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

Form 10-K

R Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2010

£ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to

Commission File Number 1-9210

Occidental Petroleum Corporation

(Exact name of registrant as specified in its charter)

State or other jurisdiction of incorporation or organization	**Delaware**
I.R.S. Employer Identification No.	**95-4035997**
Address of principal executive offices	**10889 Wilshire Blvd., Los Angeles, CA**
Zip Code	**90024**
Registrant's telephone number, including area code	**(310) 208-8800**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
9 1/4% Senior Debentures due 2019	New York Stock Exchange
Common Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. R YES £ NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act: (Note: Checking the box will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections). £ YES R NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. R YES £ NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period as the registrant was required to submit and post files). R YES £ NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. R

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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act).
Large Accelerated Filer R Accelerated Filer £
Non-Accelerated Filer £ Smaller Reporting Company £

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). £ YES R NO

The aggregate market value of the voting common stock held by nonaffiliates of the registrant was approximately $61.85 billion, computed by reference to the closing price on the New York Stock Exchange composite tape of $77.15 per share of Common Stock on June 30, 2010. Shares of Common Stock held by each executive officer and director have been excluded from this computation in that such persons may be deemed to be affiliates. This determination of potential affiliate status is not a conclusive determination for other purposes.

At January 31, 2011, there were 812,849,169 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the registrant's definitive Proxy Statement, filed in connection with its May 6, 2011, Annual Meeting of Stockholders, are incorporated by reference into Part III.

TABLE OF CONTENTS

		Page
Part I		
Items 1 and 2	Business and Properties	**3**
	General	**3**
	Oil and Gas Operations	**3**
	Chemical Operations	**4**
	Midstream, Marketing and Other Operations	**5**
	Capital Expenditures	**5**
	Employees	**5**
	Environmental Regulation	**5**
	Available Information	**5**
Item 1A	Risk Factors	**6**
Item 1B	Unresolved Staff Comments	**7**
Item 3	Legal Proceedings	**7**
	Executive Officers	**8**
Part II		
Item 5	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	**9**
Item 6	Selected Financial Data	**11**
Item 7 and 7A	Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)	**11**
	Strategy	**11**
	Oil and Gas Segment	**14**
	Chemical Segment	**19**
	Midstream, Marketing and Other Segment	**20**
	Segment Results of Operations	**21**
	Significant Items Affecting Earnings	**23**
	Taxes	**23**
	Consolidated Results of Operations	**23**
	Consolidated Analysis of Financial Position	**25**
	Liquidity and Capital Resources	**25**
	Off-Balance-Sheet Arrangements	**27**
	Contractual Obligations	**27**
	Lawsuits, Claims, Commitments, Contingencies and Related Matters	**28**
	Environmental Liabilities and Expenditures	**28**
	Foreign Investments	**29**
	Critical Accounting Policies and Estimates	**29**
	Significant Accounting and Disclosure Changes	**33**
	Derivative Activities and Market Risk	**33**
	Safe Harbor Discussion Regarding Outlook and Other Forward-Looking Data	**35**
Item 8	Financial Statements and Supplementary Data	**36**
	Management's Annual Assessment of and Report on Internal Control Over Financial Reporting	**36**
	Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements	**37**
	Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting	**38**
	Consolidated Statements of Income	**39**
	Consolidated Balance Sheets	**40**
	Consolidated Statements of Stockholders' Equity	**42**
	Consolidated Statements of Comprehensive Income	**42**
	Consolidated Statements of Cash Flows	**43**
	Notes to Consolidated Financial Statements	**44**
	Quarterly Financial Data (Unaudited)	**71**
	Supplemental Oil and Gas Information (Unaudited)	**73**
	Financial Statement Schedule:	
	Schedule II – Valuation and Qualifying Accounts	**84**
Item 9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	**85**
Item 9A	Controls and Procedures	**85**
	Disclosure Controls and Procedures	**85**
Part III		
Item 10	Directors, Executive Officers and Corporate Governance	**85**
Item 11	Executive Compensation	**85**
Item 12	Security Ownership of Certain Beneficial Owners and Management	**85**
Item 13	Certain Relationships and Related Transactions and Director Independence	**85**
Item 14	Principal Accountant Fees and Services	**85**
Part IV		
Item 15	Exhibits and Financial Statement Schedules	**86**

Part I

Items 1 And 2 Business and Properties

In this report, "Occidental" refers to Occidental Petroleum Corporation, a Delaware corporation (OPC), and/or one or more entities in which it owns a majority voting interest (subsidiaries). Occidental conducts its operations through various subsidiaries and affiliates. Occidental's executive offices are located at 10889 Wilshire Boulevard, Los Angeles, California 90024; telephone (310) 208-8800.

General

Occidental's principal businesses consist of three segments. The oil and gas segment explores for, develops, produces and markets crude oil, including natural gas liquids (NGLs) and condensate (together with NGLs, "liquids"), as well as natural gas. The chemical segment (OxyChem) manufactures and markets basic chemicals, vinyls and other chemicals. The midstream, marketing and other segment (midstream and marketing) gathers, treats, processes, transports, stores, purchases and markets crude oil, liquids, natural gas, carbon dioxide (CO_2) and power. It also trades around its assets, including pipelines and storage capacity, and trades oil and gas, other commodities and commodity-related securiti es. Unless otherwise indicated hereafter, discussion of oil or oil and liquids refers to crude oil, NGLs and condensate.

For information regarding Occidental's current developments, segments and geographic areas, see the information in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A) section of this report and Note 16 to the Consolidated Financial Statements.

Oil and Gas Operations

General

Occidental's domestic oil and gas operations are mainly located in Texas, New Mexico, California, Kansas, Oklahoma, Utah, Colorado, North Dakota and West Virginia. International operations are located in Bahrain, Bolivia, Colombia, Iraq, Libya, Oman, Qatar, the United Arab Emirates (UAE) and Yemen. Occidental has classified its Argentine operations as held for sale on a retrospective application basis.

Proved Reserves and Sales Volumes

The table below shows Occidental's total oil and natural gas proved reserves and sales volumes in 2010, 2009 and 2008. See "MD&A — Oil and Gas Segment," and the information under the caption "Supplemental Oil and Gas Information" for certain details regarding Occidental's oil and gas proved reserves, the reserves estimation process, sales volumes, production costs and other reserves-related data.

Comparative Oil and Gas Proved Reserves and Sales Volumes

Oil in millions of barrels; natural gas in billions of cubic feet; barrels of oil equivalent (BOE) in millions of barrels of oil equivalent

	2010			2009			2008		
Proved Reserves	**Oil (a)**	**Gas**	**BOE (b)**	Oil (a)	Gas	BOE (b)	Oil (a)	Gas	BOE (b)
United States	**1,697**	**3,034**	**2,203**	1,606	2,799	2,072	1,547	3,153	2,073
International	**613 (c)**	**2,104**	**964 (c)**	657 (d)	2,228	1,028 (d)	533 (d)	1,299	749 (d)
Continuing Operations	**2,310**	**5,138**	**3,167**	2,263	5,027	3,100	2,080	4,452	2,822
Held for Sale (e)	**166**	**182**	**196**	108	130	130	135	149	160
Total	**2,476**	**5,320**	**3,363 (f)**	2,371	5,157	3,230 (f)	2,215	4,601	2,982 (f)
Sales Volumes									
United States	**99**	**247**	**140**	99	232	137	96	215	132
International	**88 (d)**	**172**	**117 (d)**	69 (d)	95	85 (d)	63 (d)	84	77 (d)
Continuing Operations	**187**	**419**	**257**	168	327	222	159	299	209
Held for Sale (e)	**14**	**12**	**16**	13	11	15	12	8	13
Total	**201**	**431**	**273**	181	338	237	171	307	222

(a) Includes NGLs and condensate.
(b) Natural gas volumes have been converted to BOE based on energy content of six thousand cubic feet (Mcf) of gas to one barrel of oil.
(c) Excludes the former noncontrolling interest in a Colombian subsidiary because on December 31, 2010, Occidental restructured its Colombian operations to take a direct working interest in the related assets.
(d) Includes the noncontrolling interest in a Colombian subsidiary.
(e) Occidental has classified its Argentine operations as held for sale.
(f) Stated on a net basis after applicable royalties. Includes proved reserves related to production-sharing contracts (PSCs) and other similar economic arrangements of 1.1 billion BOE in 2010, 1.1 billion BOE in 2009 and 825 million BOE in 2008.

