NABORS INDUSTRIES INC
Form S-4/A
August 20, 2008

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As filed with the Securities and Exchange Commission on August 20, 2008
Registration No. 333-152734

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

Amendment No. 1
to
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Nabors Industries, Inc.
Nabors Industries Ltd.
(Exact Name of Registrant as Specified in Its Charter)

NABORS INDUSTRIES, INC.	**NABORS INDUSTRIES LTD.**
DELAWARE	**BERMUDA**
(State or other jurisdiction of organization of incorporation)	*(State or other jurisdiction of organization of incorporation)*
1381	**1381**
(Primary Standard Industrial Classification Code Number)	*(Primary Standard Industrial Classification Code Number)*
93-0711613	**98-0363970**
(I.R.S Employer Identification No.)	*(I.R.S Employer Identification No.)*
515 WEST GREENS ROAD, SUITE 1200	**MINTFLOWER PLACE**
HOUSTON, TEXAS 77067	**8 PAR-LA-VILLE ROAD**
TELEPHONE: (281) 874-0035	**HAMILTON, HM08**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)	**BERMUDA** **TELEPHONE: (441) 292-1510** *(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)*

BRUCE M.TATEN
VICE PRESIDENT AND GENERAL COUNSEL
NABORS CORPORATE SERVICES, INC.
515 WEST GREENS ROAD, SUITE 1200
HOUSTON, TEXAS 77067
TELEPHONE: (281) 874-0035
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, Agent for Service)

Copies to:
Arnold B. Peinado, III, Esq.
Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, New York 10005
(212) 530-5000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, 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. (Check one):

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

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission relating to these securities is effective. This prospectus is not an offer to sell these securities nor a solicitation of an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 20, 2008

PROSPECTUS

Nabors Industries, Inc
Nabors Industries Ltd.

Exchange Offer for
6.15% Senior Notes due 2018
Fully and unconditionally Guaranteed by Nabors Industries Ltd.

This is an offer to exchange any 6.15% Senior Notes due 2018 that you now hold for newly issued 6.15% Senior Notes due 2018. This offer will expire at 5:00 p.m. New York City time on , 2008, unless we extend the offer. You must tender your old notes by this deadline in order to receive the new notes. We do not currently intend to extend the expiration date.

The exchange of outstanding old notes for new notes in the exchange offer will not constitute a taxable event for U.S. federal income tax purposes. The terms of the new notes to be issued in the exchange offer are substantially identical to the old notes, except that the new notes will be freely tradable and will not benefit from the registration and related rights pursuant to which we are conducting this exchange offer including an increase in the interest rate related to defaults in our agreement to carry out this exchange offer. All untendered old notes will continue to be subject to the restrictions on transfer set forth in the old notes and in the applicable indenture.

There is no existing public market for your old notes, and there is currently no public market for the new notes to be issued to you in the exchange offer.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed to make this prospectus available for a period of 180 days from the expiration date of this exchange offer to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

See Risk Factors beginning on page 11 for a description of the business and financial risks associated with the new notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2008.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to exchange the notes only in jurisdictions where these offers and exchanges are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus.

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Reference in this prospectus to we, us, and our refer to Nabors Industries, Inc. and references to Nabors refer to Nabors Industries Ltd.

The old notes consisting of the 6.15% Senior Notes due 2018 which were issued February 20, 2008 and July 22, 2008 and the new notes consisting of the 6.15% Senior Notes due 2018 offered pursuant to this prospectus are sometimes collectively referred to in this prospectus as the notes.

Rather than repeat certain information in this prospectus that we and Nabors have already included in reports filed with the Securities and Exchange Commission, we are incorporating this information by reference, which means that we can disclose important business, financial and other information to you by referring to those publicly filed documents that contain the information. The information incorporated by reference is not included in or delivered with this prospectus.

We will provide without charge to each person to whom this prospectus is delivered, including each beneficial owner of old notes, upon request of such person, a copy of any or all documents that are incorporated into this prospectus by reference, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into the documents that this prospectus incorporates. You should direct such requests to: Nabors Corporate Services, Inc., 515 West Greens Road, Suite 1200, Houston, Texas 77067, Attention: Investor Relations, phone number (281) 874-0035.

IN ORDER TO OBTAIN TIMELY DELIVERY, YOU MUST REQUEST THIS INFORMATION NO LATER THAN FIVE BUSINESS DAYS BEFORE YOU MUST MAKE YOUR INVESTMENT DECISION. ACCORDINGLY, YOU MUST REQUEST THIS INFORMATION NO LATER THAN , 2008

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PROSPECTUS SUMMARY

This summary highlights the information contained elsewhere in or incorporated by reference into this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. You should read the following summary together with the more detailed information and consolidated financial statements and the notes to those statements included elsewhere in or incorporated by reference in this prospectus.

Nabors Industries, Inc.

We are a Delaware holding company and an indirect, wholly-owned subsidiary of Nabors. Prior to the corporate reorganization that was completed on June 24, 2002, we were a publicly-traded corporation. We were incorporated in Delaware on May 3, 1978. Our principal executive offices are located at 515 West Greens Road, Suite 1200, Houston, Texas 77067 and our telephone number at that address is (281) 874-0035.

Nabors Industries Ltd.

Nabors became the publicly traded parent company of the Nabors group of companies, effective June 24, 2002, pursuant to a corporate reorganization. Nabors common shares are traded on the New York Stock Exchange under the symbol NBR.

We are the largest land drilling contractor in the world, with approximately 548 actively marketed land drilling rigs. We conduct oil, gas and geothermal land drilling operations in the U.S. Lower 48 states, Alaska, Canada, South America, Mexico, the Caribbean, the Middle East, the Far East, Russia and Africa. We are also one of the largest land well-servicing and workover contractors in the United States and Canada. We actively market approximately 577 land workover and well-servicing rigs in the United States, primarily in the southwestern and western United States, and actively markets approximately 172 land workover and well-servicing rigs in Canada. Nabors is a leading provider of offshore platform workover and drilling rigs, and actively markets approximately 36 platform rigs, 13 jack-up units and 4 barge rigs in the United States and multiple international markets. These rigs provide well-servicing, workover and drilling services. We have a 51% ownership interest in a joint venture in Saudi Arabia, which actively owns and markets approximately 9 rigs in addition to the rigs we lease to the joint venture.

We also offer a wide range of ancillary well-site services, including engineering, transportation, construction, maintenance, well logging, directional drilling, rig instrumentation, data collection and other support services in selected domestic and international markets. We provide logistics services for onshore drilling in Canada using helicopters and fixed-winged aircraft. We manufacture and lease or sell top drives for a broad range of drilling applications, directional drilling systems, rig instrumentation and data collection equipment, pipeline handling equipment and rig reporting software. We also invest in oil and gas exploration, development and production activities and have 49% ownership interests in joint ventures in the U.S., Canada and International areas.

The majority of our business is conducted through our various Contract Drilling operating segments, which include our drilling, workover and well-servicing operations, on land and offshore. Our oil and gas exploration, development and production operations are included in a category labeled Oil and Gas for segment reporting purposes. Our operating segments engaged in drilling technology and top drive manufacturing, directional drilling, rig instrumentation and software, and construction and logistics operations are aggregated in a category labeled Other Operating Segments for segment reporting purposes.

Nabors was formed as a Bermuda exempt company on December 11, 2001. Through predecessors and acquired entities, Nabors has been continuously operating in the drilling sector since the early 1900s. Nabors principal executive offices are located at Mintflower Place, 8 Par-La-Ville Road, Hamilton, HM08, Bermuda and its telephone number at that address is (441) 292-1510.

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Recent Developments

On May 14, 2008 and following shareholder notification on March 19, 2008, the United States District Court for the Southern District of Texas granted final approval of the proposed settlement of *Karstedt v. Isenberg, et al*., a consolidated shareholder derivative action that alleged various claims for relief in connection with the Nabors granting of certain historical stock options. Under the terms of the settlement, Nabors and the individual defendants have implemented or will implement certain corporate governance reforms and adopt certain modifications to Nabors equity award policy and Compensation Committee charter with no financial accounting impact. Nabors and its insurers have agreed to pay up to $2.85 million to plaintiffs counsel for their attorneys fees and the reimbursement of their expenses and costs.

In May 2008, we called for redemption all of our $700 million aggregate principal amount of zero coupon senior exchangeable notes due 2023 (the 2023 Notes Redemption) and paid cash of $171.8 million and $528.2 million to holders in June 2008 and July 2008, respectively. The total amount paid to effect the redemption and related exchange was $700 million in cash and an issue of approximately 5.25 million common shares of Nabors with a fair value of approximately $249.8 million, such amount being equal to the principal amount of these notes plus applicable premium. We were required to pay holders cash up to the principal amount of the redeemed 2023 notes and we exercised our option to pay the applicable premium in common shares of Nabors.

During the three months ended June 30, 2008, Nabors repurchased approximately 3.5 million of its common shares in the open market for approximately $145.9 million.

On July 7, 2008, we redeemed the full $82.8 million aggregate principal amount at maturity of our zero coupon convertible senior debentures due 2021 (the 2021 Debentures Redemption). The total redemption price of these debentures was $60.6 million, consisting of the original issue price of these debentures plus accrued original issue discount.

In May 2008 the FASB issued Staff Position (FSP) APB No. 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement) . The FSP clarifies that convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) are not addressed by paragraph 12 of APB Opinion No. 14, Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants . The FSP requires that convertible debt instruments be accounted for with a liability component based on the fair value of a similar nonconvertible debt instrument and an equity component based on the excess of the initial proceeds from the convertible debt instrument over the liability component. Such excess represents a debt discount which is then amortized as additional non-cash interest expense over the convertible debt instrument s expected life. The FSP will be effective for Nabors financial statements issued for fiscal years and interim periods beginning after December 15, 2008, and will be applied retrospectively to all convertible debt instruments within its scope that are outstanding for any period presented in such financial statements. We intend to adopt the FSP on January 1, 2009 on a retrospective basis and apply it to our applicable convertible debt instruments. Although we are currently evaluating the impact that this FSP will have on our consolidated financial statements, we believe that the retrospective application of the FSP will have a significant effect in reducing reported net income and diluted earnings per share for the years ended December 31, 2007 and 2008. In addition, we believe net income and diluted earnings per share is expected to be materially reduced in future years in which our $2.75 billion senior exchangeable notes due May 2011 are included in our consolidated financial statements. After adopting this FSP, we currently estimate that we will record additional non-cash interest expense, net of capitalized interest, which will reduce our pre-tax income by approximately $100-110 million and reduce net income by approximately $60-70 million for the year ended December 31, 2009.

The Exchange Offer

Notes Offered for Exchange	We are offering up to $975,000,000 in aggregate principal amount of our new 6.15% Senior Notes due 2018 in exchange for an equal aggregate principal amount of our old 6.15% Senior Notes due 2018 on a one-for-one basis and in satisfaction of our obligations under two registration rights agreements. The new notes have substantially the same terms as the old notes you hold, except that the new notes have been registered under the Securities Act of 1933, as amended, referred to as the Securities Act, and therefore will be freely tradable and will not benefit from the registration and related rights pursuant to which we are conducting this exchange offer including an increase in the interest rate related to defaults in our agreement to carry out this exchange offer.
The Exchange Offer	We are offering to exchange $1,000 principal amount at maturity of new notes for each $1,000 principal amount at maturity of your old notes. In order to be exchanged, your old notes must be properly tendered and accepted. All old notes that are validly tendered and not withdrawn will be exchanged.
Required Representations	By tendering your old notes to us, you represent that: (i) any new notes received by you will be acquired in the ordinary course of your business; (ii) you have no arrangement or understanding with anyone to participate in the distribution of the old notes or the new notes within the meaning of the Securities Act; (iii) you are not an affiliate, within the meaning in Rule 501(b) of Regulation D of the Securities Act, of us or Nabors; (iv) you are not engaged in, and do not intend to engage in, the distribution of the new notes; and (v) if you are a broker-dealer, you will receive new notes for your own account in exchange for old notes that were acquired as a result of market-making activities or other trading activities and that you will deliver a prospectus in connection with any resale of such new notes. See The Exchange Offer Representations We Need From You Before You May Participate in the Exchange Offer and Plan of Distribution.
Those Excluded from the Exchange Offer	You may not participate in the exchange offer if you are: a holder of old notes in any jurisdiction in which the exchange offer is not, or your acceptance will not be, legal under the applicable securities or

	blue sky laws of that jurisdiction; or
	a holder of old notes who is an affiliate, within the meaning in Rule 501(b) of Regulation D of the Securities Act, of us or Nabors.
Consequences of Failure to Exchange Your Old Notes	After the exchange offer is complete, you will no longer be entitled to exchange your old notes for registered notes. If you do not exchange your old notes for new notes in the exchange offer, your old notes will continue to have the restrictions on transfer contained in the old notes and in the Indenture dated as of February 20, 2008 among us, Nabors

	and Wells Fargo Bank as trustee, referred to as the Indenture. In general, your old notes may not be offered or sold unless registered under the Securities Act, unless there is an exemption from, or unless in a transaction not governed by the Securities Act and applicable state securities laws. We have no current plans to register your old notes under the Securities Act. Under some circumstances, however, holders of the old notes, including holders who are not permitted to participate in the exchange offer or who may not freely sell new notes received in the exchange offer, may require us to file, and to cause to become effective, a shelf registration statement covering resales of the old notes by these holders.
Expiration Date	The exchange offer expires at 5:00 p.m., New York City time, on , 2008, the expiration date, unless we extend the offer. We do not currently intend to extend the expiration date.
Conditions to the Exchange Offer	The exchange offer has customary conditions that may be waived by us. There is no minimum amount of old notes that must be tendered to complete the exchange offer.
Procedures for Tendering Your Old Notes	If you wish to tender your old notes for exchange in the exchange offer, you or the custodial entity through which you hold your notes must send to Wells Fargo Bank, National Association, referred to as Wells Fargo Bank, the exchange agent, on or before the expiration date of the exchange offer: a properly completed and executed letter of transmittal, which has been provided to you with this prospectus, together with your old notes and any other documentation requested by the letter of transmittal; and for holders who hold their positions through The Depository Trust Company, referred to as DTC; an agent s message from DTC stating that the tendering participant agrees to be bound by the letter of transmittal and the terms of the exchange offer; your old notes by timely confirmation of book-entry transfer through DTC; and all other documents required by the letter of transmittal. Holders who hold their positions through Euroclear and Clearstream, Luxembourg must adhere to the procedures described in The Exchange Offer Procedures for Tendering Your Old Notes.
Special Procedures for Beneficial Owners	If you beneficially own old notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your old notes in the exchange offer, you should contact the

	registered holder promptly and instruct it to tender on your behalf.
Guaranteed Delivery Procedures for Tendering Old Notes	If you wish to tender your old notes and the old notes are not immediately available, or time will not permit your old notes or other required documents to reach Wells Fargo Bank, before the expiration date, or the procedure for book-entry transfer cannot be completed on

	a timely basis, you may tender your old notes according to the guaranteed delivery procedures set forth under The Exchange Offer Guaranteed Delivery Procedures.
Withdrawal Rights	You may withdraw the tender of your old notes at any time prior to 5:00 p.m., New York City time, on the expiration date.
U.S. Tax Considerations	The exchange of old notes for new notes will not constitute a taxable event for U.S. federal income tax purposes. Rather, the notes you receive in the exchange offer will be treated as a continuation of your investment in the old notes. For additional information regarding U.S. federal income tax considerations, you should read the discussion under Taxation.
Use of Proceeds	We will not receive any proceeds from the issuance of the notes in the exchange offer. We will pay all expenses incidental to the exchange offer.
Registration Rights Agreements	When we issued the old notes on February 20, 2008 and July 22, 2008 we entered into a registration rights agreement with the initial purchasers of the old notes on each date. Under the terms of the registration rights agreements, we agreed to file with the Securities and Exchange Commission, referred to as the SEC, and use our reasonable best efforts to cause to become effective by August 20, 2008 for the old notes issued February 20, 2008 and September 10, 2008 for the old notes issued July 22, 2008, a registration statement relating to an offer to exchange the old notes for the new notes. If we do not complete the exchange offer by October 20, 2008, the interest rate borne by the old notes will be increased 0.25% per annum until the exchange offer is completed, or until the old notes are freely transferable under Rule 144 of the Securities Act. In addition, if the exchange offer registration statement ceases to be effective or usable in connection with resales of the new notes during periods specified in the registration rights agreements, the interest rate borne by the old notes and the new notes will be increased 0.25% per annum until the registration defects are cured.
Resales	Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties, we believe that the new notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act of 1933 as long as: any new notes you receive in the exchange offer will be acquired by you in the ordinary course of you business; you have no arrangement or understanding with any person to participate in the distribution, as defined in the Securities Act, of the old notes or the new notes;

you are not an affiliate, as defined in Rule 501(b) of Regulation D of the Securities Act, of us or Nabors.

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If you are an affiliate of ours, are engaged in or intend to engage in or have any arrangement or understanding with any person to participate in the distribution of the new notes:

you cannot rely on the applicable interpretations of the staff of the SEC; and

you must comply with the registration requirements of the Securities Act in connection with any resale transaction.

Each broker or dealer that receives new notes for its own account in exchange for old notes that were acquired as a result of market-making or other trading activities may be a statutory underwriter and must acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any offer, resale, or other transfer of the new notes issued in the exchange offer, including information with respect to any selling holder required by the Securities Act in connection with any resale of the new notes and must confirm that it has not entered into any arrangement or understanding with us or Nabors or any of our affiliates to distribute the new notes.

Furthermore, any broker-dealer that acquired any of its old notes directly from us:

may not rely on the applicable interpretation of the staff of the SEC s position contained in Exxon Capital Holdings Corporation (pub. avail. May 13, 1988), Morgan Stanley and Co., Inc. (pub. avail. June 5, 1991), as interpreted in the Commission s letter to Shearman & Sterling dated July 2, 1993 and similar no-action letters; and

must also be named as a selling noteholder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

See Plan of Distribution and The Exchange Offer Purpose and Effect of Exchange Offer Registration Rights.

Broker-Dealers

Each broker-dealer that receives new notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any offer, resale or other transfer of such new notes, including information with respect to any selling holder required by the Securities Act in connection with the resale of the new notes and must confirm that it has not entered into any arrangement or understanding with us or Nabors or any of our affiliates to distribute the new notes. We have agreed that for a period of 180 days after the Expiration Date (as defined in this prospectus), we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

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Exchange Agent	Wells Fargo Bank is serving as the exchange agent. Its address, telephone number and facsimile number are: Wells Fargo Bank, N.A. Corporate Trust Operations 608 2nd Avenue South Northstar East Building 12th Floor Minneapolis, MN 55402 Telephone: (800) 334-5128 Fax: (612) 667-6282

Please review the information under the heading The Exchange Offer for more detailed information concerning the exchange offer.

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The New Notes

The summary below describes the principal terms of the new notes to be issued in exchange for the old notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of the New Notes section of the prospectus contains a more detailed description of the terms and conditions of the New Notes.

Issuer	Nabors Industries, Inc.
Guarantor	Nabors Industries Ltd.
Securities Offered	$975,000,000 aggregate principal amount of 6.15% Senior Notes due 2018. The terms of the new notes will be identical in all material respects to the terms of the old notes, except that the new notes have been registered and therefore will not contain transfer restrictions and will not contain the provisions for an increase in the interest rate related to defaults in the agreement to carry out this exchange offer.
Maturity	February 15, 2018.
Interest Rate	6.15% per annum.
Interest Payment Dates	February 15 and August 15, of each year, commencing August 15, 2008.
Guarantee	Nabors will fully and unconditionally guarantee the due and punctual payment of the principal of, premium, if any, interest on the new notes and any other obligations of ours under the new notes when and as they become due and payable, whether at maturity, upon redemption, by acceleration or otherwise if we are unable to satisfy these obligations. The guarantee provides that, in the event of a default on the new notes, the holders of the new notes may institute legal proceedings directly against Nabors to enforce the guarantee without first proceeding against us. See Description of the New Notes Guarantee.
Ranking	The new notes will: be unsecured; be effectively junior in right of payment to any of our future secured debt; rank equally in right of payment with any of our existing and future unsubordinated debt; and be senior in right of payment to any of our existing and future senior subordinated or subordinated debt.

	Nabors guarantee of our obligations under the new notes will be a direct, unsecured and unsubordinated obligation of the guarantor and will have the same ranking with respect to indebtedness of Nabors as the new notes will have with respect to our indebtedness. See Description of the New Notes Guarantee.
Optional Redemption	We may, at our option, redeem some or all of the new notes, in whole or in part, at any time, at make-whole prices described in this prospectus, plus accrued and unpaid interest to the redemption date. See Description of the New Notes Optional Redemption.

Change of Control Offer	If a change of control triggering event as described herein occurs, each holder of the new notes may require us to purchase all or a portion of such holder s new notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase. See Description of the Notes Change of Control Offer.
Use of Proceeds	We will not receive any cash proceeds from the exchange offer. See Use of Proceeds.
Covenants	We will issue the new notes under the Indenture. The Indenture limits the ability of Nabors and its subsidiaries to incur liens and to enter into sale and lease-back transactions. In addition, the Indenture limits both our and Nabors ability to enter into mergers, consolidations, amalgamations or transfers of substantially all of our or its assets as an entirety unless the successor company assumes our or Nabors obligations under the Indenture. These covenants are subject to a number of important qualifications and limitations. See Description of the Notes Covenants.
No Prior Market	There is currently no established trading market for the new notes. The new notes generally will be freely transferable but will also be new securities for which there will not initially be a market. Accordingly, there can be no assurance as to the development or liquidity of any market for the new notes. Citigroup Global Markets Inc. and UBS Securities LLC, the initial purchasers of the old notes, have advised us that they currently intend to make a market in the new notes. However, neither is obligated to do so, and any market-making with respect to the new notes may be discontinued without notice. We do not intend to apply for a listing of the new notes on any securities exchange or an automated dealer quotation system.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated in this prospectus by reference contain forward-looking statements. These forward-looking statements are based on an analysis of currently available competitive, financial and economic data and our operating plans. They are inherently uncertain and investors should recognize that events and actual results could turn out to be significantly different from our expectations. By way of illustration, when used in this prospectus or any incorporated document, words such as anticipate, believe, expect, plan, intend, estimate, pr will, should, could, may, predict and similar expressions are intended to identify forward-looking statements. Yo cautioned that actual results could differ materially from those anticipated in forward-looking statements. Any forward-looking statements, including statements regarding the intent, belief or current expectations of us or our management, are not guarantees of future performance and involve risks, uncertainties and assumptions about us and the industry in which we and Nabors operate, including, among other things:

- fluctuations in worldwide prices of and demand for natural gas and oil;
- fluctuations in levels of natural gas and oil exploration and development activities;
- fluctuations in the demand for our services;
- the existence of competitors, technological changes and developments in the oilfield services industry;
- the existence of operating risks inherent in the oilfield services industry;
- the existence of regulatory and legislative uncertainties;
- the possibility of changes in tax laws;
- the possibility of political instability, war or acts of terrorism in any of the countries in which we do business; and
- general economic conditions.

