

Apache Corporation's mission is to grow a profitable global exploration and production company in a safe and environmentally responsible manner for the long-term benefit of our shareholders. Sustainability by its nature is an evolutionary process and we take this responsibility seriously by continuously working to promote a safe, clean and prosperous future.

Across five continents, Apache explores for and produces crude oil and natural gas. Our commitments to the environment, safety and community are sustained by the primary motivations of the business: Building value for our shareholders, developing a talented team of employees, operating more efficiently and maintaining positive connections with essential stakeholders. We believe these efforts help spur economic growth in the communities where we do business.

We've learned that the right decisions for our business match up well with the right decisions for the environment and the well-being of our stakeholders:

- Apache spends considerable resources to maintain and protect freshwater marsh habitats and ecosystems in the environmentally sensitive south Louisiana wetlands. These efforts support plant, wildlife and fish populations and promote economic development and job growth in the wildlife and fishing industries.
- We promote the use of compressed natural gas (CNG) as an alternate fuel source, resulting in a cleaner environment and fostering domestic development of U.S. natural gas resources. In the United States, we have built 10 CNG fueling stations and converted 280 field vehicles to operate on CNG with the goal of converting 80 percent of our 1,000-plus U.S. fleet vehicles by year-end 2015.
- Apache seeks non-potable sources for the volumes of water necessary to find and produce oil and gas and we recycle a significant amount, resulting in substantial savings and preserving clean surface water for other uses.

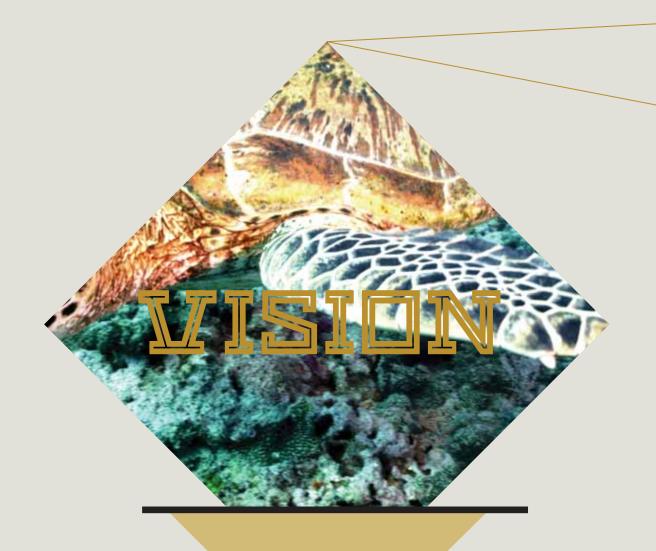


- We substitute lower-cost, cleaner-burning natural gas for diesel fuel to power our operations wherever possible, reducing both greenhouse gas emissions and costs.
- Apache presented the city of Houston with \$135,000 in proceeds from two company-sponsored running and biking fundraising events for the reforestation of city parks, which were devastated by a year-long drought. Since 2005, the company has awarded 2.5 million trees to nonprofit organizations and communities in 14 U.S. states through grants from the Apache Foundation.
- I personally meet annually with our active investors and NGO representatives to listen to their concerns and discuss our plans to achieve the company's business goals in a socially responsible manner. We have conducted these meetings since 2004.

As our sustainability efforts continue to evolve, Apache's goal remains steadfast: We continually seek innovative solutions to improve our operations, create value for our shareholders and help drive economic growth while incorporating initiatives to reduce greenhouse gas emissions, protect biodiversity in sensitive areas, provide a safe workplace and support the communities where we operate.

G. Steven FarrisChairman and Chief Executive Officer





At Apache, our commitment to sustainability demands creative solutions that minimize our environmental impact, high standards for safe operations and support for the communities where we do business. Each year, we renew our pledge to these standards.

Apache explores for and produces crude oil and natural gas through operations in the United States, Canada, the United Kingdom sector of the North Sea, Egypt, Australia and Argentina. Apache derives its benefit from the Earth and therefore we take our environmental responsibility very seriously. The values

our company was founded upon — INTEGRITY, RESPECT, INDIVIDUAL INITIATIVE, INNOVATION AND TOP PERFORMANCE — are no less important in our quest to be a good global citizen as we expand global operations.

Getting there in a responsible manner requires a team effort. Our employees are empowered at every level of the organization to make environmentally responsible decisions and achieve the company's goals. Our people have a sense of ownership and the knowledge that no matter who comes up with ideas, the best answers win.



GOVERNANCE

Apache believes that good corporate governance is central to our operations, our stakeholders and our reputation and is essential in promoting sustainability. The principles and practices captured in our corporate documents and policies, as well as our culture of integrity, are central to our ability to provide energy, good jobs and shareholder returns as we protect the environment and support the communities where we operate.

At well-run companies, governance and sustainability are more than just compatible. They are nearly indistinguishable from each other. The goal of a company's governance policies and practices is literal sustainability—sustainability of the company's financial and other performance goals in ever-changing physical, financial, political and social settings. Apache's governance policies and practices make clear that sustainability is our corporate foundation.

Apache is one of the few companies to employ a senior corporate policy and governance officer, who meets regularly with shareholders to discuss their social, environmental and governance concerns. Apache's senior management and technical experts also meet periodically with shareholders to discuss important industry topics, including hydraulic fracturing, greenhouse gas emissions and offshore drilling.

Apache's corporate governance is designed to enhance our ability to pursue the long-term objectives that are critical to the energy exploration and production sector. It is also designed to ensure ongoing accountability and transparency as we work toward a sustainable future.

Over many years, Apache has developed an extensive network of relationships within the industry, government, community and nonprofit organizations. The company is an active member of several state and national industry advocacy groups, with company representation at the leadership level. The primary focus of many advocacy groups is to promote best environmental practices, positive legislation and responsible regulatory decisions. These organizations work to raise awareness of the industry's environmental performance and advocate for sound energy and economic policies.

ENVIRONMENT

LINKING ENVIRONMENTAL RESPONSIBILITY WITH SOUND INDUSTRY OPERATIONS

BIODIVERSITY

PROTECTING AND RESTORING SENSITIVE AREAS

From the marshes along the Louisiana Gulf Coast to the offshore waters of Western Australia to Alaska's Cook Inlet, Apache is dedicated to protecting, preserving and restoring the environmentally sensitive areas where we operate.

In many of these operational areas, Apache's business goal—recovering more of the oil and gas resources beneath the surface—is aligned with broader environmental goals, including preserving wetlands and seabeds and protecting birds, fish, wildlife and their habitats.



BACK COVER. PLEASE SEE INSIDE FOR USER INSTRUCTIONS,

SHORING UP LAKE BOUDREAUX

Apache recently completed a project that involved stabilizing and constructing 12,000 feet of rock dike along the north bank of Lake Boudreaux in southeast Louisiana. The project also involved the hydraulic dredging of spoil materials that were deposited behind the rock dike to create additional wetlands.

Apache worked with the Terrebonne Levee and Conservation District and the Terrebonne Parish Consolidated Government to develop the shoreline stabilization and marsh creation project. The mitigation work was needed after the local government in Terrebonne Parish performed refurbishment work on a damaged drainage system levee near Lake Boudreaux to protect the nearby community of Chauvin, La. The drainage system levee was damaged by Hurricane Rita in 2005, and the refurbishment work involved raising the levee and widening its base, resulting in unavoidable impacts to some vegetated wetlands and marsh habitats.

The completed project also provides additional storm protection for the citizens of Chauvin, Dulac and south Houma, La., and enhanced a sizeable portion of Apache's wetlands.

RESTORING THE NATURAL FLOW OF FIRST BAYOU

In 2011, Apache partnered with the state of Louisiana's Coastal Protection and Restoration Authority and Ducks Unlimited to help sustain marshland at First Bayou north of Holly Beach in Cameron Parish, La.

