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CENTRAL REGION



The Central region includes more than 2,500 producing wells and controls over one million gross acres primarily in western Oklahoma and the Texas panhandle. Most of the region's acreage is held-by-production. The region's reserves and production are primarily natural gas; however, a transformation from vertical to horizontal drilling has evolved over the last two years, and the region is now targeting oil and liquids-rich gas plays given the continued price disparity between oil and gas. The result of focusing on oil and liquid plays was evident during 2011 with oil production nearly doubling and natural gas liquids (NGL) production up 244 percent compared to the prior year. Total region production was up 14 percent as we drilled or participated in drilling 108 wells, 94 percent being completed as producers. The region's year-end 2011 estimated proved reserves represented five percent of Apache's worldwide total.

The primary target for the region's liquids-focused objective has been in the Anadarko basin's Granite Wash play, with 50 wells brought on production during 2011. Thirty-three of these were operated wells that had average 30-day gross rates of approximately 500 barrels per day (Bpd) and 4.5 million cubic feet per day (MMcf/d). The Granite Wash consists of a series of thick, multi-layered formations of low-permeability and liquids-rich sandstones. We have operated in this area for 50 years drilling vertical wells, but the play has recently re-emerged as a horizontal drilling play with multi-staged fracturing technology. We drilled our first operated horizontal well in the Granite Wash in 2009 and have continued to pursue cost efficiencies and reduce drilling time.

The region has also increased its focus on oil plays in the Anadarko shelf Cherokee formation and the Texas Panhandle Cleveland formation. In 2011, we drilled 12 wells in the Cherokee formation and 10 wells in the Cleveland formation with an average 30-day gross production rate of 350 Bpd and 500,000 cubic feet per day.

With its growing success in oil and liquids-rich gas plays, the region has been active on the acquisition and divestiture front. In March 2011, Apache acquired 92,400 net acres in the Whittenburg basin of Oldham County, Texas, which is emerging as a potential new oil play for Apache. The acreage is immediately south of the Panhandle Dolomite field and directly north of two 25-well Canyon Wash fields. For 2012, the region plans to increase its Whittenburg activity level to include horizontal drilling and has recently completed the acquisition of 244 square miles of 3-D seismic data. Separately, in 2011 the region divested its natural gas properties in east Texas. The divestiture, which was completed in December 2011, included dry gas wells that were producing approximately 31 MMcf/d net to Apache.

In January 2012, the Company announced entry into a merger agreement to acquire Cordillera, a privately held company with approximately 254,000 net acres in the Granite Wash play, nearly 18,000 barrels of oil equivalent per day of current production, and estimated proved reserves of 71.5 million barrels of oil equivalent (MMboe). This doubles Apache's acreage in the Granite Wash area and adds a robust drilling inventory that will be immediately integrated into our existing plans. The merger is expected to be

OPERATIONAL HIGHLIGHTS - UNITED STATES

PERFORMANCE	YEAR-END DEC. 2011
Oil production (Bpd)	119,415
Natural gas production (Mcf/d)	864,742
Natural gas liquids production (Bpd)	22,111
Estimated proved reserves (MMboe)	1,290
Gross acreage	10,229,040
Gross well drilled/productive	702/671

completed in the second quarter of 2012 and allows for Cordillera to acquire up to \$100 million in additional leasehold acreage in the Granite Wash and other plays through closing.

With the recent completed and pending acquisitions, the region plans to double its activity in 2012.

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