Our business depends, to a large degree, on the level of spending by oil and gas companies for exploration, development and production activities. Therefore, a sustained increase or decrease in the price of natural gas or oil, which could have a material impact on exploration, development and production activities, could also materially affect our financial position, results of operations and cash flows.

The above description of risks and uncertainties is by no means all-inclusive, but is designed to highlight what we believe are important factors to consider. For a more detailed description of risk factors, please see the section entitled Risk Factors below and similar discussions in Nabors SEC filings.

All forward-looking statements in this prospectus are based on information available to us on the date of this prospectus. We do not intend to update or revise any forward-looking statements that we may make in this prospectus or other documents, reports, filings or press releases, whether as a result of new information, future events or otherwise.

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RISK FACTORS

You should carefully consider the risks described below, as well as other information contained in or incorporated by reference into this prospectus, including the risks described under Item 1A Risk Factors in our Annual Report on Form 10-K for year ended December 31, 2007, before tendering your old notes in the exchange offer. The risks described below and incorporated by reference are not the only ones that we may face. Additional risks that are not currently known to us or that we currently consider immaterial may also impair our business, financial condition or results of operations.

Risks Related to the Offering

Nabors significant level of consolidated debt could adversely affect its consolidated financial condition and prevent it and us from fulfilling our respective obligations under the Indenture.

As of June 30, 2008, after giving effect to the $975 million 6.15% senior notes due 2018, the 2023 Notes Redemption and the 2021 Debentures Redemption Nabors outstanding consolidated total indebtedness would have been approximately $4.2 billion, resulting in a gross funded debt to capital ratio of 0.44:1 and a net funded debt to capital ratio of 0.35:1. The gross funded debt to capital ratio is calculated by dividing funded debt by funded debt plus deferred tax liabilities net of deferred tax assets plus capital. Funded debt is defined as the sum of (1) short-term borrowings, (2) current portion of long-term debt and (3) long-term debt. Capital is defined as shareholders equity. The net funded debt to capital ratio is calculated by dividing net funded debt by net funded debt plus deferred tax liabilities net of deferred tax assets plus capital. Net funded debt is defined as the sum of (1) short-term borrowings, (2) current portion of long-term debt and (3) long-term debt reduced by the sum of cash and cash equivalents, short-term and long-term investments, and other receivables. Capital is defined as shareholders equity. The gross funded debt to capital ratio and the net funded debt to capital ratio are not measures of operating performance or liquidity defined by accounting principles generally accepted in the United States of America and may not be comparable to similarly titled measures presented by other companies. Both of these ratios are methods for calculating the amount of leverage a company has in relation to its capital. Nabors level of consolidated indebtedness could adversely affect its consolidated financial condition and prevent it and us from fulfilling our respective obligations under the Indenture.

Nabors and its subsidiaries may still be able to incur substantially more debt. The terms of the Indenture governing the new notes and the agreements governing Nabors other indebtedness permit additional borrowings and any such borrowings may be effectively senior in right of payment to the new notes and the related guarantee. Nabors incurrence of additional debt could further exacerbate the risks described in this prospectus.

If you do not elect to exchange your old notes for new notes, you will hold securities that are not registered and that contain restrictions on transfer.

The old notes that are not tendered and exchanged will remain restricted securities. If the exchange offer is completed, we will not be required to register any remaining old notes, except in the very limited circumstances described in the registration rights agreements for the old notes. That means that if you wish to offer, sell, pledge or otherwise transfer your old notes at some future time, they may be offered, sold, pledged or transferred only if an exemption from registration under the Securities Act is available or, outside of the United States, to non-U.S. persons in accordance with the requirements of Regulation S under the Securities Act. Any remaining old notes will continue to bear a legend restricting transfer in the absence of registration or an exemption from registration.

To the extent that old notes are tendered and accepted in connection with the exchange offer, any trading market for remaining old notes could be adversely affected.

You must comply with the exchange offer procedures in order to receive freely tradable, new notes.

Delivery of new notes in exchange for old notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of the following:

- certificates for old notes or a book-entry confirmation of a book-entry transfer of old notes into the exchange agent s account at DTC, New York, New York as a depository, including an agent s message (as defined below) if the tendering holder does not deliver a letter of transmittal;

a completed and signed letter of transmittal (or facsimile thereof), with any required signature guarantees, or, in the case of a book-entry transfer, an agent s message in lieu of the letter of transmittal; and

any other documents required by the letter of transmittal.

Therefore, holders of old notes who would like to tender old notes in exchange for new notes should be sure to allow enough time for the old notes to be delivered on time. We are not required to notify you of defects or irregularities in tenders of old notes for exchange. Old notes that are not tendered or that are tendered but we do not accept for exchange will, following consummation of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act and, upon consummation of the exchange offer, certain registration and other rights under the registration rights agreements will terminate. See The Exchange Offer Procedures for Tendering Old Notes and The Exchange Offer Consequences of Exchanging or Failing to Exchange Old Notes.

As used in this prospectus, the term agent s message means a message, transmitted by DTC to and received by the exchange agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the tendering participant stating that such participant has received and agrees to be bound by the letter of transmittal and that we may enforce such letter of transmittal against such participant.

Some holders who exchange their old notes may be deemed to be underwriters and these holders will be required to comply with the registration and prospectus delivery requirements in connection with any resale transaction.

If you exchange your old notes in the exchange offer for the purpose of participating in a distribution of the new notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Although the new notes are designated as Senior, your right to receive payment on the new notes and the guarantee is unsecured and will be effectively subordinated to any existing and future secured debt of ours, in the case of the new notes, and Nabors, in the case of the guarantee, to the extent of the value of the collateral therefor, and the new notes and the guarantee will be effectively subordinated to future indebtedness and other liabilities of our and Nabors subsidiaries, respectively.

The new notes are general senior unsecured obligations and therefore will be effectively subordinated in right of payment to our future secured indebtedness, and Nabors guarantee is effectively subordinated in right of payment to the claims of future secured creditors of Nabors, in each case, to the extent of the collateral therefor. If we default on the new notes, or become bankrupt, liquidate or reorganize, any secured creditors could use their collateral to satisfy their secured indebtedness before you would receive any payment on the new notes. If the value of such collateral is not sufficient to pay any secured indebtedness in full, our secured creditors would share the value of our other assets, if any, with you and the holders of other claims against us which rank equally with the new notes. The guarantee of the new notes will have a similar ranking with respect to secured indebtedness of Nabors as the new notes do with respect to our secured indebtedness.

In addition, we and Nabors derive substantially all our income from, and hold substantially all our assets through, our respective subsidiaries, which will not guarantee the new notes. As a result, we and Nabors will depend on distributions from our subsidiaries in order to meet our payment obligations under any debt securities, including the new notes and the guarantee and our and Nabors other obligations. Accordingly, our and Nabors rights to receive any assets of any subsidiary, and therefore the right of our and Nabors creditors to participate in those assets, will be effectively subordinated to the claims of that subsidiary s creditors, including trade creditors.

The Nabors guarantee of the new notes could be voided or subordinated by federal bankruptcy law or comparable foreign and state law provisions.

Our obligations under the new notes are guaranteed by Nabors. Under the federal bankruptcy law and comparable provisions of foreign and state fraudulent transfer laws, the Nabors guarantee could be voided, or claims in respect of such guarantee could be subordinated to all other debts of Nabors if, among other things, Nabors, at the time it incurred the indebtedness evidenced by its guarantee, received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee; and

- was insolvent or rendered insolvent by reason of such incurrence;

- was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by Nabors pursuant to its guarantee could be voided and required to be returned to Nabors or to a fund for the benefit of the creditors of Nabors.

The measure of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;

- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

We cannot be sure as to the standards that a court would use to determine whether or not Nabors was solvent at the relevant time, or, regardless of the standard that the court uses, that the issuance of the guarantee of the new notes would not be voided or the guarantee of the new notes would not be subordinated to Nabors other debt.

If the guarantee were legally challenged, such guarantee could also be subject to the claim that, since the guarantee was incurred for our benefit, and only indirectly for the benefit of Nabors, the obligations of Nabors were incurred for less than fair consideration.

A court could thus void the obligations under the guarantee or subordinate the guarantee to Nabors other debt or take other action detrimental to holders of the new notes.

We may not have sufficient funds to purchase the new notes upon a Change of Control Triggering Event as required by the Indenture governing the new notes. The Change of Control Offer covenant provides limited protection.

Holders of the new notes may require us to purchase their new notes upon a Change of Control Triggering Event as defined under Description of the New Notes Change of Control Offer. A Change of Control (as defined under Description of the New Notes Change of Control Offer) may also result in holders of certain of our other outstanding notes or future indebtedness having the right to require us to purchase notes or repay indebtedness issued under one or more indentures or other agreements, including under the indenture governing our outstanding 0.94% convertible senior exchangeable notes due 2011 as well as the Indenture as it relates to the old notes. We cannot assure you that we would have sufficient financial resources, or would be able to arrange financing, to pay the purchase price of the new notes and any other notes and repay indebtedness that may be tendered by the holders thereof in such a circumstance.

Furthermore, the terms of our then existing indebtedness or other agreements may contain financial covenants, events of default or other provisions that could be violated if a Change of Control were to occur or if we were required to purchase the new notes and other notes and repay indebtedness containing a similar repurchase or repayment requirement.

The Change of Control Offer covenant is a result of negotiations between us and the initial purchasers of the old notes and is limited to the transactions specified in Description of the Notes Change of Control Offer. Nabors has no present intention to engage in a transaction involving a Change of Control Triggering Event, although it is possible that Nabors could decide to do so in the future. Nabors could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of

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Control Triggering Event under the Indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect the capital structure or the credit ratings of Nabors or us.

Your ability to transfer the notes may be limited by the absence of a trading market for the new notes.

There is no established trading market for the new notes and we have no plans to list the new notes on a securities exchange or automated dealer. Citigroup Global Markets Inc. and UBS Securities LLC, the initial purchasers of the old notes, have advised us that they presently intend to make a market in the new notes. However, neither is obligated to do so. Any market-making activity, if initiated, may be discontinued at any time, for any reason, without notice. The liquidity of any market for the new notes will depend upon the number of holders of the new notes, our results of operations and financial condition, the market for similar securities, the interest of securities dealers in making a market in the new notes and other factors.

Therefore, no assurance can be given as to whether an active trading market will develop for the new notes or, if a market develops, whether it will continue.

USE OF PROCEEDS

We will not receive any proceeds from the issuance of the new notes in this exchange offer. Any old notes that are properly tendered and exchanged pursuant to the exchange offer will be retired and cancelled. We will pay all expenses in connection with the exchange offer.

RATIO OF EARNINGS TO FIXED CHARGES

For purposes of calculating the ratio of earnings to fixed charges, earnings consist of pretax income from continuing operations less undistributed earnings from unconsolidated affiliates (net of dividends) plus amortization of capitalized interest and fixed charges (excluding capitalized interest). Fixed charges consist of interest incurred (whether expensed or capitalized), amortization of debt expense, and that portion of rental expense on operating leases deemed to be the equivalent of interest. The following table sets forth Nabors ratio of earnings to fixed charges for each of the periods indicated.

Nabors Industries Ltd. and Subsidiaries

	Year Ended December 31,					Six Months Ended June 30,	
	2003	**2004**	**2005**	**2006**	**2007**	**2007**	**2008**
Ratio of earnings to fixed charges	3.22x	7.21x	17.39x	24.67x	17.65x	20.04x	13.35x

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following selected financial data should be read in conjunction with Nabors consolidated financial statements and related notes incorporated by reference into this prospectus. The selected consolidated operating data for the six months ended June 30, 2008 and the six months ended June 30, 2007 and the selected consolidated balance sheet data as of June 30, 2008 are derived from Nabors unaudited consolidated financial statements included in Nabors Quarterly Report on Form 10-Q filed with the SEC on August 1, 2008 and incorporated by reference into this prospectus. The selected consolidated operating data for the years ended December 31, 2005, 2006 and 2007 and the selected consolidated balance sheet data as of December 31, 2006 and 2007 are derived from Nabors audited consolidated financial statements included in Nabors Annual Report on Form 10-K filed with the SEC on February 28, 2008 and incorporated by reference into this prospectus. The selected consolidated operating data for the years ended December 31, 2003 and 2004 and the selected consolidated balance sheet data as of December 31, 2003, 2004 and 2005 are derived from Nabors audited consolidated financial statements not incorporated by reference into this prospectus. In the opinion of Nabors management, Nabors unaudited consolidated financial statements have been prepared on a basis consistent with Nabors audited consolidated financial statements and reflect all adjustments (consisting only of normal recurring adjustments) necessary to be consistent with Nabors audited consolidated financial statements for a fair presentation of its results of operations and financial condition for the periods indicated.

Operating Data(1)(2)

	Year Ended December 31,					Six Months Ended June 30,	
	2003	2004	2005	2006	2007	2007	2008
	(In thousands, except ratio data)						
Revenues and other income:							
Operating revenues	$ 1,814,520	$ 2,351,571	$ 3,394,472	$ 4,707,289	$ 4,938,848	$ 2,370,697	$ 2,582,258
Earnings (loss) from unconsolidated affiliates	10,058	4,057	5,671	20,545	17,724	15,877	(8,484)
Investment income (loss)	33,800	50,044	85,428	102,007	(15,891)	19,437	51,239
Total revenues and other income	1,858,378	2,405,672	3,485,571	4,829,841	4,940,681	2,406,011	2,625,013
Costs and other deductions:							
Direct costs	1,225,960	1,542,364	1,958,538	2,511,392	2,764,559	1,321,401	1,487,948
General and administrative expenses	164,136	192,692	247,129	416,610	436,282	213,849	228,235
Depreciation and amortization	219,841	248,057	285,054	364,653	467,730	214,980	283,501
Depletion	8,599	45,460	46,894	38,580	72,182	15,785	21,028

Interest expense	70,740	48,507	44,849	46,586	53,702	26,785	39,785
Losses (gains) on sales of long-lived assets, impairment charges and other expense (income), net	1,362	(5,036)	45,952	24,118	10,895	(25,749)	11,255
Total costs and other deductions	1,690,638	2,072,044	2,628,416	3,401,939	3,805,350	1,767,051	2,071,752
Income from continuing operations before income taxes	167,740	333,628	857,155	1,427,902	1,135,331	638,960	553,261
Income tax expense (benefit)	(19,968)	32,660	219,000	434,893	239,664	161,208	128,394
Income from continuing operations, net of tax	187,708	300,968	638,155	993,009	895,667	477,752	424,867
Income from discontinued operations, net of tax	4,520	1,489	10,540	27,727	35,024	12,759	
Net income	192,228	302,457	648,695	1,020,736	930,691	490,511	424,867
Capital expenditures and acquisitions of businesses(3)	$ 353,138	$ 544,429	$ 1,003,269	$ 1,997,971	$ 1,979,831	$ 1,121,532	$ 735,803
Interest coverage ratio from continuing operations(4)	6.1:1	12.9:1	25.6:1	38.1:1	32.5:1	33.4:1	25.7:1

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Balance Sheet Data(1)(2)

	As of December 31,					As of June 30,
	2003	2004	2005	2006	2007	2008
	(In thousands, except ratio data)					
Cash and cash equivalents, and short-term and long-term investments	$ 1,579,090	$ 1,411,047	$ 1,646,327	$ 1,653,285	$ 1,126,585	$ 1,476,413
Working capital	1,529,691	821,120	1,264,852	1,650,496	710,980	1,364,666
Property, plant and equipment, net	2,990,792	3,275,495	3,886,924	5,410,101	6,632,612	7,020,941
Total assets	5,602,692	5,862,609	7,230,407	9,142,303	10,103,382	10,904,644
Long-term debt	1,985,553	1,201,686	1,251,751	4,004,074	3,306,433	3,822,285
Shareholders equity	$ 2,490,275	$ 2,929,393	$ 3,758,140	$ 3,536,653	$ 4,514,121	$ 4,933,659
Funded debt to capital ratio:						
Gross(5)	0.45:1	0.38:1	0.32:1	0.50:1	0.44:1	0.45:1
Net(6)	0.20:1	0.15:1	0.08:1	0.37:1	0.36:1	0.35:1

(1) All information presented excludes the Sea Mar business sold in August 2007 which has been classified as discontinued operations.

(2) Our acquisitions results of operations and financial position have been included beginning on the respective dates of acquisition and include Airborne Energy Solutions assets (January 2006), Sunset Well Service Inc. (August 2005), Alexander Drilling Inc. assets (June 2005), Phillips Trucking, Inc. assets (June 2005) and Rocky Mountain Oil Tools, Inc. assets (March 2005).

(3) Represents capital expenditures and the portion of the purchase price of acquisitions allocated to fixed assets and goodwill based on their fair market value.

(4) The interest coverage ratio from continuing operations is computed by calculating the sum of income from continuing operations before income taxes, interest expense, depreciation and amortization, and depletion expense less investment income (loss) and then dividing by interest expense. This ratio is a method for calculating the amount of operating cash flows available to cover interest expense. The interest coverage ratio from continuing operations is not a measure of operating performance or liquidity defined by accounting principles generally accepted in the United States of America and may not be comparable to similarly titled measures presented by other companies.

(5) The gross funded debt to capital ratio is calculated by dividing funded debt by funded debt plus deferred tax liabilities, net of deferred tax assets plus capital. Funded debt is defined as the sum of (1) short-term borrowings, (2) current portion of long-term debt and (3) long-term debt. Capital is defined as shareholders equity. The gross funded debt to capital ratio is not a measure of operating performance or liquidity defined by accounting

principles generally accepted in the United States of America and may not be comparable to similarly titled measures presented by other companies.

(6) The net funded debt to capital ratio is calculated by dividing net funded debt by net funded debt plus deferred tax liabilities, net of deferred tax assets plus capital. Net funded debt is defined as the sum of (1) short-term borrowings, (2) current portion of long-term debt and (3) long-term debt reduced by the sum of cash and cash equivalents, short-term and long-term investments, and other receivables. Capital is defined as shareholders equity. The net funded debt to capital ratio is not a measure of operating performance or liquidity defined by accounting principles generally accepted in the United States of America and may not be comparable to similarly titled measures presented by other companies.

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THE EXCHANGE OFFER

Purpose and Effect of Exchange Offer; Registration Rights

We sold the old notes to Citigroup Global Markets Inc. and UBS Securities LLC as initial purchasers in private offerings on February 20, 2008 and July 22, 2008 pursuant to two purchase agreements. These initial purchasers subsequently sold the old notes to qualified institutional buyers under Rule 144A under the Securities Act and to certain sophisticated investors in offshore transactions in reliance on Regulation S under the Securities Act. As a condition to the sale of the old notes to the initial purchasers, we entered into a registration rights agreement with those initial purchasers on each of February 20, 2008 and July 22, 2008.

The registration rights agreements require us to file one or more registration statements under the Securities Act offering to exchange your old notes for new notes. Accordingly, we are offering you the opportunity to exchange your old notes for the same principal amount of new notes. The new notes will be registered and issued without a restrictive legend. The registration rights agreements also require us to use reasonable best efforts to cause the registration statement to be declared effective by the SEC by August 20, 2008 for the old notes issued February 20, 2008 and September 10, 2008 for the old notes issued July 22, 2008 and to complete the exchange offer by October 20, 2008. In the event that we are unable to satisfy these requirements, holders of the relevant old notes would be entitled to additional interest on the old notes at a rate equal to 0.25% per annum until the exchange offer is completed, or until the relevant old notes are freely transferable under Rule 144 of the Securities Act. In addition, if an exchange offer registration statement ceases to be effective or usable in connection with resales of the new notes during periods specified in the registration rights agreements, the interest rate borne by the old notes and the new notes will be increased 0.25% per annum until the registration defects are cured.

Under some circumstances set forth in the registration rights agreements, holders of old notes, including holders who are not permitted to participate in the exchange offer or who may not freely sell new notes received in the exchange offer, may require us to file and cause to become effective, a shelf registration statement covering resales of the old notes by these holders. If such shelf registration statement ceases to be effective or usable in connection with resales of the new notes during periods specified in the registration rights agreements, the interest rate borne by the old notes and the new notes will be increased 0.25% per annum until the registration defects are cured.

Copies of the registration rights agreements are incorporated by reference into this prospectus. You are strongly encouraged to read the entire text of the agreements, as they, and not this description defines your rights. Except as discussed below, we will have no further obligation to register your old notes upon the completion of the exchange offer.

We believe that the notes issued to you in this exchange offer may be offered for resale, sold and otherwise transferred by you, without compliance with the registration and prospectus delivery provisions of the Securities Act, only if you are able to make these four representations:

- you are acquiring the notes issued in the exchange offer in the ordinary course of your business;
- you have no arrangement or understanding with anyone to participate in the distribution of the old notes or the new notes within the meaning of the Securities Act;
- you are not an affiliate of us or Nabors; and

you are not engaged in, and do not intend to engage in, the distribution of the new notes.

Our belief is based upon existing interpretations by the SEC s staff contained in several no-action letters to third parties unrelated to us. If you tender your old notes in the exchange offer for the purpose of participating in a distribution of new notes, you cannot rely on these interpretations by the SEC s staff and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

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The SEC considers broker-dealers that acquired old notes directly from us, but not as a result of market-making activities or other trading activities, to be making a distribution of the new notes if they participate in the exchange offer. Consequently, these broker-dealers cannot use this prospectus for the exchange offer in connection with a resale of the new notes and, absent an exemption, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the new notes. These broker-dealers cannot rely on the position of the SEC s staff set forth in the Exxon Capital Holdings Corporation no-action letter (available May 13, 1988) or similar letters.

A broker-dealer that has bought old notes for market-making or other trading activities must deliver a prospectus in order to resell any new notes it receives for its own account in the exchange offer. The SEC has taken the position that such broker-dealers may fulfill their prospectus delivery requirements with respect to the new notes by delivering the prospectus contained in the registration statement for the exchange offer. Accordingly, this prospectus may be used by such a broker-dealer to resell any of its new notes. We have agreed in the registration rights agreements to send a prospectus to any broker-dealer that requests copies in the notice and questionnaire included in the letter of transmittal accompanying the prospectus for a period of up to 180 days after the Expiration Date. Unless you are required to do so because you are such a broker-dealer, you may not use this prospectus for an offer to resell, resale or other retransfer of new notes.