Competition and Sales and Marketing

As a producer of oil and natural gas, Occidental competes with numerous other domestic and foreign private and government producers. Oil and natural gas are commodities that are sensitive to prevailing global and, in certain cases local, current and anticipated market conditions. They are sold at current market prices or on a forward basis to refiners and other market participants. Occidental competes by developing and producing its worldwide oil and gas reserves cost-effectively and acquiring rights to explore, develop and produce in areas with known oil and gas deposits. Occidental also competes by increasing production through enhanced oil recovery projects in mature and underdeveloped fields and making strategic acquisitions.

Chemical Operations

OxyChem owns and operates manufacturing plants at 22 domestic sites in Alabama, Georgia, Illinois, Kansas, Louisiana, Michigan, New Jersey, New York, Ohio, Pennsylvania and Texas and at two international sites in Canada and Chile and has interests in a Brazilian joint venture. OxyChem produces the following products:

Principal Products	Major Uses	Annual Capacity
Basic Chemicals		
Chlorine	Chlorovinyl chain and water treatment	4.0 million tons [a]
Caustic Soda	Pulp, paper and aluminum production	4.2 million tons [a]
Chlorinated organics	Silicones, paint stripping, pharmaceuticals and refrigerants	0.9 billion pounds
Potassium chemicals	Glass, fertilizers, cleaning products and rubber	0.4 million tons
Ethylene dichloride (EDC)	Raw material for vinyl chloride monomer (VCM)	2.4 billion pounds [a]
Vinyls		
VCM	Precursor for polyvinyl chloride (PVC)	6.2 billion pounds
PVC	Piping, medical, building materials and automotive products	3.7 billion pounds
Other Chemicals		
Chlorinated isocyanurates	Swimming pool sanitation and disinfecting products	131 million pounds
Resorcinol	Tire manufacture, wood adhesives and flame retardant synergist	50 million pounds
Sodium silicates	Soaps, detergents and paint pigments	0.6 million tons
Calcium chloride	Ice melting, dust control, road stabilization and oil field services	0.7 million tons

(a) Includes gross capacity of a joint venture in Brazil, owned 50 percent by Occidental.

Midstream, Marketing and Other Operations

The midstream and marketing operations are conducted in the locations described below:

Location	Description	Capacity
Gas Plants		
California, Colorado and Permian Basin	Occidental-operated and third-party-operated gas gathering, treating, compression and processing systems, and CO_2 processing	2.5 billion cubic feet per day
Pipelines		
Permian Basin and Oklahoma	Common carrier oil pipeline and storage system	365,000 barrels of oil per day 5.8 million barrels of oil storage 2,700 miles of pipeline
Colorado, New Mexico and Texas - CO_2 fields and pipelines	CO_2 fields and pipeline systems transporting CO_2 to oil and gas producing locations	1.625 billion cubic feet per day
Dolphin Pipeline - Qatar and United Arab Emirates	24.5% equity investment in a natural gas pipeline	3.2 billion cubic feet of natural gas per day [(a)]
Western and Southern United States and Canada	Minority investment in entity involved in pipeline transportation, storage, terminalling and marketing of oil, gas and related petroleum products	16,000 miles of pipeline and gathering systems [(b)] 92 million barrels of oil and other petroleum products and 50 billion cubic feet of natural gas storage [(b)]
Marketing and Trading		
Texas, Connecticut, United Kingdom, Singapore and other	Trades around its assets and purchases, markets and trades oil, gas, power, other commodities and commodity-related securities	Not applicable
Power Generation		
California, Texas and Louisiana	Occidental-operated power and steam generation facilities	1,800 megawatts per hour and 1.6 million pounds of steam per hour

(a) Capacity requires additional gas compression and customer contracts.
(b) Amounts are gross, including interests held by third parties.

Capital Expenditures

For information on capital expenditures, see the information under the heading "Liquidity and Capital Resources — Capital Expenditures" in the MD&A section of this report.

Employees

Occidental employed approximately 11,000 people at December 31, 2010, 7,100 of whom were located in the United States. Occidental employed approximately 6,900 people in the oil and gas and midstream and marketing segments and 3,000 people in the chemical segment. An additional 1,100 people were employed in administrative and headquarters functions. Approximately 900 U.S.-based employees and 300 foreign-based employees are represented by labor unions.

Occidental has a long-standing strict policy to provide fair and equal employment opportunities to all applicants and employees.

Environmental Regulation

For environmental regulation information, including associated costs, see the information under the heading "Environmental Liabilities and Expenditures" in the MD&A section of this report and "Risk Factors."

Available Information

Occidental makes the following information available free of charge through its web site at www.oxy.com:

- Forms 10-K, 10-Q, 8-K and amendments to these forms as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission (SEC);
- Other SEC filings, including Forms 3, 4 and 5; and
- Corporate governance information, including its corporate governance guidelines, board-committee charters and Code of Business Conduct. (See Part III Item 10 of this report for further information.)

Information contained on Occidental's web site is not part of this report.

ITEM 1A RISK FACTORS

Volatile global and local commodity pricing strongly affects Occidental's results of operations.

Occidental's financial results typically correlate closely to the prices it obtains for its products.

Changes in consumption patterns, global and local economic conditions, inventory levels, production disruptions, the actions of OPEC, currency exchange rates, market speculation, worldwide drilling and exploration activities, weather, geophysical and technical limitations and other matters may affect the supply and demand dynamics of oil and gas, contributing to price volatility.

Demand and, consequently, the price obtained for Occidental's chemical products correlate strongly to the health of the United States and global economy, as well as chemical industry expansion and contraction cycles. Occidental also depends on feedstocks and energy to produce chemicals, which are commodities subject to significant price fluctuations.

Occidental's oil and gas business operates in highly competitive environments, which affect, among other things, its results of operations and its ability to grow production and replace reserves.

Growth in Occidental's oil and gas production and results of operations depends, in part, on its ability to profitably acquire, develop or find additional reserves. Occidental replaces significant amounts of its reserves through acquisitions, exploration and large development projects. Occidental has many competitors (including national oil companies), some of which are: (i) larger and better funded, (ii) may be willing to accept greater risks or (iii) have special competencies. Competition for reserves may make it more difficult to find attractive investment opportunities or require delay of expected reserve replacement efforts. During periods of low product prices, any cash conservation efforts may delay production growth and reserve replacement efforts.

Occidental faces risks associated with its mergers, acquisitions and divestitures.

Occidental's merger, acquisition and divestiture activities carry risks that it may: (i) not fully realize anticipated benefits due to less than expected reserves or production or changed circumstances, such as product prices; (ii) bear unexpected integration costs or experience other integration difficulties; (iii) experience share price declines based on the market's evaluation of the activity; or (iv) assume or retain liabilities that are greater than anticipated.

Governmental actions, political instability and labor unrest may affect Occidental's results of operations.

Occidental's businesses are subject to the decisions of many governments and political interests. As a result, Occidental faces risks of:

- new or amended laws and regulations, including those related to labor and employment, taxes, royalty rates, profit repatriation, permitted production rates, drilling, production or manufacturing processes, entitlements, import, export and use of equipment, use of land, water and other natural resources, safety, security and environmental protection, all of which may increase production costs or reduce the demand for Occidental's products; and

- refusal or delay in the extension or grant of exploration, development or production contracts.

