

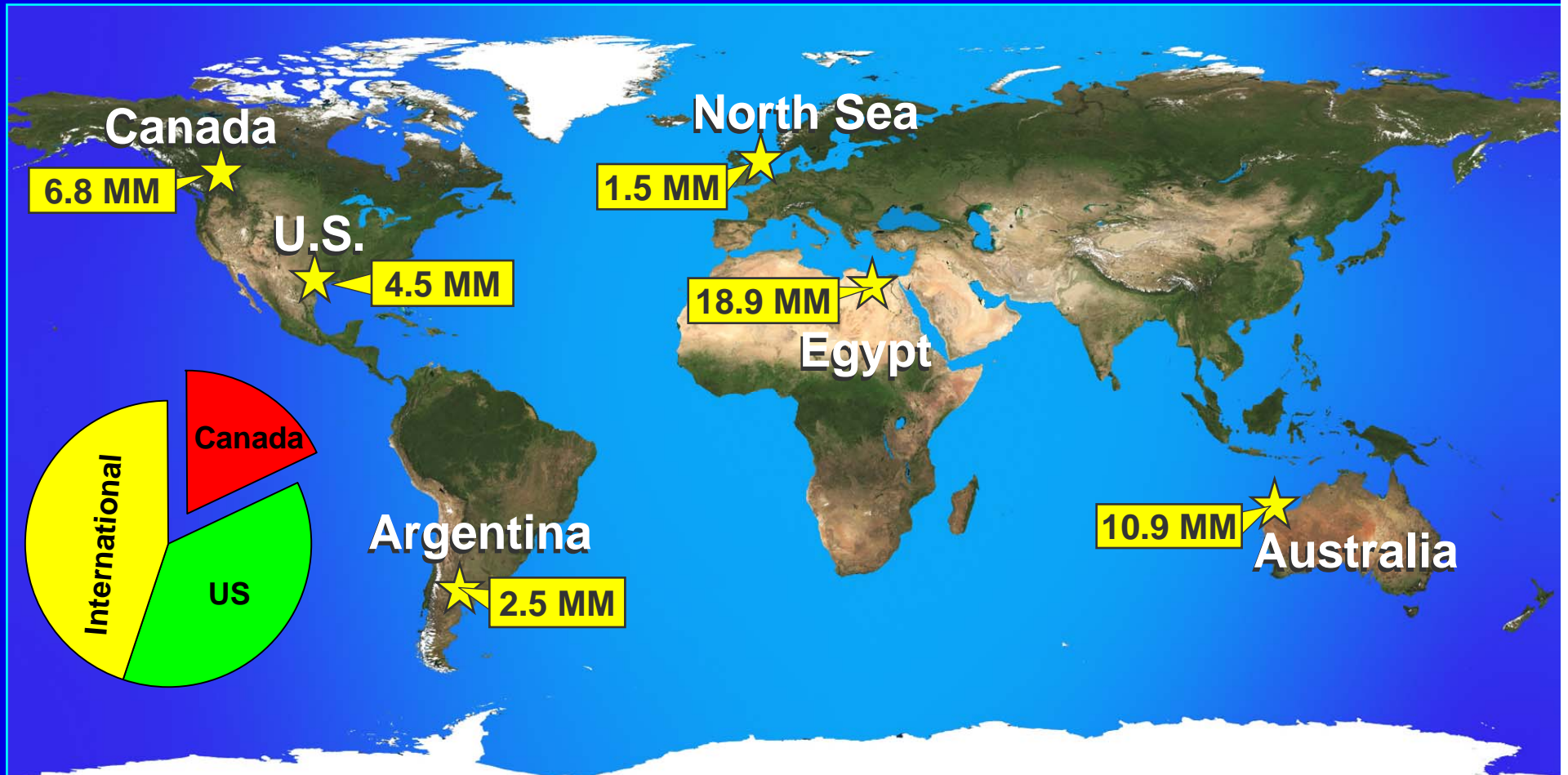


Alberta Royalty Review



*Mr. Brian L. Schmidt P.Eng
President - Apache Canada
May 22, 2007*

The following discussions contain certain "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995 including, without limitation, estimates, expectations, plans and goals regarding Apache's production, reserves, financings, acquisitions, exploration and exploitation prospects, energy prices, operating costs, and results of operations. Such forward-looking statements involve estimates, assumptions and uncertainties. No assurance can be given that Apache's expectations or goals will be realized, and actual results may differ materially from those expressed in the forward-looking statements. For reconciliations of non-GAAP financial measures, see our web site www.apachecorp.com.

