APACHE CORP
Form 10-K
February 28, 2011

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-4300

APACHE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**41-0747868**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Post Oak Central, 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400
(Address of principal executive offices)
Registrant s telephone number, including area code **(713) 296-6000**
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange On Which Registered**
Common Stock, $0.625 par value	New York Stock Exchange, Chicago Stock Exchange and NASDAQ National Market
Preferred Stock Purchase Rights	New York Stock Exchange and Chicago Stock Exchange
Apache Finance Canada Corporation 7.75% Notes Due 2029 Irrevocably and Unconditionally Guaranteed by Apache Corporation	New York Stock Exchange
Depositary Shares Representing a 1/20th Interest in a Share of 6.00% Mandatory	New York Stock Exchange

Convertible Preferred Stock, Series D

Securities registered pursuant to Section 12(g) of the Act: Common Stock, $0.625 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to section 13 or Section 15(d) of the Act. Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes o No þ

Aggregate market value of the voting and non-voting common equity held by non-affiliates of registrant as of June 30, 2010	$ 28,439,311,280
Number of shares of registrant s common stock outstanding as of January 31, 2011	382,752,217

DOCUMENTS INCORPORATED BY REFERENCE

Portions of registrant s proxy statement relating to registrant s 2011 annual meeting of stockholders have been incorporated by reference in Part II and Part III of this annual report on Form 10-K.

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DESCRIPTION

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DEFINITIONS

All defined terms under Rule 4-10(a) of Regulation S-X shall have their statutorily prescribed meanings when used in this report. As used in this document:

3-D means three-dimensional.

4-D means four-dimensional.

b/d means barrels of oil or natural gas liquids per day.

bbl or bbls means barrel or barrels of oil.

bcf means billion cubic feet.

boe means barrel of oil equivalent, determined by using the ratio of one Bbl of oil or NGLs to six Mcf of gas.

boe/d means boe per day.

Btu means a British thermal unit, a measure of heating value, which is approximately equal to one Mcf.

LIBOR means London Interbank Offered Rate.

LNG means liquefied natural gas.

Mb/d means Mbbls per day.

Mbbls means thousand barrels of oil.

Mboe means thousand boe.

Mboe/d means Mboe per day.

Mcf means thousand cubic feet of natural gas.

Mcf/d means Mcf per day.

MMbbls means million barrels of oil.

MMboe means million boe.

MMBtu means million Btu.

MMBtu/d means MMBtu per day.

MMcf means million cubic feet of natural gas.

MMcf/d means MMcf per day.

NGL or NGLs means natural gas liquids, which are expressed in barrels.

NYMEX means New York Mercantile Exchange.

Oil includes crude oil and condensate.

PUD means proved undeveloped.

SEC means United States Securities and Exchange Commission.

Tcf means trillion cubic feet.

U.K. means United Kingdom.

U.S. means United States.

With respect to information relating to our working interest in wells or acreage, net oil and gas wells or acreage is determined by multiplying gross wells or acreage by our working interest therein. Unless otherwise specified, all references to wells and acres are gross.

PART I

ITEMS 1 AND 2. *BUSINESS AND PROPERTIES*

This Annual Report on Form 10-K and the documents incorporated herein by reference contain forward-looking statements based on expectations, estimates, and projections as of the date of this filing. These statements by their nature are subject to risks, uncertainties, and assumptions and are influenced by various factors. As a consequence, actual results may differ materially from those expressed in the forward-looking statements. See Part II, Item 7A Forward-Looking Statements and Risk of this Form 10-K.

General

Apache Corporation, a Delaware corporation formed in 1954, is an independent energy company that explores for, develops and produces natural gas, crude oil and natural gas liquids. We currently have exploration and production interests in seven countries: the U.S., Canada, Egypt, Australia, offshore the United Kingdom in the North Sea, Argentina, and Chile.

Our common stock, par value $0.625 per share, has been listed on the New York Stock Exchange (NYSE) since 1969, on the Chicago Stock Exchange (CHX) since 1960, and on the NASDAQ National Market (NASDAQ) since 2004. On May 25, 2010, we filed certifications of our compliance with the listing standards of the NYSE and the NASDAQ, including our principal executive officer s certification of compliance with the NYSE standards. Through our website, www.apachecorp.com, you can access, free of charge, electronic copies of the charters of the committees of our Board of Directors, other documents related to Apache s corporate governance (including our Code of Business Conduct and Governance Principles) and documents Apache files with the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. Included in our annual and quarterly reports are the certifications of our principal executive officer and our principal financial officer that are required by applicable laws and regulations. Access to these electronic filings is available as soon as reasonably practicable after we file such material with, or furnish it to, the SEC. You may also request printed copies of our committee charters or other governance documents free of charge by writing to our corporate secretary at the address on the cover of this report. Our reports filed with the SEC are also made available to read and copy at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C., 20549. You may obtain information about the Public Reference Room by contacting the SEC at 1-800-SEC-0330. Reports filed with the SEC are also made available on its website at www.sec.gov. From time to time, we also post announcements, updates and investor information on our website in addition to copies of all recent press releases.

We hold interests in many of our U.S., Canadian and other international properties through subsidiaries. Properties to which we refer in this document may be held by those subsidiaries. We treat all operations as one line of business. References to Apache or the Company include Apache Corporation and its consolidated subsidiaries unless otherwise specifically stated.

Growth Strategy

Apache 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 stockholders. Apache s long-term perspective has many dimensions, with the following core strategic components:

balanced portfolio of core assets;

conservative capital structure; and

rate of return focus.

Throughout the cycles of our industry, these strategies have underpinned our ability to deliver long-term production and reserve growth and achieve competitive investment rates of return for the benefit of our shareholders. We have increased reserves 22 out of the last 25 years and production 30 out of the past 32 years, a testament to our consistency over the long-term.

Apache pursues opportunities for growth through exploration and development drilling, supplemented by occasional strategic acquisitions. In the years immediately prior to 2010, we were relatively absent from the acquisition market. We believed the market was overheated as oil and gas prices spiked, and the opportunities we identified did not meet our criteria for risk, reward, rate of return and/or growth potential. We built our cash position while drilling from our existing inventory of prospects and waiting for the right transactions to add to our portfolio. During 2010 we completed more than $11 billion in acquisitions and made significant progress with exploitation on existing core properties.

