

The Apache logo is displayed in a stylized, italicized yellow font on a dark brown rectangular background. The background of the entire slide is a photograph of an Apache worker in a white hard hat, blue and black uniform, and green gloves, operating a valve in an industrial setting. The scene is overlaid with a large, semi-transparent white triangle pointing downwards from the top left.

Apache

THE CORDILLERA ENERGY PARTNERS III, LLC ACQUISITION

A RESOURCE
PLAY IN THE
APACHE WAY

JANUARY 30, 2012

FORWARD LOOKING STATEMENTS

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SUMMARY OF TERMS

- **Cordillera Energy Partners III, LLC merges into an Apache subsidiary**
 - ▲ Full step up in tax basis
- **Transaction value: \$2.85 billion**
- **Consideration:**
 - ▲ \$2.25 billion in cash
 - ▲ 6.273 million shares of common stock (fixed); ~\$0.6 billion
- **Timing:**
 - ▲ Effective September 1, 2011
 - ▲ Estimated closing early second quarter 2012

SUBSTANTIAL OPERATIONS WITH EXCEPTIONAL ACREAGE POSITION

➤ 254,000 net acres in a prolific fairway

- ▲ Liquids-rich stacked pays
- ▲ > 60 productive horizons across 5,000'+ of section
- ▲ > 14,000 potential locations
- ▲ ~50% held by production
- ▲ Opportunity to purchase up to \$100MM in additional acreage

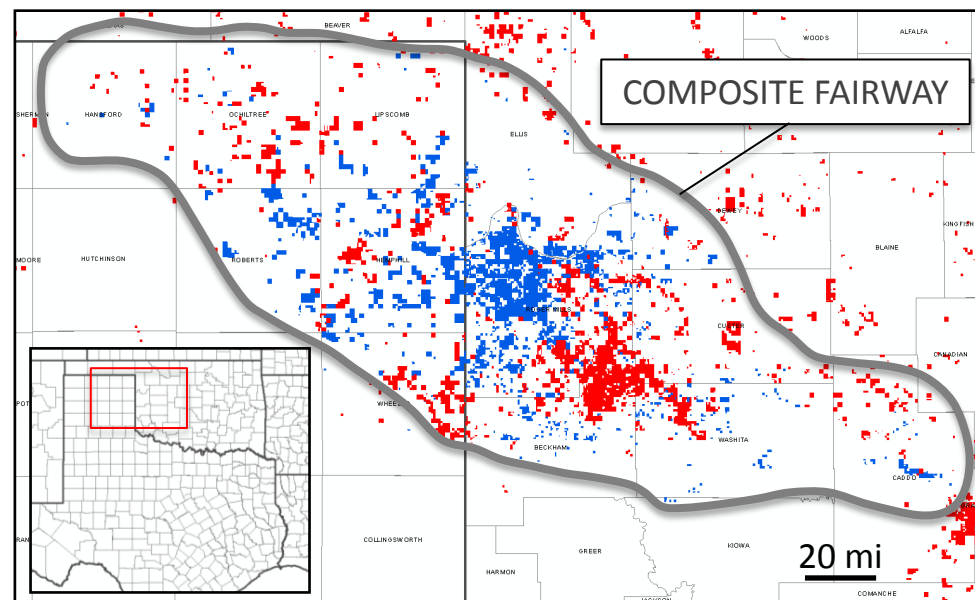
➤ 18,000 boe/d net production*

➤ 71.5 MMboe Proved Reserves

- ▲ 88 MMboe with NGLs

➤ 306 MMboe 3P Resource

- ▲ 390 MMboe with NGLs



■	APACHE	233,000 net acres
■	CORDILLERA	254,000 net acres
	TOTAL	487,000 net acres

*As of 12/12/2011. Excludes NGLs.

MORE THAN DOUBLES OUR POSITION IN A LIQUIDS-RICH PLAY

➤ **Unique “bolt on” opportunity - more of what we know and like**

- ▲ 50+ years experience in the Anadarko Basin
- ▲ Drilled > 2,500 wells in the area; including ~ 500 in the Granite Wash
- ▲ Existing staff able to execute growth plans immediately

➤ **Rich inventory with premium economics**

- ▲ Horizontal drilling brings step change to play returns
- ▲ Multiple, stacked horizontal targets
- ▲ Attractive economics at current prices: liquids generate 80% of revenue

➤ **Visible growth in low-risk, repeatable play**

- ▲ Decades of running room with > 14,000 potential locations
- ▲ Self-funding development program

