

APACHE CORP  
Form 424B2  
July 26, 2010

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<b>Title of Each Class of Securities Offered</b>	<b>Maximum Aggregate Offering Price<sup>(1)</sup></b>	<b>Amount of Registration Fee<sup>(2)</sup></b>
Depository Shares	\$ 1,265,000,000	\$ 90,195

(1) Assumes the underwriters' option to purchase 3,300,000 additional depository shares is exercised in full.

(2) Calculated in accordance with Rule 457(r) of the Securities Act of 1933.

**Filed Pursuant to Rule 424(b)(2)  
Registration No. 333-155884**

**PROSPECTUS SUPPLEMENT**

**(To Prospectus Dated December 2, 2008)**

**22,000,000 Depository Shares  
Each Representing a 1/20th Interest in a Share of  
6.00% Mandatory Convertible Preferred Stock, Series D**

**Apache Corporation  
Depository Shares**

We are offering 22,000,000 depository shares, each of which represents a 1/20th interest in a share of our 6.00% Mandatory Convertible Preferred Stock, Series D, with an initial liquidation preference of \$1,000 per share (our mandatory convertible preferred stock). The shares of mandatory convertible preferred stock will be deposited with Wells Fargo Bank, N.A., as depository, pursuant to a deposit agreement. Holders of the depository shares will be entitled to a proportional fractional interest in the rights and preferences of the mandatory convertible preferred stock, including conversion, dividend, liquidation and voting rights, subject to the provisions of such deposit agreement.

We will pay cumulative dividends on each share of our mandatory convertible preferred stock at a rate of 6% per annum on the initial liquidation preference of \$1,000 per share. Dividends will accrue and cumulate from the date of issuance and, to the extent that we have lawfully available funds to pay dividends and our board of directors declares a dividend payable, we will pay dividends on February 1, May 1, August 1 and November 1 of each year in cash and on August 1, 2013 or any earlier conversion date in cash, shares of our common stock, par value \$0.625 per share, or a combination thereof, at our election and subject to the share cap (as defined herein). The first dividend payment, if declared, will be made on November 1, 2010, in the expected amount of \$15.50 per share of our mandatory convertible preferred stock (equivalent to \$0.775 per depository share), which will reflect the time period from the expected date of issuance to November 1, 2010.

Each share of our mandatory convertible preferred stock has a liquidation preference of \$1,000 (and, correspondingly, each depository share has a liquidation preference of \$50), plus an amount equal to accrued and unpaid dividends. Subject to the authorized share condition described in this prospectus supplement, each share of our mandatory convertible preferred stock will automatically convert on August 1, 2013 into between 9.164 and 11.364 shares of our

common stock (respectively, the minimum conversion rate and maximum conversion rate ) (and, correspondingly, each depositary share will automatically convert into between 0.4582 and 0.5682 shares of our common stock), each subject to adjustment, depending on the average VWAP (as defined herein) per share of our common stock over the 10 trading day period ending on, and including, the third scheduled trading day prior to such date. At any time prior to July 15, 2013, a holder of 20 depositary shares may cause the depositary to convert one share of our mandatory convertible preferred stock, on such holder's behalf, into a number of shares of our common stock equal to the minimum conversion rate, subject to adjustment, but such holder will not be entitled to accrued and unpaid dividends for the current dividend period. During a specified period in connection with a fundamental change (as defined herein), a holder of 20 depositary shares may cause the depositary to convert one share of our mandatory convertible preferred stock, on such holder's behalf, into a number of shares of our common stock equal to the applicable fundamental change conversion rate.

Our common stock is listed on the New York Stock Exchange, the NASDAQ Global Select Market and the Chicago Stock Exchange under the symbol APA. The last reported sale price of our common stock on the New York Stock Exchange on July 22, 2010 was \$89.28 per share. We will apply to list the depositary shares on the New York Stock Exchange and expect trading to begin within five days of the initial issuance of the depositary shares.

**Investing in our depositary shares involves risks. See Risk Factors beginning on page S-17 of this prospectus supplement.**

	Per Share	Total
Public offering price	\$ 50.00	\$ 1,100,000,000
Underwriting discount	\$ 1.50	\$ 33,000,000
Proceeds, before expenses, to us	\$ 48.50	\$ 1,067,000,000

We have granted the underwriters a 30-day option to purchase up to 3,300,000 additional depositary shares on the same terms and conditions as set forth above.

Concurrently with this offering, we are offering, by means of a separate prospectus supplement, 23,000,000 shares of our common stock (or 26,450,000 shares if the underwriters of that offering exercise in full their option to purchase additional shares thereunder). This offering of depositary shares is not contingent upon the offering of our common stock, and the offering of our common stock is not contingent upon this offering.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus to which it relates. Any representation to the contrary is a criminal offense.**

The underwriters expect to deliver the depositary shares on or about July 28, 2010.

