any other matter arising out of or in connection with this Agreement, the Guarantee or any Offered Securities may be brought in the courts of the State of New York, or the courts of the United States of America located in The City of New York and, until all amounts due and to become due in respect of the Guarantee and all the Offered Securities have been paid, or until any such legal action, suit or proceeding commenced prior to such payment has been concluded, hereby irrevocably consents and submits to the non-exclusive jurisdiction of each such court in personam, generally and unconditionally with respect to any action, suit or proceeding for itself and in respect of its properties, assets and revenues.

(b) The Company hereby irrevocably designates, appoints, and empowers CT Corporation, with offices currently at 111 8th Avenue, New York, New York 10011, as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf service of any and all legal process, summons, notices and documents that may be served in any action, suit or proceeding brought against the Company in any such United States federal or state court with respect to its obligations, liabilities or any other matter arising out of or in connection with this Agreement, the Guarantee or any Debt Securities and that may be made on such designee, appointee and agent in accordance with legal procedures prescribed for such courts. If for any reason such designee, appointee and agent hereunder shall cease to be available to act as such, the Company agrees to designate a new designee, appointee and agent in The City of New York on the terms and for the purposes of this Section 14 reasonably satisfactory to each of the Representatives. The Company further hereby irrevocably consents and agrees to the service of any and all legal process, summons, notices and documents in any such action, suit or proceeding against the Company by serving a copy thereof upon the relevant agent for service of process referred to in this Section 14 (whether or not the appointment of such agent shall for any reason prove to be ineffective or such agent shall accept or acknowledge such service) or by mailing copies thereof by registered or certified air mail, postage prepaid, to the Company at its address specified in or designated pursuant to this Agreement, with a copy (similarly mailed) to CT Corporation, 111 8th Avenue, New York, New York 10011. The Company agrees that the failure of any such designee, appointee and agent to give any notice of such service to it shall not impair or affect in any way the validity of such service or any judgment rendered in any action or proceeding based thereon. Nothing herein shall in any way be deemed to limit the ability of the holders of the Securities, the Underwriters and the other persons referred to in Section 12 to serve any such legal process, summons, notices and documents in any other manner permitted by applicable law or to obtain jurisdiction over the Company or bring actions, suits or proceedings against the Company in such other

jurisdictions, and in such manner, as may be permitted by applicable law. The Company hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or in connection with this Agreement brought in the United States federal courts located in The City of New York or the courts of the State of New York located in The City of New York and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(c) The provisions of this Section 14 shall survive any termination of this Agreement, in whole or in part.

SECTION 15. Foreign Taxes. All payments by the Company or the Guarantor to an Underwriter hereunder, including the Terms Agreement, shall be made free and clear of, and without deduction or withholding for or on account of, any and all present and future income, stamp or other taxes, levies, imposts, duties, charges, fees deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by Canada or any other jurisdiction in which the Company or the Guarantor has a branch or an office from which payment is made or deemed to be made, excluding any such tax imposed in respect of amounts due hereunder (i) by reason of such Underwriter having some connection with Canada or such other jurisdiction, other than its participation as dealer hereunder, or (ii) by reason of any income or franchise tax on the overall net income of an Underwriter imposed by the United States of America or by the State of New York or any political subdivision of the United States of America or of the State of New York or by any jurisdiction of which such Underwriter is a resident, or (iii) if any Underwriter would not be liable or subject to such impost, levy, collection, withholding or deduction if it were to make a declaration of nonresidence or other similar claim for exemption but fails to do so, or (iv) pursuant to any back-up withholding taxes applicable to any payments to a noncorporate person acting as agent hereunder who fails to furnish an accurate taxpayer identification number (all such non-excluded taxes, "Taxes"). If the Company or the Guarantor is prevented by operation of law or otherwise from paying, causing to be paid or remitting that portion of amounts payable represented by Taxes withheld or deducted, then amounts payable under the Terms Agreement or this Agreement shall be increased to such amount as is necessary to yield and remit to the Underwriter an amount which, after deduction of all Taxes (including all Taxes payable on such increased payments), equals the amount that would have been payable if no Taxes applied.

SECTION 16. Jurisdictional Restrictions on Sale of Offered Securities. Each Underwriter severally agrees to use its reasonable efforts to ensure that (i) no Offered Securities issued by the Company shall be offered or sold directly or indirectly, in Canada or to a corporation, partnership, trust or other entity organized under the laws of, or resident in, Canada and (ii) no documents in relation to an offer of Securities shall be distributed in Canada, except, in each case, in accordance with applicable law.

SECTION 17. Waiver of Immunities. To the extent that the Company or the Guarantor or any of their properties, assets or revenues may have or may hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any thereof, from set-off or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement (including the Terms Agreement), the Indenture (including the Guarantee) or the Offered Securities, the Company and the Guarantor hereby irrevocably and unconditionally waive, and agree not to plead or claim, any such immunity and consent to such relief and enforcement.

SECTION 18. Judgment Currency. The Company and the Guarantor agree to indemnify each of the Underwriters against any loss incurred by such Underwriter as a result of any judgment or order being given or made for any amount due hereunder and such judgment or order being expressed and paid in a currency (the "Judgment Currency") other than United States dollars and as a result of any variation as between (i) the rate of exchange at which the United States dollar amount is converted into the Judgment Currency for the purpose of such judgment or order, and (ii) the rate of exchange at which such Underwriter is able to purchase United States dollars with the amount of the Judgment Currency actually received by such Underwriter. The foregoing indemnity shall constitute a separate and independent obligation of each of the Company and the Guarantor and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

SECTION 19. Counterparts. Any Terms Agreement may be executed in one or more counterparts and, if executed in more than one counterpart, the executed counterparts thereof shall constitute a single instrument.

EXHIBIT A

TERMS AGREEMENT

___________ __, 19__

Apache Finance Canada Corporation
Suite 1000
700-9th Ave. S.W.
Calgary, Alberta
Canada T2P 3V4
Attention: [Title]]

Dear Sirs:

The undersigned underwriters (the "Underwriters") understand that Apache Finance Canada Corporation (the "Company") proposes to issue and sell $__________ aggregate principal amount of its debt securities unconditionally guaranteed as to payment of principal, premium, if any, Additional Amounts, if any, and interest by Apache Corporation, as guarantor (the "Offered Securities"). Subject to the terms and conditions set forth herein or incorporated by reference herein, the Underwriters offer to purchase, severally and not jointly, the principal amount of Offered Securities set forth below opposite their respective names at ___% of the principal amount thereof together with accrued interest thereon from __________, 19__ to the Closing Time:

Underwriter	Principal Amount of Debt Securities
Total	$

The Offered Securities shall have the following terms:

Principal amount:
Form and denomination:
Date of maturity:
Interest rate, rates or formula
(or method of calculation
of interest accrual):

Date from which interest accrues:

Interest payment dates, if any:
Initial price to public:
Closing Time:
Place of delivery and payment:
Company account for wire transfer of payment:
Redemption provisions, if any:
Lock-up pursuant to Section 3(i) of the
Basic Terms (as defined herein): [yes] [no]
Securities Exchanges, if any, on which application will be made to list the Offered Securities:

Delayed Delivery Contracts: [authorized] [not authorized]

Delivery date:
Expiration date:
Compensation to Underwriters:
Minimum contract:
Maximum aggregate principal amount:
Additional terms pursuant to Section 16 of the Basic Terms:

Other terms, if any:

All the provisions contained in "Apache Corporation--Debt Securities--Underwriting Agreement Basic Terms" (the "Basic Terms"), filed as an exhibit to a current report of Apache Corporation and incorporated by reference in the Registration Statement relating to the Offered Securities and attached hereto as Annex A, are herein incorporated by reference in their entirety and shall be deemed to be a part of this Terms Agreement to the same extent as if such provisions had been set forth in full herein. Terms defined in such document are used herein as therein defined.

