SCHEDULE 14A
(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.   )

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]
Check the appropriate box:
[ ] Preliminary Proxy Statement
[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[X] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to sec. 240.14a-11(c) or sec. 240.14a-12

Apache Corporation

- --

(Name of Registrant as Specified in its Charter)

- --

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
[X] No fee required.
[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(l) and 0-11.

(1) Title of each class of securities to which transaction applies:

- --

(2) Aggregate number of securities to which transaction applies:

- --

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

- --

(4) Proposed maximum aggregate value of transaction:

- --

(5) Total fee paid:

- --

[ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

- --

(2) Form, Schedule or Registration Statement No.:

- --

(3) Filing Party:

- --

(4) Date Filed:

- --

[APACHE LOGO]

ONE POST OAK CENTRAL
2000 POST OAK BOULEVARD, SUITE 100
HOUSTON, TEXAS 77056-4400

March 28, 1997

FELLOW SHAREHOLDERS:

You are cordially invited to attend the annual meeting of shareholders of Apache Corporation to be held on Thursday, May 1, 1997, at 10:00 a.m. (Houston time), at the Doubletree Hotel at Post Oak, 2001 Post Oak Boulevard, Houston, Texas.

At the annual meeting, shareholders will be asked to vote upon the election of five directors to the board of directors and approval of the 1996 Share Price Appreciation Plan, and to transact any other business that may properly come before the meeting. In addition to the scheduled items of business, management will present a brief report to shareholders on the Company's results and direction. I hope you will be able to attend.

Whether or not you plan to be present at the annual meeting, please be sure to date, sign and promptly return the enclosed proxy card or voting instruction card, using the postage-paid business reply envelope provided, to ensure that your shares will be voted in accordance with your wishes.

/s/ RAYMOND PLANK
RAYMOND PLANK
Chairman of the Board
and Chief Executive Officer

APACHE CORPORATION
ONE POST OAK CENTRAL
2000 POST OAK BOULEVARD, SUITE 100
HOUSTON, TEXAS 77056-4400

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS OF APACHE CORPORATION:

The 1997 annual meeting of shareholders of Apache Corporation, a Delaware corporation, will be held on Thursday, May 1, 1997, at 10:00 a.m. (Houston time), at the Doubletree Hotel at Post Oak, 2001 Post Oak Boulevard, Houston, Texas, for the following purposes:

1. To elect four directors to serve until the annual meeting of shareholders in 2000 and one director to serve until the annual meeting of shareholders in 1999;

2. To approve the 1996 Share Price Appreciation Plan; and

3. To transact any other business that may properly come before the meeting or any adjournment thereof.

The board of directors of the Company has fixed the close of business on March 13, 1997, as the record date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting. Only holders of record of the Company's common stock at the close of business on the record date are entitled to notice of, and to vote at, the annual meeting. The Company's stock transfer books will not be closed. A complete list of shareholders entitled to vote at the annual meeting will be available for examination by any Apache shareholder at 2000 Post Oak Boulevard, Suite 100, Houston, Texas, for purposes pertaining to the annual meeting, during normal business hours for a period of ten days prior to the meeting.

You are cordially invited to attend the annual meeting. Whether or not you expect to attend in person, you are urged to promptly sign, date and mail the enclosed proxy card so that your shares may be represented and voted at the annual meeting. You may revoke your proxy by following the procedures set forth in the accompanying proxy statement.

By order of the Board of Directors

APACHE CORPORATION

/s/ C. L. Peper
C. L. PEPER
Corporate Secretary

Houston, Texas
March 28, 1997

APACHE CORPORATION
ONE POST OAK CENTRAL
2000 POST OAK BOULEVARD, SUITE 100
HOUSTON, TEXAS 77056-4400

March 28, 1997

PROXY STATEMENT

This proxy statement is being furnished in connection with the solicitation of proxies by and on behalf of the board of directors of Apache Corporation (the "Company"), a Delaware corporation, to be used at the 1997 annual meeting of shareholders and at any adjournment or postponement thereof. This proxy statement and the accompanying form of proxy were first mailed to the holders of the Company's common stock, par value $1.25 per share, on or about March 28, 1997.

PURPOSE OF ANNUAL MEETING

Shareholders of the Company are scheduled to take action on the following items at the annual meeting:

1. The election of four directors to serve until the annual meeting in 2000 and one director to serve until the annual meeting in 1999;

2. To approve the 1996 Share Price Appreciation Plan; and

3. The transaction of any other business that may properly come before the meeting or any adjournment thereof.

As of the date of this proxy statement, the Company is not aware of any business to come before the annual meeting other than the election of directors and approval of the 1996 Share Price Appreciation Plan.

QUORUM AND VOTING RIGHTS

The presence, in person or by proxy, of the holders of a majority of the votes represented by the outstanding shares of the Company's common stock is necessary to constitute a quorum at the annual meeting. The record date for determination of shareholders entitled to notice of and to vote at the annual meeting is the close of business on March 13, 1997. As of the record date, there were 90,238,772 shares of common stock issued and outstanding. Holders of shares of common stock are entitled to one vote per share at the annual meeting and are not allowed to cumulate votes in the election of directors. In accordance with Delaware law, a shareholder entitled to vote for the election of directors can withhold authority to vote for all nominees for directors or can withhold authority to vote for certain nominees for directors.

All shares of the Company's common stock represented by properly executed proxies will be voted in accordance with the instructions indicated unless the proxies have been previously revoked. Proxies on which no voting instructions are indicated will be voted FOR the election of the nominees for directors, FOR the approval of the 1996 Share Price Appreciation Plan, and in the best judgment of the proxy holders on any other matter that may properly come before the annual meeting. If a broker indicates on a proxy that it does not have discretionary authority to vote certain shares on a particular matter, those shares of common stock will not be considered present and entitled to vote with respect to that matter. If a shareholder indicates on a proxy card that such shareholder abstains from voting with respect to approval of the 1996 Share Price Appreciation Plan, those shares will be considered as present and entitled to vote with respect to that matter, and abstention will have the effect of a vote against approval of the 1996 Share Price Appreciation Plan.

REVOCABILITY OF PROXY

Shareholders have the unconditional right to revoke their proxies at any time prior to the voting of their proxies at the annual meeting by (i) filing a written revocation with the corporate secretary of the Company at the address set forth above, (ii) giving a duly executed proxy bearing a later date, or (iii) attending the annual meeting and voting in person. Attendance by shareholders at the annual meeting will not of itself revoke their proxies.

SOLICITATION OF PROXIES

Solicitation of proxies for use at the annual meeting may be made in person or by mail, telephone or telegram, by directors, officers and regular employees of the Company. These persons will receive no special compensation for any solicitation activities. The Company has requested banking institutions, brokerage firms, custodians, trustees, nominees and fiduciaries to forward solicitation materials to the beneficial owners of shares of the Company's common stock for whom they are record holder, and the Company will, upon request, reimburse reasonable forwarding expenses. The Company has retained Georgeson & Company Inc. to assist in soliciting proxies from brokers, bank nominees and other institutional holders for a fee not to exceed $10,000, plus expenses. All costs of the solicitation will be borne by the Company.

ELECTION OF DIRECTORS
(PROPOSAL NO. 1 ON PROXY CARD)

The Company's bylaws provide that the board of directors shall consist of a minimum of seven and a maximum of 13 directors. The Company's certificate of incorporation provides that, as nearly as numerically possible, one-third of the directors shall be elected at each annual meeting of shareholders. Unless directors earlier resign or are removed, their terms are for three years, and continue thereafter until their successors are elected and qualify as directors. The affirmative vote of the holders of a plurality of the shares of common stock present, in person or represented by proxy, and entitled to vote at the annual meeting is required to elect directors to the board of directors.

The present terms of directors Frederick M. Bohen, Virgil B. Day, Stanley K. Hathaway, George D. Lawrence Jr. and Joseph A. Rice will expire at the 1997 annual meeting. Mr. Day, who has served as a director of the Company since 1974, has chosen not to stand for re-election at the 1997 annual meeting.

Each of Messrs. Bohen, Hathaway, Lawrence and Rice has been recommended by the Company's nominating committee and nominated by the board of directors for election by the shareholders to an additional three-year term. If elected, each will serve commencing upon his election and qualification until the annual meeting of shareholders in May 2000. In addition, Mr. A. D. Frazier, Jr. has been nominated for a term of two years and, if elected, will serve commencing upon his election and qualification until the annual meeting of shareholders in May 1999. The two-year term for Mr. Frazier has been recommended rather than three years in order to comply with the provision of the Company's certificate of incorporation requiring that, as nearly as numerically possible, one-third of the directors be elected at each annual meeting.

There are currently 13 directors on the Company's board of directors and, if all of the nominees are elected at the 1997 annual meeting, the board will continue to have 13 members. Unless otherwise instructed, all proxies will be voted in favor of these nominees. If one or more of the nominees is unwilling or unable to serve, the proxies will be voted only for the remaining named nominees. Proxies cannot be voted for more than five nominees. The board of directors knows of no proposed nominee for director who is unwilling or unable to serve.

INFORMATION ABOUT NOMINEES FOR ELECTION AS DIRECTORS

Certain biographical information, including principal occupation and business experience during the last five years, of each nominee for director is set forth below. Unless otherwise stated, the principal occupation of each nominee has been the same for the past five years.

	DIRECTOR SINCE
FREDERICK M. BOHEN, 59, has been executive vice president and chief operating officer of The Rockefeller University since 1990. He was senior vice president of Brown University from 1983 to 1990, and served as vice president of finance and operations at the University of Minnesota from 1981 to 1983. Mr. Bohen was with the U.S. Department of Health, Education and Welfare as assistant secretary for management and budget from 1977 to 1981. He is a director of the College Construction Loan Insurance Association (Connie Lee), a director of Oppenheimer and Company, and a director of the Mexico Equity Income Fund, Inc. Mr. Bohen is chairman of the management development and compensation committee and chairman of the stock option plan committee.	1981
A. D. FRAZIER, JR., 52, has been executive vice president and a director of INVESCO PLC, an independent global investment management group, since November 1996. He was chief operating officer of the Atlanta Olympic Games Committee from March 1991 to October 1996, and served as executive vice president, North American Banking Group, of First Chicago Corporation and First National Bank of Chicago from 1985 to 1991. Mr. Frazier is also a director of Magellan Health Services, Inc., and a trustee of Georgia State University Foundation.	--
STANLEY K. HATHAWAY, 72, has been a senior partner in the law firm of Hathaway, Speight, Kunz & Trautwein since 1976. From June through October 1975, he served as the U.S. Secretary of the Interior, and was Governor of the State of Wyoming from 1967 to 1975. Mr. Hathaway is chairman of the audit committee.	1977
GEORGE D. LAWRENCE JR., 46, is a private investor, and joined the Company's board of directors in May 1996. Formerly, he was president, chief executive officer and a director of The Phoenix Resource Companies, Inc. from 1990 until May 1996, when Phoenix became a wholly-owned subsidiary of the Company. Mr. Lawrence is a member of the executive committee and the nominating committee.	1996
JOSEPH A. RICE, 72, retired in 1988 as chairman of the board, chief executive officer and a director of Irving Trust Company and Irving Bank Corporation, having served in those capacities since 1984. Mr. Rice served as president, chief operating officer and a director of those organizations from 1975 to 1984. He is also a director of Avon Products, Inc. Mr. Rice is a member of the management development and compensation committee and the stock option plan committee.	1989

INFORMATION ABOUT CONTINUING DIRECTORS

Certain biographical information, including principal occupation and business experience during the last five years, for each member of the board of directors whose term is not expiring at the 1997 annual meeting is set forth below. Unless otherwise stated, the principal occupation of each nominee has been the same for the past five years.

	DIRECTOR SINCE	TERM EXPIRES
G. STEVEN FARRIS, 49, has been president and chief operating officer of the Company since May 1994, and was elected to the Company's board of directors in December 1994. He was senior vice president of the Company from 1991 to 1994, and vice president -- exploration and production of the Company from 1988 to 1991. Prior to that, Mr. Farris was vice president of finance and acquisitions for Terra Resources, Inc., a Tulsa, Oklahoma oil and gas company, from 1983 to 1988, and executive vice president for Robert W. Berry, Inc., a Tulsa, Oklahoma oil and gas company, from 1978 to 1983.	1994	1999
RANDOLPH M. FERLIC, 60, retired in December 1993 from his practice as a thoracic and cardiovascular surgeon. He is the founder of Surgical Services of the Great Plains, P.C., and served as its president from 1974 to 1991. Dr. Ferlic is a member of the audit committee, the executive committee, and the nominating committee.	1986	1999
EUGENE C. FIEDOREK, 65, has been the managing director of EnCap Investments L.C., a Dallas, Texas energy investment banking firm, since 1988. Mr. Fiedorek was the managing director of the Energy Banking Group of First RepublicBank Corp. in Dallas, Texas from 1978 to 1987. He is a director of Energy Capital Investment Company, a U.S. oil and gas investment firm listed on the London Stock Exchange. Mr. Fiedorek is a member of the audit committee.	1988	1998
W. BROOKS FIELDS, 78, is retired. From 1984 until 1990, he was president and chief executive officer of Minnesota Racetrack, Inc., also known as Canterbury Downs, a racetrack development company, and from 1968 to 1990, was chairman of the board of Scottland, Inc., a real estate development company. From 1955 until 1984, Mr. Fields was the executive vice president and a director of Burdick Grain Company, a grain merchandising company. He is a member of the audit committee, the executive committee and the nominating committee.	1973	1998
ROBERT V. GISSELBECK, 73, is the founder of Gisselbeck & Associates, a real estate development company in Naples, Florida, and has served as its president since 1960. Mr. Gisselbeck is a member of the audit committee.	1982	1999
JOHN A. KOCUR, 69, is engaged in the private practice of law. He served as vice chairman of the Company's board of directors from 1988 until 1991. Mr. Kocur was employed by the Company from 1969 until his retirement in 1991, and served as the Company's president from 1979 until 1988. He is chairman of the executive committee, chairman of the nominating committee, and a member of the management development and compensation committee.	1977	1999
MARY RALPH LOWE, 50, has been president and chief executive officer of Maralo, Inc., a Houston, Texas independent oil and gas exploration and production company and ranching operation, since 1988 and a member of its board of directors since 1975. Ms. Lowe is a member of the audit committee and the nominating committee.	1996	1998
RAYMOND PLANK, 74, has been chairman of the board of directors and chief executive officer of the Company since 1979, and served as the Company's president from 1954 until 1979. Mr. Plank is a member of the executive committee and the nominating committee.	1954	1998

INFORMATION WITH RESPECT TO STANDING COMMITTEES OF THE BOARD OF DIRECTORS AND MEETINGS

The board of directors held seven meetings during 1996. The board of directors has an audit committee, a management development and compensation committee, a stock option plan committee, an executive committee, and a nominating committee. Actions taken by these committees are reported to the board of directors at the next board meeting. Each of the Company's directors attended at least 75 percent of all meetings of the board of directors and of all committees of which they were members, except Mr. Gisselbeck who attended 67 percent and Ms. Lowe who attended 71 percent of all such meetings.

The audit committee members are Stanley K. Hathaway, chairman, Randolph M. Ferlic, Eugene C. Fiedorek, W. Brooks Fields, Robert V. Gisselbeck and Mary Ralph Lowe. The audit committee reviews with the independent accountants and internal auditors of the Company their respective audit and review programs and procedures, and the scope and results of their audits. It also examines professional services provided by the Company's independent accountants and evaluates their costs and related fees. Additionally, the audit committee reviews the Company's financial statements and the adequacy of the Company's system of internal accounting controls. The audit committee makes recommendations to the board of directors concerning the Company's independent accountants and their engagement or discharge. During the last fiscal year there were five meetings of the audit committee.

The management development and compensation committee members are Frederick M. Bohen, chairman, Virgil B. Day, John A. Kocur and Joseph A. Rice. The committee reviews the Company's management resources and structure, and administers the Company's compensation programs and retirement, stock purchase and similar plans. The committee held five meetings during 1996.

In February 1996, the board of directors established a stock option plan committee and elected as members Frederick M. Bohen, chairman, and Joseph A. Rice. The duties of the stock option plan committee include the grant and administration of options under the Company's stock option plans. The committee met five times during 1996.

The executive committee members are John A. Kocur, chairman, Randolph M. Ferlic, W. Brooks Fields, George D. Lawrence Jr. and Raymond Plank. The executive committee is vested with the authority to exercise the full power of the board of directors, within the policies established by the board of directors, in the intervals between meetings of the board of directors. In addition to the general authority vested in it, it may be vested with specific power and authority by resolution of the board of directors. During the last fiscal year there were two meetings of the executive committee.

The nominating committee members are John A. Kocur, chairman, Randolph M. Ferlic, W. Brooks Fields, George D. Lawrence Jr., Mary Ralph Lowe and Raymond Plank. The duties of the nominating committee include recommending to the board of directors the slate of director nominees submitted to the shareholders for election at the annual meeting, and proposing qualified candidates to fill vacancies on the board of directors without regard to race, sex, age, religion or physical disability. The nominating committee met twice during 1996.

Shareholders wishing to recommend candidates for consideration by the nominating committee should forward written recommendations, together with appropriate biographical information and details of qualifications, to the corporate secretary of the Company. In order to be considered, recommendations must be received by the deadline for submitting shareholder proposals set forth under the heading "Shareholder Proposals."

DIRECTOR COMPENSATION

Employee directors do not receive additional compensation for serving on the board of directors or any committee of the board. Non-employee directors were paid an annual retainer of $20,000, plus $1,000 for each board of directors or committee meeting attended during 1996, together with reimbursement of expenses incurred in attending meetings. Non-employee directors receive an annual retainer of $2,000 for each committee of which they are members. In addition, the chairmen of each committee receive $4,000 annually for chairing their respective committees.

Non-employee directors are eligible to participate in the Apache Corporation Director's Deferred Compensation Plan under which they can elect to defer receipt of all or any portion of their retainers or meeting fees. Deferred amounts are maintained in separate accounts and are credited interest equal to the Company's rate of return on its short-term marketable securities. Amounts are paid out upon the director's retirement in two lump sums or ratably over ten years. One director elected to defer a portion of his fees during 1996.

An unfunded retirement plan for non-employee directors was established in December 1992. The plan is administered by the management development and compensation committee and pays retired non-employee directors benefits equal to two-thirds of the annual retainer for a period based on length of service. Payments are made on an annual basis, for a maximum of ten years, and are paid from the general assets of the Company. In the event of the director's death prior to receipt of all benefits payable under the plan, the remaining benefits are payable to the director's surviving spouse until the earlier of the termination of the payment period or the death of the surviving spouse. There were no benefits paid under this plan during 1996.

The Company established an equity compensation plan for non-employee directors in February 1994, which is administered by the management development and compensation committee. Each non-employee director will be awarded 1,000 restricted shares of the Company's common stock every five years, beginning July 1, 1994. The shares vest at a rate of 200 shares annually, with unvested shares forfeited upon resignation or retirement from the board. Awards are made from treasury stock and are automatic and non-discretionary. New directors will receive 1,000-share awards on the July 1 next succeeding their election to the board. All shares awarded under the plan have full dividend and voting rights. The plan expires July 1, 2009, with a maximum of 50,000 shares that may be awarded during the term of the plan. On July 1, 1994, the first restricted stock award of 1,000 shares of the Company's common stock was made to each of the Company's non-employee directors, pursuant to terms of the plan. On July 1, 1996, an award of 1,000 shares were made to each of the two non-employee directors who joined the Company's board of directors in May 1996.

VOTING SECURITIES AND PRINCIPAL HOLDERS

The following table sets forth, as of February 28, 1997, the beneficial ownership of each director or nominee for director of the Company, the chief executive officer, the four other most highly compensated executive officers, and all directors and executive officers of the Company as a group. All ownership information is based upon filings made by such persons with the Securities and Exchange Commission ("Commission") or upon information provided to the Company.