*Joint Book-Running Managers*

**Goldman, Sachs & Co.**

**BofA Merrill Lynch**

**Citi**

**J.P. Morgan**

July 23, 2010

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**Prospectus**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer to sell the depositary shares in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the respective dates on the front covers of those documents. You should assume that the information incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of the date the respective information was filed with the SEC. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus supplement is part of a registration statement that we have filed with the SEC utilizing a shelf registration process. Under this shelf process, we are offering to sell our depositary shares, using this prospectus supplement and the accompanying prospectus. This prospectus supplement describes the specific terms of this offering. The accompanying prospectus and the information incorporated by reference therein describe our business and give more general information, some of which may not apply to this offering. Generally, when we refer in this prospectus supplement only to the prospectus, we are referring to both parts combined. You should read this prospectus supplement together with the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus before making a decision to invest in our depositary shares. If the information in this prospectus supplement or the information incorporated by reference in this prospectus supplement is inconsistent with the accompanying prospectus, the information in this prospectus supplement or the information incorporated by reference in this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

We have filed with the SEC a registration statement on Form S-3 with respect to the securities offered hereby. This prospectus supplement and the accompanying prospectus do not contain all the information set forth in the registration statement, parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the securities offered hereby, reference is made to the registration statement and the exhibits that are a part of the registration statement.

In this prospectus supplement, unless the context indicates otherwise, the terms Apache, we, us, Company and our refer to Apache Corporation and its subsidiaries.

Our name, logo and other trademarks mentioned in this prospectus supplement are the property of their respective owners.

**DOCUMENTS INCORPORATED BY REFERENCE**

We have incorporated by reference in this prospectus supplement and the accompanying prospectus certain documents that we file with the SEC. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. This information incorporated by reference is a part of this prospectus supplement and the accompanying prospectus, unless we provide you with different information in this prospectus supplement or the accompanying prospectus or the information is modified or superseded by a subsequently filed document. Any information referred to in this way is considered part of this prospectus supplement and the accompanying prospectus from the date we file that document.

Any reports filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, on or after the date of this prospectus supplement and before the completion of this offering of depositary shares will be deemed to be incorporated by reference into this prospectus supplement and the accompanying prospectus and will automatically update, where applicable, and supersede any information contained in this prospectus supplement or the accompanying prospectus or incorporated by reference into this prospectus supplement and the accompanying prospectus. Some documents or information, such as that furnished under Items 2.02 or 7.01, or the exhibits related thereto under Item 9.01, of Form 8-K, are deemed furnished and not filed in accordance with SEC rules. None of those documents and



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none of that information is incorporated by reference in this prospectus supplement or the accompanying prospectus.

This prospectus supplement and the accompanying prospectus incorporate the documents listed below that we have previously filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules). They contain important information about us, our business and our financial condition.

**Apache SEC Filings**

**Period or Date Filed**

Annual Report on Form 10-K (including information specifically incorporated by reference into the Annual Report on Form 10-K from our Definitive Proxy Statement on Schedule 14A, filed on March 31, 2010)	Year ended December 31, 2009
Quarterly Report on Form 10-Q	Quarter ended March 31, 2010
	Filed on January 14, 2010, January 19, 2010, April 15, 2010, April 16, 2010, May 11, 2010, July 20, 2010 and July 21, 2010
Current Reports on Form 8-K	
Registration Statements on Form 8-A	Filed on January 24, 1996 and February 3, 2006
The section entitled Additional Information About Apache in our Registration Statement on Form S-4	Filed on May 19, 2010 and amended on June 29, 2010

You can obtain any of the documents incorporated by reference in this prospectus supplement and the accompanying prospectus from us or from the SEC through the SEC's web site at [www.sec.gov](http://www.sec.gov) or by mail from the SEC's Public Reference Room located at 100 F Street, N.E., Room 1580, Washington, DC 20549, at prescribed rates. Documents incorporated by reference are available from us without charge, excluding any exhibits to those documents unless we specifically incorporated by reference the exhibit in this prospectus supplement and the accompanying prospectus. You can obtain these documents from us by requesting them in writing or by telephone at the following address or number:

Apache Corporation  
2000 Post Oak Boulevard  
Houston, Texas 77056  
Telephone: (713) 296-6000

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus contain statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, or the Securities Act, and Section 21E of the Exchange Act.

These statements relate to future events or our future financial performance, which involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, you can identify forward looking statements by terminology such as expect, anticipate, estimate, intend, may, will, would, should, predict, potential, plans, believe or the negative of these terms or similar terminology.