Any notice by the Company or the Guarantor to the Underwriters pursuant to this Terms Agreement shall be sufficient if given in accordance with Section 11 of the Basic Terms addressed to: [insert name and address of the lead manager or managers or, if only one underwriter is a party hereto, of such firm] which shall, for all purposes of this Agreement, be the "Representatives".

Very truly yours,

REPRESENTATIVE[S]

By:

[Acting for themselves and as Representative[s] of the Underwriters]

Accepted:

APACHE FINANCE CANADA CORPORATION

By:

Title:

APACHE CORPORATION

By:

Title:

ANNEX A

[Basic Terms]

EXHIBIT B

APACHE FINANCE CANADA CORPORATION

[Title of Offered Securities]

Guaranteed by

APACHE CORPORATION

DELAYED DELIVERY CONTRACT

Apache Finance Canada Corporation
Suite 1000
700-9th Ave. S.W.
Calgary, Alberta
Canada T2P 3V4

Attention:

Dear Sirs:

The undersigned hereby agrees to purchase from Apache Finance Canada Corporation (the "Company"), and the Company agrees to sell to the undersigned on ____________, 19__ (the "Delivery Date"), $_____________ principal amount of the Company's __% Notes due 20__ (the "Offered Securities"), offered by the Company's Prospectus dated _________ __, 19__, as supplemented by its Prospectus Supplement dated __________ __, 19__, receipt of which is hereby acknowledged, at a purchase price of _____% of the principal amount thereof, plus accrued interest from __________, ______, to the Delivery Date, and on the further terms and conditions set forth in this contract.

Payment for the securities which the undersigned has agreed to purchase on the Delivery Date shall be made to the Company or its order by wire transfer in immediately available funds on the Delivery Date, upon delivery to the undersigned of the Offered Securities to be purchased by the undersigned in definitive or global form and in such denominations and registered in such names as the undersigned may designate by written or telegraphic communication addressed to the Company not less than three full business days prior to the Delivery Date.

The obligation of the undersigned to take delivery of and make payment for Offered Securities on the Delivery Date shall be subject only to the conditions that (1) the purchase of Offered Securities to be made by the undersigned shall not on the Delivery Date be prohibited

under the laws of the jurisdiction to which the undersigned is subject and (2) the Company, on or before ___________, ____, shall have sold to the Underwriters of the Offered Securities (the "Underwriters") such principal amount of the Offered Securities as is to be sold to them pursuant to the Terms Agreement dated ____________, ____ between the Company and the Underwriters. The obligation of the undersigned to take delivery of and make payment for Offered Securities shall not be affected by the failure of any purchaser to take delivery of and make payment for Offered Securities pursuant to other contracts similar to this contract. The undersigned represents and warrants to the Underwriters that its investment in the Offered Securities is not, as of the date hereof, prohibited under the laws of any jurisdiction to which the undersigned is subject and which govern such investment.

Promptly after completion of the sale to the Underwriters, the Company will mail or deliver to the undersigned at its address set forth below notice to such effect, accompanied by a copy of the opinion of counsel for the Company delivered to the Underwriters in connection therewith.

By the execution hereof, the undersigned represents and warrants to the Company that all necessary corporate action for the due execution and delivery of this contract and the payment for and purchase of the Offered Securities has been taken by it and no further authorization or approval of any governmental or other regulatory authority is required for such execution, delivery, payment or purchase, and that, upon acceptance hereof by the Company and mailing or delivery of a copy as provided below, this contract will constitute a valid and binding agreement of the undersigned in accordance with its terms.

This contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the written consent of the other.

It is understood that the Company will not accept Delayed Delivery Contracts for an aggregate principal amount of Offered Securities in excess of $__________ and that the acceptance of any Delayed Delivery Contract is in the Company's sole discretion and, without limiting the foregoing, need not be on a first come first-served basis. If this contract is acceptable to the Company and the Guarantor, it is requested that the Company sign the form of acceptance on a copy hereof and mail or deliver a signed copy hereof to the undersigned at its address set forth below. This will become a binding contract between the Company, the Guarantor and the undersigned when such copy is so mailed or delivered.

This Agreement shall be governed by the laws of the State New York applicable to agreements made and performed in said State.

Yours very truly,

(Name of Purchaser)

By

(Title)

(Address)

Accepted as of the date
first above written.

Apache Finance Canada Corporation

By:

Apache Corporation

By:

PURCHASER -- PLEASE COMPLETE AT TIME OF SIGNING

The name and telephone number of the representative of the Purchaser with whom details of delivery on the Delivery Date shall be discussed is as follows: (Please print.)

Name	Telephone No. (Including Area Code)

Exhibit 4.1

THIS NOTE IS A GLOBAL NOTE. UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITORY ") TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

REGISTERED
No: 1

PRINCIPAL AMOUNT
$ 300,000,000

CUSIP: 03746AAA8

APACHE FINANCE CANADA CORPORATION
7.75% NOTES DUE DECEMBER 15, 2029

APACHE FINANCE CANADA CORPORATION, an unlimited liability company organized under the laws of Nova Scotia, Canada (the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received hereby promises to pay to Cede & Co., or registered assigns, the principal sum of Three Hundred Million Dollars on December 15, 2029 ("Stated Maturity") and to pay interest thereon from December 13, 1999 or from the most recent date in respect of which interest has been paid or duly provided for, on June 15 and December 15 of each year (each, an "Interest Payment Date"), commencing June 15, 2000, and at Stated Maturity or upon such other date on which the principal of this Note becomes due and payable, whether by declaration of acceleration, notice of redemption or otherwise, and including any Redemption Date or Change in Control Purchase Date (each such date, "Maturity"), at the rate of 7.75% per annum, until the principal hereof is paid or duly made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture referred to below, be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered as of the close of business on June 1 or December 1, as the case may be (whether or not a Business Day), next preceding such Interest Payment Date (each such date, a "Regular Record Date"). Any such interest which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the Holder of this Note on such Regular Record Date, and shall be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof shall be given to the Holder of this Note not less than 10 days prior to such Special Record Date, or may be paid in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture. Any interest paid on this Note shall be increased to the extent necessary to pay Additional Amounts as set forth in this Note.

Payment of the principal of, and interest on, this Note will be made at the office or agency maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the Person in whose name this Note is registered at the close of business on the related record date; provided further, that, notwithstanding anything else contained herein, if this Note is a Global Security and is held in book-entry form through the facilities of the Depository, payments on this Note will be made to the Depository or its nominee in accordance with the arrangements then in effect between the Trustee and the Depository.

Reference is hereby made to the further provisions of this Note set forth on the succeeding pages hereof, which further provisions shall for all purposes have the same effect as if set forth herein.

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated herein, referred to in the within-mentioned Indenture.

The Chase Manhattan Bank, as Trustee

By:

Authorized Officer

APACHE FINANCE CANADA CORPORATION
7.75% NOTES DUE DECEMBER 15, 2029

This Note is one of a duly authorized issue of Securities of the Company issued under an Indenture, dated as of November 23, 1999 (the "Indenture"), among the Company, Apache Corporation (the "Guarantor") and The Chase Manhattan Bank (the "Trustee", which term includes any successor trustee under the Indenture), designated as the 7.75% Notes due December 15, 2029 (the "Notes"). Reference is made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Guarantor, the Trustee and the Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. All terms used in this Note and the Guarantee set forth below which are not defined herein and which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Indenture provides for the defeasance of the Notes, the Guarantees and certain covenants in certain circumstances.

This Note is unsecured as to payment of principal and interest, and ranks pari passu with all other unsecured unsubordinated indebtedness of the Company.

