

APACHE CORP  
Form DEF 14A  
April 02, 2015  
**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant    Filed by a Party other than the Registrant

**Check the appropriate box:**

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to ss.240.14a-12

**APACHE CORPORATION**

*(Name of Registrant as Specified In Its Charter)*

*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

**Payment of  
Filing Fee  
(Check the  
appropriate  
box):**

**No fee  
required.**

**Fee  
computed on  
table below  
per  
Exchange  
Act Rules  
14a-6(i)(1)  
and 0-11.**

(1) Title of  
each class of  
securities to  
which  
transaction  
applies:

(2) Aggregate  
number of  
securities to  
which  
transaction  
applies:

(3) Per unit  
price or other  
underlying  
value of  
transaction  
computed  
pursuant to  
Exchange  
Act Rule  
0-11

(set forth the  
amount on  
which the  
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(4) Proposed  
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(5) Total fee paid:

**Fee paid previously with preliminary materials.**

**Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.**

**(1) Amount Previously Paid:**

**(2) Form, Schedule or Registration Statement**

**No.:**

**(3) Filing Party:**

**(4) Date Filed:**

**Message from Our  
Lead Director**

Dear Fellow Shareholders,

With this proxy statement, Apache celebrates 60 years of surviving and thriving in an industry known for unforgiving and unpredictable cycles. When we periodically underperform, as we have recently, we take the kinds of important strategic steps you have seen from us recently. It is steps like these that have helped us enjoy above-market returns over our history.

Our Board's mission is to represent your interests by responsibly producing sustainable value over the long haul. We are committed to listening as well as speaking and believe our engagement track record is second to none. Except for our current and former CEOs, we are all independent.

Purpose-built governance has always been our foundation. We avoid governance fashions, but evolve as conditions change. Good governance cannot prevent short-term stumbles, but it contributes to long-term sustainable performance.

As your Lead Director, I want to highlight a few of our board-focused governance features from the much longer list contained in this proxy statement.

Our robust board refreshment practices are apparent in our board composition. We have seven short-tenured directors in their 40s and 50s, and, by the time of our annual meeting, will have experienced the retirement of six longer-tenured directors over the last three years. We believe in the benefits of diversity, including diversity of tenure.

We award the majority of our director pay in company stock and require it to be held until retirement.

Finally, as of the annual meeting for which you are receiving this proxy statement, we will have an independent non-executive Chairman. Our newly appointed CEO is a long-time employee who reflects the best of succession planning.

We take seriously the trust you place in us by your purchase of Apache shares and hope the material contained in this proxy statement demonstrates that. We ask that you vote in accord with our recommendations as a signal of support for our continuing efforts.

Sincerely,

**Charles J. Pitman**

*Lead Director*

April 2, 2015

*One Post Oak Central, 2000 Post Oak Boulevard,*

*Suite 100 Houston, Texas 77056-4400*

**Notice  
of Annual Meeting  
of Shareholders**

**Thursday, May 14, 2015**

**10:00 a.m. Houston Time,**

*Hilton Houston Post Oak,*

*2001 Post Oak Boulevard, Houston, Texas*

The 2015 annual meeting of shareholders of Apache Corporation, a Delaware corporation, will be held on Thursday, May 14, 2015, at 10:00 a.m. (Houston time), at the Hilton Houston Post Oak, 2001 Post Oak Boulevard, Houston, Texas, for the following purposes:

1. Election of the four directors named in the attached proxy statement to serve until the Company's annual meeting in 2018;
2. Ratification of appointment of Ernst & Young LLP as the Company's independent auditors for fiscal year 2015;
3. Advisory vote to approve the compensation of the Company's named executive officers;
4. Approval of an amendment to the Company's Restated Certificate of Incorporation to eliminate the classified Board of Directors and provide for annual election of all directors;
5. Consideration of shareholder proposal regarding proxy access, if properly presented at the annual meeting; and
6. Transaction of any other business that may properly come before the meeting or any adjournment thereof.