Forward-looking statements are not guarantees of performance. Actual events or results may differ materially because of market conditions in our markets or other factors. Moreover, we do not, nor does any other person, assume responsibility for the accuracy and completeness of those statements. Unless otherwise required by applicable securities laws, we disclaim any intention or obligation to update any of the forward-looking statements after the date of this prospectus supplement. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed under Risk Factors in this prospectus supplement and under Risk Factors and Quantitative and Qualitative Disclosures About Market Risk Forward-Looking Statements and Risk in our Annual Report on Form 10-K for the year ended December 31, 2009 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (both of which are incorporated by reference in this prospectus supplement and the accompanying prospectus) and similar sections in any subsequent filings that we incorporate by reference in this prospectus supplement and the accompanying prospectus, which describe risks and factors that could cause results to differ materially from those projected in those forward-looking statements.

Those risk factors may not be exhaustive. We operate in a continually changing business environment, and new risk factors emerge from time to time. We cannot predict these new risk factors, nor can we assess the impact, if any, of these new risk factors on our businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results.

In addition to the foregoing matters, there are important factors related to the BP Acquisition described elsewhere in this prospectus supplement that could cause the actual results of the BP Acquisition to differ materially from what we currently expect, including without limitation:

the timing of the receipt of regulatory approvals and third party consents required for the consummation of the various property acquisitions;

the imposition by regulatory authorities of conditions on the future operation of the BP Properties in connection with the receipt of regulatory approvals;

the exercise of preferential purchase rights with respect to certain of the BP Properties;

the integration of the operations of the BP Properties with ours; and

the occurrence of a case or proceeding under the bankruptcy or insolvency laws of any jurisdiction involving BP or its affiliates who are parties to or have guaranteed obligations under the agreements related to the BP Acquisition.

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**SUMMARY**

*This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It does not contain all of the information that you should consider before making an investment decision. We urge you to read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus carefully, including the historical financial statements and notes to those financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. Please read Risk Factors and Cautionary Statement Regarding Forward-Looking Information in this prospectus supplement and Risk Factors and Quantitative and Qualitative Disclosures About Market Risk Forward-Looking Statements and Risk in our Annual Report on Form 10-K for the year ended December 31, 2009 and our subsequently filed Exchange Act reports for more information about important risks that you should consider before investing in our depositary shares.*

**Apache Corporation**

We are an independent energy company that explores for, develops and produces natural gas, crude oil and natural gas liquids. In North America, our exploration and production interests are focused in the Gulf of Mexico, the Gulf Coast, East Texas, the Permian Basin, the Anadarko Basin and the Western Sedimentary Basin of Canada. Outside of North America, we have exploration and production interests onshore Egypt, offshore Western Australia, offshore the U.K. in the North Sea and onshore Argentina. We also have exploration interests on the Chilean side of the island of Tierra del Fuego.

The address of our principal executive offices is 2000 Post Oak Boulevard, Houston, Texas 77056, and our telephone number at this address is (713) 296-6000.

**Recent Developments**

**Pending and Recently Completed Acquisitions**

***Potential BP Acquisition***

On July 20, 2010, we announced the signing of three definitive purchase and sale agreements (which we refer to as the BP Purchase Agreements ) to acquire the following properties (which we refer to as the BP Properties ) from subsidiaries of BP plc (we refer to BP plc and such subsidiaries collectively as BP ) for aggregate consideration of approximately \$7.0 billion, subject to customary adjustments in accordance with the BP Purchase Agreements (which we refer to as the BP Acquisition ):

*Permian Basin.* All of BP's oil and gas operations, related infrastructure and acreage in the Permian Basin of West Texas and New Mexico. The assets include interests in 10 field areas in the Permian Basin, (including Block 16/Coy Waha, Block 31, Brown Basset, Empire/Yeso, Pegasus, Southeast Lea, Spraberry, Wilshire, North Misc and Delaware Penn), approximately 405,000 net mineral and fee acres, 358,000 leasehold acres, approximately 3,629 active wells and three gas processing plants, two of which are currently operated by BP. Based on our investigation and review of data provided by BP, these assets produced 15,110 barrels of liquids and 81 MMcf of gas per day in the first six months of 2010. The Permian Basin assets had estimated net proved reserves of 140.9 MMboe at June 30, 2010 (65 percent liquids).

*Western Canada Sedimentary Basin.* Substantially all of BP's Western Canadian upstream gas assets, including 1,278,000 net mineral and leasehold acres, interests in approximately 1,600 active wells, eight operated and 14 non-operated gas processing plants. The position includes many attractive drilling opportunities ranging from conventional to several unconventional targets, including shale gas, tight gas and coal bed methane in historically productive formations including the Montney, Cadonien and Doig. Based on our investigation and review of data provided by BP, during the first half of 2010 these properties accounted for 6,529 barrels of liquids and 240 MMcf of gas per day and had estimated net

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proved reserves of 223.7 MMboe at June 30, 2010 (94 percent gas). We currently have operations in approximately half of these 13 field areas.