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(1)	PERCENT OF CLASS OUTSTANDING
Common Stock, par value $1.25	Frederick M. Bohen	3,661(2)	*
	Virgil B. Day	135,669(2)(3)	*
	G. Steven Farris	114,264(4)(5)	*
	Randolph M. Ferlic	226,300(2)(6)	*
	Eugene C. Fiedorek	4,000(2)	*
	W. Brooks Fields	27,329(2)(7)	*
	A. D. Frazier, Jr	0	*
	Robert V. Gisselbeck	40,143(2)	*
	Stanley K. Hathaway	7,256(2)	*
	John A. Kocur	40,130(2)(8)	*
	George D. Lawrence Jr	277,490(2)(9)	*
	Mary Ralph Lowe	8,400(2)	*
	Raymond Plank	243,265(4)(5)	*
	Joseph A. Rice	5,000(2)	*
	H. Craig Clark	25,632(4)(5)	*
	Mark A. Jackson	60,723(4)(5)	*
	Floyd R. Price	29,970(4)(5)	*
	All directors, nominees, and executive officers as a group (including the above named persons)	1,423,554(4)(5)	1.58

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* Represents less than one percent of the outstanding shares.

(1) All ownership is sole and direct unless otherwise noted. Inclusion of any shares not owned directly shall not be construed as an admission of beneficial ownership. Fractional shares have been rounded to the nearest whole share.

(2) Includes 1,000 shares of restricted stock awarded under the Company's equity compensation plan for non-employee directors.

(3) Includes 1,100 shares owned by Mrs. Day.

(4) Includes the following shares issuable upon the exercise of outstanding employee stock options which are exercisable within 60 days: Mr. Farris -- 42,250; Mr. Plank -- 58,750; Mr. Clark -- 19,500; Mr. Jackson -- 51,050; Mr. Price -- 23,625; and all directors and executive officers as a group -- 277,725.

(5) Includes units held by the trustee of the Company's Retirement/401(k) Savings Plan equivalent to the following shares: Mr. Farris -- 16,014; Mr. Plank -- 2,643; Mr. Clark -- 6,132; Mr. Jackson -- 5,673; Mr. Price -- 6,345; and all directors and executive officers as a group -- 65,498.

(6) Includes 17,500 shares owned indirectly by Dr. Ferlic through his interest in Surgical Services of the Great Plains, P.C. Employee Benefit Trust, and 6,000 shares owned directly by Ferlic Investments, Ltd. in which Dr. Ferlic owns a 36-percent interest. Also includes a total of 2,800 shares held by Dr. Ferlic's daughters, son and grandchildren, as to which he disclaims beneficial ownership.

(7) Includes 10,868 shares owned by Mrs. Fields.

(8) Includes 3,940 shares owned by Mrs. Kocur.

(9) Includes 243,750 shares issuable upon the exercise of outstanding stock options which are fully exercisable. See "Certain Business Relationships and Transactions."

The following table sets forth the only persons known to the Company, as of February 28, 1997, to be the owner of more than five percent of outstanding shares of the Company's common stock, according to reports filed with the Commission:

TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS OUTSTANDING
Common Stock, par value $1.25	Merrill Lynch & Co. Inc....................... World Financial Center, North Tower 250 Vesey Street New York, New York 10281	8,164,475(1)	9.05
	FMR Corp..................................... 82 Devonshire Street Boston, MA 02109-3614	5,682,955(1)(2)	6.30
	The Equitable Companies Incorporated......... 787 Seventh Avenue New York, New York 10019	4,683,087(3)	5.19

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(1) According to information contained in a Schedule 13G filed with the Commission, dated February 14, 1997.

(2) Does not include 934,117 shares held by Fidelity Management Trust Company ("FMTC") as trustee of the Company's Retirement/401(k) Savings Plan. FMTC is a wholly-owned subsidiary of FMR Corp.

(3) According to information contained in a Schedule 13G filed with the Commission, dated February 12, 1997.

In February 1990, Bijan Mossavar-Rahmani, former president of Apache International, Inc., was granted 250 shares of Apache International's common stock, representing five percent of the outstanding shares of Apache International, pursuant to the terms of the Apache International Common Stock Award Plan. No voting rights relating to the Company's common stock are associated with such Apache International stock.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and officers, as well as beneficial owners of ten percent or more of the Company's common stock, to report their holdings and transactions in the Company's securities. To the Company's knowledge, based on information furnished to it and contained in reports provided pursuant to Section 16(a), as well as written representations that no other reports were required, all applicable Section 16(a) filing requirements were complied with during 1996.

EXECUTIVE OFFICERS OF THE COMPANY

Certain biographical information concerning the executive officers of the Company is set forth below. Biographical information concerning Raymond Plank and G. Steven Farris is set forth above under the caption "Information About Continuing Directors."

H. CRAIG CLARK, 40, has been vice president--North American exploration and production since May 1996. He was vice president--domestic production from 1994 to 1996, general manager of the Company's southern division from 1993 to 1994, and production manager of the Company's Gulf Coast Region from 1989 to 1993.

LISA A. FLOYD, 39, has been vice president--technical services since January 1995, having been general manager--technical services since 1994. Ms. Floyd has held positions of increasing responsibility in the reservoir engineering area since joining the Company in 1984.

MARK A. JACKSON, 41, was appointed vice president and chief financial officer in March 1996, having been vice president--finance since May 1994. He was vice president and chief accounting officer of the Company from January 1994 to April 1994, and vice president and controller of the Company from 1988 to 1993. Prior to joining the Company, Mr. Jackson was employed by Maxus Energy Corporation, a Dallas-based oil and gas company, from 1984 to 1988 in various positions, most recently as assistant controller.

ZURAB S. KOBIASHVILI, 54, has been vice president and general counsel of the Company since 1994. From 1991 through 1994, he was with Falcon Seaboard Resources, Inc., a privately-held company involved in the development, construction and operation of electric cogeneration power plants, and in oil and gas exploration and production, initially as a legal consultant and from 1993 as vice president and general counsel. Mr. Kobiashvili was vice president and general counsel for Conquest Exploration Company, Houston, Texas, from 1984 to 1991.

ANTHONY R. LENTINI, JR., 47, has been vice president--public and international affairs since January 1995. Prior to joining the Company, he was vice president of public affairs for Mitchell Energy & Development Corp., The Woodlands, Texas, from 1988 through 1994.

ROGER B. PLANK, 40, was appointed vice president--planning and corporate development in March 1996, having been vice president--corporate planning since 1994. He was the Company's vice president--external affairs from 1993 to 1994, vice president--corporate communications from 1987 to 1993, director--corporate communications from 1985 to 1987, and an investment representative for Apache Programs, Inc., a wholly-owned subsidiary of the Company, from 1981 to 1985. Roger Plank is the son of Raymond Plank.

FLOYD R. PRICE, 47, has been vice president--international exploration and production since December 1994. He served as exploration manager from 1991 to 1994, and geologic manager from 1990 to 1991, for the Company's Midcontinent Region. Prior to that, Mr. Price was vice president of exploration and development from 1988 to 1989, and vice president of midcontinent exploration from 1989 to 1990, for Pacific Enterprises Oil Company, Dallas, Texas.

THOMAS L. MITCHELL, 36, was appointed controller and chief accounting officer in February 1996. He was director of natural gas marketing for the Company from August 1990 through January 1996, and served as accounting manager for the Company's Gulf Coast operations from February 1989 through July 1990. Prior to joining the Company, Mr. Mitchell was a manager with Arthur Andersen & Co., an independent public accounting firm, from 1982 through 1988.

CHERI L. PEPER, 43, was appointed corporate secretary of the Company in May 1995, having been assistant secretary since 1992. Prior to joining the Company, she was assistant secretary for Panhandle Eastern Corporation (now PanEnergy Corp.) since 1988.

MATTHEW W. DUNDREA, 43, was appointed treasurer in March 1996, having been assistant treasurer since joining the Company in 1994. Prior to that, he was assistant treasurer from 1991 to 1994, manager--cash management from 1986 to 1991, and manager--economic analysis from 1984 to 1986, for Union Texas Petroleum Holdings, Inc., Houston, Texas.

SUMMARY COMPENSATION TABLE

The table below summarizes the annual and long-term compensation paid to the individuals listed below for all services rendered to the Company and its subsidiaries during the last three fiscal years, in accordance with Commission rules relating to disclosure of executive compensation. The persons included in this table are the Company's chief executive officer and the four other most highly compensated executive officers who were serving as executive officers of the Company at year-end 1996.

		ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARDS	
NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)(1)	OTHER ANNUAL COMPENSATION ($)	SECURITIES UNDERLYING OPTIONS/SARS(#)	ALL OTHER COMPENSATION ($)
Raymond Plank	1996	750,000	405,900	0	44,800(2)	112,464(3)
Chairman of the Board and	1995	650,016	187,200	0	40,000(2)	120,422(3)
Chief Executive Officer	1994	614,588	353,500	0	30,000(2)	107,495(3)
G. Steven Farris	1996	450,000	243,500	0	26,900(2)	66,096(3)
President and Chief	1995	350,016	100,800	0	21,000(2)	61,274(3)
Operating Officer	1994	281,253	160,600	0	65,000(2)	43,852(3)
Mark A. Jackson	1996	222,708	119,600	0	32,600(2)	35,377(3)
Vice President and	1995	195,000	72,100	0	8,000(2)	35,736(3)
Chief Financial Officer	1994	180,000	102,800	0	7,600(2)	31,032(3)
H. Craig Clark	1996	195,000	120,000	0	26,400(2)	38,400(3)
Vice President, North American	1995	182,500	125,000	0	8,500(2)	35,100(3)
Exploration and Production	1994	165,125	110,000	0	7,000(2)	51,159(4)
Floyd R. Price	1996	187,500	130,000	2,246(5)	41,200(2)	59,041(6)
Vice President, International	1995	175,000	120,000	4,047(5)	8,000(2)	54,898(7)
Exploration and Production	1994	143,417	90,000	0	7,000(2)	28,120(3)

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(1) Includes amounts awarded under the Company's incentive compensation plan for performance in the year indicated.

(2) Shares of the Company's common stock subject to options awarded during 1996, 1995 and 1994. Such stock options were granted on July 11, 1996, April 29, 1996, April 22, 1996, March 14, 1996 and August 23, 1995 under the terms of the 1995 Stock Option Plan (the "1995 Plan"), and on December 8, 1994 and May 5, 1994 under the terms of the 1990 Stock Incentive Plan. There were no adjustments or amendments during the last fiscal year to the exercise price of stock options previously granted to any of the named executive officers.

(3) Represents Company contributions under the Company's Retirement/401(k) Savings Plan and related Non-Qualified Retirement/Savings Plan.

(4) Includes $31,544 in Company contributions under the Company's Retirement/401(k) Savings Plan; and $19,615 for accrued, unused vacation.

(5) Reimbursement for the payment of taxes on all reimbursed relocation expenses and relocation payments.

(6) Includes $36,900 in Company contributions under the Company's Retirement/401(k) Savings Plan and related Non-Qualified Retirement/Savings Plan; and $22,141 in aggregate relocation and temporary living expenses reimbursed in connection with move to Houston, Texas.

(7) Includes $33,072 in Company contributions under the Company's Retirement/401(k) Savings Plan and related Non-Qualified Retirement/Savings Plan; $11,225 in aggregate relocation and temporary living expenses reimbursed in connection with move to Houston, Texas; and $10,601 for accrued, unused vacation.

OPTION/SAR GRANTS TABLE

The table below provides supplemental information relating to the Company's grants of options during 1996 to the executive officers named in the Summary Compensation Table above, including the relative size of each grant, and each grant's exercise price and expiration date. There were no stock appreciation rights ("SARs") granted during the last fiscal year. Also included in compliance with Commission rules on disclosure of executive compensation is information relating to the estimated present value of the options granted, based upon principles of the Black-Scholes option pricing model. The Black-Scholes model utilizes numerous arbitrary assumptions about financial variables such as interest rates, stock price volatility and future dividend yield. Neither the option values reflected in the table nor the assumptions utilized in arriving at the values should be considered indicative of future stock performance.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

	INDIVIDUAL GRANTS				
NAME	NUMBERS OF SECURITIES UNDERLYING OPTIONS/SARS GRANTED (#)(1)(2)	PERCENT OF TOTAL OPTIONS/SARS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE ($/SH)(3)	EXPIRATION DATE	GRANT DATE PRESENT VALUE($)(4)
Raymond Plank..............	44,800/0	2.21/0	34.000	7/11/2006	577,562
G. Steven Farris...........	26,900/0	1.32/0	34.000	7/11/2006	346,795
Mark A. Jackson............	25,000/0	1.23/0	25.750	3/14/2006	238,175
	7,600/0	0.37/0	34.000	7/11/2006	97,979
H. Craig Clark.............	20,000/0	0.98/0	28.375	4/22/2006	208,860
	6,400/0	0.32/0	34.000	7/11/2006	82,509
Floyd R. Price.............	35,000/0	1.72/0	29.500	4/29/2006	382,830
	6,200/0	0.31/0	34.000	7/11/2006	79,930

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(1) There were no SARs granted during 1996. There were no adjustments or amendments during 1996 to the exercise price of stock options previously granted to any of the named executive officers.

(2) Number of shares of the Company's common stock subject to options granted July 11, 1996, April 29, 1996, April 22, 1996 and March 14, 1996, under the terms of the 1995 Plan. Options are generally nontransferable and become exercisable ratably over four years. The options were granted for a term of ten years, subject to earlier termination in certain events related to termination of employment, and are not intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code. The exercise price and any withholding tax requirements may be paid by cash and/or delivery of already-owned shares of the Company's common stock. Options granted under the 1995 Plan are subject to appropriate adjustment in the event of a reorganization, stock split, stock dividend, combination of shares, merger, consolidation or other recapitalization of the Company. If there is a change in control of the Company, the stock option plan committee may accelerate the exercise date of any outstanding options; make any outstanding options fully vested and exercisable; grant a cash bonus award to any participant in an amount necessary to pay the exercise price of all or any portion of the options then held by the participant; 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 exercise price of the 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 cancellations, or make any other adjustments or amendments to the outstanding options.

A change in control occurs when a person, partnership or corporation acting in concert, or any or all of them, acquires more than 20 percent of the Company's outstanding voting securities. A change in control shall not occur if, prior to the acquisition of more than 20 percent of the Company's voting securities, the

(footnotes continued on following page)

Company's board of directors by majority vote designates the person, partnership or corporation as an approved acquirer and resolves that a change in control will not have occurred.

(3) Based on the closing price per share of the Company's common stock on the date of grant, as reported on The New York Stock Exchange, Inc. Composite Transactions Reporting System.

(4) Based on the Black-Scholes option pricing model adapted for use in valuing executive stock options, using the following assumptions: volatility -- 32.73 percent; risk free rate of return -- 6.69 percent; dividend yield -- 0.82 percent; and expected option life -- five years. There were no adjustments made to the model for non-transferability or risk of forfeiture. The actual value, if any, an executive may realize will depend on the excess of the market price over the exercise price on the date the option is exercised. There is no assurance the value realized by an executive will be at or near the value estimated by the Black-Scholes model.

OPTION/SAR EXERCISES AND YEAR-END VALUE TABLE

The table below provides supplemental information relating to the value realized upon the exercise of stock options during the last fiscal year by the executive officers named in the Summary Compensation Table above and the number and intrinsic value of stock options held at year-end. Year-end values are based arbitrarily on the closing price of the Company's common stock for December 31, 1996, do not reflect the actual amounts, if any, which may be realized upon the exercise of remaining stock options, and should not be considered indicative of future stock performance.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION/SAR VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)(1)	VALUE REALIZED ($)(2)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT FY-END(#)(3) EXERCISABLE/ UNEXERCISABLE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS/SARS AT FY-END EXERCISABLE/ UNEXERCISABLE ($)(3)(4)
Raymond Plank	35,000	577,500	58,750/101,050	489,375/506,025
G. Steven Farris	39,500	720,563	45,250/77,650	373,219/443,669
Mark A. Jackson	5,000	110,000	44,800/44,400	719,975/338,525
H. Craig Clark	0	0	14,500/37,150	178,390/228,716
Floyd R. Price	0	0	15,625/51,575	203,375/289,475

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(1) Number of shares with respect to which stock options were exercised during 1996.

(2) Fair market value on date of exercise minus the exercise price of stock options.

(3) There were no SARs settled or outstanding at any time during the last fiscal year for any of the named executive officers.

(4) Based on the closing price of $35.125 per share of the Company's common stock as reported on The New York Stock Exchange, Inc. Composite Transactions Reporting System for December 31, 1996.

LONG-TERM INCENTIVE PLANS -- AWARDS IN LAST FISCAL YEAR

NAME	NUMBER OF SHARES, UNITS OR OTHER RIGHTS(#)(1)	PERFORMANCE OR OTHER PERIOD UNTIL MATURATION OR PAYOUT	ESTIMATED FUTURE PAYOUTS UNDER NON-STOCK PRICE-BASED PLANS(2) — $50 THRESHOLD(3) (THRESHOLD) ($ OR #) — $(5)	# SHS (6)	$50 AND $60 THRESHOLDS(4) (TARGET/MAXIMUM) ($ OR #) — $(5)	# SHS (6)
Raymond Plank............	67,500	(1)(2)	450,000	21,000	1,125,000	47,250
G. Steven Farris.........	40,500	(1)(2)	270,000	12,600	675,000	28,350
Mark A. Jackson..........	20,700	(1)(2)	138,000	6,440	345,000	14,490
H. Craig Clark...........	17,550	(1)(2)	117,000	5,460	292,500	12,285
Floyd R. Price...........	17,100	(1)(2)	114,000	5,320	285,000	11,970

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(1) Conditional grants made October 31, 1996, under the terms of the 1996 Share Price Appreciation Plan. Benefits will become payable pursuant to these grants only if (i) the 1996 Share Price Appreciation Plan is approved by the Company's shareholders, and (ii) the Company's common stock attains price thresholds based on $50 and $60 per share, respectively, prior to January 1, 2000. Payment of benefits is further subject to the condition that the recipient has remained continuously employed full-time with the Company from the original date of grant through one or more of three vesting dates: the date of attainment of the relevant price threshold, and the dates 18 months and 36 months following such date. One-third of the benefits is payable on each of the three vesting dates. See "Approval of the 1996 Share Price Appreciation Plan (Proposal No. 2 on Proxy Card)" for the material terms of the plan and these awards.

(2) No benefits will become payable if neither the $50-per-share nor the $60-per-share price thresholds are attained prior to January 1, 2000.

(3) These cash amounts and shares are inclusive of the benefits payable upon attainment of the $50-per-share price threshold prior to January 1, 2000.

(4) These cash amounts and shares are inclusive of the benefits payable upon attainment of the $50-per-share and $60-per-share price thresholds prior to January 1, 2000.

(5) The amount of cash is equal to 30 percent of the amount of benefits payable (subject to increase to no more than 50 percent, with a corresponding decrease in the percentage of benefits payable in shares).

(6) The number of shares issuable is equal to 70 percent of the amount of benefits payable (subject to decrease to no less than 50 percent, with a corresponding increase in the percentage of benefits payable in cash), divided by $50 per share and $60 per share, respectively.

THE MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

This report is issued by the management development and compensation committee of the board of directors to set out the executive compensation policies and programs of the Company.

The objective of the Company's executive compensation program is to attract and retain executives capable of leading the Company in a complex, competitive and changing industry. A capable, highly-motivated senior management is an integral part of the Company's continued success. The Company's financial performance is in large part due to the talent and efforts of the Company's executive officers. The program ties a significant portion of executive compensation to the Company's success, and is primarily comprised of a base salary, an incentive bonus, and a long-term incentive component.

BASE SALARY

The committee believes that the most effective way to compete in the executive labor market is to offer executives a competitive base salary. To achieve this balance, the committee analyzes each executive's compensation using a four-step process. First, the key executive positions within the Company are defined carefully in terms of scope and responsibility, job complexity, knowledge and experience required, and other relevant factors. Second, the positions are ranked internally on the basis of these definitions to establish a logical relationship among them. Third, the committee identifies the Company's direct competitors which it believes share comparable operations, employee composition, and capitalization, and obtains comparative compensation data about the identified companies from independent, national executive compensation consultants with expertise in salary and incentive plan structure. Finally, easily-compared positions are priced in terms of salary ranges by reviewing the comparative industry data and other surveys, to establish relative salary ranges for all key executive positions in the Company. Base salaries are targeted to fall within the 50th to 75th percentiles of executive salaries paid by comparable companies, and for 1996 they generally correspond to that range. The committee sets each executive's salary within this range, taking into account the individual's contribution to the Company's success, how well the individual's responsibilities are fulfilled, the individual's specific performance, growth in qualifications for the individual's job, and other relevant aspects of performance.