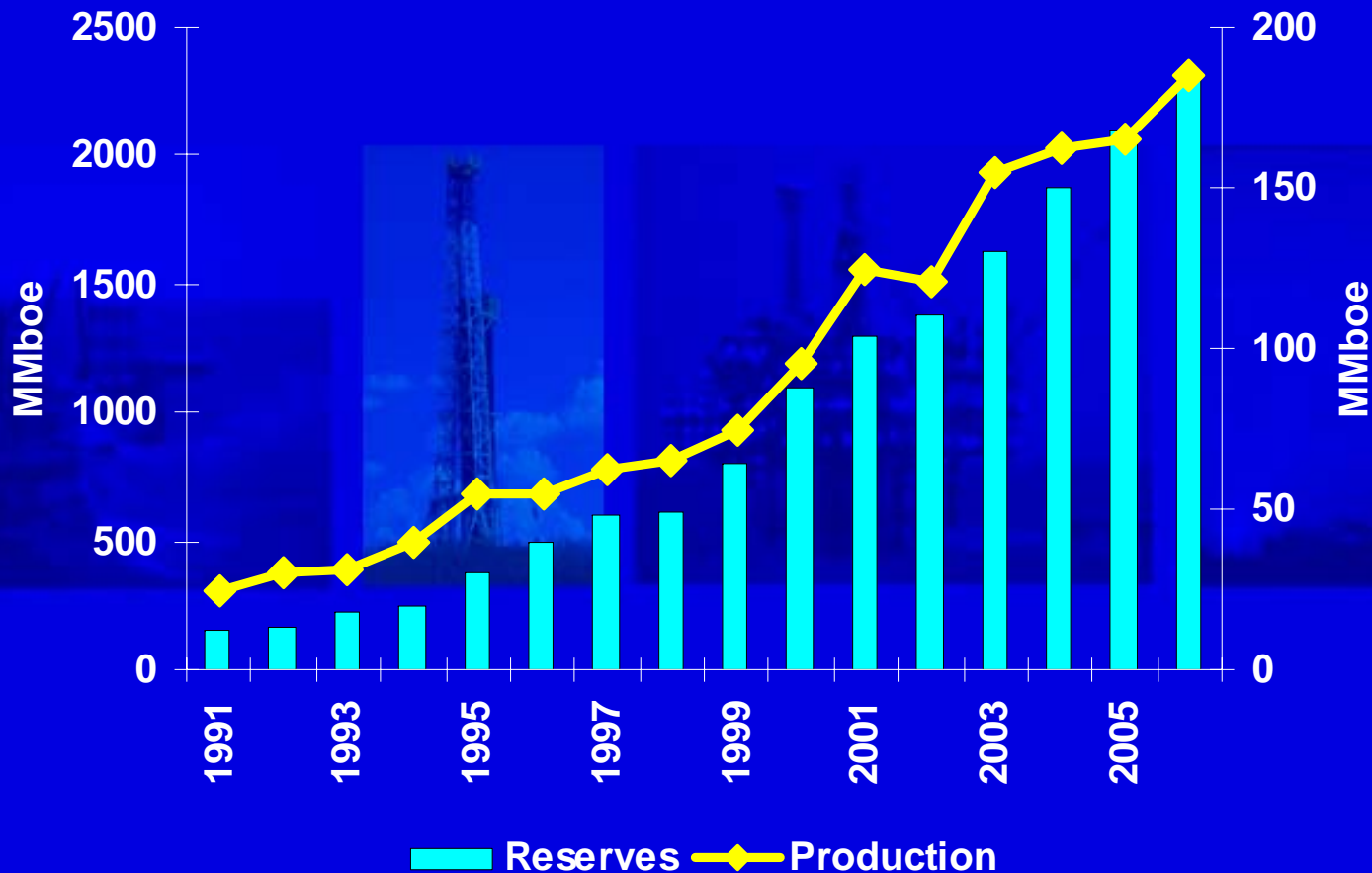


501 MBOE/D with 45 MM acres worldwide in 6 countries
Market Cap is \$28 Billion

Time –Tested Growth Strategy



- 21 Years of Consecutive Reserve Growth
- 27 out of the Last 28 Years of Increasing Production