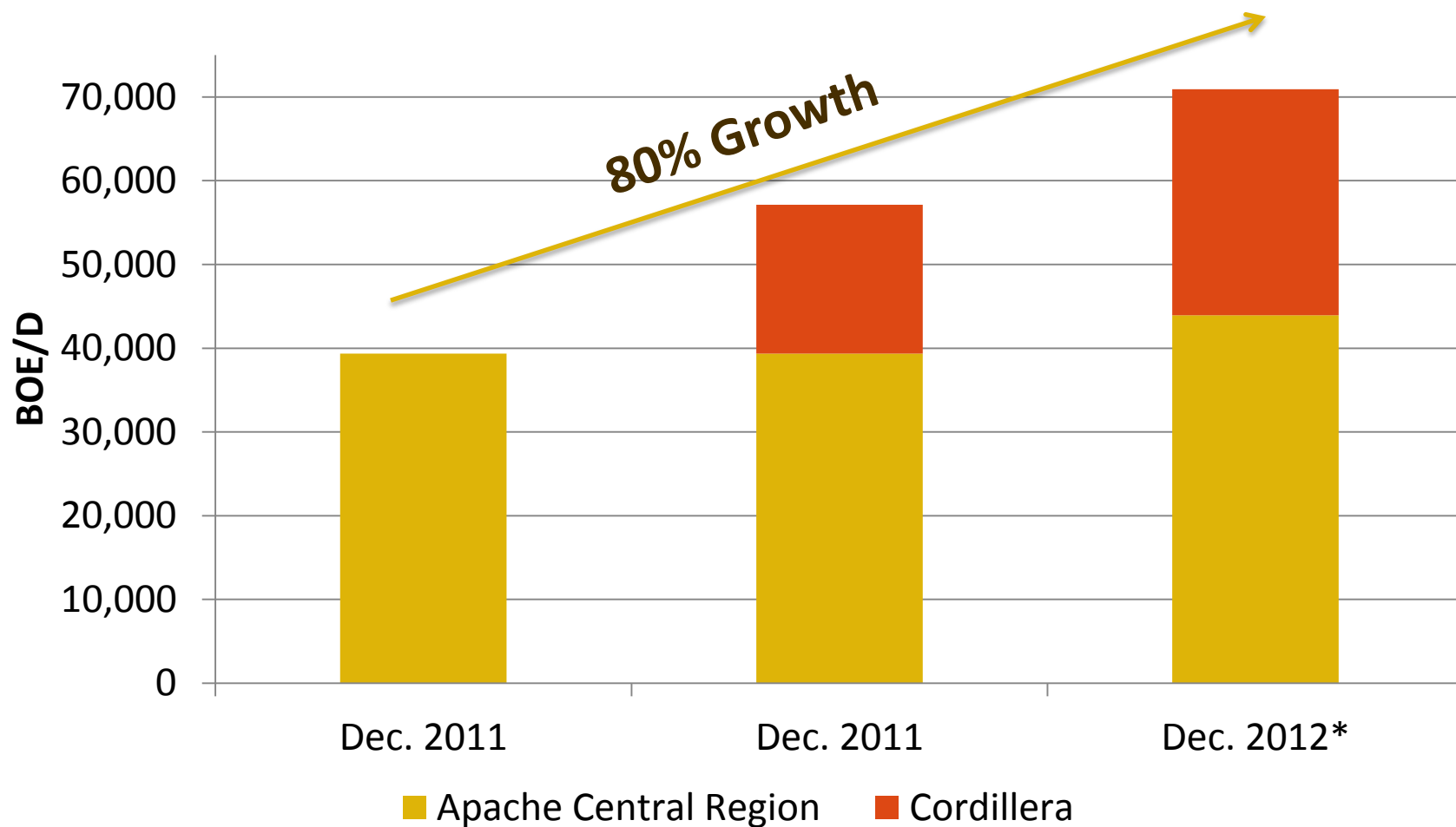
➤ **Immediately accretive to all metrics**

THE GRANITE WASH AND MORE

Plays Evaluated	Estimated recovery per well*				
	EUR (MBOE)	Gas (BCF)	Oil (MBO)	NGLs (MB)	Liquids
Granite Wash (liquids-rich)	1,117	3.5	134	400	48%
Tonkawa (oil)	268	0.5	130	60	71%
Cleveland (oil)	181	0.3	100	31	72%
Marmaton (oil)	228	0.4	105	64	74%

