

**DIVIDEND REINVESTMENT PLAN**



**2000 Post Oak Boulevard, Suite 100/Houston, TX 77056-4400**  
[www.apachecorp.com](http://www.apachecorp.com)

Dear Apache Stockholder:

The Dividend Reinvestment Plan is open to all holders of record of Apache Corporation Common Stock and provides a convenient method of purchasing additional shares of Apache Common Stock and increasing your ownership in Apache. We are pleased to provide this Plan to reinvest your cash dividends and/or to make additional cash investments in shares of Apache Common Stock.

The Dividend Reinvestment Plan has been revised to make it easier for participants to build their ownership in Apache. The most significant of these changes is a provision under which the maximum for additional cash investments has been increased from \$5,000 to \$25,000 per quarter.

Participation is entirely voluntary. Subject to certain limitations, you may enroll in or withdraw from the Plan whenever you wish. If you elect to participate, please be sure to read carefully the terms and conditions of the Plan contained in this brochure. To enroll, please sign, date and mail the enclosed authorization card. If you are currently enrolled, your participation in the Plan will continue without any further action on your part.

We appreciate your continued interest and investment in Apache.

Sincerely,

Apache Corporation

**Apache Corporation**  
**("Apache" or the "Company")**

**Dividend Reinvestment Plan**

The Dividend Reinvestment Plan (the "Plan") provides holders of record of Apache's common stock, par value \$0.625 per share ("Apache Common Stock"), enrolled in the Plan (the "Participants") with a convenient method of purchasing additional shares of Apache Common Stock by (i) automatically reinvesting all or a portion of cash dividends on Apache Common Stock, and/or (ii) making additional cash investments of not less than \$50 each or more than \$25,000 in any calendar quarter.

Apache Common Stock is listed on the New York Stock Exchange and the Chicago Stock Exchange, and quoted on the NASDAQ National Market. The complete mailing address of Apache's principal executive offices and the telephone number are 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400 and (713) 296-6000.

Purchases of Apache Common Stock under the Plan are made in the open market through Wells Fargo Bank, N.A. (the "Plan Agent"). The price to Participants for shares of Apache Common Stock purchased in the open market, with reinvested dividends or with additional cash investments, is the weighted average purchase price for the applicable investment period paid by the Plan Agent for such shares, excluding any brokerage fees or service charges.

Apache pays the costs of administering the Plan, as well as brokerage fees and service charges on purchases of shares of Apache Common Stock; however, Participants selling shares under the Plan must pay certain costs relating to such sales. This brochure should be retained for future reference.

**1. *How may I benefit from participation in the Plan?***

The Plan offers a way to systematically use all or part of your cash dividends to purchase additional shares of Apache Common Stock. Systematic investment provides long-term benefits of dollar cost averaging of your stock purchases, even if the reinvested money is a relatively small amount. Since dividends will be paid on shares of Apache Common Stock acquired under the Plan, you will have full earning power on your investment.

The investment is made automatically on your behalf. Apache pays the costs of administering the Plan, as well as brokerage fees and service charges on purchases of Apache Common Stock. You may also elect to contribute additional funds for investment in shares of Apache Common Stock, and/or to deposit non-Plan Apache share certificates into your Plan account for safekeeping.

The Plan Agent will reinvest dividends on all shares of Apache Common Stock held in your Plan account, including any shares that you deposit for safekeeping. You have two dividend reinvestment options on shares of Apache Common Stock registered in your name:

- Full Dividend Reinvestment – the Plan Agent reinvests dividends on all shares of Apache Common Stock registered in your name.
- Partial Dividend Reinvestment – the Plan Agent reinvests dividends on the portion of shares of Apache Common Stock registered in your name that you specify on the authorization form. The dividends on the remaining portion of your shares of Apache Common Stock will be paid in cash (by check or direct deposit).

**2. *How does the Plan work?***

Once you have enrolled in the Plan, the Plan Agent does all the work. The Plan Agent automatically uses your dividend to purchase additional shares of Apache Common Stock and then provides you with a complete, up-to-date record after each transaction. Should the amount of your dividend be less than the price of a single share of Apache Common Stock, the Plan Agent will credit your account with that portion of a share (computed to three decimal places) purchased with your dividend.

**3. *How may I make additional cash investments?***

Once you have enrolled in the Plan, you may make voluntary additional cash investments of not less than \$50 each, or more than an aggregate of \$25,000 in any calendar quarter. The Plan Agent will use such additional cash investments to purchase shares of Apache Common Stock for you on the established investment date (usually the last business day of each month). You pay no service charges or brokerage fees on purchases of Apache Common Stock.