Base salaries of all executives are generally reviewed every 12 to 24 months. Salary adjustments are made within updated, market-confirmed salary ranges according to the committee's assessment of the executive's individual performance and the performance of the Company as a whole. However, changes in the circumstances of a particular executive can prompt an interim compensation adjustment. In 1995, the committee retained the services of an outside compensation consultant, who was proposed by management and approved by the committee, to review the base salaries of the Company's executives and confirm that the salaries correspond to the 50th to 75th percentile target ranges of comparable companies. Such review included comparative data from part but not all of the companies comprising the Secondary Oils Index reflected in the stock performance chart set forth below, as some of those companies have integrated operations or operate in diversified industries. Based on the factors discussed above and taking into consideration the outside consultant's October 1995 report on their review, eight of the Company's officers received increases in compensation during 1996 to reflect market changes and increased responsibilities resulting from internal corporate restructuring. Each of the executives named in the Summary Compensation Table received an increase in base salary during 1996.

INCENTIVE BONUS

Executives are eligible to receive an annual incentive bonus tied directly to the Company's annual financial performance and achievement of the executive's personal objectives. In the early months of each year, the committee establishes specific annual corporate performance factors, and the executive officers submit personal goals relating to cost reduction, operational improvements or other objectively determinable goals. Personal goals must be approved by the executive's superior and the committee as a whole. Corporate performance factors are approved by both the committee and the full board of directors. In 1996, 75 percent of each executive's bonus depended upon the Company's achievement of the specified corporate performance factors, with intermediate factors ranging from zero if the minimum factors established were not met, to 125 percent if the maximum performance factors were achieved. The remaining 25 percent of each executive's bonus depended upon the percentage of the executive's personal goals which were successfully accomplished, as well as the Company's achievement of the corporate performance factors. The Company's incentive compensation plans effectively correlate a large portion of executive compensation to predetermined, objectively determinable financial and managerial goals designed to translate into shareholder value. Committee policy provides for bonuses targeted at 50 percent of each executive's base salary, subject to corporate performance.

Executive bonuses paid in 1997 were based on management's achievement during 1996 of the corporate performance factors established by the committee relating to earnings per share, cash flow per share, ratio of debt to total capitalization, and other performance-related measures. The committee set the performance factors for an achievement level of 100 percent as follows: $.75 per share for earnings per share; $5.10 per share for cash flow per share; finding costs of $5.20 or less per barrel of oil equivalent ("boe"); a ratio of debt to total capitalization of less than 50 percent; and reduction of annualized general and administrative costs to $97 million or less. The Company reported earnings of $1.42 per share, cash flow of $5.86 per share, and finding costs of $5.44 per boe. At year-end 1996, the Company's balance sheet reflected a debt to total capitalization ratio of 45 percent, and annualized general and administrative costs at year-end 1996 were $88.5 million. Management's achievement of these corporate performance factors during the year represented attainment of 109.6 percent of the corporate performance factors.

In addition to the Company's regular incentive compensation plan, the committee may elect to award a special achievement bonus to an executive officer who has rendered services during the year that substantially exceed those normally required. Special achievement bonuses reflect the committee's decision to reward any executive who, through extraordinary effort, has substantially benefited the Company and its shareholders during the year. The bonuses are awarded only in exceptional circumstances and are in amounts relative to the benefit provided to the Company. No special achievement bonuses were awarded or paid during 1996 to any executive officers.

LONG-TERM INCENTIVE

Long-term incentives in forms relating to the Company's common stock serve to align the interests of executive officers with the Company's shareholders by tying a significant portion of each executive's total long-term compensation to the continued growth of the Company and appreciation of its common stock. In 1996, the Company's executives received stock option grants under the Company's 1995 Stock Option Plan and, subject to shareholder approval, conditional grants under the 1996 Share Price Appreciation Plan. The grants to the Company's officers named in the Summary Compensation Table presented above are reflected in the Option/SAR Grants Table and in the Long-Term Incentive Plans Awards Table.

Stock options and conditional grants awarded to executives are proportionate to each executive's base salary and benefit them only if shareholders also benefit from appreciating stock prices. Individual stock option grants are targeted at the 50th percentile of similar plans maintained by comparable companies, taking into account options previously granted, vest over four years, and have an exercise price equal to the per share closing price of the Company's common stock on the date of grant. Conditional grants are intended to provide specific individual incentives to focus on achieving significant share price appreciation for the balance of the decade. Benefits are payable under the conditional grants only if (i) the 1996 Share Price Appreciation Plan is approved by the Company's shareholders, and (ii) the Company's common stock attains price goals based on $50 and $60 per share, respectively, prior to January 1, 2000. See "Approval of the 1996 Share Price Appreciation Plan (Proposal No. 2 on Proxy Card)".

CHIEF EXECUTIVE OFFICER

Raymond Plank, the Company's chief executive officer, directs Apache's intensive, on-going programs to monitor, analyze and respond creatively to the changes and new requirements in the oil and gas industry. His activities include leadership in implementing the Company's capital expenditure programs, and maintenance of sound business relationships with the management of many of the nation's large oil and gas companies. These relationships are important to Apache's strategic alliances and the Company's acquisition approach, which emphasizes privately negotiated transactions that develop and achieve mutual business benefits. Mr. Plank has also been responsible for the Company's developing interest and successful exploration efforts going forward in international areas such as Egypt, Australia, Indonesia, China, and the Ivory Coast. As an active chief executive, he oversees all of the Company's major business units and guides and develops Apache's senior management. Reporting directly to Mr. Plank are the president, the vice president and chief financial officer, and the vice president and general counsel.

Mr. Plank's base salary, incentive bonus and long-term incentives are determined in the same manner as is the compensation for the Company's other executive officers and are reflected in the Summary Compensation Table above. His last base salary adjustment was effective January 1, 1996; and his bonus paid in 1997 was based on the Company's 1996 performance, as discussed above. Mr. Plank, as the Company's most senior executive officer, prepares his personal goals with the consultation of the committee, and periodically reports to the committee on his progress toward the achievement of those goals. Mr. Plank's employment agreement prohibits the reduction of his salary below a specified amount. See "Employment Contracts and Termination of Employment and Change-in-Control Arrangements."

Mr. Plank's 1996 base salary was within the committee's percentile targets and took into account the following: Mr. Plank's active role in the Company's management and leadership of successful acquisitions; the Company's financial performance during 1995; the challenges and expectations for the Company in 1996; Mr. Plank's recognized stature as a spokesman for the oil and gas industry; and his role as a Company founder and 42 years of service as the Company's senior executive officer. Mr. Plank's bonus represented 99 percent of his eligible bonus amount under the incentive compensation plan, reflecting the Company's overall achievement of 109.6 percent of corporate performance factors and the achievement of 95 percent of his personal goals.

OMNIBUS BUDGET RECONCILIATION ACT OF 1993

The Omnibus Budget Reconciliation Act of 1993 ("OBRA") imposes a limit, with certain exceptions, on the amount that a publicly held corporation may deduct in any tax year commencing on or after January 1, 1994, for the compensation paid or accrued with respect to its chief executive officer and its four most highly compensated executive officers (other than the chief executive officer). In December 1995, the Internal Revenue Service issued final regulations implementing the legislation, with the regulations effective as of January 1, 1994. Certain performance-based compensation is specifically exempt from the limit if it meets the requirements contained in these final regulations. The committee continues to review the Company's compensation plans based upon these regulations and, from time to time, determines what further actions or changes to the Company's compensations plans, if any, are appropriate. The Company anticipates no significant loss of deductibility attributable to compensation paid or accrued in 1996.

Grants of stock options made under the Company's 1990 Stock Incentive Plan or under the Company's 1995 Stock Option Plan qualify as "performance-based" under the regulations. If the 1996 Share Price Appreciation Plan is approved by the Company's shareholders, the conditional awards made under that plan will also qualify as performance-based. The Company's existing incentive compensation plans and special achievement bonuses do not currently meet the requirements of the regulations, although they are designed to reward the contribution and performance of employees and to provide a meaningful incentive for achieving the Company's goals, which in turn enhances shareholder value. While the committee cannot predict with certainty how the Company's compensation policies may be further impacted by OBRA, it is anticipated that executive compensation paid or accrued pursuant to any of the Company's compensation plans which do not meet the requirements of the regulations will not result in any significant loss of tax deductions in the foreseeable future.

SUMMARY

According to information provided to the committee in October 1995 by its independent compensation consultant, the amount of the Company's cash compensation paid to all of its executive officers during 1996 was in approximately the 70th percentile of all comparable companies. As shown on the Performance Graph following this report, the shareholders have enjoyed a rewarding cumulative annual return over the last five years, with the Company's common stock outperforming both the Dow Jones Secondary Oil Stock Index and the Standard & Poor's Composite 500 Stock Index. These are visible measures of management's enhancement of shareholder value. Viewed in light of the Company's performance, the committee believes that its current executive compensation policy is successful in providing shareholders with talented, dedicated executives at competitive compensation levels.

March 10, 1997

Management Development and
Compensation Committee

Frederick M. Bohen
Virgil B. Day
John A. Kocur
Joseph A. Rice

PERFORMANCE GRAPH

The following stock price performance graph is included in accordance with the Commission's executive compensation disclosure rules and is intended to allow shareholders to review the Company's executive compensation policies in light of corresponding shareholder returns, expressed in terms of the appreciation of the Company's common stock relative to two broad-based stock performance indices. The information is included for historical comparative purposes only and should not be considered indicative of future stock performance. The graph compares the yearly percentage change in the cumulative total shareholder return on the Company's common stock with the cumulative total return of the Standard & Poor's Composite 500 Stock Index and of the Dow Jones Secondary Oils Stock Index from December 31, 1991 through December 31, 1996.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN
FOR THE YEAR ENDED DECEMBER 31, 1996

YEAR ENDED DECEMBER 31,	APACHE CORPORATION	S & P'S COMPOSITE 500 STOCK INDEX	DJ SECONDARY OILS STOCK INDEX
1991	100	100	100
1992	120	108	101
1993	151	118	112
1994	164	120	108
1995	195	165	125
1996	235	203	154

EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS

Mr. Raymond Plank serves the Company under an employment agreement entered into in December 1975, amended and restated in December 1990, and amended in April 1996. The agreement has an undefined term and is terminable at will by the Company's board of directors. Mr. Plank's annual compensation under the agreement is determined by the board of directors, but may not be less than $450,000. If his service as director and chief executive officer is terminated by the board of directors, Mr. Plank will serve as advisor and consultant to the Company for the remainder of his life at annual compensation equal to 50 percent of his then-current annual compensation and will receive health, dental and vision benefits for himself, his spouse and his eligible dependents during the remainder of his life. Pursuant to the agreement, and in exchange for surrendering life insurance coverage, an annuity was purchased for Mr. Plank which pays $31,500 annually until 2008. Mr. Plank has agreed not to render service to any of the Company's competitors for the entire period covered by the agreement. Upon Mr. Plank's death, a total of $750,000 shall be paid to (i) his designee in equal monthly installments over ten years, or (ii) if he has made no designation, in a lump sum to his estate.

Mr. Farris serves the Company pursuant to an employment agreement, dated June 6, 1988, under which he receives a current annual salary of $450,000. The agreement has an undefined term and may be terminated by either the Company or Mr. Farris on 30 days advance written notice. If Mr. Farris' employment is terminated without cause, or if he terminates his employment within 30 days of a reduction in his salary without a proportionate reduction in the salaries of all other Company executives, Mr. Farris will receive, for 36 months thereafter, (i) an amount equal to his base salary as it existed 60 days prior to termination and (ii) 50 percent of the maximum amount for which he qualified under the Company's incentive compensation plan, calculated on his base compensation as it existed 60 days prior to termination. In the event of Mr. Farris' death during the 36-month period, the amounts described above shall be paid to his heirs or estate. Mr. Farris has agreed not to render service to any of the Company's competitors for the term of his employment or, unless he is terminated without cause, for 36 months thereafter.

In addition to the foregoing, the Company has established an income continuance plan. The plan provides that all officers of the Company, including the officers named in the Summary Compensation Table, and all employees who have either reached the age of 40, served the Company for more than ten years, or have been designated for participation based upon special skills or experience, will receive monthly payments approximating their monthly income and continued medical and health benefits from the Company for up to two years, if their employment is terminated as a result of a "change in control" of the Company, as defined in the plan.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Frederick M. Bohen, Virgil B. Day, John A. Kocur and Joseph A. Rice served on the management development and compensation committee of the Company's board of directors for the past fiscal year.

Mr. Kocur, a member of the committee since September 1991 and a director of the Company since 1977, retired as an executive officer in June 1991. Pursuant to the terms of an employment agreement in place at the time of his retirement, Mr. Kocur and his spouse receive health, dental and vision benefits throughout his life.

CERTAIN BUSINESS RELATIONSHIPS AND TRANSACTIONS

The law firm of Vedder, Price, Kaufman, Kammholz & Day ("Vedder, Price") was retained by the Company during 1996 to provide certain legal services and was paid approximately $50,000 by the Company during 1996. Virgil B. Day, a member of the Company's board of directors, is a senior partner of Vedder, Price.

George D. Lawrence Jr., nominee for re-election to the Company's board of directors and the former president and chief executive officer of The Phoenix Resource Companies, Inc. ("Phoenix"), joined Apache's board in conjunction with the Company's acquisition of Phoenix, an oil and gas company operating primarily in the Arab Republic of Egypt, by a merger (the "Merger") on May 20, 1996 through which Phoenix became a wholly-owned subsidiary of Apache. Merger consideration totaled $396.3 million, consisting of approximately 12,190,000 shares of the Company's common stock valued at $26.00 per share, $14.9 million of net value associated with Phoenix stock options assumed by Apache, and $64.5 million in cash.

Upon consummation of the Merger, Apache assumed certain Phoenix stock options that remained outstanding on May 20, 1996. Such options include those granted to Mr. Lawrence pursuant to Phoenix's 1990 Employee Stock Option Plan exercisable for a total of 243,750 shares of Apache common stock at prices ranging from $3.46 to $24.83 per share.

One of Phoenix's principal assets is its interest in the Qarun oil and gas concession, located in the Western Desert of Egypt, for which Phoenix is operator and in which Apache also is a participant. For the portion of 1996 prior to the Merger, the Company received approximately $3,038,100 for its proportionate share of revenues and paid approximately $5,766,600 for its proportionate share of capital expenditures and approximately $416,400 for its proportionate share of operating costs relating to the Qarun concession.

In the normal course of business, Apache paid to Maralo, Inc. ("Maralo") during 1996 approximately $238,300 for Apache's proportionate share of drilling and workover costs and routine expenses relating to 16 oil and gas wells in which Apache owns interests and for which Maralo is operator, and the Company received approximately $309,700 in 1996 for its proportionate share of revenues from such wells, of which approximately $49,300 was paid directly to Apache by Maralo or related entities. During 1996, Apache paid approximately $5,200 to Maralo relating to four oil and gas wells in which Maralo owns royalty interests and for which the Company is operator. Mary Ralph Lowe, a member of the Company's board of directors, is president, chief executive officer and sole shareholder of Maralo.

Mr. Roger B. Rice, the Company's former vice president-human resources and administration, resigned in October 1996, and subsequently entered into an agreement to serve the Company in a non-executive, consulting capacity through June 1998. He received a non-refundable payment of $70,000 in January 1997, and will receive $190,000 per year for the term of the agreement, or an aggregate of approximately $355,000. In addition, Mr. Rice (i) receives medical, dental, vision, life insurance and disability benefits through June 1998, on the same terms as are extended to the Company's executives, and (ii) was granted SARs in January 1997 relating to 17,425 shares of Apache's common stock at SAR prices ranging from $26.625 to $34.00.

APPROVAL OF THE 1996 SHARE PRICE APPRECIATION PLAN

(PROPOSAL NO. 2 ON PROXY CARD)

The board of directors recommends that the shareholders of the Company approve the 1996 Share Price Appreciation Plan (the "Share Appreciation Plan"). The affirmative vote of the holders of a majority of the shares of the Company's common stock present, in person or represented by proxy, and entitled to vote at the annual meeting is required to approve the Share Appreciation Plan.

The board of directors believes that the Company should focus the energies of its key employees on achieving significant share price appreciation for the balance of the decade by providing for a meaningful compensation program tied to future stock performance. After consideration of a number of alternatives, the board of directors adopted the Share Appreciation Plan on October 31, 1996, subject to approval by shareholders at the next annual meeting, and authorized issuance of up to 2,000,000 shares of the Company's common stock pursuant thereto, subject to adjustment by the stock option plan committee of the board of directors (the "Committee"). The primary purpose of the Share Appreciation Plan is to provide key employees specific individual incentives to work toward attainment of a $60 per share price for Apache common stock prior to January 1, 2000, with an intermediate goal of $50 per share. If either of such prices is attained, the deferred payment of benefits under the Share Appreciation Plan would also add to existing incentives established by the Company's other benefit plans for its key employees to continue in the long-term service of the Company.

As of the date hereof, conditional grants under the Share Appreciation Plan ("Conditional Grants") have been made by the Committee to 244 officers and key employees of the Company, also subject to shareholder approval. Mr. Plank and Mr. Farris, both of whom serve as executive officers and directors of the Company, are among the recipients of such Conditional Grants. See the New Plan Benefits Table below for information concerning Conditional Grants made under the Share Appreciation Plan to the executive officers named in the Summary Compensation Table.

The material features of the Share Appreciation Plan are summarized below. However, such description is entirely subject to the detailed provisions of the Share Appreciation Plan included herein as Appendix A.

ADMINISTRATION AND ELIGIBILITY

The Share Appreciation Plan is administered by the Committee, which is composed of outside, non-employee directors. The Committee selects the employees who will receive Conditional Grants, specifies the amounts thereof, and is authorized to adopt rules, guidelines and practices governing the Share Appreciation Plan and to interpret the provisions of the Share Appreciation Plan and any related agreements. The decisions of the Committee are final. The Share Appreciation Plan empowers the Committee, from time to time until December 31, 1998, unless earlier terminated by the board of directors, to make Conditional Grants to full-time key employees of the Company and its affiliates upon whose judgment, initiative and efforts the Company is, or will become, largely dependent for the successful conduct of its business.

ELEMENTS OF THE SHARE APPRECIATION PLAN

The Share Appreciation Plan provides that recipients of Conditional Grants will be entitled to receive specified numbers of shares of Apache common stock (payable in stock and cash) if the Company's common stock closes for any ten of 30 consecutive trading days at or above the prices of $50 and $60 per share, respectively, prior to January 1, 2000. (Each of the $50- and $60-per-share trading conditions is herein called a "Price Threshold".)

The number of shares subject to each outstanding Conditional Grant was determined at the date of grant by the Committee based upon a recipient's annual base salary, as limited by the terms of the Share Appreciation Plan. For the $50-per-share Price Threshold, the number of shares was determined by multiplying a recipient's annual base salary by two, and dividing the product by $50. For the $60-per-share Price Threshold, the number of shares was determined by multiplying a recipient's annual base salary by three, and dividing the product by $60. The Committee, in its discretion, is authorized to reduce future Conditional Grants to pro rate benefits as it deems appropriate. Approximately 30 percent of each Conditional Grant (subject to increase, in the discretion of the Committee, to no more than 50 percent to take into account, among other things, a recipient's tax burdens) will be payable in cash based upon the market value of the stock on the date of payment and the remainder by issuance of shares of Apache common stock (not to exceed, in the aggregate, 2,000,000 shares) with fractional shares being paid in cash. The value of shares on the dates of their respective issuances may, as a result of market price fluctuations, be greater or less than $50 or $60, respectively.

If neither Price Threshold is attained prior to January 1, 2000, the Conditional Grants will lapse without any benefit having been issued and/or paid to the holders thereof.

Participants in the Share Appreciation Plan may hold only one Conditional Grant at any time. Issuance and/or payment of the shares and cash will be subject to the condition that the recipient has remained continuously employed full-time with the Company from the date of the Conditional Grant through the dates of vesting, which occur upon attainment of the relevant Price Threshold, and the dates which are 18 months and 36 months following such date, respectively. If all conditions specified in the Share Appreciation Plan and the Conditional Grant have been satisfied, the participant will be entitled to receive on each of such three dates one-third of the total number of shares and/or amount of cash payable as a result of attainment of the applicable Price Threshold. If Conditional Grants are made to foreign citizens or residents, certain additional conditions may be imposed.