We are not making this exchange offer to, nor will we accept tenders for exchange from, holders of old notes in any jurisdiction in which the exchange offer or the acceptance of it would not be in compliance with the securities or blue sky laws of that jurisdiction.

You may suffer adverse consequences if you fail to exchange your old notes. Following the completion of the exchange offer, except as set forth below and in the registration rights agreements, you will not have any further registration rights and your old notes will continue to be subject to certain restrictions on transfer. Accordingly, if you do not participate in the exchange offer, your ability to sell your old notes could be adversely affected.

Under the registration rights agreements, we are required to file a shelf registration statement with the SEC to cover resales of the old notes or the new notes by holders if we are not permitted to consummate the exchange offer because we determine that the exchange offer is not permitted by applicable law or SEC policy, if the exchange offer is not for any reason declared effective by August 20, 2008 for the old notes issued February 20, 2008 or September 10, 2008 for the old notes issued July 22, 2008 or consummated by October 20, 2008, the initial purchasers determine that old notes held by them are not eligible to be exchanged for new notes following consummation of the exchange offer, or any holder does not receive freely tradable new notes in the exchange offer (other than by reason of such holder being an affiliate of ours).

If we are obligated to file a shelf registration statement, we will be required to keep such shelf registration statement effective for up to one year after it is declared effective.

Representations We Need From You Before You May Participate in the Exchange Offer

We need representations from you before you can participate in the exchange offer.

These representations are that:

- any new notes received by you will be acquired in the ordinary course of your business;
- you have no arrangement or understanding with anyone to participate in the distribution of the old notes or the new notes within the meaning of the Securities Act;

you are not an affiliate, within the meaning in Rule 501(b) of Regulation D of the Securities Act, of us or Nabors;

you are not engaged in, and do not intend to engage in, the distribution of the new notes; and

if you are a broker-dealer, you will receive new notes for your own account in exchange for old notes that were acquired as a result of market-making activities or other trading activities and that you will deliver a prospectus in connection with any resale of such new notes.

Terms of the Exchange Offer

We will accept any validly tendered new notes that are not withdrawn prior to 5:00 p.m., New York City time, on the expiration date. We will issue $1,000 principal amount of new notes in exchange for each $1,000 principal amount of your new notes tendered. Holders may tender some or all of their old notes in the exchange offer.

The form and terms of the new notes will be substantially the same as the form and terms of your old notes except that:

- interest on the new notes will accrete or accrue, as the case may be, from the last interest payment date on which interest accreted or was paid on your old notes, or, if no interest has accreted or been paid on the old notes, from the date of the original issuance of your old notes;
- the new notes have been registered under the Securities Act and will not bear a legend restricting their transfer; and
- the new notes will not benefit from the registration and related rights pursuant to which we are conducting this exchange offer, including an increase in the interest rate related to defaults in our agreement to carry out this exchange offer.

This prospectus and the documents you received with this prospectus are being sent to you and to others believed to have beneficial interests in the old notes. We intend to conduct the exchange offer in accordance with the applicable requirements of the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act, and the rules and regulations of the SEC.

We will have accepted your validly tendered old notes when we have given oral or written notice to Wells Fargo Bank. Wells Fargo Bank will act as agent for you for the purpose of receiving the notes. If any tendered old notes are not accepted for exchange because of an invalid tender, the occurrence of certain other events or otherwise, certificates sent to Wells Fargo Bank will be returned, without expense, as promptly as practicable after the expiration date to you, unless you request in the letter of transmittal that the notes be sent to someone else.

You will not be required to pay brokerage commissions, fees or transfer taxes in the exchange of your old notes. We will pay all charges and expenses in connection with the exchange offer except for any taxes you may incur in effecting the transfer of your old notes or new notes to some other person, or if a transfer tax is imposed for any reason other than the exchange of notes pursuant to the exchange offer.

Expiration Date; Extensions; Amendments

The exchange offer will expire at 5:00 p.m., New York City time, on , 2008, unless we extend the exchange offer, in which case the exchange offer shall terminate at 5:00 p.m., New York City time, on the last day of the extension (such date of expiration, the Expiration Date). We do not currently intend to extend the Expiration Date. In any event, the exchange offer will be held open for at least 20 business days. In order to extend the exchange offer, we will issue a notice by press release or other public announcement.

We reserve the right, in our sole discretion:

- to delay accepting your old notes;

to extend the exchange offer;

to terminate the exchange offer, if any of the conditions shall not have been satisfied; or

to amend the terms of the exchange offer in any manner.

If we delay, extend, terminate or amend the exchange offer, we will give notice to the exchange agent and issue a press release or other public announcement.

Procedures for Tendering Your Old Notes

Except in limited circumstances, only a DTC participant listed on a DTC securities position listing with respect to the old notes may tender old notes in the exchange offer. Except as stated below under Book-Entry Transfer, to tender in the exchange offer:

- if you do not hold your position through DTC, Euroclear or Clearstream, Luxembourg, you must, on or before the expiration date, deliver a duly completed letter of transmittal to the exchange agent at its address specified in the letter of transmittal, and certificates for your old notes must be received by Wells Fargo Bank along with the letter of transmittal;

- if you hold your position through DTC, you must instruct DTC and a DTC participant by completing the form *Instruction to Registered Holder from Beneficial Holder* accompanying this prospectus of your intention whether or not you wish to tender your old notes for new notes, and you must in turn follow the procedures for book-entry transfer as set forth below under Book-Entry Transfer and in the letter of transmittal; or

- if you hold your position through Euroclear or Clearstream, Luxembourg, the form *Instruction to Registered Holder from Beneficial Holder* with respect to old notes held through Euroclear or Clearstream, Luxembourg must be completed by a direct accountholder in Euroclear or Clearstream, Luxembourg, and interests in the old notes must be tendered in compliance with procedures established by Euroclear or Clearstream, Luxembourg.

If you intend to use the guaranteed delivery procedures, you must comply with the guaranteed delivery procedures described below.

Neither us, Nabors nor the exchange agent will be responsible for the communication of tenders by holders to the accountholders in DTC, Euroclear or Clearstream, Luxembourg through which they hold old notes or by such accountholders to the exchange agent, DTC, Euroclear or Clearstream, Luxembourg.

Holders will not be responsible for the payment of any fees or commissions to the exchange agent for the old notes.

In no event should a holder submitting a tender for exchange send a letter of transmittal or old notes to any agent of us or Nabors other than the exchange agent, or to DTC, Euroclear or Clearstream, Luxembourg.

Holders may contact the exchange agent for assistance in filling out and delivering letters of transmittal and for additional copies of the exchange offer materials.

To be tendered effectively, a letter of transmittal or, as described below under Book-Entry Transfer, an agent s message and other required documents must be received by Wells Fargo Bank at its address set forth under Exchange Agent below prior to the expiration date.

If you do not withdraw your tender before the expiration date, your tender will constitute an agreement between you and us in accordance with the terms and conditions in this prospectus and in the letter of transmittal.

The method of delivery of your old notes, the letter of transmittal and all other required documents to be delivered to Wells Fargo Bank is at your election and risk. Instead of delivery by mail, it is recommended that you use an overnight or hand delivery service. In all cases, you should allow sufficient time to ensure delivery to Wells Fargo Bank before the expiration date. No letter of transmittal or old notes should be sent to us or Nabors. You may request your brokers, dealers, commercial banks, trust companies or nominees to effect these transactions on your behalf.

Procedure if the Old Notes Are Not Registered in Your Name

If your old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your old notes, then you should contact the registered holder promptly and instruct the registered holder to tender on your behalf. If you wish to tender on behalf of a registered owner, you must, prior to completing and executing a letter of transmittal and delivering the registered owner s old notes, either make

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appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed power of attorney or other proper endorsement from the registered holder. We strongly urge you to act immediately since the transfer of registered ownership may take considerable time.

Signature Requirements and Signature Guarantees

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed by an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act referred to as an eligible institution, that is a member of specified signature guarantee programs. Signatures on a letter of transmittal or a notice of withdrawal will not be required to be guaranteed if the old notes are tendered:

- by a registered holder that has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal; or
- for the account of an eligible institution.

If a letter of transmittal or any notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing. Evidence satisfactory to us of their authority to so act must be submitted with such letter of transmittal unless waived by us.

Conditions to the Exchange Offer

All questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tendered notes will be determined by us, in our sole discretion, and our determination will be final and binding. We reserve the absolute right to reject any and all old notes not properly tendered or any old notes the acceptance of which would be unlawful in the opinion of us or our counsel. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular old notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in a letter of transmittal, will be final and binding on all parties. Any defects or irregularities in connection with tenders of old notes must be cured within such time as we shall determine, unless waived by us. Although we intend to notify you of defects or irregularities with respect to tenders of old notes, neither we, Wells Fargo Bank nor any other person shall be under any duty to give such notification or shall incur any liability for failure to give such notification. Tenders of old notes will not be deemed to have been made until all such defects and irregularities have been cured or waived. Any old notes received by Wells Fargo Bank that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by Wells Fargo Bank as soon as practicable following the expiration date to you, unless you request in the letter of transmittal that the notes be sent to someone else.

In addition, we reserve the right in our sole discretion to purchase or make offers for any old notes that remain outstanding after the expiration date and, to the extent permitted by applicable law, to purchase old notes in the open market in privately negotiated transactions, or otherwise. The terms of any such purchases or offers could differ from the terms of this exchange offer.

Despite any other term of the exchange offer, we will not be required to accept for exchange, or exchange new notes for, any old notes, and we may terminate the exchange offer, if:

- the exchange offer, or the making of any exchange by a holder, violates, in our good faith determination or on the advice of counsel, any applicable law, rule or regulation or any applicable interpretation of the staff of the SEC;

any action or proceeding is instituted or threatened in any court or by the SEC or any other governmental agency with respect to the exchange offer that, in our judgment, would impair our ability to proceed with the exchange offer; or

we have not obtained any governmental approval which we, in our sole discretion, consider necessary for the completion of the exchange offer as contemplated by this prospectus.

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The conditions listed above are for our sole benefit and may be asserted by us at any time, regardless of the circumstances giving rise to any of these conditions, or may be waived by us in whole or in part at any time in our sole discretion. The failure by us to exercise any of our rights shall not be a waiver of our rights. We are required to use reasonable efforts to obtain the withdrawal of any stop order at the earliest possible time.

In all cases, the issuance of new notes for tendered old notes that are accepted for exchange in the exchange offer will be made only after timely receipt by Wells Fargo Bank of:

- certificates for old notes or a timely confirmation from DTC of such old notes into Wells Fargo Bank s account at DTC,

- a properly completed and duly executed letter of transmittal or, with respect to DTC and its participants, an agent s message described further below in which the tendering holder acknowledges its receipt of and agreement to be bound by the letter of transmittal for such exchange offer, and

- all other required documents.

If we do not accept your tendered old notes or if you submit old notes for a greater aggregate principal amount than you desire to exchange, then the unaccepted or unexchanged old notes will be returned without expense to you or, in the case of notes tendered by book-entry transfer into Wells Fargo Bank s account at DTC pursuant to the book-entry transfer procedures described below, such non-exchanged notes will be credited to an account maintained with DTC, as promptly as practicable after the expiration or termination of the exchange offer.

Book-Entry Transfer

We understand that the exchange agent will make a request promptly after the date of this prospectus to establish accounts with respect to the old notes at DTC for the purpose of facilitating the exchange offer. Any financial institution that is a participant in DTC s system may make book-entry delivery of old notes by causing DTC, Euroclear or Clearstream, Luxembourg, as the case may be, to transfer such old notes into the exchange agent s DTC account in accordance with DTC s electronic Automated Tender Offer Program procedures for such transfer. The exchange of new notes for tendered old notes will only be made after timely:

- confirmation of book-entry transfer of the old notes into the exchange agent s account; and

- receipt by the exchange agent of an executed and properly completed letter of transmittal or an agent s message and all other required documents specified in the letter of transmittal.

The confirmation, letter of transmittal or agent s message and any other required documents must be received at the exchange agent s address listed below under Exchange Agent on or before 5:00 p.m., New York time, on the expiration date of the exchange offer or, if the guaranteed delivery procedures described below are complied with, within the time period provided under those procedures.

As indicated above, delivery of documents to any of DTC, Euroclear or Clearstream, Luxembourg in accordance with its procedures does not constitute delivery to the exchange agent.

The term agent s message means a message, transmitted by DTC and received by the exchange agent and forming part of the confirmation of a book-entry transfer, which states that DTC has received an express acknowledgment from a participant in DTC tendering old notes stating:

the aggregate principal amount of old notes that have been tendered by the participant;

that such participant has received an appropriate letter of transmittal and agrees to be bound by the terms of the letter of transmittal and the terms of the exchange offer; and

that we may enforce such agreement against the participant.

Delivery of an agent s message will also constitute an acknowledgment from the tendering DTC participant that the representations contained in the letter of transmittal are true and correct.

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Guaranteed Delivery Procedures

If you wish to tender your old notes and the old notes are not immediately available, or time will not permit your old notes or other required documents to reach Wells Fargo Bank before the expiration date, or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected if:

- the tender is made through an eligible institution;
- before the expiration date, Wells Fargo Bank has received from such eligible institution a properly completed and duly executed letter of transmittal, or a facsimile thereof, and notice of guaranteed delivery substantially in the form provided by us, by facsimile transmission, mail or hand delivery. The notice of guaranteed delivery shall state your name and address and the amount of the old notes tendered, shall state that the tender is being made thereby and shall guarantee that, within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery, the certificates for all physically tendered old notes, in proper form for transfer, or a confirmation from DTC of book-entry transfer, the letter of transmittal, or a manually executed facsimile thereof, properly completed and duly executed, and any other documents required by the applicable letter of transmittal will be deposited by the eligible institution with Wells Fargo Bank; and
- the certificates for all physically tendered old notes, in proper form for transfer, or a confirmation from DTC of book-entry transfer, the properly completed and duly executed letter of transmittal, or a manually executed facsimile thereof, and all other documents required by the applicable letter of transmittal are received by Wells Fargo Bank within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery.

Withdrawal Rights

You may withdraw your tender of old notes at any time prior to 5:00 p.m., New York City time, on the expiration date.

For a withdrawal of tendered notes to be effective, a written, or for a DTC participant electronic, notice of withdrawal must be received by Wells Fargo Bank, at its address set forth in the next section of this prospectus entitled Exchange Agent, prior to 5:00 p.m., New York City time, on the expiration date.

Any such notice of withdrawal must:

- specify your name;
- identify the old notes to be withdrawn, including, if applicable, the certificate number or numbers and aggregate principal amount of such old notes;
- be signed by you in the same manner as the original signature on the letter of transmittal by which your old notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer sufficient for the trustee of your old notes to register the transfer of those notes into the name of the person withdrawing the tender; and
- specify the name in which you want the withdrawn old notes to be registered, if different from your name.

All questions as to the validity, form and eligibility, including time of receipt, of such notices will be determined by us, and our determination shall be final and binding on all parties. Any old notes withdrawn will be considered not to have been validly tendered for exchange for the purposes of the exchange offer. Any notes that have been tendered for exchange but that are not exchanged for any reason will be returned to you without cost as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer relating to such old notes. Properly withdrawn old notes may be retendered by following one of the procedures described above in Procedures for Tendering Your Old Notes at any time on or prior to the expiration date.

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Exchange Agent

All executed letters of transmittal should be directed to the exchange agent. We have appointed Wells Fargo Bank as the exchange agent for the exchange offer. Questions, requests for assistance and requests for additional copies of the prospectus or letter of transmittal should be directed to the exchange agent at its offices at Corporate Trust Operations, 608 2nd Avenue South, Northstar East Building-12th Floor, Minneapolis, MN 55402. The exchange agent s telephone number is (800) 334-5128 and facsimile number is (612) 667-6282.

Fees and Expenses

We will not make any payments to brokers, dealers or others soliciting acceptances of the exchange offer, other than to the exchange agent. The principal solicitation is being made by mail. However, additional solicitations may be made in person or by telephone by our officers and employees.

The cash expenses to be incurred in connection with the exchange offer will be paid by us and are estimated in the aggregate to be approximately $, which includes the SEC s registration fee, fees and expenses of Wells Fargo Bank, as exchange agent, and accounting, legal, printing and related fees and expenses.

Transfer Taxes

If you tender old notes for exchange, you will not be obligated to pay any transfer taxes unless you instruct us to register your new notes in a different name or if a transfer tax is imposed for a reason other than the exchange of notes pursuant to this exchange offer. If you request that your old notes not tendered or not accepted in the exchange offer be returned to a different person, you will be responsible for the payment of any applicable transfer tax.

Consequences of Failure to Properly Tender Old Notes in the Exchange

We will issue new notes in exchange for old notes under the exchange offer only after timely receipt by the exchange agent of the old notes, a properly completed and duly executed letter of transmittal or agent s message and all other required documents. Therefore, holders of the old notes desiring to tender old notes in exchange for new notes should allow sufficient time to ensure timely delivery. We are under no duty to give notification of defects or irregularities of tenders of old notes for exchange. Upon completion of the exchange offer, specified rights under the registration rights agreements, including registration rights and any right to additional interest, will be either limited or eliminated.

Participation in the exchange offer is voluntary. In the event the exchange offer is completed, we will not be required to register the remaining old notes, except in the limited circumstances described under Purpose and Effect of Exchange Offer; Registration Rights. Old notes that are not tendered or that are tendered but not accepted by us will, following completion of the exchange offer, continue to be subject to the following restrictions on transfer:

- holders may resell old notes only if an exemption from registration under the Securities Act is available or, outside of the United States, to non-U.S. persons in accordance with the requirements of Regulation S under the Securities Act; and

- the remaining old notes will bear a legend restricting transfer in the absence of registration or an exemption from registration.

To the extent that old notes are tendered and accepted in connection with the exchange offer, any trading market for remaining old notes could be adversely affected.

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DESCRIPTION OF THE NEW NOTES

The form and terms of the new notes and the old notes are identical in all material respects, except that transfer restrictions and registration rights applicable to the old notes do not apply to the new notes. The new notes will be issued under the Indenture.

We issued $575.0 million of the old notes on February 20, 2008 and $400.0 million of the old notes on July 22, 2008 pursuant to the Indenture. The terms of the new notes include those expressly set forth in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended, referred to as the Trust Indenture Act. The Indenture is unlimited in aggregate principal amount, although the issuance of new notes in this prospectus will be limited to $975.0 million and will mature on February 15, 2018. We may issue an unlimited principal amount of additional notes having identical terms and conditions, except for the offering price and issue date, as the new notes, referred to as the additional notes. Any additional notes will be part of the same issue as the notes that we are currently offering and will vote on all matters with the holders of the new notes.

This description of the new notes is intended to be a useful overview of the material provisions of the new notes, the guarantee and the Indenture. Since this description is only a summary, you should refer to the Indenture for a complete description of our obligations, the obligations of the guarantor and your rights.

The new notes will:

- be unsecured,
- be effectively junior in right of payment to any of our future secured debt,
- rank equally in right of payment with all of our existing and future unsubordinated debt, and
- be senior in right of payment to any of our future senior subordinated or subordinated debt.

Our obligations under the new notes will be fully and unconditionally guaranteed by Nabors. The Indenture contains no restrictions on the amount of additional indebtedness that either we or Nabors may issue or guarantee in the future.

Interest

Interest on the new notes will begin to accrue upon the last interest payment date on which interest was paid on the old note surrendered in exchange for the new note or, if no interest has been paid on such old note, from February 20, 2008, at a rate of 6.15% per annum.

Interest will be payable semiannually on February 15 and August 15 of each year, beginning August 15, 2008, to the persons in whose names the notes are registered at the close of business on the preceding February 1 and August 1, respectively. Interest on the notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Payments on the Notes; Paying Agent and Registrar

We will pay principal of, premium, if any, additional amounts (as defined below), if any, and interest on any new notes issued in certificated form at the office or agency we designate in the City of New York, except that we may, at our option, pay interest on any new notes in certificated form either at the corporate trust office of the trustee in Houston, Texas or by check mailed to holders of the new notes at their registered addresses as they appear in the registrar s books. In addition, if a holder of any new notes in certificated form has given wire transfer instructions in accordance with the Indenture with respect to those notes, we will make all payments on those new notes by wire transfer. We have initially designated the corporate trust office of the trustee to act as our paying agent and registrar. We may, however, change the paying agent or registrar without prior notice to the holders of the new notes, and Nabors or any of its subsidiaries may act as paying agent or registrar.

We will pay principal of, premium, if any, additional amounts, if any, and interest on, any new note in global form registered in the name of or held by DTC or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global note.

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Transfer and Exchange

A holder of new notes may transfer or exchange notes at the office of the registrar in accordance with the Indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by us, the trustee or the registrar for any registration of transfer or exchange of notes, but we may require a holder to pay a sum sufficient to cover any transfer tax or other similar governmental charge required by law. We are not required to transfer or exchange any new note selected for redemption. Also, we are not required to transfer or exchange any new note for a period of 15 days before a mailing of notice of redemption.

The registered holder of a new note will be treated as the owner of it for all purposes.

Guarantee

Nabors will fully and unconditionally guarantee the due and punctual payment of the principal of, premium, if any, and interest on the new notes and any other obligations of ours under the new notes when and as they become due and payable, whether at maturity, upon redemption, by acceleration or otherwise, if we are unable to satisfy these obligations. Nabors guarantee of our obligations under the new notes will be its unsecured and unsubordinated obligation and will have the same ranking with respect to Nabors indebtedness as the new notes will have with respect to our indebtedness. The guarantee will provide that, in the event of a default in payment by us on the new notes, the holders of the new notes may institute legal proceedings directly against Nabors to enforce its guarantee without first proceeding against us.

In the event that Nabors is required to withhold or deduct on account of any Bermudan taxes due from any payment made under or with respect to its guarantee, Nabors will pay additional amounts so that the net amount received by each holder of new notes will equal the amount that the holder would have received if the Bermudan taxes had not been required to be withheld or deducted. The amounts that Nabors is required to pay to preserve the net amount receivable by the holders of the new notes are referred to as additional amounts.

Optional Redemption

The new notes will be subject to redemption by us, in whole or in part, at any time at a redemption price equal to the greater of:

100% of the principal amount of the new notes then outstanding to be redeemed; or

the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of the interest accrued to the date of redemption) computed by discounting such payments to the redemption date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at a rate equal to the sum of 35 basis points plus the adjusted treasury rate, as that term is generally used in the industry, on the third business day prior to the redemption date, as calculated by an independent investment banker, plus, in either case, accrued and unpaid interest to the redemption date.