The current-year acquisitions fit well with our long-term strategy of maintaining a balanced portfolio of core assets. They included high-quality assets with a diversity of geologic and geographic risk, product mix and reserve life. The properties are strategically positioned with our existing infrastructure and play to the strengths that come with our experience operating in the Permian Basin, Canada and Gulf of Mexico (GOM). The Mariner merger also provided a strategic position in the deepwater GOM, which is relatively under explored and oil prone and gives Apache exposure to significant domestic oil reserves. The transactions drove a 42 percent, or 10 million acre, year-over-year increase in our undeveloped gross acres, adding to our inventory of future drilling and exploration opportunities.

2010 Acquisitions

North America

Shelf acquisition On June 9, 2010, Apache completed the acquisition of oil and gas assets in the Gulf of Mexico shelf from Devon Energy Corporation for $1.05 billion.

Mariner merger On November 10, 2010, Apache completed the acquisition of Mariner Energy, Inc. for stock and cash consideration totaling $2.7 billion. We also assumed approximately $1.7 billion of Mariner s debt with the merger.

Permian acquisition On August 10, 2010, we completed the acquisition of BP plc s (BP) oil and gas operations, acreage and infrastructure in the Permian Basin for $2.5 billion, net of preferential rights to purchase.

Canadian acquisition On October 8, 2010, we completed the acquisition of substantially all of BP s upstream natural gas business in western Alberta and British Columbia for $3.25 billion.

International

Egyptian acquisition On November 4, 2010, we completed the acquisition of BP s assets in Egypt s Western Desert for $650 million.

Balanced Portfolio of Core Assets

A cornerstone of our long-term strategy is balancing our portfolio of assets through diversity of geologic risk, geographic risk, hydrocarbon mix (crude oil versus natural gas), and reserve life in order to achieve consistency in results. Our portfolio of geographic locations provides variation of all of these factors. We have exploration and production operations in seven countries, spanning five continents: the Gulf Coast, Permian and Central regions of the U.S., Canada, Egypt, the U.K. North Sea, Australia, Argentina and on the Chilean side of the island of Tierra del Fuego. Our 2010 acquisitions added to our asset base in the United States, Canada, and Egypt.

In addition, each of our producing regions has achieved an economy of scale providing a vehicle for cost-effective base production and a combination of lower- and medium-risk drilling opportunities. The net cash provided by operating activities (cash flows) generated by our current production base funds our drilling and development capital program, giving us the ability to pursue new exploration targets over our 35 million gross undeveloped acres across the globe and develop our pipeline of exploration discoveries. Those developments will fund the next round of exploration activities and development programs.

In 2010:

No single region contributed more than 28 percent of our equivalent production or revenue.

No single region held more than 26 percent of our year-end estimated proved reserves.

The mixture of reserve life (estimated reserves divided by annual production) in our countries, which translates into balance in the timing of returns on our investments, ranges from as short as five years to as long as 25 years.

Our balanced product mix provides a measure of protection against price deterioration in a given product while retaining upside potential through a significant increase in either commodity price. In 2010 crude oil and liquids provided 52 percent of our production and 77 percent of our revenue.

At year-end our estimated proved reserves were 44 percent crude oil and liquids and 56 percent natural gas.

Our international gas portfolio, which accounted for 19 percent of our 2010 worldwide equivalent production, positions us to take advantage of increasing prices in Argentina and Australia.

Conservative Capital Structure

Maintaining a strong balance sheet and financial flexibility is a core strategic component of our long-term strategy. We believe our balance sheet, and the financial flexibility it provides, is one of our most important strategic assets. Maintaining a strong balance sheet underpins our ability to weather commodity price volatility and has enabled us to deliver long-term production and reserves growth throughout the cycles of our industry. It is also key in positioning us to pursue value-creating acquisitions when opportunities arise, as they did in 2010.

We exited 2010 with a debt-to-capitalization ratio of 25 percent, an increase of only one percent despite current year capital investments of $17 billion, and $2.4 billion of available committed borrowing capacity.

Rate of Return Focus

Another core component to our long-term strategy is focusing on rate-of-return. We do so through centralized management and incentive systems, decentralized decision making, strict cost control, and the creative application of technology.

Our centralized management and incentive systems provide a uniform process of measuring success across Apache. They incentivize high rate-of-return activities but allow for appropriate risk-taking to drive future growth. Results of operations and rates of return on invested capital are measured monthly, reviewed with management quarterly, and utilized to determine annual performance awards. We review capital allocations, at least quarterly, utilizing estimates of internally-generated cash flow. We do this through a disciplined and focused process that includes analyzing current economic conditions, projected rates of return on internally-generated drilling prospects, opportunities for tactical acquisitions, land positions with additional drilling prospects or, occasionally, new core areas that could enhance our portfolio.

We also use technology to reduce risk, decrease time and costs and maximize recoveries from reservoirs. Apache scientists and engineers have been granted numerous patents for a range of inventions, from systems used for interpreting seismic data and processing well logs to improvements in drilling and completion techniques.

One such example is a manifold developed for our Horn River Shale gas play in northeast British Columbia, where Apache is employing pad-drilling technology. Apache engineers developed and applied for a patent on a manifold that can connect all horizontal wells on a single pad, driving down costs by reducing non-productive time on our 24-hour-a-day hydraulic fracturing operations. This technology will reduce costs and increase Apache s rate of return on potentially thousands of future wells across our leasehold.

At our Forties field in the North Sea, Apache is using techniques that bring together many sources of data to give an accurate view of the current state of the field and identify likely places to find unswept oil deposits. Four-dimensional modeling, which uses reservoir engineering data and a series of 3-D seismic surveys, is utilized by Apache to create a time-lapse picture that shows where oil remains after more than 35 years of production. The latest model of the reservoir highlights the potential for stranded oil accumulations and enhances the success of the ongoing drilling program as well as identifies new potential drilling locations.

For a more in-depth discussion of our 2010 results and the Company s capital resources and liquidity, please see Part II, Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations of this Form 10-K.

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Geographic Area Overviews

We currently have exploration and production interests in seven countries: the U.S., Canada, Egypt, Australia, offshore the United Kingdom in the North Sea, Argentina, and Chile.

The following table sets out a brief comparative summary of certain key 2010 data for each of our operating areas. Additional data and discussion is provided in Part II, Item 7 of this Form 10-K.

