

APACHE CORP
Form DEF 14A
March 31, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

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))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §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)

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The 2010 annual meeting of stockholders of Apache Corporation, a Delaware corporation, will be held on Thursday, May 6, 2010, at 10:00 a.m. (Houston time), at the Hilton Houston Post Oak, 2001 Post Oak Boulevard, Houston, Texas, for the following purposes:

1. Election of three directors named in the attached proxy statement to serve until the Company's annual meeting in 2013;
2. Ratification of Ernst & Young LLP as the Company's independent auditors for fiscal year 2010; and
3. Transaction of any other business that may properly come before the meeting or any adjournment thereof.

The board of directors recommends stockholders vote FOR the election of directors and FOR ratification of the Company's independent auditors.

Holders of record of the Company's common stock as of the close of business on March 8, 2010 are entitled to notice of, and to vote at, the annual meeting.

It is important that your shares are represented at the meeting. We encourage you to designate the proxies named on the enclosed proxy card to vote your shares on your behalf and per your instructions. This action does not limit your right to vote in person or to attend the meeting.

By order of the Board of Directors

APACHE CORPORATION

C. L. Peper
Corporate Secretary
Houston, Texas
March 31, 2010

**Important Notice Regarding the Availability of Proxy Materials
for the Annual Meeting of Stockholders to be held on May 6, 2010:**

This proxy statement, along with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and the 2009 Summary Annual Report, are available free of charge on the Company's website at <http://www.apachecorp.com>

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Note: Throughout this proxy statement, references to the stock split relate to the two-for-one stock split of Apache common stock distributed in shares of common stock on January 14, 2004, to stockholders of record on December 31, 2003, and references to the stock dividends relate to the five-percent stock dividend on Apache common stock distributed in shares of common stock on April 2, 2003, to stockholders of record on March 12, 2003, and to the ten-percent stock dividend on Apache common stock distributed in shares of common stock on January 21, 2002, to stockholders of record on December 31, 2001.

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

March 31, 2010

PROXY STATEMENT

General

This proxy statement contains information about the 2010 annual meeting of stockholders of Apache Corporation. In this proxy statement both Apache and the Company refer to Apache Corporation. This proxy statement and the enclosed proxy card are being mailed to you by the Company's board of directors starting on or about March 31, 2010.

Purpose of the Annual Meeting

At the Company's annual meeting, stockholders will vote on the election of directors, ratification of Ernst & Young LLP as the Company's independent auditors, and on any other business that properly comes before the meeting. As of the date of this proxy statement, the Company is not aware of any other business to come before the meeting. There are no rights of appraisal or similar rights of dissenters arising from matters to be acted on at the meeting.

Who Can Vote

Only stockholders of record holding shares of Apache common stock at the close of business on the record date, March 8, 2010, are entitled to receive notice of the annual meeting and to vote the shares of Apache common stock they held on that date. The Company's stock transfer books will not be closed. A complete list of stockholders entitled to vote at the annual meeting will be available for examination by any Apache stockholder at 2000 Post Oak Boulevard, Suite 100, Houston, Texas, for purposes relating to the annual meeting, during normal business hours for a period of ten days before the meeting.

As of February 28, 2010, there were 336,736,949 shares of Apache common stock issued and outstanding. Holders of Apache common stock are entitled to one vote per share and are not allowed to cumulate votes in the election of directors. The enclosed proxy card shows the number of shares that you are entitled to vote.

On December 30, 2009, Apache elected to redeem all of its outstanding 5.68% Cumulative Preferred Stock, Series B (the Series B Preferred Stock) and all of its Depositary Shares, each representing one-tenth of one share of Series B Preferred Stock. As a result, on December 31, 2009, there were no outstanding shares of Series B Preferred Stock. While the Depositary Shares were outstanding, the holders were not entitled to any voting rights, except under certain circumstances related to non-payment of dividends on the Series B Preferred Stock. All dividend payments on the Series B Preferred Stock have been made.

How to Vote

If your shares of Apache common stock are held by a broker, bank or other nominee (in street name), you will receive instructions from them on how to vote your shares. If your shares are held by a broker and you do not give the broker specific instructions on how to vote your shares, your

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shares will not be voted on any non-routine matters to be acted upon at the annual meeting, including the election of directors.