... where we cannot grow we do not stay

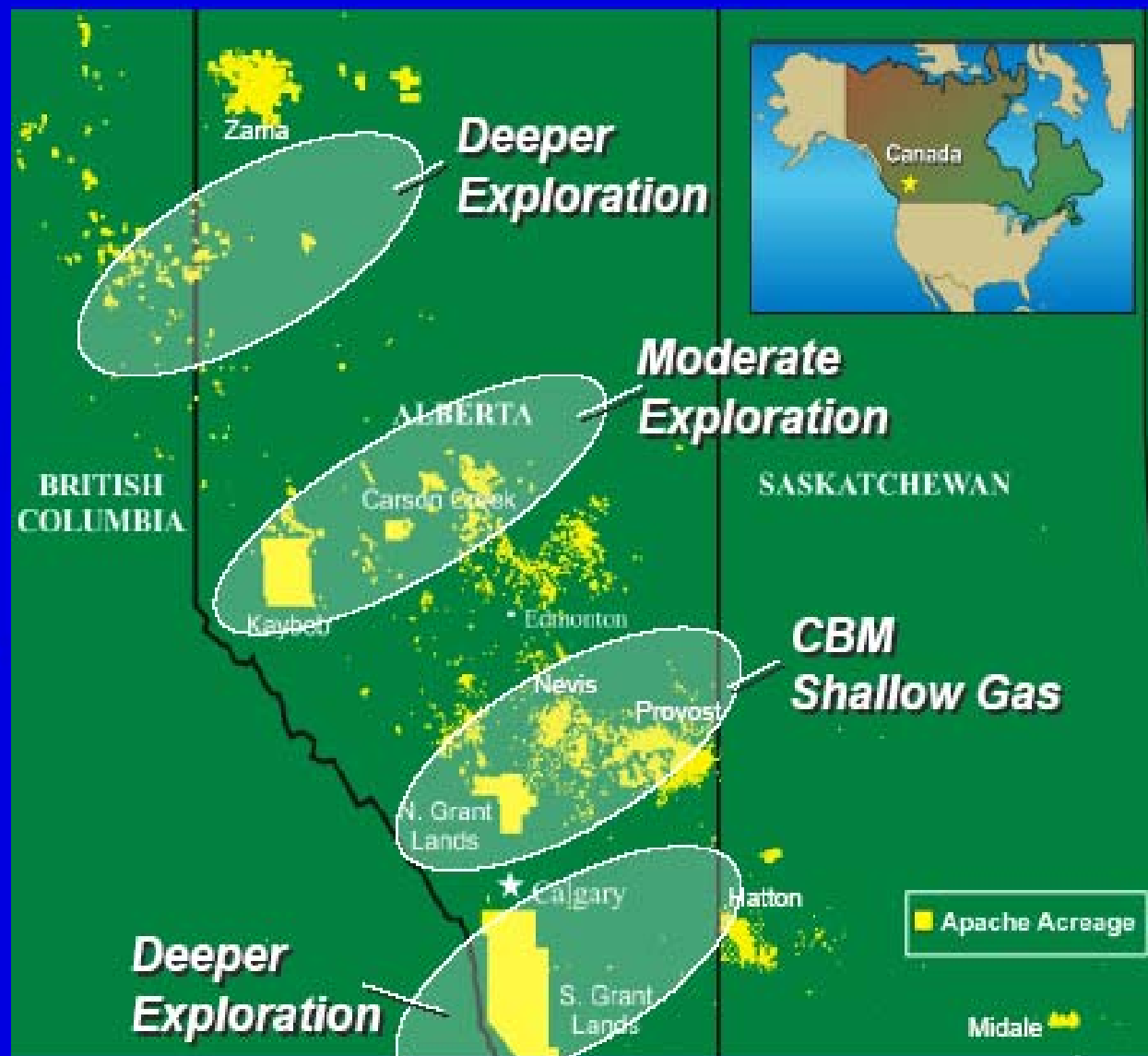
Apache Canada Overview



- **After leaving Canada post NEP, Apache re-entered Canada with the 1995 purchase of Dekalb 52nd largest in Western Canada**
- **Now 12th largest producer (excluding Tar Sands)**
- **2nd most active driller in Western Canadian Sedimentary Basin in 2005 @ 1,708 wells**
- **2nd highest CBM producer, lead industry into Horseshoe Canyon play**
- **Discovered one of the largest pools in Western Canada in Ladyfern**
- **4th largest landholder in Western Canada**
- **Production up 19% compound & reserves up 10.4% in the last 5 years**

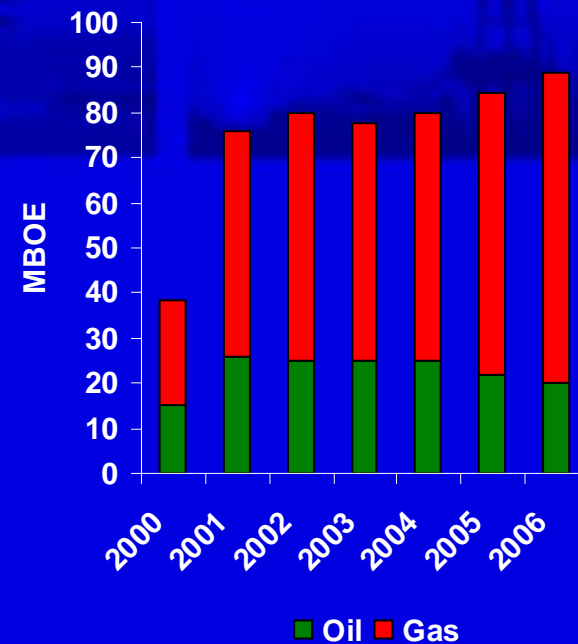
Canadian Highlights

Exploitation & Exploration Potential



2007 Plans

- Drilling program evolving into balanced exploitation & deeper exploration mix
- Cost pressures & regulation have slowed drilling
- 384 wells planned in 2007