	2010 Production (In MMboe)	Percentage of Total 2010 Production	2010 Production Revenue (In millions)	12/31/10 Estimated Proved Reserves (In MMboe)	Percentage of Total Estimated Proved Reserves	2010 Gross New Wells Drilled	2010 Gross New Productive Wells Drilled
United States	84.7	35%	$ 4,300	1,304	44%	410	388
Canada	30.5	13	1,074	757	26	182	173
Total North America	115.2	48	5,374	2,061	70	592	561
Egypt	59.0	24	3,372	307	10	204	177
Australia	28.9	12	1,459	314	11	31	23
North Sea	20.9	9	1,606	155	5	20	12
Argentina	16.0	7	372	116	4	56	52
Other International						1	1
Total International	124.8	52	6,809	892	30	312	265
Total	240.0	100%	$ 12,183	2,953	100%	904	826

North America

Apache s North American asset base comprises the Gulf Coast, Permian and Central regions of the U.S. and its operations in Canada. In 2010 our North America assets contributed 48 percent of our production and 44 percent of our oil and gas production revenues. At year-end 70 percent of our estimated proved reserves were located in North America.

United States

Overview We have 9.7 million gross acres across the U.S., approximately half of which is undeveloped. Approximately 30 percent of the undeveloped acreage is held-by-production. Our U.S. assets are located in the Gulf Coast, Permian and Central regions. The three regions provide our U.S. asset base with a balance of hydrocarbon mix and reserve life. In 2010 48 percent of our U.S. production and 58 percent of our U.S. year-end reserves were oil and liquids. In addition, the reserve life of our U.S. regions ranged from nine to 30 years with the Gulf Coast region s shorter-lived reserves balancing longer-lived reserves in the Central and Permian regions. In 2010 35 percent of

Apache s equivalent production and 44 percent of Apache s total year-end reserves were in the U.S.

Gulf Coast Region Our Gulf Coast assets are primarily located in and along the Gulf of Mexico, in the areas on- and offshore Texas and Louisiana. In 2010 the Gulf Coast region contributed approximately 19 percent of our worldwide production and revenues, predominately from offshore properties. Apache s Gulf Coast operations grew significantly during the year with the June acquisition of Devon s Gulf of Mexico shelf properties and the addition of properties with the Mariner merger in November 2010. These transactions were aligned with our long-term core strategy of maintaining a balanced portfolio of assets. The region accounted for nearly 13 percent of our estimated proved reserves at year-end compared to 13 percent the previous year.

Apache has been the largest offshore held-by-production acreage owner since 2004 and is now the largest producer in waters less than 500 feet deep (shelf). The Devon acquisition and Mariner merger brought significant development and exploration opportunities with high-quality assets complementary to our existing assets, as well as a strategic presence in the deepwater Gulf of Mexico (waters greater than 500 feet deep). The deepwater Gulf of Mexico is relatively underexplored and oil prone and provides exposure to significant reserve and production

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potential. Acreage increased 76 percent to 5.3 million gross acres: 2.5 million deepwater, 1.4 million shelf, and 1.4 million onshore. Over 50 percent of the region s acreage was undeveloped.

In 2010 the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) announced a series of moratoria, which directed oil and gas lessees and operators to cease drilling new deepwater (depths greater than 500 feet) wells on the Outer Continental Shelf (OCS), and put oil and gas lessees and operators on notice that, with certain exceptions, the BOEMRE would not consider drilling permits for deepwater wells and related activities. While the moratoria have been formally lifted, no new permits for deepwater drilling have been issued as of the date of this filing.

In addition, the BOEMRE issued new regulations in 2010 requiring additional information, documentation and analysis for all new wells on the OCS. The effect of these new regulations was to significantly slow down issuance of permits for shallow wells. Apache continues to operate under these new regulations and, through February 2011, has received 25 drilling permits for shallow wells. Current permitting activity has been slowed compared to prior-year levels, and the Company has budgeted its exploration and development activity accordingly.

Despite the curtailment of activity in the region stemming from new regulations, the region had a productive year, drilling or participating in 63 wells (36 in the Gulf of Mexico), up from 26 wells (20 in the Gulf of Mexico) in 2009, and performing 365 workovers and recompletions.

As a result of 2010 acquisitions and the differing growth and opportunity profiles, we have divided the assets into three regions beginning in 2011: Gulf of Mexico shelf, Gulf of Mexico deepwater and Gulf Coast onshore. In 2011 the Company plans to invest approximately $200 million, $1 billion and $500 million in the Gulf Coast onshore, Gulf of Mexico shelf and Gulf of Mexico deepwater assets, respectively, subject to receipt of permits from BOEMRE. The capital will be spent on drilling, recompletion and development projects, equipment upgrades, production enhancement projects, lease acquisition, seismic acquisition and abandonment activities.

On September 16, 2010, the BOEMRE and the Department of the Interior issued a Notice to Lessees and Operators (NTL) updating the procedures and timing for decommissioning offshore wells and platforms. While the so called Idle Iron NTL may result in an acceleration of timing to abandon certain wells and remove certain platforms in the Gulf of Mexico, our ongoing active well and equipment abandonment program mitigated the impact of the new regulations on Apache. The Company spent approximately $260 million to plug offshore wells and remove platforms in 2010. With the addition of the Devon and Mariner offshore properties, we currently plan to spend approximately $350 million in 2011.

Central Region The Central region includes nearly 2,000 wells and controls over one million gross acres primarily in western Oklahoma, the Texas panhandle and east Texas. Most of the region s acreage is held-by-production. Although the reserves and production are primarily natural gas, given the price disparity between oil and gas, the region successfully targeted oil and liquids rich gas plays in 2010. Oil-and liquids-production increased by 54 percent and 90 percent, respectively, over the prior year. In 2010 Apache drilled or participated in the drilling of 84 wells, 99 percent of which were completed as producers. The region also performed 144 workovers and recompletions. The region s year-end estimated proved reserves, which were 90 percent natural gas, were six percent of Apache s total.

In the Anadarko basin, the Granite Wash play has long been a core stacked-pay target for the region, where we have drilled many vertical wells over the past several decades. As a result, we control approximately 200,000 gross acres in this liquid-rich play, mostly held-by-production. Despite the numerous vertical wells drilled, the Granite Wash is re-emerging as a horizontal play that is capitalizing on advances in horizontal drilling and fracturing technology and high oil prices given the rich liquids yield of the wells. In 2009 we drilled our first operated horizontal well in the Granite Wash. In 2010 we ramped up activity to 10 rigs, drilling 31 horizontal Granite Wash wells and testing six additional horizons including the Hogshooter interval, which is shallower, younger and oilier than previously tested Granite Wash targets. We have completed two wells in the Hogshooter interval, which are separated by over fifteen miles of what appears to be very prolific acreage, primarily owned and operated by Apache. We have identified hundreds of additional Granite Wash horizontal well locations across our acreage. In 2011 we plan to keep a minimum of eight rigs running in this play and drill in excess of 40 horizontal wells, targeting several horizons.