We will mail notice of redemption at least 20 days but not more than 75 days before the applicable redemption date to each holder of the new notes to be redeemed. If we elect to redeem the notes in part, the trustee will select the notes to be redeemed in a fair and appropriate manner.

Upon the payment of the redemption price, premium, if any, additional amounts, if any, plus accrued and unpaid interest, if any, to the date of redemption, interest will cease to accrue on and after the applicable redemption date on the new notes or portions thereof called for redemption.

Change of Control Offer

Upon the occurrence of a Change of Control Triggering Event (as defined below), each holder will have the right to require us to purchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of such holder s new notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), except to the extent that we have exercised our right to redeem the new notes as described under Optional Redemption.

Change of Control means the occurrence of any one of the following:

(a) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, amalgamation or consolidation), in one or a series of related transactions, of all or substantially all of the assets of Nabors and the Subsidiaries taken as a whole to any person (as that term is used in Section 13(d)(3) of the Exchange Act) other than to Nabors or one or more of the Subsidiaries or a combination thereof or a person controlled by Nabors or one or more of the Subsidiaries or a combination thereof;

(b) the consummation of any transaction (including without limitation, any merger, amalgamation or consolidation) the result of which is that any person (as that term is used in Section 13(d)(3) of the Exchange Act) (other than any Subsidiary) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of Nabors, measured by voting power rather than number of shares (excluding a redomestication of Nabors); or

(c) the first day on which the majority of the members of the board of directors of Nabors cease to be Continuing Directors.

Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control under clause (b) above if (i) Nabors becomes a direct or indirect wholly owned Subsidiary of a holding company and (ii)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following such transaction are substantially the same as the holders of the Voting Stock of Nabors immediately prior to such transaction or (B) immediately following such transaction no person (as that term is used in Section 13(d)(3) of the Exchange Act of 1933) (other than a holding company satisfying the requirements of this sentence) is the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act of 1933), directly or indirectly, of more than 50% of the outstanding Voting Stock of such holding company, measured by voting power rather than number of shares.

Change of Control Triggering Event means the ratings of the notes are lowered by at least two of the three Rating Agencies and the notes cease to be rated Investment Grade by at least two of the three Rating Agencies in any case on any date during the period, referred to as the Trigger Period, commencing on the date of the first public announcement by Nabors of any Change of Control (or pending Change of Control) and ending 60 days following consummation of such Change of Control (which 60-day period will be extended for so long as the rating of the notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies). Notwithstanding the foregoing, no Change of Control will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

Within 60 days following the date upon which the Change of Control Triggering Event has occurred, or at our option, prior to any Change of Control but after the public announcement of the transaction that constitutes or may constitute the Change of Control, except to the extent that we have exercised our right to redeem the notes as described under Optional Redemption, we will mail a notice, referred to as a Change of Control Offer, to each holder with a copy to the trustee, which notice will govern the terms of the Change of Control Offer, stating:

(1) that a Change of Control Triggering Event has occurred and that such holder has the right to require us to purchase such holder s notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date);

(2) the circumstances regarding such Change of Control Triggering Event;

(3) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law), such date referred to as the Change of Control Payment Date; and

(4) the instructions that a holder must follow in order to have its notes purchased.

Holders of new notes electing to have new notes purchased pursuant to a Change of Control Offer will be required to surrender their new notes, with the form entitled Option of Holder to Elect Purchase on the reverse of the new note completed, to the paying agent at the address specified in the notice, or transfer their new notes to the paying agent by book-entry transfer pursuant to the applicable procedures of the paying agent, prior to the close of business on the third business day prior to the Change of Control Payment Date.

We may make a Change of Control Offer in advance of a Change of Control and the Change of Control Payment Date, and our Change of Control Offer may be conditioned upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

If holders of not less than 95% in aggregate principal amount of the outstanding notes validly tender and do not withdraw such new notes in a Change of Control Offer and we, or any third party making a Change of Control Offer in lieu of us, as described below, purchases all of the notes validly tendered and not withdrawn by such holders, we will have the right, upon not less than 30 nor more than 60 days prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all notes that remain outstanding following such purchase at a redemption price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date).

We will not be required to make a Change of Control Offer if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by us and such third party purchases all notes properly tendered and not withdrawn under its offer.

We will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the terms described in this prospectus, we shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations by virtue thereof.

The definition of Change of Control includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of Nabors and the Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of new notes to require us to repurchase its new notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Nabors and the Subsidiaries taken as a whole to another person may be uncertain.

Associated Definitions

Continuing Director means, as of any date of determination, any member of the board of directors of Nabors who:

(1) was a member of such board of directors (a) on the date of the original issuance of the notes or (b) for at least two consecutive years; or

(2) was nominated for election, elected or appointed to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination, election or appointment (either by a specific vote or by approval of the Nabors proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

Fitch means Fitch Inc., a subsidiary of Fimalac, S.A., and its successors.

Investment Grade means a rating of Baa3 or better by Moody s (or its equivalent under any successor rating category of Moody s); a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P); a rating of BBB- or better by Fitch (or its equivalent under any successor rating category of Fitch); and the equivalent investment grade rating from any replacement Rating Agency or Agencies appointed by us or Nabors.

Moody s means Moody s Investors Service, Inc., a subsidiary of Moody s Corporation, and its successors.

S&P means Standard & Poor s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

Rating Agency means each of Moody s, S&P and Fitch; *provided*, that if any of Moody s, S&P and Fitch ceases to rate the notes or fails to make a rating of the notes publicly available, we or Nabors will appoint a replacement for such Rating Agency that is a nationally recognized statistical rating organization within the meaning of Rule 15c3-l(c)(2)(vi)(F) under the Exchange Act.

Voting Stock of any specified person as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

Covenants

Various capitalized terms used within this Covenants subsection are defined at the end of this subsection.

Limitations on Liens

So long as any new notes are outstanding, Nabors will not, nor will it permit any Subsidiary to, issue, assume, guarantee or suffer to exist any debt for money borrowed, referred to as Debt, if such Debt is secured by a mortgage, pledge, security interest or lien, referred to as a mortgage or mortgages, upon any properties of Nabors or any Subsidiary or upon any securities or indebtedness of any Subsidiary (whether such properties, securities or indebtedness is now owned or hereafter acquired) without in any such case effectively providing that the new notes shall be secured equally and ratably with (or prior to) such Debt, except that the foregoing restrictions shall not apply to:

(a) mortgages on any property acquired, constructed or improved by Nabors or any Subsidiary (or mortgages on the securities of a special purpose Subsidiary which holds no material assets other than the property being acquired, constructed or improved) after the date of the Indenture which are created within 360 days after such acquisition (or in the case of property constructed or improved, after the completion and commencement of commercial operation of such property, whichever is later) to secure or provide for the payment of the purchase price or cost thereof; *provided* that in the case of such construction or improvement the mortgages shall not apply to any property owned by Nabors or any Subsidiary before such construction or improvement other than (1) unimproved real property on which the property so constructed, or the improvement, is located or (2) personal property which is so improved;

(b) mortgages existing on the date of issuance of the new notes, existing mortgages on property acquired (including mortgages on any property acquired from a person which is consolidated with or merged with or into Nabors or a Subsidiary) or mortgages outstanding at the time any corporation, partnership or other entity becomes a Subsidiary; *provided* that such mortgages shall only apply to property owned by such corporation, partnership or other entity at the time it becomes a Subsidiary or that is acquired thereafter other than from Nabors or another Subsidiary;

(c) mortgages in favor of Nabors or any Subsidiary;

(d) mortgages in favor of domestic or foreign governmental bodies to secure advances or other payments pursuant to any contract or statute or to secure indebtedness incurred to finance the purchase price or cost of constructing or improving the property subject to such mortgages, including mortgages to secure Debt of the pollution control or industrial revenue bond type;

(e) mortgages consisting of pledges or deposits by Nabors or any Subsidiary under worker s compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Debt) or leases to which Nabors or any Subsidiary is a party, or deposits to secure public or statutory obligations of Nabors or any Subsidiary or deposits or cash or United States government bonds to secure surety or appeal bonds to which it is a party, or deposits as security for contested taxes or import or customs duties or for the payment of rent, in each case incurred in the ordinary course of business;

(f) mortgages imposed by law, including carriers , warehousemen s, repairman s, landlords and mechanics liens, in each case for sums not yet due or being contested in good faith by appropriate proceedings if a reserve or other appropriate provisions, if any, as shall be required by generally accepted accounting principles shall have been made in respect thereof;

(g) mortgages for taxes, assessments or other governmental charges that are not yet delinquent or which are being contested in good faith by appropriate proceedings *provided* appropriate reserves required pursuant to generally accepted accounting principles have been made in respect thereof;

(h) mortgages in favor of issuers of surety or performance bonds or letters of credit or bankers acceptances issued pursuant to the request of and for the account of Nabors or any Subsidiary in the ordinary course of its business;

(i) mortgages consisting of encumbrances, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or mortgages consisting of zoning or other restrictions as to the use of real properties or mortgages incidental to the conduct of the business of Nabors or a Subsidiary or to the ownership of its properties which do not materially adversely affect the value of said properties or materially impair their use in the operation of the business of Nabors or a Subsidiary;

(j) mortgages arising by virtue of any statutory or common law provisions relating to bankers liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution; *provided* that:

(1) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by Nabors or a Subsidiary in excess of those set forth by regulations promulgated by the Federal Reserve Board; and

(2) such deposit account is not intended by Nabors or any Subsidiary to provide collateral to the depository institution;

(k) mortgages arising from Uniform Commercial Code financing statement filings regarding operating leases Nabors and its Subsidiaries enter into in the ordinary course of business;

(l) any mortgage over goods (or any documents relating thereto) arising either in favor of a bank issuing a form of documentary credit in connection with the purchase of such goods or by way of retention of title by the supplier of such goods where such goods are supplied on credit, subject to such retention of title, and in both cases where such goods are acquired in the ordinary course of business;

(m) any mortgage pursuant to any order of attachment, execution, enforcement, distraint or similar legal process arising in connection with court proceedings; *provided* that such process is effectively stayed, discharged or otherwise set aside within 30 days;

(n) any lease, sublease and sublicense granted to any third party constituting a mortgage and any mortgage pursuant to farm-in and farm-out agreements, operating agreements, development agreements and any other similar arrangements, which are customary in the oil and gas industry or in the ordinary course of business of Nabors or any Subsidiary; or

(o) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any mortgage referred to in the foregoing clauses (a) through (n), inclusive; *provided* that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the mortgage so extended, renewed or replaced (plus improvements in such property).

In addition to the foregoing, Nabors and any Subsidiary may, without securing the new notes, issue, assume or guarantee secured Debt that, with certain other Debt described in the following sentence, does not exceed 10% of

Consolidated Net Tangible Assets. The other Debt to be aggregated for purpose of this exception is all Attributable Debt in respect of Sale and Lease-Back Transactions of Nabors and its Subsidiaries under the exception in clause (e)(2) below existing at such time.

Limitations on Sale and Lease-Back Transactions

So long as any new notes are outstanding, Nabors will not, nor will it permit any Subsidiary to, enter into any Sale and Lease-Back Transaction, other than any Sale and Lease-Back Transaction:

(a) entered into within 360 days of the later of the acquisition or placing into service of the property subject thereto by Nabors or the Subsidiary;

(b) involving a lease of less than five years;

(c) entered into a connection with an industrial revenue bond or pollution control financing;

(d) between Nabors and/or one or more Subsidiaries;

(e) as to which Nabors or such Subsidiary would be entitled to incur Debt secured by a mortgage on the property to be leased in an amount equal to the Attributable Debt with respect to such Sale and Lease-Back Transaction without equally and ratably securing the notes (1) under clauses (a) through (n) in Limitations on Liens above or (2) under the last paragraph of that covenant; or

(f) as to which Nabors will apply an amount equal to the net proceeds from the sale of the property so leased to (1) the retirement (other than any mandatory retirement), within 360 days of the effective date of any such Sale and Lease-Back Transaction, of notes or of Funded Debt of Nabors or a Subsidiary or (2) the purchase or construction of other property, *provided* that such property is owned by Nabors or a Subsidiary free and clear of all mortgages.

SEC Reports; Financial Information

So long as any new notes are outstanding, Nabors will file with the trustee copies, within 15 days after Nabors is required to file the same with the SEC, of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) which Nabors may be required to file with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act or, if Nabors is not required to file information, documents or reports pursuant to either of such sections, then to file with the trustee and the SEC, in accordance with rules and regulations prescribed from time to time by the SEC, such of the supplementary and periodic information, documents and reports, if any, which may be required pursuant to Section 13 of the Exchange Act, in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations.

At any time when neither Nabors nor we are subject to Section 13 or 15(d) of the Exchange Act and the new notes are not freely transferable under the Securities Act, upon the request of a holder of the new notes, Nabors and we will promptly furnish or cause to be furnished the information specified under Rule 144A(d)(4) of the Securities Act to such holder, or to a prospective purchaser of a note designed by such holder, in order to permit compliance with Rule 144A under the Securities Act.

Consolidation, Amalgamation, Merger, Conveyance of Assets

The Indenture provides, in general, that neither we nor Nabors will consolidate or amalgamate with or merge into any other entity or convey, transfer or lease our or its assets substantially as an entirety to any person, unless:

- the entity formed by the consolidation or amalgamation or into which we or Nabors is merged, or the person who acquires the assets, shall be organized, in our case, under the laws of the United States, any state thereof, or the District of Columbia, and in either case expressly assumes our or Nabors obligations under the Indenture, the notes and the guarantee; and

immediately after giving effect to that type of transaction, no event of default, and no event that, after notice or lapse of time or both, would become an event of default, shall have happened and be continuing.

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Event Risk

Except for the limitations described above under the subsections Limitations on Liens and Limitations on Sale and Lease-Back Transactions, neither the Indenture, the guarantee nor the new notes will afford holders of the new notes protection in the event of a highly leveraged transaction involving either us or the guarantor or will contain any restrictions on the amount of additional indebtedness that either we or the guarantor may incur.

Definitions

Attributable Debt means, with respect to any Sale and Lease-Back Transaction as of any particular time, the present value discounted at the rate of interest implicit in the terms of the lease of the obligations of the lessee under such lease for net rental payments during the remaining term of the lease.

Capital Stock means (i) in the case of a corporation or a company, corporate stock or shares; (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and (iv) any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing person.

Consolidated Net Tangible Assets means the total assets of Nabors and the Subsidiaries as of the most recent fiscal quarter end for which a consolidated balance sheet of Nabors and the Subsidiaries is available, minus all current liabilities (excluding the current portion of any long-term debt) of Nabors and the Subsidiaries reflected on such balance sheet and minus total goodwill and other intangible assets of Nabors and the Subsidiaries reflected on such balance sheet, all calculated on a consolidated basis in accordance with generally accepted accounting principles in the United States.

Funded Debt means indebtedness for money borrowed which by its terms matures at, or is extendible or renewable at the option of the obligor to, a date more than twelve months after the date of the creation of such indebtedness.

Sale and Lease-Back Transaction means any arrangement with any person providing for the leasing by Nabors or any Subsidiary of any property, whereby such property had been sold or transferred by Nabors or any Subsidiary to such person.

Subsidiary means (1) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by Nabors or one or more of the other Subsidiaries or a combination thereof and (2) any partnership, joint venture or limited liability company of which (x) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by Nabors or one or more of the other Subsidiaries or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, (y) Nabors or any of the Subsidiaries is a controlling general partner or otherwise controls such entity and (z) such entity is consolidated in the consolidated financial statements of Nabors in accordance with generally accepted accounting principles in the United States.

Mandatory Redemption; Sinking Fund

We are not required to make either mandatory redemption or sinking fund payments with respect to the new notes.

Book-Entry; Delivery and Form

The new notes will initially be issued only in registered, book-entry form, in denominations of $2,000 and any integral multiples of $1,000 as described under Book-Entry System. We will issue one or more global notes in denominations that together equal the total principal amount of the outstanding new notes.

Modification of the Indenture

Amendments of the Indenture may be made by us, Nabors and the trustee with the consent of the holders of a majority in aggregate principal amount of the outstanding notes; *provided*, *however*, that no such amendment may, without the consent of the holder of each outstanding note affected thereby:

- extend the final maturity of the principal of any of the new notes;
- reduce the principal amount of any of the new notes;
- reduce the rate or extend the time of payment of interest or additional amounts, if any, on any of the new notes;
- reduce any amount payable on redemption of any of the new notes;
- change the currency in which the principal of, premium, if any, or interest or additional amounts, if any, on any of the new notes is payable;
- impair the right to institute suit for the enforcement of any payment on any of the new notes when due; or
- make any change in the percentage in principal amount of the new notes, the consent of the holders of which is required for any such amendment.

Without the consent of any holder of outstanding new notes, we may amend the Indenture as it relates to the new notes and the new notes to:

- cure any ambiguity, omission, defect or inconsistency;
- provide for the assumption by a successor to the obligations of Nabors or ourself under the Indenture;
- provide for uncertificated new notes in addition to or in place of certificated new notes (*provided* that the uncertificated notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated notes are described in Section 163(f)(2)(B) of the Code);
- provide for the issuance of additional notes in accordance with the Indenture;
- effect or maintain, or otherwise comply with the requirements of the SEC in connection with, the qualification of the Indenture under the Trust Indenture Act;
- secure all or any of the new notes;
- add to the covenants of Nabors or ourself or events of default for the benefit of the holders or surrender any right or power conferred upon us or Nabors;
- effect any provision of the Indenture; or
- make other provisions that do not adversely affect the rights of any holder of outstanding new notes.

The holders of a majority in aggregate principal amount of the outstanding notes may, on behalf of the holders of all notes, waive any past default under the Indenture, except a default in the payment of the principal of, premium, if any, additional amounts, if any, or interest on any note or in respect of a provision which under the Indenture cannot be amended without the consent of the holder of each outstanding note affected.

It is not necessary for the consent of the holders under the Indenture to approve the particular form of any proposed amendment or waiver. It is sufficient if such consent approves the substance of the proposed amendment or waiver. A consent to any amendment or waiver under the Indenture by any holder of notes given in connection with a tender of such holder s notes will not be rendered invalid by such tender. After an amendment or waiver under the Indenture becomes effective, we are required to mail to the holders a notice briefly describing such amendment or waiver. However, the failure to mail such notice, or any defect in the notice, will not impair or affect the validity of the amendment or waiver.

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Events of Default

In general, the Indenture defines an event of default as being:

(1) a default for 10 days in payment of any principal or premium, if any, on the notes, either at maturity, upon any redemption, by declaration or otherwise;

(2) a default for 30 days in payment of any interest or additional amounts, if any, on the notes;

(3) a default for 90 days after written notice from the trustee or holders of at least 25% in aggregate principal amount of the outstanding notes in the observance or performance of any covenant in the notes or the Indenture;

(4) an event of our or Nabors bankruptcy, insolvency or reorganization; or

(5) the failure to keep Nabors full and unconditional guarantee in place.

If an event of default (other than one described in clause (4) above) occurs and is continuing, either the trustee or the holders of at least 25% in aggregate principal amount of the outstanding notes may declare the principal amount of all notes to be due and payable immediately. If any event of default described in clause (4) above occurs, the principal amount of the notes will be automatically due and payable immediately. However, any time after an acceleration with respect to the notes has occurred, but before a judgment or decree based on such acceleration has been obtained, the holders of a majority in aggregate principal amount of outstanding notes may, under some circumstances, rescind and annul such acceleration. The majority holders, however, may not annul or waive a continuing default in payment of principal of, premium, if any, additional amounts, if any, or interest on the notes.

The Indenture provides that the holders of the notes will indemnify the trustee before the trustee exercises any of its rights or powers under the Indenture. This indemnification is subject to the trustee s duty to act with the required standard of care during a default.

The holders of a majority in aggregate principal amount of the outstanding notes may direct the time, method and place of:

- the conduct of any proceeding for any remedy available to the trustee; or
- the exercise of any trust or power conferred on the trustee.

This right of the holders of the notes is, however, subject to the provisions in the Indenture providing for the indemnification of the trustee and other specified limitations.

In general, the Indenture provides that holders of notes may institute an action against us, Nabors or any other obligor under the notes only if the following four conditions are fulfilled:

- the holder previously has given to the trustee written notice of default and the default continues;
- the holders of at least 25% in aggregate principal amount of the notes then outstanding have both requested the trustee to institute such action and offered the trustee reasonable indemnity;
- the trustee has not instituted this action within 60 days of receipt of such request; and

the trustee has not received a direction inconsistent with such written request by the holders of a majority in aggregate principal amount of the notes then outstanding.

The above four conditions do not apply to actions by holders of the notes against us, Nabors or any other obligor under the notes for payment of principal of, premium, if any, additional amounts, if any, or interest on or after the due date.

The Indenture contains a covenant that we, Nabors and any other obligor under the notes will file annually with the trustee a certificate of no default or a certificate specifying any default that exists.

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Discharge, Legal Defeasance and Covenant Defeasance

We may discharge or defease our obligations under the Indenture as set forth below.

Under terms satisfactory to the trustee, we may discharge certain obligations to holders of the notes that have not already been delivered to the trustee for cancellation. The notes must also:

- have become due and payable;
- be due and payable by their terms within one year; or
- be scheduled for redemption by their terms within one year.

We may discharge the Indenture by irrevocably depositing an amount certified to be sufficient to pay at maturity, or upon redemption, the principal, premium, if any, additional amounts, if any, and interest on the notes. We may make the deposit in cash or U.S. Government Obligations, as defined in the Indenture.

We may terminate all our obligations under the notes and the Indenture at any time, except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the notes, to replace mutilated, destroyed, lost or stolen notes and to maintain a registrar and paying agent in respect of the notes. This is referred to as legal defeasance. If we exercise our legal defeasance option, the guarantee in effect at such time will terminate.

Under terms satisfactory to the trustee, we and Nabors may be released with respect to any outstanding notes from the obligations imposed by the sections of the Indenture that contain the covenants described above limiting liens, sale and lease-back transactions and consolidations, amalgamations, mergers and conveyances of assets. Also under terms satisfactory to the trustee, we may no longer be required to comply with these sections without the creation of an event of default. This is typically referred to as covenant defeasance. If we exercise our covenant defeasance option, the guarantee in effect at such time will terminate. We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option.