A transaction request form for mailing additional cash investments will be included with each statement of account which you receive from the Plan Agent. No interest will be earned on additional cash investments.

**4. *What is the source of Apache Common Stock purchased under the Plan?***

Purchases of shares of Apache Common Stock under the Plan are made by the Plan Agent in the "open market" (on any securities exchange where Apache Common Stock is traded, in the over-the-counter market, or in negotiated transactions).

**5. *What is the price of shares of Apache Common Stock purchased under the Plan?***

The price to you of shares of Apache Common Stock purchased in the open market will be the weighted average of all shares of Apache Common Stock purchased by the Plan Agent with the reinvested funds from a single cash dividend paid by Apache, together with any funds from additional cash investments being concurrently invested.

Note that your investment in shares of Apache Common Stock acquired under the Plan is no different from any investment in shares of Apache Common Stock that you may hold outside of the Plan. Neither Apache nor the Plan Agent can assure you a profit, or protect you against a loss, that may result from changes in the value of shares of Apache Common Stock held in your Plan account.

**6. *How do I enroll?***

As long as you are a stockholder of record, you may participate in the Plan with all or a portion of your shares of Apache Common Stock. Beneficial owners, whose shares of Apache Common Stock are held for them in "street" name by brokers, bank nominees or trustees, should have the shares transferred into their own names.

To enroll, complete an authorization card and send it to the Plan Agent at the address set forth below. If you are a stockholder of record, you can access your account online by going to [www.shareowneronline.com](http://www.shareowneronline.com) and clicking on "Here." Next, simply click on the box titled "First Time Visitor," then click on "New Member Sign-Up" and follow the instructions provided.

**7. How will I be kept informed?**

After your first dividend reinvestment and each subsequent transaction, the Plan Agent will send you a detailed statement of your account.

Please direct all questions and other communications regarding the Plan to the Plan Agent as follows:

***Plan requests should be mailed to:***

Wells Fargo Shareowner Services  
P. O. Box 64856  
South St. Paul, MN 55164-0856

***Certified/Overnight mail:***

Wells Fargo Shareowner Services  
161 North Concord Exchange  
South St. Paul, MN 55075-1139

***Other written requests should be mailed to:***

Wells Fargo Shareowner Services  
P. O. Box 64854  
South St. Paul, MN 55164-0854

***General information:***

Fax: 1-651-450-4085  
Telephone: 1-800-468-9716  
Telephone: 1-651-450-4064 (outside the United States)

An automated voice response system is available 24 hours a day, seven days a week. The Plan Agent's customer service representatives are available from 7:00 a.m. to 7:00 p.m. (Central Standard Time), Monday through Friday.

***Internet:***

[www.wellsfargo.com/shareownerservices](http://www.wellsfargo.com/shareownerservices)  
account access: [www.shareownerservices.com](http://www.shareownerservices.com)

**8. How can I deposit my Apache share certificate(s) into my Plan account for safekeeping?**

If you are a stockholder of record and have enrolled in the Plan, you may elect to add the shares of Apache Common Stock you hold outside the Plan to those held in your Plan account by sending your original Apache share certificate(s) to the Plan Agent at the address set forth above, together with written instructions to deposit the certificate(s) into the Plan for safekeeping. No endorsement on the back of the certificate(s) is necessary, provided the shares of Apache Common Stock that are being deposited into the Plan account under the same name as the stockholder of record. *Because you bear the risk of loss when sending Apache share certificates(s) through the mail, we suggest that you send them registered insured for at least two percent of the current market value.*

The certificate(s) that you deposit for safekeeping will be cancelled and your Plan account credited with the shares of Apache Common Stock represented by the certificate(s). The transaction will appear on your account statement for that period and, thereafter, the deposited shares of Apache Common Stock will be treated in the same manner as shares of Apache Common Stock purchased under the Plan. Dividends paid on shares of Apache Common Stock deposited into the Plan will be automatically reinvested to purchase additional shares of Apache Common Stock.

*Note that a cost basis record for shares of Apache Common Stock deposited for safekeeping cannot be provided by the Plan Agent. You should retain a record of purchase prices for deposited shares of Apache Common Stock.*

Deposited shares of Apache Common Stock will be held in your Plan account until you request in writing (i) that a certificate be issued to you, (ii) a sale of all or part of your shares of Apache Common Stock, or (iii) termination of your participation in the Plan. If you request a stock certificate for all or part of the Apache Common Stock being held for you, or if you withdraw from the Plan, a new and differently numbered Apache share certificate will be issued and sent to you.