We have had success on the Anadarko shelf drilling relatively shallow horizontal wells into the Cherokee formation. In 2010 we completed four horizontal wells in the Cherokee play with vertical depths of 6,500 feet and horizontal penetrations of nearly one mile. These wells had average 30-day rates of 520 b/d and 850 Mcf/d and an average Apache working interest of 78 percent**.** The wells are currently producing an average of 150 b/d and 560 Mcf/d. We plan to drill 13 horizontal wells in the Cherokee in 2011. In addition, we have had success with our program targeting oil in Ochiltree County, Texas. During the year we drilled four wells in the Cleveland formation at a vertical depth of 7,500 feet and participated in one horizontal well in the Marmaton formation at a depth of 11,000 feet. Two of the Cleveland wells and the Marmaton well commenced production in late 2010 at an average initial rate of approximately 500 b/d. Apache s average working interest in the five wells is 90 percent. The two remaining Cleveland wells are awaiting completion, and we intend to keep at least one drilling rig running in the area throughout the year.

We are also employing horizontal drilling and multistage fracture technology in east Texas. In 2010 we drilled seven horizontal Bossier wells in Freestone County, Texas, where we own 45,000 gross acres. The wells produced an aggregate 7.34 Bcf during the year and are currently producing 37 MMcf/d, 33 MMcf/d net to Apache.

In 2011 the Central region plans to invest approximately $430 million in drilling, recompletions, equipment upgrades, production enhancement projects and lease acquisitions, primarily in the Anadarko basin. We currently plan to keep 12 rigs running all year, with more than 95 percent of the wells drilled horizontally and 89 percent of the wells drilled targeting oil or high liquid yield gas.

Permian Region Our Permian region, carved out of our Central region, grew significantly in 2010. In July we opened a new regional office in Midland. The region s property and acreage base increased substantially upon completion of the BP acquisition in July and the Mariner merger in November. These two transactions combined added approximately 35 Mboe/d of new production and more than doubled our acreage to over three million gross acres with exposure to every known play in the Permian Basin. The drilling rig count has increased from five operating at the beginning of 2010 to more than 20 at the end of the year. The workover and completion rig count has increased from 56 to 80, and the employee headcount in Midland and the field has increased by more than 200 during this same time period. The region drilled or participated in 263 wells and completed approximately 1,100 workovers and recompletions in 2010.

Apache is one of the largest operators in the Permian Basin, operating more than 11,000 wells in 152 fields, including 45 waterfloods and six CO_2 floods. Fourth-quarter net production was 59 Mb/d and 162 MMcf/d and included only six weeks of production from the properties acquired in the Mariner merger. The Permian region s year-end estimated proved reserves, which were 76 percent oil and liquids, were 25 percent of Apache s total.

During 2010 the Permian region tested horizontal drilling opportunities in four mature waterflood fields, the North McElroy, Shafter Lake, TXL South, and Dean Units, all of which resulted in commercial successes. The region ultimately drilled and completed a total of 17 horizontal wells in the units. The Midland team has developed a significant inventory of potential horizontal drilling applications on existing Apache acreage across the Permian Basin. In 2011 we plan to drill 41 horizontal wells across a number of the region s assets.

In 2010 the region signed a 20-year CO_2 supply contract to develop approximately 8.4 MMboe of estimated proved reserves at Roberts Unit. Our 2010 drilling results at Roberts Unit include 15 production and CO_2 injection wells that resulted in higher than predicted production rates. The CO_2 development at Roberts Unit will continue during 2011 with 43 new production and injection wells planned.

In 2011 the Permian Region plans to invest approximately $930 million in drilling, recompletion projects, equipment upgrades, expansion of existing facilities and equipment and leasing new acreage. We plan to keep more than 20 rigs running all year drilling an estimated 368 wells. The region s 2011 drilling activity will focus on a combination of Apache legacy assets and the newly acquired Mariner and BP properties. On the BP properties alone, the region has identified more than 2,000 drilling locations. Current plans include 130 wells in the Deadwood area (acquired from Mariner) where we hold 63,000 net acres subject to continuous drilling clauses and in the Empire Yeso area (acquired from BP), where we plan to drill approximately 55 wells.

U.S. Marketing In general, most of our U.S. gas is sold at either monthly or daily market prices. Our natural gas is sold primarily to Local Distribution Companies (LDCs), utilities, end-users and integrated major oil companies.

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Apache primarily markets its U.S. crude oil to integrated major oil companies, marketing and transportation companies and refiners. The objective is to maximize the value of crude oil sold by identifying the best markets and most economical transportation routes available to move the product. Sales contracts are generally 30-day evergreen contracts that renew automatically until canceled by either party. These contracts provide for sales that are priced daily at prevailing market prices.

Canada

Overview Apache has 6.3 million net acres across the provinces of British Columbia, Alberta and Saskatchewan, including approximately 1.3 million net mineral and leasehold acres in Western Alberta and British Columbia acquired from BP in 2010. Our acreage base provides a significant inventory of both low-risk development drilling opportunities in and around a number of Apache fields and higher-risk, higher-reward exploration opportunities. At year-end 2010 our Canadian region held approximately 26 percent of our estimated proved reserves. In 2010 we drilled or participated in 182 wells in Canada, eight of which were exploratory wells. The region s 2010 natural gas production increased ten percent, while liquids production was one percent higher.

On our conventional assets, we are focused on oil projects located primarily in Alberta and Saskatchewan, enabling us to take advantage of the current strong oil prices. We will utilize our drilling technology and reservoir modeling expertise to identify and exploit unswept oil in our waterflood projects in the House Mountain, Leduc and Snipe Lake fields. Additional drilling for oil will continue on our enhanced oil recovery projects in Midale and Provost with long-term plans to develop and expand waterfloods and CO_2 projects. We will also continue intermediate-depth gas development drilling in Kaybob and West 5 areas.

Apache s near-term natural gas production growth will likely be driven by our activity in two large growth plays in British Colombia: shale gas in the Horn River basin and tight sands in the Noel area. In the Horn River basin, Apache has a 50-percent interest and 210,000 net acres. During 2010 Apache reached a peak of 100 MMcf/d net, drilled 29 new wells and completed 30 wells. In 2011 we plan to drill 10 and complete 28 wells in the Horn River basin. Apache acquired its 100-percent working interest in the Noel area from BP in October 2010. Gas production from Noel reached an exit rate of 100 MMcf/d in December 2010. In 2011 we are currently planning a horizontal drilling program of approximately 11 wells in the Noel Area. Apache has identified many years of drilling activity in both plays.

