

September 8, 2008

Ms. Florence Harmon
Acting Secretary
Securities and Exchange Commission
100F Street, N.E.
Washington, D.C. 20549-1090

RE: File No. S7-15-08, Apache Corporation Comments

Dear Ms. Harmon:

Apache Corporation is writing to provide comments to the Securities and Exchange Commission (SEC) concerning File Number S7-15-08 entitled *Modernization of the Oil and Gas Reporting Requirements*. Apache Corporation (Apache) is a publicly traded oil and gas exploration and production company with operations in the United States, Canada, Egypt, the United Kingdom, Australia and Argentina that discloses financial and other information in conformance with SEC rules.

We appreciate the opportunity to comment on the proposed rule and commend the SEC for its efforts to modernize oil and gas reporting requirements. We appreciate the staff's commitment to pursue a comprehensive consultation process and its efforts to consolidate public comments. The final rule will establish the regulatory framework governing this industry for the foreseeable future and will be vitally important to the U.S. financial markets. Because of the magnitude and complexity of the undertaking and the number of new elements introduced in this proposal, we encourage the SEC to continue this iterative process by soliciting and considering comments on the proposed rule prior to finalizing.

With respect to developing our response, we did not address every request for comment contained in the proposed rule but concentrated on a select list of topics that we consider to be primary issues.

A primary concern with the proposed rule is the extensive additional disclosure requirements, many of which were not included in the Concept Release. Most of the proposals require a significant level of detail and/or information that is not readily available and does not possess the necessary degree of relevance to warrant disclosure. As provided, the proposed rule could yield disclosures unnecessarily voluminous and complex without a corresponding increase in clarity or usefulness to the users of our financial statements. The increase in disclosures may likely have the unintended

consequences of obscuring other material information, leaving the potential for confusion and inappropriate comparisons and conclusions by investors.

We consider the estimate of an incremental 35 hours per company to implement the rule to be significantly understated. Examples of the impact of the rule as proposed include: costly changes to adapt multiple internal systems, duplication and addition of redundant governance and internal control processes, gathering, loading and maintaining new data elements, preparation and analysis of information in formats that are not presently used and maintenance of multiple sets of reserves. We have not performed an in-depth analysis of all areas impacted by the proposal, however, we believe thousands of incremental hours will be required to comply with the proposed rule.

Our specific comments are noted below.

12-Month Average Price

We support your proposal to replace the current use of a single-day, fiscal year-end spot price with a 12-month average. It will substantially reduce the impact on prices of short-term volatility and seasonality and will more accurately reflect price trends. We believe the 12-month average price should be calculated as the arithmetic average of the first-of-the-month prices. Use of first-of-the-month prices would reduce the impact of price volatility often exacerbated by month-end trading activities and would be more representative of realized prices. We recommend that for registrants with a fiscal year-end of December 31, the 12-month pricing period span from October 1 of the preceding year to September 1 of the current year.

This 12-month historical average should be rolled forward three months with each respective quarter to determine reserves used for both units-of-production depletion and impairment testing.

Prices Used for Accounting Purposes

We strongly suggest that one pricing methodology be used by all registrants (full cost and successful efforts) for both accounting calculations and disclosures. The use of multiple prices would require registrants to maintain dual records. This would place an onerous burden on personnel involved in record keeping, recalculating reserves, the governance processes and financial reporting, each of whom are already pressed to meet the recently accelerated filing deadlines. The resulting financial statements and disclosures would lack the transparency, consistency and comparability required to make them useful to the investor. Providing reconciliations would not enhance the value of this misaligned information and would further increase the cost to registrants. To maintain consistency and lessen confusion, we believe accounting and disclosures based on different pricing methods should be neither permitted nor required.

We urge the Commission to defer adoption of any change in pricing method until consensus is reached with the FASB to harmonize prices. Absent this alignment, we recommend there be no change to current rules governing price. This would maintain consistency and comparability between the financial statements, SFAS 69 disclosures and reserve disclosures.

Extraction of Bitumen and Other Non-Traditional Resources

The industry uses many different methods to produce oil and gas from a variety of natural in-situ conditions. We believe that all oil and gas produced through extractive methods should be included in oil and gas producing activities and allowed for purposes of reserves recognition. The extraction of bitumen, coal bed methane and oil from oil shales should all be considered oil and gas producing activities for reporting purposes with no separate distinction from conventional operations.

We disagree with the proposed limitation on pricing to be used to determine the economic viability of unprocessed products. Where the processing of extracted raw hydrocarbons is an integral part of a project and the resultant value of marketable hydrocarbons supports the base extractive methods, the price of the processed product less the cost of processing should be allowed to determine the economic producibility of the unprocessed product. Examples would include LNG projects and the processing of bitumen into synthetic crude oil, where development of these resources may not occur without access to higher priced markets for the processed product.

Reasonable Certainty and Proved Oil and Gas Reserves

We would favor a definition of reasonable certainty that is consistent with the SPE 2007 PRMS definitions as follows:

“If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.”

We agree that reasonable certainty should be the standard applied to all proved reserves, not just proved developed reserves.