Occidental may experience adverse consequences, such as risk of loss or production limitations, because certain of its foreign operations are located in countries occasionally affected by political instability, armed conflict, terrorism, insurgency, civil unrest, security problems, labor unrest, OPEC production restrictions, equipment import restrictions and sanctions. Exposure to such risks may increase if a greater percentage of Occidental's future oil and gas production comes from foreign sources.

There has been recent political instability and civil unrest in Bahrain, Libya and Yemen. The effect, if any, of these developments on Occidental's operations is unknown at this time, but is not expected to be material.

Occidental's oil and gas reserves are based on professional judgments and may be subject to revision.

Calculations of oil and gas reserves depend on estimates concerning reservoir characteristics and recoverability, including decline rates, as well as capital and operating costs. If Occidental were required to make unanticipated significant negative reserve revisions, its results of operations and stock price could be adversely affected.

Occidental may experience significant losses in exploration activities or delays in development efforts or cost overruns.

Exploration is inherently risky. Exploration and development activities are subject to delays, misinterpretation of geologic or engineering data, unexpected geologic conditions or finding reserves of disappointing quality or quantity, which may result in significant losses. Occidental bears the risks of project delays and cost overruns due to equipment failures, approval delays, construction delays, escalating costs or competition for services, materials, supplies or labor, border disputes and other associated risks in its development efforts.

Concerns about climate change may affect Occidental's operations.

There is an ongoing effort to assess and quantify the effects of climate change and the potential human influences on climate. Various U.S. and foreign jurisdictions, including the U.S. federal government and the states of California and New Mexico, have adopted legislation, regulations or policies that seek to control or reduce the production, use or emissions of "greenhouse gases" (GHGs), to control or reduce the production or consumption of fossil fuels, and to increase the use of renewable or alternative energy sources, and such measures are pending in other jurisdictions. The uncertain outcome and timing of existing and proposed international, national, and state measures intended to reduce GHGs make it difficult to predict their business impact. However, Occidental could face risks of delays in development projects, increases in costs and taxes and reductions in the demand for and restrictions on the use of its products as a result of ongoing GHG reduction efforts.

Occidental's businesses may experience catastrophic events.

The occurrence of events, such as earthquakes, hurricanes, floods, well blowouts, fires, explosions, chemical releases and industrial accidents, and other events that cause operations to cease or be curtailed, may negatively affect Occidental's businesses and communities in which it operates. Third-party insurance may not provide adequate coverage or Occidental may be self-insured with respect to the related losses.

Other risk factors.

Additional discussion of risks related to oil and gas reserve estimation processes, price and demand, litigation, environmental matters, foreign operations, impairments, derivatives and market risks appears under the headings: "MD&A — Oil & Gas Segment —Proved Reserves" and "— Industry Outlook," "Chemical Segment — Industry Outlook," "Midstream, Marketing and Other Segment — Industry Outlook," "Lawsuits, Claims, Commitments, Contingencies and Related Matters," "Environmental Liabilities and Expenditures," "Foreign Investments," "Critical Accounting Policies and Estimates," and "Derivative Activities and Market Risk."

ITEM 1B UNRESOLVED STAFF COMMENTS

None.

ITEM 3 LEGAL PROCEEDINGS

For information regarding legal proceedings, see the information under the caption, "Lawsuits, Claims, Commitments, Contingencies and Related Matters" in the MD&A section of this report and in Note 9 to the Consolidated Financial Statements.

In May 2010, a putative stockholder action, *Resnik v. Abraham*, was filed in the U.S. District Court (Delaware), naming the present directors, certain executive officers and Occidental, as defendants. The complaint alleges defendants made a false and misleading proxy solicitation in connection with re-approval of the performance goals for certain incentive awards and authorized excessive compensation constituting corporate waste and breach of fiduciary duties. In July and August 2010, second and third purported stockholder complaints, *Gusinsky v. Irani* and *Wein v. Irani*, respectively, alleging similar derivative claims for corp orate waste and breach of fiduciary duty, were filed in the Los Angeles Superior Court. The parties in the Resnik case reached an agreement in principle, providing for the settlement of that action in October 2010. The plaintiffs in the Gusinsky and Wein matters filed objections to the Resnik settlement in November 2010. In December 2010, Occidental reached an agreement with those plaintiffs to resolve their objections and filed a revised notice of settlement with the court on December 27, 2010. At a fairness hearing on February 8, 2011, the settlement was approved. As a result, the Wein and Gusinsky plaintiffs have agreed to dismiss their cases with prejudice.

In a previously disclosed proceeding, the Colorado Oil and Gas Conservation Commission (COGCC) has proposed a penalty of approximately $370,000 for an alleged release of production fluids from a well site.

EXECUTIVE OFFICERS

The current term of employment of each executive officer of Occidental will expire at the May 6, 2011 organizational meeting of the Board of Directors or when a successor is selected. The following table sets forth the executive officers of Occidental:

Name	Age at February 24, 2011	Positions with Occidental and Subsidiaries and Five-Year Employment History
Dr. Ray R. Irani	76	Chairman and Chief Executive Officer since 1990; Director since 1984; Member of Executive Committee; 2005-2007, President.
Stephen I. Chazen	64	President since 2007; Chief Operating Officer and Director since 2010; 1999-2010, Chief Financial Officer; 2005-2007, Senior Executive Vice President.
Donald P. de Brier	70	Executive Vice President, General Counsel and Secretary since 1993.
James M. Lienert	58	Executive Vice President and Chief Financial Officer since 2010; 2006-2010, Executive Vice President — Finance and Planning; 2004-2006, Vice President; Occidental Chemical Corporation: 2004-2006, President.
William E. Albrecht	59	Vice President since 2008; Occidental Oil and Gas Corporation (OOGC): President — Oxy Oil & Gas, USA since 2008; 2007-2008, Vice President, California Operations; Noble Royalties, Inc.: 2006-2007, President of Acquisitions and Divestitures; EOG Resources, Inc.: 1998-2006, Vice President of Acquisitions and Engineering.
Edward A. "Sandy" Lowe	59	Vice President since 2008; OOGC: President — Oxy Oil & Gas, International Production since 2009; 2008-2009, Executive Vice President — Oxy Oil & Gas, International Production and Engineering; 2008, Executive Vice President — Oxy Oil & Gas, Major Projects; Dolphin Energy Ltd.: 2002-2007, Executive Vice President and General Manager.
Roy Pineci	48	Vice President, Controller and Principal Accounting Officer since 2008; 2007-2008, Senior Vice President, Finance — Oil and Gas; 2005-2007, Vice President — Internal Audit.
B. Chuck Anderson	51	President of Occidental Chemical Corporation since 2006; 2004-2006, Executive Vice President — Chlorovinyls.

Part II

Item 5 Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Trading Price Range and Dividends

This section incorporates by reference the quarterly financial data appearing under the caption "Quarterly Financial Data (Unaudited)" after the Notes to the Consolidated Financial Statements and the information appearing under the caption "Liquidity and Capital Resources" in the MD&A section of this report. Occidental's common stock was held by 35,577 stockholders of record at December 31, 2010, and by approximately 537,000 additional stockholders whose shares were held for them in street name or nominee accounts. The common stock is listed and traded principally on the New York Stock Exchange. The quarterly financial data, which are included in this report after the Notes to the Consolidated Financial Statements, set forth the range of trading prices for the common stock as reported on the composite tape of the New York Stock Exchange and quarterly dividend information.

The quarterly dividends declared on the common stock were $0.33 per share for the first quarter of 2010 and $0.38 for the last three quarters of 2010 ($1.47 for the year). On February 10, 2011, a quarterly dividend of $0.46 per share ($1.84 on an annualized basis) was declared on the common stock, payable on April 15, 2011 to stockholders of record on March 10, 2011. The declaration of future dividends is a business decision made by the Board of Directors from time to time, and will depend on Occidental's financial condition and other factors deemed relevant by the Board.