During the first quarter of 2010 Apache Canada Ltd. (Apache Canada), through its subsidiaries, purchased a 51 percent interest in a planned LNG export terminal (Kitimat LNG facility) and a 25.5-percent interest in a partnership that owns a related proposed pipeline. In the second quarter of 2010 EOG Resources Canada, Inc. (EOG Canada), through its wholly-owned subsidiaries, acquired the remaining 49 percent of the Kitimat LNG facility and a 24.5-percent interest in the pipeline partnership. In February 2011 Apache Canada and EOG Canada entered into an agreement to purchase the remaining 50-percent interest in the pipeline partnership from Pacific Northern Gas Ltd. (PNG). Under the terms of the agreement, PNG will operate and maintain the planned pipeline under a seven-year agreement with Apache Canada and EOG Canada with provisions for five-year renewals. It also includes a 20-year transportation service arrangement which may require Apache Canada and EOG Canada, under certain circumstances, to use a portion of PNG s current pipeline capacity. Upon close of the transaction, expected in the second quarter of 2011, Apache Canada and EOG Canada will own 51 percent and 49 percent, respectively, of the pipeline partnership and proposed pipeline.

Apache Canada and EOG Canada plan to build the Kitimat LNG facility on Bish Cove near the Port of Kitimat, 400 miles north of Vancouver, British Columbia. The facility is planned for an initial minimum capacity of 700 MMcf/d, or five million metric tons of LNG per year, of which Apache Canada has reserved 51 percent. The proposed 287-mile pipeline will originate in Summit Lake, British Columbia, and is designed to link the Kitimat LNG facility to the pipeline system currently servicing western Canada s natural gas producing regions. Apache Canada will have rights to 51-percent of the capacity in the proposed pipeline. Completion of the front-end engineering and design (FEED) study and a final investment decision are targeted for late 2011. Construction is expected to commence in 2012, with commercial operations projected to begin in 2015.

Our plans for 2011 are to drill or participate in a total of 149 wells in Canada, including 129 development wells and 20 exploratory wells. The planned development includes nine drills and 28 completions in the Horn River basin.

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During 2011 the region plans to invest approximately $800 million for drilling and development projects, equipment upgrades, production enhancement projects and seismic acquisition. Approximately $25 million is allocated for Gathering, Transmission and Processing (GTP) assets.

Marketing Our Canadian natural gas marketing activities focus on sales to LDCs, utilities, end-users, integrated major oil companies, supply aggregators and marketers. We maintain a diverse client portfolio, which is intended to reduce the concentration of credit risk in our portfolio. To diversify our market exposure, we transport natural gas via our firm transportation contracts to California, the Chicago area and eastern Canada. We sell the majority of our Canadian gas on a monthly basis at either first-of-the-month or daily prices. In 2010 approximately two percent of our gas sales were subject to long-term fixed-price contracts, with the latest expiration in 2011.

Our Canadian crude is sold primarily to integrated major oil companies and marketers. We sell our oil based on West Texas Intermediate (WTI) and sell our NGLs based on postings or a percentage of WTI. Prices are adjusted for quality, transportation and a market-reflective negotiated differential. We maximize the value of our condensate and heavier crudes by determining whether to blend the condensate into our own crude production or sell it in the market as a segregated product. We transport crude oil on 12 pipelines to the major trading hubs within Alberta and Saskatchewan, which enables us to achieve a higher netback for the production and to diversify our purchasers.

International

Apache s international assets are located in Egypt, Australia, offshore the U.K. in the North Sea, Argentina and Chile. In 2010 international assets contributed 52 percent of our production and 56 percent of our oil and gas production revenues. At year-end 30 percent of our estimated proved reserves were located outside North America.

Egypt

Overview Our commitment to Egypt began in 1994 with our first Qarun discovery well. Today we control 11.3 million gross acres making Apache the largest acreage holder in Egypt s Western Desert. Only 15 percent of our gross acreage in Egypt has been developed. That 15 percent produced an average of 189 Mb/d and 799 MMcf/d in 2010, 99 Mb/d and 375 MMcf/d net to Apache, which we believe makes Apache the largest producer of liquid hydrocarbons and natural gas in the Western Desert and the third largest in all of Egypt. The remaining 85 percent of our acreage is undeveloped, providing us with considerable exploration and development opportunities for the future. We have 3-D seismic covering over 12,000 square miles, or 68 percent of our acreage. In 2010 the region contributed 28 percent of our production revenue, 24 percent of our production and 10 percent of our year-end estimated proved reserves. Our estimated proved reserves in Egypt are reported under the economic interest method and exclude the host country share reserves.

Our operations in Egypt are conducted pursuant to production-sharing agreements, in 24 separate concessions, under which the contractor partner pays all operating and capital expenditure costs for exploration and development. A percentage of the production, usually up to 40 percent, is available to the contractor partners to recover operating and capital expenditure costs, with the balance generally allocated between the contractor partners and Egyptian General Petroleum Corporation (EGPC) on a contractually-defined basis. In 2010, Apache retained approximately 52 percent and 47 percent, respectively, of the gross oil and gas produced from our Egyptian concessions. Development leases within concessions generally have a 25-year life, with extensions possible for additional commercial discoveries or on a negotiated basis, and currently have expiration dates ranging from 10 to 25 years.

Apache s Egyptian operations had another year of growth in 2010: gross daily production increased 16 percent, and net daily production increased six percent. We maintained an active drilling and development program, drilling 204 wells, including 10 new field discoveries, and conducted 662 workovers and recompletions. In addition, we achieved a goal we set in 2005 to double gross equivalent production from our operated concessions by the end of 2010. In November we closed on the purchase of BP assets in Egypt s Western Desert, acquiring four development leases and one exploration concession as well as strategically-positioned infrastructure that will enable Apache to increase production from existing fields in the Western Desert.

During 2011 the region plans to invest approximately $1.1 billion for drilling, recompletion projects, development projects, equipment upgrades, production enhancement projects and seismic acquisition. Our drilling program includes a combination of development and exploration wells with current plans to drill 65 gross exploration wells, 50 percent more than 2010. We will also drill our first horizontal well in the Western Desert.