**9. *How do I withdraw from the Plan?***

You may terminate your participation in the Plan at any time by sending a written notice to the Plan Agent who, upon receipt of such notice, will cause the shares of Apache Common Stock held in your Plan account to be issued to you. Or, if you so desire, the Plan Agent will sell all or part of your shares of Apache Common Stock and fractional interests, if any, held in the Plan. In such event, the net proceeds of such sale, after payment of brokerage fees and a nominal withdrawal fee, will be forwarded to you.

**10. *What are the Transaction and Plan Service Fees?***

Enrollment Fee	paid by Apache
Certificate Deposit	paid by Apache
Certificate Issuance	paid by Apache
<u>Investment Fees</u>	
Via optional cash investment	paid by Apache
Via dividend reinvestment	paid by Apache
Purchase commission	paid by Apache
<u>Sales Fees</u>	
Service fee	\$10.00 per transaction
Sale commission	\$0.10 per share
Fee for Returned Checks or Rejected Automatic Bank Withdrawals	\$25.00 per item
Prior Year Duplicate Statements	\$15.00 per year

**The foregoing constitutes only a summary of the Plan. The terms and conditions of the Plan are set forth on the following pages, which should be read carefully before completing an authorization card.**

## Apache Corporation Dividend Reinvestment Plan Description, Terms and Conditions

### 1. *Eligible Participants*

Holders of record of shares of Apache Corporation common stock, par value \$0.625 per share ("Common Stock"), are entitled to participate in the dividend reinvestment plan (the "Plan") of Apache Corporation ("Apache").

### 2. *Participation*

Subject to the provisions of Section 3, any stockholder of record may elect to participate in the Plan. Such participation may be made in respect to all or a portion of the shares of Common Stock held by a participating stockholder. Each stockholder who participates in the Plan is referred to herein as a "participant." The shares of Common Stock designated by the participants for participation in the Plan, the shares of Common Stock acquired under the Plan on behalf of the participants, and any shares of Common Stock deposited by participants into their Plan accounts for safekeeping are hereinafter referred to collectively as "participating shares."

### 3. *Eligibility*

All stockholders of record are eligible to participate in the Plan unless (a) Apache or Wells Fargo Bank, N.A., its successors or assigns (the "Plan Agent"), has reason to believe that such participation is not, at the time, permitted under the laws of the jurisdiction in which such stockholder resides or under the laws of the United States, or (b) the Plan is amended, suspended, or terminated as hereinafter provided.

Beneficial owners of shares of Common Stock whose shares are held for them in registered names other than their own, such as in the names of brokers, bank nominees, or trustees, should, if they wish to have such shares participate in the Plan, have such shares of Common Stock transferred into their own names. Institutional and nominee accounts are eligible to participate in the Plan provided that all shares of Common Stock in a single account held of record by the institutional or nominee holder of record are included in the Plan.

An authorization card will not be accepted from or on behalf of any stockholder who Apache or the Plan Agent has reason to believe is not eligible to participate in the Plan.

### 4. *Enrollment*

A stockholder who wishes to continue receiving cash dividends on his shares of Common Stock by check is not required to complete or file any documents or take any action for that purpose.

To participate under the Plan, a stockholder must complete, sign and return an authorization card to the Plan Agent. Once a stockholder has enrolled in the Plan, his participation continues in respect of his participating shares until terminated in writing by such stockholder or by Apache in accordance with the terms of the Plan.

Stockholders who intend to enroll all of their shares of Common Stock in the Plan and who have received more than one authorization card as a result of such shares being registered in different names or addresses must return all such authorization cards. Stockholders may consolidate their accounts by so advising the Plan Agent of their intent in writing and completing the requirements (if any) outlined by the Plan Agent.

By completing an authorization card, a participant authorizes and directs Apache to pay any and all cash dividends declared and paid by Apache on all participating shares (the "reinvested funds") of such participant to the Plan Agent.

Except as otherwise indicated in this Section 4, a stockholder shall become a participant in the Plan effective as of the date the enrollment card is received by the Plan Agent. A stockholder who wishes to participate in the Plan with respect to a particular cash dividend must have delivered an authorization card to the Plan Agent at least two business days before the corresponding dividend record date. If the Plan Agent receives an authorization card from a stockholder after a particular dividend record date, the cash dividend payable to such stockholder will be paid in the manner specified by Apache for stockholders not participating in the Plan, and participation in the Plan will commence with the following dividend record date.