Holders of record of the Company's common stock as of the close of business on March 16, 2015, are entitled to notice of, and to vote at, the annual meeting.

It is important that your shares are represented at the meeting. We encourage you to designate the proxies named on the enclosed proxy card to vote your shares on your behalf and per your instructions. This action does not limit your right to vote in person or to attend the meeting.

Houston, Texas

**April 2, 2015**

By order of the Board of Directors

**C. L. PEPER**

*Corporate Secretary*

APACHE CORPORATION

*Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 14, 2015:*

*This proxy statement, along with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, with 2014 Annual Report, are available free of charge on the Company's website at <http://www.apachecorp.com>*

## PROXY STATEMENT SUMMARY

*This executive summary has been provided as an overview of the information contained within this proxy statement. We encourage you to read the entire proxy statement prior to voting.*

### 2014 Business Highlights

- Continued transition to becoming a premier North American onshore resource E&P company through strategic
- divestment of material non-core assets, driving down costs, drilling more productive wells, and continuing to mature several resource plays
- To facilitate this transition, divested or announced sale of approximately \$7 billion of non-core assets
- Repurchased 21.0 million shares, reducing our share count by 5.3 percent
- Liquids production for the year averaged 387 Mboe/d, with crude oil representing 83 percent of total liquids production
- North American onshore liquids production increased 17 percent, averaging 209 Mboe/d in 2014 compared to 179 Mboe/d in 2013

### Corporate Governance Highlights

- Separate chairman and CEO effective January 20, 2015
- Independent non-executive chairman effective May 2, 2015
- Independent lead director
- Majority voting
- No poison pill
- Right to call a special meeting at 15 percent
- Officer and director stock ownership requirements, including pay multiples and hold-until-retirement provisions
- Mandatory director retirement age for directors elected after 2013
- Policies against hedging, pledging, and gross ups
- Clawbacks of equity awards as required by law

- Double triggers for accelerated vesting of equity upon a change in control
- Board adopted human rights principles and statement on indigenous peoples
- Robust board review and board refreshment practices
- State of the art shareholder engagement practices

Board Nominees ([pg. 10](#))

Below are the directors nominated for election this year. Each director will be elected for a term of three years.

Name	Age	Serving		Independent (Y/N)
		Since	Committees Served	
George D. Lawrence	63	1996	MD&C (Chairman)	Y
John E. Lowe*	55	2013	MD&C, Stock Plan	Y
Rodman D. Patton	70	1999	Audit	Y
Charles J. Pitman**	71	2000	CG&N, Stock Plan	Y

\*Non-executive Chairman effective May 2, 2015

\*\*Lead director

#### 2014 Director and Executive Compensation Actions

*Director Compensation ([pg. 22](#))*

- Reduced the cash portion of the annual retainer for our outside directors from \$150,000 to \$100,000; and
- Increased the equity portion of the annual retainer for our outside directors from \$150,000 to \$200,000 with requirement that such stock be held until the director leaves the board

*Named Executive Officer Compensation ([pg. 29](#))*

- Introduced a new performance share program for 2014 based on business performance results;
- Increased the proportion of our equity awards that are performance-based to two-thirds for the CEO and one-half for all other Named Executive Officers (“NEOs”); and

- Redesigned the annual cash incentive bonus program to better align with corporate strategy

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2014 Executive Compensation Summary

	<b>Total Compensation*</b>
Named Executive Officer (\$)	
G. Steven Farris	10,214,172
John J. Christmann, IV	5,369,116
Thomas E. Voytovich	5,461,924
Michael S. Bahorich	4,165,453
P. Anthony Lannie	4,119,765

\* Further details on the 2014 compensation for all NEOs are included in the Summary Compensation Table. ([pg. 37](#))

2015 Leadership Succession Highlights

- G. Steven Farris retired as president and CEO effective January 20, 2015, after serving the Company for over 27 years. Mr. Farris continues to serve as non-executive chairman through May 1, 2015.
- John J. Christmann, IV was appointed president and CEO effective January 20, 2015.
- John E. Lowe was elected independent non-executive chairman effective May 2, 2015.
- Stephen J. Riney was appointed executive vice president effective February 18, 2015, and chief financial officer effective March 3, 2015.