Interest payments on this Note will include interest accrued to but excluding the applicable Interest Payment Date or Maturity hereof, as the case may be. Interest payments for this Note shall be computed and paid on the basis of a 360-day year of twelve 30-day months.

In the case where the applicable Interest Payment Date or Maturity with respect hereto, as the case may be, does not fall on a Business Day, payment of principal or interest otherwise payable on such day need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date or at Maturity and, unless the Company or the Guarantor default on such payment, no interest shall accrue with respect to such payment for the period from and after the Interest Payment Date or such Maturity, as the case may be, to the date of payment.

The Notes will not be subject to any sinking fund and, except as provided in the Indenture or herein, will not be redeemable or repayable prior to their Stated Maturity.

If any Event of Default with respect to the Notes shall occur and be continuing, the principal of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

As set forth in, and subject to the provisions of, the Indenture, no Holder of any Note will have any right to institute any proceeding with respect to the Indenture, the Notes or the Guarantees, or for any remedy thereunder, unless (i) such Holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to the Notes, (ii) the Holders of not less than 25% in principal amount of the Outstanding Notes shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as Trustee, (iii) the Trustee shall have failed to institute such proceeding within 60 days after receipt of such written notice, request and offer of indemnity and (iv) the Trustee shall not have received from the Holders of a majority in principal amount of the Outstanding Notes a direction inconsistent with such request within such 60 day period; provided, however, that such limitations do not apply to a suit instituted by the Holder hereof for the enforcement of payment of the principal and premium, if any, of or any interest on this Note on or after the respective due dates expressed herein or to require the purchase of this Note by the Company upon the occurrence of a Change in Control in accordance with the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the Guarantor and the rights of the Holders of the Securities of each series thereunder to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than 66-2/3% in aggregate principal amount of such Securities then Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of not less than a majority in principal amount of the Securities of each series thereunder at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain restrictive provisions of the Indenture and certain past defaults under the Indenture and

their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of any Note issued upon the registration of transfer hereof or in exchange for or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note. Notwithstanding the foregoing, no consent of Holders shall be required to advance the Stated Maturity of the Notes as provided herein.

No reference to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any interest on this Note at the times, places and rate, and in the coin or currency, herein prescribed.

The Notes are issuable only in fully registered form in denominations of $1,000 and integral multiples in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, this Note is exchangeable for a like aggregate principal amount of Notes of this series and of like tenor of any authorized denomination, as requested by the Holder surrendering the same. As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Security Register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and any interest on this Note are payable or at such other offices or agencies as the Company may designate, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to, the Company and the Security Registrar or any transfer agent duly executed by the registered owner hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of this series and of like tenor, of authorized denominations and for the same aggregate principal amount and Stated Maturity will be issued to the designated transferee or transferees.

If as a result of any change in or any amendment to the laws, regulations or published tax rulings of the "applicable taxing jurisdiction" (as hereinafter defined) affecting taxation, or any change in the official administration, application or interpretation of such laws, regulations or published tax rulings either generally or in relation to the Notes, which change or amendment becomes effective on or after the original issue date of the Notes or which change in official administration, application or interpretation shall not have been available to the public prior to such issue date, it is determined by the Company that (a) the Company would be required to pay any Additional Amounts pursuant to the Indenture or the terms of the Notes in respect of interest on the next succeeding Interest Payment Date and (b) such obligation cannot be avoided by the Company or the Guarantor taking reasonable measures available to it, the Company may, at its option, redeem all (but not less than all) of the Notes upon not less than 30 nor more than 60 days= written notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption; provided, however, that (a) no such notice of redemption may be given earlier than 60 days prior to the earliest date on which the Company would be obligated to pay such Additional Amounts were a payment then due in respect of the Notes, and (b) at the time any such redemption notice is given, such obligation to pay such Additional Amounts must remain in effect. If (a) the Company shall have on any date (the "Succession Date") consolidated with or merged into, or conveyed or transferred or leased its properties and assets as an entirety or substantially as an entirety to, any Successor which is organized under the laws of any jurisdiction other than the United States of America, any State thereof or the District of Columbia or the jurisdiction in which the Company is organized, (b) as result of any change in or any amendment to the laws, regulations or published tax rulings of such jurisdiction, or of any political subdivision or taxing authority thereof or therein, affecting taxation, or any change in the official administration, application or interpretation of such laws, regulations or published tax rulings either generally or in relation to the Notes, which change or amendment becomes effective on or after the Succession Date or which change in official administration, application or interpretation shall not have been available to the public prior to such Succession Date and is notified to the Company, such Successor would be required to pay any Successor Additional Amounts pursuant to the Indenture or the terms of the Notes in respect of interest on any Notes on the next succeeding Interest Payment Date and (c) such obligation cannot be avoided by the Company or such Successor taking reasonable measures available to it, the Company or such Successor may at its option redeem all (but not less than all) of the Notes, upon not less than 30 nor more than 60 days= written notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption; provided however, that (a) no such notice of redemption may be given earlier than 60 days prior to the earliest date on which a Successor would be obligated to pay such Successor Additional Amounts were a payment then due in respect of the Notes, and (b) at the time any such redemption notice is given, such obligation to pay such Successor Additional Amounts must remain in effect.

Holders of Notes to be redeemed will receive notice thereof by first-class mail at least 30 and not more than 60 days prior to the Redemption Date, as provided in the Indenture.

Unless the Company defaults in payment of the redemption price, on and after the Redemption Date interest will cease to accrue on the Notes or portions thereof called for redemption.

All payments of, or in respect of, principal of and interest on this Note shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, levies, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction (or any political subdivision or taxing authority thereof or therein) in which the Company is incorporated or resident (or deemed for tax purposes to be resident)

(the "applicable taxing jurisdiction"), unless such taxes, duties, levies, assessments or governmental charges are required by the applicable taxing jurisdiction or any such subdivision or authority to be withheld or deducted. In that event, the Company will pay by way of additional interest such additional amounts of, or in respect of, principal of and interest ("Additional Amounts") as will result (after deduction of such taxes, duties, levies, assessments or governmental charges and any additional taxes, duties, levies, assessments or governmental charges payable in respect of such Additional Amounts) in the payment to the Holder of this Note of the amounts which would have been payable in respect of this Note had no such withholding or deduction been required, except that no Additional Amounts shall be so payable for or on account of:

(a) any tax, duty, levy, assessment or other governmental charge which would not have been imposed but for the fact that such Holder:

(i) was a resident, domiciliary or national of, or engaged in business or maintained a permanent establishment or was physically present in, the applicable taxing jurisdiction or otherwise had some connection with the applicable taxing jurisdiction other than the mere ownership of this Note;

(ii) presented (if presentation is required) this Note for payment in the applicable taxing jurisdiction, unless this Note could not have been presented for payment elsewhere;

(iii) presented (if presentation is required) this Note, as the case may be, more than 30 days after the date on which the payment in respect of this Note first became due and payable or was provided for, whichever is later, except to the extent that the Holder would have been entitled to such Additional Amounts; if it had presented such Note for payment on any days within such period of 30 days;

(iv) is not dealing with the Company, directly or indirectly, on an arm's-length basis; or

(v) entered into or participated in a scheme to avoid Canadian withholding tax, being a scheme which the Company was neither a party to nor participated in;

(b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

(c) any tax, assessment or other governmental charge which is payable otherwise than by withholding or deduction from payments of, or in respect of, principal of or interest on this Note;

(d) any tax, assessment or other governmental charge that is imposed or withheld by reason of the failure to comply by the Holder or the beneficial owner of this Note with a request of the Company addressed to the Holder (i) to provide information concerning the nationality, residence or identity of the Holder or such beneficial owner or (ii) to make any declaration or other similar claim or satisfy any information or reporting requirement, which, in the case of (i) or (ii), is required or imposed by a statute, treaty, regulation or administrative practice of the applicable taxing jurisdiction as a precondition to exemption from all or part of such tax, assessment or other governmental charge; or

(e) any combination of items (a), (b), (c) and (d);

nor shall Additional Amounts be paid with respect to any payment of the principal of or interest on this Note to any Holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the applicable taxing jurisdiction to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had it been the Holder of this Note.