No assurance can be given that such cash dividends will be paid or, if paid, as to the amount thereof. The record dates of such dividends are generally set approximately 30 days prior to the dividend payment date. Participants will not generally become record stockholders of shares of Common Stock purchased on their behalf pursuant to the Plan, and will not become entitled to receive cash dividends thereon until the dividend record date following the date of the purchase of such shares.

#### **5. *Application of Cash Dividends Received by Plan Agent***

The Plan Agent shall establish a separate individual account for each participant. All reinvested funds received by the Plan Agent shall be credited to the individual account of each participant in the amount to which each such participant is entitled. Such reinvested funds will be invested in the purchase of additional shares of Common Stock for the accounts of the participants by the Plan Agent as soon as practicable after the monthly established investment date.

#### **6. *Additional Cash Investments***

A participant may also make voluntary additional cash investments in the Plan of not less than \$50 or more than \$25,000 per calendar quarter; however, additional cash investments may only be made by participants in the Plan. Each additional cash investment by a participant shall be sent to the Plan Agent and shall be accompanied by the transaction request form for mailing additional cash investments that will be included in each statement of account furnished to participants as set forth in Section 13. No interest will be paid on any cash investment between the date of receipt by the Plan Agent and the date of investment in additional shares. The Plan Agent will use such additional cash to purchase shares of Common Stock for the participant's account on the monthly established investment date.

Any additional cash investment will be returned by mail to the participant who sent the investment, to the address shown on the Plan Agent's records, if written notice requesting such return is received by the Plan Agent at least two business days prior to the monthly established investment date on which the purchase of additional shares of Common Stock would be made with such investment.

If any additional cash investment, including payments by check or automatic withdrawal, is returned for any reason, the Plan Agent will remove from the participant's account any shares of Common Stock purchased upon prior credit of such funds and will sell such shares. The Plan Agent may sell other shares of Common Stock in the participant's account to cover a returned funds fee for each additional cash investment returned unpaid for any reason and may sell additional shares of Common Stock as necessary to cover any market loss incurred by the Plan Agent.

**7. *Purchase of Shares by the Plan Agent***

Purchase of shares of Common Stock for the accounts of the participants shall be made solely by and through the Plan Agent. The Plan Agent shall make such purchases on any securities exchange to which the Common Stock is admitted to trading, in the over-the-counter market or in negotiated transactions (collectively, the "open market") on such terms as to price, delivery and otherwise as the Plan Agent may, in its sole and absolute discretion, determine. In addition, the Plan Agent may make purchases (and sales) in offsetting transactions as set forth in Section 14. The Plan Agent will make its purchases monthly on the established investment date.

**8. *Temporary Curtailment of Purchases or Sales***

Temporary curtailment or suspension of purchases or sales of shares of Common Stock may be made at any time when such purchases or sales would, in the judgment of the Plan Agent, contravene or be restricted by applicable regulations, interpretations or orders of the Securities and Exchange Commission, or any other governmental commission, agency or instrumentality, of any court or securities exchange or of the National Association of Securities Dealers, Inc. The Plan Agent shall not be accountable or otherwise liable for failure to make purchases or sales at such times.

**9. *Price of Shares to Participants***

For shares of Common Stock purchased in the open market, the price per share at which the Plan Agent shall be deemed to have purchased shares for a participant's account shall be the weighted average of all shares purchased with the reinvested funds from a single cash dividend paid by Apache, together with any funds from additional cash investments being concurrently invested.

**10. *Delivery and Custody of Shares***

Shares of Common Stock purchased under the Plan shall not initially be issued to participants but shall be registered in the name of and held by the Plan Agent or its nominee. The separate account of each participant whose funds were used to purchase shares of Common Stock shall be credited with that participant's pro-rata portion of all shares of Common Stock purchased pursuant to the Plan. The shares of Common Stock purchased under the Plan for each participant shall be shown on his statement of account as provided in Section 13. No certificates representing such shares of Common Stock will be issued to a participant unless such participant so requests in writing to the Plan Agent or until the participant's account is terminated as described in Section 15. Neither Apache, nor the Plan Agent shall have any responsibility for any change in the value of the shares of Common Stock purchased and held in the Plan for any participant's account.

**11. *Deposit of Shares***

A participant may, if desired, deposit all or a part of the shares of Common Stock that such participant holds in certificate form to the balance in the participant's account by sending their original certificate(s) to the Plan Agent, together with written instructions or completed transaction request form to deposit the shares represented by such certificate(s) into the Plan. Such deposited shares will be registered in the name of Plan Agent, or its nominee, and will be held in the participant's account until such time as the participant requests a certificate, sale of shares of Common Stock by the Plan Agent, or termination of participation in the Plan.