*Based on evaluation economics

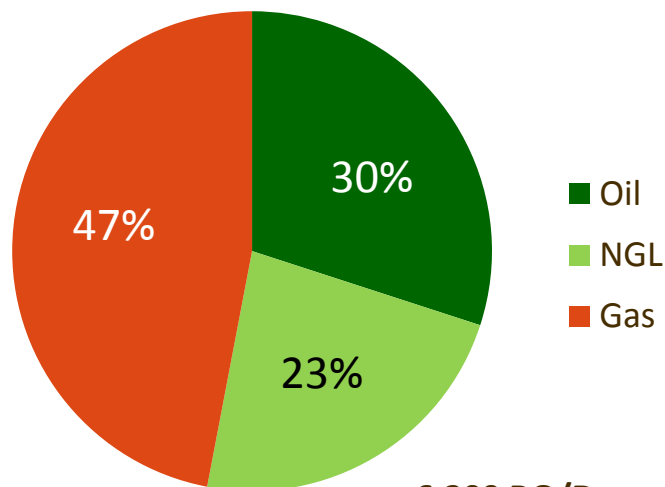
ESTIMATED CENTRAL REGION 2012 GROWTH



* December 2012 forecast based on acquisition economics

CORDILLERA: A LIQUIDS GROWTH PLAY

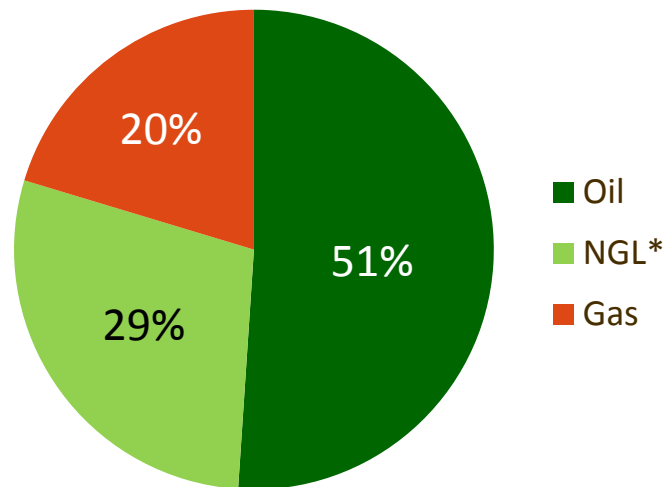
53% of production is liquids



6,200 BO/D
4,800 BNGL/D*
58 MMCF/D*

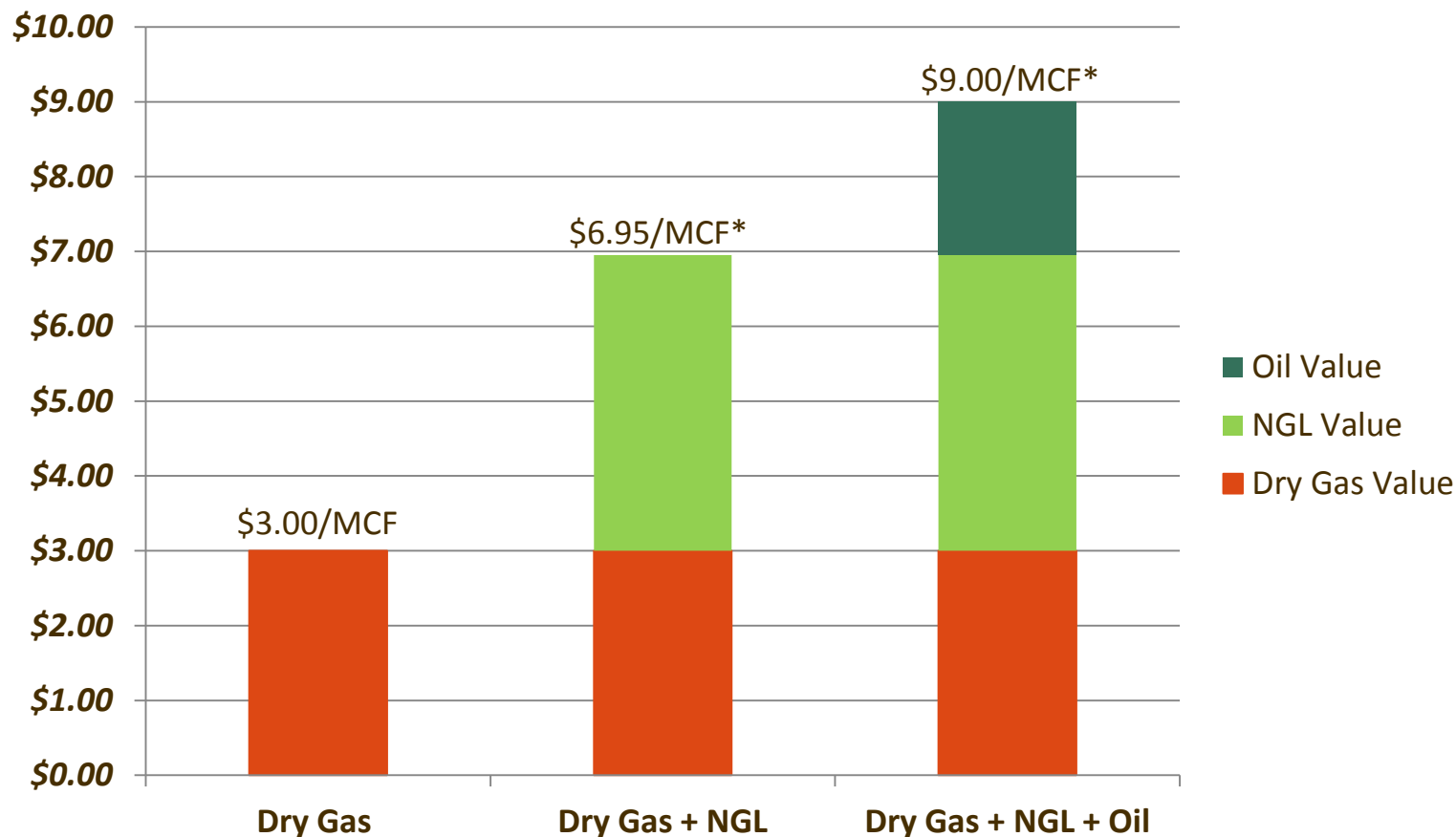
Based on production as of 12/12/2011

80% of revenue from liquids



Revenue based on 2012 forecast