Legal defeasance or covenant defeasance may be effected by us only if, among other things:

- we irrevocably deposit with the trustee cash or U.S. Government Obligations as trust funds in an amount certified to be sufficient to pay at maturity or upon redemption the aggregate principal of, premium, if any, additional amounts, if any, and interest on all outstanding notes; and
- we deliver to the trustee an opinion of counsel to the effect that the holders of the notes will not recognize income, gain or loss for United States federal income tax purposes as a result of our legal defeasance or covenant defeasance. This opinion must further state that these holders will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if our legal defeasance or covenant defeasance had not occurred. In the case of a legal defeasance, this opinion must be based on a ruling of the Internal Revenue Service or a change in United States federal income tax law occurring after the date of the Indenture, since this result would not occur under current tax law.

Concerning the Trustee

The trustee is one of a number of banks with which Nabors and its subsidiaries maintain ordinary banking relationships. We have appointed the trustee as registrar and paying agent under the Indenture.

Governing Law

The Indenture, the notes and the guarantee will be governed by, and construed in accordance with, the laws of the State of New York.

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BOOK-ENTRY SYSTEM

Book-Entry, Delivery and Form

The old notes are, and the new notes will be, represented by one or more global notes in registered, global form without interest coupons, collectively referred to as the Global Notes). The Global Notes initially will be deposited upon issuance with the Trustee as custodian for DTC, in New York, New York, and registered in the name of Cede & Co., in each case for credit to an account of a direct or indirect participant as described below.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for exchange notes in certificated form except in the limited circumstances described below. See Exchange of Global Notes for Certificated Notes. In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants, which may change from time to time.

The notes may be presented for registration of transfer and exchange at the offices of the registrar.

Depository Procedures

The following description of the operations and procedures of DTC is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited-purpose trust company organized under the laws of the State of New York, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participating organizations, collectively referred to as the Participants, and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly, collectively referred to as the Indirect Participants. Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised us that, pursuant to procedures established by it:

(1) upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and

(2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes who are Participants in DTC s system may hold their interests therein directly through DTC. Investors in the Global Notes who are not Participants may hold their interests therein indirectly through organizations which are Participants in such system. All interests in a Global Note may be subject to the procedures and requirements of DTC. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of an interest in the Global Notes will not have new notes registered in their names, will not receive physical delivery of new notes in certificated form and will not be considered the registered owners or holders thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, we and the Trustee will treat the persons in whose names the new notes, including the Global Notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither we, the Trustee nor any agent of us or the Trustee has or will have any responsibility or liability for:

(1) any aspect of DTC s records or any Participant s or Indirect Participant s records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any of DTC s records or any Participant s or Indirect Participant s records relating to the beneficial ownership interests in the Global Notes; or

(2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the new notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of new notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trustee, Nabors or us. Neither we Nabors, nor the Trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the notes, and we and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between Participants in DTC will be effected in accordance with DTC s procedures, and will be settled in same-day funds.

DTC has advised us that it will take any action permitted to be taken by a holder of new notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the new notes as to which such Participant or Participants has or have given such direction. However, if there is an event of default under the new notes, DTC reserves the right to exchange the Global Notes for legended new notes in certificated form, and to distribute such notes to its Participants.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Notes among Participants, it is under no obligation to perform such procedures, and such procedures may be discontinued or changed at any time. Neither we, Nabors, the Trustee nor any of our respective agents will have any responsibility for the performance by DTC or its Participants or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for definitive notes in registered certificated form, referred to as the Certificated Notes, if (1) DTC (A) notifies us that it is unwilling or unable to continue as depositary for the Global Notes and a successor depositary is not appointed or (B) has ceased to be a clearing agency registered under the Exchange Act, and, in either case, we fail to appoint a successor depositary within 90 days, or (2) there has occurred and is continuing an Event of Default and DTC notifies the trustee of its decision to exchange Global Notes for notes in certificated form.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon request but only upon at least 20 days prior written notice given to the trustee by or on behalf of DTC in accordance with customary procedures. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interest therein will be registered in names, and issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof, requested by or on behalf of DTC (in accordance with its customary procedures).

Neither we, Nabors nor the trustee will be liable for any delay by a Global Note holder or DTC in identifying the beneficial owners of the new notes and we, Nabors and the trce on data can give a false illusion of precision. Consequently, the MD&C Committee and the Board also give consideration to an individual s personal contributions to the organization, as well as his or her skill sets, qualifications, experience, and demonstrated performance. The MD&C Committee and the Board also value and seek to reward performance that develops talent within the Company, embraces the sense of urgency that defines the Company, and demonstrates the qualities of imagination and drive that enable an Apache officer to resolve longer-term challenges or important new issues. These and similar qualities and competencies are not easily correlated to typical compensation data, but also deserve, and are given, consideration in reaching compensation decisions. The market data provides the MD&C Committee and senior management with the foundation for application of the above principles and the ensuing decisions.

Four Key Compensation Elements

The Company s executive compensation program has four parts:

- Base salary;
- Annual cash incentive bonus;
- Long-term compensation; and
- Benefits.

We generally target base salaries to fall between the 50th and 75th percentile of the market data. Annual and long-term incentive plans are initially targeted as a function of base salaries and are designed to produce total compensation (base salary, annual cash incentive bonus, plus annual long-term compensation awards) between the 50th and 75th percentile of the market data. We do not have a specific formula that dictates the overall weighting of each element as a part of total compensation. We constantly review and modify our benefits programs to ensure that we provide competitive benefits to our employees.

The market for talent in our industry is tight. To ensure the Company s continued success, we must attract and retain superior talent in this competitive market. This requires that we maintain a competitive and attractive compensation environment at all levels of the Company.

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For 2011, our named executive officers were:

- G. Steven Farris, chairman and chief executive officer;
- Roger B. Plank, president and chief corporate officer;
- Rodney J. Eichler, president and chief operating officer;
- Jon A. Jeppesen, executive vice president, Gulf of Mexico regions; and
- Thomas P. Chambers, executive vice president and chief financial officer.

The charts below set forth each element as a proportion of the named executive officers total compensation and reflect the following: earnings for 2011, annual cash incentive bonus for 2011, and the grant date fair value for the 2011 annual equity awards. For a discussion of the 2011 compensation of the named executive officers, see Compensation Decisions in 2011 below.

The charts above illustrate that 88 percent of our chairman and chief executive officer s total direct compensation, and 86 percent of our other named executive officers total direct compensation, is variable and that 56 percent of our chairman and chief executive officer s total direct compensation, and 71 percent of our other named executive officers total direct compensation, is equity-based long-term compensation that rewards them only when our shareholders are also rewarded.

Compensation Elements

Base Salary

A competitive base salary for each of our employees is essential to our ability to compete. To review and recommend base salary ranges, the MD&C Committee analyzes the compensation for each executive officer position by:

- Examining the scope of the job, the nature and complexity of the responsibilities, the financial impact of the position, the training, knowledge, and experience required to perform the job, the recruiting challenges and opportunities associated with the position, the risks and opportunities associated with hiring at the higher and lower ranges of the position skill sets, the expected autonomy of the job, and, for current executives, the Company-specific experience, seniority, performance, and compatibility.

Utilizing energy-industry and company-size general surveys to establish salary ranges for comparable executives, where the mid-point of the range reflects the 50th percentile of the market data.

Evaluating the executive positions on the basis of these factors.

Using their judgment to determine where a particular executive s salary falls within the salary ranges.

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The MD&C Committee reviews base salaries periodically (typically every 12 to 18 months). Base salary reviews may occur more or less frequently depending on Company and market conditions and individual performance.

Annual Cash Incentive Bonus

The Company s executive officers are eligible to earn an annual cash incentive bonus tied to a combination of each officer s individual achievement of job-specific goals and the Company s achievement of a variety of financial, operational, and management objectives, which we refer to as corporate performance goals and corporate management objectives, respectively. The corporate performance goals are a set of objective standards that are set at the beginning of each year in respect of production growth, reserve growth, earnings, cash flow, and lifting costs per boe. These goals are modified from time to time by the MD&C Committee to appropriately reflect acquisitions, dispositions, and other major events. Our corporate management objectives include a long list of tactical goals developed and weighted by management, and approved by the MD&C Committee, at the beginning of each year. These objectives are then modified through the year as circumstances dictate and as approved by the MD&C Committee.

Corporate Performance and Related Bonus Compensation

The MD&C Committee equally weighs the achievement of our corporate performance goals and our corporate management objectives in its evaluation of the annual incentive award for each of the named executive officers.

Apache s 2011 corporate performance goals and results were as follows:

Goal	Result	Achieved
Production growth of over five percent	Production increased 14 percent (including the impact of sales) to a record 748 Mboe/d driven by production gains from the 2010 acquisitions of Gulf of Mexico Shelf assets from Devon Energy, the Permian, Canadian and Egyptian assets from BP, and the Mariner merger, combined with successful drilling programs on the acquired properties, the Forties field, in Egypt, and the liquids-rich plays of the Anadarko basin in the U.S.	Yes
Add and/or acquire sufficient reserves to replace 2010 production	Replaced 113 percent of production (including the impact of sales and revisions), 125 percent through drilling alone. Reserves grew by one percent over 2010.	Yes
Annual earnings of at least $3.0 billion	Earnings of $4.5 billion, $11.47 per share, supported by our diversified portfolio and driven in large part by the growth in production and higher oil prices as 50 percent of our daily production was oil and natural gas liquids, which contributed 79 percent of oil and gas revenue. Apache s adjusted earnings[2] for the year, before certain items that impact the comparability of operating results including merger, transition and acquisition costs, totaled $4.7 billion, $11.83 per share.	Yes
Annual cash flow[2] of at least $7.4 billion	Cash flow[2] totaled $10.2 billion, an increase of 39 percent from last year.	Yes
Maintain direct lifting costs per boe produced at the 2010 levels of $8.47 per boe	Direct lifting costs per boe of $9.54 were higher than 2010 levels, primarily influenced by the impacts of rising oil prices on cost and continued market pressures in nearly all of our regions.	No

2 Adjusted earnings and cash flow are non-GAAP financial measures, as defined in Regulation G promulgated by the SEC. Adjusted earnings is net income (loss) attributable to common stock adjusted for certain items that management believes affect the comparability of operating

results, such as foreign currency fluctuation impact on deferred tax expense, merger, acquisitions and transitions costs, net of tax, deferred tax adjustments, and additional depletion, net of tax. A reconciliation of adjusted earnings to net income for the year ended December 31, 2011 is contained in item 7 of our Annual Report on Form 10-K for the year ended December 31, 2011. Cash flow is cash from operations before changes in operating assets and liabilities. A reconciliation of cash flow to net cash provided by operating activities for the year ended December 31, 2011 was previously furnished to the SEC in our Current Report on Form 8-K on February 16, 2012.

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Other Performance Measures for Annual Cash Incentive Bonus

The foundation of our annual cash incentive bonuses is the Company s achievement of our corporate performance goals and corporate management objectives. In addition, the MD&C Committee believes that annual cash incentive bonuses are most effective when they are carefully tailored to job responsibilities of individual executives. The MD&C Committee receives input from the chairman and chief executive officer, who evaluates officers with regional responsibilities on their region s production, revenue, costs, and other results, while corporate-level officers are evaluated on Company-wide results.

Long-Term Compensation

The Board of Directors believes that properly designed long-term, equity-based incentives align the interests of executive officers and employees with those of the Company s shareholders and play an important role in overall Company compensation. Long-term, equity-based incentives are regularly made available to substantially all Company employees to ensure a company-wide ethic of ownership and entrepreneurialism.

Stock Ownership Requirements

Stock ownership requirements more closely align the interests of the Company s officers and directors with those of the Company s shareholders. Since 2007, we have had minimum stock ownership requirements for our Board of Directors, and in November 2009, we adopted a two-part stock ownership policy for the Company s officers. Officers are expected to be in compliance with these minimum requirements by November 2012. For officers who were appointed after November 2009, compliance with these requirements is expected within three years of their appointment. All of the named executive officers meet these requirements.

The first part of the stock ownership policy requires that each officer own at least the number of shares of common stock equal to a multiple of the officer s base salary, measured against the value of the officer s holdings, based on the average per share closing price of the Company s common stock for the previous year. After achieving the minimum stock ownership requirements, each officer must continue to meet the minimum stock ownership requirements for his or her current office. The ownership requirements are:

Position	Requirement
Chief Executive Officer	5x Base Salary
Presidents	3x Base Salary
Executive Vice Presidents and Senior Vice Presidents	2.5x Base Salary
Vice Presidents and Regional Vice Presidents	2x Base Salary

In determining stock ownership levels, the Company includes: shares purchased in the open market; vested shares in qualified and non-qualified plans; shares obtained through stock option exercises that the officer continues to hold; the vested portion of restricted stock units (RSUs) and restricted stock; shares beneficially owned in a trust or partnership, by a spouse, and/or minor child; and shares held in the Company s deferred delivery plan. Unearned performance shares, unvested RSUs, and unvested shares of restricted stock are not counted toward meeting the requirements. The average annual per share closing price of the Company s common stock is used to determine satisfaction of the above requirements.

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The second part of the stock ownership policy provides that each officer hold at least 15 percent of all restricted and performance shares he or she receives, net of tax withholding, until such officer retires or otherwise terminates his or her employment with the Company.

Components of Our Equity-Based Long-Term Compensation Programs

The Company grants a combination of RSUs, stock options, and periodic conditional grants of performance shares, the overall value of which is based on a multiple of salary and is targeted so that total compensation is at or above the 50th percentile of the market data for total compensation amounts.

Restricted Stock Units

The RSUs awarded to our named executive officers vest ratably over four years, upon vesting allow each grantee to receive one share of common stock for each RSU, and are forfeited if they are unvested and the executive voluntarily terminates or is terminated for cause prior to the vesting date. These RSUs are typically granted each May to substantially our entire employee population, including our named executive officers (the May RSUs). Each January, the Company also awards conditional grants of RSUs as performance shares, see Long Term Compensation Performance Shares below.

Stock Options

In May 2011, the Company s executive officers also received stock option grants under the 2007 Omnibus Equity Compensation Plan (prior to shareholder approval of the 2011 Omnibus Equity Compensation Plan). Generally, our stock options:

- are granted to almost half of our employees, including our named executive officers;
- benefit the named executive officers only if shareholders also benefit from appreciating stock prices;
- are granted to the named executive officers in proportion to their base salary;
- become exercisable ratably over a four-year period;
- cannot be repriced or reset;
- have an exercise price equal to the closing price of the Company s common stock on the date of grant and expire 10 years after grant; and
- allow for accelerated vesting upon a change of control and a recipient s involuntary termination or voluntary termination with cause.

The grants of stock options made in 2011 to the named executive officers are reflected in the Grants of Plan Based Awards Table.

Performance Shares

The Company periodically awards conditional performance shares. Currently, the Company grants performance shares at the beginning of each calendar year under the TSR Program. The TSR Program consists of contingent grants of RSUs that vest depending on the total shareholder return of the Company compared to that of its peers over a three-year period. If performance thresholds are met, these contingent grants of RSUs will vest over a two year period following the performance period. If performance thresholds are not met, our employees receive no RSUs under the TSR Program for that year. Prior to adoption of the TSR Program, grants of performance shares were made under the 2008 Share Appreciation Program and the 2005 Share Appreciation Plan. The periodic grant of performance shares, otherwise known as conditional grants, provides an effective retentive element of performance-based compensation. The periodic grant of performance shares complements and reinforces the overall compensation program. Each of these performance programs is described below.

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Total Shareholder Return Program

In 2009, the Board concluded that a realignment of our long-term compensation program was necessary to provide a compensation program competitive with our peers against whom we compete for executive talent. Therefore, in November 2009, the Board of Directors approved and authorized the Stock Option Plan Committee, then a subcommittee of the MD&C Committee, to implement the TSR Program. The TSR Program is part of an annual performance-based incentive compensation program whereby, in January of each year, a conditional grant of performance shares is made in the form of RSUs to substantially all management and senior level professional employees, including each named executive officer, based on a target percentage of the grantee s annual base salary determined immediately prior to the beginning of a three-year performance period. At the conclusion of the three-year performance period for each performance program, a calculation of TSR performance will be made, and the Company s performance will be directly ranked within each Performance Peer Group (as defined below), resulting in the application of a payout factor to the conditional grant of RSUs to derive the adjusted number of RSUs awarded. Employees must be employed during the entire performance period and on the date of vesting, and RSUs that do not vest are forfeited. Eligible employees hired after the date of grant will enter at the beginning of the next available performance period.

The peer companies are determined at the commencement of each performance period. The peer companies selected for each performance period (the Performance Peer Group) are comprised of a larger group of our peer companies than the companies in our compensation peer group for a given performance period. We use an expanded list of performance peer companies for each year s TSR Program for the following reasons:

Comparison: The broader Performance Peer Group provides a more appropriate basis for judging our corporate performance than the more narrowly focused compensation peer group. The compensation peer group consists, in large part, of companies whose principle business is North American oil and/or natural gas and who are our predominant competition for executive talent. As approximately 45 percent of the Company s operations are outside of North America and approximately 45 percent of our production is crude oil, it is more appropriate to have a larger, more diversified peer group to benchmark our corporate performance. The expanded Performance Peer Group includes many companies we compete against internationally. The overall risks and opportunities faced by this larger group more closely match ours than those faced by the less diversified compensation peer group.

Continuation: Because it is not unusual that one or two companies in our compensation peer group may cease to exist during a three-year performance period, through merger or otherwise, the expanded group provides more stability and longevity to the TSR Program.

Statistical Reliability and Validity: The larger Performance Peer Group provides a more stable and valid statistical yardstick for the TSR Program.

The TSR for the Company and each member of the Performance Peer Group is determined by dividing (i) the sum of the cumulative amount of each company s dividends for the performance period (assuming same-day reinvestment into the company s common stock on the ex-dividend date) and the average per share closing price of each company s stock for the 60 trading days at the end of the performance period minus the average per share closing price of the company s stock for the 60 trading days preceding the beginning of the performance period; by (ii) the average per share closing price of each company s stock for the 60 trading days preceding the beginning of the performance period.

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2012 Performance Program

Established: November 2011.

Conditional Grants: January 2012.

2012 Performance Peer Group:

Anadarko Petroleum Corporation	BP plc
Canadian Natural Resources Ltd.	Chesapeake Energy Corporation
Chevron Corporation	ConocoPhillips Company
Devon Energy Corporation	EnCana Corporation
EniSpA	EOG Resources, Inc.
Exxon Mobil Corporation	Hess Corporation
Marathon Oil Corporation	Murphy Oil Corporation
Noble Energy Inc.	Occidental Petroleum Corporation
Royal Dutch Shell plc	Talisman Energy Inc.

Performance Period: January 1, 2012 December 31, 2014.

Payout Factor:

TSR Rank	1	2	3	4	5	6	7	8	9	10	11	12	13	14 - 19
Payout Multiple	2.50	2.25	2.00	1.80	1.60	1.40	1.20	1.00	0.90	0.80	0.70	0.60	0.50	0.00

Vesting: If the Company s TSR ranks from 1 to 13, vesting will begin on December 31, 2014, with 50 percent of the adjusted number of RSUs vesting immediately, 25 percent vesting as of December 31, 2015, and 25 percent vesting as of December 31, 2016. If the Company ranks from 14 to 19, none of the conditional RSUs will vest.

2011 Performance Program

Established: November 2010.

Conditional Grants: January 2011.

2011 Performance Peer Group: Same as 2012 Performance Peer Group.

Performance Period: January 1, 2011 December 31, 2013.

Payout Factor: Same as 2012 Performance Program.

Vesting: If the Company s TSR ranks from 1 to 13, vesting will begin on December 31, 2013, with 50 percent of the adjusted number of RSUs vesting immediately, 25 percent vesting as of December 31, 2014, and 25 percent vesting as of December 31, 2015. If the Company ranks from 14 to 19, none of the conditional RSUs will vest.

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2010 Performance Program

Established: November 2009.

Conditional Grants: January 2010.

2010 Performance Peer Group:

Anadarko Petroleum Corporation	BP plc
Chesapeake Energy Corporation	Chevron Corporation
ConocoPhillips Company	Devon Energy Corporation
EnCana Corporation	EniSpA
EOG Resources, Inc.	Exxon Mobil Corporation
Hess Corporation	Marathon Oil Corporation
Murphy Oil Corporation	Newfield Exploration Company
Noble Energy Inc.	Occidental Petroleum Corporation
Royal Dutch Shell plc	XTO Energy Inc.*

* until it merged with Exxon Mobil Corporation on June 25, 2010

Performance Period: January 1, 2010 December 31, 2012.

Payout Factor:

TSR Rank	1-4	5	6	7	8	9	10	11	12	13	14-19
Payout Multiple	2.50	2.30	2.00	1.60	1.00	0.90	0.80	0.70	0.60	0.50	0.00

Vesting: If the Company s TSR ranks from 1 to 13, vesting will begin on December 31, 2012, with 50 percent of the adjusted number of RSUs vesting immediately, 25 percent vesting as of December 31, 2013, and 25 percent vesting as of December 31, 2014. If the Company ranks from 14 to 19, none of the target RSUs will vest.

2010 Bridge Awards

Because the TSR Program performance awards granted in January 2010 would not begin to vest, if at all, until the end of the three-year performance period on December 31, 2012, on January 15, 2010, certain employees, including the named executive officers (except Mr. Farris) were granted one-time bridge awards of RSUs that vested over 24 months. Mr. Farris agreed with the Board that, in light of the RSU grant to Mr. Farris in May 2008, it was appropriate for him to forego a bridge award. The bridge award amounts were based on a number of factors, including a comparison of compensation levels at peer companies and the responsibilities of the grantee s position. The RSUs granted pursuant to the bridge award vested as follows: one-third on January 15, 2010, one-third on January 15, 2011, and one-third on January 15, 2012.

2008 Share Appreciation Program

On May 7, 2008, the Company established the 2008 Share Appreciation Program under which, one-time conditional grants totaling approximately 2,773,000 shares of Company common stock were made to substantially all full-time employees and certain part-time employees of the Company.

The primary purpose of the 2008 Share Appreciation Program, like the Company s prior share appreciation plans, was to provide incentives to our employees to work toward significant increases in shareholder value. The conditional grants vested only upon attainment of an initial price threshold of $162 per share of the Company s common stock prior to year-end 2010 and a final price threshold of $216 per share prior to year-end 2012. Effective December 31, 2010, the conditional grants for the $162 per share threshold expired because the price threshold was not attained, and those grants were forfeited.

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In November 2009, the 2008 Share Appreciation Program was amended to provide that employees hired after December 31, 2009, would not be eligible for grants under the 2008 Share Appreciation Program.