The payment of principal of, or interest on, or in respect of, this Note shall be deemed to include the payment of Additional Amounts provided for in the Indenture or herein to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the Indenture or this Note.

Subject to the terms and conditions of the Indenture, if any Change in Control occurs prior to the Stated Maturity of the Notes, the Company shall, at the option of the Holders thereof, purchase all Notes for which a Change in Control Purchase Notice shall have been delivered as provided in the Indenture and not withdrawn, by a date which shall be 35 Business Days after the occurrence of such Change in Control, at a Change in Control Purchase Price equal to 100% of the principal amount thereof plus accrued interest to the Change in Control Purchase Date, which Change in Control Purchase Price shall be paid in cash.

Holders have the right to withdraw any Change in Control Purchase Notice by delivering to the paying agent a written notice of withdrawal in accordance with the provisions of the Indenture.

If cash sufficient to pay the Change in Control Purchase Price of all Notes or portions thereof to be purchased on the Change in Control Purchase Date is deposited with the Trustee on the Change in Control Purchase Date, interest

shall cease to accrue on such Notes (or portions thereof) and on and after the Change in Control Purchase Date the Holders thereof shall have no other rights as such (other than the right to receive the Change in Control Purchase Price upon surrender of such Notes).

Subject to the terms of the Indenture, prior to due presentment of this Note for registration of transfer, the Company, the Guarantor, the Trustee and any agent of the Company, the Guarantor or the Trustee may treat the Person in whose name this

Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and neither the Company, the Guarantor, the Trustee nor any such agent shall be affected by notice to the contrary.

No service charge shall be made for any registration of transfer or exchange of this Note, but, subject to certain limitations set forth in the Indenture, the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Indenture and this Note shall be governed by and construed in accordance with the laws of the State of New York.

This Note shall not be valid or become obligatory for any purpose until the Trustee's Certificate of Authentication hereon shall have been executed by the Trustee.

IN WITNESS WHEREOF, APACHE FINANCE CANADA CORPORATION has caused this instrument to be duly executed under its corporate seal.

APACHE FINANCE CANADA CORPORATION

[SEAL]

BY

Name: Roger B. Plank
Title: Director

Attest:

By

Name: Matthew W. Dundrea
Title: Vice President and Treasurer

Date: December 13, 1999

GUARANTEE

For value received, Apache Corporation, a corporation organized under the laws of the State of Delaware (herein called the "Guarantor," which term includes any successor corporation under the Indenture referred to in the Security upon which this Guarantee is endorsed), hereby irrevocably and unconditionally guarantees to the Holder of the Security upon which this Guarantee is endorsed and to the Trustee on behalf of the Trustee and such Holder the due and punctual payment of the principal of and interest on, and any Additional Amounts with respect to, such Security, and any other amount due and payable pursuant to the terms of such Security or Indenture or payments referred to therein, when and as the same shall become due and payable, whether at the Stated Maturity, by declaration of acceleration, call for redemption or repurchase or otherwise, according to the terms of such Security and of the Indenture referred to therein. In case of the failure of Apache Finance Canada Corporation, an unlimited liability company organized under the laws of Nova Scotia, Canada (herein called the "Company," which term includes any successor corporation under such Indenture), punctually to make any such payment of principal or interest on, or any Additional Amounts with respect to such Security, the Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the Stated Maturity or by declaration of acceleration, call for redemption or repurchase or otherwise, and as if such payment were made by the Company.

The Guarantor hereby agrees that its obligations hereunder shall be as if it were principal debtor and not merely surety, and shall be absolute and unconditional, irrespective of, and shall be unaffected by, any invalidity, irregularity or unenforceability of such Security or such Indenture, any failure to enforce the provisions of such Security or such Indenture, or any waiver, modification or indulgence granted to the Company with respect thereto, by the Holder of such Security or the Trustee or any other circumstance which may otherwise constitute a legal or equitable discharge of a surety or guarantor. The Guarantor hereby waives the benefits of division and discussion, diligence, presentment, demand of payment, filing of claims with a court in the event of merger, insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest or notice with respect to such Security or the indebtedness evidenced thereby and all demands whatsoever, and covenants that this Guarantee will not be discharged except by strict and complete performance of the obligations contained in such Security and this Guarantee. The Guarantor hereby agrees that, in the event of a default in payment of principal or interest on, or any Additional Amounts with respect to such Security, or default in any payment referred to therein, legal proceedings may be instituted by the Trustee on behalf of, or by, the Holder of such Security, on the terms and conditions set forth in such Indenture, directly against the Guarantor to enforce this Guarantee without first proceeding against the Company.

The Guarantor shall be subrogated to all rights of the Holder of such Security and the Trustee against the Company in respect of any amounts paid to such Holder by the Guarantor on account of such Security pursuant to the provisions of this Guarantee or such Indenture; provided, however, that the Guarantor shall not be entitled to enforce, or to receive any payments arising out of or based upon, such right of subrogation until the principal of, and interest on, and any Additional Amounts required with respect to Securities issued under such Indenture shall have been paid in full.

No reference herein to such Indenture and no provision of this Guarantee or of such Indenture shall alter or impair the guarantee of the Guarantor, which is absolute and unconditional, of the due and punctual payment of principal and interest on and any Additional Amounts with respect to the Security upon which this Guarantee is endorsed.

This Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication of the Security upon which this Guarantee is endorsed shall have been manually executed by or on behalf of the Trustee under such Indenture.

All terms used in this Guarantee which are defined in such Indenture shall have the meanings assigned to them in such Indenture.

This Guarantee shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be governed by and construed in accordance with the laws of the State of New York.

This Guarantee is an unsecured obligation of the Guarantor, and ranks pari

passu with all other unsubordinated indebtedness of the Guarantor.

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee to be duly executed under its corporate seal and dated the date on the face hereof.

APACHE CORPORATION

[SEAL]

BY

Name: Matthew W. Dundrea
Title: Vice President and Treasurer

Attest:

BY

Name: Cheri L. Peper
Title: Corporate Secretary

Date: December 13, 1999

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

- --

Please insert Social Security or other identifying number of assignee

- --

(please print or type name and address of assignee)

the within Security and all rights thereunder and does hereby irrevocably constitute and appoint the aforesaid assignee attorney to transfer the within Security on the books kept for registration thereof, with full power of substitution in the premises.

Dated:
------------------------------------ --------------------------

In the presence of:

- --

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Security in every particular, without alteration or enlargement or any change whatever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of his or her authority to act must accompany the Security. The signature must be guaranteed by an Institution which is a member of one of the following recognized signature Guarantee Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MNSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other guarantee program acceptable to the Trustee.

Exhibit 10.1

APACHE CORPORATION

1996 PERFORMANCE STOCK OPTION PLAN

AS AMENDED AND RESTATED SEPTEMBER 23, 1999,
EFFECTIVE AS OF OCTOBER 31, 1996

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APACHE CORPORATION

1996 PERFORMANCE STOCK OPTION PLAN

SECTION 1

INTRODUCTION

1.1 Establishment. Apache Corporation, a Delaware corporation (hereinafter referred to, together with its Affiliated Corporations (as defined in Section 2.1 hereof) as the "Company" except where the context otherwise requires), hereby establishes the Apache Corporation 1996 Performance Stock Option Plan (the "Plan") for certain employees of the Company.