Ratification of Auditors ([pg. 51](#))

Although shareholder ratification is not required, the appointment of Ernst & Young LLP as the Company's independent auditors for fiscal 2015 is being submitted for ratification at the annual meeting because the Board believes doing so is a good corporate governance practice.

Eliminate the Classified Board Proposal ([pg. 55](#))

The board recommends a vote "**FOR**" the proposed amendment to the Company's restated certificate of incorporation to eliminate the classified board of directors and provide for the annual election of all directors.

Proxy Access Proposal ([pg. 56](#))

The Board recommends a vote “**FOR**” the shareholder proposal regarding proxy access.

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Information on our website and any other website referenced herein is not incorporated by reference into, and does not constitute a part of, this proxy statement.

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## PROXY STATEMENT

### General

This proxy statement contains information about the 2015 annual meeting of shareholders of Apache Corporation. In this proxy statement both “Apache” and the “Company” refer to Apache Corporation. This proxy statement and the enclosed proxy card are being mailed to you by the Company’s Board of Directors starting on or about April 2, 2015.

### Purpose of the Annual Meeting

At the Company’s annual meeting, shareholders will vote on the following matters:

- Items 1- 4: election of directors;
- Item 5: ratification of appointment of Ernst & Young LLP as the Company’s independent auditors;
- Item 6: advisory vote to approve the compensation of the Company’s named executive officers;
- Item 7: approval of an amendment to the Company’s Restated Certificate of Incorporation to eliminate the classified Board of Directors and provide for annual election of all directors;
- Item 8: consideration of shareholder proposal regarding proxy access, if properly presented at the meeting; and
- Transaction of any other business that properly comes before the meeting. As of the date of this proxy statement, the Company is not aware of any other business to come before the meeting.

There are no rights of appraisal or similar rights of dissenters arising from matters to be acted on at the meeting.

### Who Can Vote

Only shareholders of record holding shares of Apache common stock at the close of business on the record date, March 16, 2015, are entitled to receive notice of the annual meeting and to vote the shares of Apache common stock they held on that date. The Company’s stock transfer books will not be closed. A complete list of shareholders entitled to vote at the annual meeting will be available for examination by any Apache shareholder at 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400, for purposes relating to the annual meeting, during normal

business hours for a period of ten days before the meeting.

As of February 28, 2015, there were 376,855,800 shares of Apache common stock issued and outstanding. Holders of Apache common stock are entitled to one vote per share and are not allowed to cumulate votes in the election of directors. The enclosed proxy card shows the number of shares that you are entitled to vote.

## **How to Vote**

If your shares of Apache common stock are held by a broker, bank or other nominee (in “street name”), you will receive instructions from them on how to vote your shares. If your shares are held by a broker and you do not give the broker specific instructions on how to vote your shares, your broker may vote your shares at its discretion on “routine” matters to be acted upon at the annual meeting. However, your shares will not be voted on any of the “non-routine” matters described below. An absence of voting instructions on any “non-routine” matters will result in a “broker non-vote.”

The only “routine” matter to be acted upon at the annual meeting is Item 5 - ratification of appointment of Ernst & Young LLP as the Company’s independent auditors. All other matters to be acted upon at the annual meeting are “non-routine” matters and, as such, if you hold all or any portion of your shares in street name and you do not give your broker or bank specific instructions on how to vote your shares, your shares will not be voted on any of the following “non-routine” matters:

- Items 1-4 – the election of directors;
- Item 6 – advisory vote to approve the compensation of the Company’s named executive officers;
- Item 7 – approval of an amendment to the Company’s Restated Certificate of Incorporation to eliminate the classified Board of Directors and provide for annual election of all directors;
- Item 8 – consideration of shareholder proposal regarding proxy access, if properly presented to the meeting.

