

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

PLYMOUTH COUNTY RETIREMENT
SYSTEM, Individually and on Behalf of All
Others Similarly Situated,

Plaintiff,

v.

APACHE CORPORATION, JOHN J.
CHRISTMANN IV, TIMOTHY J.
SULLIVAN, STEPHEN J. RINEY, and
STEVEN KEENAN,

Defendants.

Case No. _____

JURY TRIAL DEMANDED

CLASS ACTION COMPLAINT

Plaintiff Plymouth County Retirement System (“Plaintiff”) alleges the following based upon personal knowledge as to allegations specifically pertaining to Plaintiff and, as to all other matters, upon the investigation of counsel, which included, without limitation: (i) reviewing and analyzing public filings made by Apache Corporation (“Apache” or the “Company”) with the United States Securities and Exchange Commission (“SEC”); (ii) reviewing and analyzing press releases and other publications disseminated by Defendants (defined below) and other parties; (iii) reviewing and analyzing news articles, shareholder communications, conference calls, and postings on Apache’s website about the Company’s public statements; and (iv) reviewing and analyzing other publicly available information about the Company.

NATURE OF THE ACTION

1. This is a federal securities class action against Apache and certain of its officers for violations of the federal securities laws. Plaintiff brings this action on behalf of all persons or entities that purchased or otherwise acquired Apache common stock from September 7, 2016,

through March 13, 2020, inclusive (the “Class Period”), seeking remedies under the Securities Exchange Act of 1934 (the “Exchange Act”). The action alleges that Defendants engaged in a fraudulent scheme to artificially inflate the Company’s stock price in violation of Sections 10(b) and 20(a) of the Exchange Act.

2. Apache is an independent energy company that explores for, develops, and produces natural gas, crude oil, and natural gas liquids. Apache currently has exploration and production operations in three geographic areas: the U.S., Egypt, and offshore U.K. in the North Sea, and is developing a purported new find in offshore Suriname. Historically, the U.S. has represented nearly 60% of the Company’s production and 70% of its estimated year-end proved reserves. At all relevant times, one of the Company’s purported key “core growth areas” was the Permian region in West Texas and New Mexico.

3. Throughout the Class Period, Defendants made materially false and misleading statements about the Company’s operations and financial health, including the viability and profitability of a purported large oil-and-gas resource play in the Permian Basin called Alpine High. Specifically, Defendants made false and misleading statements and/or failed to disclose that: (i) Apache intentionally used unrealistic assumptions regarding the amount and composition of available oil and gas in Alpine High; (ii) Apache did not have the proper infrastructure in place to safely and/or economically drill and/or transport those resources even if they existed in the amounts purported; (iii) these misleading statements and omissions artificially inflated the value of the Company’s operations in the Permian Basin; and (iv) as a result, the Company’s public statements were materially false and misleading at all relevant times.

4. On April 23, 2019, before financial markets opened, Apache announced that it had begun a “[t]emporary” deferral of natural gas production at Alpine High. In response to this news,

Apache's stock price fell \$4.03 per share, or nearly 11% over the next four trading days, from a close of \$37.09 per share on April 22, 2019, to close at \$33.06 per share on April 26, 2019.

5. Then, on October 25, 2019, Apache's Senior Vice President of Worldwide Exploration, Steven Keenan, abruptly resigned from the Company. In response to this announcement, Apache's stock price dropped \$1.16, or approximately 5%, from a close of \$23.23 per share on October 24, 2019, to close at \$22.07 per share on October 25, 2019. Apache's stock traded as low as \$20.57 per share on October 25, 2019, an intra-day drop of approximately 11.5%, prompting *Bloomberg* to issue a story titled "Apache Executive's Departure Sparks Worst Rout Since 2016."

6. A few months later, on February 26, 2020, after the close of the markets, Apache announced that it was completely de-valuing Alpine High after taking a \$3 billion write down on the project. Two weeks later, on March 12, 2020, Apache announced that it had slashed its quarterly dividend by 90% (from \$0.25 per share to just \$0.025 per share) and was significantly reducing planned capital expenditures for the rest of 2020. On this news, the price of Apache common stock fell \$0.49 per share, or approximately 6%, from a close of \$8.25 per share on March 11, 2020, to close at \$7.76 per share on March 12, 2020.

7. A few days later, on March 16, 2020, *Seeking Alpha* published an article pre-market noting that Apache was particularly challenged amongst its peers, carrying "the highest debt-to-equity ratio among large-cap independent [exploration and production companies]," and that "[t]he company doesn't have a strong balance sheet" and its "financial health isn't great." The article observed that low gas prices had "forced Apache to shift capital away from the wet-gas rich Alpine High play which has been driving the company's production growth." The article noted that "Apache also reduced Alpine High's value by \$1.4 billion." In response to this news and other

investment research downgrades, Apache's stock price fell \$3.61 per share, or approximately 45%, over two trading days, from a close of \$8.07 per share on Friday, March 13, 2020, to close at \$4.46 per share on March 17, 2020.

8. As a result of Defendants' wrongful acts and omissions and the decline in the Company's share price, Plaintiff and other class members have suffered significant damages.

JURISDICTION AND VENUE

9. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

10. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. § 1331, Section 27 of the Exchange Act (15 U.S.C. § 78aa).

11. Venue is proper in this Judicial District under 28 U.S.C. § 1391(b), and Section 27 of the Exchange Act (15 U.S.C. § 78aa). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and misleading information, occurred in substantial part in this Judicial District, as Apache is headquartered in this District.

12. In connection with the acts, conduct, and other wrongs alleged herein, Defendants directly or indirectly used the means and instrumentalities of interstate commerce, including the United States mails, interstate telephone communications, and the facilities of a national securities market.

CLASS ACTION ALLEGATIONS

13. Plaintiff brings this action as a class action under Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons or entities that purchased or otherwise

acquired Apache common stock from September 7, 2016, through March 13, 2020, inclusive, and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

14. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Apache’s common stock actively traded on the NASDAQ. While the exact number of Class members is unknown at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of shares of Apache common stock were publicly traded during the Class Period on the NASDAQ. Record owners and other members of the Class may be identified from records maintained by Apache or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

15. Plaintiff’s claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants’ wrongful conduct in violation of federal law that is complained of herein.

16. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

17. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Questions of law and fact common to the Class include:

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