## **12. Issuance of Shares**

A participant may, without terminating participation in the Plan, upon written request to the Plan Agent, have any number of the whole shares of Common Stock, which have been purchased and held for the participant's account or deposited into the participant's account under the Plan, registered in such participant's name and delivered to such participant. Such shares will continue to be treated as participating shares for purposes of dividend reinvestment under the Plan unless a written request delivered to the Plan Agent specifies otherwise. Such requests must be mailed or delivered to the Plan Agent at the address set forth in Section 23. Except as hereinafter expressly provided, shares of Common Stock purchased through the Plan will be issued to a participant following receipt by the Plan Agent of such participant's written request. Any remaining participating shares will continue to be held for the participant's account under the Plan, and the participant will remain enrolled in the Plan.

Accounts under the Plan will be maintained in the names in which the participant's shares of Common Stock were registered at the time the stockholder enrolled in the Plan. As a result, shares of Common Stock will be similarly registered when issued to participants under this section.

Shares of Common Stock held by the Plan Agent under the Plan may not be pledged, assigned, sold, or otherwise disposed of by a participant, and any such purported pledge, assignment, sale, or other disposition shall be void. A participant who wishes to pledge, assign, sell, or otherwise dispose of such shares must request in writing that the shares be issued to him under this section or terminate participation in the Plan under Section 15 with respect to such shares.

## **13. Statements of Account**

The Plan Agent will maintain a separate individual account for each participant. A statement of account will be mailed to each participant by the Plan Agent as soon as practicable after purchase or sale of shares of Common Stock. A similar statement will be furnished to participants after any deposit of shares of Common Stock, withdrawal of accumulated shares of Common Stock, or termination of participation in the Plan.

Each such statement will indicate, among other things, (a) the amount of cash dividends and/or voluntary additional cash investments received by the Plan Agent and used to purchase of shares of Common Stock for the participant's account, (b) the price per share of such shares purchased for the participant's account, (c) the number of shares of Common Stock purchased or sold by the Plan Agent for the participant's account, and (d) as of the date following the dividend payment date or the monthly established investment date, the total number of shares of Common Stock held for the account of the participant in the Plan.

## **14. Sale of Shares on Behalf of Participant**

A participant may, if desired, request in writing or using a completed transaction request form that any number of whole shares of Common Stock credited to the participant's account be sold by the Plan Agent. The written request for sale or completed transaction request form must be signed by all persons exactly as such names appear on the account statement. When a request to sell shares of Common Stock for a participant's account has been received, such shares will be sold by the Plan Agent, and the participant will receive a check for the proceeds of the sale, less any brokerage fees and commissions, and applicable withdrawal fees.

If the participant requests that the net sale proceeds be automatically deposited into a bank checking or savings account, the participant must either (i) provide a voided check or deposit slip or (ii) have all signature(s) medallion guaranteed. If the required documentation is not provided, such request for automatic deposit of net sale proceeds will be disregarded and a check for the net sale proceeds will be issued and mailed to the address on the participant's account.

Sales may be made on any securities exchange on which the Common Stock is traded or listed for trading, in the over-the-counter market or in negotiated transactions and on such terms as to price, delivery, and otherwise as the Plan Agent may, in its sole and absolute discretion, determine. Any such sale shall be made within five business days following the receipt of the participant's written request to sell such shares, unless sale is curtailed or suspended in accordance with Section 8.

Such request can apply only to authorization for sale and cannot apply as to the price, terms, or timing of such sale.

#### **15. Termination of Participation**

Participation in the Plan may be terminated by a participant in respect of all or any portion of the participating shares by written notice to the Plan Agent at the address specified in Section 23. The written request for termination must be signed by all persons exactly as such names appear on the account statement. All cash dividends relating to a dividend record date subsequent to the termination of the participant's account shall be paid directly to the stockholder by check or in such other manner as may be specified by Apache for stockholders not participating in the Plan. If the participant's written request for termination is received by the Plan Agent on or after a dividend record date, but before the associated dividend payment date, such termination request will be processed as soon as practicable and a separate dividend check will be mailed to the participant. Unless the participant reenrolls in the Plan, future dividends will be paid to the participant by check.

Upon termination of a participant's account, the terminating participant will receive the number of whole shares of Common Stock credited to the participant's account unless the participant's termination notice instructs the Plan Agent that all of such shares be sold. Any whole shares of Common Stock will be registered in the name in which the terminating participant's original participating shares are registered. If a request to sell whole shares of Common Stock for a terminating participant's account meeting the requirements of Section 14 has been timely received, such shares will be sold by the Plan Agent and the net proceeds of such sale, after payment of brokerage fees and commissions and applicable withdrawal fees, shall be remitted by the Plan Agent to the terminating participant as provided in Section 14.