Securities Authorized for Issuance under Equity Compensation Plans

All of Occidental's equity compensation plans for its employees and non-employee directors, pursuant to which options, rights or warrants or other equity awards may be granted, have been approved by the stockholders. Occidental has established several Plans that allow it to issue stock-based awards in the form of options, restricted stock units, stock appreciation rights, performance stock awards, total shareholder return incentives and dividend equivalents. These include the 1995 Incentive Stock Plan (1995 ISP), 2001 Incentive Compensation Plan (2001 ICP), Phantom Share Unit Awards Plan and the 2005 Long-Term Incentive Plan (2005 LTIP). No further awards will be granted under the 1995 ISP and 2001 ICP; however, certain 1995 ISP and 2001 ICP award grants were outstanding at December 31, 2010. An aggregate of 66 million shares of Occidental common stock were authorized for issuance under the 2005 LTIP.

The following is a summary of the shares reserved for issuance as of December 31, 2010, pursuant to outstanding options, rights or warrants or other equity awards granted under Occidental's equity compensation plans:

a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	b) Weighted-average exercise price of outstanding options, warrants and rights	c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a))
1,013,615	$23.62	53,088,606

***** Includes, with respect to:

- the 1995 Incentive Stock Plan, 5,602 shares reserved for issuance pursuant to deferred stock unit awards;
- the 2001 Incentive Compensation Plan, 16,564 shares reserved for issuance pursuant to deferred stock unit awards and 1,446 shares reserved for issuance as dividend equivalents on deferred stock unit awards; and
- the 2005 Long-Term Incentive Plan, 285,340 shares at maximum payout level (142,670 at target level) reserved for issuance pursuant to outstanding performance stock awards, 3,561 shares reserved for issuance pursuant to restricted stock unit awards and 3,834,537 shares at maximum payout level (2,041,022 at target or mid-point level) reserved for issuance pursuant to total stockholder return incentive awards.

Of the 48,941,557 shares that are not reserved for issuance under the 2005 Long-Term Incentive Plan, approximately 9 million to 28 million shares are available for issuance, depending on the type of award, after giving effect to the provision of the plan that each award, other than options and stock appreciation rights, must be counted against the number of shares available for issuance as three shares for every one share covered by the award.

Share Repurchase Activities

Occidental's share repurchase activities for the year ended December 31, 2010 were as follows:

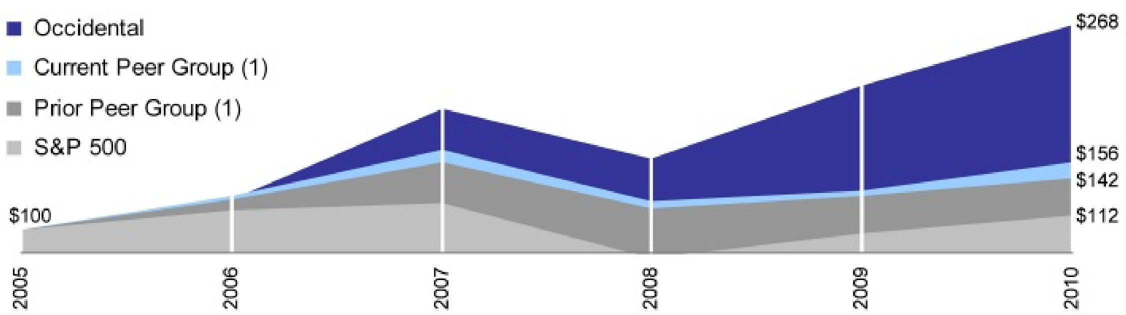
Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
First Quarter 2010	—	—	—	
Second Quarter 2010	129,774	$86.60	—	
Third Quarter 2010	—	—	—	
October 1 - 31, 2010	124,845	$82.39	—	
November 1 - 30, 2010	252,835	$84.70	—	
December 1 - 31, 2010	252,232	$93.38	—	
Fourth Quarter 2010	629,912	$87.72	—	
Total 2010	759,686	$87.53	—	27,155,575 (b)

(a) Purchased from the trustee of Occidental's defined contribution savings plan.
(b) Occidental has had a 95 million share authorization in place since 2008 for its share repurchase program; however, the program does not obligate Occidental to acquire any specific number of shares and may be discontinued at any time.

Performance Graph

The following graph compares the yearly percentage change in Occidental's cumulative total return on its common stock with the cumulative total return of the Standard & Poor's 500 Stock Index (S&P 500) and with that of Occidental's peer groups over the five-year period ended on December 31, 2010. The graph assumes that $100 was invested in Occidental common stock, in the stock of the companies in the S&P 500 and in separate portfolios of each of the peer group companies' common stock weighted by their relative market values each year and that all dividends were reinvested.

In 2010, Occidental revised its current peer group beyond the 9 companies (including Occidental) in the prior peer group to provide a broader comparison basis for Occidental's results within the oil and gas industry. Occidental's prior peer group consisted of Anadarko Petroleum Corporation, Apache Corporation, BP p.l.c., Chevron Corporation, ConocoPhillips, Devon Energy Corporation, ExxonMobil Corporation, Royal Dutch Shell plc and Occidental. Occidental's current peer group consists of Anadarko Petroleum Corporation, Apache Corporation, Canadian Natural Resources Limited, Chevron Corporation, ConocoPhillips, Devon Energy Corporation, EOG Resources Inc., ExxonMobil Corporation, Hess Corporation, Marathon Oil Corporation, Royal Dutch Shell plc and Occidental.



	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10
Occidental	**$100**	$124	$199	$158	$218	**$268**
Current Peer Group	**100**	127	165	123	132	156
Prior Peer Group	**100**	124	155	117	127	142
S&P 500	**100**	116	122	77	97	112

The information provided in this Performance Graph shall not be deemed "soliciting material" or "filed" with the Securities and Exchange Commission or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934 (Exchange Act), other than as provided in Item 201 to Regulation S-K under the Exchange Act, or subject to the liabilities of Section 18 of the Exchange Act and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act except to the extent Occidental specifically requests that it be treated as soliciting material or specifically incorporates it by reference.

(1) The total cumulative return of each peer group companies' common stock includes the cumulative total return of Occidental's common stock.

Item 6 Selected Financial Data

Five-Year Summary of Selected Financial Data

Dollar amounts in millions, except per-share amounts

As of and for the years ended December 31,	2010	2009	2008	2007	2006
RESULTS OF OPERATIONS (a)					
Net sales	**$ 19,045**	$ 14,814	$ 23,713	$ 18,323	$ 16,648
Income from continuing operations (b)	**$ 4,569**	$ 3,151	$ 7,183	$ 5,072	$ 4,127
Net income attributable to common stock	**$ 4,530**	$ 2,915	$ 6,857	$ 5,400	$ 4,191
Basic earnings per common share from continuing operations (b)	**$ 5.62**	$ 3.88	$ 8.77	$ 6.06	$ 4.82 (c)
Basic earnings per common share (b)	**$ 5.57**	$ 3.59	$ 8.37	$ 6.45	$ 4.90 (c)
Diluted earnings per common share (b)	**$ 5.56**	$ 3.58	$ 8.34	$ 6.42	$ 4.86 (c)
FINANCIAL POSITION (a)					
Total assets	**$ 52,432**	$ 44,229	$ 41,537	$ 36,519	$ 32,431
Long-term debt, net	**$ 5,111**	$ 2,557	$ 2,049	$ 1,741	$ 2,619
Stockholders' equity	**$ 32,484**	$ 29,159	$ 27,325	$ 22,858	$ 19,604
MARKET CAPITALIZATION (d)	**$ 79,735**	$ 66,050	$ 48,607	$ 63,573	$ 41,013
CASH FLOW					
Operating:					
Cash provided by operating activities	**$ 9,349**	$ 5,807	$ 10,654	$ 6,798	$ 6,351
Investing:					
Capital expenditures	**$ (3,940)**	$ (3,245)	$ (4,126)	$ (3,038)	$ (2,684)
Cash used by all other investing activities, net	**$ (5,138)**	$ (2,082)	$ (5,203)	$ (37)	$ (1,606)
Financing:					
Cash dividends paid	**$ (1,159)**	$ (1,063)	$ (940)	$ (765)	$ (646)
Cash provided (used) by all other financing activities, net	**$ 2,242**	$ 30	$ (570)	$ (2,333)	$ (2,266)
DIVIDENDS PER COMMON SHARE	**$ 1.47**	$ 1.31	$ 1.21	$ 0.94	$ 0.80 (c)
WEIGHTED AVERAGE BASIC SHARES OUTSTANDING (thousands)	**812,472**	811,305	817,635	834,932	852,550 (c)

Note: Argentine operations have been reflected as held for sale for all periods.