In the event of the retirement, death or disability, of a Conditional Grant recipient following the attainment of a Price Threshold, all benefits will vest immediately, but payment thereof will not be accelerated. If a Conditional Grant recipient ceases to be in the continuous, full-time employment of the Company for any other reason (including discharge with or without cause), all of such recipient's rights to receive future benefits from a Conditional Grant that have not vested shall be forfeited. If employment is terminated for any reason (including discharge, retirement, death or disability) prior to attainment of a Price Threshold, no benefits will thereafter be payable pursuant to that recipient's Conditional Grant. Conditional Grants are generally nontransferable.

The Committee may, in its sole discretion, adjust the Price Thresholds and the shares authorized for issuance pursuant to the Share Appreciation Plan to take into account any capital restructuring of the Company. In the event of a reorganization, liquidation or a change in control of the Company, the Committee may, in its sole discretion, accelerate the vesting and payment of any Conditional Grant benefits if the relevant Price Threshold has first been attained. A change in control occurs when a person or group acquires more than 20 percent of the Company's outstanding voting securities without first having been approved by the Company's board of directors. The change in control provisions may in certain circumstances discourage a takeover of the Company or make it more difficult or expensive, and may have a similar effect on removal of incumbent management. The change in control provisions are not the result of management's knowledge of any specific efforts to accumulate shares of the Company's common stock or to obtain control of the Company by means of a merger, tender offer, solicitation of proxies or consents or otherwise, nor are they part of a plan to implement a series of anti-takeover measures.

AMENDMENT, MODIFICATION AND TERMINATION OF THE SHARE APPRECIATION PLAN

The board of directors may at any time terminate, and may from time to time amend or modify the Share Appreciation Plan. No amendment or modification may become effective without approval by the shareholders, if shareholder approval is required by statues or regulations, or if the Company, on advice of counsel, determines that shareholder approval is otherwise necessary or desirable. No amendment, modification or termination will in any manner adversely affect any outstanding Conditional Grant without the consent of the recipient holding the Conditional Grant. Unless earlier terminated, Conditional Grants may be made under the Share Appreciation Plan until December 31, 1998.

FEDERAL INCOME TAX CONSEQUENCES

The Company has been advised that participants in the Share Appreciation Plan will not be subject to tax upon receipt of a Conditional Grant, and the Company will not be entitled to a federal income tax deduction by reason of a Conditional Grant. When stock and/or cash is issued or paid to a recipient pursuant to a Conditional Grant, the market value of the shares and the amount of cash received will be treated as taxable compensation to the recipient, and the total of such compensation will be subject to applicable tax withholding. The Company will be entitled to a federal income tax deduction equal to the amount of the recipient's taxable compensation.

The Share Appreciation Plan and the Conditional Grants made thereunder have been structured to qualify as "performance-based" pursuant to the regulations relating to Section 162(m) of the Internal Revenue Code as amended by the Omnibus Budget Reconciliation Act of 1993.

BENEFITS UNDER THE SHARE APPRECIATION PLAN

The following table provides information concerning Conditional Grants made, subject to shareholder approval, under the Share Appreciation Plan to the executive officers named in the Summary Compensation Table:

NEW PLAN BENEFITS -- SHARE APPRECIATION PLAN

	PRICE THRESHOLD(S) ATTAINED PRIOR TO JANUARY 1, 2000 (1)			
	$50 THRESHOLD(2)		$50 AND $60 THRESHOLDS(3)	
NAME AND POSITION	CASH(4)	# SHS.(5)	CASH(4)	# SHS.(5)
Raymond Plank Chairman of the Board and Chief Executive Officer	$ 450,000	21,000	$1,125,000	47,250
G. Steven Farris President and Chief Operating Officer	270,000	12,600	675,000	28,350
Mark A. Jackson Vice President and Chief Financial Officer	138,000	6,440	345,000	14,490
H. Craig Clark Vice President, North American Exploration and Production	117,000	5,460	292,500	12,285
Floyd R. Price Vice President, International Exploration and Production	114,000	5,320	285,000	11,970
Executive Officer Group(6)	1,750,680	81,698	4,376,700	183,821
Non-Executive Director Group(6)	0	0	0	0
Non-Executive Officer Employee Group(6)	12,972,705	605,393	32,431,857	1,362,138

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(1) No benefits will become payable if the $50-per-share Price Threshold is not attained prior to January 1, 2000.

(2) These share and cash amounts are inclusive of the benefits payable upon attainment of the $50-per-share Price Threshold.

(3) These share and cash amounts are inclusive of the benefits payable upon attainment of both the $50-per-share and $60-per-share Price Thresholds.

(footnotes continued on following page)

(4) The amount of cash is equal to 30 percent of the amount of benefits payable (subject to increase, in the sole discretion of the Committee, to no more than 50 percent, with a corresponding decrease in the percentage of benefits payable in shares).

(5) The number of shares issuable is equal to 70 percent of the amount of benefits payable (subject to decrease, in the sole discretion of the Committee, to no less than 50 percent, with a corresponding increase in the percentage of benefits payable in cash), divided by $50 per share and $60 per share, respectively.

(6) Upon issuance of shares and payment of cash pursuant to Conditional Grants, the Company will recognize compensation expense equal to the value of the stock issued on the date the Price Threshold is attained (i.e., $50 or $60, as appropriate) and the actual amount of cash paid.

RECOMMENDATION AND REQUIRED AFFIRMATIVE VOTE

The affirmative vote of the holders of a majority of the shares of the Company's common stock voted, in person or by proxy, and entitled to vote at the 1997 annual meeting is required to approve the Share Appreciation Plan. The Share Appreciation Plan and the Conditional Grants made thereunder are conditional upon and of no force or effect unless the Share Appreciation Plan receives approval by the requisite vote of shareholders.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE PROPOSAL TO APPROVE THE SHARE APPRECIATION PLAN.

1996 PERFORMANCE STOCK OPTION PLAN

Concurrent with adoption of the Share Appreciation Plan, the board of directors adopted the 1996 Performance Stock Option Plan (the "1996 Option Plan") and authorized issuance of up to 1,300,000 shares of the Company's common stock pursuant thereto. (Implementation of the 1996 Stock Option Plan did not require shareholder approval.) Generally, subject to Committee discretion, employees of Apache who do not receive Conditional Grants under the Share Appreciation Plan may receive options under the 1996 Option Plan. The 1996 Option Plan provides for issuance of options in two categories. First Category Options are for 200 shares of the Company's common stock. Second Category Options are for a number of shares of the Company's common stock calculated to return to the holder, upon exercise at each of $50 per share and $60 per share, respectively, benefits approximately equal in value to their annual base salary (for a total value of approximately two times the holder's annual base salary). All options under the 1996 Option Plan are for a term of ten years and, upon satisfaction of all conditions (including employment), become exercisable nine and one-half years after the date of grant unless exercisability is accelerated. If all conditions are met and the price of the Company's common stock attains the $50-per-share Price Threshold, a portion of the options will become exercisable immediately. The remaining portion of the options becomes exercisable upon attainment of the $60-per-share Price Threshold. Currently, 931 employees hold options granted under the 1996 Stock Option Plan covering a total of 1,060,592 shares of the Company's common stock, which includes 797 employees holding First Category Options covering 159,400 shares, and 134 employees holding Second Category Options covering 901,192 shares.

INDEPENDENT PUBLIC ACCOUNTANTS

Arthur Andersen LLP was the Company's independent public accounting firm for the fiscal year 1996 and has been selected to continue in that capacity for 1997. Representatives of Arthur Andersen LLP will be present at the annual meeting and will have an opportunity (i) to make a statement if they desire to do so and (ii) to respond to appropriate questions.

SHAREHOLDER PROPOSALS

Shareholders are entitled to submit proposals on matters appropriate for shareholder action consistent with regulations of the Securities and Exchange Commission and the Company's bylaws. Should a shareholder wish to have a proposal appear in the Company's proxy statement for next year's annual meeting, under the regulations of the Securities and Exchange Commission, it must be received by the Company's corporate secretary (at 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400) on or before November 28, 1997.

OTHER BUSINESS

All items of business intended to be brought before the meeting are set forth in this proxy statement. Management knows of no other business to be presented. If other matters of business not presently known to management are properly raised at the meeting, the proxies will vote on the matters in accordance with the best judgment of the proxy holders.

By order of the Board of Directors

APACHE CORPORATION

/s/ C. L. PEPER

C. L. PEPER
Corporate Secretary

NOTE: Shareholders are requested to complete, sign, date and promptly return the enclosed proxy card, using the postage-paid business reply envelope provided.

APPENDIX A

APACHE CORPORATION

1996 SHARE PRICE APPRECIATION PLAN

AS AMENDED AND RESTATED JANUARY 14, 1997
EFFECTIVE AS OF OCTOBER 31, 1996

TABLE OF CONTENTS

APACHE CORPORATION

1996 SHARE PRICE APPRECIATION 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 Share Price Appreciation Plan (the "Plan") for certain key employees of the Company.

1.2 Purposes. The primary purpose of this Plan is to provide the participating key 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 specific incentives to such participants 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 key 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. This Plan and each Conditional Grant awarded hereunder is conditioned on and shall be of no force or effect until the Plan is approved by the stockholders of the Company. The Committee (as defined in Section 2.1 hereof) may award Conditional Grants, the entitlement to which shall be expressly subject to the condition that the Plan shall have been approved by the stockholders of the Company.

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.

"Conditional Grant" means the conditional entitlement, evidenced by an executed Conditional Grant Agreement between the Company and a Participant, to receive all or a portion of an Initial Amount and Final Amount, subject to and in accordance with the provisions of Section 7 and the other provisions of this Plan.

"Conditional Grant Agreement" has the meaning set forth in Section 7.1.

"Base Salary" means, with regard to any Participant, such Participant's base compensation as an employee of the Company at the date of award of a Conditional Grant, 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 a Committee of the Board, which is empowered hereunder to administer the Plan. The Committee shall be constituted at all times so as to permit the Plan to be administered by "outside directors" (as defined in Section 162(m) or any successor section(s) of the Internal Revenue Code and the regulations promulgated thereunder) and "non-employee directors" (as defined in Rule 16b-3 of the Securities Exchange Act of 1934, as amended) and may be the Stock Option Plan Committee of the Board, provided it meets the aforementioned requirements.

"Eligible Employees" means those full-time key employees (including, without limitation, officers and directors who are also employees) of the Company or any division thereof, upon whose judgment, initiative and efforts the Company is, or will become, largely dependent for the successful conduct of its business.

"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 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.

"Final Amount" means with regard to any Participant, such number of shares of Stock (rounded to the nearest full share) which equals three (3) times such Participant's Base Salary divided by $60, which shall be fixed and not subject to adjustment due to market fluctuation.

"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.

"Initial Amount" means with regard to any Participant, such number of shares of Stock (rounded to the nearest full share) which equals two (2) times such Participant's Base Salary divided by $50, which shall be fixed and not subject to adjustment due to market fluctuation.

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

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

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

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

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 and approve the Conditional Grants to be awarded pursuant to the Plan, the time at which such Conditional Grants are to be awarded, 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 Conditional Grant Agreements with Participants which shall evidence the particular provisions, terms, conditions, rights and duties of the Company and the Participants with respect to Conditional Grants awarded 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.

The Plan is intended to comply with the requirements of Section 162 or any successor section(s) of the Internal Revenue Code ("Section 162") as to any "covered employee" as defined in Section 162, and shall be administered, interpreted and construed consistently therewith. The Committee is authorized to take such additional action, if any, that may be required to ensure that the Plan satisfies the requirements of Section 162 and the regulations promulgated or revenue rulings published thereunder.

SECTION 4

STOCK SUBJECT TO THE PLAN

4.1 Number of Shares. Subject to Section 7.1 and Section 4.3, two million (2,000,000) 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 Conditional Grants awarded 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 Conditional Grants 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 a Conditional Grant which expires, is forfeited, is cancelled, 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 Certain Adjustments. If the Company shall at any time increase or decrease the number of its outstanding shares of Stock or change in any way the rights and privileges of such shares by means of a Stock dividend or any other distribution upon such shares payable in Stock, or through a Stock split, subdivision, consolidation, combination, reclassification or recapitalization involving the Stock (hereinafter a "capital restructuring"), then for purposes of determining the entitlement to payments under Section 7, (i) the number of shares authorized for issuance under this Section 4, and (ii) the $50 per share amount and $60 per share amount contained, respectively, in Section 7.2.2(c) and Section 7.2.3(c) shall be, in each case, equitably and, if deemed appropriate, proportionally adjusted to take into account any capital restructuring. Any adjustment under this Section shall be made by the Committee, whose determination with regard thereto shall be final and binding upon all parties.

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

Conditional Grants 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 Conditional Grants by the substitution on an equitable basis of appropriate stock of the Company or of the merged, consolidated or otherwise reorganized corporation which will be issuable with respect to the Stock, provided that no additional benefits shall be conferred upon the Participants holding such Conditional Grants as a result of such substitution, or (ii) provided that a Price Threshold Date has occurred, upon written notice to the Participants, the Committee may accelerate the vesting and payment dates of the entitlement to receive cash and Stock under outstanding Conditional Grants so that all such existing entitlements are paid prior to any such event. In the latter event, such acceleration shall only apply to entitlements to cash and Stock payable as the result of the occurrence of the most recent Price Threshold Date and shall not by such acceleration, deem the occurrence of a Price Threshold Date that has not occurred by the date of the notice.

SECTION 6

PARTICIPATION

Participants in the Plan 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, vital services in the management, operation and development of the Company or an Affiliated Corporation, and significantly contribute, or are expected to significantly contribute, to the achievement of the Company's long-term corporate economic objectives. Upon determination by the Committee that a Conditional Grant is to be awarded to a Participant, written notice shall be given to such person, specifying the terms, conditions, rights and duties related thereto. Conditional Grants shall be deemed to be awarded as of the date specified in the granting resolution of the Committee, which date shall be the date of the Conditional Grant Agreement with the Participant. In the event of any inconsistency between the provisions of the Plan and any Conditional Grant Agreement, the provisions of the Plan shall govern.

SECTION 7

CONDITIONAL GRANTS

7.1 Grants. Each Participant may be awarded only one Conditional Grant under this Plan. Each Conditional Grant awarded by the Committee shall be evidenced by a written agreement entered into by the Company and the Participant to whom the Conditional Grant is awarded (the "Conditional Grant 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 Conditional Grant Agreements. Each Conditional Grant Agreement entered into by the Company and the Participants shall contain at least the following terms and conditions.

7.2.1 Conditional Grant Terms. Each Conditional Grant Agreement evidencing a Conditional Grant shall entitle the Participant to a conditional payment of cash and issuance of Stock following the occurrence of one or both of the Price Threshold Dates, as set forth below.

(a) If at any time prior to January 1, 2000, the Initial Price Threshold Date occurs, the Participant may become entitled to receive a portion or all of the Initial Amount payable in accordance with the payment schedule and as otherwise set out in Section 7.2.2.

(b) If at any time prior to January 1, 2000, the Final Price Threshold Date occurs, the Participant may become entitled to receive a portion or all of the Final Amount payable in accordance with the payment schedule and as otherwise set out in Section 7.2.3.

7.2.2 Initial Amount Payments. Subject to the provisions of Section 7.3, the Initial Amount shall be payable in increments strictly in accordance with the following schedule.

(a) The entitlement to receive the first one-third (1/3) of the Initial Amount shall vest on the Initial Price Threshold Date and shall be paid by the Company to the Participant within thirty (30) days of the Initial Price Threshold Date in the manner set out in Section 7.2.2(c) below.

(b) The entitlement to receive the remainder of the Initial Amount shall vest and become payable in equal parts on the dates occurring, respectively, 18 months and 36 months from the Initial Price Threshold Date, in the same proportions and amounts as set forth in Section 7.2.2(c) below. If any of the above dates is not a business day during which the Company is open for business, the date shall be the first business date occurring immediately thereafter.

(c) Subject to the last sentence of this clause, each of the above payments shall be paid approximately seventy percent (70%) in the form of shares of Stock to be issued to the Participant, with fractional shares rounded down to a full share. The remainder of the Initial Amount, payable at such time, shall not be issuable in shares of Stock but shall be paid in cash based on the Fair Market Value of such shares on the day preceding the payment date. Such cash shall be withheld by the Company to satisfy applicable tax withholding requirements with the remainder, if any, paid in the form of a Company check made to the order of the Participant. The foregoing percentage allocation between Stock and cash may be increased by the Committee, in its discretion, to take into account, among other things, special or additional tax burdens on a Participant but, in no event, shall the portion of any payment payable in cash exceed fifty percent (50%).

(d) No entitlement shall be payable under this Section 7.2.2 if the Initial Price Threshold Date has not occurred prior to January 1, 2000.

7.2.3 Final Amount Payments. Subject to the provisions of Section 7.3, the entitlement to receive the Final Amount shall be payable in increments strictly in accordance with the following schedule.

(a) The entitlement to receive the first one-third (1/3) of the Final Amount shall vest on the Final Price Threshold Date and shall be paid by the Company to the Participant within thirty (30) days of the Final Price Threshold Date in the manner set out in Section 7.2.3(c) below.

(b) The entitlement to receive the remainder of the Final Amount shall vest and become payable on the dates occurring, respectively, 18 months and 36 months from the Final Price Threshold Date, in the same proportions and amounts as set forth in Section 7.2.3(c) below. If any of the aforementioned payment dates is not a business day during which the Company is open for business, the payment date shall be the first business date occurring immediately thereafter.

(c) Subject to the last sentence of this clause, each of the above payments shall be paid approximately seventy percent (70%) in the form of shares of Stock to be issued to the Participant, with fractional shares rounded down to a full share. The remainder of the Initial Amount, payable at such time, shall not be issuable in shares of Stock but shall be paid in cash based on the Fair Market Value of such shares on the day preceding the payment date. The foregoing percentage allocation between Stock and cash may be increased by the Committee, in its discretion, to take into account, among other things, special or additional tax burdens on a Participant but, in no event, shall the portion of any payment payable in cash exceed fifty percent (50%).

(d) No entitlement shall be payable under this Section 7.2.3 if the Final Price Threshold Date has not occurred prior to January 1, 2000.

7.3 Termination of Employment, Death, Disability, etc. Except as set forth below, each Conditional Grant Agreement shall state that each Conditional Grant and the right to receive any payment thereunder shall be subject to the condition that the Participant has remained a full-time employee of the Company from the initial award of a Conditional Grant until the applicable vesting date as follows:

(a) If the Participant voluntarily leaves the employment of the Company, or if the employment of the Participant is terminated by the Company for cause or otherwise, any portion of any Conditional

Grant not previously vested in accordance with Sections 7.2.2 and 7.2.3 shall thereafter be void for all purposes.

(b) If the Participant retires from employment with the Company on or after attaining age 60, the retired Participant, or the person designated in clause (c) in the case of the Participant's death, shall be entitled to receive the payments in Stock and cash in accordance with Section 7.2.2 and 7.2.3, as applicable, provided that (i) such Participant has certified in writing to the Committee his commitment not enter into full-time employment or a consulting arrangement with a competitor of the Company, and (ii) the applicable Price Threshold Date has occurred prior to his last day of employment with the Company. Such retired Participant shall not be entitled to any payment which may arise due to the occurrence of a Price Threshold Date after the effective date of such Participant's retirement. A failure of the Participant to comply with the undertaking of clause (i) above shall void such Participant's right to payments hereunder.

(c) If the Participant dies, or if the Participant becomes disabled (as determined pursuant to the Company's Long-Term Disability Plan or any successor plan), while still employed, payment in Stock and cash in accordance with Section 7.2.2 and 7.2.3, as applicable, shall be made to the disabled Participant or to those entitled under the Participant's will or by the laws of descent and distribution, provided that the applicable Price Threshold Date has occurred prior to the earlier of such Participant's disability or death. There shall be no entitlement to any payment which may arise due to the occurrence of a Price Threshold Date after the earlier of such Participant's disability or death.