Managing freshwater runoff from rainstorms is important in south Louisiana. Marshlands must drain adequately after heavy rainfall to keep native grasses healthy, which enhances the habitat for wildlife and fish. The runoff provides additional benefits when directed into brackish water lakes to help prevent ongoing saltwater intrusion.

Historically, First Bayou drained the freshwater runoff from a 3,000- to 5,000-acre area of marshland into Mud Lake, an adjacent brackish water lake. Over the years First Bayou became restricted with sediment and vegetation, causing the drainage of the marshland to slow and diverting the runoff into the Calcasieu River, a nearby body of saltwater where this precious freshwater resource was lost. The First Bayou Hydrologic Restoration Project dredged out First Bayou, restoring adequate marshland drainage and directing the much-needed fresh water runoff back into Mud Lake to enhance the area's ecosystem and wildlife habitat.

PROTECTING MARSHLAND

In recent months, Apache joined up with the state and federal government to complete a \$3 million project to provide additional support to an 8,450-foot stretch of the south bank of Lake DeCade with rocks. The lake is in the company's largest Louisiana land holding known as La Terre, French for "the land," in Terrebonne Parish.

By reinforcing the south shoreline with rocks, salt water intrusion is kept at bay, allowing the vibrant vegetation found in the adjacent fresh and intermediate marsh to thrive and protecting a multitude of wildlife, including alligators, bass, frogs and many types of ducks that winter in the area.

DECOMMISSIONING TO PROTECT THE ENVIRONMENT

Oil and natural gas fields eventually reach the end of their economic lives. when the resources are depleted. When that occurs Apache decommissions fields, a process that includes plugging wells to protect the environment from pollution, restoring the environment to its original pre-drilling condition and meeting government requirements. Offshore decommissioning is more challenging. Apache's engineers seek innovative solutions to more complex problems, including creating lasting marine habitats by reefing some of the offshore platforms.

LEGENDRE: A STUDY IN DECOMMISSIONING

Apache's Legendre oil field development in the offshore waters of Western Australia is a unique study in the decommissioning of a modern offshore platform. The facility started its life as a jack-up drilling rig in 2001 and was subsequently converted to a production platform for the Legendre Field.

Using only the production platform's ballasted weight and concrete "mattress" blocks attached to a removable frame and welded to the substructure, the platform was essentially pinned on location by its base with no other physical connection to the ocean floor. This minimized the platform's permanent footprint on the seabed and prevented the erosion of sediments beneath the platform.

Once production was completed in 2011, the subsea oil wells were plugged with cement and the pipe and casing removed. The supporting infrastructure was removed from the site, including the floating storage off-take vessel that sailed away for subsequent reuse; the catenary anchor leg mooring buoy and anchor chains that were sold for refurbishment and reuse; and the infield subsea flow line, which was recovered and sold. The production platform legs were jacked up and the facility was towed from the site, leaving very little on the seabed except for the platform mattress blocks buried beneath the sand and the specially designed caps placed over the piles and the anchor shackles that had secured the buoy to the seabed. The caps were designed in consultation with the commercial fishing industry to ensure fishing nets could pass over the area without getting snagged.

The result: Decommissioning of the Legendre platform, completed in 2011, left no visible evidence of an oil production facility ever having operated on the site.



RIGS TO REEFS

SCAN THE OR CODE WITH YOUR SMART PHONE TO SEE RIGS TO REEFS TURNING DECOMMISSIONED DEFSHORE OIL RIGS INTO ARTIFICIAL REEFS

INSI DE

SEE

PLEASE

Since the program's inception in 1985, oil and gas companies have donated about 200 offshore structures along the Gulf Coast to Rigs to Reefs, which involves the recycling of obsolete petroleum platforms into permanent artificial reefs rather than taking them ashore as scrap. Rigs make ideal artificial reefs because they are environmentally safe, made of highly durable and stable material and already support a thriving reef ecosystem. Apache has donated 50 offshore platforms to the Rigs to Reefs program and has applied for permits to donate an additional 10 platforms.

Artificial reefs serve as habitats for creatures that have lost their homes to pollution and development. They also serve to revitalize the food chain. Invertebrates like crabs and shrimp will colonize the reef and will provide food for juvenile fish species and older fish that move into the area. The fish that come to the new reef will in turn serve as food for larger sea creatures, creating many kinds of new food sources.

Apache built the Devil Creek Development Project to process natural gas from the offshore Reindeer Gas Field discovery.

The Devil Creek plant is the third natural gas hub in Western Australia and increases the state's domestic natural gas supply by 20 percent. Upon completion in 2011, the project exceeded environmental performance criteria and set an ambitious new standard in both onshore and offshore petroleum development. The project ties together construction and operation of an offshore wellhead platform, an offshore gas pipeline, an onshore gas pipeline and an onshore gas processing plant.

The ecological benefit of the Devil Creek project was in its design and implementation. Rather than dredge the gas pipeline route as it crossed the sensitive beaches at Gnoorea Point, Apache used horizontal directional drilling techniques to drill underground and minimize the impact on an environmentally sensitive area, maintaining access to a popular stretch of beach during construction.

Throughout the project, a comprehensive monitoring system showed no significant adverse changes in the marine seabed biodiversity. Onshore, the site returned to its pre-drilling condition in about six months with no visible sign of the buried gas pipeline or beach crossing.

For these efforts, Apache was nominated as a finalist for the prestigious 2011 Golden Gecko Award sponsored by the Western Australian Department of Mines and Petroleum.

Further minimizing our environmental impact off the coast of Western Australia, Apache is using the Ningaloo Vision floating production, storage and offloading vessel at the Van Gogh field. The Ningaloo Vision has the capacity to process 150,000 barrels of liquids per day, including 63,000 barrels of oil, and store 540,000 barrels of oil, negating the need to build a pipeline to shore and onshore processing and storage facilities.

MINIMIZING OUR FOOTPRINT IN ALASKA

Alaska's Cook Inlet is a hydrocarbon-rich but underexplored basin in an environmentally sensitive area where Apache is conducting onshore and offshore 3-D seismic surveys to identify prospective drilling locations. Surrounded by active volcanos, national parks, rivers and mountain ranges, the region's sensitivity in terms of marine and land habitat highlighted the need to challenge the usual methods used for seismic acquisition. This led Apache to select new technology using cable-free wireless seismic technology to survey the transitional and shallow-water areas.

The environmental benefit of this technology in regions like the Cook Inlet is substantial: Without cables, the system drastically reduces the survey's footprint on land and water. On land, the cable-free nodes are placed on the surface, allowing for minimum interference with flora and fauna. In near-shore waters, the nodes replace the need for ocean-bottom cables, minimizing the intrusion on marine life.

In addition, Apache is working closely with stakeholders and under the supervision of government agencies to protect marine mammals in the area, including beluga whales, killer whales, harbor porpoises, Steller sea lions and harbor seals. Mitigation measures include conducting detailed aerial surveys; activating the seismic source at minimum levels and slowly bringing it to higher levels; and deploying federally-qualified, vessel-based observers to monitor marine mammals near the seismic operations. Other measures include deploying a passive acoustic monitor to enable observers to listen for mammal activity after dark and in times of limited visibility; and shutting down operations immediately if a mammal is sighted within a 9.5 kilometer radius of the seismic source vessel.



SEE INSIDE BACK COVER PLEASE





LEADING EFFORTS TO PROTECT THE DUNES SAGEBRUSH LIZARD

Apache stands at the forefront of efforts to protect the Dunes Sagebrush Lizard and the Lesser Prairie Chicken and to better conserve their habitats. Apache has enrolled some 92.300 leased mineral acres in New Mexico—more than any other company—in two voluntary conservation agreements, representing about one-eighth of the total 800,000 acres enrolled by the oil and gas industry.

The conservation agreements provide a mechanism to conserve the two species' habitats by collecting fees from enrollees used to implement habitat protection or restoration projects, monitor populations and habitats, and report on projects and allocated funds. Some of the protective and restorative measures include removing invasive brush (mesquite control), restoring shinnery oak, removing caliche and reseeding disturbed areas, and conducting surveys of the species' populations.