2005 Share Appreciation Plan

In 2011, the Company issued the final vested installment under the 2005 Share Appreciation Plan, which was established by the Company in February 2005 and approved by the Company s shareholders in May 2005. The 2005 Share Appreciation Plan served the same purpose as the 2008 Share Appreciation Program and operated in a similar manner.

Benefits

General Executive Policies

As part of their total compensation, the Company s named executive officers are eligible for a limited number of benefits, which are designed to maintain market competitiveness. This includes an annual physical examination, cash-value-based variable universal insurance, enhanced long-term disability coverage, 50 percent of health club membership, and continued contributions to a non-qualified deferred compensation plan once limits are reached in qualified retirement plans.

Use of Company Property

The Company s operations are spread around the globe, including in locations that present a variety of physical and geo-political risks. Therefore, for both business efficiency and security reasons, the Board of Directors requires the chairman and chief executive officer to use the Company s aircraft for all business air travel, unless good business judgment would require otherwise.

More details on the above benefits are presented under All Other Compensation following the Summary Compensation Table.

COMPENSATION DECISIONS IN 2011

The Named Executive Officers

The following discussion sets forth decisions regarding 2011 compensation for our named executive officers: Messrs. G. Steven Farris, Roger B. Plank, Rodney J. Eichler, Jon A. Jeppesen, and Thomas P. Chambers.

On February 22, 2011, Apache s Board named Rodney J. Eichler as president and chief operating officer and Roger B. Plank as president and chief corporate officer. Mr. Eichler formerly served as the Company s co-chief operating officer and president International and Mr. Plank formerly served as the Company s president.

Experience and Responsibilities

Chairman and Chief Executive Officer

Mr. Farris, who joined the Company in 1988, was named chief executive officer in May 2002 and chairman of the Board in January 2009. His leadership responsibilities include developing sustainable global strategies, recommending and implementing the Company s capital expenditure programs, developing and maintaining sound business relationships with many of the world s major energy companies, developing and maintaining good relationships with the shareholder, investment, and policy-making communities, guiding and developing senior management, and overseeing the Company s major business and staff units.

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Mr. Farris direct reports include each of the other named executive officers, except for Mr. Chambers, who reports to Mr. Plank, and Mr. Jeppesen, who reports to Mr. Eichler. Also reporting directly to Mr. Farris are our executive vice president and chief technology officer, executive vice president of corporate reservoir engineering, executive vice president and general counsel, executive vice president of human resources, vice president of worldwide exploration and new ventures, and vice president of environmental health and safety.

Other Named Executive Officers

Messrs. Plank, Eichler, Jeppesen, and Chambers have served Apache for a combined 84 years. During this period, each of them has made significant contributions to the Company.

Mr. Plank, our president and chief corporate officer, has been employed by Apache for 30 years, and has been instrumental in managing the financial health of the Company, including management of complex financial matters related to the expansion of the Company into a global enterprise. The scope of his responsibilities has continued to grow as the Company has grown and as the number of legal and financial jurisdictions in which the Company operates has multiplied.

Mr. Eichler, our president and chief operating officer, has been employed by Apache for 18 years and currently oversees the Company s worldwide operations. Under his leadership, the Company obtained record production results this year despite facing economic challenges in some of its regions and political upheaval in Egypt, its largest region by production revenue. Previously, he had responsibility for our international operating regions consisting of Egypt, Australia, United Kingdom, Argentina, and Chile, and prior to that time he headed our operations in Egypt for 12 years.

Mr. Jeppesen, our executive vice president, Gulf of Mexico regions, has been employed by Apache for 19 years. He leads our Gulf of Mexico operations, which have grown significantly as a result of our acquisition of Devon Energy s Gulf of Mexico assets and our merger with Mariner Energy, Inc. in 2010. Mr. Jeppesen is leading Apache s effort to develop the Gulf of Mexico region, including the underdeveloped and oil prone deepwater Gulf of Mexico, where Apache and its co-venturers have recently begun development of the Lucius project. This project is a milestone for Apache, as it is the first major deepwater Gulf project. Mr. Jeppesen was previously the head of all of our Gulf of Mexico operations, which have now grown and been divided into three separate regions (Gulf Coast Onshore, Gulf of Mexico Shelf, and Gulf of Mexico Deepwater).

Mr. Chambers, our executive vice president and chief financial officer, has been employed by Apache for 17 years. He has an exceptional knowledge of the Company and our industry. Mr. Chambers has been an integral contributor in the Company s industry trend and acquisition analysis, commodity price analysis, monthly and long-range financial budgeting and forecasting, business segment and corporate performance forecasting and analysis, investor communications, and hedging strategy. Mr. Chambers successfully led an effort by the Company to reduce its debt by $925 million in 2011, bringing our debt-to-capitalization ratio down to 20 percent at year-end 2011, from 25 percent at year-end 2010.

Base Salary Actions

Chairman and Chief Executive Officer

Mr. Farris base salary for 2011 was $1,750,000. Mr. Farris 2011 base salary earnings were slightly above the 75th percentile of market data. Mr. Farris did not receive an increase in his base salary during 2011 or 2010.

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Other Named Executive Officers

To make base-salary adjustment recommendations for the named executive officers other than the chairman and chief executive officer, the MD&C Committee begins with input from the chairman and chief executive officer concerning the individual performance of each executive and his input concerning the optimal application of the data and policies used (and summarized above) to establish salary ranges more generally. The MD&C Committee reviews this information and analyzes how the base salary and contemplated adjustments for each named executive officer fit with market data, Company performance, market conditions, and internal pay parity considerations. In order to ensure that the named executive officers compensation is aligned with the market and in recognition of the rapid growth and complexity of our organization, each of our named executive officers (other than our chairman and chief executive officer) received two base salary increases in 2011.

In 2011, in connection with their scheduled salary review and after reviewing the relative positioning of their salaries against the 2011 Compensation Peer Group, the MD&C Committee recommended and the Board approved the following base salary increases for our named executive officers (other than Mr. Farris, whose base salary is discussed above):

Each of Mr. Plank s and Mr. Eichler s salary was increased in May 2011, to $825,000 from $700,000. In November 2011, in recognition of the substantial increase in the size of the Company and their significantly expanded roles within the Company, Mr. Plank s and Mr. Eichler s salaries were raised to $900,000 (which is between the 50th and 75th percentile of the market data), effective as of January 1, 2012.

In conjunction with his annual salary review, Mr. Jeppesen s salary was increased from $450,000 to $500,000 in February 2011. Due to the expansion of the Gulf of Mexico regions as a result of the Devon and Mariner acquisitions in 2010, Mr. Jeppesen now supervises three region vice presidents. In recognition of his increased responsibilities and his leadership role, in this region and throughout the Company, in May 2011, Mr. Jeppesen s salary was increased to $600,000 (which is between the 50th and 75th percentile of the market data).

In May 2011, in conjunction with his annual salary review, Mr. Chambers salary was increased from $415,000 to $450,000. After a review of the relative positioning of his salary against the 2011 Compensation Peer Group, in November 2011, Mr. Chambers salary was further increased to $535,000 (which is between the 50th and 75th percentile of the market data).

The table below summarizes the base salaries for the named executive officers that were recommended by the MD&C Committee and approved by the Board in 2011:

Name	Salary as of January 1, 2011	Salary as of January 1, 2012
Mr. Farris	$ 1,750,000	$ 1,750,000
Mr. Plank	$ 700,000	$ 900,000
Mr. Eichler	$ 700,000	$ 900,000
Mr. Jeppesen	$ 450,000	$ 600,000
Mr. Chambers	$ 415,000	$ 535,000

2011 Annual Cash Incentive Bonus Awards

Chairman and Chief Executive Officer

In recommending the 2011 annual cash incentive bonus for Mr. Farris to the Board, the MD&C Committee used an analysis specific to the position of the chief executive officer. Because of the

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responsibilities of this office, when setting Mr. Farris annual cash incentive bonus, the MD&C Committee assessed the following factors, among others:

- the scope of Mr. Farris responsibilities;
- the leadership qualities exhibited by Mr. Farris among the executive team and the organization in general;
- the relationships nurtured by Mr. Farris with shareholders, industry partners, governments, and other stakeholders;
- the soundness and maturity of judgment exhibited by Mr. Farris in the development and execution of corporate strategy;
- the effectiveness of Mr. Farris judgment in the allocation of financial capital, the deployment and development of human capital, and the management of risk;
- the long-term realization of the Company s corporate management objectives;
- the Company s multi-year comprehensive performance, the position and strength of the Company relative to peers; and
- the level of annual earnings, cash flow and direct lifting costs.

As stated above, in 2011, the Company achieved record revenues, cash flow, production and year-end reserves. Earnings also increased by 50 percent over 2010 to $4.5 billion. The MD&C Committee noted that the record results in 2011 were a result of strategic actions set in motion by Mr. Farris and the other members of Apache s senior executive team over the past several years. Over that period, the Company has focused its growth on geographic and product balance, a position that many of our peers have stated they aspire to achieve in the future. As a result of our balanced product mix, Apache was able to capture higher price realizations in 2011 when crude oil and liquids provided 50 percent of Apache s production and 79 percent of its revenue. This balanced product mix also positions the Company to capture upside potential through a significant increase in either commodity price increase. Furthermore, as a result of our geographic balance, while North American gas prices deteriorated in 2011, Apache was able to capture higher gas prices in our international regions where our gas realizations increased by 27 percent. Under Mr. Farris leadership, the Company has achieved this balance while continuing to maintain its conservative capital structure and living within cash flow. In 2011, the Company met its objective to fund exploration and development capital with operating cash flow and to reduce our debt by $925 million, ending the year with a debt-to-capitalization ratio of 20 percent, down from 25 percent at year end 2010. Also, at the end of 2011, the Company had access to $3.3 billion in available borrowing capacity, which positions it to take advantage of future potential acquisition opportunities.

The Committee also recognized that while Apache has had record results for 2011, the Company s stock price has lagged behind many of its peers largely due to the political upheaval in Egypt. Apache s operations in Egypt constituted 29 percent of the Company s production revenue in 2011, and because of the political uncertainty in Egypt, the stock price has not reflected the Company s recent performance. The Committee, however, based its decision on Mr. Farris compensation on its underlying principles of rewarding long-term performance rather than short-term-performance metrics such as total shareholder return. While total shareholder return is a factor in the Company s equity compensation program, it is not the sole basis for determining the annual compensation of our executives.

Mr. Farris annual cash incentive bonus was targeted at 200 percent of his 2011 earnings. The MD&C Committee and the Board considered all of the above factors when setting Mr. Farris annual cash incentive bonus without assigning specific weights to each of them. On February 7, 2012, the Board,

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pursuant to the recommendation of the MD&C Committee, awarded Mr. Farris an annual cash incentive bonus for 2011 of $4,750,000, which was 136 percent of his target.

Other Named Executive Officers

To establish annual cash incentive bonus opportunities for the named executive officers including the chairman and chief executive officer, eligible bonuses for 2011 were targeted as follows:

Name	Target Eligible Bonus of 2011 Earnings
Mr. Farris	200%
Mr. Plank	110%
Mr. Eichler	110%
Mr. Jeppesen	100%
Mr. Chambers	100%

The 2011 annual cash incentive bonus for the above named executive officers (other than the chairman and chief executive officer discussed above) was comprised of a corporate performance element and an individual performance element.

The corporate performance element is composed of the Company s achievement of its corporate performance goals and corporate management objectives:

Corporate performance goals include objective financial measurements of production growth, reserve replacement, earnings, cash flow, and lifting costs per boe. Each corporate performance goal represented up to approximately 10 percent of an officer s annual incentive bonus. For each corporate performance goal, the executive officers could be awarded full credit if the Company achieved the goal, partial credit if the Company exceeded results from the prior year but failed to meet the goal, and extra credit if the Company over-achieved the goal due to the extraordinary nature of these achievements.

Corporate management objectives include tactical goals for each part of the corporate organization. Each basic corporate management objective represented up to approximately 2.5 percent of the officer s annual cash incentive bonus. If the Company overachieved one or more of the basic objectives, or if it achieved one or more of the important objectives, the executive officers could be awarded additional credit due to the importance of these achievements. The MD&C Committee has discretion in determining the relative success of the corporate management objectives.

After its evaluation, the MD&C Committee determined that the Company achieved 94.7 percent of our corporate performance goals in 2011 and 121.2 percent of our corporate management objectives. As a result, the Company s total aggregate achievement of our corporate performance goals and corporate management objectives was 107.9 percent, comprised of 47.3 percent for our corporate performance goals and 60.6 percent for our corporate management objectives.

The individual performance component was based on the individual achievement of each executive, as determined by the chairman and chief executive officer and recommended by him to the MD&C Committee. The leadership and management skills of the executive were evaluated. A variety of qualitative and quantitative goals and performance results were taken into account, such as job responsibility, job complexity, and successful performance of an executive officer s business units. There was no attempt to quantify, rank, or otherwise assign relative weights to these subjective factors. The chairman and chief executive officer conducted an overall analysis of these factors and considered the totality of the information available to him.

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For Messrs. Plank and Eichler, the chairman and chief executive officer qualitatively assessed the performance of their respective groups, considering 2011 results for various categories, including exploration, production, and drilling, and made recommendations to the MD&C Committee as to the appropriate credit that should be given for regional achievements. In the case of Mr. Chambers, Mr. Plank and the chairman and chief executive officer evaluated his performance during the year and made recommendations to the MD&C Committee. In the case of Mr. Jeppesen, Mr. Eichler and the chairman and chief executive officer evaluated his performance during the year and made recommendations to the MD&C Committee.

Based on the foregoing, including the Company s 2011 corporate performance and in light of the compensation decision-making processes and policies described above, including recommendations by our chairman and chief executive officer and consideration of the performance of the applicable Company regions, Mr. Plank and Mr. Eichler were each awarded an annual cash incentive bonus for 2011 of approximately 115 percent of their respective 2011 earnings (105 percent of their targets); Mr. Jeppesen was awarded an annual cash incentive bonus for 2011 of approximately 80 percent of his 2011 earnings (80 percent of his target); and Mr. Chambers was awarded an annual cash incentive bonus for 2011 of approximately 100 percent of his 2011 earnings (100 percent of his target).

The named executive officers annual cash incentive bonus awards are set forth below and reflected in the Summary Compensation Table.

Name	2011 Annual Cash Incentive Bonus	Target as Percent of 2011 Earnings	Annual Cash Incentive Bonus as Percent of Target
Mr. Farris	$ 4,750,000	200%	136%
Mr. Plank	$ 900,000	110%	105%
Mr. Eichler	$ 900,000	110%	105%
Mr. Jeppesen	$ 450,000	100%	80%
Mr. Chambers	$ 450,000	100%	100%

Long-Term Compensation Awards in 2011

In 2011, the Company granted a total of 108,769 stock options and 149,690 RSUs to the named executive officers as a group (including the Company s chairman and chief executive officer) under the Company s 2007 Omnibus Plan (prior to shareholder approval of the 2011 Omnibus Plan). In 2011, Mr. Jeppesen did not receive any grants of stock options because in May 2011, the Board awarded Mr. Jeppesen with a special retention grant of 32,730 shares of RSUs, which will vest one-half on December 31, 2012, and one-half on December 31, 2013. In addition, as a result of this special grant, going forward, Mr. Jeppesen has agreed to forego all other equity based long-term compensation awards. All of the named executive officers received conditional grants of RSUs under the 2011 Performance Program. These conditional grants will vest only upon achievement of certain total shareholder return thresholds over a three year performance period and will be payable only if the executive officer is an employee at the time of vesting. See Long-Term Compensation Performance Shares Total Shareholder Return Program 2011 Performance Program above.

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In 2011, the MD&C Committee recommended to the Board, and the Stock Committee awarded the following equity-based long-term incentive awards. Additional detail on these awards is provided in the Grants of Plan Based Awards Table.

Name	TSR RSU Grants	Other RSU Grants	Total RSUs	Stock Options
Mr. Farris	28,029	25,059	53,088	61,852
Mr. Plank	8,969	8,018	16,987	19,792
Mr. Eichler	8,969	8,018	16,987	19,792
Mr. Jeppesen	3,604	32,730	36,334	0
Mr. Chambers	3,323	22,971	26,294	7,333
Total	**52,894**	**96,796**	**149,690**	**108,769**

TAX LEGISLATION RELATED TO COMPENSATION

Section 162(m) of the Internal Revenue Code of 1986, as amended, imposes a limit, with certain exceptions, on the amount that a publicly held corporation may deduct in any tax year commencing on or after January 1, 1994, for the compensation paid or accrued with respect to its chief executive officer and its three highest compensated officers for the year (other than the principal executive officer or the principal financial officer). The MD&C Committee continues to review the Company s compensation plans based upon these regulations and, from time to time, determines what further actions or changes to the Company s compensation plans, if any, would be appropriate. It is the intention of the MD&C Committee for the Company to receive shareholder approval for all future stock-based compensation plans so that they may qualify for the performance-based compensation exemption.

The Company s 1998 Stock Option Plan, 2005 Stock Option Plan, 2005 Share Appreciation Plan, 2007 Omnibus Equity Compensation Plan (including the 2008 Share Appreciation Program and the 2010 and 2011 TSR Programs), and 2011 Omnibus Equity Compensation Plan (including the 2012 TSR Program) were approved by the Company s shareholders and grants made under such plans qualify as performance-based under the regulations. The Company s existing annual cash incentive compensation plan, special achievement bonuses, Executive Restricted Stock Plan, and 2000 Stock Option Plan do not meet the requirements of the regulations, as the shareholder approvals necessary for exemption were not sought. However, these plans operate similarly to prior or other existing plans and are designed to reward the contribution and performance of employees and to provide a meaningful incentive for achieving the Company s goals, which in turn enhances shareholder value. No further grants can be made under the Company s 1998, 2000 and 2005 Stock Option Plans, Executive Restricted Stock Plan, and 2007 Omnibus Equity Compensation Plan. While the MD&C Committee cannot predict with certainty how the Company s compensation policies may be further affected by this limitation, it is anticipated that executive compensation paid or accrued pursuant to the Company s compensation plans that have not met the requirements of the regulations will not result in any material loss of tax deductions in the foreseeable future.

On June 24, 2011, the Internal Revenue Service issued proposed regulations clarifying that performance-based compensation attributable to stock options and stock appreciation rights must specify the maximum number of shares with respect to which options or rights may be granted to each individual employee during a specified period in order to meet the performance-based compensation exemption. These proposed regulations would apply to tax years ending on or after the date final regulations are issued. The Company s compensation plans currently include this provision.

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Internal Revenue Code section 409A requires nonqualified deferred compensation plans to meet requirements in order to avoid acceleration of the recipient s federal income taxation of the deferred compensation. The Internal Revenue Service issued final regulations in April 2007 regarding the application of Section 409A, which were generally effective January 1, 2009. Prior to effectiveness, companies were expected to comply in good faith with the statute, taking note of the interim guidance issued by the Internal Revenue Service. The Company amended several of its benefit plans in order for them to be exempt from Section 409A, while the Company continues to provide benefits through several plans that remain subject to Section 409A. The terms of these plans were amended before January 1, 2009, as necessary, to meet the requirements of the final regulations.

MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE REPORT

The Management Development and Compensation Committee of the Board of Directors of Apache Corporation reviewed and discussed with Company management the Compensation Discussion and Analysis set forth above, and based upon such review and discussion, recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

March 15, 2012

Members of the Management Development and

Compensation Committee

George D. Lawrence, Chairman

A. D. Frazier, Jr.

John A. Kocur

William C. Montgomery

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SUMMARY COMPENSATION TABLE

The table below summarizes the compensation for the individuals listed below for all services rendered to the Company and its subsidiaries during fiscal years 2011, 2010 and 2009. The persons included in this table are the Company s principal executive officer, principal financial officer, and the three other most highly compensated executive officers (the Named Executive Officers) who served as executive officers of the Company during 2011.

Name and Principal Position(a)	Year(b)	Salary ($)(c)	Bonus(2) ($)(d)	Stock Awards(3) ($)(e)	Option Awards(3) ($)(f)	Non-Equity Incentive Plan Compensation(4) ($)(g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(5) ($)(h)	All Other Compensation(6) ($)(i)	Total ($)(j)
G. Steven Farris	2011	1,750,000		5,731,487	2,610,154	4,750,000	(313,172)	1,114,535	15,643,004
Chairman and	2010	1,750,000		9,774,154	3,498,631	3,250,000	30,083	991,561	19,294,429
Chief Executive Officer	2009	1,387,500		1,799,590	647,242	2,500,000	670,077	685,104	7,689,513
Roger B. Plank (1)	2011	782,292		1,833,939	835,222	900,000	(494,487)	300,467	4,157,433
President and	2010	634,375		3,392,338	833,006	750,000	581,183	297,076	6,487,978
Chief Corporate Officer	2009	578,598		5,320,580	270,179	525,000	927,705	151,160	7,773,222
Rodney J. Eichler (1)	2011	782,292		1,833,939	835,222	900,000	33,802	450,706	4,835,961
President and	2010	634,375		3,392,338	833,006	750,000	639,024	623,334	6,872,077
Chief Operating Officer	2009	557,722		5,320,580	270,179	525,000	783,529	256,050	7,713,060
Jon A. Jeppesen (7)	2011	560,545		4,472,954		450,000	60,595	276,527	6,820,621
Executive Vice President,									
Gulf of Mexico Regions									
Thomas P. Chambers (8)	2011	449,034		3,002,515	309,453	450,000	(15,281)	135,645	4,331,366
Executive Vice President and	2010	320,661		743,727	168,485	250,000	50,516	90,305	1,623,694
Chief Financial Officer									

(1) On February 22, 2011, Apache s Board named Rodney J. Eichler as president and chief operating officer and Roger B. Plank as president and chief corporate officer. Mr. Eichler formerly served as the Company s co-chief operating officer and president International and Mr. Plank formerly served as the Company s president.

(2) The Named Executive Officers were not entitled to receive payments that would be characterized as bonus payments. See footnote (4) for payments under the Company s incentive compensation plan.

(3) Value of stock awards and option awards made during the fiscal year based upon aggregate grant date fair value, determined in accordance with applicable FASB ASC Topic 718. The discussion of the assumptions used in calculating these values can be found in the footnotes to the Grants of Plan Based Awards Table below and in Note 9 of the Notes to Consolidated Financial Statements included in the Company s Form 10-K for the year ended December 31, 2011. The value of these stock awards and option awards is expensed ratably over the term of the award.

(4) Amounts reflected under column (g) are paid pursuant to the Company s incentive compensation plan as described under Annual Cash Incentive Bonus in the Compensation Discussion and Analysis.

(5) See Non-Qualified Deferred Compensation Table below.

(6) For additional information on All Other Compensation, see discussion, table, and footnotes below.