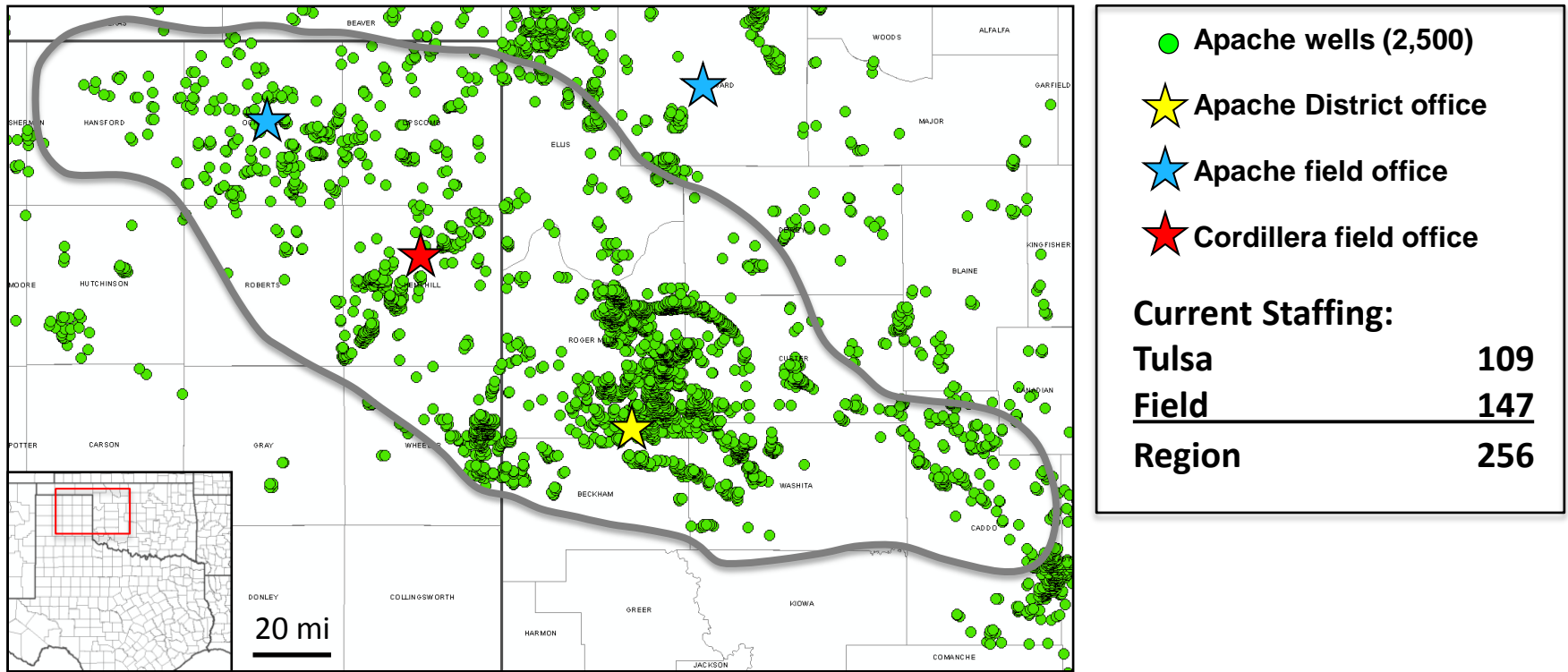
NGLs PROVIDE ROBUST GAS REALIZATIONS



Wet gas price realization is > 2x dry gas at current prices

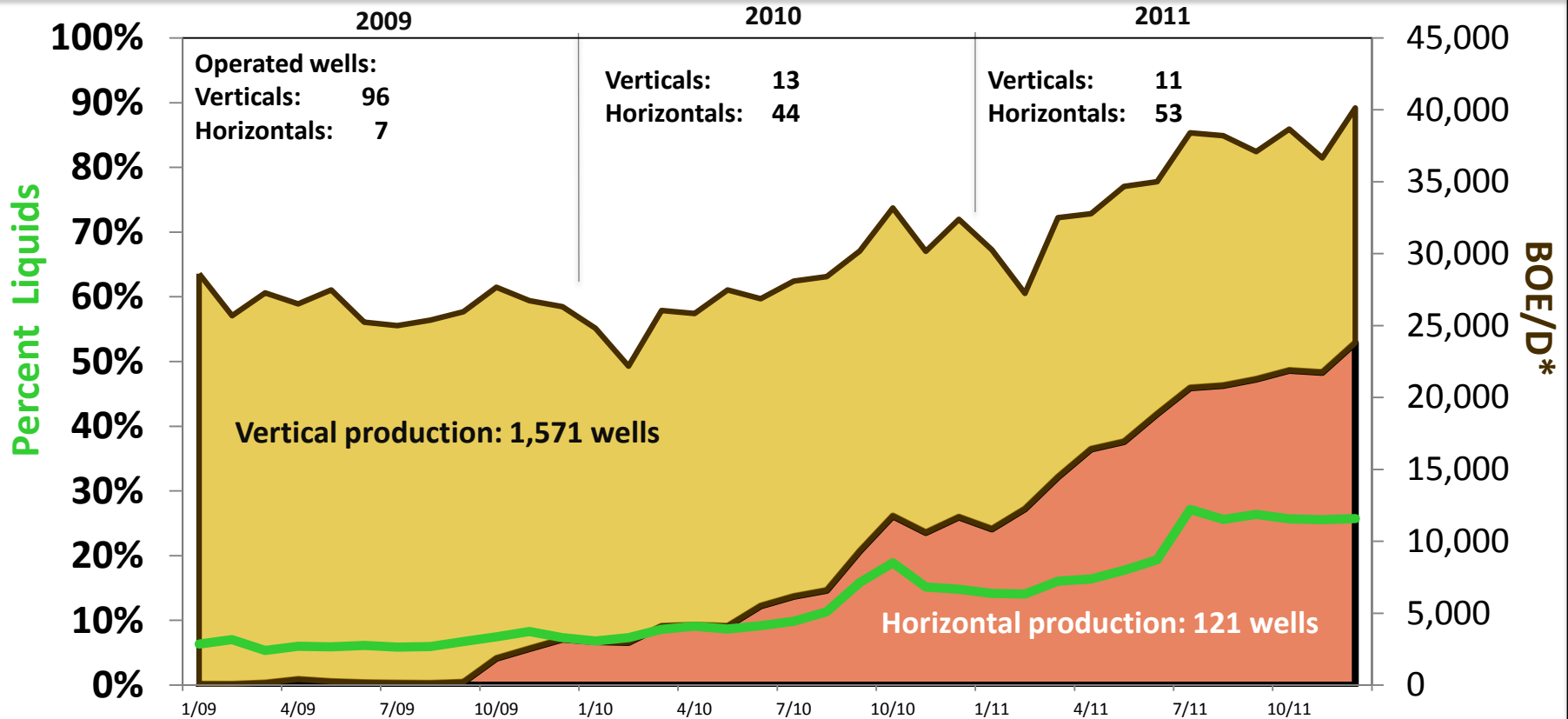
*Typical processing uplift; assumes \$3/Mcf, \$45/bbl NGLs, \$90 oil

HITTING THE GROUND RUNNING



- 50+ years of drilling, operating and business knowledge
- Personnel, capital and expertise to implement development program immediately
 - ▲ 104 operated horizontal wells drilled with no dry holes