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If you hold shares of Apache common stock in your own name (as a “shareholder of record”), you may instruct the Company on how to vote your shares by:

- (1) using the internet voting site listed on the enclosed proxy card or scanning the QR code on the enclosed proxy card (1) with your mobile device (specific directions for using the internet/mobile voting system are shown on the proxy card); or
- (2) using the toll-free telephone number listed on the enclosed proxy card (specific directions for using the telephone voting system are included on the proxy card); or
- (3) marking, signing, dating, and returning the enclosed proxy card in the postage-paid envelope provided.

When using internet/mobile or telephone voting, the voting systems will verify that you are a shareholder through the use of a company number for Apache and a unique control number for you. ***If you vote by internet/mobile or telephone, please do not also mail the enclosed proxy card.***

Whichever method you use to transmit your instructions, your shares of Apache common stock will be voted as you direct. If you sign and return the enclosed proxy card or otherwise designate the proxies named on the proxy card to vote on your behalf, but do not specify how to vote your shares, they will be voted:

- FOR** the election of the nominees for director,
- FOR** the ratification of appointment of Ernst & Young LLP as the Company’s independent auditors,
- FOR** the advisory vote to approve the compensation of the Company’s named executive officers,
- FOR** approval of an amendment to the Company’s Restated Certificate of Incorporation to eliminate the classified Board of Directors and to provide for annual election of all directors,
- FOR** consideration of shareholder proposal regarding proxy access, if properly presented to the meeting, and
- In accordance with the judgment of the persons voting the proxy on any other matter properly brought before the meeting, if any are properly raised at the meeting.

**Voting 401(k) Savings Plan Shares**

If you are an employee or former employee participating in the Apache 401(k) Savings Plan and have shares of Apache common stock credited to your plan account as of the record date, such shares are shown on the enclosed proxy card, and you have the right to direct the plan trustee regarding how to vote those shares. The trustee for the 401(k) Savings Plan is Fidelity Management Trust Company.

The trustee will vote the shares in your plan account in accordance with your instructions. If you do not send instructions (in the manner described under “How to Vote” above) or if your proxy card is not received by May 10, 2015, the shares credited to your account will be voted by the trustee in the same proportion as it votes shares for which it did receive timely instructions.

### **Revoking a Proxy**

You may revoke a proxy before it is voted by submitting a new proxy with a later date (by internet, telephone or mail), by voting at the meeting, or by filing a written revocation with Apache’s corporate secretary. Your attendance at the annual meeting alone will not automatically revoke your proxy.

### **Quorum**

The presence at the annual meeting, in person or by proxy, of the holders of a majority of the shares of Apache common stock outstanding on the record date will constitute a quorum, permitting the business of the meeting to be conducted.

### **Votes Needed**

#### Election of Directors

The affirmative vote of a majority of the votes cast at the annual meeting is required for the election of directors. You may vote FOR or AGAINST any or all director nominees or you may ABSTAIN as to one or more director nominees. As set forth in our bylaws, only votes FOR or AGAINST the election of a director nominee will be counted. Abstentions and broker non-votes count for quorum purposes, but not for purposes of the election of directors. A vote to ABSTAIN is not treated as a vote FOR or AGAINST and thus, will have no effect on the outcome of the vote.