*Western Desert, Egypt.* BP's interests in four development licenses and one exploration concession (East Badr El Din), covering 394,000 net acres south of El Alamein in the Western Desert of Egypt. These properties are operated by Gulf of Suez Petroleum Company, a joint venture between BP and the Government of Egypt. The transaction includes BP's interests in 65 active wells, a 24-inch gas line to Dashour, a liquefied petroleum gas plant in Dashour, a gas processing plant and a 12-inch oil export line to the El Hamra Terminal on the Mediterranean Sea. Based on our investigation and review of data provided by BP, during the first six months of 2010 these properties accounted for 6,016 barrels of oil and 11 MMcf of gas per day of BP's production, and had estimated net proved reserves of 20.2 MMboe at June 30, 2010 (59 percent liquids). The BP Properties in Egypt are complementary to the over 11 million gross acres in 21 separate concessions in the Western Desert we currently hold. The Merged Concession Agreement related to the development licenses runs through 2024, subject to a five year extension at the option of the operator.

Of the \$7.0 billion purchase price, \$3.1 billion is applicable to the Permian Basin properties, \$3.25 billion is applicable to the Canadian properties and \$650 million is applicable to the Egyptian properties. The effective date of the BP Acquisition is July 1, 2010. Apache Corporation has agreed to guarantee the performance of the obligations of its subsidiaries under the BP Purchase Agreements.

The BP Acquisition is subject to a number of closing conditions, including clearance under the competition laws of the United States and Canada, the foreign investment law of Canada and approval of the Government of Egypt. Because of the relatively short time period contemplated between signing the BP Purchase Agreements and the expected closing of the BP Acquisition, several significant matters commonly resolved prior to closing such an acquisition have been reserved for after closing. For example, title review with respect to most of the BP Properties will not be completed until after closing. In addition, we will not have sufficient time before closing to conduct a full assessment of any environmental and legal liabilities with respect to the BP Properties. Also, some of the BP Properties are subject to preferential purchase rights held by third parties, and those rights may be exercised before or after we close the BP Acquisition. Most of the preferential purchase rights have exercise periods of 30 days after delivery of notice of acquisition. Accordingly, the BP Acquisition is subject to certain post-closing requirements relating to, among other things, resolution of title, environmental and legal issues and any exercise by third parties of preferential purchase rights with respect to certain of the BP Properties. Prompt notice of the proposed sale of the BP Properties will be provided to appropriate governmental agencies and to parties holding preferential rights to purchase such properties. The transactions comprising the BP Acquisition are not mutually conditioned, and we may close any of these transactions without closing the others.

Each BP Purchase Agreement may be terminated prior to closing pursuant to termination provisions that are typical of a transaction of this type. If a BP Purchase Agreement is terminated other than as a result of our material breach or our failure or refusal to close, BP is required to return the applicable portion of the Deposit (as further described below) plus interest. BP plc has agreed to provide a limited guarantee with respect to the BP Purchase Agreements, principally as to return of the Deposit. If a BP Purchase Agreement is terminated as a result of our material breach or our failure or refusal to close, BP is required to return the applicable portion of the Deposit plus interest, less an amount equal to five percent of the purchase price plus interest in such agreement (which we refer to as the Reverse Breakup Fee). Each BP Purchase Agreement provides that BP's retention of the Reverse Breakup Fee is the sole and exclusive remedy of BP in the event of a termination of such agreement.

On July 30, 2010, we expect to make a deposit of \$5.0 billion toward the purchase price of the BP Properties (which we refer to as the Deposit), to be returned to us or applied to the purchase price, as the case may be. Of the \$5.0 billion Deposit, \$1.5 billion is applicable to the Permian Basin properties, \$3.25 billion is applicable to the Canadian

properties and \$250 million is applicable to the Egyptian properties. In Canada, the Deposit will be implemented in the form of a loan from Apache to the BP subsidiary that is the seller of the Canadian properties which has been guaranteed by BP plc. From the date of

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the Deposit until receipt of regulatory approvals, BP will retain complete operational control of the BP Properties, subject to customary covenants regarding the conduct of business in the ordinary course, maintenance of the properties and similar matters. The Deposit is not required to be segregated from the operations of BP, but may be made available for use by BP in its operations. Should the applicable regulatory approvals not be obtained by a certain date (for the Permian Basin asset purchase by October 29, 2010; for the Western Canadian asset purchase by January 31, 2011; and for the Egyptian asset purchase by July 19, 2011), the affected transaction will not close and the applicable portion of the Deposit will be returned. Should preferential purchase rights with respect to any of the BP Properties be exercised, the purchase price payable to the affected BP subsidiary will be reduced accordingly. We estimate that only an immaterial portion of the BP Properties are subject to preferential purchase rights in favor of third parties.