If you hold shares of Apache common stock in your own name (as a stockholder of record), you may give the Company instructions on how your shares are to be voted by:

- (1) using the internet voting site or the toll-free telephone number listed on the enclosed proxy card (specific directions for using the internet and telephone voting systems are shown on the proxy card); or
- (2) marking, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided.

When using internet or telephone voting, the voting systems will verify that you are a stockholder through the use of a company number for Apache and a unique control number for you. *If you vote by internet or telephone, please do not also mail the enclosed proxy card.*

Whichever method you use to transmit your instructions, your shares of Apache common stock will be voted as you direct. If you sign and return the enclosed proxy card or otherwise designate the proxies named on the proxy card to vote on your behalf, but do not specify how to vote your shares, they will be voted **FOR** the election of the nominees for director and **FOR** ratification of Ernst & Young LLP as the Company's independent auditors. If other matters of business not presently known are properly raised at the meeting, the proxies will vote on the matters in accordance with their best judgment.

Voting 401(k) Plan Shares

If you are an employee or former employee participating in the Apache 401(k) Savings Plan and have shares of Apache common stock credited to your plan account as of the record date, such shares are shown on the enclosed proxy card and you have the right to direct the plan trustee regarding how to vote those shares. The trustee for the 401(k) plan is Fidelity Management Trust Company.

The trustee will vote the shares in your plan account in accordance with your instructions. If you do not send instructions (by voting your shares as provided above under How to Vote) or if your proxy card is not received by May 4, 2010, the shares credited to your account will be voted by the trustee in the same proportion as it votes shares for which it did receive timely instructions.

Revoking a Proxy

You may revoke a proxy before it is voted by submitting a new proxy with a later date (by internet, telephone or mail), by voting at the meeting, or by filing a written revocation with Apache's corporate secretary. Your attendance at the annual meeting alone will not automatically revoke your proxy.

Quorum

The presence at the annual meeting, in person or by proxy, of the holders of a majority of the shares of Apache common stock outstanding on the record date will constitute a quorum, permitting the business of the meeting to be conducted.

Votes Needed

Election of Directors. In December 2006, the Company's bylaws were amended to provide for the election of directors by majority vote. Thus, the affirmative vote of a majority of the votes cast at the

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annual meeting is required for the election of directors. Only votes FOR or WITHHELD count. Abstentions and broker non-votes count for quorum purposes, but not for purposes of the election of directors.

Other Business. The affirmative vote of a majority of the votes cast at the annual meeting is also required for ratification of Ernst & Young LLP as the Company's independent auditors, and for approval of any other business which may properly come before the meeting or any adjournment thereof. Only votes FOR or AGAINST these proposals count. Abstentions and broker non-votes count for quorum purposes, but not for the voting on these proposals.

How the Votes are Counted

Representatives of Wells Fargo Bank, N.A. will tabulate the votes and act as inspectors of election. A properly signed proxy marked to abstain with respect to the election of one or more directors will be counted for quorum purposes but not for voting purposes. An abstention does not have the effect of a vote against the election of a director or for or against the ratification of Ernst & Young LLP as the Company's independent auditors.

If you hold your shares in street name through a broker or other nominee, your broker or nominee may or may not have discretionary authority to vote certain of your shares of Apache common stock on a given matter. If your shares are held by a broker and you do not give the broker specific instructions on how to vote your shares, your shares will not be voted on any non-routine matters to be acted upon at the annual meeting, including the election of directors. However, the shares of Apache common stock represented by such broker non-votes will be counted for quorum purposes.

**ELECTION OF DIRECTORS
(ITEM NOS. 1-3 ON PROXY CARD)**

The Company's certificate of incorporation provides that, as near as numerically possible, one-third of the directors shall be elected at each annual meeting of stockholders. 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 present terms of directors Eugene C. Fiedorek, Patricia Albjerg Graham, and F. H. Merelli will expire at the 2010 annual meeting. Mr. Fiedorek, Dr. Graham, and Mr. Merelli have been recommended by the Company's Corporate Governance and Nominating Committee and nominated by the board of directors for election by the stockholders to an additional three-year term. If elected, Mr. Fiedorek, Dr. Graham, and Mr. Merelli will serve beginning upon election until the annual meeting of stockholders in 2013.

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 three nominees. The board of directors knows of no nominee for director who is unwilling or unable to serve.

The board of directors recommends that you vote FOR the election of directors.

