

APACHE CORP
Form 8-K
November 12, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 10, 2010

Apache Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

1-4300
(Commission File No.)

41-0747868
(IRS Employer Identification No.)

**2000 Post Oak Boulevard, Suite 100, Houston,
Texas**

(Address of Principal Executive Offices)

77056-4400
(Zip Code)

Registrant's telephone number, including area code: (713) 296-6000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On November 10, 2010, Apache Deepwater LLC (formerly known as ZMZ Acquisitions LLC), a Delaware limited liability company (**Merger Sub**), Apache MEI Finance, Inc., a Delaware corporation (the **Co-Issuer**), and together with Merger Sub, the **Issuers**) and certain guarantor subsidiaries (the **Guarantors**) of Mariner Energy, Inc., a Delaware corporation (**Mariner**), executed and delivered to Wells Fargo Bank, National Association, as trustee (the **Trustee**), (1) the Third Supplemental Indenture (the **7.50% Notes Supplemental Indenture**) to the Indenture, dated as of April 24, 2006, among Mariner, the guarantors party thereto and the Trustee (the **7.50% Notes Indenture**), (2) the Fourth Supplemental Indenture (the **11.75% Notes Supplemental Indenture**) to the Indenture, dated as of June 10, 2009, among Mariner, the guarantors party thereto and the Trustee (the **11.75% Notes Base Indenture**) and (3) the Third Supplemental Indenture (the **8% Notes Supplemental Indenture**) to the Indenture, dated as of April 30, 2007, among Mariner, the guarantors party thereto and the Trustee (the **8% Notes Indenture**). Pursuant to the 7.50% Notes Supplemental Indenture, the 11.75% Notes Supplemental Indenture and the 8% Notes Supplemental Indenture, Merger Sub, upon consummation of the Merger (as defined below), assumed all of the obligations of Mariner under (1) the 7.50% senior notes due 2013 (the **7.50% Notes**) issued by Mariner pursuant to the 7.50% Notes Indenture, (2) the 11.75% senior notes due 2016 (the **11.75% Notes**) issued by Mariner pursuant to the First Supplemental Indenture to the 11.75% Notes Base Indenture, dated as of June 10, 2009, among Mariner, the guarantors party thereto and the Trustee (which, together with the 11.75% Notes Base Indenture and the Third Supplemental Indenture to the 11.75% Notes Base Indenture, dated as of May 20, 2010, among Mariner, the guarantors party thereto and the Trustee, constitutes the **11.75% Notes Indenture**) and (3) the 8% senior notes due 2017 (the **8% Notes**) and, together with the 7.50% Notes and the 11.75% Notes, the **Notes**) issued pursuant to the 8% Notes Indenture.

Interest on the Notes is payable semi-annually in arrears. The 7.50% Notes mature on April 15, 2013, the 11.75% Notes mature on June 30, 2016, and the 8% Notes mature on May 15, 2017. The obligations of the Issuers and the Guarantors may be accelerated upon the occurrence of certain customary events of default, including payment defaults, uncured defaults in the performance of certain covenants and agreements under the indentures and bankruptcy and insolvency related defaults. As of November 10, 2010, there was \$300 million in aggregate principal amount of the 7.50% Notes outstanding, \$300 million in aggregate principal amount of the 11.75% Notes outstanding and \$300 million in aggregate principal amount of the 8% Notes outstanding.

The Issuers have provided notice to the holders of the Notes that they intend to redeem the 7.50% Notes, the 8% Notes and 35% of the 11.75% Notes on December 13, 2010. The Issuers intend to provide notice to the holders of the 11.75% Notes that they intend to redeem the remaining 65% of the 11.75% Notes on December 14, 2010.

The descriptions of the Notes and the guarantees described above are qualified in their entirety by reference to the full text of the 7.50% Notes Indenture, the 7.50% Notes Supplemental Indenture, the 8% Notes Indenture, the 8% Notes Supplemental Indenture, the 11.75% Notes Indenture and the 11.75% Notes Supplemental Indenture attached hereto as Exhibits 4.1 through 4.7 and are incorporated herein by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On November 10, 2010, pursuant to the Agreement and Plan of Merger dated April 14, 2010, as amended by Amendment No. 1 dated August 2, 2010 (as amended, the **Merger Agreement**), by and among Apache Corporation, a Delaware corporation (**Apache**), Merger Sub and Mariner, Mariner merged with and into Merger Sub, with Merger Sub surviving the merger as a wholly owned subsidiary of Apache (the **Merger**).

In connection with the Merger, Apache issued approximately 17.5 million shares of its common stock and paid approximately \$800 million in cash to former Mariner stockholders in exchange for their shares of Mariner common stock. The Apache shares issued to Mariner stockholders represent approximately 5% of Apache's issued and outstanding common stock after the Merger, based upon the number of Apache shares outstanding at November 10, 2010. Apache did not issue any fractional shares of its common stock in connection with the Merger. For each fractional share that would have otherwise been issued, Apache paid cash (without interest) in an amount equal to the product of the fractional share and the average of the closing price of Apache common stock on the New York Stock Exchange, as reported in The Wall Street Journal, for the five consecutive trading days ending on the calendar day immediately prior to the closing date of the Merger.