1.2 Purposes. The primary purpose of this Plan is to provide the participating employees of the Company with added incentives to focus their energies on achieving significant stock price appreciation for the balance of the decade by providing a meaningful stock based performance plan which provides accelerated vesting incentives to attain the prices of $50 and $60 per share of Apache Corporation common stock, respectively, before January 1, 2000. Additional purposes of this Plan include the retention of existing valued employees and as an additional inducement in the recruitment of talented personnel in a competitive environment.

1.3 Effective Date. The Effective Date of the Plan (the "Effective Date") shall be October 31, 1996.

SECTION 2

DEFINITIONS

2.1 Definitions. The following terms shall have the meanings set forth below:

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

"Base Salary" means, with regard to any Participant, such Participant's base compensation as an employee of the Company at the date of grant of an Option, without regard to any bonus, pension, profit sharing, stock option, life insurance or salary continuation plan which the Participant either receives or is otherwise entitled to have paid on his behalf.

"Board" means the Board of Directors of the Company.

"Committee" means the Stock Option Plan Committee of the Board.

"Eligible Employees" means any full-time employee of the Company or any division thereof who is not a participant under the Apache Corporation 1996 Share Price Appreciation Plan.

"Exercise Date" has the meaning set forth in Section 7.3(i).

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

"Final Amount" has the meaning set forth in Section 7.2.

"Final Price Threshold Date" means the last of any 10 trading days (which need not be consecutive) during any period of 30 consecutive trading days occurring prior to January 1, 2000, but not thereafter, on each of which 10 days the closing price of the Stock as reported on The New York Stock Exchange, Inc. Composite Transactions Reporting System has equaled or exceeded $60 per share. If the above trading criteria is met more than once, the first occurrence shall be deemed to be the Final Price Threshold Date.

"First Category" has the meaning set forth in Section 7.2.

"Initial Amount" has the meaning set forth in Section 7.2.

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

met more than once, the first occurrence shall be deemed to be the Initial Price Threshold Date.

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

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

"Option Agreement" has the meaning set forth in Section 7.1.

"Option Period" has the meaning set forth in Section 7.3(c).

"Option Price" means the price at which shares of Stock subject to an Option may be purchased, determined in accordance with Section 7.3(b) hereof.

"Participant" means an Eligible Employee designated by the Committee from time to time during the term of the Plan to receive an Option under the Plan.

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

"Second Category" has the meaning set forth in Section 7.2.

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

2.2 Headings; Gender and Number. The headings contained in the Plan are for reference purposes only and shall not affect in any way the meaning or interpretation of the Plan. Except when otherwise indicated by the context, the masculine gender shall also include the feminine gender, and the definition of any term herein in the singular shall also include the plural.

SECTION 3

PLAN ADMINISTRATION

The Plan shall be administered by the Committee. In accordance with the provisions of the Plan, the Committee shall, in its sole discretion, select the Participants from among

the Eligible Employees, determine the Options to be granted pursuant to the Plan, the time at which such Options are to be granted, and establish such other terms and requirements as the Committee may deem necessary or desirable and consistent with the terms of the Plan. The Committee shall determine the form or forms of the Option Agreements with Participants which shall evidence the particular provisions, terms, conditions, rights and duties of the Company and the Participants with respect to Options granted pursuant to the Plan, which provisions need not be identical except as may be provided herein. The Committee may from time to time adopt such rules and regulations for carrying out the purposes of the Plan as it may deem proper and in the best interests of the Company. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan, or in any agreement entered into hereunder, in the manner and to the extent it shall deem expedient and it shall be the sole and final judge of such expediency. No member of the Committee shall be liable for any action or determination made in good faith. The determinations, interpretations and other actions of the Committee pursuant to the provisions of the Plan shall be binding and conclusive for all purposes and on all persons.

SECTION 4

STOCK SUBJECT TO THE PLAN

4.1 Number of Shares. Subject to Section 7.1 and Section 4.3, one million three hundred thousand (1,300,000) shares of Stock are authorized for issuance under the Plan in accordance with its terms and subject to such restrictions or other provisions as the Committee may from time to time deem necessary. This authorization may be increased from time to time by approval of the Board and the stockholders of the Company if, in the opinion of counsel for the Company, such stockholder approval is required. Shares of Stock which may be issued pursuant to the terms of the Options granted hereunder shall be applied to reduce the maximum number of shares of Stock remaining available for use under the Plan. The Company shall at all times during the term of the Plan and while any Options are outstanding retain as authorized and unissued Stock and/or Stock in the Company's treasury, at least the number of shares from time to time required under the provisions of the Plan, or otherwise assure itself of its ability to perform its obligations hereunder.

4.2 Other Shares of Stock. Any shares of Stock that are subject to an Option which expires, is forfeited, is canceled, or for any reason is terminated, and any shares of Stock that for any other reason are not issued to a Participant or are forfeited shall automatically become available for use under the Plan.

4.3 Adjustments for Stock Split, Stock Dividend, etc. If the Company shall at any time increase or decrease the number of its outstanding shares of Stock or change in any way the rights and privileges of such shares by means of the payment of a Stock dividend or any other distribution upon such shares payable in Stock, or through a Stock split, subdivision, consolidation, combination, reclassification or recapitalization involving the Stock, then in relation to the Stock that is affected by one or more of the above events, the numbers, rights and privileges of the following shall be increased, decreased or changed in like manner as if they had been issued and outstanding, fully paid and nonassessable at the time of such occurrence: (i) the shares of Stock as to which Options may be granted under the Plan; and (ii) the shares of the Stock then included in each outstanding Option granted hereunder.

4.4 Dividend Payable in Stock of Another Corporation. If the Company shall at any time pay or make any dividend or other distribution upon the Stock payable in securities or other property (except money or Stock), a proportionate part of such securities or other property shall be set aside and delivered to any Participant then holding an Option for the particular type of Stock for which the dividend or other distribution was made, upon exercise thereof. Prior to the time that any such securities or other property are delivered to a Participant in accordance with the foregoing, the Company shall be the owner of such securities or other property, and in all other respects shall be treated as the owner. If securities or other property which have been set aside by the Company in accordance with this Section are not delivered to a Participant because an Option is not exercised, then such securities or other property shall remain the property of the Company and shall be dealt with by the Company as it shall determine in its sole discretion.

4.5 Other Changes in Stock. In the event there shall be any change, other than as specified in Sections 4.3 and 4.4 hereof, in the number or kind of outstanding shares of Stock or of any stock or other securities into which the Stock shall be changed or for which it shall have been exchanged, and if the Committee shall in its discretion determine that such change equitably requires an adjustment in the number or kind of shares subject to outstanding Options or which have been reserved for issuance pursuant to the Plan but are not then subject to an Option, then such adjustments shall be made by the Committee and shall be effective for all purposes of the Plan and on each outstanding Option that involves that particular type of stock for which a change was effected.

4.6 Rights to Subscribe. If the Company shall at any time grant to the holders of its Stock rights to subscribe pro rata for additional shares thereof or for any other securities of the Company or of any other corporation, there shall be reserved with respect to the shares then under Option to any Participant of the particular class of Stock involved the Stock or other securities which the Participant would have been entitled to subscribe for if immediately prior to such grant the Participant had exercised his entire Option. If, upon

exercise of any such Option, the Participant subscribes for the additional shares or other securities, the Option Price shall be increased by the amount of the price that is payable by the Participant for such additional shares or other securities.

4.7 General Adjustment Rules. No adjustment or substitution provided for in this Section 4 shall require the Company to sell a fractional share of Stock under any Option, or otherwise issue a fractional share of Stock, and the total substitution or adjustment with respect to each Option shall be limited by deleting any fractional share. In the case of any such substitution or adjustment, the total Option Price for the shares of Stock then subject to the Option shall remain unchanged but the Option Price per share under each such Option shall be equitably adjusted by the Committee to reflect the greater or lesser number of shares of Stock or other securities into which the Stock subject to the Option may have been changed.