APACHE'S GROWTH THROUGH HORIZONTAL DRILLING

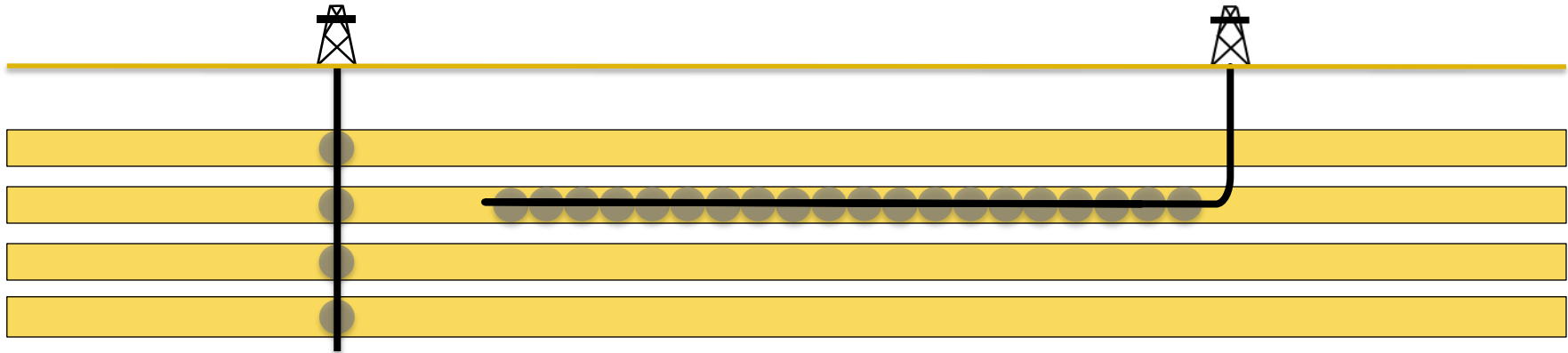


▲ Central Region BOE production up 26% in 2011

▲ Liquids production increased 133% in 2011

▲ Production from planned 2012 drilling: 50% liquids

UNLOCKING GRANITE WASH VALUE THROUGH HORIZONTAL DRILLING



	<u>VERTICAL</u>	<u>HORIZONTAL</u>
Well Cost:	\$4.3 MM	\$8.5 MM
Initial Rate:	1.3 MMCF/D 150 BNGL/D <u>50 BC/D</u>	6 MMCF/D 710 BNGL/D <u>225 BC/D</u>
	417 BOE/D	1,935 BOE/D
GROSS EUR:	320 MBOE	853 MBOE (48% liquids)
BFIT PV10 (\$90/\$3):	\$0.453 MM	\$5.1 MM
BFIT ROR (\$90/\$3):	14%	42%

Typical Stiles Ranch horizontal Granite Wash well with 5,000' lateral and 20-stage frac can cost 2X a vertical but may recover 3X the reserves at 5X the initial rate

UNLOCKING VALUE THROUGH HORIZONTAL DRILLING

GRANITE WASH*	
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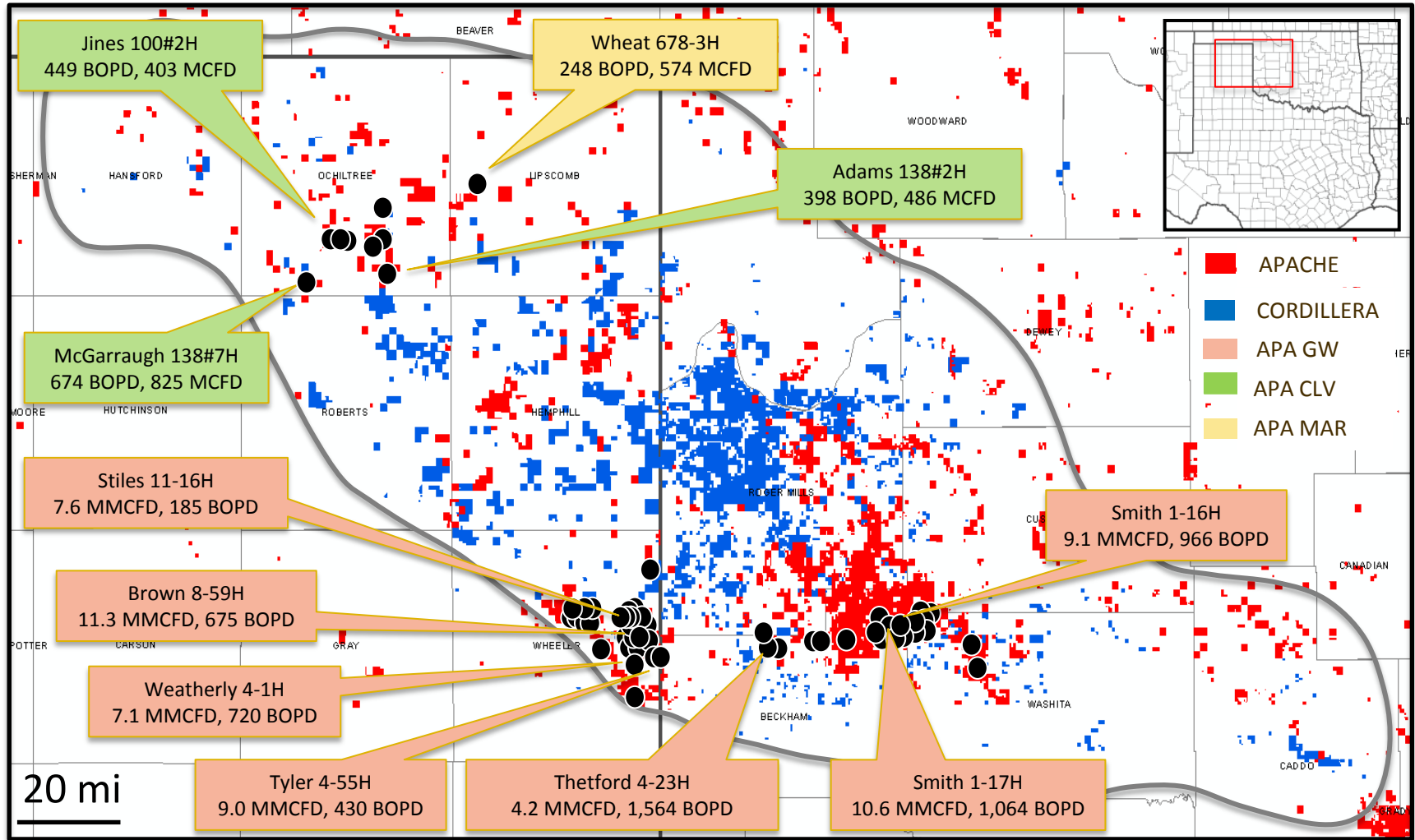
TONKAWA*	
Well Cost:	\$5.0 MM
Initial Rate:	260 BO/D 610 MCF/D <u>78 BNGL/D</u> 440 BOE/D
GROSS EUR:	268 MBOE
BFIT PV10 (\$90/\$3):	\$2.4 MM
ROR (\$90/\$3):	32%