The Dunes Sagebrush Lizard, also called the sand dune lizard, is native to a small area of southeastern New Mexico and West Texas. The Lesser Prairie Chicken is native to the southern Great Plains, including parts of Colorado, Kansas, New Mexico, Oklahoma and Texas.

In 2011, the oil and gas industry contributed more than \$1.8 million to relocate 183 well pads and three tank batteries and reroute 39 caliche roads, 21 pipelines and 12 overhead power lines to minimize impacts on the two species. These protective measures were performed under the supervision of on-site biologists.

Because of the collaborative efforts between the oil and gas industry and wildlife biologists, as well as other ongoing conservation activities, the U.S. Fish and Wildlife Service determined in June that the listing of the Dunes Sagebrush Lizard as an endangered species was unwarranted.



IMPROVED OPERATIONS BRING LOWER COSTS, REDUCED EMISSIONS INTENSITY

Managing greenhouse gas emissions at Apache has become an integral part of improving operations, coming from projects large and small. The company invests significantly in its facilities across the globe to make them run better and use fuel more efficiently.

Even during periods of rapid expansion, Apache finds ways to reduce the amount of carbon dioxide (CO_2) emitted per barrel of oil equivalent produced. In 2011, Apache expanded its operations substantially, with major additions and acquisitions in Canada, Egypt, the Gulf of Mexico and the U.S. Permian Basin contributing to significant growth in production. Even with such growth, Apache was able to reduce its operational emissions intensity by 5 percent compared with 2010. Emissions intensity is a calculation of the tonnes of CO_2 equivalent (CO_2 -e) emitted per thousand barrels of oil equivalent produced.

CONVERTING TO ELECTRIC GENERATION

Apache has built regional electric grids for its facilities in Egypt and Argentina; replaced diesel generators with highefficiency, natural-gas powered units; installed advanced metering and monitoring systems; converted field vehicles to CNG; and extended the life of its fields by injecting carbon dioxide into underground reservoirs that otherwise would have been emitted by exhaust stacks.

DECLINING FIELD EMISSIONS INTENSITY (2009–2011)

YEAR	TOTAL FIELD CO ₂ EMISSIONS (IN METRIC TONNES)	EMISSIONS INTENSITY TONNES CO ₂ PER 1,000 BARRELS OF OIL EQUIVALENT (MBOE)
2009	10,405,339	37
2010	10,900,000	28
2011	13,100,000	26

All of these projects contributed to lower fuel costs, greater energy efficiency, reduced downtime and maintenance expenses and cleaner air. Apache continuously looks for improvements in operational efficiencies to reduce greenhouse gas emissions. With oil production climbing, Apache's Egypt Region spent millions of dollars to convert inefficient diesel-burning generators to more efficient electric generators that use lower-cost, cleaner-burning natural gas to supply power to 338 remote production sites, including 88 sites added in 2011. The conversion to electric generators has resulted in an annual reduction of about 207,000 tonnes of CO₂-e.

CO₂-E DETAIL 2011 (IN METRIC TONNES)

2011 GHG EMISSIONS	BY REGION
Argentina	955,000
Australia	460,000
Canada	1,900,000
Egypt	4,000,000
North Sea	400,000
United States	5,380,000
TOTAL	13,100,000

NORTH SEA: IMPROVING OPERATIONAL EFFICIENCIES

About 110 miles east of Aberdeen, Scotland, lies the Forties Field, the largest and among the oldest discoveries in the North Sea dating to 1970. Maintaining production requires water floods, natural gas lift injection and drilling new wells. Since Apache bought the field in 2003, it has invested more than \$3 billion to drill wells and improve operations.

One key project converted power generation from diesel fuel to field natural gas, which centralized generation facilities and linked the field's five fixed platforms with a powerdistribution ring.

The company also replaced old, maintenance-intensive, leak-prone refrigeration systems on the platforms used for recovery of natural gas liquids with modern systems that remove NGLs without refrigeration. The system replacement equates to the aggregate reduction of 47,000 tonnes of CO₂-e annually, or approximately 10 percent of Apache's 2011 North Sea emissions.



BACK COVER SEE INSIDE PLEASE



Nowhere is Apache's commitment to environmental sustainability more evident than at Apache Canada's Midale CO₂ Enhanced Oil Recovery (EOR) project near Midale in southeastern Saskatchewan, Canada.

Home to roughly 300 active wells and 78 injectors producing a daily average of 6,000 barrels of oil, Midale is the secondlargest project to use carbon dioxide generated by human activity to enhance oil recovery in Canada. Alongside Apache's partners at the neighboring Cenovusoperated Weyburn field, Weyburn-Midale forms one of the largest carbon sequestration projects in the world.

The CO₂ EOR project involves the injection into the reservoir of carbon dioxide waste transported via pipeline from a coal-fired electric generating plant in North Dakota. The project provides two substantial benefits to the Midale operations: Pressure in the field's reservoirs is restored, enabling production from wells that may have otherwise been considered exhausted. Currently, about one-half of Midale's production comes as a direct result of Apache's CO₂ operations, meaning that over the next 20 years an additional 45 to 60 million barrels of oil will be recovered. Once thought to be near depletion, CO₂ EOR has extended Midale's life by more than 30 years.

The second benefit is that carbon dioxide is permanently and safely stored in impermeable rock. Apache injects 25 million cubic feet, or 1,300 tonnes, of CO₂ into the Midale field every day, which would otherwise be emitted into the atmosphere. Over the life of the project, 8.75 million tonnes of carbon dioxide will be sequestered at Midale, the equivalent of removing two million cars from the road for a year.

Midale and the Weyburn field are part of the Plains CO₂ Reduction Partnership, a collaborative effort involving some 80 Canadian and U.S. stakeholders to test the feasibility of using industrial emissions for EOR and ultimately sealing them in the ground for the long term.

SOLAR POWER AT WORK

RE-INJECTING SOUR GAS FOR ENVIRONMENTAL BENEFITS

The sour gas injection project at Apache Canada's remote Zama Gas Plant in northwest Alberta, part of an EOR project, helps reduce greenhouse gas emissions.

Prior to implementing the EOR project, the acid gas stream from Zama's gas processing plant was sent through a sulfur recovery unit to produce solid elemental sulfur. The sulfur was sold and CO₂ was vented as a byproduct.

Instead of producing elemental sulfur, the plant now compresses and dehydrates the acid gas stream, which is injected into a production reservoir to enhance oil recovery in the Zama field. As a result, about 600,000 tonnes of $\rm CO_2$ emissions were prevented from entering the atmosphere.

The Zama Gas Plant's sour gas injection project is part of the Plains CO_2 Reduction Partnership.

VRUS MAKING AN IMPACT IN PERMIAN, CENTRAL REGIONS

A vapor recovery unit (VRU) is a system that captures vapors that can form inside crude oil tanks. When oil is stored in tanks, highly volatile light hydrocarbons can come out of the solution and vent into the atmosphere. The VRU collects the vapors from the tanks, preventing them from being released into the atmosphere. The collected vapor is either sold as product or used for fuel. Apache has installed 22 VRUs in Texas and Oklahoma in its Permian and Central regions that capture about 95 percent of hydrocarbon-rich vapors from the tanks, resulting in reductions of more than 215,000 tonnes of CO₂ equivalent emissions.

Located in northeast British Columbia, the Noel Major Project is the first full field natural gas development to apply a solar photo-voltaic system, which generates solar electricity on site and stores it in batteries to help provide a permanent energy supply. A gas-fired thermal electric generator is used when there is reduced sunlight for more than a week. By using solar power, Noel reports an 85 percent reduction in greenhouse gas emissions.



REDUCING EMISSIONS FROM TRUCK TRANSPORT

Transporting oil production by truck can be an emissions-intensive undertaking. Apache Argentina has mitigated the emissions from truck transport of oil by laying pipeline to connect fields to markets. Pipelines eliminate trucking emissions and reduce the need for tank storage, which minimizes storage-related emissions and improves the capability of vapor recovery units. Overall, the region has installed 17 kilometers of pipeline in the Neuquén basin and conducted numerous facility upgrades.