New Technology

The use of technology, both established and new, is a vital part of advancing our industry and reducing uncertainties in both exploration for and development of additional resources. We applaud the staff’s effort to recognize this fact in proposing rules that will permit the use of reliable technology in the determination of reasonable certainty. The proposed definition of reliable technology offers some challenges. We believe it will be difficult to describe what constitutes “high quality” geoscience and engineering data versus other geoscience and engineering data. Consequently, either more work needs to be done to define “high quality” or the term should be removed from the definition. Secondly, the probabilistic nature of the success of reliable technology is very difficult to determine and the definition should, instead, be more principle-based in nature.

Probabilistic Methods

We support the use of either deterministic or probabilistic methods to estimate reserves and believe that oil and gas companies should have the choice of which method is most appropriate to use at the property level.

Definition and Optional Disclosure of Unproved Reserves—“Probable Reserves” and “Possible Reserves”

We do not believe that permitting voluntary (or requiring mandatory) disclosure of probable and possible reserves in filed documents is in the best interest of investors or registrants. Probable and possible reserves are by their nature less certain than proved reserves and are often based on preliminary technical data and cost estimates that may have a higher need for revision as better information becomes available. We believe that the distinction between proved reserves and unproved reserves is not well understood by all investors and may lead to confusion or misunderstanding as to the registrant’s remaining recovery potential and/or value. Voluntary disclosures would also contribute to this confusion as investors may not understand the reasoning as to why one registrant discloses this information and others do not. We do, however, support clearly described disclosure of un-proved reserve quantities in non-filed documents to announce, for example, newly discovered resource potential.

If only proved reserves are reported, we see no need for the SEC to propose definitions for probable, possible or other un-proved categories. The SPE has addressed those definitions within the 2007 PRMS which provides a reference for uses other than financial reporting.

Proposed Definition of “Proved Undeveloped Reserves”

We support updating the definition of proved undeveloped reserves. Removal of the one offset location restriction is an improvement that acknowledges the value of geologic and engineering data over regulatory decree. In the same spirit, we do not believe that an arbitrary time restriction is appropriate in the definition of proved undeveloped reserves or that reserves otherwise meeting the definition of proved from a technical perspective should be moved to a probable classification based on time factors. We believe that the registrant should have a commitment to the timely development of proved undeveloped reserves and that the commitment should be an element of the reasonable certainty test. A mandatory time limit will impose rigid rules within a flexible system based on principles.

We support replacement of the certainty threshold with a reasonably certain requirement. This brings a measure of consistency to all proved reserves.

We support expansion of the definition of proved undeveloped reserves to permit the use of techniques that have been proven effective by actual production from projects in an analogous reservoir in the same geologic formation in the immediate area or by other evidence using reliable technology that establishes reasonable certainty.

Continuous and Conventional Accumulations

We do not believe that separate definitions of continuous and conventional accumulations are necessary. Continuous accumulations may have different technical and economic implications for reserves determination than conventional accumulations, however, the basic extractive process and ultimate products are the same. We recommend that the SEC eliminate the proposed segmentation by conventional and continuous accumulations as this will provide limited benefit to the financial statement user. We believe differentiation of reserves by end-product, rather than by the source from which the volumes are extracted is of much greater importance to the investor. Likewise, we recommend eliminating the same segmentation proposed for wells and acreage.

Geographical Specificity with Respect to Disclosures

We oppose the new definition of “geographic area” as proposed in Item 1201(d). We believe the current disclosure standards prescribed by SFAS 69 (reporting by country or by groups of countries) are preferable and more meaningful to investors. The proposed definition (bright line segregation by country, basin or field) introduces potential aggregation conflicts in regions where a material field or basin exists in a country that also exceeds the suggested threshold for disclosure. Similarly, an immaterial “rest of country” column would also be necessary whenever a large field or basin comprises most but not all of a given country. This presentation mix of reservoirs and countries is cumbersome, complex and confusing, especially if different from the specificity noted in accompanying SFAS 69 disclosures. We also note that separate determination of a field or basin within a larger Production Sharing Agreement is not possible due to concession-wide cost sharing terms. Aside from our concerns regarding confidentiality, competitive disadvantage and restrictions by foreign governments, in many cases the proposed disclosures are either not possible or not permitted.

We recommend that the current geographic guidance prescribed by SFAS 69 remain in place for all related areas; oil and gas reserves, production volumes, pricing, costs, and various activity metrics. We do not currently segment our information or manage our business using the proposed thresholds and believe such change will yield a level of distortion such that comparability and clarity will be compromised.

Requirement of Table Formats

In our opinion, the proposal of required tabular formats is focused too heavily on a systemized approach. While some may consider this a simple way of organizing data, we feel it eliminates valuable emphasis provided by disclosure of certain items through management narrative. In addition to being duplicative, unnecessary information is required which may obfuscate meaningful information. Because of this, we do not feel it will facilitate better understanding by investors.