(7) Mr. Jeppesen was not a Named Executive Officer in 2009 or 2010.

(8) Mr. Chambers was not a Named Executive Officer in 2009.

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All Other Compensation

Officers participate in two qualified retirement plans. The 401(k) Savings Plan provides a match up to the first six percent of base pay and incentive bonus. The Money Purchase Retirement Plan provides an annual six percent company contribution into the same investment choices as the 401(k) Savings Plan with the exception of Company stock. Additionally, officers can elect to participate in the Non-Qualified Retirement/Savings Plan to defer beyond the limits in the 401(k) Savings Plan and continue Company contributions which exceed the limits in the qualified plans. The investment choices mirror those in the 401(k) Savings Plan and the Money Purchase Retirement Plan. The Deferred Delivery Plan allows officers the ability to defer income in the form of deferred units from the vesting of restricted stock units under the Company s Executive Restricted Stock Plan, 2007 Omnibus Equity Compensation Plan, and 2011 Omnibus Equity Compensation Plan. The contributions into both non-qualified plans are reported in the Non-Qualified Deferred Compensation Table. The Company does not have a defined benefit plan for U.S. employees.

Apache provides U.S. employees with two times their base salary under group term life insurance. Executives receive the first $50,000 of coverage under the same group term life insurance plan, and the remaining amount to bring them up to two times salary is provided in the form of whole life insurance policies.

The Board requires G. Steven Farris to use the Company s aircraft for all air travel for security reasons and to facilitate efficient business travel, unless good business judgment requires otherwise. Even though the Company considers these costs a necessary business expense rather than a perquisite for Mr. Farris, in line with SEC guidance, the following table includes the amounts attributable to each Named Executive Officer s personal aircraft usage. Executives are not reimbursed for the taxes on the income attributable to the personal use of corporate aircraft. The methodology for the valuation of non-integral use of corporate aircraft for disclosure in the Summary Compensation Table, in compliance with SEC guidance, calculates the incremental cost to the Company for personal use of the aircraft based on the cost of fuel and oil per hour of flight; trip-related inspections, repairs and maintenance; crew travel expenses; on-board catering; trip-related flight planning services; landing, parking, and hanger fees; supplies; passenger ground transportation; and other variable costs. Additionally, the value of trips attributable to philanthropic interests was included, even though they are seen as contributing to the goodwill of the Company. In addition, Standard Industry Fare Level (SIFL) tables, published by the Internal Revenue Service, are used to determine the amount of compensation income that is imputed to the executive for tax purposes for personal use of corporate aircraft.

In addition to the benefits for which all employees are eligible, the Company also covers the cost of an annual physical and pays 50 percent of health/fitness club membership dues and the full cost of enhanced long-term disability coverage for executive officers.

The Company provides various forms of compensation related to expatriate assignment that differ according to location and term of assignment, including: foreign service premium, foreign assignment tax equalization, location pay, housing and utilities, home leave and travel, goods and services allowance, relocation expense, and tax return preparation. These items have been broken out separately in the following table under Foreign Assignment Allowances to reflect the amounts that pertain to Mr. Eichler. Mr. Eichler, as executive vice president Egypt, resided in Egypt during 2007, 2008, and January to June 2009.

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The following table provides a detailed breakdown of the amounts for fiscal years 2011, 2010 and 2009 under All Other Compensation in the Summary Compensation Table:

DESCRIPTION	Year	G. Steven Farris	Roger B. Plank	Rodney J. Eichler	Jon A. Jeppesen	Thomas P. Chambers
Company Contributions Retirement Plans	2011	$ 29,400	$ 29,400	$ 29,400	$ 29,400	$ 29,400
	2010	$ 29,400	$ 29,400	$ 29,400	n/a	$ 29,400
	2009	$ 29,400	$ 29,400	$ 29,400	n/a	n/a
Company Contributions	2011	$ 570,600	$ 154,475	$ 154,475	$ 73,865	$ 54,484
	2010	$ 480,600	$ 109,725	$ 109,725	n/a	$ 25,939
Non- Qualified Plan	2009	$ 197,100	$ 65,685	$ 55,392	n/a	n/a
Life Insurance Premiums	2011	$ 174,932	$ 32,600	$ 100,254	$ 86,474	$ 20,748
	2010	$ 155,057	$ 27,973	$ 72,199	n/a	$ 17,702
	2009	$ 144,670	$ 22,590	$ 18,800	n/a	n/a
Reimbursement for Taxes on Life	2011	$ 100,335	$ 18,698	$ 70,974	$ 49,598	$ 11,900
	2010	$ 88,935	$ 16,044	$ 51,113	n/a	$ 10,153
Insurance Premiums	2009	$ 82,978	$ 12,957	$ 13,309	n/a	n/a
Use of Company Property	2011	$ 4,174(a)	$	$	$	$
	2010	$	$ 15,955(b)	$	n/a	$
	2009	$ 12,985(c)	$ 12,380(c)	$ 2,533	n/a	n/a
Reimbursement for Taxes on	2011	$	$	$	$	$
	2010	$	$	$	n/a	$
Use of Company Property	2009	$	$	$ 34	n/a	n/a
Enhanced Long-Term Disability Coverage	2011	$ 175,094	$ 40,919	$ 48,567	$ 29,411	$ 19,113
	2010	$ 147,569	$ 36,359	$ 28,370	n/a	$ 5,726
and Annual Physicals	2009	$ 7,971	$ 6,571	$ 2,682	n/a	n/a
Reimbursement for Taxes on	2011	$	$	$	$	$
	2010	$	$ 1,620	$	n/a	$
Annual Physicals	2009	$	$ 1,577	$	n/a	n/a
Club Memberships (50%)	2011	$	$	$	$ 1,179(d)	$
	2010	$	$	$	n/a	$ 1,385(d)
	2009	$	$	$	n/a	n/a
Dividend Equivalents Paid on Unvested	2011	$ 60,000	$ 24,375	$ 24,375	$ 6,600	$
Restricted Stock Units	2010	$ 90,000	$ 60,000	$ 60,000	n/a	$
	2009	$ 210,000	$	$	n/a	n/a
Foreign Assignment Allowances	2011	$	$	$ 22,661(e)	$	$
	2010	$	$	$ 272,527(e)	n/a	$
	2009	$	$	$ 133,900(e)	n/a	n/a
Total 2011		$ 1,114,535	$ 300,467	$ 450,706	$ 276,527	$ 135,645
Total 2010		$ 991,561	$ 297,076	$ 623,334	n/a	$ 90,305
Total 2009		$ 685,104	$ 151,160	$ 256,050	n/a	n/a

(see footnotes on following page)

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(a) This amount for 2011 is for use of corporate aircraft.

(b) This amount for 2010 is for use of corporate aircraft related to Company-supported charitable interests.

(c) These amounts for 2009 are for use of corporate aircraft. For Mr. Farris and Mr. Plank, the amounts include $7,719 and $5,688, respectively, related to Company-supported charitable interests.

(d) This amount for Mr. Jeppesen is reimbursement of 50 percent of health/fitness center membership. In 2010, Mr. Chambers received taxable reimbursement for 50 percent of his country club membership dues because of his former role as vice president of investor relations. After his promotion to executive vice president and chief financial officer in November 2010, Mr. Chambers was no longer reimbursed for his country club membership.

(e) This amount for 2011 includes $21,911 for taxes related to foreign assignment and $750 for tax return preparation.
This amount for 2010 includes $272,277 for taxes related to foreign assignment and $250 for housing and utilities.

This amount for 2009 includes $36,466 for relocation allowance and expenses, $31,500 for housing and utilities, $24,877 for taxes related to foreign assignment, $19,500 for location pay, $14,625 for foreign service premium, $6,182 for goods and services allowance, and $750 for tax return preparation.

Executives assigned to foreign countries typically incur a change in their overall tax liability because most of the components of assignment compensation that are provided in addition to base salary are taxable in the United States and in the foreign country. Therefore, the Company s expatriate assignment policy provides that it will be responsible for any additional foreign or U.S. taxes due as a direct result of the international assignment and the executive remains financially responsible for the tax which he/she would have incurred if he/she had continued to live and work in the United States. Pursuant to this policy, the Company withheld from Mr. Eichler s compensation an amount equivalent to the taxes that would have been due had he remained in the United States. Those funds were used to help pay taxes due in the United States and in Egypt during the period of his foreign assignment. The Company paid taxes due in excess of Mr. Eichler s withholding that were incurred as a result of his foreign assignment.

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GRANTS OF PLAN BASED AWARDS TABLE

The table below provides supplemental information relating to the Company s grants of stock options and restricted stock units during fiscal year 2011 to the Named Executive Officers. There were no stock appreciation rights granted during fiscal year 2011. Also included, in compliance with SEC rules on disclosure of executive compensation, is information relating to the estimated grant date fair value of the grants. For stock options, the estimated fair value is based upon principles of the Black-Scholes option pricing model. The Black-Scholes model utilizes numerous arbitrary assumptions about financial variables such as interest rates, stock price volatility and future dividend yield. Neither the values reflected in the table nor the assumptions utilized in arriving at the values should be considered indicative of future stock performance.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
Name (a)	**Grant Date (b)**	**Threshold ($)(c)**	**Target ($)(1)(d)**	**Maximum ($)(e)**	**Threshold (#)(f)**	**Target (#)(2)(g)**	**Maximum (#)(h)**	**(#)(3)(i)**	**(#)(4)(j)**	**(5)(k)**	**(3)(6)(l)**
G. Steven Farris			3,500,000								
	01/07/2011				0	28,029	70,073				2,558,767
	05/04/2011							25,059			3,172,720
	05/04/2011								61,852	126.61	2,610,154
Roger B. Plank			860,521								
	01/07/2011				0	8,969	22,423				818,780
	05/04/2011							8,018			1,015,159
	05/04/2011								19,792	126.61	835,222
Rodney J. Eichler			860,521								
	01/07/2011				0	8,969	22,423				818,780
	05/04/2011							8,018			1,015,159
	05/04/2011								19,792	126.61	835,222
Jon A. Jeppesen			560,545								
	01/07/2011				0	3,604	9,010				329,009
	05/04/2011							32,730			4,143,945
Thomas P. Chambers			449,034								
	01/07/2011				0	3,323	8,308				303,357
	02/09/2011							20,000			2,323,000
	05/04/2011							2,971			376,158
	05/04/2011								7,333	126.61	309,453

(1) Reflects estimated possible payouts under the Company s annual incentive compensation plan. The estimated amounts are calculated based on the applicable annual bonus target and base salary for each Named Executive Officer in effect for the 2011 measurement period. The Company s annual incentive compensation plans do not contain thresholds or maximums. Actual incentive bonus awards granted for 2011 are reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

(2) The target number assumes that the multiple described below is 1.00, while the maximum number assumes a multiple of 2.50. The threshold level shown is 0 because Company performance in the bottom quartile results in no payout.

On November 17, 2010, pursuant to the 2007 Omnibus Equity Compensation Plan, the Company established the 2011 Performance Program Specifications for all professional and management employees (excluding Egyptian nationals and non-exempt support staff and non-supervisory field staff) who are employed on or before December 31, 2010. These employees, including the executives named in the Summary Compensation Table, were granted the right to receive restricted stock units (RSUs), the number of which will be determined and for which vesting will begin on December 31, 2013 based on the Company s total shareholder return (TSR) as compared to a peer group of 18 companies. At the conclusion of the three-year performance period, which began on January 1, 2011 and ends on December 31, 2013, the Company s performance will be directly ranked within the peer group, resulting in the

(footnotes continued on following page)

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application of a single multiplier to the target shares to derive the number of shares awarded. The number of RSUs will be based on a target multiple (or percentage) of annual base salary at January 1, 2011 derived from job level as follows:

TSR Rank	1	2	3	4	5	6	7	8	9	10	11	12	13	14-19
Payout Multiple	2.50	2.25	2.00	1.80	1.60	1.40	1.20	1.00	0.90	0.80	0.70	0.60	0.50	0.00

If the Company s TSR ranks from 1 to 13, vesting will begin on December 31, 2013, with 50 percent of the adjusted number of RSUs vesting immediately, 25 percent vesting as of December 31, 2014, and 25 percent vesting as of December 31, 2015. If the Company ranks from 14 to 19, none of the conditional RSUs will vest. Employees must be employed during the entire performance period and on the date of vesting. Newly eligible employees will enter at the beginning of the next available performance period.

TSR is determined by dividing (i) the sum of the cumulative amount of a company s dividends for the performance period (assuming same-day reinvestment into the company s common stock on the ex-dividend date) and the share price of the company at the end of the performance period minus the share price at the beginning of the performance period by (ii) the share price at the beginning of the performance period.

(3) This column reflects the number of restricted stock units granted under the terms of the 2007 Omnibus Equity Compensation Plan on May 4, 2011. The grant date fair value of these awards, calculated in accordance with FAS 123R, is based on a closing price of the Company s common stock on the date of grant. Except as discussed below, such restricted stock units are generally non-transferable, vest ratably over four years, and no dividends are paid on such units until vested.

(4) This column sets forth the number of shares of the Company s common stock subject to options granted under the terms of the 2007 Omnibus Equity Compensation Plan. The options granted under the terms of the 2007 Omnibus Equity Compensation Plan are generally nontransferable and become exercisable ratably over four years. The options were granted for a term of ten years, subject to earlier termination in specific circumstances related to termination of employment, and are not intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code. The exercise price and any withholding tax requirements may be paid by cash and/or delivery or attestation of already-owned shares of the Company s common stock. The Company s stock option plans, including the 2007 Omnibus Equity Compensation Plan, are administered by the Stock Plan Committee of Apache s Board of Directors.

Options granted under the 2007 Omnibus Equity Compensation Plan are subject to appropriate adjustment in the event of reorganization, stock split, stock dividend, combination of shares, merger, consolidation or other recapitalization of the Company. Upon both a change of control of the Company and termination of employment, all outstanding options become automatically vested so as to make all such options fully vested and exercisable as of the date of such change of control. A change of control occurs when a person, partnership or corporation acting in concert, or any or all of them, acquires more than 20 percent of the Company s outstanding voting securities. A change of control shall not occur if, prior to the acquisition of more than 20 percent of the Company s voting securities, such persons, partnerships or corporations are solicited to do so by the Company s Board of Directors.

(5) The exercise price is the closing price per share of the Company s common stock on the date of grant, as reported on The New York Exchange, Inc. Composite Transactions Reporting System.

(6) The grant date present value is based on the Black-Scholes option pricing model adapted for use in calculating the fair value of executive stock options, using the following assumptions for the grants made May 4, 2011: volatility 34.47 percent; risk free rate of return 1.95 percent; dividend yield 0.47 percent; and expected option life 5.5 years. There were no adjustments made to the model for non-transferability or risk of forfeiture. The actual value, if any, an executive may realize will depend on the excess of the market price over the exercise price on the date the option is exercised. There is no assurance the value realized by an executive will be at or near the value estimated by the Black-Scholes model.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

The table below provides supplemental information relating to the stock-based awards held by the Named Executive Officers at December 31, 2011:

	Option Awards					Stock Awards			
Name(a)	Number of Securities Underlying Unexercised Options Exercisable (#)(b)	Number of Securities Underlying Unexercised Options Unexercisable (#)(c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)(d)	Option Exercise Price ($)(e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#)(g)	Market Value of Shares or Units of Stock That Have Not Vested (1)($)(h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(j)
G. Steven Farris	31,750			56.7300	05/05/2015	100,000(3)	9,058,000	6,945(2)	(2)
	28,150			71.8800	05/03/2016	5,450(5)	493,661	68,900(7)	6,240,962(7)
	31,050			74.1000	05/02/2017	25,059(12)	2,269,844	28,029(13)	2,538,867(13)
	5,450	5,450(5)		82.5500	05/06/2019				
	25,634	76,905(9)		99.3000	05/05/2020				
		61,852(11)		126.6100	05/04/2021				
Roger B. Plank	7,700			56.7300	05/05/2015	1,125(4)	101,903	4,960(2)	(2)
	6,600			71.8800	05/03/2016	37,500(6)	3,396,750	16,400(7)	1,485,512(7)
	14,300			74.1000	05/02/2017	4,550(5)	412,139	8,969(13)	812,412(13)
	6,687	2,230(4)		135.8300	05/07/2018	3,300(8)	298,914		
	4,550	4,550(5)		82.5500	05/06/2019	8,018(12)	726,270		
	6,103	18,311(9)		99.3000	05/05/2020				
		19,792(11)		126.6100	05/04/2021				
Rodney J. Eichler	5,300			56.7300	05/05/2015	825(4)	74,729	3,620(2)	(2)
	4,600			71.8800	05/03/2016	37,500(6)	3,396,750	16,400(7)	1,485,512(7)
	10,100			74.1000	05/02/2017	4,550(5)	412,139	8,969(13)	812,412(13)
	4,875	1,625(4)		135.8300	05/07/2018	3,300(8)	298,914		
	4,550	4,550(5)		82.5500	05/06/2019	8,018(12)	726,270		
	6,103	18,311(9)		99.3000	05/05/2020				
		19,792(11)		126.6100	05/04/2021				
Jon A. Jeppesen	5,300			56.730	05/05/2015	800(4)	72,464	3,520(2)	(2)
	4,600			71.880	05/03/2016	2,750(5)	249,095	4,000(7)	362,320(7)
	10,100			74.100	05/02/2017	12,000(15)	1,086,960	3,604(13)	326,450(13)
	4,749	1,584(4)		135.830	05/07/2018	1,500(8)	135,870		
	2,750	2,750(5)		82.550	05/06/2019	2,855(9)	258,606		
	2,354	7,062(9)		99.300	05/05/2020	32,730(10)	2,964,683		
Thomas P. Chambers	900			74.1000	05/02/2017	550(4)	49,819	2,460(2)	(2)
	1,656	552(4)		135.8300	05/07/2018	1,600(5)	144,928	2,100(7)	190,218(7)
	800	1,600(5)		82.5500	05/06/2019	767(8)	69,475	3,323(13)	300,997(13)
	1,234	3,704(9)		99.3000	05/05/2020	1,497(9)	135,598		
		7,333(11)		126.6100	05/04/2021	20,000(14)	1,811,600		
						2,971(12)	269,113		

(1) Based on the per share closing price of the Company s common stock of $90.58 for December 31, 2011.

(2) Vests only if $216 price threshold attained prior to 12/31/2012; no payout value unless vesting occurs.

(3) Vests ratably on 1/2/2012 and 1/2/2013.

(4) Vests ratably on 5/7/2012.

(5) Vests ratably on 5/6/2012 and 5/6/2013.

(6) Vests ratably on 2/12/2012, 2/12/2013 and 2/12/2014.

(7) Amount that vests will be based on the Company s total shareholder return from 1/1/2010 12/31/2012; no payout value unless vesting occurs. Through 12/31/2011, the Company s total shareholder return rank equals 12 out of 18 for a 0.5 multiple under the 2010 Performance Program.

(8) Vests ratably on 1/15/2012.

(9) Vests ratably on 5/5/2012, 5/5/2013 and 5/5/2014.

(10) Vests ratably on 12/31/2012 and 12/31/2013.

(11) Vests ratably on 5/4/2012, 5/4/2013, 5/4/2014 and 5/4/2015.

(footnotes continued on following page)

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(12) Vests ratably on 6/1/2012, 5/4/2013, 5/4/2014 and 5/4/2015.

(13) Amount that vests will be based on the Company s total shareholder return from 1/1/2011 12/31/2013; no payout value unless vesting occurs. Through 12/31/2011, the Company s total shareholder return rank equals 15 out of 19 for a 0.0 multiple under the 2011 Performance Program.

(14) Vests ratably on 4/2/2012, 2/9/2013, 2/9/2014, 2/9/2015 and 2/9/2016.

(15) Vests ratably on 11/19/2012, 11/18/2013 and 11/18/2014.

OPTION EXERCISES AND STOCK VESTED TABLE

The table below provides supplemental information relating to the value realized upon the exercise of stock options and upon the vesting of restricted stock units and conditional grants during fiscal year 2011 by each Named Executive Officer:

	Option Awards		**Stock Awards**	
	Number of Shares Acquired on Exercise	**Value Realized on Exercise**	**Number of Shares Acquired on Vesting**	**Value Realized on Vesting**
Name (a)	**(#)(b)**	**($)(c)**	**(#)(1)(d)**	**($)(1)(e)**
G. Steven Farris			58,090(2)	7,070,750(2)
Roger B. Plank			23,175	2,836,142
Rodney J. Eichler	10,406	1,039,577	21,703(3)	2,650,976(3)
Jon A. Jeppesen			11,429	1,322,653
Thomas P. Chambers			4,489	562,060

(1) Reflects restricted stock units vested under the terms of the Executive Restricted Stock Plan and 2007 Omnibus Equity Compensation Plan, and conditional grants vested under the terms of the 2005 Share Appreciation Plan.

(2) On May 8, 2008, G. Steven Farris was granted 250,000 restricted stock units. The closing price of the Company s common stock on May 8, 2008, was $138.18 per share. On each of July 1, 2009 and January 4, 2010, 50,000 of the restricted stock units vested. On January 3, 2011, 50,000 of the restricted stock units vested, resulting in compensation of $6,051,500. The closing price of the Company s common stock on January 3, 2011, was $121.03 per share.

The remaining 100,000 restricted stock units vest ratably on the first business day of each of 2012 and 2013. Upon vesting, Apache will issue one share of common stock for each restricted stock unit, and 30,000 out of each 50,000 shares will not be eligible for sale by Mr. Farris until such time as he retires as chief executive officer or otherwise terminates employment with the Company. Mr. Farris could elect to defer receipt of all or part of the vested shares and was granted dividend equivalent payments on the unvested restricted stock units equivalent to cash dividends on the Company s common stock.

(3) For Mr. Eichler, includes compensation of $2,051,723 that was deferred under the terms of Apache s Deferred Delivery Plan related to the vesting of 16,875 restricted stock units.

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NON-QUALIFIED DEFERRED COMPENSATION TABLE

The table below provides supplemental information relating to compensation deferred during fiscal year 2011 under the terms of the Non-Qualified Retirement/Savings Plan and/or the Deferred Delivery Plan by the Named Executive Officers:

Name (a)		Executive Contributions in Last FY ($)(b)	Registrant Contributions in Last FY ($)(c)	Aggregate Earnings in Last FY ($)(d)	Aggregate Withdrawals/ Distributions ($)(e)	Aggregate Balance at Last FYE ($)(f)
G. Steven Farris	(1)	278,000	525,600	(313,172)(3)	0	4,430,090
	(2)	0	0	0	0	0
Roger B. Plank	(1)	162,521	132,100	(494,487)(3)	0	4,082,164
	(2)	0	0	0	0	0
Rodney J. Eichler	(1)	931,646	132,100	4,025(3)	0	6,173,864
	(2)	2,051,723	0	29,777	643,061	4,688,908
Jon A. Jeppesen	(1)	217,687	62,733	58,553(3)	0	3,098,533
	(2)	0	0	2,042	371,450	105,764
Thomas P. Chambers	(1)	62,855	40,212	(15,281)(3)	0	470,491
	(2)	0	0	0	0	0

(1) Non-Qualified Retirement/Savings Plan see discussion under All Other Compensation above. The amounts in column (c) are included in the Summary Compensation Table under All Other Compensation.

