



## **Apache And Sinopec Enter Upstream Oil And Gas Partnership**

### **Apache to receive \$3.1 billion in exchange for 33 percent interest in Apache Egypt**

HOUSTON, Aug. 29, 2013 /PRNewswire/ -- Apache Corporation (NYSE, Nasdaq: APA) and Sinopec International Petroleum Exploration and Production Corporation today announced they have launched a global strategic partnership to pursue joint upstream oil and gas projects. As the first step in this partnership, Apache will receive \$3.1 billion in cash, subject to customary closing adjustments, in exchange for Sinopec gaining a 33 percent minority participation in Apache's Egypt oil and gas business. Apache will continue to operate its Egypt upstream oil and gas business.

#### **The Apache-Sinopec partnership**

G. Steven Farris, chairman and chief executive officer of Apache, said: "We are pleased to launch a global partnership with Sinopec, and to welcome them into our business in Egypt. Their technical expertise complements our 20 years of experience operating in Egypt and creates an alliance that will continue to explore and deliver the tremendous hydrocarbon resources in the Western Desert. Sinopec is an ideal partner for us, and we look forward to the growth and value generation ahead for both companies through the expansion of our collaboration to other projects."

Given the sustained growth of its operations in Egypt, Apache has conducted an extended evaluation of a strategic partnership to ensure its ability to continue to deliver growth opportunities there while enhancing Apache's portfolio balance. The partnership announced today results from several months of joint efforts between Apache and Sinopec.

The Egypt partnership is subject to customary governmental approvals and is expected to close during the fourth quarter, with an effective date of January 1, 2013.

#### **Portfolio rebalancing progress**

Apache continues to rebalance its portfolio toward assets with predictable growth rates and attractive rates of return. Pro forma for the partnership with Sinopec and the sale of Gulf of Mexico shelf assets, Apache's second-quarter 2013 production from North American onshore assets and from Egypt would have comprised approximately 55 percent and 15 percent, respectively. In 2010, onshore North America contributed 31 percent of Apache's overall production, Egypt represented 25 percent and the Gulf of Mexico shelf represented 17 percent.

"Our successful exploration and development programs in Egypt have been an important contributor to both growth and cash flow for many years. With today's partnership, we are ensuring they can continue this contribution in the future," Farris said. "At the same time, we are taking meaningful steps to rebalance our portfolio to better deliver the full potential of our deep North America onshore resource inventory."

As part of its portfolio rebalancing process, Apache has set out several capital allocation priorities with respect to the use of proceeds from strategic steps. As previously announced, the company intends to pay down debt in order to maintain its current credit ratings and buy back shares under a 30-million share repurchase authorization, as well as fund future capital expenditures including international projects.

#### **Apache's operations in Egypt**

Net production from Apache's Egypt operations averaged 100,000 barrels of oil and 354 million cubic feet (MMcf) of natural gas per day in 2012. Gross production during the period averaged 213,000 barrels of oil and 900 MMcf of gas per day. Apache's exploration and production operations, which are located in remote, unpopulated areas, remain unaffected by political events in the region.

Apache employs about 9,000 Egyptians through direct employment, through participation in the Khalda Petroleum Co. and Qarun Petroleum Co. operating joint ventures with Egyptian General Petroleum Corporation, and through employment with oil field service and construction contractors.

#### **About Apache**

Apache Corporation is an oil and gas exploration and production company with operations in the United States, Canada, Egypt, the United Kingdom, Australia and Argentina. Apache posts announcements, operational updates, investor information and copies

of all press releases on its website, [www.apachecorp.com](http://www.apachecorp.com).

### **About Sinopec International Petroleum Exploration and Production Corporation**

Sinopec International Petroleum Exploration and Production Corporation, a wholly-owned subsidiary of China Petrochemical Corporation (Sinopec Group), carries out external upstream oil & gas cooperation on behalf of Sinopec and is an integrated strategic business unit of Sinopec engaged in overseas oil & gas exploration and production investments and business operations, as well as the sole professional company of Sinopec engaged in overseas upstream investments and operations. Sinopec International Petroleum Exploration and Production Corporation posts announcements, operational updates, investor information and copies of all press releases on its website, [www.sipc.cn](http://www.sipc.cn).

### **Forward-looking statements**

*This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects" and similar references to future periods. These statements include, but are not limited to, statements about future plans, expectations, and objectives for Apache's operations, including statements about our drilling plans and production expectations, asset sales and monetizations and share repurchases. The partnership with Sinopec is subject to customary closing conditions and may not be completed for the amount expected, in the anticipated time frame, or at all. While forward-looking statements are based on assumptions and analyses made by us that we believe to be reasonable under the circumstances, whether actual results and developments will meet our expectations and predictions depend on a number of risks and uncertainties which could cause our actual results, performance, and financial condition to differ materially from our expectations. See "Risk Factors" in our 2012 Form 10-K filed with the Securities and Exchange Commission for a discussion of risk factors that affect our business. Any forward-looking statement made by us in this news release speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future development, or otherwise, except as may be required by law.*

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