7.4 Transferability. Each Conditional Grant Agreement shall state that the Conditional Grant awarded thereunder is not transferable by the Participant, except by will or pursuant to the laws of descent and distribution, and that such Conditional Grant is payable during the Participant's lifetime only to him or her, or in the event of the Participant's disability or incapacity, to his or her guardian or legal representative.

7.5 Tax Withholding. Each Conditional Grant Agreement shall provide that, upon payment of any entitlement under a Conditional Grant, 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.

7.6 Subsequent Conditional Grant Agreements. Following the award of Conditional Grants in 1996, additional Participants may be designated by the Committee for grant of Conditional Grants thereafter subject to the same terms and conditions set forth above for initial grants except that the Committee, in its sole discretion, may reduce the value of the Initial Amount and/or the Final Amount to which subsequent Participants may become entitled and the applicable Conditional Grants Agreement shall be modified to reflect such reduction.

7.7 Stockholder Privileges. No Participant shall have any rights as a stockholder with respect to any shares of Stock covered by a Conditional Grant 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 assuming the occurrence of a Price Threshold Date: (a) accelerate the vesting and payment dates of the entitlement to receive cash and Stock under any outstanding Conditional Grants so that all existing entitlements become fully payable, which acceleration may be conditional upon the occurrence of subsequent events including, without limitation, a change in control, and may be made irrevocable, either conditionally or unconditionally; (b) pay cash to any or all Participants in exchange for the cancellation of their outstanding Conditional Grants in an amount equal to the cash and the

Fair Market Value of the Stock to which Participants have a conditional entitlement under such Conditional Grants at the date of the cancellation of the Conditional Grants; and (c) make any other adjustments or amendments to the outstanding Conditional Grants as the Committee deems appropriate.

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 Conditional Grant granted under this 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 award of a Conditional Grant. 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 a Conditional Grant 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 a Conditional Grant shall, to the extent provided in Section 7.3 hereof, be transferable by testamentary will or the laws of descent and distribution, and payment of any entitlements due under the Plan shall be made to 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 receiving payment under a Conditional Grant, to give written assurances in substance and form satisfactory to the Company and its counsel to the effect that such person is acquiring the Stock subject to the Conditional Grant for his own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as the Company deems necessary or appropriate in order to comply with federal and applicable state securities laws.

10.2 Compliance with Securities Laws. Each Conditional Grant shall be subject to the requirement that, if at any time counsel to the Company shall determine that the listing, registration or qualification of the shares of Stock subject to such Conditional Grant upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, is necessary as a condition of, or in connection with, the issuance of shares of Stock thereunder, such Conditional Grant may not be payable in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the 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 payment under a Conditional Grant 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 Conditional Grant theretofore awarded under the Plan, without the consent of the Participant holding such Conditional Grant.

SECTION 13

WITHHOLDING

The Company's obligations to pay cash and deliver shares of Stock pursuant to the terms of a Conditional Grant shall be subject to the Participant's satisfaction of all applicable federal, state and local income and other tax withholding requirements.

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 a Participant is an officer or director of the Company within the meaning of Section 16, Conditional Grants awarded hereunder shall be subject to all conditions required under Rule 16b-3, or any successor rule(s) promulgated under the Securities Exchange Act of 1934, as amended, to qualify the Conditional Grant for any exemption 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 Conditional Grant.

14.3 Governing Law. The Plan and all Conditional Grant 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 Committee, and no Conditional Grant shall be awarded after such termination. If not sooner terminated under the preceding sentence, the Plan shall fully cease and expire at midnight on December 31, 1998. Conditional Grants outstanding at the time of the Plan termination shall continue in accordance with the Conditional Grant Agreement pertaining to such Conditional Grant.

Dated: January 14, 1997, effective as of October 31, 1996

ATTEST:	APACHE CORPORATION
/s/ CHERI L. PEPER	/s/ G. STEVEN FARRIS
Cheri L. Peper Corporate Secretary	G. Steven Farris President and Chief Operating Officer

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NOTICE OF ANNUAL MEETING

OF SHAREHOLDERS

MAY 1, 1997

AND PROXY STATEMENT

[APACHE LOGO]

ONE POST OAK CENTRAL

2000 POST OAK BOULEVARD, SUITE 100

HOUSTON, TEXAS 77056-4400

[RECYCLED PAPER LOGO] Printed on recycled paper.

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PROXY
APACHE CORPORATION

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

The undersigned appoints Raymond Plank, John A. Kocur and Randolph M. Ferlic as Proxies, with the power of substitution, and authorizes them to represent and to vote at the annual meeting of shareholders to be held May 1, 1997, or any adjournment thereof, all the shares of common stock of Apache Corporation held of record by the undersigned on March 13, 1997, as designated below.

1. Election of directors -- director nominees:

Frederick M. Bohen, A. D. Frazier, Jr., Stanley K. Hathaway, George D. Lawrence Jr. and Joseph A. Rice

[ ] FOR all nominees listed above to vote for all nominees (except as indicated below)   [ ] WITHHOLD AUTHORITY

Instruction: to withhold authority to vote for any of the above nominees, write the nominee's name(s) on this line

----

2. Proposal to approve the Apache Corporation 1996 Share Price Appreciation Plan.

[ ] FOR   [ ] AGAINST   [ ] ABSTAIN

3. The Proxies are authorized to vote in their best judgment upon such other business as may properly come before the meeting.

- ---

This Proxy, when properly executed, will be voted in the manner directed by the undersigned shareholder. IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR THE ELECTION OF DIRECTORS AND TO APPROVE THE APACHE CORPORATION 1996 SHARE PRICE APPRECIATION PLAN.

Please sign exactly as your name appears below. When shares are held by joint tenants, both should sign. If acting as attorney, executor, trustee, or in any other representative capacity, sign name and title.

Dated _______________, 1997

Signature

Signature if held jointly

PLEASE MARK, SIGN, DATE AND PROMPTLY RETURN THIS PROXY CARD USING THE ENCLOSED ENVELOPE.

- ---

APACHE CORPORATION

96

SUMMARY ANNUAL REPORT

OUR 42ND YEAR OF GROWING
SHAREHOLDER VALUE

1954	1996
$10,000 INVESTMENT	$3,286,000 MARKET VALUE

CRITICAL MASS FIRSTS

CASH FROM OPERATIONS EXCEEDS HALF-BILLION	EARNINGS PASS CENTURY MARK
$503 MILLION	$121 MILLION

SUCCESS IS MORE THAN A COMMITMENT; IT'S A PASSION.

1,256 APACHES THANK YOU FOR YOUR CONFIDENCE!

CORPORATE PROFILE

Apache Corporation was built from the ground floor up over the course of 42 years. Founded in 1954 with $250,000 of investor capital, the company's total assets today exceed $3.4 billion, ranking it among the nation's top independent oil and gas exploration and production companies.

In 1996, Apache posted records in total net income, cash from operating activities, well completions, oil and gas reserves and production. With a solid foundation of production and acreage in five North American regions, the company expanded its profile overseas, adding Egypt to Western Australia as a second international core area.

Apache's strategies have changed over the years in an effort to stay a step ahead in one of the nation's most volatile and unpredictable industries. But one thing remains constant: growth. Apache has increased production for 19 consecutive years and reserves for nine straight years.

Having assembled a worldwide property base that holds significant opportunities for continued growth and financial progress, Apache has the resources and focus to continue a record of growth and to generate superior results for its shareholders.

Headquartered in Houston, Apache is publicly traded on the New York and Chicago stock exchanges under the symbol APA.

CONTENTS

GLOSSARY

The following abbreviations are used in this report:

Mcf	Thousand cubic feet (of gas)
MMcf	Million cubic feet
MMcf/d	Million cubic feet per day
Bcf	Billion cubic feet
Bcfe	Billion cubic feet (of gas) equivalent
Tcf	Trillion cubic feet
Boe	Barrel of oil equivalent
Mboe	Thousand barrels of oil equivalent
Mboe/d	Thousand barrels of oil equivalent per day
Mbbls	Thousand barrels
Mbbls/d	Thousand barrels per day
MMboe	Million barrels of oil equivalent
MMbbls	Million barrels
NGLs	Natural gas liquids

One barrel of oil is the energy equivalent of six Mcf of natural gas.

Apache Worldwide

Western - Apache's largest oil-producing region includes the Permian Basin in West Texas and New Mexico, the Green River Basin of Colorado and Wyoming, and the San Juan Basin of New Mexico. First of seven large-scale CO_2 enhancement projects slated for 1997. Headquarters: Houston.

1996 Daily Production:	19 Mbbls	53.7 MMcf
Reserves:	104.1 MMbbls	199.5 Bcf
Acreage (gross):	1.1 million	
1996 Wells Drilled/Productive:		128/103

Canada - Exploration and development activity concentrated in Alberta and British Columbia's Western Sedimentary Basin, North America's largest gas-bearing geologic province. Headquarters: Calgary, Alberta.

1996 Daily Production:	2 Mbbls	74.6 MMcf
Reserves:	10.4 MMbbls	280.4 Bcf
Acreage (gross):	617,000	
1996 Wells Drilled/Productive:		77/50

Offshore - Apache is one of the largest independent gas producers in the Gulf of Mexico. The company's fastest-growing region since 1993 accounts for approximately one-third of Apache's gas production. Activity is in relatively shallow waters on the continental shelf, where the company has 7,000 square miles of seismic data. Headquarters: Houston.

1996 Daily Production:	4.2 Mbbls	168.2 MMcf
Reserves:	5.2 MMbbls	243.9 Bcf
Acreage (gross):	737,000	
1996 Wells Drilled/Productive:		19/10

Midcontinent - Encompasses Western Oklahoma's Anadarko Basin and parts of Texas, Louisiana and Arkansas. Apache's largest gas-producing region, accounting for approximately one-third of total volumes. The company is Oklahoma's largest independent gas producer and one of the state's largest leaseholders. Headquarters: Tulsa, Oklahoma.

1996 Daily Production:	3.4 Mbbls	173.9 MMcf
Reserves:	11.6 MMbbls	569.3 Bcf
Acreage (gross):	877,000	
1996 Wells Drilled/Productive:		103/85

Ivory Coast - Apache operates offshore Block C-27, with a 24 percent interest. The company has commercial quantities of natural gas in the block's Foxtrot field, but development is dependent upon obtaining a marketing contract. Headquarters: Abidjan.

Acreage (gross): 198,000

[MAP]

o Core Areas
o Project Area

Gulf Coast - Operations extend from extreme South Texas, across Louisiana, into Mississippi and Alabama. Most leaseholdings are Apache-operated, with nearly 80 percent of acreage held by production. Working interests averaged 80 percent for wells drilled in 1996. Headquarters: Houston.

1996 Daily Production:	14 Mbbls	76.4 MMcf
Reserves:	38 MMbbls	188.8 Bcf
Acreage (gross):	429,000	
1996 Wells Drilled/Productive:		43/31

Indonesia - Apache operates and has a 39 percent interest in a shallow gas play in Central Sumatra. Development is dependent upon securing a gas contract. Headquarters: Jakarta (managed from Perth, Australia).

Acreage (gross): 722,000

China - Apache operates the offshore Zhao Dong Block in Bohai Bay, with a 50 percent working interest. Reserves discovered thus far remain unbooked until a development plan is implemented. Headquarters: Beijing.

Acreage (gross): 49,000

Western Australia - Apache holds sizable offshore acreage in the under-explored Carnarvon Basin (an area two-thirds the size of the Gulf of Mexico), which has yielded a half-billion barrels of oil and 4.1 Tcf of gas from fewer than 1,000 wells. Apache has extensive production and processing facilities on Varanus Island and the world's first unmanned production buoy, which automatically monitors and controls subsea facilities. Headquarters: Perth.

1996 Daily Production:	2.3 Mbbls	13.9 MMcf
Reserves:	19.4 MMbbls	71.2 Bcf
Acreage (gross):	3.1 million	
1996 Wells Drilled/Productive:		12/5

Egypt - Apache is the nation's largest independent operator and the largest leaseholder with holdings roughly the size of Pennsylvania. The company has embarked on an aggressive drilling program, with 62 wells planned for 1997. Extensive production facilities are in place, and a major pipeline project is under way to link Apache's Western Desert gas production to Egypt's energy grid. Headquarters: Cairo.

1996 Daily Production:	8.3 Mbbls	0.3 MMcf
Reserves:	46.6 MMbbls	72.2 Bcf
Acreage (gross): (includes 8.6 million pending government approval and 7.7 million obtained in early 1997)	28 million	
1996 Wells Drilled/Productive:		23/19

[MAP]

o Core Areas
o Project Area

PERFORMANCE HIGHLIGHTS

(In millions of dollars except per-share data)	1996	1995	1994
FINANCIAL HIGHLIGHTS			
Revenues	$ 977.2	$ 750.7	$ 592.6
Net income	121.4	20.2	45.6
Per common share	1.42	.28	.65
Cash provided by operating activities:			
Cash provided before changes in working capital and other adjustments (cash from operations)	$ 503.0	$ 356.3	$ 339.1
Changes in working capital and other adjustments	(12.5)	(24.2)	18.7
Net cash provided by operating activities	$ 490.5	$ 332.1	$ 357.8
Total assets	$3,432.4	$2,681.5	$2,036.6
Long-term debt	1,235.7	1,072.1	719.0
Shareholders' equity	1,518.5	1,091.8	891.1
Dividends per share	$ .28	$ .28	$ .28
Average shares outstanding	85.8	71.8	69.7
OPERATIONAL HIGHLIGHTS			
Capital expenditures (millions)	$ 939.9	$1,133.1	$ 524.9
Natural gas production (MMcf/d)	560.9	577.1	483.3
Oil and condensate production (Mbbls/d)	53.2	50.2	37.8
Proved reserves (MMboe)	506.2	420.6	330.0

STOCK PRICE

(Dollars per Share)

	Year Low	Year High	Year End
94	22 1/4	29 1/4	25
95	22 1/4	31	29 1/2
96	24 5/8	37 1/4	35 1/8

NET INCOME

(Millions of Dollars)

94	46
95	20
96	121

TOTAL ASSETS

(Millions of Dollars)

94	2,037
95	2,681
96	3,432

CASH FROM OPERATIONS

(Millions of Dollars)

94	339
95	356
96	503

FELLOW APACHE SHAREHOLDERS:

In its 42nd year Apache achieved milestones enabling adaptation of strategies for further growth of shareholder value over the years ahead. First, a growth context:

An investment of $10,000 in Apache in 1954 has grown through 1996 to $3,286,000 in value. For shareholders who reinvested their dividends, the compounded annual growth rate of Apache's stock over 42 years has averaged 14.8 percent. This return is nearly double that of the Dow Jones Industrial Average and the Standard & Poor's 500 index over the same period.

Through a number of economic and industry cycles, Apache has more than kept pace. In 1954, we started near the bottom of approximately 16,000 oil and gas exploration companies. Today, with fewer than half remaining following failures and amalgamations, Apache ranks 27th, according to Oil & Gas Journal's September 1996 listing of the world's 200 largest petroleum companies that are not government-owned.

In order to amass a base to leverage growth in per-share value, Apache has actively sought critical mass. In 1996, we achieved several milestones in this regard, which we see as building blocks upon which to construct future growth:

- Cash from operations passed the half-billion-dollar mark;

- Net income exceeded $120 million, reaching $1.42 per share;

- We reduced debt to 45 percent of total capitalization, extended our average debt maturities from 4.4 years to 21.6 years and, as a result of upgrades by three major rating agencies and initiatives by our corporate financing group, kept our average interest rate below 7.5 percent;

- Reserves increased 20 percent to more than half a billion equivalent barrels, balanced 54 percent gas and 46 percent oil, compared to our 1990 mix, which was weighted 80 percent toward gas, the most price-volatile commodity of all. Our reserve life rose by more than a year to nine-plus years, primarily as a result of booking several international discoveries.

Perhaps the most significant event of 1996 was the strategic merger of The Phoenix Resource Companies, which established Egypt as Apache's second international core area, in addition to Western Australia's Carnarvon Basin. We have substantial infrastructure and operational capabilities in both areas and an extensive inventory of exploratory and development prospects. Because both core areas access large populations and growing economies that are dependent upon reliable sources of energy, investment is encouraged through long-term gas contracts and stable prices. Such is not the case in North America; that is one reason why we have endeavored to build a balanced, international asset portfolio for our shareholders.

Nevertheless, North America remains our foundation for growth, where four of our five regions each generated more than $100 million in lease-level income during 1996. Our strategy is to continue building on that strong base, both through the drillbit and through acquisitions.

To the direct benefit of our shareholders, Apache has compiled a record of adding value to properties we have acquired. We believe new opportunities for expanding Apache's North American core assets will arise as the major integrated oil companies continue to reallocate their human and capital resources to areas which best match their strengths. We expect their down-sizing of traditional North American investment areas to continue, if not accelerate. We believe our proven niche strengths compliment their objectives, providing possible opportunities for Apache to operate properties jointly owned through alliances, regional "farm-ins," and/or joint ventures to the greater potential benefit of both sets of shareowners. We intend to pursue such opportunities.

Obviously, while we seek to grow shareholder value, such undertakings will require both innovation and funding. If Apache's convertible debentures do, in fact, convert on a timely basis, additional capital will become available to take advantage of strategic opportunities within acceptable debt parameters.

It is our strategy to accelerate utilization of advances emanating from the technological revolution sweeping our industry and the world. Most significant have been advances in 3-D seismic technology, horizontal and high-angle drilling and massive hydraulic fracture treatment of

Apache Chairman Raymond Plank (left) meets with Egyptian President Hosni Mubarak in Cairo.

[PICTURE]

tight-rock formations. In addition, computer-driven sub-surface imaging has helped reduce risks, lower costs and increase profit margins in older productive fields. Tertiary recovery techniques also can contribute to share-price appreciation. In 1997, Apache plans to initiate CO_2 injection to maximize reserve recoveries in the first of seven very large old Permian Basin oil fields.

Apart from core properties in North America, Egypt and Western Australia, we have operations in three project areas internationally:

- In Bohai Bay, People's Republic of China, our 11,571-barrel-per-day oil discovery has increased the likelihood of moving to the commercial development phase. We would like to drill three additional exploration tests on separate prospective structures, plus an appraisal well in 1997;

- In Indonesia, we have sizable unbooked gas reserves and high deliverability from several shallow gas wells. We recently acquired an additional concession in this vibrant economic and population growth area. While we can envision the possibility of Indonesia eventually becoming a core area, we first need to secure a term gas marketing agreement;

- Offshore West Africa's Ivory Coast, we have up to half-a-trillion cubic feet of reserves to be booked at such time as we obtain a gas contract.

Integral to our success over the last 42 years and critical to shareholder value growth in the future are capable, creative, motivated people. The contraction of our industry has been accompanied by a two-thirds reduction in the number of students pursuing undergraduate and advanced degrees in petroleum geology, geophysics and engineering. The reason for this phenomenon is simple: Ambitious, bright young people seek opportunity in growing areas. Would-be petroleum science majors have witnessed more than a decade of major layoffs and cutbacks and an industry that has shrunk by more than 50 percent.

Apache's aggressive, purposeful growth, credible culture and pay-for-performance incentive plans have enabled us to attract and largely retain very capable, experienced, motivated men and women from among the talented personnel of down-sizing companies. What we have achieved over the last 42 years is to their credit.

Apache's overriding mission is to build shareholder value, and that means increasing production, reserves, cash flow and net income on an absolute and a per-share basis. It means reducing our finding costs, balancing risk over a portfolio of core areas around the world, maintaining and strengthening our North American base, and driving the stock price forward.

One last point illustrates how far we've come in a short time: We entered the 1990s with the Midcontinent region accounting for 50 percent of Apache's total reserves. Today, that region holds about one-fifth of our reserves, yet it has grown by more than 100 percent. The growth continuum drives our culture and translates into increased wealth for our shareholders.

We appreciate your continued confidence in Apache.

/s/ RAYMOND PLANK	/s/ G. STEVEN FARRIS
RAYMOND PLANK	G. STEVEN FARRIS
Chairman and Chief Executive Officer	President and Chief Operating Officer

[PICTURE]

President Steve Farris (center) with Apache staff in Perth, Western Australia.