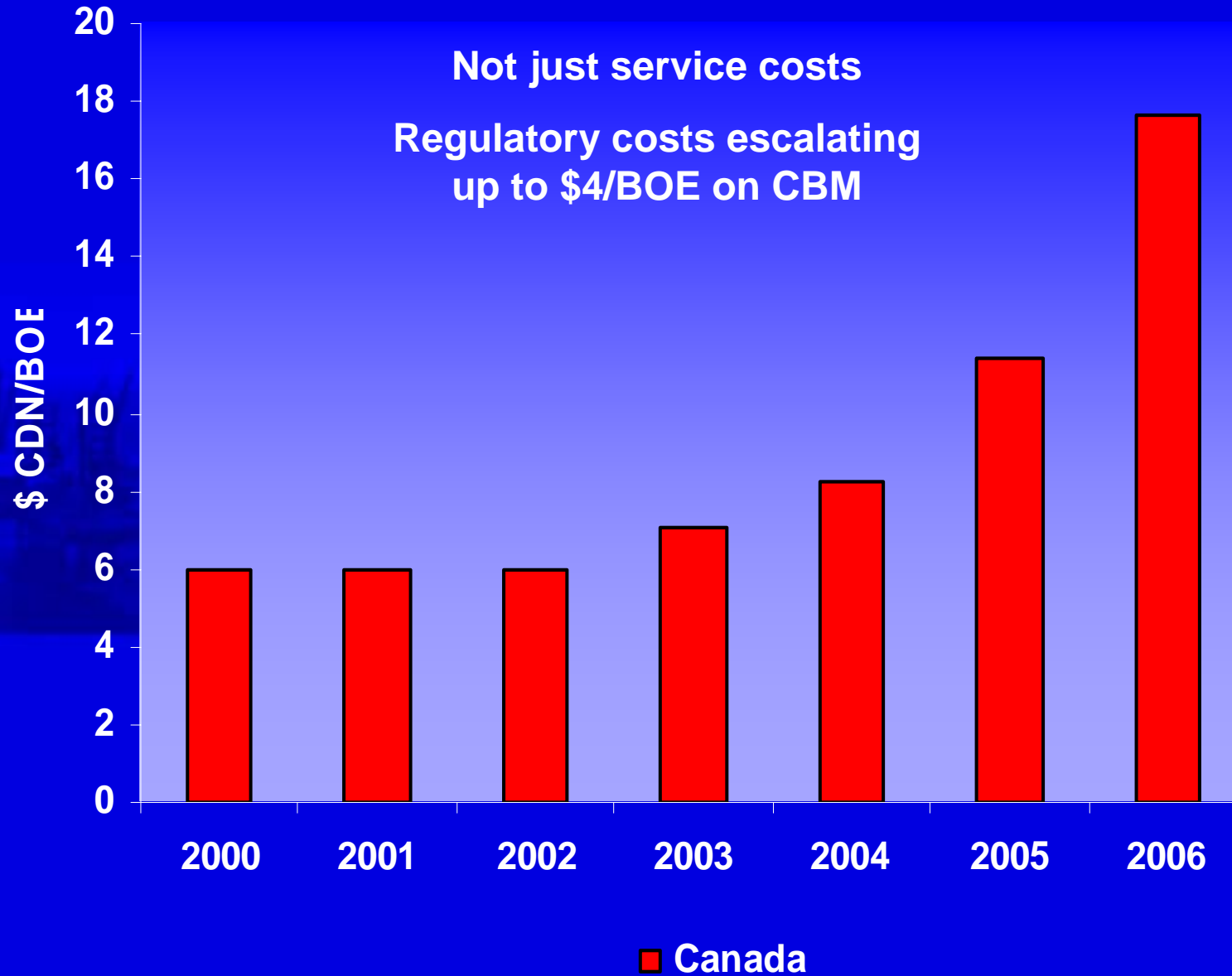


Key Messages



- 1. Capital has shifted to other areas of the world. Any further royalty increases would, at minimum, lead to more capital shift and could result in Apache leaving Canada**
- 2. Profits reported in financials are from legacy discoveries and do not reflect poor economics from recent investments**
- 3. Sliding scale royalty works and resulted in massive CBM play that benefits all Albertans**
- 4. Conventional Oil royalty incentives are needed to prevents a dying part of our industry**