(a) See the MD&A section of this report and the Notes to Consolidated Financial Statements for information regarding acquisitions and dispositions, discontinued operations and other items affecting comparability.
(b) Represent amounts attributable to common stock after deducting noncontrolling interest amounts of $72 million in 2010, $51 million in 2009, $116 million in 2008, $75 million in 2007 and $111 million in 2006.
(c) Amounts have been adjusted to reflect a two-for-one stock split in the form of a stock dividend to stockholders on August 1, 2006.
(d) Market capitalization is calculated by multiplying the year-end total shares of common stock outstanding, net of shares held as treasury stock, by the year-end closing stock price.

Item 7 and 7A

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)

Strategy

General

In this report, "Occidental" refers to Occidental Petroleum Corporation (OPC), and/or one or more entities in which it owns a majority voting interest (subsidiaries). Occidental's principal businesses consist of three industry segments operated by OPC's subsidiaries and affiliates. The oil and gas segment explores for, develops, produces and markets crude oil, including natural gas liquids (NGLs) and condensate (together with NGLs, "liquids"), as well as natural gas. The chemical segment (OxyChem) manufactures and markets basic chemicals, vinyls and other chemicals. The midstream, marketing and other segment (midstream and marketing) gathers, treats, processes, transports, stores, purchases and markets crude oil, liquids, natural gas, carbon dioxide (CO_2) and power. It also trades around its assets, including pipelines and storage capacity, and trades oil and gas, other commodities and commodity-related securities. Unless otherwise indicated hereafter, discussion of oil or oil and liquids refers to crude oil, NGLs and condensate. In addition, discussions of oil and gas production or volumes, in general, refer to sales volumes unless the context requires or it is indicated otherwise.

Occidental aims to generate superior total returns to stockholders using the following strategies:

- Ø Focus on large, long-lived oil and gas assets with long-term growth potential;
- Ø Maintain financial discipline and a strong balance sheet;

- Manage the chemical segment to provide cash in excess of normal capital expenditures; and
- Manage the midstream and marketing segment to generate returns in excess of Occidental's cost of capital.

Occidental prefers to own large, long-lived "legacy" oil and gas assets, like those in California and the Permian Basin, that tend to have enhanced secondary and tertiary recovery opportunities and economies of scale that lead to cost-effective production in a safe and environmentally sound manner. Management expects such assets to contribute substantially to earnings and cash flow after invested capital.

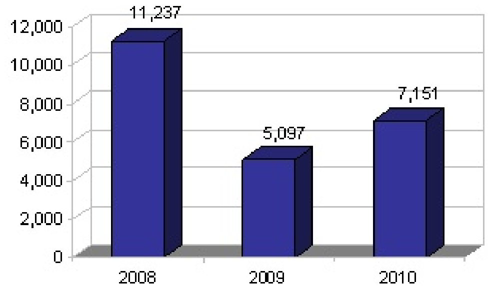
At Occidental, maintaining financial discipline means investing capital in projects that management expects will generate above-cost-of-capital returns through their life cycle. Occidental expects to use most of any excess cash flow after capital expenditures to enhance stockholders' returns through dividend increases and acquisition opportunities.

The chemical business is not managed with a growth strategy but to generate cash flow exceeding its normal capital expenditure requirements. Capital is employed to operate the chemical business in a safe and environmentally sound way, to sustain production capacity and to focus on projects designed to improve the competitiveness of these assets. Acquisitions may be pursued when they are expected to enhance the existing core chlor-alkali and polyvinyl chloride (PVC) businesses or take advantage of other specific opportunities.

The midstream and marketing segment is managed to generate returns on capital invested in excess of Occidental's cost of capital. In marketing its own production and third party purchases, Occidental attempts to maximize realized prices and margins and limit credit risk exposure. In commodities and commodity-related securities trading, Occidental seeks to generate gains using net long positions. Capital is employed to operate segment assets in a safe and environmentally sound way, to sustain or, where appropriate, increase operational capacity and to improve the competitiveness of Occidental's assets.

Oil and Gas

Segment Earnings
($ millions)



The oil and gas business seeks to increase its oil and gas production profitably and add new reserves at a pace ahead of production while minimizing costs incurred for finding and development. The oil and gas business implements this strategy within the limits of the overall corporate strategy primarily by:

- Deploying capital to fully develop areas where proved reserves exist and increase production from mature fields;
- Adding commercial reserves through a combination of focused exploration and development programs conducted in Occidental's core areas, which are the United States, the Middle East/North Africa and Latin America;
- Pursuing commercial opportunities in core areas to enhance the development of mature fields with large volumes of remaining oil by applying appropriate technology and advanced reservoir-management practices; and
- Maintaining a disciplined approach to acquisitions and divestitures with an emphasis on transactions at attractive prices.

Over the past several years, Occidental has strengthened its asset base within its core areas. Occidental has invested in, and disposed of, assets with the goal of raising the average performance and potential of its assets.

In December 2010, Occidental executed an agreement with a subsidiary of China Petrochemical Corporation (Sinopec) to sell its Argentine oil and gas operations for after-tax proceeds of approximately $2.6 billion. The sale closed in February 2011.

In January 2011, Occidental completed the acquisition of gas producing properties in South Texas for approximately $1.8 billion. In December 2010, Occidental acquired approximately 174,000 net contiguous acres of oil producing and prospective properties in North Dakota, which also offer significant further development opportunity, for approximately $1.4 billion.

In 2010, Occidental also acquired various domestic oil and gas interests that complement its existing portfolio of assets for approximately $2.8 billion. These assets are in operated, producing and non-producing properties in the Permian Basin, mid-continent region and California.

The acquisitions mentioned above collectively are expected to offset the Argentine production.

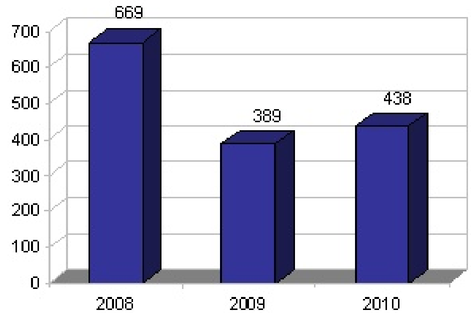
In addition, Occidental continues to deploy significant capital to its core operations in the Permian Basin, California and mid-continent region to increase production from these assets.

Internationally, Occidental announced in January 2011 that it had reached an agreement-in-principle for a 40-percent participating interest in the Shah Field development project in Abu Dhabi, partnering with the Abu Dhabi National Oil Company. In January of 2010, Occidental and its partners signed a technical service contract with the South Oil Company of Iraq to develop the Zubair Field in Iraq. In April 2009, Occidental and its partners signed a Development and Production Sharing

Agreement (DPSA) with the National Oil and Gas Authority of Bahrain for further development of the Bahrain Field. The DPSA became effective in December 2009. In addition, Occidental has continued to make capital expenditures and investments in existing projects in the Middle East/North Africa and expects continued production growth in the Mukhaizna project in Oman.