CARBON DI SCLOSURE PROJECT

Apache participates in the Carbon Disclosure Project, an independent not-for-profit organization holding the largest database of primary corporate climate change information in the world. Thousands of organizations from across the world's major economies measure and disclose their greenhouse gas emissions, water use and climate change strategies through CDP. To see our report, please go to the 2012 Carbon Disclosure Project.

USER INSTRUCTIONS, PLEASE SEE INSIDE BACK COVER.

CUTTING DOWN CO2 BY PLANTING TREES

Since 2005, Abache has awarded 2.5 million trees to communities across 14 states through our philanthropic affiliate. We estimate each tree will remove 110 pounds of carbon dioxide per year for 50 years, or about 2.5 tonnes, during the life of the tree. Administered by the Abache Feundation to benefit nonprofit groups and communities, the Abache Tree Grant Program does not offset the company's carbon emissions.

CONSERVING NATURE'S RESOURCES AS WE PROVIDE ENERGY

Across its operations, Apache is developing oil and gas resources to improve the standard of living for people and communities all over the world. At the same time, the company's obligation is to preserve the natural environment as best we can so it will continue to provide benefits to these same communities.

Water is an essential life resource for people, animals and agriculture, but it also is important in drilling and producing oil and gas. Apache uses new and proven technologies to reduce its draw on freshwater supplies. For example, the company has invested in a new water plant to process non-potable water sources to limit the freshwater impact of drilling operations in the Horn River Basin of British Columbia.

Apache tries to minimize the impact on the land. At Horn River and other project developments worldwide, Apache uses pad-drilling techniques wherever possible to tap large subsurface areas from a small surface location. The wells are clustered in a relatively small surface area, allowing Apache to reach out more than mile in each direction with minimal surface disturbance.

Apache conducts environmentally responsible hydraulic fracturing operations, in which water, sand and small amounts of chemicals are injected underground to release hydrocarbons sealed in tight formations. The process has unlocked previously untapped natural gas fields, providing an abundant alternative energy source in transportation and power generation.

Apache strongly encourages the increased use of natural gas as an alternate to other fossil fuels for electricity generation and transportation. Apache has converted 280 U.S. fleet vehicles to compressed natural gas (CNG) and operates 10 CNG fueling stations with 10 more fueling stations under construction.

RESOURCES



COVER. BACK I NS I DE

SOR.

PRODUCING OIL AND GAS AND PROTECTING WATER **RESOURCES**

Honored recently for its environmental performance, the Debolt Water Treatment Plant presents a unique case study in preserving water resources.

In 2007, Apache and partner Encana formed a partnership to begin drilling operations in the Horn River Basin of northeastern British Columbia, an abundant shale gas play. Given the low permeability of the Horn River shale, hydraulic fracturing was employed to recover natural gas from the play.

Apache and Encana had the innovative idea to tap into the Debolt reservoir, a deep subsurface, non-potable aquifer, for the companies' water needs rather than tap fresh water near the surface. Soon a firstof-its-kind water treatment plant went into operation and now supplies more than 95 percent of the water required by Apache and Encana for hydraulic fracturing operations at Horn River. The Debolt Plant incorporates a unique flowback water management system that allows for the reuse of water by re-injecting it into the formation from which it came.

By developing the Debolt Plant, Apache and Encana have dramatically decreased the use of surface water and secured access to an integrated water treatment and distribution system that allows for the full recovery and reuse of fracture stimulation fluids with minimal environmental impact.

The Debolt Water Treatment Plant was honored for environmental performance by the 2011 Responsible Canadian Energy Awards presented by the Canadian Association of Petroleum Producers.



About 94 percent of Apache's water usage comes from non-potable water sources.

Of this volume about 44 percent is recycled or reused in secondary oil recovery operations.

WATER DETAIL 2011

	MUNICIPAL WATER (ML/YR)	RAINWATER (ML/YR)	GROUND WATER (ML/YR)	SURFACE WATER (ML/YR)	TOTAL WI THDRAWAL (ML/YR)
Argentina	148	0	4,872	33	5,053
Australia	0	0	7,751	0	7,751
Canada	0	0	11,663	1,096	12,760
Central	0	0	2,693	0	2,693
Egypt	163	0	33,819	465	34,447
GOM – Deepwater	0	0	91	1	92
GOM – Onshore	5	0	9,105	2	9,113
GOM – Shelf	41	0	18,445	251	18,738
Permian	7	0	55,094	0	55,101
UK	0	0	25,877	6,717	32,594
TOTAL	364	0	169,411	8,567	178,342

ML/YR = MEGA LITERS PER YEAR OR ONE MILLION LITERS PER YEAR

WATER RECYCLED/REUSED 2011/2010

(COMPANY TOTAL VOLUME OF WATER RECYCLED AND REUSED)

VOLUME RECYCLED* (ML/YR)	VOLUME REUSED** (ML/YR)	TOTAL VOLUME REUSED/ RECYCLED (ML/YR)	TOTAL VOLUME RECYCLED/ REUSED AS A PERCENTAGE OF WITHDRAWALS (%)
2011			
21,956	112,089	134,045	75%
2010			
15,695	76,894	92,589	64%

^{*}RECYCLED IS WATER USED FOR A NEW PURPOSE (EX: PRODUCED FORMATION WATER FOR DRILLING MUD)

^{**}REUSED IS WATER USED FOR A SIMILAR PURPOSE (EX: PRODUCED FORMATION WATER INJECTED FOR EOR)

HYDRAULIC FRACTURING: DEVELOPING RESOURCES SAFELY

Apache has been using hydraulic fracturing techniques for more than 30 years and is committed to safe and environmentally responsible development. Hydraulic fracturing is a process in which water, sand and small amounts of chemicals are injected underground at high pressure to release hydrocarbons locked in tight formations. Combined with horizontal drilling, hydraulic fracturing has turned previously unproductive organic-rich shale plays into the largest natural gas fields in the world.

The first use of hydraulic fracturing to stimulate oil and natural gas wells in the United States was in the 1940s. The method successfully increased well production rates and the practice quickly spread. It since has been used to stimulate more than one million wells in the United States and throughout the world.

Water and sand constitute 99 percent of most hydraulic fracturing mixtures. There also are small amounts of chemicals that enhance performance.

There are some community concerns that the chemicals used in hydraulic fracturing can reach the drinking water supply. Drinking water aquifers generally are located a few hundred feet below the surface while gas-bearing formations are found at much deeper levels, up to one to two miles. After wells are drilled through a drinking water aquifer, steel casing and cement are set in the wellbore to prevent contamination.

Hydraulic fracturing rarely produces earthquakes large enough for people to feel or cause damage on the surface, according to a recent report conducted by the independent nonprofit National Research Council. The report was sponsored by the U.S. Department of Energy.

HYDRAULI C FRACTURI NG: FULL DI SCLOSURE

In the United States, Apache has taken a lead role in encouraging the development of a national chemical registry for hydraulic fracturing that is now available online at www.FracFocus.org. As of summer 2012, nearly 200 companies had uploaded the chemical usage associated with more than 22,000 wells in 24 states into the FracFocus disclosure registry.

This web-based system publishes detailed information concerning chemicals used in hydraulic fracturing on a well-by-well basis. The project was initiated jointly by the Interstate Oil and Gas Compact Commission and the Ground Water Protection Council, organizations representing state energy and water regulators.

In its first year, FracFocus.org emerged as the most user-friendly tool among several community right-to-know databases. It was designed to provide easy access by non-technical users, and includes an interactive map to locate each well. Among the data available for each well completion:

- Each hydraulic fracturing fluid chemical is listed with a trade name, name of manufacturer, purpose of the chemical's use, composition of the chemical, and the Chemical Abstracts Service (CAS) registry number of the chemical.
- The total volume of water is disclosed as well as the maximum chemical concentration, in percent of mass, for each additive.