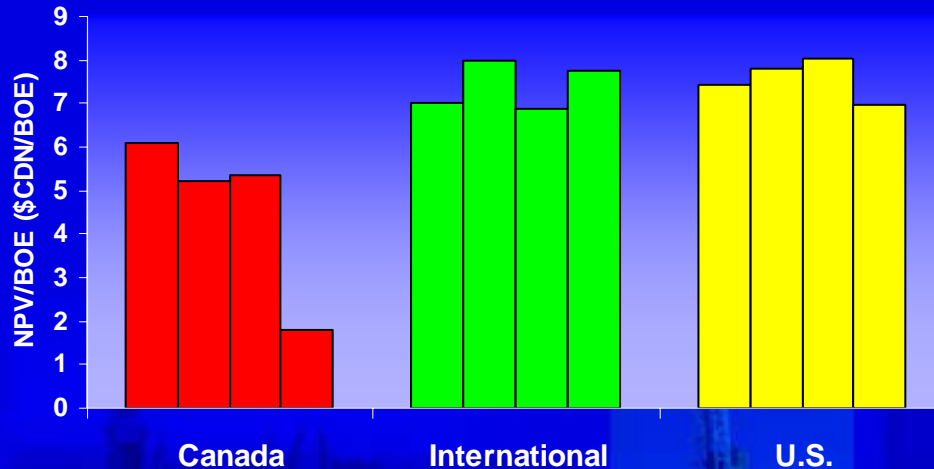
Apache Finding & Development Costs



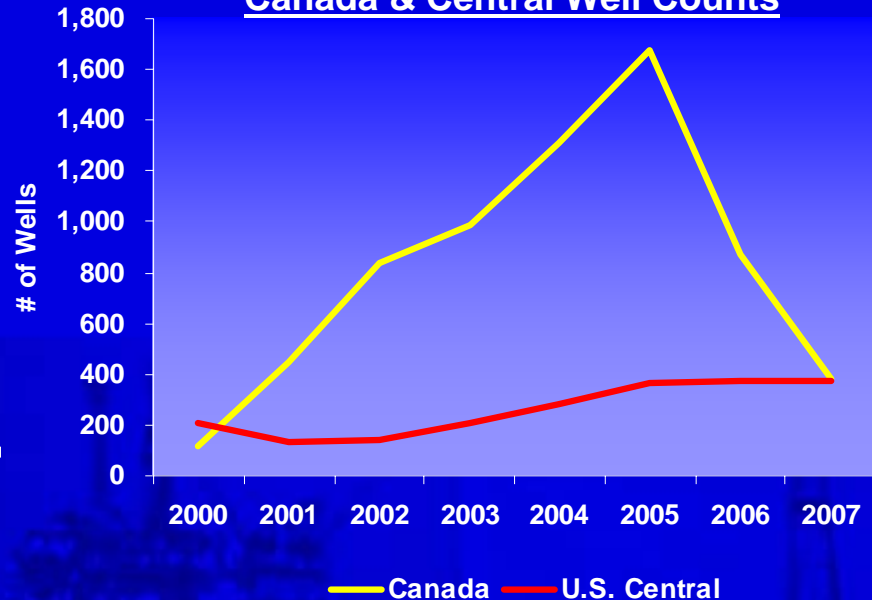
Shift of Canadian Drilling Capital



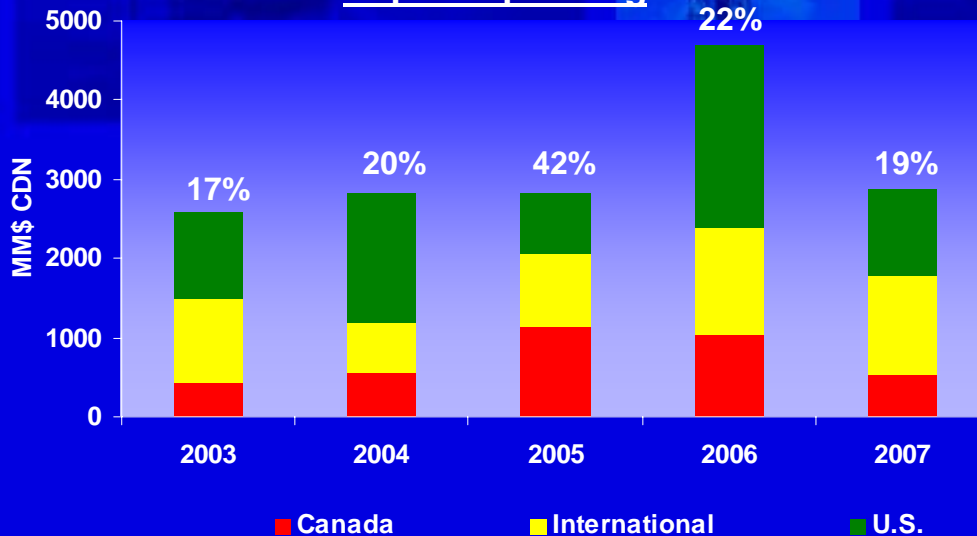
NPV (2003-2006)



Canada & Central Well Counts

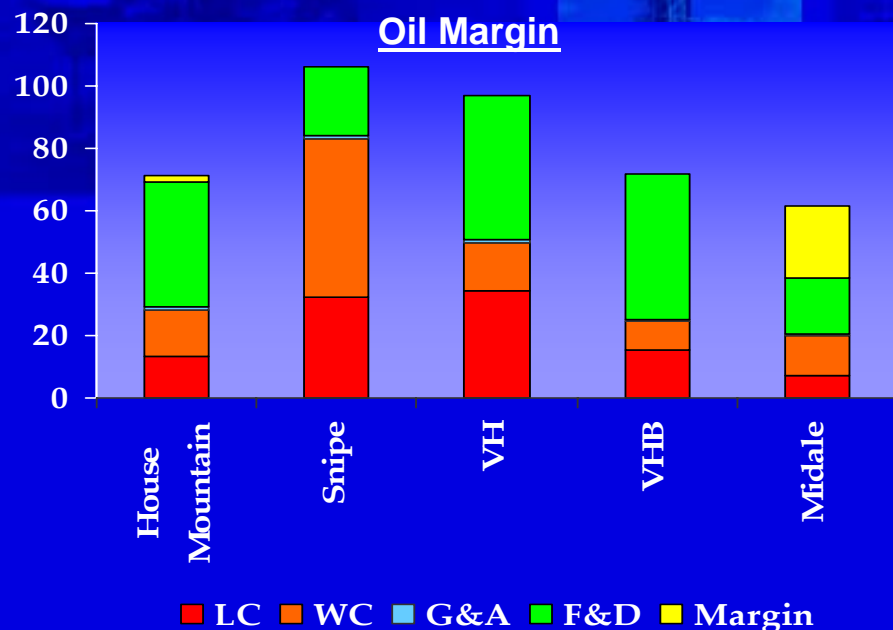
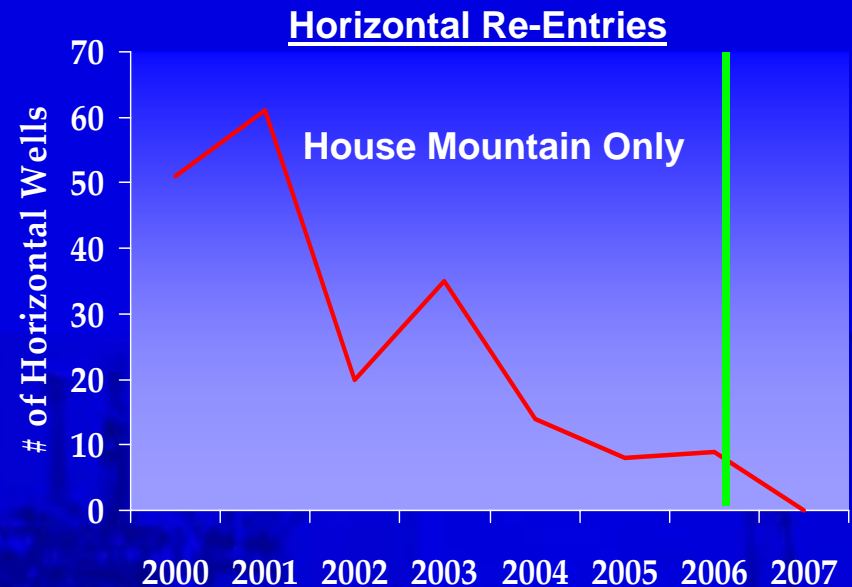
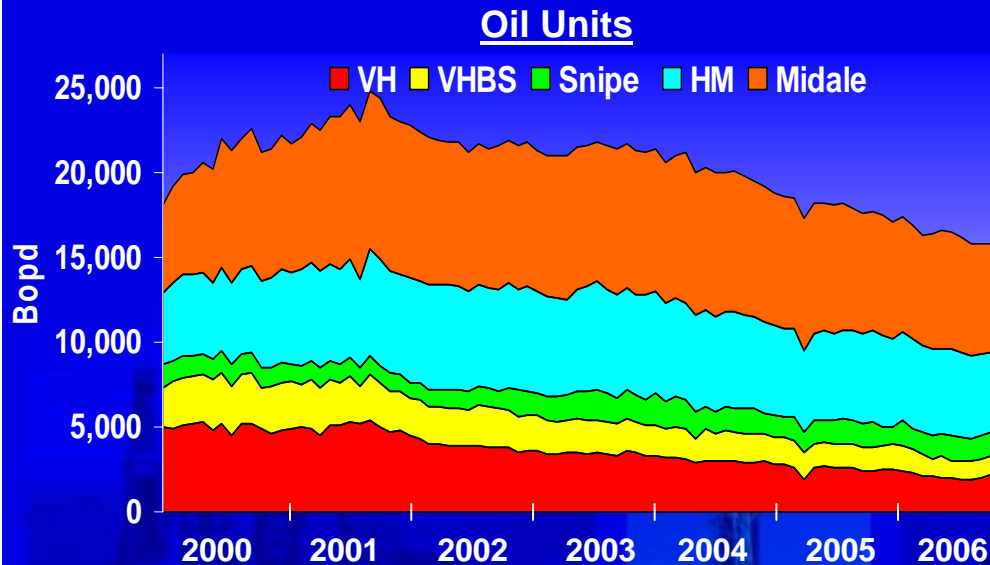