To the extent preferential purchase rights are not exercised, with respect to any portion of the BP Acquisition, we will pay the balance of the allocated consideration and close the respective transaction as promptly as practicable after receipt of the various regulatory approvals and contractual consents applicable to the individual components of the BP Acquisition. Upon receipt of regulatory approvals in Canada, the instrument representing the loan will convert into ownership of the equity interests of the BP subsidiary holding the Canadian properties.

The Deposit and the balance of the consideration to be paid by us in respect of the BP Properties will be financed from the proceeds of this offering and the concurrent offering of our depository shares, cash on hand, our existing revolving credit and commercial paper facilities and the issuance of term debt. We have also arranged a bridge loan facility to backstop our financing requirements. See [Bridge Financing Facility](#) below.

We anticipate that required regulatory approvals and resolution of any preferential purchase rights, and any transfer of operational control of the BP Properties, will occur in the third and fourth quarters of 2010. We cannot assure you, however, that the purchase of the BP Properties will close on these terms, on a timely basis or at all. This offering is not conditioned upon closing of the purchase of any of the BP Properties, and the purchase of the BP Properties is not conditioned upon this offering, the concurrent offering of our common stock or any other financing conditions.

The BP Properties had estimated proved reserves as of June 30, 2010 of approximately:

116.4 MMbbls of crude oil and natural gas liquids; and

1,610 Bcf of natural gas.

Using the conventional equivalence of one barrel of oil to six Mcf of gas (which is not indicative of the price difference between these resources), the estimated proved reserves attributable to the BP Properties totaled approximately 384.8 MMboe at June 30, 2010 and were approximately 30 percent liquids and 70 percent gas. Approximately 64 percent of the estimated proved reserves attributable to the BP Properties are developed reserves. A majority of the estimated oil and natural gas liquids reserves are located in the Permian Basin and the majority of the estimated natural gas reserves are located in Canada.

Production estimates, provided by BP, for the first six months of 2010 for the BP Properties were approximately:

27.7 Mbbls per day of crude oil and natural gas liquids; and

331 MMcf per day of natural gas.

Production estimates, provided by BP, for the year ended December 31, 2009 for the BP Properties were approximately:



28 Mbbls per day of crude oil and natural gas liquids; and

348 MMcf per day of natural gas.

The reserves and production estimates mentioned in the preceding paragraphs are based on our analysis of historical production data provided by BP, assumptions regarding capital expenditures and anticipated production declines. The foregoing estimates of reserves and production are based on estimates of our

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engineers without review by an independent petroleum engineering firm. Data used to make these estimates were furnished by BP or obtained from publicly available sources. We cannot assure you that these estimates of proved reserves and production are accurate. After such data is reviewed by an independent petroleum engineering firm and after we conduct a more thorough review, the BP Acquisition reserves and production may differ materially from the amounts indicated above.

Audited historical financial information for the BP Properties is not currently available. We plan to file separate financial statements and pro forma financial information, as required by SEC rules, in a Current Report on Form 8-K within the prescribed time period following consummation of the BP Acquisition. Preliminary leasehold operating statements provided to us by BP indicate that the BP Properties had revenues for the six months ended June 30, 2010 of between \$520 million and \$575 million and for the year ended December 31, 2009 of between \$830 million and \$920 million, while direct operating expenses for the same periods were between \$155 million and \$175 million and between \$310 million and \$345 million, respectively.

The foregoing preliminary revenue and direct operating expense estimates were provided by BP, are unaudited, and have not been reviewed by our independent accountants. We cannot assure you that these preliminary estimates are accurate.

Unless otherwise specifically stated, the information included in this prospectus supplement, the accompanying prospectus and documents incorporated by reference do not include information related to the BP Properties.

### ***Pending Mariner Acquisition***

On April 15, 2010, we and Mariner Energy, Inc., a Delaware corporation (which we refer to as *Mariner*), announced that we had entered into a definitive agreement and plan of merger dated April 14, 2010 (which we refer to as the *Mariner Merger Agreement*) pursuant to which we will acquire Mariner in a stock and cash transaction (which we refer to as the *Mariner Acquisition*). In connection with the Mariner Acquisition, we expect to issue approximately 17.5 million shares of common stock (an increase of approximately five percent in our outstanding common shares before giving effect to this offering) and pay cash of approximately \$800 million to Mariner stockholders. We intend to fund the cash portion of the consideration with existing cash balances and commercial paper. Upon consummation of the Mariner Acquisition, we will assume Mariner's debt, which was approximately \$1.2 billion at the time of the Mariner Merger Agreement.

The completion of the Mariner Acquisition is subject to certain conditions, including: (i) the effectiveness of a registration statement on Form S-4 that we filed with the SEC on May 19, 2010, and amended on June 29, 2010, for the issuance of our common stock in the Mariner Acquisition; and (ii) the adoption of the Mariner Merger Agreement by the stockholders of Mariner. Completion of the transaction is projected to occur during the third quarter of 2010.