COMPANY REVIEW

Apache again achieved growth in its primary areas of operations, ramping up equivalent production for the 19th consecutive year and increasing reserves for the ninth straight year. The company has doubled its reserves at an average pace of every three years over the past decade, employing an active acquisition and drilling strategy.

With an emphasis on drilling during 1996, Apache replaced 257 percent of the year's production and increased reserves 20 percent to a record 506.2 MMboe. Exploration and development activity alone, which included 303 new producers of 406 wells drilled and 448 production-enhancement projects, including 201 recompletions, replaced 158 percent of 1996 production.

While production and reserves increased, gross productive well count was reduced nine percent to 9,160 wells. The attendant economies of scale are bringing improved efficiencies, lower administrative costs and wider margins at today's oil and gas prices.

In 1997, Apache plans to participate in more than 500 wells and 550 production-enhancement projects, with drilling-related expenditures budgeted to increase by about one-half. The largest increases in activity are planned for the Midcontinent region, Egypt and Western Australia.

A key to maximizing value from the company's North American property base will be the effective application of advanced technology, including 3-D seismic, horizontal drilling and fracture stimulation techniques.

Oil and Gas Reserves Hit Record Levels

Propelled by drilling results, Apache's oil and gas reserves increased 20 percent to a record 506.2 MMboe, with 139.9 MMboe of new reserves booked during the year. Oil reserves rose 38 percent to 235.3 million barrels, while gas reserves increased eight percent to 1.6 Tcf.

Reserves added through drilling, workovers, recompletions and production-enhancement projects generated 61 percent, or 85.7 MMboe, of the year's reserve additions. Acquisitions, net of property dispositions, contributed 30 percent of the year's added reserves, while upward revisions resulting from higher oil and gas prices and better-than-expected well performance made up the balance.

Apache has attained a more balanced mix of oil and gas in its reserve base. At year end,

PROVED RESERVES (MMBOE)

	Natural Gas	Liquid Hydrocarbons	Total
94	219	111	330
95	251	170	421
96	271	235	506

PRODUCTION (MMBOE)

	Natural Gas	Liquid Hydrocarbons	Total
94	29	15	44
95	35	19	54
96	34	20	54

oil represented 46 percent of the company's total reserves compared with 40 percent at the end of 1995. The company also extended the estimated life of its reserves which, at year end, stood at 9.3 years compared with 7.8 years at the close of 1995.

Equivalent Production Reaches All-time High

A nearly 3,000-barrel-per-day increase in daily oil production more than offset a three percent decline in daily gas production, and equivalent production for the year rose to a record of 54.4 MMboe. The properties added through the Phoenix merger, coupled with successful drilling on Egypt's Qarun Concession and an active production-enhancement program in the Permian Basin, pushed average daily oil production to 53,182 barrels, up six percent from the prior-year level. At year end, oil production was running at an all-time high of approximately 60,000 barrels per day.

In addition, Apache's gas processing activity in 1996 generated 713,395 barrels of natural gas liquids, or 1,949 barrels per day, one-third of which came from Canadian operations.

Oil and Gas Prices Strengthen

Spot-market gas prices in the fourth quarter rose to their highest levels in more than a decade, and Apache's average realization for the year jumped 29 percent to $2.02 per Mcf, up from $1.57 in 1995. The price improvement added $93.4 million to the company's annual gas-revenue total. Large draw-downs from storage during 1995's relatively harsh winter kept gas in storage at historically low levels during much of 1996, mitigating the price downturns that typically occur with slack seasonal demand in the spring and fall.

Apache's crude oil price averaged $20.84 per barrel in 1996, up 22 percent from the prior year's $17.09. Contributing to the company's improved average price was increased production from Egypt, where the sweet crude sold at a higher average price in 1996 than U.S. sweet-and-sour blend.

Marketing Efforts Increase Margins

Apache sold 420 MMcf of gas per day, or three-quarters of its total net gas production, under spot-market index-based contracts during 1996; the balance was sold under term contracts at premium prices. Due to improved spot market prices, Apache limited its participation in price-hedging arrangements.

ProEnergy (Producers Energy Marketing, LLC), the joint-venture natural gas marketing company Apache formed with Oryx and Parker & Parsley, began marketing operations in the second quarter of 1996. ProEnergy marketed an average 1.8 Bcf of daily gas production in 1996 and steadily improved both margins and volumes during the course of the year, reaching more than 2 Bcf per day at year end.

Increased Drilling Activity Drives 1996 Capital Program

A total of $463 million was invested in exploration, development and production-enhancement activities during 1996, a 58 percent increase over the prior-year level. Of this total, $344 million was incurred in North America and $119 million was used for international operations, nearly double the amount spent overseas a year earlier. Most of the costs associated with bringing on production from Egypt's Qarun field and Western Australia's East Spar field were incurred in 1996.

Apache continues to find opportunities to acquire oil and gas properties that strengthen its existing asset base, bring economies of scale and offer opportunities for adding value through drilling and production-enhancement activity. In 1996, the $396 million merger of The Phoenix Resource Companies provided Apache with critical mass in Egypt and a second international core area holding considerable reserve potential.

In addition to the Phoenix merger, Apache closed 62 tactical acquisitions during the year, garnering 74 properties in the company's existing focus areas. In aggregate, these properties added 18.9 MMboe of oil and gas reserves at a cost of $115 million. In a continuing effort to shed under-performing and non-core assets, Apache sold 991 properties for approximately $30 million during 1996.

In 1997, North American exploration and development expenditures will increase along with drilling activity, while international expenditures will nearly double to fund an aggressive drilling program and several production projects, including construction of a natural gas pipeline from the Khalda Concession to Egypt's energy grid.

AVERAGE OIL PRICE

(Dollars per Barrel)

94	15.65
95	17.09
96	20.84

AVERAGE NATURAL GAS PRICE

(Dollars per Mcf)

94	1.78
95	1.57
96	2.02

FINANCIAL REPORT

Developments in 1996 have placed us in our strongest financial position to date. Providing a springboard for the year's progress were upgrades on our long-term debt by the industry's three most recognized rating agencies: Moody's, Standard & Poor's and Duff & Phelps. In granting these upgrades, the agencies cited Apache's lower debt-to-equity ratio, increased earnings and cash flow, higher interest-expense coverage, successful expansion in Egypt and Western Australia, and the company's emphasis on drilling to increase reserves.

Apache took advantage of these upgrades and historically low interest rates to issue $280 million of 30-year debt and $150 million of 100-year debt, thus becoming the first oil and gas company ever to successfully place non-callable "century bonds." In total, $430 million of long-term debt was placed during the year with an average maturity of 54 years and at an average interest rate of 7-3/4 percent.

We also created a $1 billion global credit facility which significantly reduces our borrowing costs, increases debt capacity and provides a more efficient tax structure for borrowing outside the United States. Separately, we established a $300 million commercial paper program, further reducing the cost of our short-term debt. Debt to capitalization was reduced to 45 percent from 50 percent during the year due to record earnings and cash flows and the issuance of equity in connection with the Phoenix merger.

As a result of the foregoing accomplishments, Apache is benefiting from a stronger capital structure, lower short-term borrowing costs and greater financial and operating flexibility. Looking to 1997, we have the financial strength to support an aggressive drilling effort while retaining flexibility to take advantage of new investment opportunities.

Apache's financial and operational progress has been recognized by the investment community the past several years. According to Nelson's, an institutional research firm, we were the 14th most closely watched company on Wall Street in 1996 with 55 investment firms following our stock.

/s/ MARK A. JACKSON

MARK A. JACKSON Vice President and Chief Financial Officer

NORTH AMERICAN OPERATIONS

Apache's North American properties encompass five core regions: the Midcontinent (primarily the Anadarko Basin of western Oklahoma); Offshore (the Gulf of Mexico); the Gulf Coast of Texas and Louisiana; the Western region (primarily the Permian Basin of West Texas and New Mexico and the Green River Basin of Colorado and Wyoming); and western Canada, (the Western Sedimentary Basin).

In 1996, Apache restructured the management of its exploration and production operations at the regional level, with each of the company's five North American regions managed as an autonomous profit center. The Midcontinent, Offshore, Gulf Coast and Western regions each generated more than $100 million in lease-level income during 1996, providing them with the capability to fund their own exploration and production programs with internally generated cash flow.

This management approach accommodates an accelerated level of exploration and development activity in each region. During 1996, Apache posted its most active drilling year, completing a record 279 producers of 370 North American wells drilled. The company continues to pursue a growing list of opportunities to add production and reserves and anticipates an even more active year in 1997.

OIL AND GAS SALES

(Millions of Dollars)

	Natural Gas	Liquid Hydrocarbons	Total
94	314	224	538
95	331	322	653
96	416	417	833

MIDCONTINENT REGION REPORT

STRENGTHS

- Largest independent gas producer in Oklahoma, the nation's third-largest gas-producing state.
- Recognized leader in fracture-stimulation technology.
- One of Oklahoma's largest leaseholders with nearly three-quarters of a million gross acres.
- One of Oklahoma's most-active operators in terms of total footage drilled.
- Consistently achieving favorable drilling results -- attained an all-sources finding cost of $3.63 per boe in 1996.

1997 OBJECTIVES

- Economically increase production and reserves, primarily through the drillbit.
- Expand exploration of higher-risk, high-potential reservoirs.
- Pursue tactical acquisitions that complement existing operations and increase future drilling opportunities.

The Midcontinent region has long been a cornerstone of Apache. With more than 40 years of operating experience in Oklahoma, we've built a substantial base of reserves and acreage that would be difficult to match in today's competitive industry environment.

Our region has been the largest contributor to the company's natural gas production, accounting for approximately one-third in 1996. Our record of consistent growth has been geared to a strategy of exploiting the gas-bearing formations of the multiple-pay Anadarko Basin and using superior fracture-stimulation techniques to maximize production rates and reserve recoveries. The resulting higher cash flow has enabled fast reinvestment and accelerated growth.

The foundation of our reserves and production has been built around the Cherokee formation, from which we've generated 290 producers and 165 Bcf of net gas reserves over the past eight years. During that period, our productive ratio from Cherokee drilling has averaged 90 percent. We drilled 47 Cherokee wells in 1996 with daily production rates averaging 2 MMcf of gas per well and plan to drill 54 more in 1997. This horizon provides predictable, economically attractive production results and a solid revenue stream, allowing for additional reinvestment opportunities in other areas and in other formations.

Our most exciting new drilling play the past three years has been the Deep Springer in southern Oklahoma. Back in the 1970s, the Deep Springer yielded favorable investment returns when federally deregulated deep gas fetched a price of more than $8.00 per Mcf, justifying the cost of drilling these three-mile-deep wells. But when gas prices collapsed in the mid-1980s, drilling to the Deep Springer was essentially abandoned.

As gas prices recovered from their historic lows and more efficient drilling and completion methods brought down well costs, the Deep Springer became economically viable again. Apache was among the first to revisit the formation, employing the fracture-stimulation methods the company had pioneered in the Cherokee. In 1990, we performed a massive fracture stimulation during the recompletion of a Deep Springer gas well that raised daily production from 300 Mcf to 10,000 Mcf. We followed that by building a sizable Deep Springer acreage position through acquisitions and an aggressive leasing program. With additional opportunities contained in our held-by-production acreage, we assembled a strong portfolio of Deep Springer drilling locations. In 1996, we completed seven new Deep Springer gas wells that averaged 7 MMcf in initial daily production and added 19 Bcf of reserves net to Apache's interests. Over the past three years, we have completed 28 producers of 30 Deep Springer wells drilled, with initial daily production rates averaging greater than 5 MMcf of gas per well and reserves averaging more than 6 Bcf per well. In 1997, we plan to drill 13 wells to the formation.

MIDCONTINENT PRODUCTION (MBOE/D)

94	22.0
95	30.3
96	32.7

MIDCONTINENT RESERVES (MMBOE)

94	75.6
95	100.5
96	106.5

[MIDCONTINENT REGION MAP]

We're developing similar opportunities in the Anadarko Basin's Upper Morrow formation, where our past drilling has encountered average reserves of more than 10 Bcf of gas per well. We have a seven-well Upper Morrow drilling program planned for 1997, a portion of which will incorporate the use of 3-D seismic surveys in an effort to reduce the risk associated with these 18,000-foot wells.

With our progress in the Anadarko Basin, we've expanded our regional focus to East Texas and North Louisiana. In East Texas, we drilled 11 Bossier Sand wells during 1996, of which nine were productive, yielding average daily rates of 2 MMcf of gas per well. We plan to drill 24 Bossier Sand wells in East Texas during 1997.

Another high-potential reservoir in our region is the Cotton Valley Reef formation, considered by many to be the most prospective exploratory play in the Lower 48, with potential gross reserves of 20 Bcf to 80 Bcf of gas per well. We plan to participate in four of these wells in East Texas during 1997. On acreage we acquired in North Louisiana, we have plans to drill six Cotton Valley wells.

In total, our region plans to drill 163 wells in 1997, 93 of which we'll operate. That means 1997 will be our busiest drilling year ever.

/s/ JAMES K. BASS

JAMES K. BASS Region Vice President - Midcontinent

OFFSHORE REGION REPORT

STRENGTHS

- One of the largest independent gas producers in the Gulf of Mexico.
- 3-D seismic data covering 7,000 square miles.
- Strong base of producing and non-producing acreage spread throughout the region's focus trends.
- Access to latest technology to aid in prospecting and risk evaluation.
- An established network of production platforms.

1997 OBJECTIVES

- Concentrate exploration efforts on larger, high-potential prospects that allow for significant reserve and production growth.
- Enhance acreage position through active bidding at state and federal lease sales.
- Increase drilling activity within established field areas so that new wells can be quickly connected to existing production platforms and pipelines.
- Pursue tactical acquisitions that build on existing strengths and enhance drilling inventory.

Well before today's rush to enter the Gulf of Mexico, Apache established a strong offshore position through acquisitions and drilling. The improved reliability of 3-D seismic in the Gulf and our increased access to advanced technology offer ongoing opportunities in North America's largest gas-producing province.

We have been Apache's fastest growing region since 1993, and currently account for about

[OFFSHORE REGION MAP]

OFFSHORE PRODUCTION (Mboe/d)

94	31.2
95	35.0
96	32.3

OFFSHORE RESERVES (Mmboe)

94	48.1
95	41.9
96	45.8

one-third of the company's total gas output. We expect to be the largest gas-producing region in 1997. Large reserve targets and high production rates in the Gulf provide us the opportunity to significantly impact the company's overall performance.

Our operations in 1996 centered around drilling opportunities in Miocene-age and Plio-Pleistocene-age sands off the coast of Louisiana and Texas. As the majors are moving to deeper waters, we're finding additional opportunities on the Gulf's continental shelf.

Just a few years after coming on the scene as a breakthrough technology, 3-D seismic has become an important tool in the Gulf, not only for exploration but for development drilling as well. We've arranged three large-scale 3-D seismic joint ventures for 1997 from which we'll acquire new data covering 450 offshore blocks. From the 3-D seismic data on these blocks, we expect to generate a significant number of high-potential prospects.

Our focus in 1997 is to significantly increase reserves and production through a drilling program driven by 3-D seismic. We expect to double our drilling pace to 42 wells, focusing on both exploratory prospects with large reserve targets and development drilling on our base properties.

We've also identified a number of high-potential production-enhancement projects for 1997. These operations will be geared toward maximizing output from our base properties, utilizing 3-D seismic and well data to determine the best course of action to increase production, including horizontal drilling, sidetracks, recompletions and multiple completions.

/s/ JON A. JEPPESEN

JON A. JEPPESEN Region Vice President - Offshore

GULF COAST REGION REPORT

STRENGTHS

- Sizable acreage position in large old fields holding meaningful deep drilling potential.

- Large, mostly operated leaseholdings in multiple-pay region.

- Nearly 80 percent of acreage is held by production, reducing overall lease costs.

- Strong working-interest position, averaging 80 percent in wells drilled during 1996.

- Higher product prices than in other parts of the country.

- High level of low-cost production-enhancement activity -- completed an enhancement project every one and one-half days in 1996.

GULF COAST PRODUCTION (Mboe/d)

94	21.2
95	31.2
96	27.2

GULF COAST RESERVES (MMboe)

94	43.0
95	66.5
96	69.5

1997 OBJECTIVES

- Accelerate moderate-risk drilling and production-enhancement activity to increase production at low cost.

- Complement moderate-risk drilling with high-impact exploratory wells that utilize 3-D seismic in established focus areas.

- Pursue tactical acquisitions that contain upside drilling potential.

Since the 84,000-barrel-per-day discovery of Spindletop field in 1901, the Gulf Coast has been a primary source of the nation's oil and gas supply and remains one of the most actively drilled regions in the Lower 48. Our charge has been to utilize advanced exploration and production techniques to get more out of a mature region.

In 1996, we generated new production and reserves through an active production-enhancement program and moderate-risk drilling. We have efficient cost-control management systems in place that help to improve our margins. We operate 84 percent of our production and have the control to make operational decisions quickly in order to get the most out of our fields.

Our experience has been that the more we invest in operations, the greater our rate of return. In 1997, we plan to increase the number of production-enhancement projects and step up infill drilling operations. Our exploration effort will also pick up, with about one-third of our 1997 drilling budget directed toward exploratory wells. We will focus on exploratory prospects on which we hold 250 square miles of 3-D seismic coverage.

We recently acquired 98 percent to 100 percent working interests in southern Mississippi's Tiger field, a new area for Apache, and plan to drill eight wells there in 1997. This

[GULF COAST REGION MAP]

field was discovered in the early 1970s and produced from the Lower Hosston formation at a depth of about 14,900 feet. During the fourth quarter of 1996, we drilled below the Lower Hosston to 15,900 feet and discovered new-field pay in the Cotton Valley Reef formation. Now with both formations proven to be productive, a single well can develop both horizons.

/s/ JON A. GRAHAM

JON A. GRAHAM Region Vice President - Gulf Coast

WESTERN REGION REPORT

STRENGTHS

- Brought net oil production to more than 20,000 barrels per day, the highest level since Apache's return to the Permian Basin in 1991.
- High working-interest position in mostly Apache-operated acreage.
- Numerous production-enhancement, tertiary and secondary recovery opportunities.
- Track record of highly successful exploitation programs.

1997 OBJECTIVES

- Increase oil production at low cost through drilling and secondary recovery methods, including a large-scale CO_2 project in West Texas.
- Emphasize exploratory and development drilling using 3-D seismic interpretations.
- Capitalize on the multiple-pay potential of the Permian Basin.

The Permian Basin of West Texas and eastern New Mexico has made its mark as one of the world's oldest and most prolific geologic provinces. Despite years of prodigious oil output, the Basin's oil reservoirs have yielded, on average, less than one-fifth of their in-place reserves. As the industry's technology and efficiency have improved, so has the output of the Basin's oil-bearing formations.

We are Apache's largest oil-producing region, accounting for more than one-third of the company's crude-oil volumes and more than one-half of its North American oil reserves. We increased production during 1996 at low cost through the collective results of numerous production-enhancement projects and low-risk drilling.

The acquisitions from Amoco and Texaco in 1991 and 1995, respectively, together brought Apache more than a billion dollars of properties, including large blocks of producing

[WESTERN REGION MAP]

acreage in the Permian Basin. Focusing on these properties, we drilled 128 wells during 1996, double the number in the previous year.

In 1997, we plan to drill nearly 200 wells -- a number that would resemble a company-wide total as recently as two years ago -- with more development and exploratory drilling and fewer infill wells. We plan to obtain 550 square miles of 3-D seismic coverage to provide the foundation for stepped-up exploration in West Texas and southeastern New Mexico.

As part of an aggressive production-enhancement program, during 1997 we expect to implement a large carbon dioxide (CO_2) injection project at our 80 percent-owned Cogdell Canyon Reef Unit in West Texas. By injecting high-pressure CO_2 gas into the unit's producing reservoir, we intend to improve the oil field's ultimate recoveries by 15 percent (more than 20 MMboe) at an estimated cost of less than $2.00 per barrel. Given that this old field has produced less than half its estimated 500 million barrels of oil in place, this project holds the potential of making a meaningful impact on Apache. Pending the results of this initial CO_2 injection project, we'll pursue similar projects at six other fields. CO_2 floods are currently responsible for approximately 20 percent of the Permian Basin's daily oil production.