CLEVELAND*	
Well Cost:	\$4.1 MM
Initial Rate:	250 BO/D 375 MCF/D <u>50 BNGL/D</u> 362 BOE/D
GROSS EUR:	181 MBOE
BFIT PV10 (\$90/\$3):	\$1.2 MM
ROR (\$90/\$3):	26%

MARMATON*	
Well Cost:	\$4.4 MM
Initial Rate:	240 BO/D 350 MCF/D <u>61 BNGL/D</u> 359 BOE/D
GROSS EUR:	228 MBOE
BFIT PV10 (\$90/\$3):	\$1.1 MM
ROR (\$90/\$3):	25%

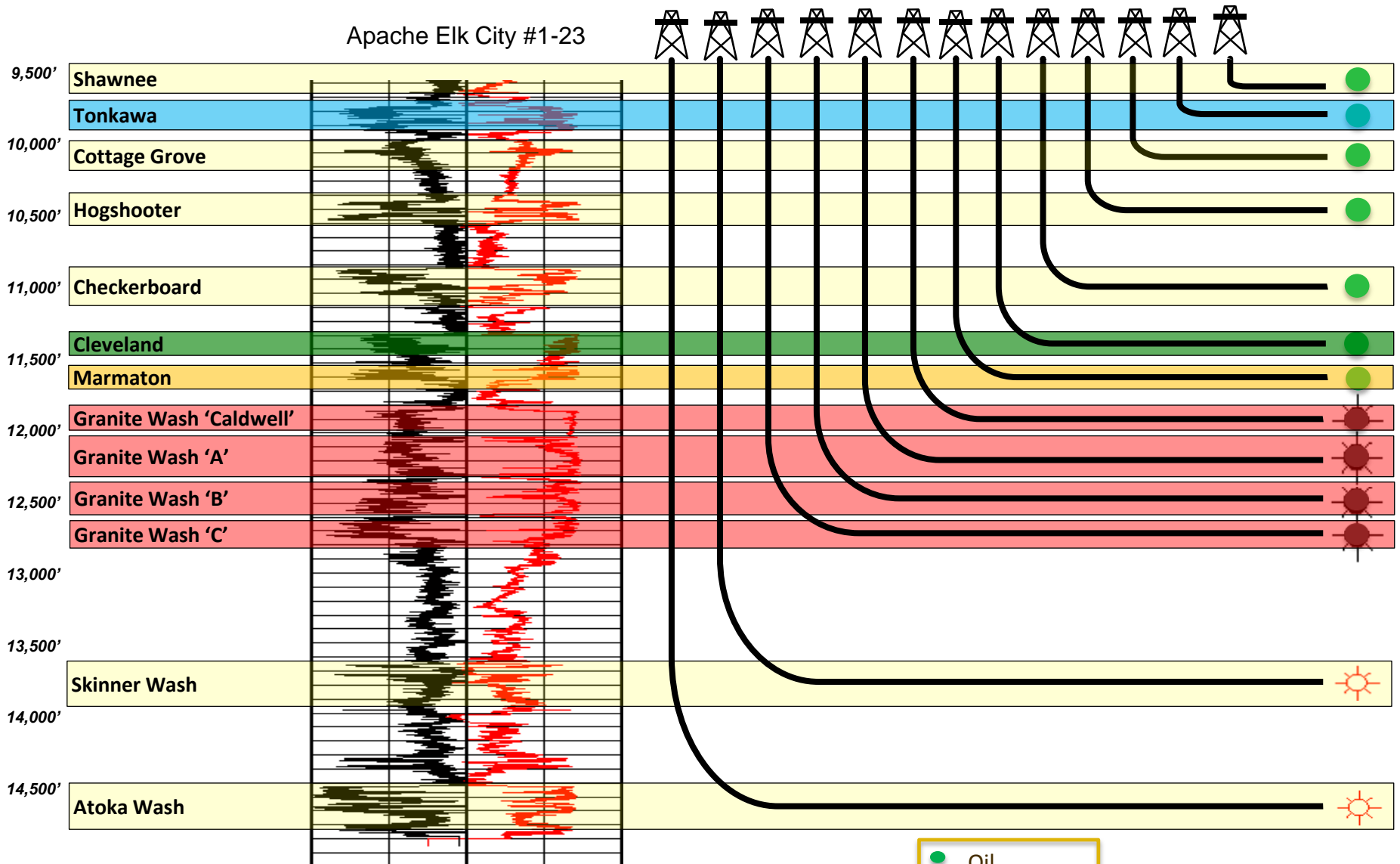
Horizontal wells with multi-stage completions are ideally suited for the low permeability, clastic reservoirs of the Anadarko Basin