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NOMINEES FOR ELECTION AS DIRECTORS

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. In addition, each nominee's experience, qualifications, attributes or skills to serve on our board are discussed under the heading "Qualifications of Directors" below.

EUGENE C. FIEDOREK, 78, a private investor, joined the Company's board of directors in 1988. Formerly, Mr. Fiedorek was a founder and managing director of EnCap Investments L.C., a Dallas, Texas, energy investment banking firm, from 1988 until March 1999, when EnCap was acquired by El Paso Energy. Prior to founding EnCap, Mr. Fiedorek was the managing director of the Energy Banking Group of First Republic Bank Corp. in Dallas, Texas, from 1978 to 1988. At Apache, he is a member of the Audit Committee.

PATRICIA ALBJERG GRAHAM, 74, joined the Company's board of directors in September 2002. Dr. Graham is the Charles Warren Professor of the History of Education, Emerita at Harvard University. She joined the faculty of Harvard Graduate School of Education in 1974 and served as its dean from 1982 to 1991. From 1991 to 2000, she served as president of the Spencer Foundation, the nation's leading funder of research into educational improvement. Dr. Graham is a director of Central European University, Smolny College of St. Petersburg State University, Russia, and the Josiah Macy, Jr. Foundation. Dr. Graham also serves as Chair of the Board of Trustees of The Carnegie Foundation for the Advancement of Teaching, having previously served on the Carnegie Board from 1984 through 1992. At Apache, she is a member of the Corporate Governance and Nominating Committee.

F. H. MERELLI, 72, joined the Company's board of directors in 1997. Mr. Merelli has served as chairman of the board, chief executive officer, president, and a director of Cimarex Energy Co., a Denver, Colorado, independent oil and gas exploration and production company, since September 30, 2002, the date of Cimarex's acquisitions of Key Production Company, Inc. and the exploration and production division of Helmerich & Payne, Inc. He served as chairman of the board and chief executive officer of Key from 1992 until October 2002, and as Key's president from 1992 to September 1999 and again from March 2002 to October 2002. Prior to joining Key, Mr. Merelli served as Apache's president and chief operating officer from 1988 to 1991. Prior to joining Apache, he was president of Terra Resources, Inc., a Tulsa, Oklahoma, oil and gas company from 1979 to 1988. At Apache, Mr. Merelli is a member of the Audit Committee and the Executive Committee.

Table of Contents**CONTINUING DIRECTORS**

Biographical information, including principal occupation and business experience during the last five years, for each continuing member of the board of directors whose term is not expiring at the 2010 annual meeting, is set forth below. Unless otherwise stated, the principal occupation of each director has been the same for the past five years. In addition, each director's experience, qualifications, attributes or skills to serve on our board are discussed under the heading "Qualifications of Directors" below.

	Term Expires
<p>FREDERICK M. BOHEN, 72, joined the Company's board of directors in 1981. Mr. Bohlen has served The Rockefeller University as senior advisor to the president since his retirement in November 2005, as executive vice president from February 2002 to November 2005, and as chief operating officer from 1990 through September 1999. He was senior vice president of Brown University from 1983 to 1990, and he served as vice president of finance and operations at the University of Minnesota from 1981 to 1983. Mr. Bohlen was with the U.S. Department of Health and Human Services as assistant secretary for management and budget from 1977 to 1981. He is a director of American Council of Learned Societies and a member of its executive committee, a director of the Polish American Freedom Foundation and chairman of its investment committee, and a director of the TEAK Fellowship, a not-for-profit organization that mentors and assists gifted adolescent children from disadvantaged circumstances. At Apache, he is chairman of the Management Development and Compensation Committee and chairman of the Stock Option Plan Committee.</p>	2012
<p>G. STEVEN FARRIS, 61, who joined the Company's board of directors in 1994, was appointed chairman of the board on January 15, 2009, and has served as chief executive officer since May 2002. Mr. Farris also served the Company as president and chief operating officer from May 1994 until February 12, 2009, as senior vice president from 1991 to 1994, and as vice president—exploration and production from 1988 to 1991. Prior to joining Apache, Mr. Farris was vice president of finance and business development for Terra Resources, Inc., a Tulsa, Oklahoma oil and gas company, from 1983 to 1988. He is co-chairman of the U.S.-Egypt Business Council, a member of the Board of Visitors of M.D. Anderson Cancer Center, Houston, Texas, and is a founding member and serves on the executive committee of America's Natural Gas Alliance (ANGA). At Apache, Mr. Farris is a member of the Executive Committee.</p>	2011
<p>RANDOLPH M. FERLIC, 72, a private investor, joined the Company's board of directors in 1986. Dr. Ferlic retired in December 1993 from his practice as a thoracic and cardiovascular surgeon. Dr. Ferlic is the founder of Surgical Services of the Great Plains, P.C. and served as its president from 1974 to 1993. He has been a Regent of the University of Nebraska since November 2000, and was chairman of its audit committee until March 2008, at which time he became, and continues to serve as, vice chairman. Dr. Ferlic serves as a director of the Nebraska Medical Center and chairman of its audit committee, as well as commissioner for the Midwestern Higher Education Compact. At Apache, he is chairman of the Audit Committee and a member of the Executive Committee.</p>	2011