Chemical

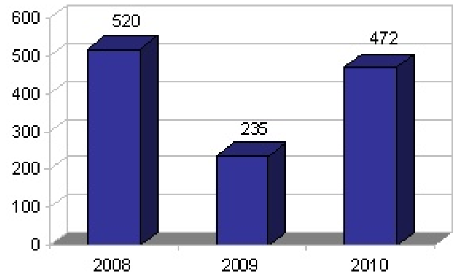
Segment Earnings
($ millions)



OxyChem's strategy is to be a low-cost producer in order to maximize its cash flow generation. OxyChem concentrates on the chlorovinyls chain beginning with chlorine, which is co-produced with caustic soda, both of which are marketed to third parties. In addition, chlorine, together with ethylene, is converted through a series of intermediate products into polyvinyl chloride (PVC). OxyChem's focus on chlorovinyls permits it to maximize the benefits of integration and allows it to take advantage of economies of scale.

Midstream, Marketing and Other

Segment Earnings
($ millions)



The midstream and marketing segment is managed to generate returns on capital invested in excess of Occidental's cost of capital. In order to generate these returns, the segment provides low cost services to other segments as well as to third parties and operates gas plants, oil, gas and CO_2 pipeline systems and storage facilities. In addition, the marketing and trading group markets Occidental's and third-party oil and gas, trades around the midstream and marketing segment assets and engages in commodities and commodity-related securities trading.

In December 2010, Occidental purchased additional interests in the General Partner of Plains All-American Pipeline, L.P. (Plains Pipeline), and now owns approximately 35 percent of the General Partner. In December 2010, Occidental also completed its acquisition of the remaining 50-percent joint venture interest in Elk Hills Power, LLC (EHP), a limited liability company that operates a gas-fired power-generation plant in California, bringing Occidental's total ownership to 100 percent.

Key Performance Indicators
General

Occidental seeks to ensure that it meets its strategic goals by continuously measuring its success in maintaining below-average debt levels, delivering returns in excess of its cost of capital and achieving top-quartile performance compared to its peers in:

Ø Total return to stockholders;

Ø Return on equity (ROE);

Ø Return on capital employed (ROCE); and

Ø Other segment-specific measures such as per-unit profit, production cost, cash flow, finding and development cost, reserves replacement percentage and others.

Over the years, Occidental has delivered high levels of return. Occidental increased stockholder's equity by 11 percent for 2010 and 42 percent for the three-year period from 2008 to 2010 while continuing to deliver above cost of capital returns. During the three-year period from 2008 to 2010, Occidental increased its dividend rate by 52 percent while its stock price increased by 27 percent.

	Annual 2010 (a)	Three-Year Annual Average 2008 - 2010 (b)
ROE	**14.7%**	**17.1%**
ROCE	**13.2%**	**15.5%**

(a) The ROE and ROCE for 2010 were calculated by dividing Occidental's 2010 net income attributable to common stock (taking into account cost of capital for ROCE) by its average equity and capital employed, respectively, during 2010.

(b) The three-year average ROE and ROCE were calculated by dividing Occidental's average net income attributable to common stock (taking into account cost of capital for ROCE) over the three-year period 2008-2010 by its average equity and capital employed, respectively, over the same period.

Debt Structure

Occidental's year-end 2010 total debt-to-capitalization ratio was 14 percent. Occidental issued $2.6 billion of senior unsecured notes in the fourth quarter of 2010.

Occidental's long-term senior unsecured debt was rated A by Fitch Ratings, Standard and Poor's Ratings and DBRS. Occidental's long-term unsecured debt was rated A2 by Moody's Investors Service. A security rating is not a recommendation to buy, sell or hold securities, may be subject to revision or withdrawal at any time by the assigning rating organization and should be evaluated independently of any other rating.

Oil and Gas Segment

Business Environment

Oil and gas prices are the major variables that drive the industry's short and intermediate term financial performance. Average oil prices were higher in 2010 than 2009. West Texas Intermediate (WTI) was $91.38 and $79.36 per barrel as of December 31, 2010 and 2009, respectively. The average daily WTI market price for 2010 was $79.53 per barrel compared with $61.80 per barrel in 2009. Occidental's realized price for crude oil for its continuing operations as a percentage of average WTI prices was approximately 95 percent and 93 percent for 2010 and 2009, respectively.

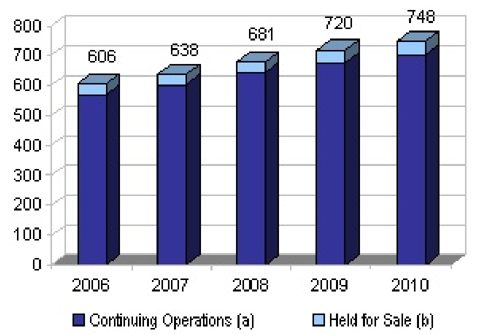
The average daily New York Mercantile Exchange (NYMEX) domestic natural gas price in 2010 increased approximately 7 percent from 2009. For 2010, the price averaged $4.49 per thousand cubic feet (Mcf) compared with $4.20 per Mcf for 2009, and was $4.41 per Mcf as of December 31, 2010.

Prices and differentials can vary significantly, even on a short-term basis, making it impossible to predict realized prices with a reliable degree of certainty.

Business Review

All sales, production and reserves volumes are net to Occidental and include amounts attributable to noncontrolling interests, where applicable, unless otherwise specified.

Worldwide Sales Volumes
(thousands BOE/day)



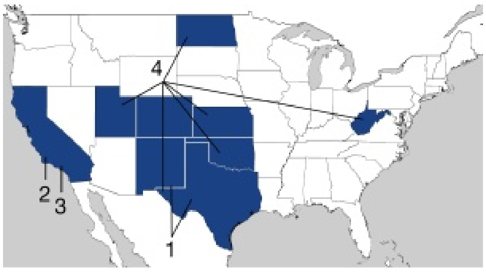
(a) Includes average sales volumes per day of 4 thousand barrels (mbbl), 6 mbbl, 6 mbbl, 5 mbbl and 5 mbbl for 2010, 2009, 2008, 2007 and 2006, respectively, related to the noncontrolling interest in a Colombian subsidiary.

(b) Represents average sales volumes per day of 43 thousand barrels of oil equivalent (MBOE), 42 MBOE, 36 MBOE, 36 MBOE and 36 MBOE for 2010, 2009, 2008, 2007 and 2006, respectively, related to the Argentine operations.

Production-Sharing Contracts (PSC)

Occidental conducts its operations in Bahrain, Iraq, Libya, Oman, Yemen and Qatar, including Dolphin, under PSCs or similar contracts. Under such contracts, Occidental receives a share of production and reserves to recover its costs and an additional share for profit. In addition, Occidental's share of production and reserves from operations in Long Beach, California and certain contracts in Colombia are subject to contractual arrangements similar to a PSC. These contracts do not transfer any right of ownership to Occidental and reserves reported from these arrangements are based on Occidental's economic interest as defined in the contracts. Occidental's share of production and reserves from these contracts decreases when product prices rise and increases wh en prices decline. Overall, Occidental's net economic benefit from these contracts is greater when product prices are higher.

United States



United States

1. Permian
2. Elk Hills and other interests
3. Other California interests
4. Midcontinent and Other Interests

Permian

Occidental's Permian production is diversified across a large number of producing areas in the Permian Basin. The Permian Basin extends throughout southwest Texas and southeast New Mexico and is one of the largest and most active oil basins in the United States, with the entire basin accounting for approximately 18 percent of the total United States crude oil production. Occidental is the largest producer of crude oil in the Permian Basin with an approximate 16-percent net share of the total production. Occidental also produces and processes natural gas and NGLs in the Permian Basin.