Apache has been a leader in successful legislative efforts in several states to require disclosure of hydraulic fracturing fluids. In Texas, the company supported adoption of Texas Railroad Commission regulations requiring disclosure on FracFocus.org of chemicals used in hydraulic fracturing beginning in 2012.

In 2011—before adoption of mandatory reporting requirements in some states—Apache submitted data from 248 U.S. hydraulic fracturing operations, or about 75 percent of the total, to FracFocus.org. By mid-summer 2012, we had submitted data from an additional 375 operations.

Apache has worked closely with vendors to encourage them to develop and use chemicals with concentrations that are not harmful to the environment. We also help them develop systems that will ensure that data from all of the company's well completions are submitted to the website.

Some companies' early efforts were more effective than others, and Apache continues to work with its vendors to assure full and accurate disclosure of all chemicals used.

FOR USER INSTRUCTIONS, PLEASE SEE INSIDE BACK COVER.

YOUR SMART PHONE TO LEARN ABOUT

NATURAL GAS: AN IDEAL ALTERNATIVE SOURCE OF ENERGY

As a significant producer of natural gas in North America, Egypt, Argentina and Australia, Apache is continuing its efforts to promote the use of natural gas. The company is engaging policymakers and communities to increase their awareness of the benefits of natural gas. And it is taking a leadership role in America's Natural Gas Alliance, the leading industry organization advocating for greater use of natural gas in transportation and power generation.

Worldwide, natural gas has gained widespread acceptance as a transportation fuel with nearly 15 million natural gasfueled vehicles. It is anticipated that about 20 million will be natural gas powered by year 2016.

In the United States, about 120,000 CNG vehicles are in use, which offset the use of nearly 360 million gallons of gasoline in 2011. A lack of refueling infrastructure has limited opportunities to expand the fleet. There are only about 1,000 CNG fueling stations in America, about half of which are open to the public.



LEARN ABOUT

Apache is trying to change that. In the United States, Apache has 10 operating CNG fueling stations and plans to open a total of 20 stations by year-end, including six with public access. These stations enable its fleet of 280 natural gas-powered field vehicles to operate on this cleaner-burning and more economical alternative to gasoline. Apache's goal is to convert 80 percent of our 1,000-plus U.S. fleet vehicles to CNG by year-end 2015.

Natural gas is an extremely important source of energy for reducing pollution and maintaining a clean and healthy environment. In addition to being a domestically abundant and secure source of energy, the use of natural gas also offers a number of environmental benefits over other sources of energy, particularly other fossil fuels, in the transportation and electric generation sectors.

TULSA, LAFAYETTE CELEBRATE OPENING OF PUBLIC-ACCESS CNG FUELING STATIONS

In 2012, Apache executives and local dignitaries gathered in Tulsa, Okla., and Lafayette, La., to celebrate the grand openings of the company's public-access CNG fueling stations.

The two canopied, multi-pump stations are the first of several public-access CNG stations Apache is expected to build. The self-service stations offer three dual-hose fueling dispensers capable of fueling six cars simultaneously at a rate of three-to-four gallons equivalent per minute.

"This CNG fueling station is key to the CNG infrastructure of this city and Apache again establishes how public-private collaboration is the essence of Tulsa's success in this growing industry," Tulsa Mayor Dewey Bartlett said.

Oklahoma is considered a leader in encouraging greater use of cleaner-burning natural gas, offering various tax incentives to spur development of alternative fuels. For instance, a one-time income tax credit is available for 50 percent of the incremental cost of purchasing a new Alternative Fuel Vehicle (AFV) or converting a vehicle to operate on an alternative fuel. A tax credit is available for up to 75 percent of the cost of building alternative fueling infrastructure.

Louisiana also offers incentives, including an income tax credit of 50 percent of the cost of converting a vehicle to operate on an alternative fuel, 50 percent of the incremental cost of purchasing a new AFV and 50 percent of the cost of building an alternative fueling station.

CNG STATION AT HOUSTON AIRPORT BEGINS OPERATIONS



COVER.

BACK

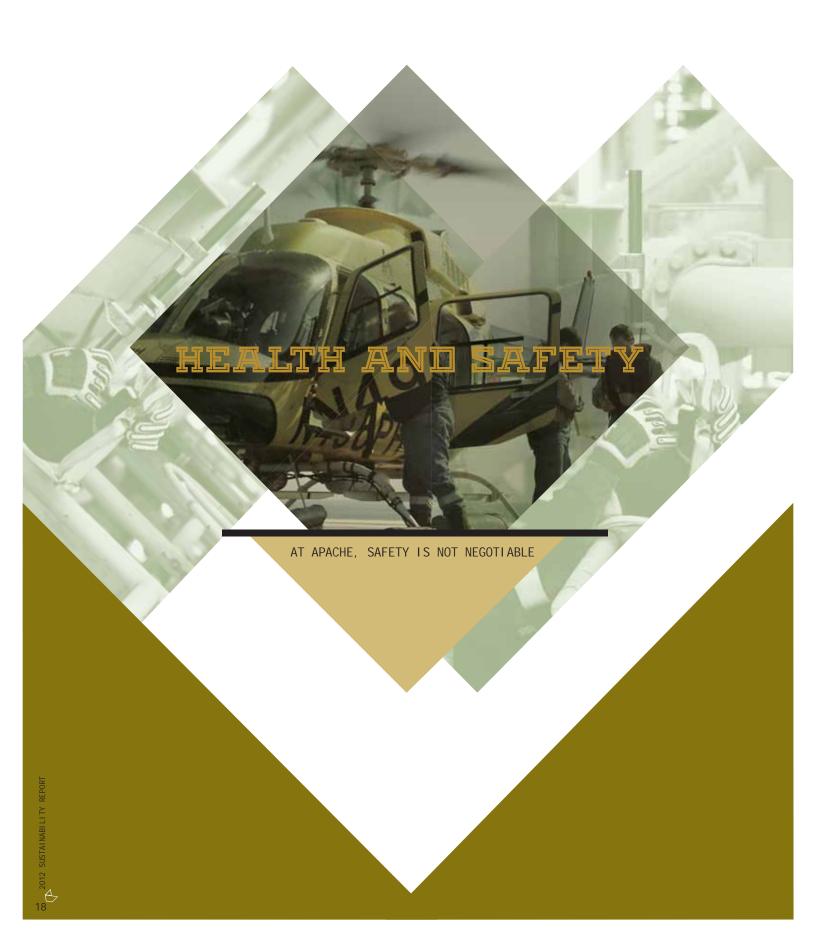
A compressed natural gas fueling station Apache built for the Ecopark Fleet of buses at Houston's Bush Intercontinental Airport began operations in 2012. The fleet of CNG-powered buses carry passengers to and from the city's economy parking lots at the airport.

33YOJAM3 3HOAAA 3JIH3V DNO 3VITN3DNI MARDORA

Promoting CNG to its U.S. employees, Apache has launched the Apache Employee CNG Vehicle Incentive Program. This program provides two significant incentives:

- Free CNG for the first \$5,000 of CNG fuel purchases at Apache CNG stations or any public-access stations;
- Reimbursement for half of the additional cost of the CNG-dedicated or CNG-converted vehicle from either Apache or state incentives.





WORKING SAFELY

Apache continues to post improved safety numbers.

In a recent analysis of the company's safety performance, the employee recordable injury rate in 2011 was 39 percent below the four-year average ending in 2011 and the work restricting injury rate was 4 percent below the four-year average, while hours worked were up 44 percent.

The 2011 contractor recordable injury rate was 12 percent below the four-year average ending in 2011 and the work restricting injury rate was 8 percent below the four-year average, while hours worked were up 29 percent.

Apache's goal is to reach zero incidents and injuries.

Apache is strongly committed to operational excellence, defined as optimizing production, drilling, completion, construction and seismic operations while minimizing cost, adapting to dynamic business conditions, maintaining safe, environmentally compliant and responsible operations and ensuring asset mechanical integrity and reliability.