Egypt political unrest As a result of political unrest, protests, riots, street demonstrations and acts of civil disobedience in the Egyptian capital of Cairo that began on January 25, 2011, Egyptian president Hosni Mubarak stepped down, effective February 11, 2011. The Egyptian Supreme Council of the Armed Forces is now in power. On February 13, 2011, the Council announced that the constitution would be suspended, both houses of parliament would be dissolved, and that the military would rule for six months until elections can be held. Following the advice of the U.S. State Department, Apache initially evacuated all non-essential personnel from Egypt. As conditions stabilized recently, approximately one-third of the evacuated employees returned. Apache s production, located in remote locations in the Western Desert, has continued uninterrupted; however, further changes in the political, economic and social conditions or other relevant policies of the Egyptian government, such as changes in laws or regulations, export restrictions, expropriation of our assets or resource nationalization, and/or forced renegotiation or modification of our existing contracts with EGPC could materially and adversely affect our business, financial condition and results of operations.

Apache purchases multi-year political risk insurance from the Overseas Private Investment Corporation (OPIC) and highly rated international insurers covering its investments in Egypt. In the aggregate, these policies, subject to the policy terms and conditions, provide approximately $1 billion of coverage to Apache covering losses arising from confiscation, nationalization, and expropriation risks and currency inconvertibility. In addition, the Company has a separate policy with OPIC, which provides $300 million of coverage for losses arising from (1) non-payment by EGPC of arbitral awards covering amounts owed Apache on past due invoices and (2) expropriation of exportable petroleum when actions taken by the Government of Egypt prevent Apache form exporting our share of production.

Marketing Our gas production is sold to EGPC primarily under an industry-pricing formula, a sliding scale based on Dated Brent crude oil with a minimum of $1.50 per MMBtu and a maximum of $2.65 per MMBtu, which corresponds to a Dated Brent price of $21.00 per barrel. Generally, this industry-pricing formula applies to all new gas discovered and produced. In exchange for extension of the Khalda Concession lease in July 2004, Apache agreed to accept the industry-pricing formula on a majority of gas sold, but retained the previous gas-price formula (without a price cap) until 2013 for up to 100 MMcf/d gross. This region averaged $3.62 per Mcf in 2010.

Oil from the Khalda Concession, the Qarun Concession and other nearby Western Desert blocks is sold primarily to third parties in the Mediterranean market or to EGPC when called upon to supply domestic demand. Oil sales are made either directly into the Egyptian oil pipeline grid, sold to non-governmental third parties including those supplying the Middle East Oil Refinery located in northern Egypt, or exported from or sold at one of two terminals on the northern coast of Egypt. Oil production that is presently sold to EGPC is sold on a spot basis priced at Brent with a monthly EGPC official differential applied. In 2010 we sold 32 cargoes (approximately 10.1 MMbbls) of Western Desert crude oil into the export market from the El Hamra terminal located on the northern coast of Egypt. These export cargoes were sold to third parties at market prices above our domestic prices received from EGPC. Additionally, Apache sold Qarun oil (approximately 10.7 MMbbls) at the Sidi Kerir terminal, also located on the northern coast of Egypt. This Qarun oil was sold at prevailing market prices into the domestic market to non-governmental purchasers (1.3 MMbbls) or exported primarily to refiners in the Mediterranean region (15 cargoes for approximately 9.4 MMbbls).

Australia

Overview Apache s holdings in Australia are focused offshore Western Australia in the Carnarvon basin, where we have operated since acquiring the gas processing facilities on Varanus Island and adjacent producing properties in 1993, the Exmouth basin and the Browse basin. We also have exploration acreage in the Gippsland basin offshore southeastern Australia. Production operations are concentrated in the Carnarvon and Exmouth basins. In total, we control approximately 12.2 million gross acres in Australia through 35 exploration permits, 14 production licenses and six retention leases. In addition, we have one production license and four retention leases pending confirmation.

During the year the region participated in drilling 31 wells, of which 23 were productive. In addition, we expanded our exploration opportunities in the Carnarvon and Exmouth basins via farm-ins to seven permits. The transactions resulted in a 58-percent increase in our net undeveloped acreage in the Carnarvon basin and added 1.9 million net acres for exploration in the Exmouth basin. Oil production increased by 369 percent on initial production from the development of our 2007 Van Gogh and Pyrenees oil field discoveries, while gas production increased by nine percent. Production from Australia accounted for approximately 12 percent of our total 2010 production, and year-end estimated proved reserves were 11 percent of Apache s total.

The region has a pipeline of projects that are expected to contribute to production growth as they are brought on-stream over coming years.

In 2011, development of our Reindeer field discovery should be complete with first production expected late in the year upon completion of our Devil Creek Gas Plant. The plant will be Western Australia s third domestic natural gas processing hub and the first new one in more than 15 years. The two-train plant is designed to process 200 million cubic feet of gas per day from the Apache-operated Reindeer field. In 2009, we entered into a gas sales contract covering a portion of the field s future production. Under the contract, Apache and its joint venture partner agreed to supply 154 Bcf of gas over seven years (approximately 60 MMcf/d beginning in the fourth quarter of 2011) at prices substantially higher than we have historically received in Western Australia. Apache owns a 55-percent interest in the field. Also in 2011, initial production is projected from the Halyard-1 discovery well which is a subsea completion tied back to the existing gas facilities on Varanus Island.

In 2012, the 2010 Spar-2 discovery is projected to commence production through an extension of the Halyard sub sea infrastructure which will also allow for the tie-in of future wells.

In 2013, first production is projected from four gas wells completed in 2010 in the Macedon gas field. We have a 28 percent non-operating working interest in the field. Gas will be delivered via a 60-mile pipeline to a 200 MMcf/d gas plant to be built at Ashburton North in Western Australia. The project, approved in 2010, is currently underway; with first production projected in 2013.

Also in 2013 first production is projected from the Coniston oil field which lies just north of the Van Gogh field. The project was sanctioned for development in 2010. Current plans call for the field to be produced from subsea completions tied back to the Van Gogh field floating, production, storage and offloading (FPSO) Ningaloo Vision.

In 2014 first production from the Balnaves field is projected, should the project proceed past Final Investment Decision (FID) stage. The Balnaves field is an oil accumulation in the Brunello gas field, where Apache drilled three successful development wells which we plan to produce through a FPSO. The project is currently in the Front End FEED stage with FID currently projected for the second half of 2011.

In 2016 we are projecting to begin production from our operated Julimar and Brunello field gas discoveries through the Chevron operated Wheatstone LNG hub, in which we own a foundation equity partner interest of 13 percent. Apache s projected net gas sales from the fields are 160 MMcf/d and 3,250 b/d with a projected 15-year production plateau when the multi-year project is fully operational. The project, which is currently in FEED, will convert the gas into LNG for sale on the world market. World LNG prices are typically oil-linked prices and are currently higher than the historical gas prices in Western Australia. The project FID is scheduled for 2011, with first LNG projected in 2016.