(2) Deferred Delivery Plan see discussion under All Other Compensation above and footnote (2) to the table under Equity Compensation Plan Information above.

(3) Includes unrealized gains (losses) in the Non-Qualified Retirement/Savings Plan as follows: Mr. Farris ($331,211); Mr. Plank ($771,759); Mr. Eichler ($372,795); Mr. Jeppesen $21,087; and Mr. Chambers ($47,016).

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EMPLOYMENT CONTRACTS AND TERMINATION OF

EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS

The Company has entered into certain agreements and maintains certain plans that will require the Company to provide compensation to the Named Executive Officers in the event of a termination of employment or a change in control of the Company. The amount of compensation payable to each Named Executive Officer in each situation is listed in the following table for fiscal year 2011, assuming termination had occurred on December 31, 2011.

Name	Retirement or Voluntary Termination	For Cause Termination	Termination without Cause	Change of Control Termination (6)	Death
G. Steven Farris					
Employment Contract (1)	$ 0	$ 0	$ 10,500,000	$ 10,500,000	$ 0
Income Continuance Plan	$ 0	$ 0	$ 0	$ 13,000,000	N/A
Benefits Continuation					
Health	$ 0	$ 0	$ 63,576	$ 42,384	$ 3,532
Life	$ 0	$ 0	$ 0	$ 349,990	$ 0
Unvested & Accelerated					
Restricted Stock Units (2)	$ 0	$ 0	$ 0	$ 20,601,334	$ 11,543,334
Stock Options	$ 0	$ 0	$ 0	$ 43,764	$ 43,764
TOTAL	$ 0	$ 0	$ 10,563,576	$ 44,537,472	$ 11,590,630
Roger B. Plank					
Income Continuance Plan	$ 0	$ 0	$ 0	$ 3,364,584	$ 0
Benefits Continuation					
Health	$ 0	$ 0	$ 0	$ 42,384	$ 0
Life	$ 0	$ 0	$ 0	$ 65,326	$ 0
Unvested & Accelerated					
Restricted Stock Units (3)	$ 0	$ 0	$ 0	$ 7,233,900	$ 3,837,150
Stock Options	$ 0	$ 0	$ 0	$ 36,537	$ 36,537
TOTAL	$ 0	$ 0	$ 0(7)	$ 10,742,731	$ 3,873,687
Rodney J. Eichler					
Income Continuance Plan	$ 0	$ 0	$ 0	$ 3,364,584	$ 0
Benefits Continuation					
Health	$ 0	$ 0	$ 0	$ 42,384	$ 0
Life	$ 0	$ 0	$ 0	$ 200,634	$ 0
Unvested & Accelerated					
Restricted Stock Units (3)	$ 0	$ 0	$ 0	$ 7,206,726	$ 3,809,976
Stock Options	$ 0	$ 0	$ 0	$ 36,537	$ 36,537
TOTAL	$ 0	$ 0	$ 0(7)	$ 10,850,865	$ 3,846,513
Jon A. Jeppesen					
Income Continuance Plan	$ 0	$ 0	$ 0	$ 2,021,090	$ 0
Benefits Continuation					
Health	$ 0	$ 0	$ 0	$ 42,384	$ 0
Life	$ 0	$ 0	$ 0	$ 173,074	$ 0
Unvested & Accelerated					
Restricted Stock Units (5)	$ 0	$ 0	$ 0	$ 5,456,448	$ 1,404,805
Stock Options	$ 0	$ 0	$ 0	$ 22,083	$ 22,083
TOTAL	$ 0	$ 0	$ 0(7)	$ 7,715,079	$ 1,426,888
Thomas P. Chambers					
Income Continuance Plan	$ 0	$ 0	$ 0	$ 1,798,068	$ 0
Benefits Continuation					
Health	$ 0	$ 0	$ 0	$ 42,384	$ 0
Life	$ 0	$ 0	$ 0	$ 41,622	$ 0

Unvested & Accelerated										
Restricted Stock Units (4)	$	0	$	0	$	0	$	2,971,748	$	1,160,148
Stock Options	$	0	$	0	$	0	$	12,848	$	12,848
TOTAL	$	0	$	0	$	0(7)	$	4,866,670	$	1,172,996

(see footnotes on following page)

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(1) Mr. Farris serves the Company pursuant to an employment agreement, dated June 6, 1988, under which his base salary as of year-end 2011 is $1,750,000. The agreement has an undefined term and may be terminated by either the Company or Mr. Farris on 30 days advance written notice. If Mr. Farris employment is terminated without cause (as defined in the employment agreement), or if he terminates his employment within 30 days of a reduction in his salary without a proportionate reduction in the salaries of all other Company executives, Mr. Farris will receive, for 36 months thereafter, (a) an amount equal to his base salary as it existed 60 days prior to termination and (b) 50 percent of the maximum amount for which he qualified under the Company s incentive compensation plan, calculated on his base compensation as it existed 60 days prior to termination. In the event of Mr. Farris death during the 36-month period, the amounts described above shall be paid to his heirs or estate in addition to continuing individual dependent benefits for 60 days. These rights and obligations would be the same if a termination in either of these circumstances were to follow a change of control. Mr. Farris has agreed not to render service to any of the Company s competitors for the term of his employment or, unless he is terminated without cause, for 36 months thereafter.

(2) On May 8, 2008, Mr. Farris was granted 250,000 restricted stock units. The restricted stock units vested 50,000 on July 1, 2009, 50,000 on January 4, 2010, and 50,000 on January 3, 2011. The remaining 100,000 restricted stock units vest ratably on the first business day of each of 2012 and 2013. Upon vesting, Apache will issue one share of common stock for each restricted stock unit, and 30,000 out of each 50,000 shares will not be eligible for sale by Mr. Farris until such time as he retires as chief executive officer or otherwise terminates employment with the Company. If Mr. Farris is terminated by the Company without cause and not by reason of becoming disabled or if Mr. Farris terminates his employment for good reason, then all unvested restricted stock units shall vest and the above restrictions shall lapse.

(3) On February 12, 2009, Messrs. Roger Plank and Eichler were each granted 62,500 restricted stock units. The restricted stock units vested 12,500 on April 1, 2010, and 12,500 on February 12, 2011. The remaining 37,500 restricted stock units vest ratably on February 12, 2012, February 12, 2013, and February 12, 2014. Upon vesting, Apache will issue one share of common stock for each restricted stock unit, and 7,500 out of each 12,500 shares will not be eligible for sale by Messrs. Roger Plank and Eichler until such time as they retire or terminate employment with the Company. If Messrs. Roger Plank or Eichler is terminated by the Company without cause and not by reason of becoming disabled or if they terminate employment for good reason, then all restricted stock units shall vest and the above restrictions shall lapse.

(4) On February 9, 2011, Mr. Chambers was granted 20,000 restricted stock units. The restricted stock units will vest 4,000 on April 2, 2012, and the remaining 16,000 restricted stock units vest ratably on February 9, 2013, February 9, 2014, February 9, 2015, and February 9, 2016. Upon vesting, Apache will issue one share of common stock for each restricted stock unit, and 2,400 out of each 4,000 shares will not be eligible for sale by Mr. Chambers until such time as he retires or otherwise terminates employment with the Company. If Mr. Chambers is terminated by the Company without cause and not by reason of becoming disabled or if Mr. Chambers terminates his employment for good reason, then all restricted stock units shall vest and the above restrictions shall lapse.

(5) On November 18, 2009, Mr. Jeppesen was granted 20,000 restricted stock units. The restricted stock units vested 4,000 on December 31, 2010, and 4,000 on November 18, 2011. The remaining 12,000 restricted stock units vest ratably on November 19, 2012, November 18, 2013, and November 18, 2014. Upon vesting, Apache will issue one share of common stock for each restricted stock unit, and 2,400 out of each 4,000 shares will not be eligible for sale by Mr. Jeppesen until such time as he retires or otherwise terminates employment with the Company. If Mr. Jeppesen is terminated by the Company without cause and not by reason of becoming disabled or if Mr. Jeppesen terminates his employment for good reason, then all restricted stock units shall vest and the above restrictions shall lapse.

On May 4, 2011, Mr. Jeppesen was granted 32,730 restricted stock units. The restricted stock units vest 16,365 on December 31, 2012, and the remaining 16,365 vest on December 31, 2013. Upon vesting, Apache will issue one share of common stock for each restricted stock unit, subject to tax withholding. If Mr. Jeppesen is terminated by the Company without cause and not by reason of becoming disabled or if Mr. Jeppesen terminates his employment for good reason, then all restricted stock units shall vest and the above restrictions shall lapse.

(6) In addition to the foregoing, the Company has established an income continuance plan. The plan provides that all officers of the Company, including the Named Executive Officers, and all employees who have either reached the age of 40, served the Company for more than ten years, or have been designated for participation based upon special skills or experience, will receive monthly payments approximating their monthly income and continued health and life benefits from the Company for up to two years, if their employment is terminated as a result of a change of control of the Company (as defined in the plan).

(7) Although there is no written or unwritten contracts, agreements, plans, arrangements, or obligations in place for termination without cause, the Company has, from time to time, paid executive level positions up to two times base salary and benefits continuation for two years. Decisions by the Company to pay termination benefits, and in what amounts, are determined on an individual case basis and not as a matter of policy.

Payments Made Upon Death or Disability

In the event of death for Mr. Farris, Mr. Roger Plank, Mr. Eichler, Mr. Jeppesen, or Mr. Chambers, in addition to the benefits listed in the preceding table, payments will also be made under the Company s life insurance plan. In the event of disability, these executive officers would benefit under the Company s disability insurance plan.

COMPENSATION COMMITTEE INTERLOCKS

AND INSIDER PARTICIPATION

Frederick M. Bohen, John A. Kocur, A. D. Frazier, Jr., and George D. Lawrence served on the Management Development and Compensation Committee of the Company s Board of Directors for all of 2011. On November 15, 2011, William C. Montgomery was appointed to the Management Development and Compensation Committee.

Mr. Kocur, a member of the Management Development and Compensation Committee since September 1991 and a director of the Company since 1977, retired as an executive officer in June 1991. Pursuant to the terms of an employment agreement in place at the time of his retirement, Mr. Kocur receives health, dental and vision benefits.

Mr. Lawrence, a member of the Management Development and Compensation Committee since May 1997, is the former president and chief executive officer of The Phoenix Resource Companies, Inc. (Phoenix). Mr. Lawrence joined the Company s Board of Directors in May 1996, in conjunction with the Company s acquisition of Phoenix by a merger on May 20, 1996, through which Phoenix became a wholly-owned subsidiary of Apache. Pursuant to the terms of his employment agreement with Phoenix, Mr. Lawrence received medical and dental benefits through December 1997. Since that time, he has purchased medical and dental coverage through the Company at full cost.

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CERTAIN BUSINESS RELATIONSHIPS AND TRANSACTIONS

The Company s Board of Directors has adopted a Code of Business Conduct, which was revised in 2011. The Code of Business Conduct prohibits conflicts of interest between any director, officer or employee and the Company. The Code of Business Conduct requires directors, officers and employees to inform the Company of any transaction that involves related parties and that may give rise to a conflict of interest. Pursuant to its charter, the CG&N Committee reviews related party transactions on an ongoing basis to prevent conflicts of interest. The CG&N Committee reviews a transaction in light of the affiliations of the director, officer or employee and the affiliations of such person s immediate family. Transactions are presented to the CG&N Committee for approval before they are entered into or, if this is not possible, for ratification after the transaction has occurred. If the CG&N Committee finds that a conflict of interest exists, then it will determine the appropriate remedial action, if any. The CG&N Committee approves or ratifies a transaction if it determines that the transaction is consistent with the best interests of the Company. The determination of the CG&N Committee is documented in the committee s minutes. The Board of Directors reviews transactions to determine whether a transaction impairs the independence of a director and such determination is documented in the Board s minutes. The Code of Business Conduct and the CG&N Committee charter are available on the Company s website (www.apachecorp.com).

F. H. Merelli, a member of Apache s Board of Directors until his retirement on November 1, 2011, is executive chairman of the board of Cimarex Energy Co. (Cimarex), having been chairman of the board, chief executive officer and president of Cimarex through September 1, 2011. In the ordinary course of business, Cimarex paid to Apache during 2011 approximately $17,007,000 for Cimarex s proportionate share of drilling and workover costs, mineral interests, and routine expenses relating to oil and gas wells in which Cimarex owns interests and of which Apache is the operator. Cimarex was paid approximately $14,072,000 directly by Apache or related entities for its proportionate share of revenues from wells in which Cimarex owns an interest and of which Apache is the operator. Apache paid to Cimarex approximately $680,000 during 2011 for Apache s proportionate share of drilling and workover costs, mineral interests, and routine expenses relating to oil and gas wells in which Apache owns interests and Cimarex is the operator. Apache was paid approximately $3,471,000 directly by Cimarex for its proportionate share of revenues from wells in which Apache owns an interest and of which Cimarex is operator. These transactions were not material to Apache or Cimarex.

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RATIFICATION OF INDEPENDENT AUDITORS

(ITEM NO. 5 ON PROXY CARD)

The Audit Committee has appointed Ernst & Young LLP, an independent registered public accounting firm, to audit the Company s financial statements for 2012. We are asking the shareholders to ratify that appointment.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF ERNST & YOUNG AS THE COMPANY S INDEPENDENT AUDITORS FOR 2012.

INDEPENDENT AUDITORS

Policy for Approval of Audit, Audit-Related and Permitted Non-Audit Services

All audit, audit-related, and tax services were pre-approved by the Audit Committee, which concluded that the provision of such services by Ernst & Young LLP was compatible with that firm s independence in the conduct of its auditing functions. The Audit Committee s Audit and Non-Audit Services Pre-Approval Policy provides for pre-approval of specifically described audit, audit-related, tax services, and permissible non-audit services. The policy authorizes the Audit Committee to delegate its pre-approval authority to one or more of its members.

Auditor Fees and Services

Ernst & Young served as the Company s independent auditors for the fiscal year 2011. Representatives of Ernst & Young will be present at the annual meeting and will have an opportunity to make a statement, if they desire to do so, and to respond to appropriate questions regarding Apache s business.

Ernst & Young s audit report on Apache s consolidated financial statements as of and for the fiscal year ended December 31, 2011, did not contain any adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty or audit scope; however, it was modified for the adoption of new accounting principles.

During Apache s most recent fiscal year ended December 31, 2011, and through the filing date of this proxy statement, there were no disagreements with Ernst & Young on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Ernst & Young s satisfaction, would have caused Ernst & Young to make reference to the subject matter of the disagreement in connection with their report. During this period, there were no reportable events, as described in Item 304(a)(1)(v) of Regulation S-K.

During 2011 and 2010, Ernst & Young provided various services to Apache. The aggregate fees for each of the following types of services are set forth below:

	Amounts (in thousands)	
Description	**2011**	**2010**
Audit Fees (1)	$ 5,382	$ 5,813
Audit-Related Fees (2)	$ 299	$ 496
Tax Fees (3)	$ 1,505	$ 478
All Other Fees (4)	$ 138	$ 118

(see footnotes on following page)

(1) Audit Fees include fees related to the following services: the annual financial statement audit (including required quarterly reviews), subsidiary audits, and other procedures required to be performed by the independent auditor to be able to form an opinion on the Company s consolidated financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal controls, and consultations relating to the audit or quarterly reviews.

(2) Audit-Related Fees include fees related to assurance and related services that are reasonably related to the performance of the audit or review of the Company s financial statements or that are traditionally performed by the independent auditor. Audit-related services include, among other things, due diligence services pertaining to potential business acquisitions/dispositions; accounting consultations related to accounting, financial reporting or disclosure matters not classified as audit services , assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; financial audits of employee benefit plans; agreed upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and assistance with internal controls, reporting requirements.

(3) Tax Fees include fees related to the following services: tax return preparation assistance, tax planning, tax-related and structuring-related consultation, and tax-related acquisition due diligence.

(4) All Other Fees include fees for products and services other than those in the three categories above.

The Audit Committee of the Company s Board of Directors reviews summaries of the services provided by Ernst & Young and the related fees. The Audit Committee has taken into consideration whether the provision of non-audit services by Ernst & Young is compatible with maintaining auditor independence.

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ADVISORY VOTE TO APPROVE THE COMPENSATION

OF OUR NAMED EXECUTIVE OFFICERS

(ITEM NO. 6 ON PROXY CARD)

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enables our shareholders to vote, on an advisory (nonbinding) basis, to approve the compensation of our Named Executive Officers (commonly known as say on pay), as disclosed in this proxy statement in accordance with the SEC s rules. At last year s annual meeting, we held a say on pay vote and over 94 percent of shareholder votes cast were in favor of our executive compensation programs. Additionally, at last year s annual meeting, as recommended by our board of directors, a majority of our shareholders supported an annual vote on our executive compensation program and, in response, we determined to hold an annual vote on the matter.

As described in detail under the heading Compensation Discussion and Analysis, our executive compensation programs are designed to attract, motivate, and retain our Named Executive Officers, who are critical to our success. Under these programs, our Named Executive Officers are rewarded for the achievement of specific annual, long-term and strategic goals, corporate goals, and the realization of increased shareholder value. Please read the Compensation Discussion and Analysis, and the compensation tables that follow, beginning on page 30 of this proxy statement for additional details about our executive compensation programs, including information about the fiscal year 2011 compensation of our Named Executive Officers.

The MD&C Committee continually reviews the compensation programs for our Named Executive Officers to ensure they achieve the desired goals of aligning our executive compensation structure with our shareholders interests and current market practices. As a result of its continual review process, the MD&C Committee believes that Apache s compensation programs are structured in the best manner possible for our Company and its business objectives:

- Our compensation programs contain both a short-term and a long-term component. Our long-term compensation generally vests over four years encouraging our executives to maintain a long-term focus.

- Our TSR program ties the compensation of our executives to the success of our company. If the value we deliver to our shareholders declines, so does the compensation received by our executives.

- We closely monitor the compensation programs and pay levels of executives at our peer companies to ensure that our compensation programs are within the range of market practices.

- We have stock ownership requirements that encourage a long-term focus by our executives and more closely align the interests of our executives with the Company s shareholders.

- Our change in control severance plans are double trigger plans, which pay out only upon both a change of control and termination of employment.

We are asking our shareholders to indicate their support for the compensation of our Named Executive Officers as described in this proxy statement. This proposal, commonly known as a say-on-pay proposal, gives our shareholders the opportunity to express their views on our Named Executive Officers compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our Named Executive Officers and the philosophy, policies and practices described in this proxy statement. Accordingly, we will ask our shareholders to vote **FOR** this item on their proxy card.

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The say-on-pay vote is advisory and, therefore, not binding on the Company, the MD&C Committee, or our Board of Directors. Our Board of Directors and our MD&C Committee value the opinions of our shareholders, and to the extent there is any significant vote against the named executive officer compensation, as disclosed in this proxy statement, we will consider our shareholders concerns and will evaluate what, if any, actions are necessary to address those concerns.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SECURITIES AND EXCHANGE COMMISSION.

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FUTURE SHAREHOLDER PROPOSALS AND DIRECTOR NOMINATIONS

Shareholders are entitled to submit proposals on matters appropriate for shareholder action consistent with regulations of the SEC and the Company s bylaws.

In order for such proposal to be properly brought before next year s annual meeting, written notice of the proposal that complies with the Company s bylaws must be received by the Company s corporate secretary (at the address below) not less than 120 days prior to the meeting, which is expected to be held in May 2013. Nominations of persons for election to the Board of Directors at the 2013 annual meeting likewise must be given in writing, comply with the Company s bylaws, and be received by the Company s corporate secretary not less than 120 days prior to the meeting, which is expected to be held in May 2013.

In addition to the foregoing, should a shareholder wish to have a proposal appear in the Company s proxy statement for next year s annual meeting, under the regulations of the SEC, such proposal must be received by the Company s corporate secretary at 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400 on or before December 4, 2012.

SHAREHOLDERS WITH THE SAME LAST NAME AND ADDRESS

The SEC rules permit companies and intermediaries (such as brokers) to implement a delivery procedure known as householding. Under this procedure, multiple Apache shareholders who reside at the same address may receive a single set of proxy materials, unless one or more of the shareholders has provided contrary instructions. This procedure reduces printing costs and postage fees and saves natural resources.

If you hold your shares in street name (your shares are held in a brokerage account or by a bank or other nominee), you may revoke your consent to householding at any time by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717. You can also request information about householding from your broker or bank.

If you are a shareholder of record (your shares are held in your own name and not held in a brokerage account) who received a household mailing this year, and you would like to have additional copies of proxy materials mailed to you or if you would like to opt out of householding for future mailings, please send your written request to Wells Fargo Bank, N.A., Shareowner Services, Attn: Householding/Apache Corporation, P. O. Box 64854, St. Paul, MN 55164-0854, or call (651) 450-4104.

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SOLICITATION OF PROXIES

Solicitation of proxies for use at the annual meeting may be made in person or by mail or telephone, by directors, officers and regular employees of the Company. These persons will receive no special compensation for any solicitation activities. The Company has requested banking institutions, brokerage firms, custodians, trustees, nominees and fiduciaries to forward solicitation materials to the beneficial owners of shares of the Company s common stock for whom they are record holder, and the Company will, upon request, reimburse reasonable forwarding expenses. The Company has retained Georgeson Inc. to assist in soliciting proxies from brokers, bank nominees, and other institutional holders for a fee not to exceed $13,000 plus expenses. All costs of the solicitation will be borne by the Company.

By order of the Board of Directors

APACHE CORPORATION

C. L. Peper

Corporate Secretary

NOTE: Shareholders are requested to promptly vote their shares using one of the methods explained on pages 2 and 3 of this proxy statement.

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NOTICE OF ANNUAL MEETING

OF SHAREHOLDERS

MAY 24, 2012

AND PROXY STATEMENT

APACHE CORPORATION

One Post Oak Central

2000 Post Oak Boulevard, Suite 100

Houston, Texas 77056-4400

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