/s/ RODNEY J. EICHLER

RODNEY J. EICHLER Region Vice President - Western

WESTERN PRODUCTION (Mboe/d)

94	29.4
95	33.5
96	28.5

WESTERN RESERVES (MMboe)

94	91.8
95	134.3
96	137.4

CANADIAN REGION REPORT

STRENGTHS

- Brought daily gas and oil production from base properties to all-time highs of 80 MMcf and 2,000 barrels, respectively. Gas production was up 11 percent from 1995 levels.

- Increased production and leasehold position in British Columbia.

- Expanded infrastructure of gas gathering and processing facilities to accommodate rising production and to generate revenue from transporting and processing third-party gas.

1997 OBJECTIVES

- Focus on increasing gas production at low cost through low-risk development drilling while also testing deeper, high-potential formations.

- Increase oil production, primarily through drilling in British Columbia and western Alberta.

- Pursue tactical acquisitions that provide future drilling opportunities.

The Western Sedimentary Basin of Canada is North America's largest gas-bearing geologic province. While Canadian gas historically has sold for a much lower price than U.S. gas, the region's shallow reservoirs offer low finding costs and favorable economic returns.

We became Apache's fifth North American region with the DEKALB Energy merger in 1995. In a short time, we've incorporated the Apache culture that promotes a sense of urgency,

[CANADIAN REGION MAP]

a strong work ethic and the drive to succeed.

Early in 1996, we brought on stream 20 MMcf of net daily gas production in northeastern British Columbia, raising our region's gas output by one-third. All of this new production came from gas reservoirs at depths shallower than 4,000 feet. With a 14-week window imposed by winter-access-only requirements, we had to work fast to complete five producers of six wells drilled, connect to pipeline four additional wells that were drilled earlier, install four compressor stations and lay 22 miles of pipeline.

We're one of the first companies in Canada to use under-balanced "coiled-tubing" drilling technology and, in doing so, we set a vertical depth record for a horizontal well. With an objective of increasing production and reducing costs, we utilized this process as an alternative to conventional procedures to drill a horizontal well in the under-pressured Harmattan gas field in Alberta. The end result was that the well produced at more than twice the rate that had been anticipated if we'd used conventional drilling methods. We plan to apply the technology elsewhere in Canada, and Apache's other regions are evaluating it as well.

In 1997, we'll continue our emphasis on drilling for shallow gas reserves while also testing deeper gas-bearing structures in western Alberta and northeastern British Columbia using 3-D seismic interpretations. We also plan to increase our focus on oil plays, particularly those in British Columbia. Our objective of maximizing production rates will be geared toward fracture stimulation, infill drilling and horizontal drilling. We will continually pursue innovative ways to reduce operating costs in order to enhance our profit margins.

In addition, we plan an active production-enhancement program that will include improving oil recovery, recompleting wells in multiple-pay fields, and expanding our pipeline and gas processing infrastructure.

/s/ DWAYNE E. SCHULTZ

DWAYNE E. SCHULTZ Region Vice President - Canada

CANADA PRODUCTION (Mboe/d)

94	12.0
95	13.7
96	15.0

CANADA RESERVES (MMboe)

94	60.7
95	57.9
96	57.1

INTERNATIONAL OPERATIONS

As Apache has grown, the company has increased its exposure to larger reserve targets in order to develop a greater base of production and to foster opportunities for continued growth. The international drilling arena offers high-potential reserve targets and, for Apache, the most attractive regions at present are the Western Desert and the Gulf of Suez in Egypt and the Carnarvon Basin offshore Western Australia.

Exploration success in 1995 generated numerous development opportunities for 1996, and Apache ended the year with 36 international wells drilled, equal to the total number the company drilled during its first seven years overseas. With this active drilling pace, Apache's international reserves at year end rose to 18 percent of the company's total, up from five percent a year earlier. The company anticipates international drilling activity to more than double in 1997.

Apache currently is working on nine international development projects that will significantly add to the company's worldwide production over the next three years.

EGYPT REPORT

STRENGTHS

- Country's largest leaseholder.
- Ramped up daily net oil production during the year to more than 14,400 barrels, compared to less than a thousand barrels at the start of 1996.
- Finding cost from drilling of $1.90 per boe.
- Signed $1.2 billion long-term gas contract, covering 200 MMcf of daily gas production from the Khalda Concession beginning in mid-1999.
- Favorable cost-recovery provisions that enable the company to recoup virtually all of its exploration, development and operating expenditures on several concessions.

1997 OBJECTIVES

- Further increase oil production through additional development drilling.
- Complete construction of Qarun production facilities.
- Expand exploratory drilling near existing production facilities and in new prospective areas.
- Participate in construction start-up of 145-mile natural gas pipeline from the Khalda Concession to Egypt's energy grid.

Although Egypt has a long history of oil and gas exploration and production, it remains a vast under-explored region with excellent opportunities and large upside reserve potential.

Spurred by our 11,957-barrel-per-day oil discovery on the Qarun Concession in 1995, we've gone full-throttle in establishing Egypt as Apache's second international core area. During the latter parts of 1996, we had five rigs running on our Qarun Concession, where we drilled 12 productive development wells within three separate field-discovery areas. As these wells were completed, we trucked the crude oil to market at daily rates beginning at 2,000 barrels and increasing to 12,000 barrels by year end, thus monetizing the value of our reserves while permanent production facilities were being built. We completed construction of a 30-mile pipeline on the Qarun Concession in November and were moving approximately 25,000 barrels of oil per day from the block by year end. That equates to about 9,600 barrels net to our interests. Development is ongoing, and we anticipate that production will increase to 35,000 barrels per day around mid-1997.

We also drilled eight exploratory wells on the Qarun Concession, which yielded three discoveries. In addition to the two oil discoveries that were tied in to the Qarun pipeline, we drilled a remote wildcat on the southern edge of the concession, the Wadi El Rayan-1, that tested 950 barrels of oil per day. Appraisal drilling is under way.

The Phoenix merger in May tripled our contractor interest in the Qarun Concession from 25 percent to 75 percent and added a 40 percent contractor interest in the Khalda Concession, which has been producing at an average rate of 32,000 barrels of oil per day, or about 4,800 barrels net to our interests.

EGYPT PRODUCTION (MBOE/D)

94	0
95	0
96	8.3

EGYPT RESERVES (MMBOE)

94	0
95	0
96	58.6

[EGYPT MAP]

Development of Egypt's gas reserves has been hampered by the lack of access to markets and the correlative difficulty of arranging gas sales contracts. The Egyptian government, however, has stated its intention to displace more of its domestic oil consumption with natural gas for environmental reasons and to increase oil exports to boost revenue. We're playing a part in this national energy policy by helping to develop Egypt's large, under-developed gas reserves. During 1996, we participated in several world-class gas wells on the Khalda Concession, including the Tut-22X that tested 90 MMcf of gas and 4,000 barrels of condensate per day and two other discoveries that each flowed in excess of 45 MMcf and 2,000 barrels of condensate per day. Gas wells in this area have a propensity for high liquids production which further improves revenues. Collectively, 14 wells drilled to date have tested more than 450 MMcf of gas and 31,000 barrels of condensate per day, with two more wells awaiting testing at year end.

The value of these gas reserves was recognized at year end with the signing of a long-term take-or-pay gas sales contract with the Egyptian General Petroleum Corporation (EGPC) covering 200 MMcf of gas per day from the Khalda Concession, beginning May 1, 1999. The term of the contract coincides with the reserve life of the Khalda Concession, estimated at 25 years. With the contract, we booked 85 Bcfe of reserves from the concession in 1996 and expect to book an additional 315 Bcfe as development continues. Construction of two gas processing plants capable of processing a combined 300 MMcf of gas per day and a 34-inch, 145-mile pipeline to transport the gas to the Egyptian energy grid is scheduled to begin in 1997. The Khalda Concession has reserved pipeline capacity of 325 MMcf of gas per day.

Unlike gas prices in the United States, those in Egypt are tied to the heating equivalency of certain grades of crude oil, which ultimately translates into more attractive, stable prices. Based on oil prices at the time the contract was signed, Apache would receive a gas price above $3.00 per Mcf, and its share of future deliveries from Khalda would approximate $1.2 billion, 75 percent of which would be contracted under take-or-pay provisions.

Subsequent to year-end, we negotiated two transactions that will make us the largest leaseholder in Egypt. With the first one, we will assume non-operating interests in 7.7 million acres covering three concessions situated between our Qarun and Khalda concessions. The second transaction, which is pending government approval, would add approximately 8.6 million gross acres contiguous with our existing leaseholdings. Completion of this transaction would bring our total position in Egypt to 28 million gross acres, an area roughly equivalent in size to the state of Pennsylvania.

With our sizable leaseholdings and growing production, we'll embark on an aggressive exploration and development program in 1997. Our current plans call for a total of 62 wells, including 19 exploratory wells and six development wells on the Qarun Concession. We plan to drill 12 exploratory wells and 15 development wells on the Khalda Concession, many of which will target gas-bearing formations. In the Gulf of Suez on the Darag Concession, where we obtained a 50 percent contractor interest in 460,000 acres in early 1996, we're participating in a 3-D seismic survey and plan to drill two exploratory wells during 1997. We also plan to participate in two exploratory wells on the 6.8-million-acre East Beni Suef Concession, where we acquired a 50 percent contractor interest last February.

WESTERN AUSTRALIA REPORT

STRENGTHS

- Existing infrastructure of facilities and pipelines, including operatorship of one of the few production facilities offshore Western Australia.
- Large acreage position in the under-explored Carnarvon Basin.
- Expanding domestic markets for natural gas.

1997 OBJECTIVES

- Bring on production from our Stag and Agincourt oil discoveries.
- Appraise our Wonnich gas and oil field discovery.
- Accelerate exploratory drilling in the Carnarvon Basin.
- Obtain additional long-term gas contracts in the expanding Australian gas market.

The Carnarvon Basin offshore Western Australia is considered by some to be at a similar stage of development as the Gulf of Mexico 40 years ago. About two-thirds the size of the Gulf, the Basin to date has yielded a half-billion barrels of oil and 4.1 Tcf of gas from fewer than 1,000 wells. This compares to the Gulf of Mexico's 30,000 wells and cumulative production of 8.7 billion barrels of oil and 103 Tcf of gas.

In 1996, the industry drilled 15 wildcats in the Carnarvon Basin. Apache alone plans to drill 17 wildcats there in 1997.

While development of Western Australia's gas reserves has been restricted by limited markets, the situation is changing rapidly. Due largely to our ability to capture new markets in the mining industry, we've secured three large sales contracts involving the long-term supply of an aggregate 260 Bcf of gas. Additional gas marketing opportunities are expected to arise as Western Australian gas demand is forecast to double over the next decade.

WESTERN AUSTRALIA PRODUCTION (Mboe/d)

94	4.5
95	4.7
95	4.6

WESTERN AUSTRALIA RESERVES (MMboe)

94	10.8
95	19.6
96	31.3

We're finding innovative ways to add value in Western Australia. During 1996, we signed an agreement under which the Apache-operated Harriet Joint Venture will provide gas transportation and liquids storage services for the East Spar Joint Venture, which we also operate. It is the first agreement of its kind for operations offshore Western Australia.

The agreement represents a win-win situation for both joint ventures. Harriet secures increased utilization of and additional revenues from its existing oil and gas facilities on Varanus Island while East Spar achieves lower full-cycle project costs, having eliminated major capital expenditures for a gas export pipeline and storage tanks for the liquids. Gas customers also should benefit because the two joint ventures are able to provide appropriate back-up supply for consumers. The agreement also enhances the commercial viability of any small- to medium-size gas discoveries in this part of the Carnarvon Basin. Apache owns a 22.5 percent working interest in Harriet and a 20 percent working interest in East Spar.

Production from East Spar field began in November 1996 at an average daily rate of 30 MMcf of gas and 2,000 barrels of condensate from two subsea wells. Daily production is expected to increase to 40 MMcf of gas and 3,000 barrels of condensate by mid-1997.

Apache and its partners claimed a world-first in 1996 with the installation of an unmanned production buoy approximately 36 miles from our production and processing facilities on Varanus Island. The buoy automatically controls and monitors the production of the East Spar gas field's subsea facilities. The innovation is estimated to have saved $15 million in construction and labor costs.

During 1996, we awarded contracts for the construction of production facilities at the Stag oil field in the Carnarvon Basin. It is anticipated that production from the field's five hor-

[WESTERN AUSTRALIA MAP]

izontal wells will begin around year-end 1997 at an initial daily rate of approximately 25,000 barrels of oil, or about 8,000 barrels per day net to our interest.

By mid-1997, we expect to bring our Agincourt oil field on line at an initial rate of 7,000 barrels per day, or 1,600 barrels net to our interest, from a single horizontal well.

In addition to developing gas reserves at Wonnich field, currently proven to contain 65 Bcf and estimated to hold a total of 200 Bcf, we plan to appraise the field's oil leg. Production from Wonnich field will be tied in to our Varanus Island facilities, located within about 20 miles, enhancing the value of both Wonnich and Varanus.

We plan to step up both exploratory and development drilling in the Carnarvon Basin during 1997. Our exploration efforts will target deeper objectives around our existing production infrastructure, and we will continue to apply innovative concepts to reduce costs and discovery-to-production lag times.

INTERNATIONAL PROJECTS REPORT

At year end 1996, we drilled an exploratory well on the Zhao Dong Block in Bohai Bay, offshore People's Republic of China, that tested at a combined rate of 11,571 barrels of oil per day. It is believed to be one of the highest flow rates ever recorded in Bohai Bay. While the four previous wells drilled on this block tested low-gravity crude oil at daily rates averaging 3,200 barrels per well, this deeper test yielded high-gravity crude from a higher-pressured reservoir, greatly improving the potential and economic viability of this area.

We operate the Zhao Dong Block, holding a 50 percent working interest, and plan to drill one appraisal well and three exploratory wells on the block in 1997.

In Indonesia's Central Sumatra, we developed shallow gas production at about 1,000 feet on our Bentu Segat Block and are pursuing gas marketing contracts for these reserves. We operate and hold a 39 percent interest in the block. Shortly after year end, we negotiated a production sharing agreement for the adjacent Korinci Baru Concession.

We continue to negotiate gas sales agreements for our Foxtrot gas field offshore the Ivory Coast in West Africa. Apache operates the field, holding a 24 percent working interest. Foxtrot field has been estimated to contain up to one-half Tcf of gross gas reserves.

/s/ FLOYD R. PRICE
FLOYD R. PRICE Vice President - International Exploration and Production

The foregoing discussions contain certain "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995 including, without limitation , expectations, beliefs, plans and objectives regarding Apache's reserves and production. Any matters that are not historical facts are forward-looking and, accordingly, involve estimates, assumptions and uncertainties. There is no assurance that Apache's expectations will be realized, and actual results may differ materially from those expressed in the forward-looking statements.

The following financial statements and supplementary disclosures are qualified in their entirety by the Company's complete financial statements and related information contained in the 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

APACHE CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED INCOME

(IN THOUSANDS, EXCEPT PER COMMON SHARE DATA)	FOR THE YEAR ENDED DECEMBER 31,		
	1996	1995	1994
REVENUES:			
Oil and gas production revenues	$ 833,164	$ 653,144	$ 538,389
Gathering, processing and marketing revenues	142,868	97,207	44,287
Equity in income (loss) of affiliates	(281)	--	459
Other revenues	1,400	351	9,491
	977,151	750,702	592,626
OPERATING EXPENSES:			
Depreciation, depletion and amortization	315,144	297,485	257,821
Impairments	--	--	7,300
Operating costs	225,527	211,742	149,474
Gathering, processing and marketing costs	138,768	91,243	37,866
Administrative, selling and other	35,911	36,552	38,729
Merger costs	--	9,977	--
Financing costs:			
Interest expense	89,829	88,057	37,838
Amortization of deferred loan costs	5,118	4,665	3,987
Capitalized interest	(30,712)	(19,041)	(6,034)
Interest income	(2,629)	(3,121)	(1,048)
	776,956	717,559	525,933
INCOME BEFORE INCOME TAXES	200,195	33,143	66,693
Provision for income taxes	78,768	12,936	21,110
NET INCOME	$ 121,427	$ 20,207	$ 45,583
NET INCOME PER COMMON SHARE	$ 1.42	$ .28	$ .65
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	85,777	71,792	69,715

APACHE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(IN THOUSANDS)	DECEMBER 31, 1996	DECEMBER 31, 1995
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 13,161	$ 13,633
Receivables	234,646	175,949
Inventories	13,963	9,764
Advances to oil and gas ventures and other	6,386	8,990
	268,156	208,336
PROPERTY AND EQUIPMENT:		
Oil and gas, on the basis of full cost accounting:		
Proved properties	4,713,113	3,956,833
Unproved properties and properties under development, not being amortized	388,872	335,842
International concession rights, not being amortized	99,000	--
Gas gathering, transmission and processing facilities	121,446	33,088
Other	58,882	51,341
	5,381,313	4,377,104
Less: Accumulated depreciation, depletion and amortization	(2,281,252)	(1,975,543)
	3,100,061	2,401,561
OTHER ASSETS:		
Deferred charges and other	64,213	71,553
	$ 3,432,430	$ 2,681,450

(IN THOUSANDS)	DECEMBER 31, 1996	DECEMBER 31, 1995
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 2,000	$ 3,000
Accounts payable	174,941	138,269
Accrued operating expense	17,263	26,863
Accrued exploration and development	76,465	30,251
Accrued compensation and benefits	12,262	9,733
Other accrued expenses	26,726	22,233
	309,657	230,349
LONG-TERM DEBT	1,235,706	1,072,076
DEFERRED CREDITS AND OTHER NONCURRENT LIABILITIES:		
Income taxes	254,789	181,575
Advance from gas purchaser	51,798	60,338
Other	61,964	45,307
	368,551	287,220
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock, $1.25 par, 215,000,000 shares authorized, 91,224,028 and 78,498,892 shares issued, respectively	114,030	98,124
Paid-in capital	1,002,540	687,465
Retained earnings	432,588	335,470
Treasury stock, at cost, 1,165,231 and 1,119,934 shares, respectively	(15,152)	(13,478)
Currency translation adjustments	(15,490)	(15,776)
	1,518,516	1,091,805
	$ 3,432,430	$ 2,681,450

APACHE CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED CASH FLOWS

(IN THOUSANDS)	FOR THE YEAR ENDED DECEMBER 31,		
	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 121,427	$ 20,207	$ 45,583
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	315,144	297,485	257,821
Impairments	--	--	7,300
Amortization of deferred loan costs	5,118	4,665	3,987
Provision for deferred income taxes	61,336	29,382	24,385
Other deferred credits	--	4,584	--
Other	--	--	46
Cash distributions less than earnings of affiliates	(163)	--	(459)
Gain on sale of stock held for investment and other	(770)	(906)	(2,108)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Increase in receivables	(55,645)	(64,399)	(12,128)
(Increase) decrease in advances to oil and gas ventures and other	5,737	(189)	(2,281)
Increase in product inventory	(1,487)	--	--
Increase in deferred charges and other	(1,834)	(1,294)	(3,238)
Increase (decrease) in payables	35,998	37,254	(17,288)
Increase (decrease) in accrued operating expenses	(3,433)	15,236	541
Increase (decrease) in advance from gas purchaser	(8,540)	(7,038)	67,376
Increase (decrease) in deferred credits and noncurrent liabilities	17,616	(2,864)	(11,768)
NET CASH PROVIDED BY OPERATING ACTIVITIES	490,504	332,123	357,769
CASH FLOWS FROM INVESTING ACTIVITIES:			
Exploration and development expenditures	(493,695)	(312,168)	(344,125)
Acquisition of oil and gas properties	(114,971)	(820,918)	(180,742)
Purchase of premium gas contract	--	(28,700)	--
Gathering, transmission and processing expenditures	(33,355)	(6,700)	--
Non-cash portion of net oil and gas property additions	46,268	5,092	5,480
Investment in ProEnergy	(4,430)	--	--
Acquisition of Phoenix, net of cash acquired	(43,294)	--	--
Purchase of AERC stock, net of cash acquired	--	--	(13,885)
Purchase of stock held for investment	--	(307)	(5,051)
Proceeds from sale of oil and gas properties	30,144	271,937	19,525
Prepaid acquisition cost	--	25,377	(25,377)
Proceeds from sale of stock held for investment	7,193	2,835	6,640
Other capital expenditures, net	(9,375)	(9,859)	(11,968)
Other, net	(2,712)	3,307	(1,716)
NET CASH USED IN INVESTING ACTIVITIES	(618,227)	(870,104)	(551,219)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Long-term borrowings	765,895	856,159	244,058
Payments on long-term debt	(615,765)	(500,579)	(38,019)
Net decrease in short-term borrowings	--	--	(5,478)
Dividends paid	(23,420)	(18,915)	(17,131)
Proceeds from issuance of common stock	8,145	197,006	4,599
Payments to acquire treasury stock	(1,698)	(26)	(3,389)
Cost of debt and equity transactions	(5,906)	(12,074)	(875)
NET CASH PROVIDED BY FINANCING ACTIVITIES	127,251	521,571	183,765
NET DECREASE IN CASH AND CASH EQUIVALENTS	(472)	(16,410)	(9,685)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,633	30,043	39,728
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 13,161	$ 13,633	$ 30,043