During 2011 the region plans to invest approximately $1.2 billion for drilling, recompletion projects, development projects, equipment upgrades, production enhancement projects and seismic acquisition. Approximately half of the 2011 investment will be for development and processing facilities in connection with the projects discussed above.

Marketing Western Australia has historically had a local market for natural gas with a limited number of buyers and sellers resulting in sales under mostly long-term, fixed-price contracts, many of which contain periodic price escalation clauses based on either the Australian consumer price index or a commodity linkage. As of

December 31, 2010, Apache had a total of 18 active gas contracts in Australia with expiration dates ranging from November 2012 to July 2030. Recent increases in demand and higher development costs have increased the supply prices required from the local market in order to support the development of new supplies. As a result, market prices received on recent contracts, including our Reindeer field, are substantially higher than historical levels.

We anticipate selling LNG from our Julimar and Brunello field gas discoveries at prices tied to oil and sold into international markets.

We directly market all of our Australian crude oil production into Australian domestic and international markets at prices generally indexed to Dated Brent benchmark crude oil prices plus a premium, which are typically above NYMEX oil prices.

North Sea

Overview Apache entered the North Sea in 2003 after acquiring an approximate 97-percent working interest in the Forties field (Forties). In 2010 the North Sea region produced 20.9 MMboe (99 percent oil), approximately nine percent of our total worldwide production and 13 percent of Apache s oil and gas production revenues. During 2010 production from Forties decreased seven percent compared to 2009 as natural well decline and unplanned maintenance downtime exceeded gains from drilling. At year-end 2010, Apache had total estimated proved reserves of 155 MMbbls of crude oil in this region, approximately five percent of our year-end estimated proved reserves. Apache acquired Forties with 45 producing wells. Today, there are 77 producing wells with an inventory of future locations. By the end of the first quarter of 2010, Apache had produced and sold, net to its interest, oil volumes in excess of the proved reserves booked when we acquired this interest in 2003.

During the summer of 2010 a new 3-D seismic survey was acquired in Forties. Comparison of this data with 3-D seismic shot in prior years has highlighted many areas of bypassed oil in the reservoir and provided better definition of existing targets. In 2010, 20 wells were drilled into the Forties reservoir, of which 12 were productive. We project that this Forties success rate of 60 percent will increase in the future, as drilling results from late December 2010 and early January 2011 have validated the new 4-D evaluation and geological interpretation. We also drilled three exploration wells and one development well outside Forties. The development well and one of the exploration wells were successful.

In 2011 the region will invest approximately $850 million on a diverse set of capital projects. Forties will see another year of active drilling with two platform rigs and a jack-up in operation. Construction of the Forties Alpha Satellite Platform is underway and is projected to be complete by mid-year 2012. This platform will sit adjacent to the main Alpha Platform and provide an additional 18 drilling slots along with power generation, fluid separation, gas lift compression and oil export pumping. Also, during the third quarter of 2011 drilling will commence on the Bacchus field, Apache s first North Sea subsea field development. First production is projected by year-end of 2011. The region also expects to participate in at least two exploration wells outside Forties.

In January 2011 a subsea pipeline connecting our Forties Bravo platform to our Charlie platform was shut-in because of corrosion. A project is underway to re-route the production through a smaller line until a new flexible pipeline is installed. This intermediate solution should be completed by the first of March 2011 and will allow us to produce approximately half of the 11,600 b/d that flowed through the main pipeline. The new main subsea pipeline will be completed by September 2011.

Marketing In 2010 we sold our Forties crude under both term contracts (70 percent) and spot cargoes (30 percent). The term sales are composed of a market-based index plus a premium, which reflects the higher market value for term arrangements. The prices received for spot cargoes are market driven and can trade at a premium or discount to the market based index.

All 2011 production will be sold under a term contract with a per-barrel premium to the Dated Brent index. A separate physical sales contract within the term sale for 20,000 b/d was entered into with a floor price of $70.00 per barrel and an average ceiling price of $98.56 per barrel. This contract will be settled against Dated Brent.

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Argentina

Overview We have had a continuous presence in Argentina since 2001, which was expanded substantially by two acquisitions in 2006. We currently have operations in the Provinces of Neuquén, Rio Negro, Tierra del Fuego and Mendoza. We have interests in 24 concessions, exploration permits and other interests totaling over 3.4 million gross acres (2.9 million net). Apache now holds oil and gas assets in three of the main Argentine hydrocarbon basins: Neuquén, Austral and Cuyo. Our concessions have varying expiration dates ranging from four years to over fifteen years remaining, subject to potential additional extensions. In 2010 Argentina produced seven percent of our worldwide production and held four percent of our estimated proved reserves at year-end.

In 2010 the region had its most successful development drilling program in its history, drilling 56 gross wells:; 43 in the Neuquén basin and 13 in the Austral basin of Tierra del Fuego. Drilling focused on shallow development targets, 93 percent of the wells were successful. In addition, the region completed 106 capital projects consisting of recompletions, increasing lifting capacity, and facility projects.

Also during 2010 Apache acquired approximately 567 square kilometers of 3-D seismic on two blocks located in the Cuyo basin. Apache employed new cable-less technology intended to minimize environmental impact in the area, the first time this technology has been used in Argentina. We are currently analyzing the results from the seismic shoot and expect to commence a drilling campaign in the Cuyo basin in the first quarter of 2011.

In 2011 we will begin negotiations for extensions of three concessions each in the Tierra del Fuego and Rio Negro Provinces, which are scheduled to expire in 2016 and 2017. Future investment by Apache in the Tierra del Fuego Province will be significantly influenced by the probability of obtaining the Province s agreement to an extension of the present concession expirations. In March 2009 Apache reached an agreement with the Province of Neuquén to extend eight federal oil and gas concessions for 10 additional years. The concessions, which were scheduled to expire between 2015 and 2017, encompass approximately 590,000 net acres, including exploratory areas totaling 514,000 net acres. Neuquén operations generate about half of Apache s total output in Argentina.

During 2011 the region plans to invest approximately $300 million for drilling, recompletion projects, development projects, equipment upgrades, production enhancement projects, and seismic acquisition.