In every case of termination of a participant's account, the terminating participant will receive payment for any fractional share of Common Stock credited to the participant's account. No certificates for fractional shares of Common Stock will be issued upon termination of a participant's account. The amount of such fractional share payment shall be calculated based on the unweighted average of the high and low per share prices of the Common Stock, as reported on The New York Stock Exchange, Inc. Composite Transactions Reporting System (the "Composite Tape"), for the date of termination. Payment for any fractional share of Common Stock will be made by check (less the withdrawal fees) and delivered concurrently with any whole shares or any net proceeds from the sale of whole shares.

If a written request for transfer of all shares of Common Stock in a participant's account is received by the Plan Agent between a dividend record date and the associated dividend payment date, the transfer request will be processed as soon as practicable. However, the participant's account will not be terminated as additional shares of Common Stock purchased with reinvested dividends may be added to the participant's account. A separate written request will be required for the transfer of such additional shares of Common Stock.

#### **16. *Voting By Participants***

The Plan Agent will vote all shares of Common Stock held in a participant's account in the same way in which the participant votes shares of Common Stock standing of record in the participant's name by the regular proxy returned by the participant to Apache or its agent, or, if the Plan Agent sends to the participant a separate or combined proxy covering the shares of Common Stock credited to the participant's account, then such shares will be voted as designated in such separate or combined proxy. In the event the participant does not direct the voting of his shares of Common Stock by either such regular, separate, or combined proxy, the shares credited to the participant's account will not be voted.

#### **17. *Rights, Offerings, Shares Splits and Share Dividends***

In the event that Apache makes available to its stockholders rights to subscribe for additional shares of Common Stock or other securities, the rights attributable to those shares of Common Stock held by the Plan Agent pursuant to the Plan shall be delivered to the Plan Agent for sale through the Plan Agent. The proceeds received by the Plan Agent from the sale of such rights shall be applied to the acquisition of additional shares of Common Stock for the account of each of the participants. Any participant who wishes to receive directly any such rights may do so by sending to the Plan Agent, at least two weeks prior to the rights offering record date, a written request that certificates in the participant's name for such rights be sent directly to the participant.

Any shares of Common Stock distributed as a result of a dividend of shares on, or a split of shares of, shares of Common Stock held by and in the name of the Plan Agent for the accounts of participants under the Plan will be retained by the Plan Agent and credited proportionally to the accounts of all participants in the Plan. Receipts for shares of Common Stock issued as a result of a dividend of shares on, or a split of shares of, shares of Common Stock registered in the name of a participant will be mailed directly to such participant in the same manner as to stockholders not participating in the Plan.

#### **18. *Responsibilities of Apache and the Plan Agent***

Neither Apache nor the Plan Agent shall be liable for any act done in good faith or for any good faith omission to act, including without limitation, any claim of liability (a) arising out of any failure to terminate a participant's account upon such participant's death, incapacity, or dissolution prior to the receipt by the Plan Agent of written notice of such death, incapacity, or dissolution, (b) with respect to the price(s) at which shares of Common Stock are purchased or sold for a participant's account, (c) concerning the time(s) when such purchase(s) or sale(s) are made, and (d) with respect to the value of shares of Common Stock purchased and held for the participant's account or deposited into the participant's account under the Plan.

#### **19. *Brokerage Fees, Commissions, Costs of Administration***

All costs of administering the Plan shall be paid by Apache. Each participant's pro-rata share of all brokerage fees and commissions incurred in connection with the purchase in the open market of shares of Common Stock under the Plan will be paid by Apache; however, each participant selling shares of Common Stock under the Plan will pay a withdrawal fee, brokerage fees and commissions in connection with such sales.

#### **20. *Tax Responsibility***

Each participant will be responsible for any taxes which may be payable on dividends reinvested under the Plan. Additionally, under current tax regulations, the participant's pro-rata portion of the brokerage fees and commissions paid by Apache to purchase shares of Common Stock in the open market, and certain expenses paid to administer the Plan generally, will be considered taxable income to the participant. The proper statements for tax reporting purposes will be provided annually to each participant by the Plan Agent.

## **21. Risks of Market Price Fluctuations**

A participant's investment in shares of Common Stock purchased under the Plan is recognized as being no different from any investment in shares of Common Stock directly held. Accordingly, neither Apache nor the Plan Agent can assure a profit or protect participants against a loss on shares of Common Stock purchased under the Plan, and each participant shall bear the risk of loss and enjoy the benefits of any gain from market price changes with respect to shares of Common Stock purchased under the Plan.