Starting in 2010, Permian Basin non-associated gas assets were included as part of the Midcontinent Gas operations. As a result of this change, the Permian business unit's production shifted from 84 percent liquids and 16 percent gas, to 89 percent liquids and 11 percent, mostly associated, gas.

In the past several years, including 2010, Occidental increased its Permian interests through various acquisitions.

Occidental's interests in Permian offer additional development and exploitation potential. During 2010, Occidental drilled approximately 190 wells on its operated properties and participated in additional wells drilled on third-party-operated properties. Occidental conducted development activity on 11 CO_2 projects during 2010. Occidental also focused on improving the performance of existing wells. Occidental had an average of 80 well service units working in Permian during 2010 performing well maintenance and workovers.

Approximately 66 percent of Occidental's Permian oil production is from fields that actively employ the application of CO_2 flood technology, an enhanced oil recovery (EOR) technique. This technique involves injecting CO_2 into oil reservoirs where it causes the oil to flow more freely into producing wells. These CO_2 flood operations make Occidental a world leader in the application of this technology.

Occidental's policy regarding tertiary recovery is to capitalize costs when they support development of proved reserves and otherwise generally expense these costs. In 2009, Occidental capitalized approximately 50 percent of the costs of CO_2 injected in Permian. Over the years, as the CO_2 program matured, a smaller portion of the injected CO_2 resulted in the development of proved reserves. Beginning in 2010, Occidental expensed 100 percent of the CO_2 injected, in order to better reflect the current nature of the CO_2 program.

Occidental's total share of Permian Basin oil and gas production was approximately 197,000 BOE per day in 2010, which included approximately 183,000 BOE per day from the Permian business unit. At the end of 2010, Occidental's Permian properties had approximately 1.2 billion BOE in proved reserves.

California

Occidental's California operations consist of holdings in the Elk Hills area, the Wilmington Field in the Los Angeles basin and other interests in the Ventura, San Joaquin, Los Angeles and Sacramento basins.

Occidental's interests in the Elk Hills area include the Elk Hills oil and gas field in the southern portion of California's San Joaquin Valley, which it operates with an approximate 78-percent interest, along with other adjacent properties. The Elk Hills Field is the largest producer of gas and NGLs in California. During 2010, Occidental continued to perform infill drilling, field extensions and recompletions identified by advanced reservoir characterization techniques, resulting in approximately 240 new wells being drilled and approximately 190 wells being worked over.

During 2010, Occidental continued to produce from the Kern County discovery area announced last year and continued to develop the multi-pay zones. Based on currently available data, Occidental believes that its estimates of gross reserves ranges for the area remain reasonable for the combined conventional and unconventional pay zones.

Occidental began construction of a new gas processing plant in the Elk Hills area in 2010, and plans to commence building a second such plant in the next two years.

Occidental also owns interests in California properties in the Ventura, San Joaquin and Sacramento basins, other than Elk Hills. The combined properties produce oil and gas from more than 50 fields.

Occidental holds approximately 1.6 million acres in California, the vast majority of which are net fee mineral interests. A large portion of such interests has been acquired in the last few years. As a result, Occidental has a large inventory of properties available for future development.

Occidental's share of production and reserves from its operations in the Wilmington Field is subject to contractual arrangements similar to a PSC.

Occidental's total share of oil and gas production in California was approximately 139,000 BOE per day in 2010. At the end of 2010, Occidental's properties in California had approximately 768 million BOE in proved reserves.

Midcontinent and Other Interests

In 2010, Occidental combined most of its gas production in the mid-continent region of the United States into a single business unit called Midcontinent Gas, in order to take advantage of common development methods and production optimization opportunities. This business unit includes the Hugoton Field, the Piceance Basin and the bulk of the Permian Basin non-associated gas assets, which were included as part of the Permian business unit in 2009. As a result, Midcontinent Gas' production is approximately 70 percent gas and 30 percent liquids.

The Midcontinent Gas properties are principally located in Texas, New Mexico, Colorado, Utah, Kansas and Oklahoma. Occidental owns over 2.8 million net acres in the mid-continent region, which includes 1.4 million acres in a large concentration of gas reserves and production and royalty interests in the Hugoton area located in Kansas and Oklahoma and approximately 1.4 million acres, mainly in Texas, New Mexico, Colorado and Utah.

In January 2011, Occidental completed the acquisition of gas producing properties in South Texas. Occidental also owns approximately 200,000 net acres of oil producing and prospective properties in North Dakota's Williston Basin, including acreage in the Bakken and Three Forks formations. A substantial portion of this acreage was purchased in 2010.

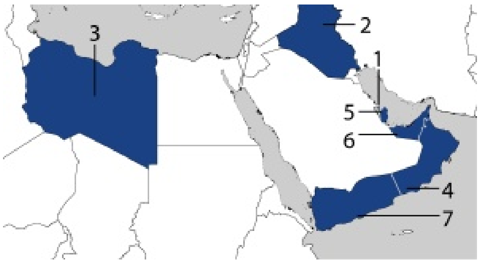
Beginning in 2011, the new properties acquired during 2010 and 2011 located in South Texas and North Dakota will be grouped as part of Midcontinent and Other Interests.

In 2010, Midcontinent and Other Interests produced approximately 62,000 BOE per day, which included non-associated gas from the Permian Basin. As of December 31, 2010, proved reserves for these operations totaled approximately 266 million BOE.

Other Developments

The recent acquisitions provide Occidental with a large inventory of development projects. Management conducted a review of Occidental's portfolio of oil and gas assets in the fourth quarter of 2010 and concluded that certain projects had become uneconomical considering the natural gas price environment and that it would not pursue them. As a result, Occidental recorded a pre-tax impairment charge of $275 million, predominately of gas properties in the Rocky Mountain region in 2010.

Middle East/North Africa



Middle East/North Africa
1. Bahrain
2. Iraq
3. Libya
4. Oman
5. Qatar
6. United Arab Emirates
7. Yemen

Bahrain

In December 2009, Occidental and its partners began operating the Bahrain Field. Occidental has a 48-percent interest in the joint venture. Occidental expects gross gas production capacity to grow more than 35 percent from a current level of 1.6 billion cubic feet per day to over 2.1 billion cubic feet per day within five years. Gross oil production from the Bahrain Field is expected to more than double to approximately 75,000 barrels per day within five years and grow to a peak level of more than 100,000 barrels per day thereafter. Occidental's share of production from Bahrain during 2010 was approximately 169 million cubic feet (MMcf) of gas and 3,000 barrels of oil per day.

Iraq

In January 2010, Occidental and its partners signed a technical service contract (TSC) with the South Oil Company of Iraq to develop the Zubair Field. Occidental has a 23.44-percent interest in the TSC. Under this TSC, Occidental is entitled to receive oil for cost recovery and remuneration fee, subject to achieving an initial gross production threshold. Occidental and its partners plan to increase production from the initial gross oil production level of approximately 180,000 BOE per day to a contractually targeted production level of 1.2 million BOE per day by 2016 or earlier and maintain this level of production for seven years. During 2010, Occidental and its partners achieved the initial gross production threshold.60; As of year-end 2010, Occidental's share of production was approximately 12,000 BOE per day.

Libya

Occidental, under agreements with the Libyan National Oil Corporation (NOC), participates in exploration and production operations in the Sirte Basin. In June 2008, Occidental and its partner signed new agreements with NOC to upgrade its existing contracts for up to 30 years. Occidental's share of production from the Libya properties was approximately 13,000 BOE per day in 2010.

Oman

In Oman, Occidental is the operator of Block 9 and Block 27, with a 65-percent working interest in each, Block 53, with a 45-percent working interest, and Block 62, with a 48-percent working interest.