COVER.

BACK

operational excellence. Apache's success is dependent on a strong EH&S culture developed and maintained across the company's operations. Policies, procedures, guidelines and systems have been established to enable a strong EH&S culture.

These standards of performance permit each region to adapt programs and

These standards of performance permit each region to adapt programs and procedures to fit local rules and culture while establishing high standards for training, compliance, maintenance and environmentally responsible operation.

Apache's Worldwide Environmental, Health

and Safety Standards (EH&S) facilitate



EMPLOYEE RECORDABLE AND WORK-RESTRICTING INJURIES (2008-2011)

FMPI	OYFF	RECORDA	BI F	LNJURLES

EMI LOTEL RECORDADEL THOORTES					
	2008	2009	2010	2011	AVERAGE 2008-2011
Total Recordable Injuries	73	23	13	38	36.75
Total Hours Worked	8,560,807	11,587,530	12,744,997	18,568,719	12,865,513
TOTAL RECORDABLE INJURY RATE*	1.71	0.40	0.20	0.41	0.68

^{*}Rate is calculated injuries per 200,000 man-hours worked.

EMPLOYEE WORK-RESTRICTING INJURIES

	2008	2009	2010	2011	AVERAGE 2008-2011
Total Days Away/ Restriction and Transfer Cases	20	12	3	21	14
Days Away/ Restriction and Transfer Cases	0.47	0.21	0.05	0.23	0.24

CONTRACTOR RECORDABLE AND WORK-RESTRICTING INJURIES (2008-2011)

CONTRACTOR RECORDABLE INJURIES

	2008	2009	2010	2011	AVERAGE 2008-2011
Total Recordable Injuries	406	278	380	421	371.25
Total Hours Worked	43,369,383	34,536,237	47,859,766	59,637,384	46,350,693
TOTAL RECORDABLE INJURY RATE*	1.87	1.61	1.59	1.41	1.62

^{*}Rate is calculated injuries per 200,000 man-hours worked.

CONTRACTOR WORK-RESTRICTING INJURIES

	2008	2009	2010	2011	AVERAGE 2008-2011
Total Days Away/ Restriction and Transfer Cases	159	135	204	212	177.5
Days Away/ Restriction and Transfer Cases	0.73	0.78	0.85	0.71	0.77

SEMS PROGRAM COMPLIANCE

Apache has implemented a Safety Environmental Management System (SEMS), a 13-part system that focuses on operating procedures, hazard analysis, mechanical integrity and training for all assets and personnel operating in the Gulf of Mexico. Mandated by the federal Bureau of Safety and Environmental Enforcement, the goal of SEMS is to provide a framework for safer operations offshore.

Key SEMS requirements for operating offshore are:

- Operating procedures—Operating procedures, such as shut-in and start-up procedures, must be developed and maintained for all offshore production facilities.
- Hazard analysis—Operators must verify that all processing facilities are properly designed for pressure relief. Equipment changes and new equipment additions must be analyzed for their impact to existing process equipment on all production facilities.
- Management of change—Operators must develop procedures for managing change to process piping and production equipment to ensure any changes are properly analyzed and remain within platform and system design limitations.
- Mechanical integrity—Operators must have adequate programs for maintaining critical equipment in safe operating condition.
- Skills and knowledge of personnel—Operators must develop processes to verify that employees and contractors have adequate skills and knowledge to perform their assigned duties.

As per the SEMS regulatory deadline of Nov. 15, 2011, Apache successfully implemented a SEMS program and is currently auditing the program for compliance as required.



All contractors working for Apache are required to have written safety and environmental programs and procedures in place. Depending on the type of service or work, contractors are required to develop specific safe work practices so their personnel can perform their job functions safely and adequately. Apache also has developed specific Environmental, Health and Safety training requirements to ensure all contractors have the adequate skills and knowledge to perform their duties.

Apache's Gulf of Mexico regions use the ISNetworld data system to evaluate and monitor contractors' safety performance, written safety programs and training. The ISNetworld system is an online program that allows Apache access to contractors' safety programs, injury and incident rates, training records and other documents to verify that their safety programs and performance meet Apache's requirements.

The company's Gulf of Mexico regions also require contractors to participate in the DISA drug and alcohol testing consortium, which provides continuous surveillance of drug and alcohol testing procedures and results. The DISA and ISNetworld programs are linked to provide a consolidated system that continuously tracks and monitors contractor safety performance, employee training and adequate drug and alcohol testing programs.



STAYING TRUE TO SAFETY AS WE GROW

Recent acquisitions in Canada and the United States have led to huge growth in personnel at Apache, including recent college graduates with limited industry experience. In response, a new effort is underway to introduce employees to the unique safety culture at Apache. The corporate initiative examines the way Apache employees envision safety and elevates safety's profile in all areas of operations.

SPILL RESPONSE

Following the Deepwater Horizon oil spill disaster in the Gulf of Mexico, Apache remains committed in its vigilance to manage subsea risks properly. To that end, Apache has enhanced its spill response capability by joining various response organizations, including Marine Well Containment Company, Helix Well Containment Group, Clean Gulf and Oil Ltd. in the Gulf of Mexico; Oil Spill Prevention and Response Advisory Group in the United Kingdom; and Oil Spill Response Limited, Wild Well Control (for a capping stack system) and Australian Marine Oil Spill Center in Australia.





A CODE OF RESPECT

Our responsibility to our colleagues starts with ensuring a safe workplace. Then it goes farther.

Apache also is committed to equal employment opportunity throughout its workforce. Our core policy states the company will base all employment-related decisions and actions exclusively on employment-related criteria. Harassment is not tolerated.

Our compensation systems include programs that align employees with shareholder interests. We provide competitive benefits packages that are based on the laws and customs in each of the countries where we operate.

Apache conducts business fairly and ethically and complies with applicable laws, regulations and government requirements, including the Foreign Corrupt Practices act. Apache's Code of Business Conduct sets out our expectations.

SUSTAINING THE APACHE CULTURE

Since 2009, Apache has increased the size of its workforce by more than 50 percent to meet the challenges of safe and environmentally responsible operations as our existing regions grow and we expand our hunt for resources in new areas around the world. These new employees include experienced men and women who have come from other companies through acquisitions and recruiting; bright, motivated recent college graduates identified through the company's summer internship and professional development programs; and military veterans who fit well in Apache's culture of empowerment.

Apache's culture is unique, based on principles of honesty, integrity and respect for others. We delegate authority down to the lowest possible level, which gives our employees both empowerment and responsibility. We encourage good ideas and seek the best answers from all levels of the organization regardless of the source. Our culture is not for everyone; people who are goal-oriented and willing to embrace our sense of ownership will thrive at Apache. Perpetuating our culture is as important to our sustainability as anything else we can accomplish.

We welcome new members of the team and value their technical skills and experience as well as their new ideas and perspectives. Because we have so many new faces, we have recommitted to affirming our culture and values for our new and continuing employees with strategic messaging via town hall meetings, videos and other communications channels to reinforce the Apache culture as we continue to build a sustainable future in the years ahead.

FINDING TALENT OFF THE BEATEN PATH

When it comes to core values, Apache and the military fit like a well-pressed uniform. The intangibles of selfless service, devotion and loyalty are traits honed in the military. They are traits valued in all Apache employees.

Taking advantage of the good match, Apache has launched an aggressive campaign to recruit veterans from all branches of the military. There is a huge talent pool in the military and Apache wants to tap it.

Much like recruiters visiting college campuses to search for talent, HR representatives have been making the rounds of military bases and engaging soldiers on Facebook. Getting the word out about Apache to servicemen is a top priority.

about Apache to servicemen is a top priorit
The military recruiting program is one
of the many initiatives Apache is taking
to build the foundation for the future
and develop the next generation of
technical and professional experts and

SPREADING THE HEALTH

Apache's global wellness programs continue to expand, offering more health services and resources to encourage employees to adopt healthy lifestyles for themselves and their families. Whether the topic is stress management or nutritional needs, Apache's wellness programs give employees the tools needed to lead healthy lives. Among other initiatives, a confidential health screening program to address health risks and adopt healthy lifestyle changes has expanded to all U.S. operations and to some overseas regions, with the goal of reaching all operational regions by the end of 2012.