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	Term Expires
<p>A. D. FRAZIER, JR., 65, joined the board of directors of the Company in 1997. Mr. Frazier is a co-founder and vice chairman of BOTH Holdings, LLC, and owner and chairman of WolfCreek Broadcasting, Inc., Young Harris, Georgia. He has served as chairman and chief executive officer of Danka Business Systems PLC, St. Petersburg, Florida, since March 2006, and was of Counsel with the law firm of Balch & Bingham LLP, Atlanta, Georgia, from January 2005 to March 2006. Mr. Frazier retired as a director, president, and chief operating officer of Caremark Rx, Inc., a publicly-traded pharmacy benefit management company, in March 2004, having served in that role since August 2002. From March 2001 until August 2002, he was chairman and chief executive officer of the Chicago Stock Exchange. From October 2004 until its sale in January 2007, he was a director and chairman of the board of Gold Kist, Inc., Atlanta, Georgia, an integrated chicken production, processing, and marketing company. At Apache, Mr. Frazier is a member of the Management Development and Compensation Committee and the Stock Option Plan Committee.</p>	2011
<p>JOHN A. KOCUR, 81, joined the Company's board of directors in 1977. Mr. Kocur, who is retired from the private practice of law, served as vice chairman of the Company's board of directors from 1988 to 1991. At Apache, he currently serves as chairman of the Executive Committee, a member of the Corporate Governance and Nominating Committee, and a member of the Management Development and Compensation Committee.</p>	2011
<p>GEORGE D. LAWRENCE, 59, a private investor, joined the Company's board of directors in May 1996. Mr. Lawrence was president, chief executive officer and a director of The Phoenix Resource Companies, Inc., a public oil and gas company, from 1990 until May 1996, when Phoenix merged with Apache. At Apache, he is a member of the Executive Committee and the Management Development and Compensation Committee.</p>	2012
<p>RODMAN D. PATTON, 66, joined the Company's board of directors in December 1999. Mr. Patton has nearly 30 years experience in oil and gas investment banking and corporate finance activity, including serving as managing director of the Merrill Lynch Energy Group from 1993 until April 1999. Previously, he was with The First Boston Corporation (later Credit Suisse First Boston) and Eastman Dillon, Union Securities (later Blyth Eastman Dillon). Mr. Patton is a director of NuStar GP, LLC (formerly Valero GP, LLC), San Antonio, Texas, and is chairman of its audit committee and a member of its compensation committee. NuStar GP LLC is the general partner of NuStar Energy LP (formerly Valero LP), owner and operator of crude oil and refined products pipeline, terminalling, and storage assets. At Apache, Mr. Patton is a member of the Audit Committee.</p>	2012

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**Term
Expires**

CHARLES J. PITMAN, 67, joined the Company's board of directors in May 2000. Mr. Pitman served as a non-executive director and chairman of Urals Energy Public Company Limited, an oil exploration and production company operating in Russia, from September 2005 until January 2009, chairman of the board of First Calgary Petroleum Ltd., an oil and gas exploration company engaged in exploration and development activities in Algeria, from June 2007 to March 2008, and was sole member of Shaker Mountain Energy Associates LLC from September 1999 to November 2007. He retired from BP Amoco plc in late 1999, having served as regional president Middle East/Caspian/Egypt/India. Prior to the merger of British Petroleum and Amoco Corporation in 1998, Mr. Pitman held a variety of executive positions at Amoco. At Apache, Mr. Pitman is chairman of the Corporate Governance and Nominating Committee. 2012

RETIREMENT OF RAYMOND PLANK

On January 15, 2009, Mr. Raymond Plank retired as chairman of the board and as a director and employee of the Company. Mr. Plank founded the Company in 1954, and served as chairman of the board since 1979, having been a director since inception. He served as the Company's chief executive officer from 1966 until May 2002, and as president from 1954 to 1979. For additional information regarding Mr. Plank's retirement, please see the Compensation Discussion and Analysis section of this proxy statement.