The Mariner Merger Agreement also contains certain termination rights for both us and Mariner, including if the Mariner Acquisition is not completed by January 31, 2011. In the event of a termination of the Mariner Merger Agreement under certain circumstances, Mariner may be required to pay to us a termination fee of \$67 million. In certain circumstances involving termination of the Mariner Merger Agreement, one of us or Mariner will be obligated to reimburse the other's expenses incurred in connection with the transactions contemplated by the Mariner Merger Agreement in an aggregate amount not to exceed \$7.5 million. Any reimbursement of expenses by Mariner to us will reduce the amount of any termination fee paid by Mariner to us.

At year-end 2009, Mariner reported estimated proved reserves of 181 MMboe. Mariner's oil and gas properties are primarily located in the Gulf of Mexico deepwater and shelf, the Permian Basin and onshore in the Gulf Coast, encompassing 541,000 net developed and 623,000 net undeveloped acres at December 31, 2009. Mariner's current

deepwater Gulf of Mexico portfolio included 99 blocks, seven discoveries in development and more than 50 drilling prospects. The Permian Basin assets are long-lived and fit well with our existing Permian Basin properties.

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Unless otherwise specifically stated, the information included in this prospectus supplement, the accompanying prospectus and documents incorporated by reference do not include information related to the Mariner Acquisition.

***Gulf of Mexico Shelf Acquisition***

On June 10, 2010, we announced the completion of our acquisition of oil and gas assets on the Gulf of Mexico shelf from Devon Energy Corporation for \$1.05 billion in cash. The acquisition is effective as of January 1, 2010. The acquired assets comprise 477,000 net acres across 150 blocks. The fields have 80 platforms and 211 production caissons in waters up to 450 feet deep. Approximately half of the estimated proved reserves of 41 MMboe are oil and natural gas liquids. The property interests are projected to produce 9,500 barrels of oil per day and 55 MMcf per day (net). We operate 75 percent of the production. We funded the acquisition primarily from existing cash balances supplemented with commercial paper.

**Second Quarter 2010 Results**

On July 20, 2010, we announced our preliminary unaudited results for the second quarter of 2010. Set forth below is certain financial and operating data for the quarters and six months ended June 30, 2010 and 2009.

	<b>For The Quarter Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Financial data:</b>				
Revenues and other (thousands)	\$ 2,971,910	\$ 2,093,378	\$ 5,645,161	\$ 3,727,203
Income attributable to common stock (thousands)	860,223	443,300	1,565,204	(1,315,060)
Basic net income per common share	2.55	1.32	4.64	(3.92)
Diluted net income per common share	2.53	1.31	4.61	(3.92)
Weighted average common shares outstanding (thousands)	337,618	335,637	337,273	335,372
Diluted common shares outstanding (thousands)	339,377	337,365	339,282	335,372
<b>Production and pricing data:</b>				
Oil volume (barrels per day)	331,280	281,836	310,103	274,652
Average oil price per barrel	\$ 74.89	\$ 58.15	\$ 74.74	\$ 50.57
Natural gas volume (Mcf per day)	1,791,555	1,769,623	1,751,958	1,697,408
Average natural gas price per Mcf	\$ 4.01	\$ 3.48	\$ 4.29	\$ 3.65
NGL volume (barrels per day)	16,992	10,626	14,444	10,394
Average NGL price per barrel	\$ 37.21	\$ 23.42	\$ 40.58	\$ 22.39
Total production (boe per day)	646,866	587,400	616,540	567,947

**Concurrent Offering of Common Stock**

Concurrently with this offering, we are offering, by means of a separate prospectus supplement, 23,000,000 shares of our common stock (or 26,450,000 shares if the underwriters of that offering exercise in full their option to purchase additional shares thereunder). This offering of depositary shares is not contingent upon the offering of common stock, and the offering of common stock is not contingent upon this offering. The foregoing description and other

information regarding the offering of the common stock is included herein solely for informational purposes. Nothing in this prospectus supplement should be construed as an offer to sell, or the solicitation of an offer to buy, any shares included in the offering of the common stock.

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### **Bridge Financing Facility**

In connection with and in contemplation of the BP Acquisition, we have entered into a term loan agreement with affiliates of the underwriters of this offering that provides a \$5.0 billion unsecured bridge facility (the Bridge Facility), the proceeds of which could be used to finance a portion of the consideration for the BP Acquisition, including the Deposit, and to pay certain fees and expenses in connection with the BP Acquisition. The Bridge Facility will be used as a backstop in the event that alternative forms of financing, including proceeds from this offering, the concurrent offering of depositary shares and other debt financing that we subsequently expect to undertake, are not available in sufficient amounts at or prior to such times when we are required to fund the consideration payable for the BP Acquisition, including the Deposit. We do not currently intend to draw under the Bridge Facility but instead plan to finance the BP Acquisition through proceeds of this offering, the concurrent offering of depositary shares, cash on hand, our existing revolving credit and commercial paper facilities and the issuance of term debt.