RESPECTING OUR COMMUNITIES AND BUILDING RELATIONSHIPS

BOOSTING CITY PARKS THROUGH APACHE TREE GRANT PROGRAM

REACHING OUT TO OUR NEIGHBORS ACROSS THE WORLD

Apache is dedicated to being a good corporate citizen by operating responsibly and by building enduring relationships with the communities where we operate through commitments to environmental stewardship, sustainable development, education, civic improvement and philanthropic causes.

TREES AWARDED B TRFFS 2005 1,521 2006 3,949 2007 204,778 2008 132,521 696,805 2009 2010 461,533 522,824 2011 2012 528,124

VOLUNTEERING

Apaches provides volunteer support for hundreds of civic and philanthropic organizations around the world each year. From planting trees to organizing bikeriding events to fighting hunger and poverty, Apaches and their families regularly donate their time and effort to charitable causes in the communities where we live and work.

In spring 2012, Apache presented Houston Mayor Annise Parker with \$135,000 in proceeds from two company-sponsored running and biking fundraising events. The money from the Bayou City Classic and the Tour de Houston was earmarked for the reforestation of city parks, which were devastated by a year-long drought. The company also donated 50,000 trees to the city Parks and Recreation Department.

In Galveston, Apache stepped forward to help the island city reach its goal of planting 25,000 trees in five years. The island lost many trees after it was heavily damaged by Hurricane Ike. Apache also planted mature oak trees along Broadway Boulevard, the main entrance to the city.

Apache employees and family members regularly volunteer their time to help plant trees donated by the company. For instance, more than 40 Apache volunteers helped plant trees in Houston's Memorial Park on Arbor Day 2012.

Since 2005, Apache has awarded 2.5 million trees to nonprofit institutions and communities across 14 U.S. states through grants from the Apache Foundation, our philanthropic affiliate. These trees will improve the environment and the quality of life in these communities for decades to come. All trees are native to the areas where they are donated to ensure their prosperity.

FUND FOR TEACHERS

Since 2001, Fund for Teachers has given \$17.8 million in grants to more than 5,000 teachers, enabling them to travel the world to enrich the experiences they bring to their classrooms. In 2012, 463 educators from across the country received fellowships to expand their horizons in 77 different countries, helping to make them more passionate and effective teachers.

Fund for Teachers, which like Apache was founded by former CEO Raymond Plank, aims to enrich the personal and professional growth of teachers by recognizing and supporting them as they pursue opportunities around the globe that will have the greatest impact on their vocation, the academic lives of their students and in their schools.

"Our goal is to inspire the inspirers," says Karen K. Webb, Fund for Teachers executive director. "We believe that teachers are the catalyst to make change for their students, their schools, their districts and their communities."

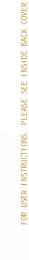
Among the fellowships awarded in 2012, elementary teachers from Texas will travel to Maine to attend a literacy retreat and learn new techniques for helping their students become better writers. Middle school math and science teachers from Tennessee will make a trip to Costa Rica to learn from conservation scientists. They hope to show their students how valuable scientific research and statistics are. High school teachers from San Francisco will visit Vietnam to learn more about the culture and the effects of imperialism.

SPRINGBOARD: EDUCATING THE FUTURE



In Egypt, Apache continues to support the educational opportunities for 5,000 young girls attending 200 Apache-built, one-room schools in remote rural areas where girls traditionally have been deprived of educational opportunities due to geographic, social and economic constraints.

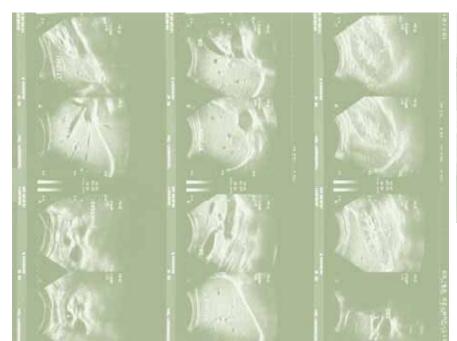
These schools provide girls with an opportunity to learn to read and write, to add numbers and to manage skills that will help them make life better for them, their families and their villages. Apache and Springboard: Educating the Future have partnered with Egypt's National Council for Childhood and Motherhood and the Sawiris Foundation for Social Development to continue to enhance the girls' educational experience.





SUPPORTING OUR NEIGHBORS

- In Argentina, Apache donated a small Bobcat front-loader to help the popular tourist spot Villa La Angostura dig out from under ash after the Puyehue volcano erupted across the border in south-central Chile. The front-loader was used to clear ash blocking the local hospital and other buildings in the village.
- At the University of Texas M.D.
 Anderson Cancer Center in
 Houston, Apache has made a
 long-term commitment to support
 a new state-of-the-art advanced
 imaging center and provide
 funds for its critically important
 data management efforts and
 preventative care.
- In Alberta, Apache Canada has committed \$48,000 over three years to help fund cancer research through the Alberta Children's Hospital Childhood Cancer collaborative.
- ✓ In Perth, Western Australia, Apache renewed its commitment to provide funding for research of a rare, very aggressive and almost always fatal form of tumor called NUT midline carcinoma.





SUPPORTING THE ARTS

HELPING A TORNADO-DAMAGED TOWN

Apache donated a new tornado warning system to the city of Woodward, Okla. A tornado ripped through the western Oklahoma town April 15, 2012, killing six people, injuring more than 20 and causing extensive property damage.

The signal tower for Woodward's tornado sirens was struck by lightning and the tornado hit the community moments later. Apache's \$350,000 donation funded the city's emergency acquisition of a state-of-the-art tornado warning system with battery backup that will continue to operate in case power goes out. A total of 19 new sirens and four upgraded sirens were installed at major intersections and along major highways in the community.

APACHE DONATES CNG VEHICLES TO TULSA TRANSIT

Apache provided two new paratransit vans powered by compressed natural gas to the Metropolitan Tulsa Transit Authority. The MV-1 vans are the first factory-built and assembled vehicles that meet or exceed the vehicle guidelines of the Americans with Disabilities Act (ADA). Tulsa Transit plans to use the new wheelchair-accessible vans as part of its door-to-door Lift Program for disabled individuals.

Apache recognizes the valuable role the arts play in society and salutes the artists who inspire us and fuel our creativity. This past year Apache provided major funding support to the Museum of Fine Arts, Houston, the Ucross Foundation and the Alley Theatre.

In 2011-12, Apache was the sole Houston sponsor of "Tutankhamun: The Golden King and the Great Pharaohs," an acclaimed exhibition of more than 150 artifacts from ancient Egypt that was presented for six months at the Museum of Fine Arts, Houston. Apache stepped up to support the exhibit because of the company's strong ties to Egypt, where it has operated for nearly 20 years, and Houston, its headquarters since 1992. Apache was proud to share "Tutankhamun" with nearly 300,000 patrons who viewed the exhibit.

Founded by Raymond Plank, Apache's founder and former chairman, the Ucross Foundation near Clearmont, Wyo., has provided nearly 2,000 residency grants for visual artists, writers, composers and choreographers since 1981. Residents receive studio space, living accommodations and uninterrupted time for creative work in a serene, inspiring setting. Ucross residents have won many awards, including several Pulitzer Prizes, Tony Awards and National Book Awards. Notable residents include Annie Proulx, who received the Pulitzer Prize and National Book Award for her novel "The Shipping News;" Elizabeth Gilbert, who wrote her international bestseller "Eat, Pray, Love" during her second residency at Ucross; and composer Adam Guettel, who wrote "The Light in the Piazza," which was nominated for eleven Tony Awards and won six.