## **22. Amendment, Modification, Suspension, Termination, and Interpretation of the Plan**

Apache reserves the right to amend, modify, suspend, or terminate the Plan or participation therein, in whole or in part, or in regard to any or all participants, at any time, provided such action has no retroactive effect that would prejudice the interest of participants. All participants will be sent written notice of any such amendment, modification, suspension, or termination. If the Plan or participation therein is terminated in whole or in part by Apache, the whole shares of Common Stock credited to the account of each affected participant, and payment for any fractional shares, will be distributed to such participant. The amount of any fractional share payment shall be calculated pursuant to Section 15. In the event of suspension of the Plan by Apache, dividends payable on participating shares after the effective date of suspension will be paid to the participants by check or in such other manner as may be specified by Apache.

At the direction of Apache, the Plan agent may terminate participation in the Plan if the participant holds less than one whole share of Common Stock in their own name(s) or through the Plan.

Apache and the Plan Agent also reserve the right to interpret the terms and conditions of the Plan.

## **23. Notices**

All communications with or notices required to be given to the Plan Agent should be addressed as follows:

### ***Plan requests should be mailed to:***

Wells Fargo Shareowner Services  
P. O. Box 64856  
South St. Paul, MN 55164-0856

### ***Certified/Overnight mail:***

Wells Fargo Shareowner Services  
161 North Concord Exchange  
South St. Paul, MN 55075-1139

### ***Other written requests should be mailed to:***

Wells Fargo Shareowner Services  
P. O. Box 64854  
South St. Paul, MN 55164-0854

### ***General information:***

Fax: 1-651-450-4085  
Telephone: 1-800-468-9716  
Telephone: 1-651-450-4064 (outside the United States)

An automated voice response system is available 24 hours a day, seven days a week. The Plan Agent's customer service representatives are available from 7:00 a.m. to 7:00 p.m. (Central Standard Time), Monday through Friday.

### ***Internet:***

[www.wellsfargo.com/shareownerservices](http://www.wellsfargo.com/shareownerservices)  
account access: [www.shareownerservices.com](http://www.shareownerservices.com)

Additional authorization cards may be requested and inquiries may be made about the Plan in writing or by calling the Plan Agent.

All communications with or notices required to be given to a participant will be sent to the participant at the most recent address appearing on the list of stockholders maintained by the transfer agent of Apache or at a more recent address as furnished in writing by the participant to the Plan Agent in the manner specified above.

In the event of any change in or substitution of the Plan Agent, a notice of the new Plan Agent's address and telephone number shall be sent to all participants and this Section 23 shall be amended accordingly.

**24. *Governing Law***

The terms and conditions of the Plan and its operation shall be governed by the laws of the State of Texas.

**25. *No Termination by Operation of Law***

The delivery by a participant of a signed authorization card to the Plan Agent shall constitute an irrevocable appointment of the Plan Agent as such participant's agent, which appointment can be terminated by terminating such participant's account in the manner provided in Section 15. The authority conferred by the authorization card shall not be terminated by operation of law, whether by the death or incapacity of the participant, the termination of any trust, the dissolution of any corporation, or the occurrence of any other event.

**26. *Broker/Dealer***

The Plan Agent will furnish the name of the registered broker/dealer utilized in share transactions, within a reasonable time, upon a participant's request in writing addressed to the Plan Agent in the manner specified in Section 23.

**27. *Gender and Number***

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.

**28. *Effective Date***

The effective date of the Plan is as of September 16, 2004.

## AVAILABLE INFORMATION

Apache files annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Apache's SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document Apache files at the SEC's public reference rooms located at 450 Fifth Street, N.W., Washington, D.C. 20549. You should call the SEC at 1-800-SEC-0330 for further information on the public reference rooms and their copy charges.

In addition, you may inspect the information Apache files with the SEC at the New York Stock Exchange, 20 Broad Street, New York, New York 10005; the Chicago Stock Exchange, One Financial Place, 440 S. LaSalle Street, Chicago, Illinois 60605-1070; and the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D.C. 20006. For more information on obtaining copies of Apache's public filings at the New York Stock Exchange, call (212) 656-5060.

## DESCRIPTION OF CAPITAL STOCK

Apache's authorized capital stock consists of 430,000,000 shares of Common Stock, par value \$0.625 per share, and 5,000,000 shares of preferred stock, no par value. The descriptions set forth below of the Common Stock, the preferred stock and the Rights (as defined below) constitute brief summaries of certain provisions of Apache's Restated Certificate of Incorporation, Apache's Bylaws and the Rights Agreement between Apache and Wells Fargo Bank, N.A., and are qualified in their entirety by reference to the relevant provisions of such documents, all of which are available [10-K exhibits].