4.8 Determination by the Committee, etc. Adjustments under this Section 4 shall be made by the Committee, whose determinations with regard thereto shall be final and binding upon all parties thereto.

SECTION 5

REORGANIZATION OR LIQUIDATION

In the event that the Company is merged or consolidated with another corporation and the Company is not the surviving corporation, or if all or substantially all of the assets or more than 20 percent of the outstanding voting stock of the Company is acquired by any other corporation, business entity or person, or in case of a reorganization (other than a reorganization under the United States Bankruptcy Code) or liquidation of the Company, and if the provisions of Section 8 hereof do not apply, the Committee, or the board of directors of any corporation assuming the obligations of the Company, shall, as to the Plan and outstanding Options either (i) make appropriate provision for the adoption and continuation of the Plan by the acquiring or successor corporation and for the protection of any such outstanding Options by the substitution on an equitable basis of appropriate stock of the Company or of the merged, consolidated or otherwise reorganized corporation which will be issuable with respect to the Stock, provided that no additional benefits shall be conferred upon the Participants holding such Options as a result of such substitution, and the excess of the aggregate Fair Market Value of the shares subject to such Options immediately after such substitution over the Option Price thereof is not more than the excess of the aggregate Fair Market Value of the shares subject to such Options immediately before such substitution over the Option Price thereof, or (ii) upon written notice to the Participants, provide that all unexercised Options shall be exercised

within a specified number of days of the date of such notice or such Options will be terminated. In the latter event, the Committee shall accelerate the exercise dates of outstanding Options so that all Options become fully vested prior to any such event.

SECTION 6

PARTICIPATION

Participants in the Plan receiving First Category Options may be any Eligible Employee in the discretion of the Committee. Participants in the Plan receiving Second Category Options shall be those Eligible Employees who, in the judgment of the Committee, are performing, or during the term of their incentive arrangement are expected to perform, important services in the management, operation and development of the Company or an Affiliated Corporation, and contribute, or are expected to contribute, to the achievement of the Company's long-term corporate economic objectives. Upon determination by the Committee that an Option is to be granted to a Participant, written notice shall be given to such person, specifying the terms, conditions, rights and duties related thereto. Options shall be deemed to be granted as of the date specified in the granting resolution of the Committee, which date also shall be the date of the Option Agreement with the Participant. In the event of any inconsistency between the provisions of the Plan and any Option Agreement, the provisions of the Plan shall govern.

SECTION 7

OPTIONS

7.1 Grants. Each Participant may be granted only one Option under this Plan. Each Option granted by the Committee shall be evidenced by a written agreement entered into by the Company and the Participant to whom the Option is granted (the "Option Agreement"), which shall contain the terms and conditions set out in this Section 7, as well as such other terms and conditions, not inconsistent therewith, as the Committee may consider appropriate.

7.2 Option Agreements. There shall be two categories of Options issued under this Plan as follows:

(a) The first category of Option ("First Category") shall have a total of two hundred (200) shares of Stock issuable to a Participant upon exercise; and

(b) The second category of Option ("Second Category") shall vary by Participant and, as to any Participant, shall have a total number of shares of Stock issuable upon exercise which equals the sum of the Initial Amount and the Final Amount.

For purposes of this Plan, the term "Initial Amount" means such number of shares (rounded to the nearest full share) which equals not more than one (1) times such Participant's Base Salary divided by the difference between $50 and the Option Price. The term "Final Amount" means such number of shares (rounded to the nearest full share) which equals not more than one and one-half (1.5) times such Participant's Base Salary divided by the difference between $60 and the Option Price.

7.3 Common Terms. Subject to Section 7.2 and Section 7.5, each Option Agreement entered into by the Company and the Participants shall contain at least the following terms and conditions:

(a) Number of Shares. Each Option Agreement shall set forth a specified number of shares of Stock issuable upon exercise of the Option, as determined by the Committee pursuant to Section 7.2 hereof.

(b) Price. The exercise price (the "Option Price") at which each share of Stock covered by an Option may be purchased shall be the price specified in the granting resolution of the Committee.

(c) Duration. Each Option Agreement shall state the period of time, determined by the Committee, within which the Option may be exercised (the "Option Period"), which in no event may be greater than ten (10) years.

(d) Vesting. Subject to the provisions of Section 7.3(e) and Section 7.3(f), each Option shall become exercisable in full on the date occurring nine years and six months from the date of grant or such earlier date as the Committee may determine.

(e) Acceleration. Each Option may become exercisable earlier, in increments, upon the occurrence of a Price Threshold Date as follows:

(i) If the Initial Price Threshold Date occurs prior to January 1, 2000:

(A) One-half of the shares of Stock subject to the First Category Options become immediately exercisable as of such date, and

(B) The Initial Amount of shares of Stock subject to each Second Category Option become immediately exercisable as of such date.

(ii) If the Final Price Threshold Date occurs prior to January 1, 2000, the remaining portion of shares of Stock under each category of Option becomes immediately exercisable as of such date.

(f) Termination of Employment, Death, Disability, etc. Subject to the following provisions, each Option Agreement shall state that each Option and the right to acquire stock thereunder shall be subject to the condition that the Participant has remained a full-time employee of the Company from the date of grant of an Option until the applicable exercise date:

(i) If the employment of the Participant by the Company is terminated (which for this purpose means that the Participant is no longer employed by the Company or by an Affiliated Corporation) within the Option Period for any reason other than cause, the Participant's retirement on or after attaining age 60, or the Participant's disability or death, the Option may be exercised by the Participant within three months following the date of such termination (provided that such exercise must occur within the Option Period), but not thereafter. In any such case, the Option may be exercised only as to the shares as to which the Option had become exercisable on or before the date of termination of the Participant's employment. If the employment of the Participant is terminated within the Option Period for cause, as determined by the Company, any portion of any Option not previously exercised in accordance with this Section 7 shall thereafter be void for all purposes. As used in this subsection, "cause" shall mean a gross violation, as determined by the Company, of the Company's established policies and procedures, provided that the effect of this subsection 7.3(f) shall be limited to determining the consequences of a termination and that nothing in this subsection shall restrict or otherwise interfere with the Company's discretion with respect to the termination of any employee.

(ii) If the Participant retires from employment by the Company on or after attaining age 60, the Option may be exercised by the Participant within 36 months following his or her retirement (provided that such exercise must occur within the Option Period), but not thereafter. In the event of the Participant's death during such 36-month period, each Option may be exercised by those entitled to do so in the manner referred to in (iv) below. In any such case:

(A) If the Participant is holding a First Category Option and the Participant's retirement occurs on or after January 1, 2000, the Option may be exercised as to all shares of Stock which are subject to the Option, including an increment of the Option, if any, which had not otherwise become exercisable on or before the date of the Participant's retirement, or

(B) If the Participant is holding a First Category Option and the Participant's retirement occurs prior to January 1, 2000, the Option may be exercised only as to the shares of Stock as to which the Option had become exercisable on or before the date of the Participant's retirement, or

(C) If the Participant is holding a Second Category Option, the Option may be exercised only as to the shares of Stock as to which the Option had become exercisable on or before the date of the Participant's retirement.

(iii) If the Participant becomes disabled (as determined pursuant to the Company's Long-Term Disability Plan or any successor plan), during the Option Period while still employed, or within the 36-month period referred to in (ii) above, the Option may be exercised by the Participant or by his or her guardian or legal representative, within twelve months following the Participant's disability, or within the 36-month period referred to in (ii) if applicable and if longer (provided that such exercise must occur within the Option Period), but not thereafter. In the event of the Participant's death during such twelve-month period, each Option may be exercised by those entitled to do so in the manner referred to in (iv) below. In any such case, the Option may be exercised only as to the shares of Stock as to which the Option had become exercisable on or before the date of the Participant's disability.