Apache Drilling and Acquisition Capital Spending



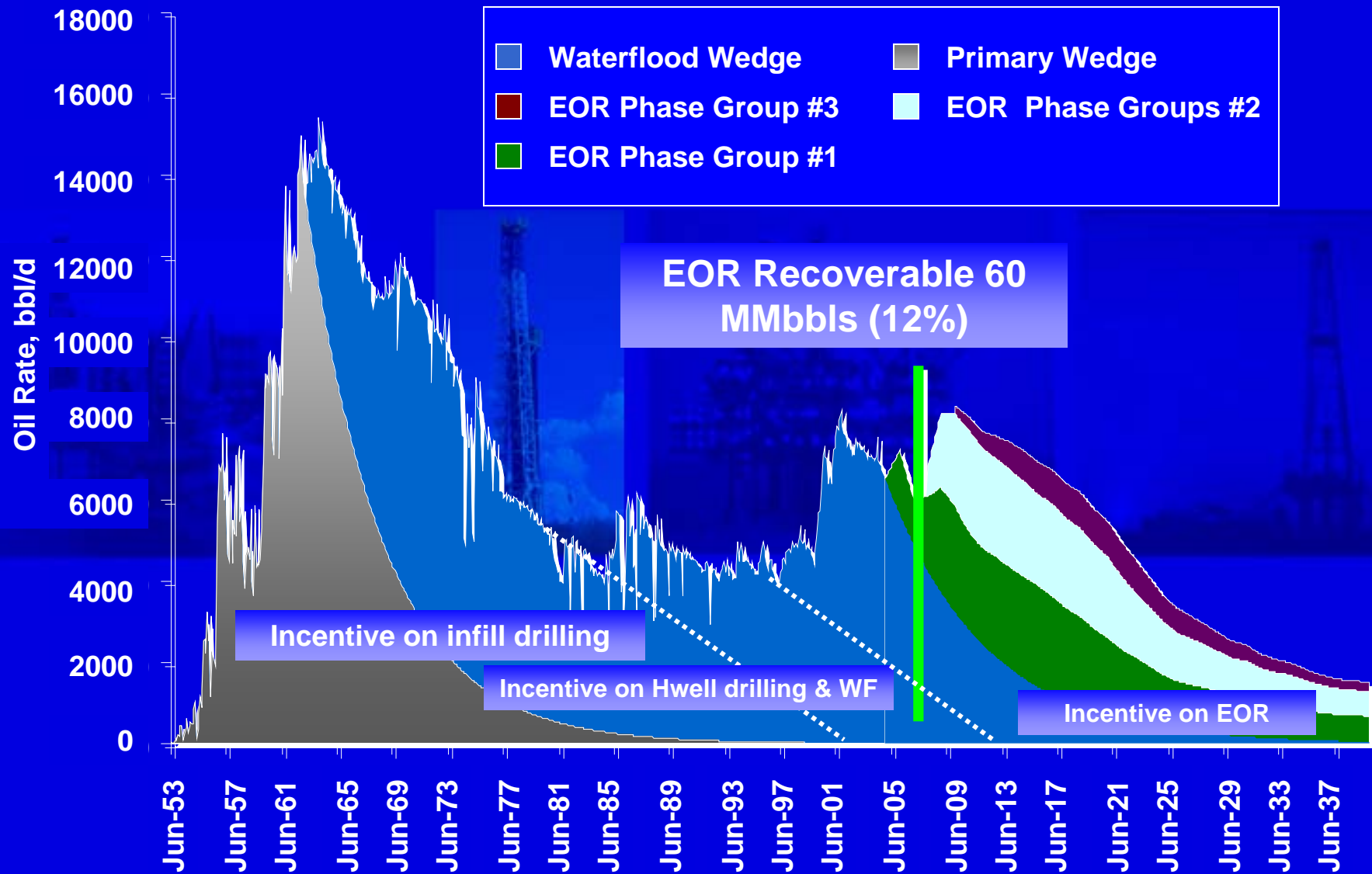
- Profit per BOE has dropped considerably in Canada with Shallow gas and CBM becoming uneconomic.
- Drastic cut in well count from 1708 wells in 2005 to 384 in 2007 at the same time growing in the US
- Ramp up in Canadian Capital to 2005 now shifting to other jurisdictions

