



- ARGENTINA
- AUSTRALIA
- CANADA
- EGYPT
- UK NORTH SEA
- UNITED STATES
- LATEST FROM UNITED STATES
- CENTRAL REGION
- PERMIAN REGION
- GULF OF MEXICO REGIONS**
- CAREERS
- SUPPLIERS
- CONTACTS
- INNOVATION
- EXPLORING WHAT'S POSSIBLE

[HOME](#) > [OPERATIONS](#) > [UNITED STATES](#) > GULF OF MEXICO REGIONS

GULF OF MEXICO REGIONS



Apache's Gulf Coast assets are primarily located in and along the Gulf of Mexico, in the areas onshore and offshore Texas, Louisiana, Alabama, and Mississippi. Recent acquisitions have significantly increased Apache's presence in the area and have bolstered an already deep inventory of projects with additional development and exploration opportunities for multiple years. The area is divided into three regions: Gulf of Mexico Shelf, Gulf of Mexico Deepwater, and Gulf Coast Onshore.

In water less than 500 feet deep, which constitutes most of our Gulf of Mexico Shelf region, Apache is currently the largest producer and has been the largest offshore held-by-production acreage owner since 2004. The Gulf of Mexico Shelf region has approximately 3 million gross acres covering 622 offshore blocks with nearly 80 percent of the blocks held-by-production. The region contributed 14 percent of our worldwide production and 15 percent of worldwide revenue during 2011.

With prolific wells, strong cash flows, and a strategic position near the petrochemical-industrial complex on the U.S. Gulf Coast, the region has consistently generated high rates of return allowing the region to play a vital role in funding investments in other regions. Although regulations issued in 2010 have slowed the issuance of drilling permits for all operators, the region drilled or participated in 35 wells in 2011 with a 71-percent success rate. We drilled 36 wells in 2010 and 20 wells in 2009.

In water greater than 500 feet deep, the Gulf of Mexico Deepwater region is a relatively underexplored and oil prone area that provides exposure to significant reserve and production potential. Apache's strategic presence in the area was gained through the 2010 Mariner merger, and we now own approximately 750,000 gross acres across 148 blocks as of the end of 2011. The Deepwater region contributed approximately 2 percent of Apache's worldwide production; however, there are multiple projects underway. The Bushwood, Wide Berth, and Mandy development projects are projected to begin production in the second quarter of 2012 with combined net initial production of 12,000 barrels of oil equivalent per day (Boe/d). In addition, the larger scale non-operated Lucius project was sanctioned in the fourth quarter of 2011. Apache has an 11.7-percent working interest in this development with first production projected for 2014. The region is also increasing its exploration activity, having recently been awarded four deepwater exploration plans. We expect to drill or participate in drilling nine wells during 2012 compared to two wells drilled in 2011.

Apache's Gulf Coast Onshore region was established in August 2010, to more fully exploit the opportunities built over the years in onshore areas of Texas, Louisiana and Mississippi. The region has a significant acreage position of approximately 1.4 million gross acres, including 330,000 mineral fee acres. During 2011, the region focused on drilling shallow- and moderate-depth targets, increasing acreage holdings, and expanding our regional 3-D seismic databases. We are also evaluating several

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

unconventional resource opportunities. The region drilled or participated in drilling 50 wells during 2011 and projects drilling approximately 40 wells in 2012, including increased activity in unconventional and deeper exploitation.

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