(iv) In the event of the Participant's death while still employed by the Company, each Option of the deceased Participant may be exercised by those entitled to do so under the Participant's will or under the laws of descent and distribution within twelve months following the Participant's death (provided that in any event such exercise must occur within the Option Period), but not thereafter, as to all shares of Stock which are subject to such Option, including any increment of the Option, if any, which has not yet become exercisable at the time of the Participant's death. In the event of the Participant's death within the 36-month period referred to in (ii) above or within the twelve-month period referred to (iii) above, each Option of the deceased Participant that is exercisable at the time of death may be exercised by those entitled to do so under the Participant's will or under the laws of descent and distribution within twelve months following the Participant's death or within the 36-month period referred to in (ii), if applicable and if longer (provided that in any event such exercise must occur within the Option Period).

(g) Transferability. Each Option Agreement shall state that the Option granted thereunder is not transferable by the Participant, except by will or pursuant to the laws of descent and distribution, and that such Option is exercisable during the Participant's

lifetime only by him or her, or in the event of the Participant's disability or incapacity, by his or her guardian or legal representative.

(h) Exercise, Payments, etc.

(i) Each Option Agreement shall provide that the method for exercising the Option granted therein shall be by delivery to the Office of the Secretary of the Company of written notice specifying the number of shares of Stock with respect to which such Option is exercised and payment of the Option Price. Such notice shall be in a form satisfactory to the Committee and shall specify the particular Option (or portion thereof) which is being exercised and the number of shares of Stock with respect to which the Option is being exercised. The exercise of the Option shall be deemed effective on the date such notice is received by the Office of the Secretary and payment is made to the Company of the Option Price (the "Exercise Date"). If requested by the Company, such notice shall contain the Participant's representation that he or she is purchasing the Stock for investment purposes only and his or her agreement not to sell or otherwise distribute any Stock so purchased in any manner that is in violation of the Securities Act of 1933, as amended, or any applicable state law. Such restriction, or notice thereof, shall be placed on the certificates representing the Stock so purchased. The purchase of such Stock shall take place at the principal offices of the Company upon delivery of such notice, at which time the Option Price shall be paid in full by any of the methods or any combination of the methods set forth in (ii) below. The shares of Stock to which the Participant is entitled as a result of the exercise of the Option shall be issued by the Company and (A) delivered by electronic means to an account designated by the Participant, or (B) delivered to the Participant in the form of a properly executed certificate or certificates representing such shares of Stock. If certificates representing the Stock are used to pay all or part of the Option Price, separate certificates for the same number of shares of Stock shall be issued by the Company and delivered to the Participant representing each certificate used to pay the Option Price, and an additional certificate shall be issued by the Company and delivered to the Participant representing the additional shares of Stock, in excess of the Option Price, to which the Participant is entitled as a result of the exercise of the Option.

(ii) the Option Price shall be paid by any of the following methods or any combination of the following methods:

(A) in cash, including the wire transfer of funds to one of the Company's bank accounts located in the United States, with such bank account to be designated from time to time by the Company;

(B) by personal, certified or cashier's check payable to the order of the Company;

(C) by delivery to the Company of certificates representing a number of shares of Stock then owned by the Participant, the Fair Market Value of which equals the Option Price of the Stock purchased pursuant to the Option, properly endorsed for transfer to the Company; provided, however, that shares of Stock used for this purpose must have been held by the Participant for such minimum period of time as may be established from time to time by the Committee; for purposes of this Plan, the Fair Market Value of any shares of Stock delivered in payment of the Option Price upon exercise of the Option shall be the Fair Market Value as of the Exercise Date; or

(D) by delivery to the Company of a properly executed notice of exercise together with irrevocable instructions to a broker to promptly deliver to the Company, by wire transfer or check as noted in (A) and (B) above, the amount of the proceeds of the sale of all or a portion of the Stock or of a loan from the broker to the Participant necessary to pay the Option Price.

7.4 Tax Withholding. Each Option Agreement shall provide that, upon exercise of the Option, the Participant shall make appropriate arrangements with the Company to provide for the amount of additional tax withholding required by Sections 3102 and 3402 or any successor section(s) of the Internal Revenue Code and applicable state income tax laws.

7.5 Subsequent Option Agreements. Following the initial grant of Options in 1996, additional Participants may be designated by the Committee for grant of Options substantially in accordance with the above terms and conditions, subject to such changes and modifications to reflect the circumstances of any subsequent grant as the Committee, in its discretion, deems appropriate.

7.6 Stockholder Privileges. No Participant shall have any rights as a stockholder with respect to any shares of Stock covered by an Option until the Participant becomes the holder of record of such Stock. No adjustments shall be made for dividends or other distributions or other rights as to which there is a record date preceding the date on which such Participant becomes the holder of record of such Stock.

SECTION 8

CHANGE IN CONTROL

8.1 In General. In the event of a change in control of the Company as defined in Section 8.3 hereof, then the Committee may, in its sole discretion, without obtaining stockholder approval, to the extent permitted in Section 12 hereof, take any or all of the following actions:

(a) accelerate the dates on which any outstanding Options become exercisable or make all such Options fully vested and exercisable;

(b) grant a cash bonus award to any Participant in an amount necessary to pay the Option Price of all or any portion of the Options then held by such Participant;

(c) pay cash to any or all Participants in exchange for the cancellation of their outstanding Options in an amount equal to the difference between the Option Price of such Options and the greater of the tender offer price for the underlying Stock or the Fair Market Value of the Stock on the date of the cancellation of the Options; and

(d) make any other adjustments to the outstanding Options.

8.2 Limitation on Payments. If the provisions of this Section 8 would result in the receipt by any Participant of a payment within the meaning of Section 280G or any successor section(s) of the Internal Revenue Code, and the regulations promulgated thereunder, and if the receipt of such payment by any Participant would, in the opinion of independent tax counsel of recognized standing selected by the Company, result in the payment by such Participant of any excise tax provided for in Sections 280G and 4999 or any successor section(s) of the Internal Revenue Code, then the amount of such payment shall be reduced to the extent required, in the opinion of independent tax counsel, to prevent the imposition of such excise tax; provided, however, that the Committee, in its sole discretion, may authorize the payment of all or any portion of the amount of such reduction to the Participant.

8.3 Definition. For purposes of the Plan, a "change in control" shall mean any of the events specified in the Company's Income Continuance Plan or any successor plan which constitute a change in control within the meaning of such plan.

SECTION 9

RIGHTS OF EMPLOYEES, PARTICIPANTS

9.1 Employment. Nothing contained in the Plan or in any Option granted under the Plan shall confer upon any Participant any right with respect to the continuation of his or her employment by the Company or any Affiliated Corporation, or interfere in any way with the right of the Company or any Affiliated Corporation, subject to the terms of any separate employment agreement to the contrary, at any time to terminate such employment or to increase or decrease the level of the Participant's compensation from the level in existence at the time of the grant of an Option. Whether an authorized leave of absence, or absence in military or government service, shall constitute a termination of employment shall be determined by the Committee at the time.

9.2 Nontransferability. No right or interest of any Participant in an Option granted pursuant to the Plan shall be assignable or transferable during the lifetime of the Participant, either voluntarily or involuntarily, or subjected to any lien, directly or indirectly, by operation of law, or otherwise, including execution, levy, garnishment, attachment, pledge or bankruptcy. In the event of a Participant's death, a Participant's rights and interests in Options shall, to the extent provided in Section 7 hereof, be transferable by testamentary will or the laws of descent and distribution, and payment of any amounts due under the Plan shall be made to, and exercise of any Options may be made by, the Participant's legal representatives, heirs or legatees. If in the opinion of the Committee a person entitled to payments or to exercise rights with respect to the Plan is disabled from caring for his or her affairs because of mental condition, physical condition or age, payment due such person may be made to, and such rights shall be exercised by, such person's guardian, conservator or other legal personal representative upon furnishing the Committee with evidence satisfactory to the Committee of such status.