Funds under the Bridge Facility will be available to us in one or more drawings until September 28, 2010. Covenants, events of default and representations and warranties will be substantially similar to those in our existing revolving credit facilities. We are required to prepay loans under the Bridge Facility with 100% of the net cash proceeds of (a) equity issuances to third parties by us or any of our subsidiaries, (b) indebtedness for borrowed money by us or any of our subsidiaries (with certain exceptions, including refinancings and draws under existing facilities, indebtedness for working capital, securitizations in the ordinary course of business, and commercial paper issued under our existing commercial paper program), and (c) asset dispositions by us or any of our subsidiaries outside the ordinary course of business. The Bridge Facility will mature on September 29, 2010 but may be extended at our option until December 29, 2010.

All borrowings under the Bridge Facility will bear interest at a rate equal to either:

a base rate, which is defined as a rate per annum equal to the greatest of (a) JPMorgan Chase Bank, N.A.'s prime rate, (b) the federal funds rate plus .50% and (c) one-month LIBOR plus 1%, or

LIBOR plus a margin varying from 1.50% to 2.50%.

The Bridge Facility will incur a fee after the first funding under such facility, payable on the average daily undrawn amount of the Bridge Facility at a per annum rate equal to 0.10% to 0.35%.

### **SEC Comments**

On June 18 and July 12, 2010, we received comments from the SEC staff on our registration statement on Form S-4 filed in connection with the Mariner Acquisition and on our Annual Report on Form 10-K for the year ended December 31, 2009, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 and our Definitive Proxy Statement on Schedule 14A filed on March 31, 2010. We responded to the first comment letter by letter dated June 29, 2010 and expect to respond to the second comment letter in the near future. We do not believe that the comments, or our responses thereto, materially affect the disclosures in our existing Exchange Act reports and expect to include these and any other additional or revised disclosure resulting from the comment process in future filings with the SEC.

The comments on our 2009 Form 10-K and March 31, 2010 Form 10-Q included requests that we: provide additional disclosure regarding our potential liability in the event that one of our rigs operating in the Gulf of Mexico is involved in an explosion or event similar to the recent events in the Gulf of Mexico involving the Deepwater Horizon explosion and subsequent oil spill; discuss what remediation plans or procedures we have in place to deal with the environmental impact that would occur in the event of an oil spill or leak from our offshore operations; include

information about the competitive conditions in our industry and any material effects that compliance with federal, state and local provisions which have been enacted or adopted regulating the discharge of materials into the environment may have on our capital expenditures, earnings and competitive position; and provide additional disclosure regarding our reserves and development costs. The SEC staff's comments on our Definitive Proxy Statement on Schedule 14A asked us to comply with the comments in all future filings and requested that we provide additional disclosure related to the compensation consulting firms engaged by our Management Development and Compensation Committee.

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**THE OFFERING**

Securities offered	22,000,000 depositary shares, each of which represents a 1/20th interest in a share of our mandatory convertible preferred stock and entitles the holder of such depositary share, through the depositary, to a proportional fractional interest in the rights and preferences of such share of mandatory convertible preferred stock, including conversion, dividend, liquidation and voting rights, subject to the terms of the deposit agreement.
Option to purchase additional depositary shares	To the extent that the underwriters sell more than depositary shares, the underwriters have the option to purchase up to an additional 3,300,000 depositary shares from us at the public offering price less the underwriting discount, within 30 days from the date of this prospectus supplement.
Initial offering price	\$50.00 per depositary share.
Liquidation preference	\$1,000 per share of mandatory convertible preferred stock (equivalent to \$50 per depositary share), plus an amount equal to the sum of all accrued and unpaid dividends.
Dividends	6% on the liquidation amount of \$1,000 for each share of our mandatory convertible preferred stock per year, subject to increase in certain circumstances as described under <u>Authorized share condition</u> below. Dividends will accrue and cumulate from the date of issuance and, to the extent we have lawfully available funds to pay dividends and we declare a dividend payable, we will pay dividends in cash on each dividend payment date except the dividend payment date on August 1, 2013, or any earlier conversion date, when we may pay dividends in cash, shares of our common stock or a combination thereof, at our election and subject to the share cap, as defined below. The dividend payable on the first dividend payment date, if declared, is expected to be \$15.50 per share of mandatory convertible preferred stock and on each subsequent dividend payment date, if declared, is expected to be \$15.00 per share of mandatory convertible preferred stock (equivalent to \$0.775 and \$0.75, respectively, per depositary share). The depositary will distribute all dividend payments on the mandatory convertible preferred stock to the holders of outstanding depositary shares, as nearly as practicable, in proportion to the number of outstanding depositary shares held by each holder. Accumulated and unpaid dividends for any past dividend period will not bear interest. See <u>Description of the Mandatory Convertible Preferred Stock</u> <u>Dividends</u> and <u>Description of Depositary Shares</u> <u>Dividends and Other Distributions</u> in this prospectus supplement.
Dividend payment dates	If declared, February 1, May 1, August 1 and November 1 of each year, commencing on November 1, 2010.
Authorized share condition	We reserved 28,750,920 shares of common stock as designated shares for conversions of the mandatory convertible preferred stock, and the



authorized share condition (as defined below) is satisfied as of the date hereof; *provided, however*, that to the extent

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that the underwriters do not exercise their option to purchase additional depositary shares, the number of designated shares will be reduced proportionately (and, for the avoidance of doubt, will in no case be less than 25,000,800 shares).