Apache Conventional Oil

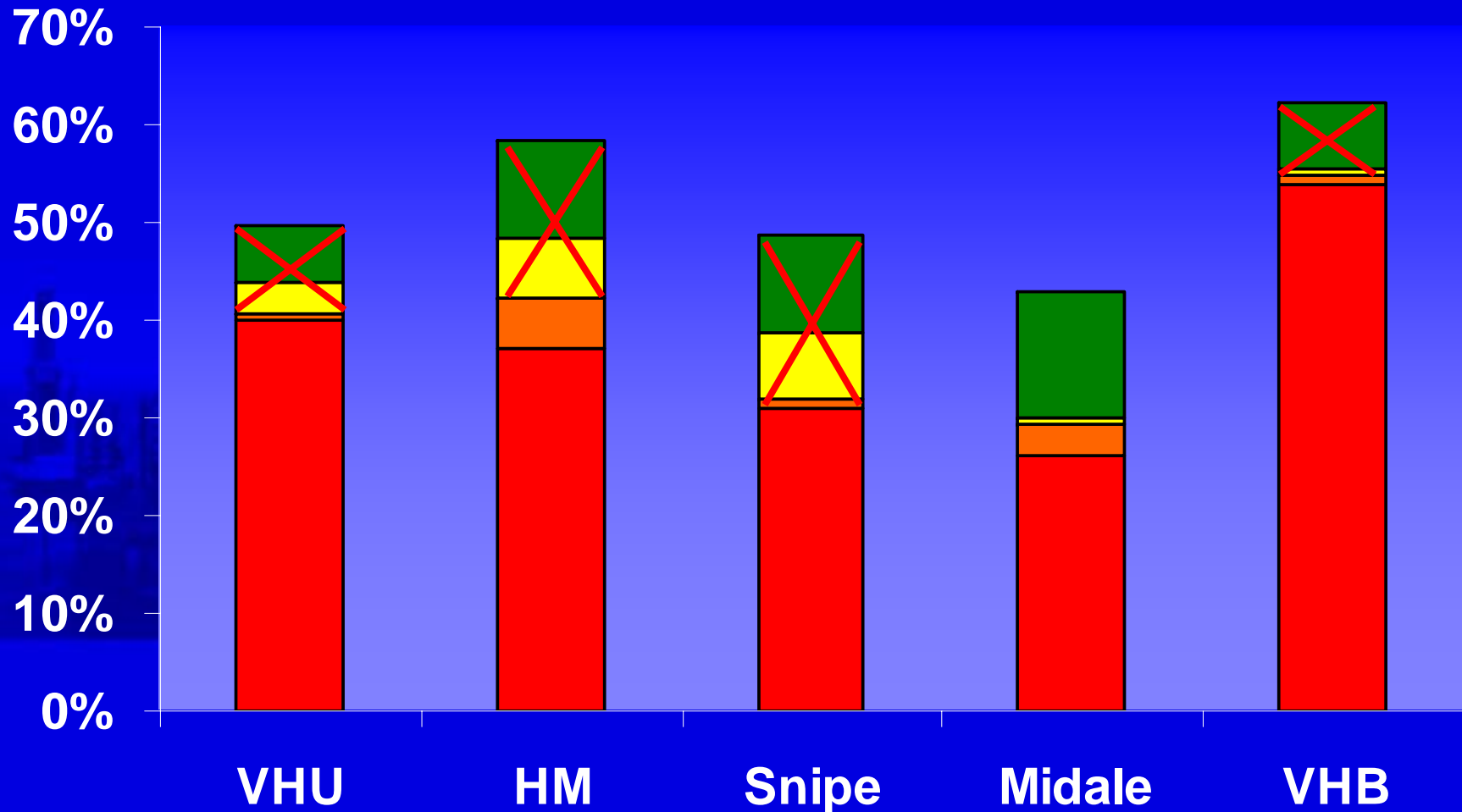


- Alberta's legacy oil units are heading to a shut in point with negligible investment
- Horizontal well royalty had extended the life of House Mountain. It was taken away last year
- Saskatchewan royalty frame work that incentivizes EOR, WF & H well drilling is increasing public total royalty by extending the life to 2050

Midale CO2 Production



Field Recovery



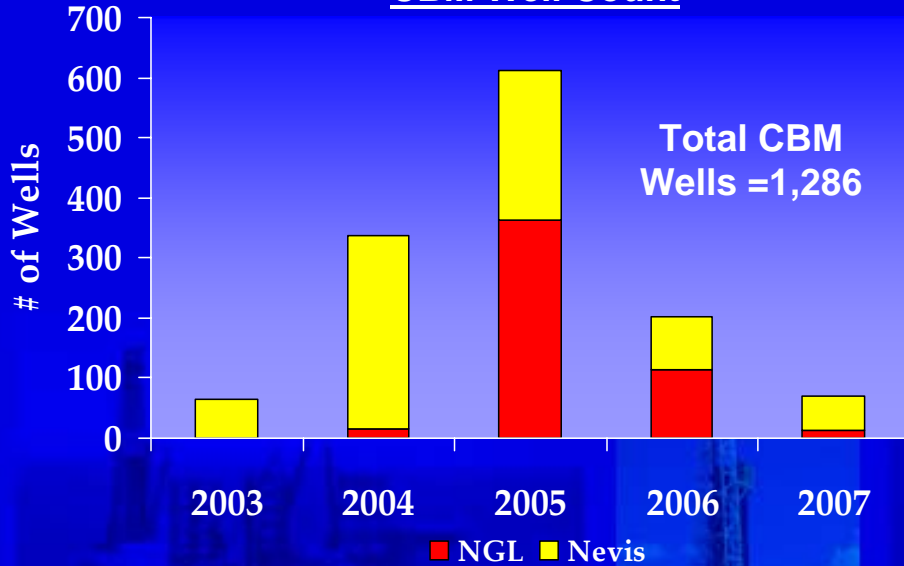
■ Recovery to Date ■ Remaining Recoverable ■ PUD ■ EOR/CO2