Under the merger agreement, Mariner stockholders had the option to elect to receive consideration consisting of cash, shares of Apache common stock or a combination of both in exchange for their shares of Mariner common stock, subject to a proration feature. Mariner stockholders electing to receive a mix of cash and stock consideration and non-electing stockholders were entitled to receive \$7.80 in cash and 0.17043 shares of Apache common stock in exchange for each share of Mariner common stock. Subject to proration, Mariner stockholders electing to receive all cash were entitled to receive \$26.00 in cash for each share of Mariner common stock and Mariner stockholders electing to receive only Apache common stock were entitled to receive 0.24347 shares of Apache common stock in exchange for each share of Mariner common stock.

The final results of merger consideration elections by Mariner stockholders are not yet available. Apache intends to file an amendment to this Item 2.01 of this Current Report on Form 8-K to include the final results of the merger consideration elections once they become available.

The foregoing description of the Merger and the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which is attached as Exhibits 2.1 to Apache's Current Reports on Form 8-K filed with the Securities and Exchange Commission on April 16, 2010 and August 3, 2010 and incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 above is hereby incorporated into this Item 2.03 by reference.

Item 7.01 Regulation FD Disclosure.

On November 10, 2010, Apache issued a press release announcing the completion of the Merger. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

To the extent required by this item, financial statements of Mariner will be filed as part of an amendment to this Current Report on Form 8-K not later than 71 calendar days after the date this Current Report is required to be filed.

(d) Exhibits.

Exhibit Number	Description
2.1	Agreement and Plan of Merger dated April 14, 2010 by and among Apache Corporation, Apache Deepwater LLC (formerly known as ZMZ Acquisitions LLC) and Mariner Energy, Inc. (incorporated by reference to Exhibit 2.1 to Apache Corporation's Current Report on Form 8-K filed on April 16, 2010) (the schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K).
2.2	Amendment No. 1 dated as of August 2, 2010 to the Agreement and Plan of Merger dated April 14, 2010 by and among Apache Corporation, Apache Deepwater LLC (formerly known as ZMZ Acquisitions LLC) and Mariner Energy, Inc. (incorporated by reference to Exhibit 2.1 to Apache Corporation's Current Report on Form 8-K filed on August 3, 2010).
4.1	Indenture, dated as of June 10, 2009, among Mariner Energy, Inc., the guarantors party thereto and Wells Fargo Bank, N.A., as trustee (incorporated by reference to Exhibit 4.1 to Mariner Energy, Inc.'s Current Report on Form 8-K filed on June 16, 2009).

Exhibit Number	Description
4.2	First Supplemental Indenture, dated as of June 10, 2009, among Mariner Energy, Inc., the guarantors party thereto and Wells Fargo Bank, N.A., as trustee (incorporated by reference to Exhibit 4.2 to Mariner Energy, Inc.'s Form 8-K filed on June 16, 2009).
4.3	Third Supplemental Indenture, dated as of May 20, 2010, among Mariner Energy, Inc., the guarantors party thereto and Wells Fargo Bank, N.A., as trustee.
4.4	Indenture, dated as of April 30, 2007, among Mariner Energy, Inc., the guarantors party thereto and Wells Fargo Bank, N.A., as trustee (incorporated by reference to Exhibit 4.1 to Mariner Energy, Inc.'s Current Report on Form 8-K filed on May 1, 2007).
4.5	Indenture, dated as of April 24, 2006, among Mariner Energy, Inc., the guarantors party thereto and Wells Fargo Bank, N.A., as trustee (incorporated by reference to Exhibit 4.1 to Mariner Energy, Inc.'s Current Report on Form 8-K filed on April 25, 2006).
4.6	Third Supplemental Indenture, dated as of November 10, 2010, among Apache Deepwater LLC, Apache MEI Finance, Inc. as co-issuer, the guarantors party thereto and Wells Fargo Bank, N.A., as trustee, pertaining to the 7.50% Notes.
4.7	Fourth Supplemental Indenture, dated as of November 10, 2010, among Apache Deepwater LLC, Apache MEI Finance, Inc. as co-issuer, the guarantors party thereto and Wells Fargo Bank, N.A., as trustee, pertaining to the 11.75% Notes.
4.8	Third Supplemental Indenture, dated as of November 10, 2010, among Apache Deepwater LLC, Apache MEI Finance, Inc. as co-issuer, the guarantors party thereto and Wells Fargo Bank, N.A., as trustee, pertaining to the 8% Notes.
99.1	Press release of Apache Corporation dated November 10, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

APACHE CORPORATION

Dated: November 12, 2010

By: /s/ John A. Crum

Name: John A. Crum

Title: Co-Chief Operating Officer and
President - North America

EXHIBIT INDEX

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