SECTION 10

GENERAL RESTRICTIONS

10.1 Investment Representations. The Company may require a Participant, as a condition of exercising an Option, to give written assurances in substance and form satisfactory to the Company and its counsel to the effect that such person is acquiring the Stock subject to the Option for his own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as the Company deems necessary or appropriate in order to comply with federal and applicable state securities laws.

10.2 Compliance with Securities Laws. Each Option shall be subject to the requirement that, if at any time counsel to the Company shall determine that the listing, registration or qualification of the shares of Stock subject to such Option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, is necessary as a condition of, or in connection with, the issuance or purchase of shares of Stock thereunder, such Option may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Committee. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration, qualification, consent or approval.

SECTION 11

OTHER EMPLOYEE BENEFITS

The amount of any compensation deemed to be received by a Participant as a result of the exercise of an Option shall not constitute "earnings" with respect to which any other employee benefits of such Participant are determined, including without limitation benefits under any pension, profit sharing, life insurance or salary continuation plan.

SECTION 12

PLAN AMENDMENT, MODIFICATION AND TERMINATION

The Board may at any time terminate, and from time to time may amend or modify the Plan provided, however, that no amendment or modification may become effective without approval of the amendment or modification by the Company's stockholders if stockholder approval is required to enable the Plan to satisfy any applicable statutory or regulatory requirements, or if the Company, on the advice of counsel, determines that stockholder approval is otherwise necessary.

No amendment, modification or termination of the Plan shall in any manner adversely affect any Option theretofore granted under the Plan, without the consent of the Participant holding such Option.

SECTION 13

WITHHOLDING

13.1 Withholding Requirement. The Company's obligations to deliver shares of Stock upon the exercise of an Option shall be subject to the Participant's satisfaction of all applicable federal, state and local income and other tax withholding requirements.

13.2 Withholding with Stock. At the time the Committee grants an Option, it may, in its sole discretion, grant the Participant an election to pay all such amounts of tax withholding, or any part thereof, by the transfer to the Company, or to have the Company withhold from shares of Stock otherwise issuable to the Participant upon the exercise of an Option, shares of Stock having a value equal to the amount required to be withheld or such lesser amount as may be elected by the Participant. All such elections shall be subject to the approval or disapproval of the Committee. The value of shares of Stock to be withheld shall be based on the Fair Market Value of the Stock on the Exercise Date. Any such elections by Participants to have shares of Stock withheld for this purpose will be subject to the following restrictions:

(a) All elections shall be made on or prior to the Exercise Date.

(b) All elections shall be irrevocable.

(c) If, subsequent to the date of grant, the Participant becomes an officer or director of the Company within the meaning of Section 16 or any successor section(s) ("Section 16") of the Securities Exchange Act of 1934, as amended (the "1934 Act"), the Participant must satisfy the requirements of such Section 16 and any applicable rules and regulations thereunder with respect to the use of Stock to satisfy such tax withholding obligation.

SECTION 14

REQUIREMENTS OF LAW

14.1 Requirements of Law. The issuance of Stock and the payment of cash pursuant to the Plan shall be subject to all applicable laws, rules and regulations.

14.2 Federal Securities Laws Requirements. If, subsequent to the date of grant, a Participant becomes an officer or director of the Company within the meaning of Section 16, Options granted hereunder shall be subject to all conditions required under Rule 16b-

3, or any successor rule(s) promulgated under the 1934 Act, to qualify the Option for any exemptions from the provisions of Section 16 available under such Rule. Such conditions are hereby incorporated herein by reference and shall be set forth in the agreement with the Participant which describes the Option.

14.3 Governing Law. The Plan and all Option Agreements hereunder shall be construed in accordance with and governed by the laws of the State of Texas.

SECTION 15

DURATION OF THE PLAN

The Plan shall terminate at such time as may be determined by the Board, and no Option shall be granted after such termination. If not sooner terminated under the preceding sentence, the Plan shall fully cease and expire at midnight on December 31, 1998. Options outstanding at the time of the Plan termination shall continue to be exercisable in accordance with the Option Agreement pertaining to such Option.

Dated: September 23, 1999, effective as of October 31, 1996

ATTEST:	APACHE CORPORATION
/s/ Cheri L. Peper	By: /s/ Daniel L. Schaeffer
------------------------------------	------------------------------
Cheri L. Peper	Daniel L. Schaeffer
Corporate Secretary	Vice President

Exhibit 99.1

[Apache Corporation Letterhead]

CONTACTS:

(MEDIA):	TONY LENTINI	(713/296-6227)
	BILL MINTZ	(713/296-7276)
(INVESTOR):	ROBERT DYE	(713/296-6662)
(WEB SITE):	www.apachecorp.com	

FOR IMMEDIATE RELEASE

APACHE COMPLETES ACQUISITION OF SHELL CANADA ASSETS
WITH 87.5 MMBOE PROVED RESERVES FOR US$517 MILLION

Houston, Dec. 1, 1999 -- Apache Corporation (NYSE: APA) today completed its previously announced acquisition of producing properties and other assets in the provinces of Alberta, British Columbia and Saskatchewan, Canada, with proved reserves of 87.5 million barrels of oil equivalent (MMboe) from Shell Canada Limited for C$761 million after adjustments (US$517 million at current exchange rates).

The purchase, through Apache's wholly-owned subsidiary Apache Canada Ltd., also includes 294,294 net acres of undeveloped leaseholdings, 100 percent interest in a gas processing plant with a potential capacity of 160 million cubic feet (MMcf) per day, as well as one of the largest seismic data banks in Canada with 52,700 miles of 2-D seismic data and 884 square miles of 3-D seismic. The transaction was effective Nov. 1.

Apache funded the purchase from cash on hand and by issuing commercial paper, bringing the company's debt-to-capitalization ratio to an estimated 42.5 percent.

Net production from the properties in October averaged 12,528 barrels per day of crude oil and natural gas liquids and 64.8 MMcf per day of natural gas.

Apache Corporation is an independent oil and gas company with operations in North America, Egypt, Western Australia, Poland and the People's Republic of China. Its common stock is traded on the New York and Chicago stock exchanges.

-end-

Exhibit 99.2

[Apache Corporation Letterhead]

CONTACTS:

(MEDIA):	TONY LENTINI	(713/296-6227)
	BILL MINTZ	(713/296-7276)
(INVESTOR):	ROBERT DYE	(713/296-6662)
(WEB SITE):	www.apachecorp.com	

FOR RELEASE AT 7:30 A.M. CENTRAL TIME

APACHE FINANCE CANADA SELLS $300 MILLION OF 30-YEAR NOTES

YIELDING 7.839 PERCENT

Houston (Dec. 9, 1999) - Apache Corporation (NYSE: APA) said today that its Apache Finance Canada Corp. unit sold $300 million of 7.75 percent coupon notes which will mature Dec. 15, 2029. The bonds were priced to yield 7.839 percent.

Interest is payable semiannually on each June 15 and Dec. 15. The first coupon is payable June 15, 2000. The notes are unconditionally guaranteed by Apache Corporation.

Proceeds of the issue will be used to repay commercial paper issued to finance Apache's recent acquisition of producing properties and other assets in Canada from Shell Canada Limited. Goldman, Sachs & Co. was lead manager for the sale. The offering is expected to close Dec. 13, 1999.

Apache Corporation is an independent oil and gas company with operations in North America, Egypt, Western Australia, Poland and People's Republic of China. Its common stock is sold on the New York and Chicago stock exchanges.

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