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QUALIFICATIONS OF DIRECTORS

In selecting our directors and director nominees, the Corporate Governance and Nominating (CG&N) Committee has sought to create a board with a broad and balanced set of skills, complimented by diversity of experience and expertise. As is evidenced by the biographical information set forth above, each director contributes his or her own unique background which has led the CG&N Committee to conclude that the Company and our stockholders will benefit from the director s service on the Company s board. It is equally important that the particular skill sets of each director complement the experience, qualifications, attributes and skills of our board of directors as a whole. In addition to the qualifications described in the preceding biographical information, the following is a discussion of the particular experience, qualifications, attributes or skills of each director that led our board to conclude that he or she will contribute to the diversity of experience and expertise required for the effective functioning of our board.

EUGENE C. FIEDOREK After working as a petroleum reservoir engineer at Shell Oil Company and British American Oil Producing Company for eight years, Mr. Fiedorek spent 37 years in the oil and gas investment banking and banking industries. As managing director of both EnCap Investments and the Energy Banking Group of First RepublicBank, he gained extensive experience in advising oil and gas companies on their capital structure and strategic direction. Through these positions, Mr. Fiedorek gained valuable experience in identifying, assessing, and minimizing risk that can affect large oil and gas companies. These positions also provided him with the financial reporting expertise necessary for his role on Apache s audit committee.

PATRICIA ALBJERG GRAHAM Prior to her appointment as dean of Harvard University s Graduate School of Education in 1982, Dr. Graham served as dean of the Radcliffe Institute, vice president for Institutional Planning for Radcliffe College, and vice president of Radcliffe College. In 1977, Dr. Graham, a leading historian of American education, left her positions at Radcliffe College upon her appointment by then-President Jimmy Carter to serve as the director of the National Institute of Education, then the federal government s education research agency, a position in which she served until 1979. Throughout her career, Dr. Graham has held a variety of leadership and policy-making roles in the area of education. In her service as dean of Harvard Graduate School of Education and vice president of Radcliffe College, Dr. Graham was responsible for, among other things, the management, structure, and day-to-day operations of these premiere educational institutions. Dr. Graham also served on the board of Northwestern Mutual Life Insurance Company from 1980-2005 and, for most of that period, she served on the management compensation and public policy committee of the board.

F. H. MERELLI Mr. Merelli has spent more than 30 years in key executive and director positions in the oil and gas industry. His extensive experience leading oil and gas companies in the capacities of president, chief executive officer, and chairman of the board has provided a wealth of knowledge and understanding of the intricacies of the oil and gas industry. Through these positions, Mr. Merelli has gained valuable experience in identifying, assessing, and managing risk that can affect large oil and gas companies, including Apache. Although Mr. Merelli served as president and chief operating officer of Apache for just three years, his impact on the Company was considerable. Many of the management and incentive systems that he and Mr. Farris put into place upon his arrival at Apache 20 years ago remain in place today, as do many of the management personnel they brought to the Company.

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FREDERICK M. BOHEN Throughout his career, Mr. Bohlen has held executive-level leadership roles and been responsible for the finance and operations of large, complex organizations. As senior vice-president of Brown University in the 1980 s, an Ivy League school and a premier university college, he was responsible for all aspects of business operations, including finance, budget, human resources, and facilities. As executive vice-president and chief operating officer of the Rockefeller University during the period 1990-2005, Mr. Bohlen was responsible for all aspects of the operations of this world-renowned center for research and graduate training in the biomedical sciences, including human resources, finance, capital projects, facilities, and the management of an annual operating budget exceeding \$250 million. In these roles over more than two decades, he was steadily involved in the recruitment and retention of officer-level talent and the development of related compensation policies and programs. With broad leadership responsibility in these institutions for finance over the same period, Mr. Bohlen acquired the experience and judgment useful in identifying, assessing and minimizing financial and other risks and uncertainties in the leadership and direction of complex organizations. He has also served as a Director of Oppenheimer and Company; of the Student Loan Marketing Association (Sallie Mae), where he chaired the Board s compensation committee; of the College Construction Loan Insurance Association (Connie Lee); and of the Mexico Equity Income Fund, Inc.