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Ratification of the Appointment of Independent Auditors

The affirmative vote of a majority of the votes cast at the annual meeting is required for ratification of appointment of Ernst & Young LLP as the Company's independent auditors. You may vote FOR or AGAINST the ratification of appointment of Ernst & Young LLP as the Company's independent auditors or you may ABSTAIN. Votes cast FOR or AGAINST and ABSTENTIONS with respect to this matter will be counted as shares entitled to vote on the matter. Broker non-votes will be counted as shares entitled to vote on this matter. A vote to ABSTAIN will have the effect of a vote AGAINST ratification of the appointment of our independent registered public accounting firm.

Advisory Vote to Approve the Compensation of Named Executive Officers

You may vote FOR or AGAINST the advisory vote to approve the compensation of our named executive officers or you may ABSTAIN. A majority of the shares of the Company's common stock present in person or represented by proxy at our annual meeting and entitled to vote must be voted FOR approval of the advisory proposal in order for it to pass. Votes cast FOR or AGAINST and ABSTENTIONS with respect to the proposal will be counted as shares entitled to vote on the proposal. Broker non-votes will not be counted as shares entitled to vote on the proposal. A vote to ABSTAIN will have the effect of a vote AGAINST the proposal.

Approval of an Amendment to our Restated Certificate of Incorporation

Four-fifths (80 percent) of the outstanding shares of the Company's common stock must be voted FOR the proposal to amend the Company's Restated Certificate of Incorporation to eliminate the classified Board of Directors and provide for annual election of all directors in order for it to pass. You may vote FOR or AGAINST the proposal, or you may ABSTAIN. Broker non-votes will be counted as shares entitled to vote on this matter. A vote to ABSTAIN or a broker non-vote will have the effect of a vote AGAINST the proposal.

Consideration of Shareholder Proposal Regarding Proxy Access

You may vote FOR or AGAINST the shareholder proposal regarding proxy access or you may ABSTAIN. A majority of the shares of the Company's common stock present in person or represented by proxy at our annual meeting and entitled to vote must be voted FOR approval of the proposal in order for it to pass. Votes cast FOR or AGAINST and ABSTENTIONS with respect to the proposal will be counted as shares entitled to vote on the proposal. Broker non-votes will not be counted as shares entitled to vote on the proposal. A vote to ABSTAIN will have the effect of a vote AGAINST the proposal.

Other Business

The affirmative vote of a majority of the votes cast at the annual meeting is required for approval of any other business which may properly come before the meeting or any adjournment thereof. Only votes FOR or AGAINST approval of any other business will be counted. Abstentions and broker non-votes count for quorum purposes, but not for the voting on the approval of such other business.

**Who Counts the Votes**

Representatives of Wells Fargo Bank, N.A. will tabulate the votes and act as inspectors of the election.

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ELECTION OF DIRECTORS

(ITEM NOS. 1 – 4 ON PROXY CARD)

The Company's Restated Certificate of Incorporation provides that, as near as numerically possible, one-third of the directors shall be elected at each annual meeting of shareholders. Unless directors earlier resign or are removed, their terms are for three years, and continue thereafter until their successors are elected and qualify as directors.

The current terms of directors George D. Lawrence, John E. Lowe, Rodman D. Patton, and Charles J. Pitman will expire at the annual meeting. Each of Mr. Lawrence, Mr. Lowe, Mr. Patton, and Mr. Pitman has been recommended by the Company's Corporate Governance and Nominating Committee and nominated by the Board of Directors for election by the shareholders to an additional three-year term. If elected, Mr. Lawrence, Mr. Lowe, Mr. Patton and Mr. Pitman will serve beginning upon their election until the annual meeting of shareholders in 2018.

G. Steven Farris became non-executive chairman of the Board of Directors on January 20, 2015. Mr. Farris, who has served as a director since 1994, will retire from the Board of Directors effective May 1, 2015.

Unless otherwise instructed, all proxies will be voted in favor of these nominees. If one or more of the nominees is unwilling or unable to serve, the proxies will be voted only for the remaining named nominees. Proxies cannot be voted for more than four nominees. The Board of Directors knows of no nominee for director who is unwilling or unable to ser