

Oil Flows At Apache Well

Apache Corporation's Theo 3-H well has flowed 9,694 bopd in a test of the first horizontal well at the Van Gogh development in Western Australia's Exmouth Basin. The Theo 3-H well was drilled to a measured depth of 3,230 m with a 1,388 m horizontal section in the Top Barrow formation and was limited by the capacity of downhole and surface equipment.

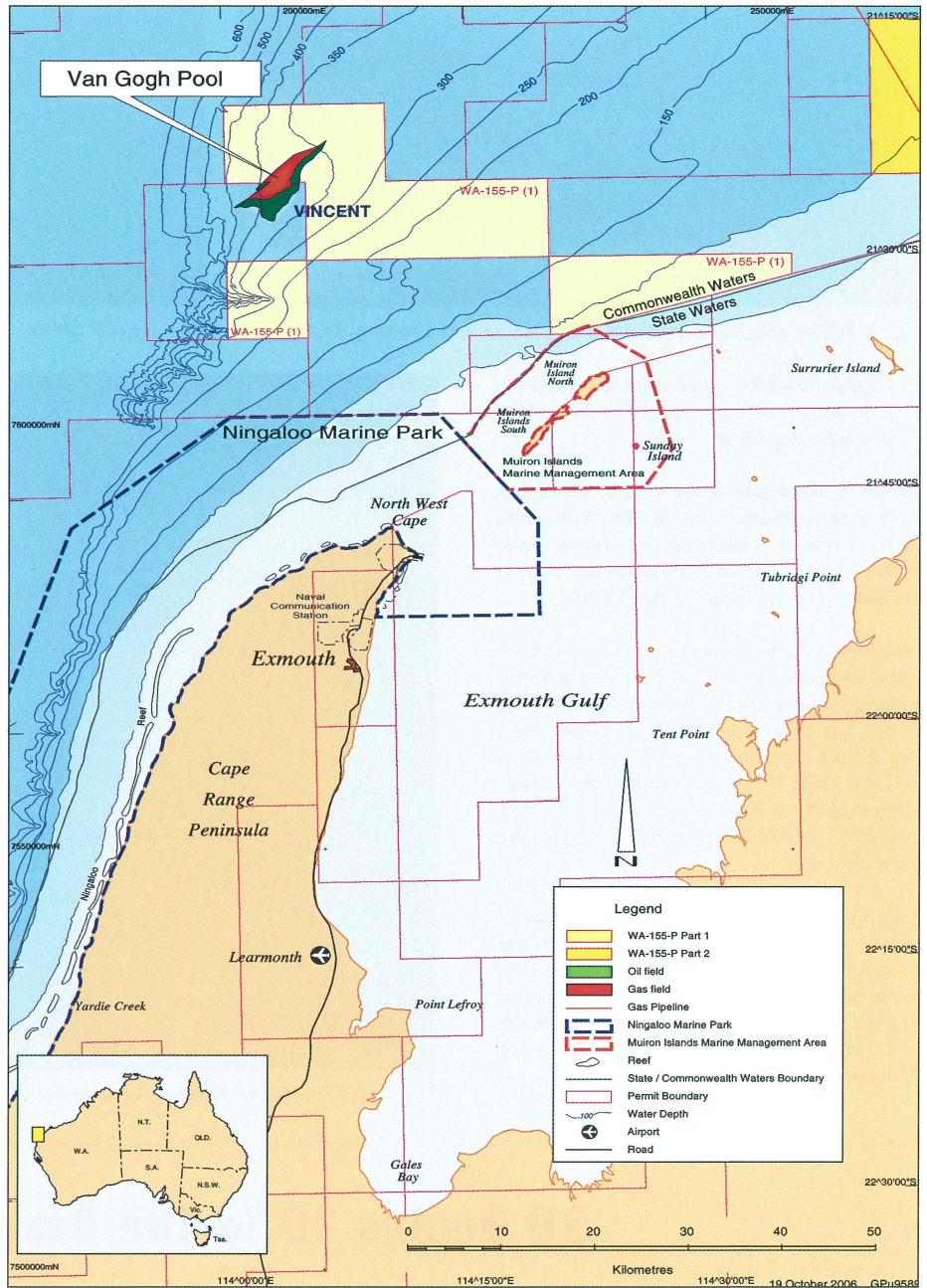
Apache's President and CEO, G. Steven Farris, said the Theo 3-H horizontal well confirms the company's assessment of the productivity of the Top Barrow Sand reservoir. "The Van Gogh development is one of six projects in Apache's core growth areas of Australia, Canada and Egypt that are projected to add aggregate production of 108,000 boe/d, or equivalent, over the next four years", Farris said.

Apache is planning to drill 18 additional long-reach horizontal laterals at Van Gogh later this year with first production anticipated by the end of the first quarter of 2009. Apache owns 52.5% of the Van Gogh development and Tokyo's Inpex owns the remaining 47.5%.

The development will utilise a floating production, storage and offloading (FPSO) vessel with processing capacity of 63,000 bopd and storage capacity of 620,000 bbl.

Meanwhile, Apache and Inpex have awarded London-based engineering and construction company, Acergy, the \$A100 million contract for installation work on the Van Gogh field. The Van Gogh contract is for the installation and tie-in of flowlines, risers, manifolds and an FPSO mooring on the North West Shelf in a water depth of 400 m. Engineering work starts immediately for offshore installation and tie-in work from the *Toisa Proteus*, a multi purpose heavy construction vessel recently added to the Acergy fleet.

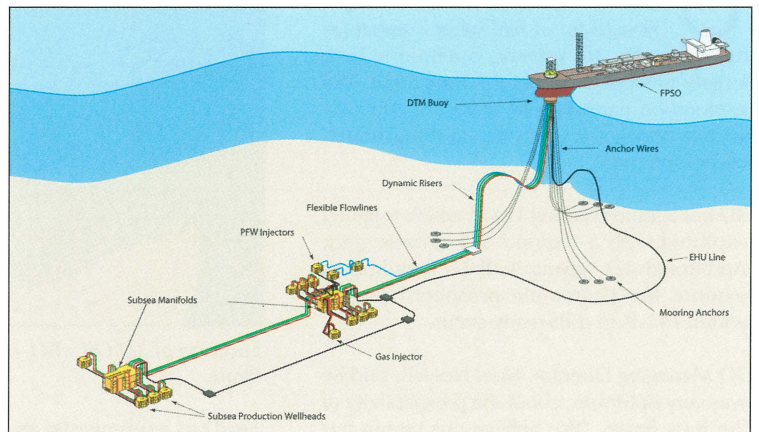
The moored FPSO will be linked to two subsea drill centres with 10 production wells, two water injection wells, and one gas injection well, and is expected to add 20,000 bopd to Apache's net worldwide oil output. Offshore work is scheduled to commence in the third quarter of 2008. ■



Van Gogh location map



The Toisa Proteus



FPSO Schematic