For more than a decade, Apache has provided support to the Tony Awardwinning Alley Theatre, one of America's leading nonprofit theaters and a cultural flagship in Houston for nearly 60 years. Apache has endorsed collaboration between the Alley Theatre and the Ucross Foundation in which young playwrights compose new works at Ucross that are later produced at the Alley Theatre.



HUMAN RIGHTS

APACHE MATCHING GIFT PROGRAM

In 2011, Apache and its employees donated \$908,542 in matching gift funds as part of the Apache Matching Gift Program. The program matches donations to charitable organizations in social welfare, education, conservation and ecology, health and human services, arts and culture, and civic improvements. Apache matches employee contributions on a dollar-for-dollar basis up to \$10,000 per employee per year.

In communities across the globe, Apache prides itself on being entwined with the interests and needs of the people. We run or support a large number of programs whose reach is broad and deep.

In Egypt, we have built hundreds of schools for girls, created jobs for unskilled Bedouin as well as skilled professionals, and assisted some of the most lowly paid textile workers in expanding their markets.

In Argentina, we provide scholarships for children in situations of social vulnerability, run social development projects in rural villages, fund a variety of training programs for teachers, operate programs that help indigenous peoples, and support programs for the handicapped.

But it is many of the individual projects in which our people engage of which we are most proud.

When one of the local indigenous communities in Argentina needed a water well, Apache drilled it. When the child of one of the local indigenous leaders was burned in an accident, the spouse of a company employee volunteered free care. From these and many other experiences like them, we strive to maintain a culture that keeps the human in human rights.

In all of our operating regions worldwide, Apache is known for being committed to the place and the people. Each region develops its own way to be a good corporate citizen in its part of the world. Ultimately, Apache's ability to make a difference in the lives of others comes from our ability to hire and retain people who want to make the world a better place while making us a better company.

Apache's efforts in Argentina and Egypt are only part of the human rights initiatives the company has forged in the communities where it works. In Canada, for instance, the company worked closely with First Nations and is proceeding with the Kitimat LNG project on Haisla Nation reserve land on the Douglas Channel near the Port of Kitimat, 400 miles north of Vancouver, British Columbia.

In Australia, 10 to 15 Apaches participate each year in the Aboriginal Cultural Awareness Training program designed to develop an understanding of the traditional laws and customs of Aboriginal people and develop a mutual understanding of cultural differences. Using that training, Apache has successfully negotiated a number of land acquisitions with registered Native Title claimant groups, resulting in the development of such facilities as the Devil Creek Gas Plant.

COMMUNITY CONSULTATION IN KENYA

STAKEHOLDER ENGAGEMENT

As a global company, Apache understands the responsibility associated with our industry and grasps the impact we have on the communities where we operate. Our personnel live and work in these communities and we see ourselves as directly responsible for actively communicating with and listening to opinions throughout our operating regions. Simply put, the way we interact with local people, communities and economies is a direct reflection of ourselves.

We recognize that engagement, communication, consultation and ultimately relationships depend on both parties. Our commitment is to inform stakeholders of operational projects, listen to views and concerns about the project, and respond to legitimate and credible concerns.

The issues at play in a given social environment have enormous potential to benefit or detract from operations and projects in a given region. We understand our position and the great responsibility that accompanies it. Apache is a company committed to honestly, openly and continuously engaging all of the communities where we work.

Apache's recent offshore exploration initiative into Kenya highlights our commitment to thorough and thoughtful community consultation. Through stakeholder mapping and field surveys, we cast a wide net to identify potentially interested and affected people. Personnel traveled from Mombasa to Malindi to Kilifi to participate in governmental and quasi-governmental meetings and town hall meetings. The team met formally with policymakers and ministers and then met with fisherman and boat operators in community buildings and on beaches. We listened to initial concerns and answered questions about drilling activity, mitigation measures and potential impacts, and closed







OUR PERFORMANCE

In Apache's 2012 Sustainability Report, we have reported on our performance in environmental responsibility, health and safety and community involvement. The following performance indicators are 2011 data.

This report was prepared using the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting published in 2010 by the International Petroleum Industry Environmental Conservation Association (IPIECA) and the American Petroleum Institute. We also used as a reference the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.



REPORT SECTIONS	IPIECA	GRI
Vision	SE1, SE14	SO ₅
Advocacy		
Governance		
Environment	E1, E2, E3, E5, E6, E8, E9	EN3, EN5, EN6, EN7, EN8, EN10, EN11, EN12, EN13, EN14, EN16, EN18, EN23, EN26
Biodiversity		
Greenhouse Gases		
Resources		
Health and Safety	HS1, HS2, HS3, SE5	LA7, LA8, LA11
Safety		
Building Careers		
Community	SE1, SE2, SE4, SE5, SE8, SE11, SE12, SE14, SE15, SE16, SE17, SE18	SO1, SO5
Education		
Economic Performance	SE11, SE12, SE13, SE14	EC8, EC9

SUSTAINABILITY INDICATORS

ENVI RONMENTAL INDICATORS	
Greenhouse Gas Emissions (metric tons CO₂ equivalent)	13,100,000
Flared and Vented Gas (metric tons CO₂ equivalent)	4,100,000
Energy Use (Mwh)	25,200,000
Water Use (ML/YR)	178,342
Hydrocarbon Spills to Environment (>1 barrel)	488
Barrels Spilled	8,541

SAFETY INDICATORS	
DART Injury Rate (lost-time and restricted-duty injuries per 200,000 work hours)	
Employees	0.23
Contractors	0.71
Recordable Injury Rate (incidents requiring medical treatment per 200,000 work hours (includes DART injuries))	
Employees	0.41
Contractors	1.41

FINANCIAL AND OPERATIONAL INDICATORS	
Tax Expense (\$millions)	3,509
Revenues (\$millions)	16,888
Net Income Attributable to Common Stock (\$millions)	4,508
Earnings per Diluted Common Share (\$)	11.47
Net Cash Provided by Operating Activities (\$millions)	9,953
Exploration & Development Capital (\$millions)	6,287
Proved Reserves (MMboe)	
Natural Gas	1,621
Liquid Hydrocarbons	1,369
TOTAL	2,990
Production	
Gas (Mcf per day)	2,262,384
Liquids (barrels per day)	371,085
TOTAL (Boe per day)	748,149
Dividends paid (\$millions)	306
Employment (full-time)	5,439
United States	2,840
Canada	915
Argentina	423
Australia	362
Egypt	379
United Kingdom	520



SQUARE BAR CODES, COMMONLY KNOWN AS QUICK RESPONSE OR OR CODES, ARE PLACED THROUGHOUT THIS REPORT TO PROVIDE MORE INFORMATION TO OUR READERS. ONCE SCANNED WITH A SMARTPHONE OR TABLET CAMERA, THE CODES PROMPT YOUR DEVICE TO OPEN A WEB PAGE OR PLAY A VIDEO.

FIRST, YOU NEED TO HAVE A SMARTPHONE OR TABLET EQUIPPED WITH A CAMERA. IT ALSO HAS TO HAVE A CODE-READING APPLICATION. NEWER MODELS OF ANDROID AND BLACKBERRY PHONES COME WITH AN APP PRE-INSTALLED. IPHONE, IPAD AND OTHER SMARTPHONE AND TABLET OWNERS CAN DOWNLOAD ONE OF THE MANY APPS AVAILABLE FREE AT THE APPLE APP STORE, THE ANDROID MARKET, BLACKBERRY APP WORLD OR OTHER APP STORES ONLINE.

TO SCAN, SIMPLY OPEN THE APP AND HOLD YOUR DEVICE'S CAMERA UP TO THE QR CODE. KEEP YOUR HAND STEADY AND TRY TO CENTER THE IMAGE OF THE QR CODE ON YOUR PHONE OR TABLET SCREEN. ONCE THE CAMERA LOCKS ONTO THE QR CODE, THE WEB PAGE, VIDEO OR OTHER DATA LINKED TO THE QR SHOULD AUTOMATICALLY OPEN HE