Disclosures for Proved Undeveloped Reserves

The proposed table reflecting the conversion of proved undeveloped reserves during the year and those that remain undeveloped for 5 years or more would require the implementation of system enhancements to track and age such reserves. We do not capture the information in a manner that would facilitate reporting of this nature. We acknowledge that management is obligated to disclose any material information concerning this subject. Other disclosures can be used by investors to consider the impact of timing on developing our reserves. Meaningful information would include reserve life index (which can be calculated by dividing reserves by production) and values in SFAS 69 disclosures (which take into account the estimated timing of production and associated costs). For this reason, we do not feel that the proposed level of detail will provide additional meaningful information for our investors.

Optional Reserves Sensitivity Analysis

We do not believe that multiple reserve cases should be disclosed for pricing sensitivities, whether required or optional. Aside from the onerous burden involved in the determination, governance process and reporting of multiple reserve cases, we believe such supplemental disclosure would be misleading and inconsistent with the primary reserves presented. We believe that disclosing supplemental reserves utilizing price sensitivity is confusing to investors who may not fully understand the subjective nature of the analysis. This lack of comparability and predictability related to price sensitivity cases, in our view, outweighs any perceived value and thus should not be permitted nor required. In summary, we believe that predicting the future is the essence of investment decision making, not an appropriate objective of financial reporting.

Oil and Gas Production, Sales Prices, and Production Costs

We do not believe the proposed disclosure of production, sales price and production cost by wells classified as “oil” and “gas” wells would be of value to investors. Capturing data in this detail would require costly system changes because we do not use this information to manage our business on a day-to-day basis and do not have a system in place to capture it.

Drilling Activity Table

We do not believe that the proposal to disclose both extension and suspended wells drilled during the year would provide meaningful data to investors. The cost would certainly exceed any perceived benefit. Material extension wells and suspended wells would already be disclosed under the current rules.

Commitment Table

Any material commitments to deliver specified amounts of oil and gas currently require disclosure. We do not believe a significant restructuring of this information, which would isolate it from other pertinent data, is beneficial. We believe it would detract from the usefulness of current disclosures.

Property, Well and Acreage Tables

We do not feel that disclosing wells and acreage in conventional accumulations separately from wells and acreage in continuous accumulations adds any value for the investor. We do not accumulate or use data in this format to manage our day-to-day operations and it is not currently available. Rather than expand the well disclosure, we would suggest that it adds little value and should be reconsidered altogether.

New Proposed Disclosures Regarding Production Techniques and Acreage

We are currently required to discuss material bonding requirements and timing and costs of material work commitments. We believe the proposed requirement to include other items of this nature, with geographic specificity, would result in a tremendous volume of additional disclosures and would obscure other valuable information. The proposal to require us to provide detailed information about the techniques that we use to extract resources and the timing of exploration could cause us competitive harm.

Preparation of Reserves Estimates or Reserves Audits

We agree with the decision not to require an independent third party to prepare the reserves estimates or conduct a reserves audit. We are concerned with the additional disclosure proposed regarding the qualifications of the person(s) primarily responsible for preparing the reserves estimates. Reserve estimates are a function of a detailed process and involves input from a number of technical professionals responsible for gathering and preparing the estimates. From a practical perspective, the proposal would be a significant challenge to implement for all individuals critical to our reserve estimates and would provide little usefulness for an investor to determine the validity of the process. We believe a discussion of the company's estimation and review processes is sufficient disclosure.

Discussion and Analysis for Registrants Engaged in Oil and Gas Activities

The proposed topics for a company to address in its Management Discussion and Analysis (MD&A), or in a separate section, add significantly to disclosure requirements by providing a level of detail not currently required and a duplication of information disclosed in other Items of the Form 10-K. FR-72 states, "Companies must determine, based on their own particular facts and circumstances, whether disclosure of a particular matter is required in MD&A. However, the effectiveness of MD&A decreases with the accumulation of unnecessary detail or duplicative or uninformative disclosure that obscures material information." Several of the proposed topics of disclosure are at such a detail level that they are not meaningful or relevant information for a financial statement user. Specifically, the requirement to disclose the performance of individual producing wells, including water production from such wells and the need to use enhanced recovery techniques to maintain production from such wells, is at such a detailed level that the information is not relevant to investors. Other proposed topics of disclosure are duplicative, as they are included in existing SFAS 69 disclosures and/or in Part I of the Form 10-K. We do not believe additional MD&A disclosures or a new section of the Form 10-K is necessary for the proposed topics.

Other

We concur with your proposal that there be no required retroactive adjustments for accounting purposes.

We believe that an implementation date of January 1, 2010, is aggressive, given the magnitude of the proposed changes the length of time necessary to design, program and implement system changes, and our common good of achieving the best possible result. We believe this date should be re-evaluated after consideration of all comments in this comment period.

We support the effort to modernize oil and gas reporting and appreciate the magnitude of the task. We are encouraged with the progress made to date and look forward to continued participation in this important endeavor. If you have any questions or we can be of further assistance, please do not hesitate to contact us.

Respectfully,

/s/ Roger B. Plank

Roger B. Plank
Executive Vice President and Chief Financial Officer