... without change, a lot of oil, including Crown Royalty, will be left in the ground

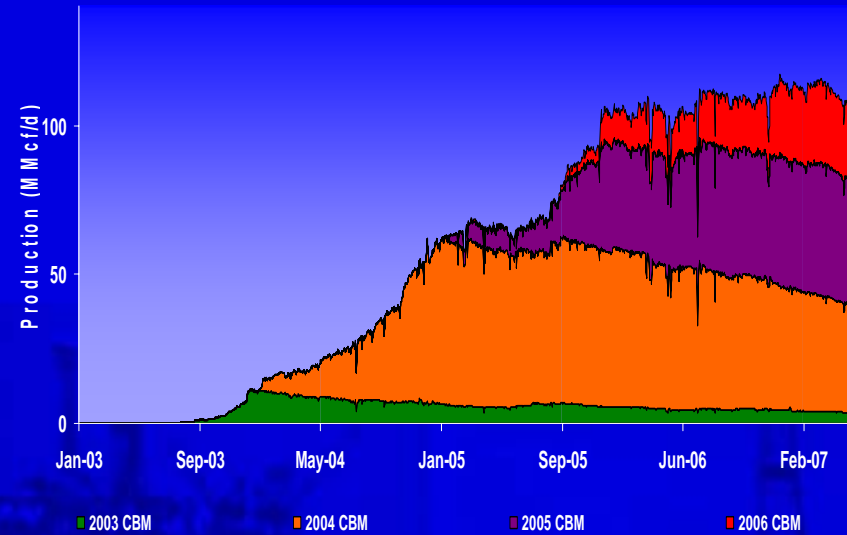
CBM Gas Drilling



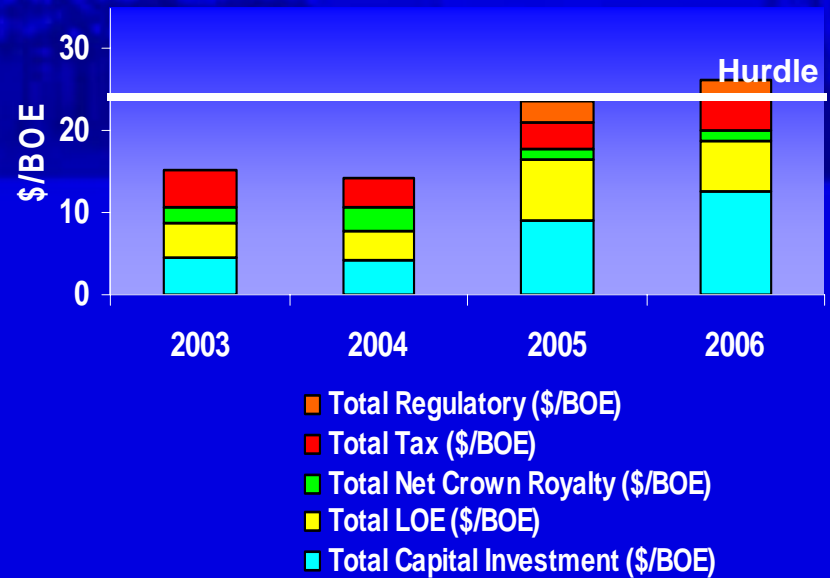
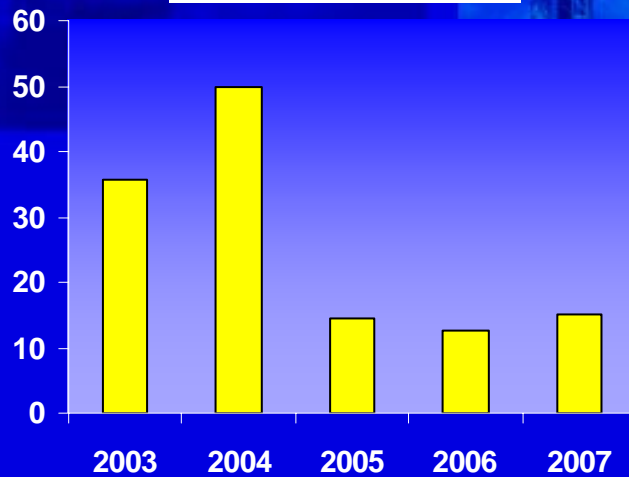
CBM Well Count



CBM Production



CBM Rate of Return



Presentation Summary



- Apache wants to invest in Canada. Stable business climate is key.
- Existing gas royalty has resulted in a win win for producers and the crown.
- Focus on total royalty take not %
- Any increase in royalty will cause further capital to other jurisdictions and a loss for the people of Alberta
- Conventional Oil Royalty incentives are needed to keep legacy fields running and encourage investment that will result in more royalty for the province and jobs in small communities.