APACHE'S 2011 HZ WASH HIGHLIGHTS



MORE THAN ONE MILE OF STACKED PAYS

Apache Elk City #1-23

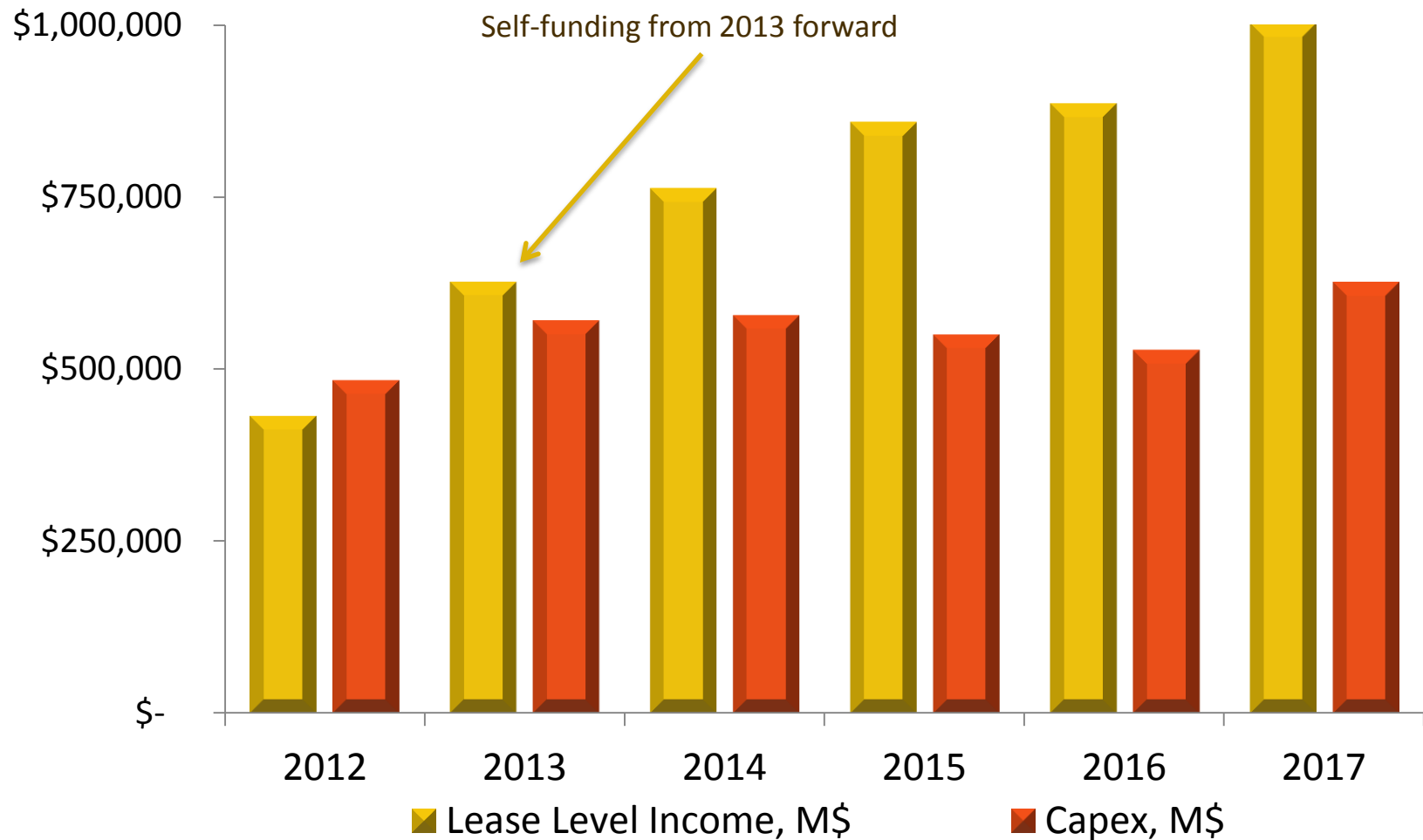


- Oil
- ☀ Condensate
- ☀ Gas

Industry has drilled ~3,000 HZ wells to these formations, of which, Apache and Cordillera have drilled ~200