APACHE CORPORATION AND SUBSIDIARIES
FUTURE NET CASH FLOWS

(IN THOUSANDS) DECEMBER 31,	United States	Canada (1)	Egypt	Australia	Total
1996					
Cash inflows	$ 8,839,819	$ 761,657	$ 1,272,104	$ 553,781	$ 11,427,361
Production and development costs	(2,542,757)	(204,610)	(484,143)	(240,451)	(3,471,961)
Income tax expense	(1,751,611)	(148,745)	(260,598)	(83,593)	(2,244,547)
Net cash flows	4,545,451	408,302	527,363	229,737	5,710,853
10-percent annual discount rate	(1,928,723)	(182,645)	(208,272)	(71,696)	(2,391,336)
Discounted future net cash flows(2)	$ 2,616,728	$ 225,657	$ 319,091	$ 158,041	$ 3,319,517
1995					
Cash inflows	$ 5,617,297	$ 550,627	$ --	$ 287,817	$ 6,455,741
Production and development costs	(2,126,984)	(186,388)	--	(99,345)	(2,412,717)
Income tax expense	(753,425)	(82,124)	--	(53,520)	(889,069)
Net cash flows	2,736,888	282,115	--	134,952	3,153,955
10-percent annual discount rate	(1,105,629)	(124,835)	--	(53,932)	(1,284,396)
Discounted future net cash flows (2)	$ 1,631,259	$ 157,280	$ --	$ 81,020	$ 1,869,559
1994					
Cash inflows	$ 3,401,300	$ 536,463	$ --	$ 163,303	$ 4,101,066
Production and development costs	(1,294,801)	(156,589)	--	(68,217)	(1,519,607)
Income tax expense	(376,932)	(91,740)	--	(27,910)	(496,582)
Net cash flows	1,729,567	288,134	--	67,176	2,084,877
10-percent annual discount rate	(628,408)	(128,558)	--	(15,366)	(772,332)
Discounted future net cash flows(2)	$ 1,101,159	$ 159,576	$ --	$ 51,810	$ 1,312,545

(1) Included in cash inflows is approximately $16.2 million, $25.3 million and $25.7 million ($5.3 million, $9.8 million and $9.8 million after discount at 10 percent per annum) for 1996, 1995 and 1994, respectively, of Canadian provincial tax credits expected to be realized beyond the date at which the legislation, under its provisions, could be repealed.

(2) Estimated future net cash flows before income tax expense, discounted at 10 percent per annum, totaled approximately $4.6 billion, $2.3 billion and $1.6 billion as of December 31, 1996, 1995 and 1994, respectively.

FUTURE NET CASH FLOWS - Future cash inflows are based on year-end prices except in those instances where the sale of natural gas or oil is covered by physical or derivative contract terms providing for higher or lower amounts. Operating costs, production and ad valorem taxes and future development costs are based on current costs with no escalation.

The table above sets forth information concerning future net cash flows from oil and gas reserves, net of income tax expense. Income tax expense has been computed using expected future tax rates and giving effect to tax deductions and credits available, under current laws, and which relate to oil and gas producing activities. This information does not purport to present the fair market value of the Company's oil and gas assets, but does present a standardized disclosure concerning possible future net cash flows that would result under the assumptions used.

APACHE CORPORATION AND SUBSIDIARIES
OIL AND GAS RESERVE QUANTITIES

	Crude Oil, Condensate and Natural Gas Liquids (Thousands of barrels)				
	United States	Canada	Egypt	Australia	Total
Total proved reserves:					
Balance December 31, 1993	83,723	13,234	--	6,000	102,957
Extensions, discoveries and other additions	9,669	690	--	349	10,708
Purchases of minerals in-place	9,232	83	--	--	9,315
Revisions of previous estimates	5,347	(2,239)	--	273	3,381
Production	(12,418)	(962)	--	(1,159)	(14,539)
Sales of properties	(1,108)	(90)	--	--	(1,198)
Balance December 31, 1994	94,445	10,716	--	5,463	110,624
Extensions, discoveries and other additions	6,685	306	--	3,058	10,049
Purchases of minerals in-place	99,148	119	--	--	99,267
Revisions of previous estimates	12,172	(388)	--	10	11,794
Production	(17,011)	(937)	--	(1,139)	(19,087)
Sales of properties	(42,318)	--	--	--	(42,318)
Balance December 31, 1995	153,121	9,816	--	7,392	170,329
Extensions, discoveries and other additions	9,065	1,123	18,909	14,562	43,659
Purchases of minerals in-place	3,547	128	30,706	--	34,381
Revisions of previous estimates	12,547	320	--	(1,679)	11,188
Production	(15,338)	(955)	(3,036)	(849)	(20,178)
Sales of properties	(4,019)	(66)	--	--	(4,085)
Balance December 31, 1996	158,923	10,366	46,579	19,426	235,294
Proved developed reserves:					
December 31, 1993	74,288	13,221	--	5,113	92,622
December 31, 1994	84,085	10,612	--	5,322	100,019
December 31, 1995	123,726	9,597	--	4,141	137,464
December 31, 1996	129,551	10,351	38,213	5,106	183,221

OIL AND GAS RESERVE INFORMATION - Proved oil and gas reserve quantities are based on estimates prepared by the Company's engineers in accordance with guidelines established by the Securities and Exchange Commission (SEC). The Company's estimates of proved reserve quantities of its U.S., Canadian and international properties are subject to review by independent petroleum engineering firms retained by the Company.

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

	Natural Gas				
	(Millions of cubic feet)				
	United States	Canada	Egypt	Australia	Total
Total proved reserves:					
Balance December 31, 1993	814,859	277,411	--	33,360	1,125,630
Extensions, discoveries and other additions	190,386	44,912	--	408	235,706
Purchases of minerals in-place	158,309	2,710	--	--	161,019
Revisions of previous estimates	(21,937)	6,880	--	1,114	(13,943)
Production	(152,994)	(20,491)	--	(2,911)	(176,396)
Sales of properties	(4,335)	(11,526)	--	--	(15,861)
Balance December 31, 1994	984,288	299,896	--	31,971	1,316,155
Extensions, discoveries and other additions	85,032	26,488	--	42,332	153,852
Purchases of minerals in-place	335,865	4,662	--	--	340,527
Revisions of previous estimates	56,281	(18,141)	--	2,342	40,482
Production	(182,661)	(24,485)	--	(3,486)	(210,632)
Sales of properties	(138,464)	--	--	--	(138,464)
Balance December 31, 1995	1,140,341	288,420	--	73,159	1,501,920
Extensions, discoveries and other additions	140,208	44,584	59,329	8,346	252,467
Purchases of minerals in-place	88,023	3,039	12,964	--	104,026
Revisions of previous estimates	35,026	(25,747)	--	(5,276)	4,003
Production	(172,815)	(27,303)	(111)	(5,076)	(205,305)
Sales of properties	(29,231)	(2,576)	--	--	(31,807)
Balance December 31, 1996	1,201,552	280,417	72,182	71,153	1,625,304
Proved developed reserves:					
December 31, 1993	696,421	263,070	--	24,251	983,742
December 31, 1994	888,039	274,611	--	22,265	1,184,915
December 31, 1995	1,003,853	274,306	--	20,308	1,298,467
December 31, 1996	1,087,694	274,498	6,977	66,174	1,435,343

APACHE CORPORATION AND SUBSIDIARIES
ELEVEN-YEAR STATISTICAL SUMMARY

(IN MILLIONS OF DOLLARS, EXCEPT AS OTHERWISE INDICATED)	RESTATED FOR POOLING					
	1996	1995	1994	1993	1994	1993
FINANCIAL DATA						
Oil and gas sales	833.2	653.1	538.4	481.8	493.5	437.3
Other revenues	144.0	97.6	54.2	30.8	52.1	29.3
Consolidated revenues	977.2	750.7	592.6	512.6	545.6	466.6
Net income (loss) from continuing operations	121.4	20.2	45.6	41.4	42.8	37.3
Income from discontinued operations	--	--	--	--	--	--
Cumulative effect of change in accounting principle	--	--	--	5.4	--	--
Extraordinary item	--	--	--	--	--	--
Net income (loss)	121.4	20.2	45.6	46.8	42.8	37.3
Net cash provided by operating activities	490.5	332.1	357.8	256.0	335.6	225.1
Oil and gas expenditures (including acquisitions)	939.9	1,133.1	524.9	564.5	482.5	543.5
Total assets	3,432.4	2,681.5	2,036.6	1,759.2	1,879.0	1,592.4
Long-term debt	1,235.7	1,072.1	719.0	504.3	657.5	453.0
Shareholders' equity	1,518.5	1,091.8	891.1	868.6	816.2	785.9
Shares outstanding	90.1	77.4	69.7	69.5	61.4	61.1
Amortization of oil and gas properties-recurring	296.0	288.4	249.3	192.5	224.1	170.5
Effective tax rate (benefit)	39.3%	39.0%	31.7%	34.0%	33.5%	35.9%
Future cash inflows	11,427.4	6,455.7	4,101.1	3,889.0	3,564.6	3,217.0
SHAREHOLDER DATA						
Average number of shares outstanding	85.8	71.8	69.7	62.0	61.3	53.5
Earnings (loss) per share:						
Continuing operations	1.42	0.28	0.65	0.67	0.70	0.70
Net income (loss)	1.42	0.28	0.65	0.75	0.70	0.70
Dividends per share	0.28	0.28	0.28	0.28	0.28	0.28
Shareholders' equity per share	16.86	14.11	12.78	12.50	13.28	12.86
OPERATIONS DATA						
Natural gas production (Bcf)	205.3	210.6	176.4	131.6	155.9	110.6
Oil and condensate production (MMbbls)	19.5	18.3	13.8	13.0	13.1	12.3
Average price of natural gas (per Mcf)	2.02	1.57	1.78	1.94	1.81	2.03
Average price of oil (per barrel)	20.84	17.09	15.65	16.74	15.66	16.78
Oil reserves (MMbbls)						
Proved developed	183.2	137.5	100.0	92.6	89.4	79.4
Proved undeveloped	52.1	32.8	10.6	10.4	10.5	10.3
Natural gas reserves (Bcf):						
Proved developed	1,435.3	1,298.5	1,184.9	983.7	910.3	720.7
Proved undeveloped	190.0	203.4	131.2	141.9	106.0	127.5
Total proved (MMboe)	506.2	420.6	330.0	290.6	269.3	231.1

	AS ORIGINALLY REPORTED BEFORE RESTATEMENT FOR POOLING						
	1992	1991	1990	1989	1988	1987	1986
FINANCIAL DATA							
Oil and gas sales	394.6	316.1	234.6	199.9	119.2	92.3	93.3
Other revenues	59.7	40.8	38.8	47.0	22.5	6.2	9.2
Consolidated revenues	454.3	356.9	273.4	246.9	141.7	98.5	102.5
Net income (loss) from continuing operations	47.8	34.6	40.3	22.1	5.4	(80.0)	(14.5)
Income from discontinued operations	--	--	--	--	2.6	7.9	3.6
Cumulative effect of change in accounting principle	--	--	--	--	--	--	--
Extraordinary item	--	--	--	--	1.0	1.1	--
Net income (loss)	47.8	34.6	40.3	22.1	9.0	(71.0)	(10.9)
Net cash provided by operating activities	194.4	156.6	189.4	168.1	90.9	57.6	39.9
Oil and gas expenditures (including acquisitions)	199.6	679.9	182.3	126.6	268.8	62.5	266.5
Total assets	1,218.7	1,209.3	829.6	764.4	701.7	503.4	643.4
Long-term debt	454.4	491.0	194.8	195.6	309.1	235.8	258.8
Shareholders' equity	475.2	439.9	386.8	350.3	206.9	128.8	207.4
Shares outstanding	46.9	46.9	44.7	43.9	33.0	20.1	20.3
Amortization of oil and gas properties-recurring	153.8	129.1	113.3	92.5	57.9	49.9	48.1
Effective tax rate (benefit)	33.4%	29.0%	33.8%	32.8%	22.9%	(43.2%)	(49.2%)
Future cash inflows	2,798.6	2,587.3	1,697.2	1,324.9	1,162.8	642.0	854.8
SHAREHOLDER DATA							
Average number of shares outstanding	46.9	45.8	44.7	34.7	23.8	20.3	20.4
Earnings (loss) per share:							
Continuing operations	1.02	0.76	0.90	0.64	0.23	(3.94)	(0.71)
Net income (loss)	1.02	0.76	0.90	0.64	0.38	(3.50)	(0.53)
Dividends per share	0.28	0.28	0.28	0.28	0.28	0.28	0.28
Shareholders' equity per share	10.13	9.39	8.65	7.97	6.28	6.42	10.21
OPERATIONS DATA							
Natural gas production (Bcf)	96.0	104.6	94.6	85.0	53.0	40.9	38.7
Oil and condensate production (MMbbls)	12.1	7.8	3.4	3.1	2.3	2.0	2.0
Average price of natural gas (per Mcf)	1.76	1.58	1.71	1.64	1.68	1.49	1.73
Average price of oil (per barrel)	18.16	18.40	21.07	17.24	13.19	15.39	12.44
Oil reserves (MMbbls)							
Proved developed	73.1	69.2	19.4	15.6	16.1	10.1	10.1
Proved undeveloped	7.6	10.6	3.4	1.6	.5	1.2	1.3
Natural gas reserves (Bcf):							
Proved developed	585.4	549.7	472.8	424.8	391.4	239.8	256.7
Proved undeveloped	57.9	52.3	27.6	47.3	33.9	30.2	40.6
Total proved (MMboe)	187.9	180.2	106.1	95.5	87.4	56.3	60.9

BOARD OF DIRECTORS

FREDERICK M. BOHEN (3)(5)
Executive Vice President and Chief Operating Officer
The Rockefeller University

VIRGIL B. DAY (3)
Senior Partner
Vedder, Price, Kaufman, Kammholz & Day

G. STEVEN FARRIS
President and Chief Operating Officer
Apache Corporation

RANDOLPH M. FERLIC, M.D. (1)(2)(4)
Founder and Former President
Surgical Services of the Great Plains, P.C.

EUGENE C. FIEDOREK (2)
Managing Director
EnCap Investments L.C.

W. BROOKS FIELDS (1)(2)(4)
Former President and Chief Executive Officer
Minnesota Racetrack, Inc.

ROBERT V. GISSELBECK (2)
President
Gisselbeck & Associates

STANLEY K. HATHAWAY (2)
Senior Partner
Hathaway, Speight, Kunz & Trautwein

JOHN A. KOCUR (1)(3)(4)
Attorney at Law
Former Vice Chairman of the Board
Apache Corporation

GEORGE D. LAWRENCE JR. (1)(4)
Private Investor
Former Chief Executive Officer
The Phoenix Resource Companies, Inc.

MARY RALPH LOWE (2)(4)
President and Chief Executive Officer
Maralo, Inc.

RAYMOND PLANK (1)(4)
Chairman of the Board and Chief Executive Officer
Apache Corporation

JOSEPH A. RICE (3)(5)
Former Chairman of the Board and
Chief Executive Officer
Irving Bank Corporation and Irving Trust Company

(1) Executive Committee
(2) Audit Committee
(3) Management Development & Compensation Committee
(4) Nominating Committee
(5) Stock Option Plan Committee

OFFICERS

RAYMOND PLANK
Chairman of the Board and Chief Executive Officer

G. STEVEN FARRIS
President and Chief Operating Officer

H. CRAIG CLARK
Vice President - North American Exploration and Production

LISA A. FLOYD
Vice President - Technical Services

MARK A. JACKSON
Vice President and Chief Financial Officer

ZURAB S. KOBIASHVILI
Vice President and General Counsel

ANTHONY R. LENTINI, JR.
Vice President - Public and International Affairs

ROGER B. PLANK
Vice President - Planning and Corporate Development

FLOYD R. PRICE
Vice President - International Exploration and Production

MATTHEW W. DUNDREA
Treasurer

THOMAS L. MITCHELL
Controller and Chief Accounting Officer

CHERI L. PEPER
Corporate Secretary

SHAREHOLDER INFORMATION

Stock Data

	High	Low	Dividends Per Share
1996			
First Quarter	$29 1/2	$24 3/8	$ .07
Second Quarter	33 1/2	26 3/8	$ .07
Third Quarter	34 5/8	27 3/4	$ .07
Fourth Quarter	37 7/8	29 1/2	$ .07
1995			
First Quarter	$27 3/8	$22 1/4	$ .07
Second Quarter	31	25 3/8	$ .07
Third Quarter	30 1/4	25 3/4	$ .07
Fourth Quarter	29 5/8	23 1/8	$ .07

Absent significant events, the company expects the current dividend level to be maintained. Apache common stock is listed on the New York and Chicago stock exchanges (symbol APA). At December 31, 1996, the company's shares of common stock outstanding were held by approximately 11,000 shareholders of record and 37,000 beneficial owners. The company's 9.25-percent notes, due in 2002 (symbol APA 02), are listed on the New York Stock Exchange.

CORPORATE OFFICES

One Post Oak Central
2000 Post Oak Boulevard
Suite 100
Houston, Texas 77056-4400
(713) 296-6000

INDEPENDENT PUBLIC ACCOUNTANTS

Arthur Andersen LLP
711 Louisiana
Suite 1300
Houston, Texas 77002

STOCK TRANSFER AGENT AND REGISTRAR

Norwest Bank Minnesota, N.A.
161 North Concord Exchange
P.O. Box 738
South St. Paul, Minnesota 55075
(612) 450-4064
(800) 468-9716

Communications concerning the transfer of shares, lost certificates, dividend checks, duplicate mailings or change of address should be directed to the stock transfer agent.

DIVIDEND REINVESTMENT PLAN

Shareholders of record may invest their dividends automatically in additional shares of Apache common stock at the market price. Participants may also invest up to an additional $5,000 in Apache shares each quarter through this service. All bank service fees and brokerage commissions on purchases are paid by Apache. A prospectus describing terms of the Plan and an authorization form may be obtained from the company's stock transfer agent, Norwest Bank Minnesota, N.A.

ANNUAL MEETING

Apache will hold its annual meeting of shareholders on Thursday, May 1, 1997, at 10 a.m. in the Ballroom, Doubletree Hotel at Post Oak, 2001 Post Oak Boulevard, Houston, Texas.

STOCK HELD IN "STREET NAME"

The company maintains a direct mailing list to ensure that shareholders with stock held in brokerage accounts receive information on a timely basis. Shareholders wanting to be added to this list should direct their requests to Apache's Public and International Affairs Department, 2000 Post Oak Boulevard, Suite 100, Houston, Texas, 77056-4400, or call (713) 296-6157.

FORM 10-K REQUEST

Shareholders interested in obtaining, without cost, a copy of the company's Form 10-K filed with the Securities and Exchange Commission may do so by writing to Cheri L. Peper, Corporate Secretary, 2000 Post Oak Boulevard, Suite 100, Houston, Texas, 77056-4400.

INVESTOR RELATIONS

Shareholders, brokers, securities analysts or portfolio managers seeking information about the company are welcome to contact Robert J. Dye, Director of Investor Relations, at (713) 296-6662.

Members of the news media and others seeking information about the company should contact Apache's Public and International Affairs Department at (713) 296-6107.

Web site: http://www.apachecorp.com

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