Marketing

Natural Gas Apache sells its natural gas through three avenues:

Gas Plus program: This program was instituted by the Argentine government to encourage new gas supplies through the development of tight sands and unconventional reserves. Under this program, qualifying projects are allowed to sell gas at prices that are above the regulated rates. During 2010 Apache signed three Gas Plus contracts totaling 63 MMcf/d of gross production from fields in the Neuquén and Rio Negro Provinces. The first contract, for 10 MMcf/d at $4.10 per MMBtu for 2010, has been extended through 2011 for 11 MMcf/d at the $4.10 per MMBtu. The other two contracts, which together totaled 53 MMcf/d at $5.00 per MMBtu, are expected to commence in the first quarter of 2011. The gas supply is required to come from wells drilled in the projects approved fields and formations. We believe this program, reflects changing market conditions, which point to improving markets and price realizations going forward.

Government-regulated pricing: The volumes we are required to sell at regulated prices are set by the government and vary with seasonal factors and industry category. During 2010 we realized an average price of $1.20 per Mcf on government-regulated sales.

Unregulated market: The majority of our remaining volumes are sold into the unregulated market. In 2010 realizations averaged $2.65 per Mcf.

Crude Oil Our crude oil is subject to an export tax, which effectively limits the prices buyers are willing to pay for domestic sales. Domestic oil prices are currently based on $42 per barrel, plus quality adjustments and local premiums, and producers realize a gradual increase or decrease as market prices deviate from the base price. In Tierra del Fuego, similar pricing formulas exist; however, Apache retains the value-added tax collected from buyers, effectively increasing realized prices by 21 percent. As a result, 2010 oil prices realized from Tierra del

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Fuego oil production averaged $65.03 per barrel as compared to our Neuquén basin production, which averaged $53.68 per barrel.

Chile

In November 2007 Apache was awarded exploration rights on two blocks comprising approximately one million net acres on the Chilean side of Tierra del Fuego. This acreage is adjacent to our 552,000 net acres on the Argentine side of the island of Tierra del Fuego and represents a natural extension of our expanding exploration and production operations. The Lenga and Rusfin Blocks were ratified by the Chilean government on July 24, 2008. In January 2009 a 3-D seismic survey totaling 1,000 square kilometers was completed, and in November 2009 the first of a three-well exploration program commenced drilling. The three wells have now been drilled, and we are currently evaluating results.

Major Customers

In 2010 purchases by Shell accounted for 15 percent of the Company s worldwide oil and gas production revenues.

Drilling Statistics

Worldwide in 2010 we participated in drilling 904 gross wells, with 826 (91 percent) completed as producers. We also performed nearly 2,500 workovers and recompletions during the year. Historically, our drilling activities in the U.S. have generally concentrated on exploitation and extension of existing, producing fields rather than exploration. As a general matter, our operations outside of the U.S. focus on a mix of exploration and exploitation wells. In addition to our completed wells, at year-end several wells had not yet reached completion: 51 in the U.S. (25.04 net); 7 in Canada (6.18 net); 22 in Egypt (20 net); 2 in Australia (0.64 net); 3 in the North Sea (2.91 net); and 7 in Argentina (5.15 net).

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The following table shows the results of the oil and gas wells drilled and completed for each of the last three fiscal years:

	Net Exploratory			Net Development			Total Net Wells		
	Productive	Dry	Total	Productive	Dry	Total	Productive	Dry	Total
2010									
United States	3.7	2.2	5.9	309.2	12.7	321.9	312.9	14.9	327.8
Canada	6.5	1.5	8.0	122.3	5.7	128.0	128.8	7.2	136.0
Egypt	19.4	18.5	37.9	144.8	5.5	150.3	164.2	24.0	188.2
Australia	5.5	3.4	8.9	4.5	1.3	5.8	10.0	4.7	14.7
North Sea	1.0	1.2	2.2	10.7	5.8	16.5	11.7	7.0	18.7
Argentina	1.8	2.7	4.5	43.3	0.3	43.6	45.1	3.0	48.1
Total	37.9	29.5	67.4	634.8	31.3	666.1	672.7	60.8	733.5
2009									
United States	5.6	2.5	8.1	107.6	8.5	116.1	113.2	11.0	124.2
Canada	3.0		3.0	136.8	12.8	149.6	139.8	12.8	152.6
Egypt	8.6	10.4	19.0	126.4	4.0	130.4	135.0	14.4	149.4
Australia	6.9	3.8	10.7	4.7		4.7	11.6	3.8	15.4
North Sea	1.0		1.0	12.6	2.9	15.5	13.6	2.9	16.5
Argentina	3.4	0.7	4.1	25.5		25.5	28.9	0.7	29.6
Other International	2.0		2.0				2.0		2.0
Total	30.5	17.4	47.9	413.6	28.2	441.8	444.1	45.6	489.7
2008									
United States	4.5	6.6	11.1	334.8	25.3	360.1	339.3	31.9	371.2
Canada	3.9	5.0	8.9	328.0	10.1	338.1	331.9	15.1	347.0
Egypt	18.7	11.5	30.2	193.2	5.8	199.0	211.9	17.3	229.2
Australia	6.4	9.0	15.4	12.5		12.5	18.9	9.0	27.9
North Sea				11.7		11.7	11.7		11.7
Argentina	7.5	2.0	9.5	54.4	6.2	60.6	61.9	8.2	70.1
Total	41.0	34.1	75.1	934.6	47.4	982.0	975.6	81.5	1,057.1

Productive Oil and Gas Wells

The number of productive oil and gas wells, operated and non-operated, in which we had an interest as of December 31, 2010, is set forth below:

	Gas		Oil		Total	
	Gross	Net	Gross	Net	Gross	Net
United States	5,165	3,040	2,370	7,995	17,535	11,035

Canada	10,100	8,405	2,500	1,100	12,600	9,505
Egypt	52	51	722	694	774	745
Australia	22	9	20	12	42	21
North Sea			77	75	77	75
Argentina	425	390	520	445	945	835
Total	15,764	11,895	16,209	10,321	31,973	22,216

Gross natural gas and crude oil wells include 1,600 wells with multiple completions.

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Production, Pricing and Lease Operating Cost Data

The following table describes, for each of the last three fiscal years, oil, NGLs and gas production, average lease operating expenses per boe (including transportation costs but excluding severance and other taxes) and average sales prices for each of the countries where we have operations:

	Production			Average Lease Operatinge Cost per	Average Sales Price		
Year Ended December 31,	**Oil**	**NGLs**	**Gas**	**Boe**	**Oil**	**NGLs**	**Gas**
	(MMbbls)	**(MMbbls)**	**(Bcf)**		**(Per bbl)**	**(Per bbl)**	**(Per Mcf)**
2010							