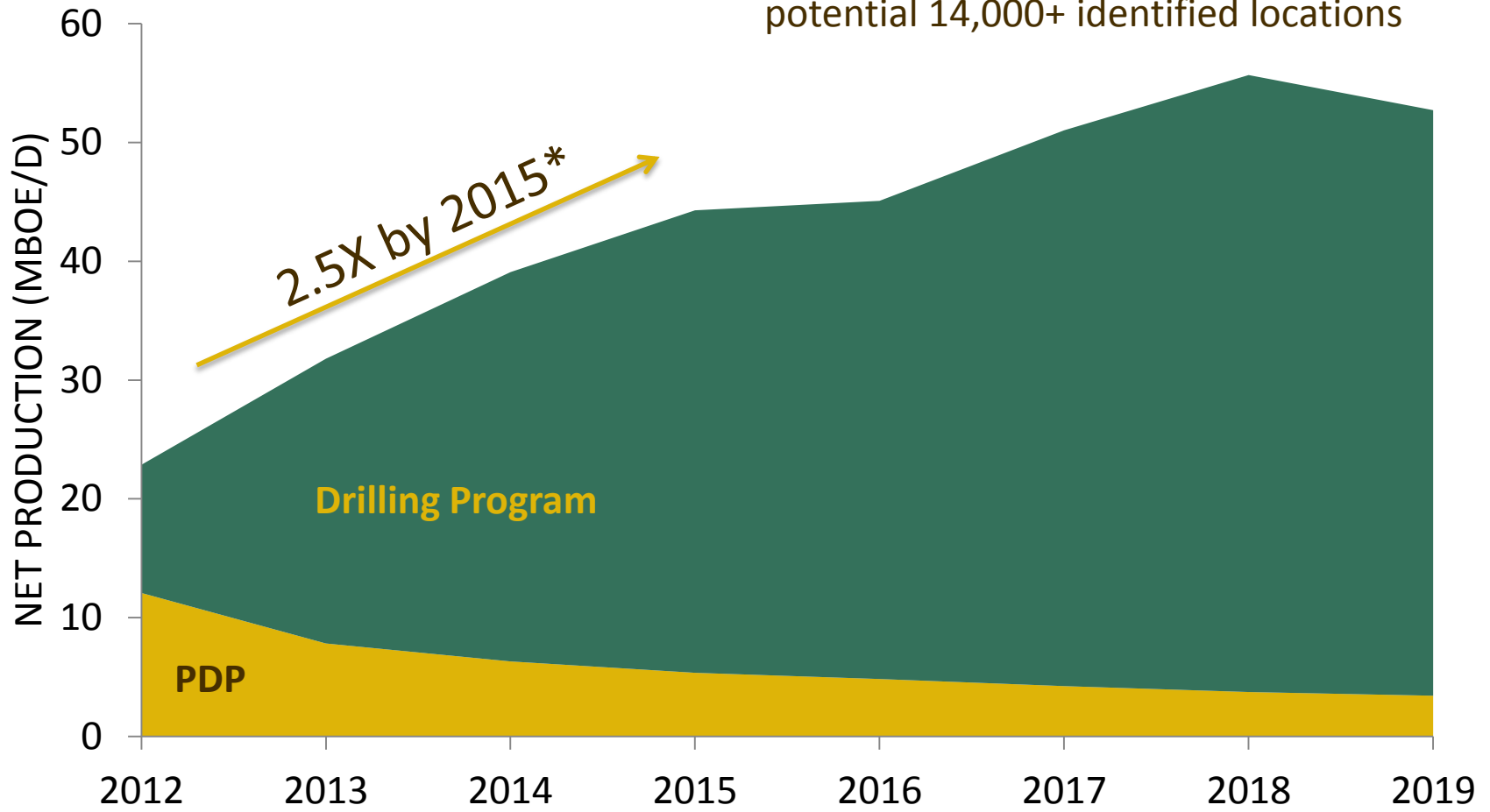


SELF-FUNDING DEVELOPMENT PROGRAM*



VISIBLE GROWTH PROFILE ON ACQUIRED ACREAGE

Acquisition economics only include ~2,000 of the potential 14,000+ identified locations

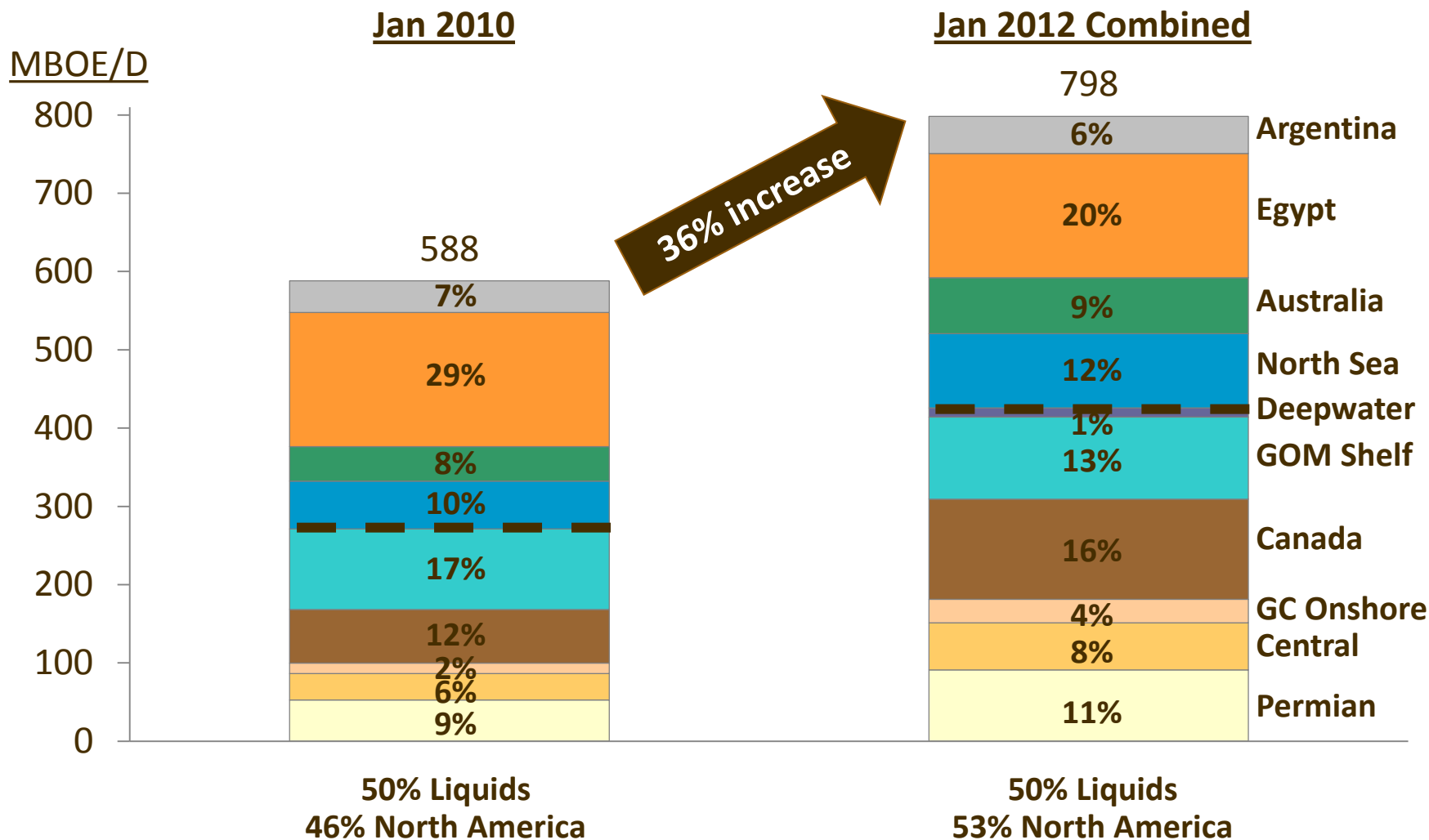


Est. Wells Drilled: 159 194 243 234 220 325 263 176

18 *Based on current production of 18,000 BOE/D



APACHE'S PORTFOLIO EVOLUTION



SUMMARY

- Unique “bolt on” opportunity - more of what we know and like
- Rich inventory with premium economics
- Visible growth in low-risk, repeatable play
- Immediately accretive to all metrics

A classic Apache transaction:

Negotiated. Conservatively financed.

Returns-focused. Accretive.

Apache

QUESTIONS