### Common Stock

All outstanding shares of Apache Common Stock are fully paid and nonassessable, and all holders of Apache Common Stock have full voting rights and are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders. Apache's Board of Directors is classified into three groups of approximately equal size, one-third elected each year. Stockholders do not have the right to cumulate votes in the election of directors and have no preemptive or subscription rights. Apache Common Stock is neither redeemable nor convertible, and there are no sinking fund provisions relating to such stock.

Subject to preferences that may be applicable to any shares of preferred stock outstanding at the time, holders of Apache Common Stock are entitled to dividends when and as declared by the Board of Directors from funds legally available for that purpose and are entitled, in the event of liquidation, to share ratably in all assets remaining after payment of liabilities.

The Company's current policy is to reserve one ten-thousandth (1/10,000) of a share of Series A Preferred Stock (as defined below) for each 2.31 shares of Apache Common Stock issued in order to provide for possible exercises of Rights (as defined below) under the Apache's existing Rights Agreement.

The currently outstanding Apache Common Stock and the Rights (as defined below) under the Company's existing Rights Agreement are listed on the New York Stock Exchange and the Chicago Stock Exchange and quoted on the NASDAQ National Market under the symbol "APA". Wells Fargo Bank, N.A. is the transfer agent and registrar for Apache Common Stock.

Apache typically mails its annual report to stockholders within 120 days after December 31st, the end of its fiscal year. Notices of stockholder meetings are mailed to record holders of Apache Common Stock at their addresses shown on the books of the transfer agent and registrar.

## **Preferred Stock**

Apache has 5,000,000 shares of no par preferred stock authorized, of which 25,000 shares have been designated Series A Junior Participating Preferred Stock ("Series A Preferred Stock") and 100,000 shares designated as 5.68% Series B Cumulative Preferred Stock. The remaining shares of preferred stock are undesignated.

Shares of Series A Preferred Stock have been reserved for issuance in accordance with the Rights Agreement relating to the Rights (as defined below). Shares of preferred stock may be authorized for issuance and issued by Apache's Board of Directors with such voting powers and in such classes and series, and with such designations, preferences, and relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof (including conversion into or exchange for Apache Common Stock or other securities of Apache or its subsidiaries), as may be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such preferred stock.

## **Rights**

In December 1995, Apache's Board of Directors adopted a stockholder rights plan to replace the former plan adopted in 1986. Under Apache's stockholder rights plan, each stockholder received a dividend of one right (a "Right") for each 2.31 outstanding shares of Apache Common Stock that the stockholder owned.

Each full Right entitles the registered holder to purchase from Apache one ten-thousandth (1/10,000) of a share of Series A Preferred Stock at a price of \$100 per one ten-thousandth of a share, subject to adjustment. The Rights are exercisable 10 calendar days following a public announcement that certain persons or groups have acquired 20 percent or more of the outstanding shares of Apache Common Stock or 10 business days following commencement of an offer for 30 percent or more of the outstanding shares of Apache Common Stock. In addition, if a person or group becomes the beneficial owner of 20 percent or more of outstanding Apache Common Stock ("flip in event"), each Right will become exercisable for shares of Apache Common Stock at 50 percent of the then market price of Apache Common Stock. If a 20-percent shareholder of Apache acquires Apache, by merger or otherwise, in a transaction where Apache does not survive or in which Apache Common Stock is changed or exchanged ("flip over event"), the Rights become exercisable for shares of the common stock of the company acquiring Apache at 50 percent of the then market price for Apache Common Stock. Any Rights that are or were beneficially owned by a person who has acquired 20 percent or more of the outstanding shares of Apache Common Stock and who engages in certain transactions or realizes the benefits of certain transactions with the Company will become void. If an offer to acquire all of the outstanding shares of Apache Common Stock is determined to be fair by Apache's Board of Directors, the transaction will not trigger a flip in event or a flip over event. Apache may also redeem the Rights at \$.01 per Right at any time until 10 business days after public announcement of a flip in event.

The Rights will expire on January 31, 2006, unless earlier redeemed by Apache. Unless the Rights have been previously redeemed, all shares of Apache Common Stock issued by Apache after January 31, 1996, will include Rights. Unless and until the Rights become exercisable, they will be transferred with and only with the shares of Apache Common Stock.



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**Dividend  
Reinvestment  
Plan**

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**Common Stock**

**CUSIP No. 037411 10 5**

**October 2004**

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