G. STEVEN FARRIS Mr. Farris 27 years experience in the oil and gas industry coupled with his 15 years of direct leadership at Apache provide him with valuable insight not only into the oil and gas industry, but also the unique day-to-day operations of Apache. Throughout his career, Mr. Farris has held positions of increasing responsibility in the oil and gas industry, culminating in his appointment as chief executive officer of Apache in May 2002 and chairman of the board in January 2009. Since being named as chief operating officer in 1994, Mr. Farris has been instrumental in growing the Company s reserves by almost nine times to 2,367 million barrels of oil equivalent (MMboe) and production to 600,000 barrels per day (b/d).

RANDOLPH M. FERLIC Dr. Ferlic has been involved in research activities throughout his professional life, including in-depth analysis of data, probabilities, and risks. For his work as a cardiovascular and thoracic surgeon, Dr. Ferlic was awarded Legend status by the Nebraska Medical Center. In addition to founding Surgical Services of the Great Plains, from 1974 until 1994, Dr. Ferlic served as the corporation s president, was responsible for and managed its finances, and was trustee and manager of the corporation s employee benefit plans. Dr. Ferlic has twice been publicly elected to the University of Nebraska Board of Regents and has served on the board s audit committee since 2000. He serves as a director and executive committee member on the Nebraska Medical Center Board, a large hospital system, and is chair of the audit committee. Dr. Ferlic was appointed by both Democrat and Republican governors to serve the past 20 years as a commissioner for the Midwestern Higher Education Compact, a 12-state policy and business compact for all educational activities in those states. He served as treasurer of the Compact from 1997-2000. His service to both the Compact and the Nebraska Board of Regents has involved shaping policies that help craft strategic and global views. Over the years, Dr. Ferlic has acquired over 300,000 shares of the Company s common stock for himself and his family, which further aligns him with stockholder interests.

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A. D. FRAZIER, JR. In addition to the many executive positions noted in his biographical information above, Mr. Frazier spent a large part of his career as an executive in the investment banking industry. He served as the chief executive officer of INVESCO, Inc., an affiliate of an independent global investment management firm, from 1997 to 2000. Mr. Frazier also served as executive vice president, North American Banking Group, of First Chicago Corporation and First National Bank of Chicago from 1982 to 1991, where, among other numerous industry specialties, he oversaw the Bank's Oil & Gas specialty, which provided him with an intimate knowledge of the oil and gas industry. He also served as the chief operating officer of the Atlanta Olympic Games Committee from 1991 to October 1996. During his career, Mr. Frazier has gathered extensive experience as an executive responsible for the development, management, and operation of a diverse group of businesses and organizations. Through these executive and director positions, Mr. Frazier gathered extensive experience in identifying, analyzing, and managing risk across a wide range of industries.

JOHN A. KOCUR Mr. Kocur was employed by Apache in various roles from the time that the Company's stock was first listed on the New York Stock Exchange in 1969 until his retirement in 1991. During his tenure, Mr. Kocur served Apache in various roles of increasing responsibility, including serving as its general counsel, culminating in his appointment as the Company's president in 1979. Mr. Kocur, as president and later as vice chairman, was instrumental in overseeing Apache's growth from a small drilling program company to a leading independent, international oil and gas company. Mr. Kocur's unparalleled experience with and understanding of the Company's history and objectives provide invaluable insight into the Company's past, current, and future operations and management.

GEORGE D. LAWRENCE Mr. Lawrence began his oil and gas career with the predecessor to The Phoenix Resource Companies, Inc. in 1985, holding management positions with increasing responsibility, culminating in his appointment as president, chief executive officer, and a director of Phoenix in 1990 until 1996, when the company merged with Apache. During his tenure as chief executive officer of Phoenix, Mr. Lawrence gained valuable experience in corporate leadership in all aspects of business including finance, securities, operations, strategy and risk. At Phoenix and its predecessor, Mr. Lawrence was extensively involved in international operations that were spread over every continent and he was especially instrumental in leading Phoenix's operations in Egypt, an area that remains at the core of Apache's operations today. Prior to entering the oil and gas business, Mr. Lawrence engaged in a diversified private practice of law and also served five years at the United States Department of Justice, his last position there being the Assistant Chief of the Environmental Enforcement Section.

