

APACHE CORP
Form 10-Q
May 06, 2016

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2016

OR

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

For the transition period from _____ to _____

Commission File Number 1-4300

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

Delaware 41-0747868
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)
One Post Oak Central, 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400
(Address of principal executive offices)

Registrant's Telephone Number, Including Area Code: (713) 296-6000

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

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

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

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

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

Number of shares of registrant's common stock outstanding as of April 30, 2016 378,533,597

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Forward-Looking Statements and Risk

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included or incorporated by reference in this report, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected revenues, projected costs, and plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements are based on our examination of historical operating trends, the information that was used to prepare our estimate of proved reserves as of December 31, 2015, and other data in our possession or available from third parties. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “could,” “expect,” “intend,” “project,” “estimate,” “anticipate,” “plan,” “believe,” or “continue” or similar terminology. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, our assumptions about:

- the market prices of oil, natural gas, NGLs, and other products or services;
- our commodity hedging arrangements;
- the integration of acquisitions;
- the supply and demand for oil, natural gas, NGLs, and other products or services;
- production and reserve levels;
- drilling risks;
- economic and competitive conditions;
- the availability of capital resources;
- capital expenditure and other contractual obligations;
- currency exchange rates;
- weather conditions;
- inflation rates;
- the availability of goods and services;
- legislative or regulatory changes;
- the impact on our operations from changes in the Egyptian government;
- terrorism or cyber attacks;
- occurrence of property acquisitions or divestitures;
- the securities or capital markets and related risks such as general credit, liquidity, market, and interest-rate risks; and

other factors disclosed under Items 1 and 2—Business and Properties—Estimated Proved Reserves and Future Net Cash Flows, Item 1A—Risk Factors, Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations, Item 7A—Quantitative and Qualitative Disclosures About Market Risk and elsewhere in our most recently filed Annual Report on Form 10-K, other risks and uncertainties in our first-quarter 2016 earnings release, other factors disclosed under Part II, Item 1A—Risk Factors of this Quarterly Report on Form 10-Q, and other filings that we make with the Securities and Exchange Commission.

All subsequent written and oral forward-looking statements attributable to the Company, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements. We assume no duty to update or revise our forward-looking statements based on changes in internal estimates or expectations or otherwise.

PART I – FINANCIAL INFORMATION
ITEM 1 – FINANCIAL STATEMENTS
APACHE CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED OPERATIONS
(Unaudited)

| | For the Quarter Ended March 31, | |
|--|--|-------------------|
| | 2016 | 2015 |
| | (In millions, except per common share data) | |
| REVENUES AND OTHER: | | |
| Oil and gas production revenues | | |
| Oil revenues | \$795 | \$1,280 |
| Gas revenues | 223 | 300 |
| Natural gas liquids revenues | 42 | 58 |
| | 1,060 | 1,638 |
| Other | (8) | (8) |
| | 1,052 | 1,630 |
| OPERATING EXPENSES: | | |
| Depreciation, depletion, and amortization: | | |
| Oil and gas property and equipment | | |
| Recurring | 552 | 999 |
| Additional | 488 | 7,220 |
| Other assets | 42 | 83 |
| Asset retirement obligation accretion | 38 | 36 |
| Lease operating expenses | 378 | 481 |
| Gathering and transportation | 52 | 56 |
| Taxes other than income | 11 | 74 |
| General and administrative | 93 | 82 |
| Transaction, reorganization, and separation | 15 | 54 |
| Financing costs, net | 90 | 69 |
| | 1,759 | 9,154 |
| NET LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | (707) | (7,524) |
| Current income tax provision (benefit) | 35 | (85) |
| Deferred income tax benefit | (181) | (2,935) |
| NET LOSS FROM CONTINUING OPERATIONS INCLUDING NONCONTROLLING INTEREST | (561) | (4,504) |
| Net loss from discontinued operations, net of tax | — | (132) |
| NET LOSS INCLUDING NONCONTROLLING INTEREST | (561) | (4,636) |
| Net income (loss) attributable to noncontrolling interest | (72) | 15 |
| NET LOSS ATTRIBUTABLE TO COMMON STOCK | \$(489) | \$(4,651) |
| NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS: | | |
| Net loss from continuing operations attributable to common shareholders | \$(489) | \$(4,519) |
| Net loss from discontinued operations | — | (132) |
| Net loss attributable to common shareholders | \$(489) | \$(4,651) |
| NET LOSS PER COMMON SHARE: | | |
| Basic net loss from continuing operations per share | \$(1.29) | \$(11.99) |

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| | | |
|--|----------|-----------|
| Basic net loss from discontinued operations per share | — | (0.35) |
| Basic net loss per share | \$(1.29) | \$(12.34) |
| DILUTED NET LOSS PER COMMON SHARE: | | |
| Diluted net loss from continuing operations per share | \$(1.29) | \$(11.99) |
| Diluted net loss from discontinued operations per share | — | (0.35) |
| Diluted net loss per share | \$(1.29) | \$(12.34) |
| WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING: | | |
| Basic | | |