If the authorized share condition is not satisfied by August 1, 2011, then from such date to, but excluding, the date on which the authorized share condition is satisfied, the dividend rate at which the mandatory convertible preferred stock accrues and accumulates will increase by 2% to 8% per annum on the liquidation amount of \$1,000 per share of mandatory convertible preferred stock. In addition, until the authorized share condition is satisfied, the dividend rate will increase by an additional 1% on each six month anniversary of the 365th day after the issuance of the mandatory convertible preferred stock, to a maximum rate equal to 6% plus 6% per annum. Upon satisfaction of the authorized share condition, the dividend rate will reset to the original rate of 6% per annum.

If the authorized share condition is not satisfied on the mandatory conversion date and the number of designated shares (as defined in this prospectus supplement) is greater than zero, we will conise taxes or penalties and amounts paid in settlement.

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The Company has purchased directors and officers insurance policies to provide protection against certain liabilities of the directors and officers. The Company has also entered into written agreements with each of its directors and officers incorporating the indemnification provisions of its Bylaws.

**Item 16. Exhibits.**

<b><u>Exhibit Number</u></b>	<b><u>Description of Exhibit</u></b>
3.01	Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Form 10-K/A for the annual period ended December 31, 2003).
3.02	Bylaws (incorporated by reference to Form 8-K filed on November 5, 2008).
4.03	Form of Certificate for Common Shares (incorporated by reference to Form 8-K filed on August 27, 2003).
5.01	Opinion of O'Melveny & Myers LLP as to the validity of Securities issued by the Company.
23.01	Consent of PricewaterhouseCoopers LLP.
23.02	Consent of PricewaterhouseCoopers LLP.
23.03	Consent of O'Melveny & Myers LLP (included in Exhibit 5.01).
24.01	Power of Attorney (included on page II-4).

**Item 17. Undertakings.**

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the □Calculation of Registration Fee□ table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

*provided however*, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

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(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof;

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering;

(4) That, for purposes of determining any liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by the Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of this registration statement as of the date the filed prospectus was deemed part of and included in this registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in this registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of this registration statement relating to the securities in this registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. Provided, however, that no statement made in a registration statement or made in a document incorporated or deemed incorporated by reference into this registration statement or a prospectus that is part of this registration statement or prospectus that is part of this registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in this registration statement or prospectus that was part of this registration statement or made in any such document immediately prior to such effective date;

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

(b) The undersigned registrant hereby further undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

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## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Dimas, State of California, on November 12, 2008.

### AMERICAN STATES WATER COMPANY

By:	/s/ Floyd E. Wicks
Name:	Floyd E. Wicks
Title:	President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Each person whose signature appears below authorizes Robert J. Sprowls and Eva G. Tang, or each of them individually, his or her true and lawful attorney-in-fact and agent, with full powers of substitution and resubstitution, for and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any subsequent registration statement we may hereafter file with the Securities and Exchange Commission pursuant to Rule 462(b) under the Securities Act to register additional securities in connection with this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-facts and agents, full power and authority to do so and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully

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to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them individually, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ Floyd E. Wicks Floyd E. Wicks	Principal Executive Officer, President, Chief Executive Officer and Director	November 12, 2008
/s/ Eva G. Tang Eva G. Tang	Principal Financial Officer and Principal Accounting Officer, Senior Vice President of Finance, Chief Financial Officer, Corporate Secretary and Treasurer	November 12, 2008

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ Lloyd E. Ross Lloyd E. Ross	Chairman of the Board and Director	November 12, 2008
/s/ James L. Anderson James L. Anderson	Director	November 12, 2008
/s/ Diana M. Bontá Diana M. Bontá	Director	November 12, 2008
/s/ N.P. Dodge, Jr. N.P. Dodge, Jr.	Director	November 12, 2008
/s/ Anne M. Holloway Anne M. Holloway	Director	November 12, 2008
/s/ Robert F. Kathol Robert F. Kathol	Director	November 12, 2008
/s/ Gary F. King Gary F. King	Director	November 12, 2008

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**EXHIBIT INDEX**

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  - 23.01 Consent of PricewaterhouseCoopers LLP.
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