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RODMAN D. PATTON For over 25 years prior to joining Apache's board of directors, Mr. Patton held various executive positions in the oil and gas investment banking industry. As a managing director at Merrill Lynch, First Boston (later Credit Suisse) and other investment banks, Mr. Patton has extensive experience advising oil and gas companies on capital structure, strategy and direction. He also gained valuable experience in the assessment and management of risk faced by oil and gas companies. As a former investment banker and as chairman of NuStar GP's audit committee, Mr. Patton has extensive financial reporting expertise, which serves him well in his role as a member of Apache's audit committee.

CHARLES J. PITMAN Having served in executive and director capacities at numerous oil and gas companies, Mr. Pitman has gained invaluable experience in and knowledge of the oil and gas industry. During his 24-year career at Amoco Corporation and BP Amoco plc, Mr. Pitman served in a variety of leadership positions in the United States and multiple international locations, principally in the Middle East. Notably, Mr. Pitman served as president of Amoco Egypt Oil Company from 1992 to 1996, president of Amoco Eurasia Petroleum Company from 1997 to 1998, regional president BP Amoco plc Middle East/Caspian/Egypt/India and head of new business development Middle East/Caspian from December 1998 until his retirement in 1999. Most recently, Mr. Pitman has utilized his considerable experience in international oil and gas by participating in oil and gas ventures in Russia and Algeria. Prior to joining Amoco, Mr. Pitman served in the United States Department of State as a Foreign Service Officer and Attorney-Adviser.

DIRECTOR INDEPENDENCE

During 2009 and the first two months of 2010, the board of directors evaluated all business and charitable relationships between the Company and the Company's non-employee directors (all directors other than Mr. Farris and Mr. Raymond Plank, who served as chairman of the board until his retirement on January 15, 2009) and all other relevant facts and circumstances. As a result of the evaluation, the board of directors determined, as required by the Company's Governance Principles, that each non-employee director is an independent director as defined by the standards for director independence established by applicable laws, rules, and listing standards including, without limitation, the standards for independent directors established by The New York Stock Exchange, Inc. (NYSE), The NASDAQ National Market (NASDAQ), and the Securities and Exchange Commission (SEC).

Subject to some exceptions, these standards generally provide that a non-employee director will not be independent if (a) the director is, or in the past three years has been, an employee of the Company; (b) the director or a member of the director's immediate family is, or in the past three years has been, an executive officer of the Company; (c) the director or a member of the director's immediate family has received more than \$120,000 per year in direct compensation from the Company other than for service as a director (or for a family member, as a non-executive employee); (d) the director or a member of the director's immediate family is, or in the past three years has been, employed in a professional capacity by Ernst & Young LLP, the Company's independent registered public accountants, or has worked for such firm in any capacity on the Company's audit; (e) the director or a member of the director's immediate family is, or in the past three years has been, employed as an executive officer of a company where an Apache executive officer serves on the compensation committee; or (f) the director or a member of the director's immediate family is an executive officer of a company that makes payments to, or receives payments from, Apache in an amount which, in any twelve-month period during the past three years, exceeds the greater of \$200,000 or two percent of the consolidated gross revenues of the company receiving the payment.

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Lead Director

The Company's Governance Principles require that the independent (non-employee) directors meet in executive session at least twice each year and, in 2009, they met six times in executive session. These executive sessions are chaired by a lead director. Also included in the Company's Governance Principles are the procedures by which a lead director is chosen and the method established for communication of concerns to the independent directors. The Company's Governance Principles are available on the Company's website (www.apachecorp.com).

Reporting of Concerns to Independent Directors

Anyone who has concerns about the Company may communicate those concerns to the independent directors. Such communication should be mailed to the Company's corporate secretary at 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400, who will forward such communications to the independent directors.

Board Leadership Structure and Risk Oversight

Throughout much of Apache's history, the Company has ascribed to the traditional U.S. board leadership structure, under which our chief executive officer has also served as the chairman of our board of directors. From 1969 until 2002, both of these positions were held by our founder, Mr. Raymond Plank. However, upon Mr. Raymond Plank's retirement as chief executive officer of the Company in 2002, Mr. Farris was appointed as the Company's chief executive officer and Mr. Raymond Plank remained as the Company's chairman of the board. Upon Mr. Plank's retirement as chairman of the board in January 2009, Mr. Farris was appointed the Company's chairman of the board, once again unifying the roles of chairman and chief executive officer. As Apache's history demonstrates, we believe it is important to maintain the flexibility to have either a combined or a separated chair and CEO structure as circumstances dictate. Each structure has served us well in the past. Currently, as we transform the Company following retirement of its founder, we believe that the efficiencies created by a combined position work best especially with our newly created lead director position assuring strong board leadership. Our board regularly reviews all the aspects of our governance profile, including this one, and will make changes as circumstances warrant. This is the model that the Company has utilized for much of its history and we believe that it is the most effective way to lead the Company going forward.

The Company's Governance Principles state that in addition to its general oversight of management, the board of directors is responsible for a number of specific functions, including assessing major risks facing the Company and reviewing options for their mitigation. Our board of directors has four standing independent committees with separate chairs—Audit, Management Development and Compensation, Executive, and Corporate Governance and Nominating. Our Audit Committee is primarily responsible for overseeing the Company's risk management processes on behalf of the board. The Audit Committee charter provides that the Audit Committee should assess and manage the Company's exposure to risk, and discuss the Company's major financial risk exposure and the steps management has taken to monitor, control, and report such exposures. In addition, the Audit Committee reports to the board of directors, which also considers the Company's risk profile. The Audit Committee and the board of directors focus on the most significant risks facing the Company, and the Company's risk management strategy and ensure that the risks undertaken are consistent with the board's tolerance for risk. While the board is responsible for setting, monitoring and maintaining the Company's risk management policies and practices, the Company's executive officers and members of our management team are responsible for implementing and overseeing our day-to-day

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risk management processes. The board has created a Risk Management Committee composed of members of our management team. The Risk Management Committee monitors and manages risks related to, among other things, our commodity hedging activities and foreign currency exchange exposure. The Company believes that this division of responsibility is the most effective way to monitor and control risk.

In addition to the oversight provided by our full board of directors, Audit Committee, executive officers and members of our management team, our independent (non-employee) directors hold regularly scheduled executive sessions as often as they deem appropriate, but in any event at least twice each year. These executive sessions are chaired by a lead director, and provide an additional avenue through which we monitor the Company's risk exposure and policies regarding risk management.

Risk Considerations in Our Compensation Programs

Our MD&C Committee has discussed the concept of risk as it relates to our compensation programs, and the MD&C Committee does not believe our compensation programs encourage excessive or inappropriate risk taking. The MD&C Committee, with assistance of its independent compensation consultant, arrived at this conclusion for the following reasons:

Our employees receive both fixed and variable compensation. The fixed (salary) portion provides a steady income regardless of the Company's stock performance. This allows executives to focus on the Company's business without an excessive focus on the Company's stock price performance.

The goals for the annual cash incentive bonus are set to avoid overweighting any single goal that, if not achieved, would result in a large percentage loss of compensation.

Our stock options and restricted stock units generally vest over four years, which discourages short-term risk taking.

Our new equity ownership requirements encourage a long-term perspective by our executives.

A substantial portion of our executives' long-term equity compensation is forfeited upon voluntary termination, which also encourages our executives to maintain a long-term focus.

Our incentive programs have been in place for many years and we have seen no evidence that they encourage excessive risk taking.

Essentially all of our employees participate in our compensation programs regardless of business unit which encourages consistent behavior across the Company.

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**STANDING COMMITTEES AND MEETINGS
OF THE BOARD OF DIRECTORS**

The board of directors has an Audit Committee, a Corporate Governance and Nominating (CG&N) Committee, a Management Development and Compensation (MD&C) Committee and its subcommittee, the Stock Option Plan Committee, and an Executive Committee. Actions taken by these committees are reported to the board of directors at the next board meeting. During 2009, each of the Company's directors attended at least 75 percent of all meetings of the board of directors and committees of which he or she was a member. All of the directors attended the Company's 2009 annual meeting of stockholders held on May 7, 2009.

2009 MEMBERSHIP ROSTER

Name	Board	Audit	CG&N	MD&C	Stock Option	Executive
Frederick M. Bohlen	ü			ü**	ü**	
G. Steven Farris	ü*					ü
Randolph M. Ferlic	ü	ü**				ü