Occidental and its partners signed a 30-year PSC for the Mukhaizna Field (Block 53) with the Government of Oman in 2005. In September 2005, Occidental assumed operations of the Mukhaizna Field. By the end of 2010, Occidental had drilled over 1,020 new wells and continued implementation of a major pattern steam flood project. As of year-end 2010, the exit rate of gross daily production was over 15 times higher than the production rate in September 2005, reaching nearly 120,000 BOE per day. Occidental plans to steadily increase production through continued expansion of the steam flood project.

The term for Block 9 is through December 2015, with a potential 10-year extension. The term for Block 27 is through September 2035.

Occidental has operations in Block 62 where it is pursuing development and exploration opportunities targeting gas and condensate resources.

Occidental's share of production from the Oman properties was approximately 69,000 BOE per day in 2010.

Qatar

Occidental operates three offshore projects in Qatar: Idd El Shargi North Dome (ISND) and Idd El Shargi South Dome (ISSD), with a 100-percent working interest in each, and Al Rayyan (Block 12), with a 92.5-percent working interest.

In 2008, Occidental received approval from the Government of Qatar for the third phase of field development of the ISND Field focusing on continued development of mature reservoirs, while further delineating and developing less mature reservoirs. Drilling under this phase was completed during 2010. Occidental has proposed a fourth phase of development in ISND and field development plans for ISSD and Al Rayyan, which would include additional drilling through 2012.

Occidental also has an investment in Dolphin, which was acquired in 2002, consisting of two separate economic interests through which Occidental owns: (i) a 24.5-percent undivided interest in the assets and liabilities associated with a DPSA with the Government of Qatar to develop and produce natural gas and NGLs in Qatar’s North Field through mid-2032, with a provision to request a 5-year extension; and (ii) a 24.5-percent interest in the stock of Dolphin Energy Limited (Dolphin Energy), which is discussed further in "Midstream, Marketing and Other Segment – Pipeline Transportation."

Occidental's share of production from all of its operations in Qatar was approximately 139,000 BOE per day in 2010.

United Arab Emirates

Occidental announced in January 2011 that it had reached an agreement-in-principle for a 40-percent interest in the Shah Field high sulfur content gas development project in Abu Dhabi, partnering with the Abu Dhabi National Oil Company. The project is anticipated to produce approximately 500 MMcf per day of natural gas, of which Occidental's net share will be approximately 200 MMcf per day. In addition, the project is expected to produce approximately 50,000 barrels per day of liquids, of which Occidental's net share will be approximately 20,000 barrels per day. Production from this field is expected to begin no earlier than 2014. Capital expenditures are estimated to be in the range of $10 billion for the project with Oxy's share proportional to its ownership.

Occidental conducts a majority of its Middle East business development activities through its office in the United Arab Emirates, which also provides various support functions for Occidental's Middle East/North Africa oil and gas operations.

Yemen

Occidental owns contractual interests in three producing blocks in Yemen, including a 38-percent working interest in the Masila Field, which expires in December 2011, a 40.4-percent interest, including an 11.8-percent interest held in an unconsolidated entity, in the East Shabwa Field, and a 75-percent working interest in Block S-1, which Occidental operates.

Occidental's share of production from the Yemen properties was approximately 30,000 BOE per day in 2010, which included nearly 14,000 BOE per day from the Masila Field.

Latin America

Latin America
1. Argentina
2. Bolivia
3. Colombia

Argentina

In December 2010, Occidental executed an agreement to sell its Argentine operations. The sale closed in February 2011.

The Argentine operations consist of 23 concessions located in the San Jorge Basin in southern Argentina and the Cuyo and Neuquén Basins in western Argentina. Occidental operated 19 of the concessions with a 100-percent working interest. In 2010, Occidental obtained a ten-year extension for its hydrocarbon concessions in the Santa Cruz province of Argentina, which extended the concessions through a range of dates from 2025 to 2027. During 2010, Occidental drilled approximately 120 new development wells and performed a number of recompletions and well repairs. Occidental's share of production from the Argentine properties was approximately 43,000 BOE per day in 2010.

Bolivia

Occidental holds working interests in four blocks located in the Tarija, Chuquisaca and Santa Cruz regions of Bolivia.

Colombia

Occidental is the operator under four contracts within the Llanos Norte Basin: the Cravo Norte, Rondón, Cosecha, and Chipirón Association Contracts. Occidental's working interests under these four contracts are 39 percent, 44 percent, 53 percent and 61 percent, respectively. Occidental also holds a 48-percent working interest in the La Cira-Infantas Field, which is located in the Middle-Magdalena Basin. Occidental's share of 2010 production from its Colombia operations was approximately 32,000 BOE per day.

Proved Reserves

For further information regarding Occidental's proved reserves, see "Supplemental Oil and Gas Information" following the "Financial Statements."

Occidental had proved reserves at year-end 2010 of 3,363 million BOE, as compared with the year-end 2009 amount of 3,230 million BOE. Proved reserves at year-end 2010 consisted of 74 percent oil and liquids and 26 percent natural gas. Proved developed reserves represented approximately 75 percent of Occidental's total proved reserves at year-end 2010 compared to 77 percent at year-end 2009.

Proved Reserve Additions

Occidental's total proved reserve additions from all sources were 409 million BOE in 2010. The total additions were as follows:

In millions of BOE	
Revisions of previous estimates	**(1)**
Improved recovery	**259**
Extensions and discoveries	**7**
Purchases	**144**
Total additions	**409**

Occidental's ability to add reserves, other than purchases, depends on the success of improved recovery, extension and discovery projects, each of which depend on reservoir characteristics, technology improvements, oil and natural gas prices, as well as capital and operating costs. Many of these factors are outside of management's control, and will affect whether or not these historical sources of proved reserve additions continue at similar levels.

Revisions of Previous Estimates

In 2010, revisions of previous estimates provided a net 1 million BOE reduction to reserves. Revisions included a net positive price-related increase for domestic oil and gas reserves, offset by a negative effect from PSCs mostly in the Middle East/North Africa as well as technical revisions, which were not material.

Oil price changes affect proved reserves recorded by Occidental. For example, when oil prices increase, less oil volume is required to recover costs under PSCs, which results in a reduction of Occidental's share of proved reserves. Conversely, when oil prices drop, Occidental's share of proved reserves increases for these PSCs. Oil and natural gas price changes also tend to affect the economic lives of proved reserves, primarily in domestic properties, in a manner offsetting the PSC reserve volume changes. Apart from the effects of product prices, Occidental believes its approach to interpreting technical data regarding proved oil and gas reserves makes it more likely that future proved reserve revisions will be positive rather than negative.

Improved Recovery

In 2010, Occidental added proved reserves of 259 million BOE from improved recovery through its EOR activities. Generally, the improved recovery additions in 2010 were associated with the continued development of mature properties in California, Permian, Argentina and Oman. These properties are generally characterized by the deployment of secondary and tertiary development projects, largely employing application of waterflood (secondary), steamflood (tertiary) or CO_2 (secondary or tertiary) injection. These development projects are often applied through existing wells, though additional drilling may be required to fully optimize the development configuration. Waterflooding is the technique of injecting water into the formation to displace the oil to the offsetting oil production wells. Steamflooding is the technique of injecting steam into the formation to lower oil viscosity so that it flows more freely into producing wells. This process is applied in areas where the oil is too viscous to be effectively moved with water. CO_2 flooding involves injecting CO_2 into oil reservoirs where it causes the oil to flow more freely into producing wells.

Extensions and Discoveries

Occidental also obtained reserve additions from extensions and discoveries, which are dependent on successful exploration and exploitation programs. In 2010, extensions and discoveries added 7 million BOE.

Purchases and Divestitures of Proved Reserves

Occidental continues to add reserves through acquisitions when properties are available at prices it deems reasonable. As market conditions change, the available supply of properties may increase or decrease accordingly. In 2010, Occidental added 144 million BOE through purchases of proved reserves largely consisting of several domestic acquisitions in the Permian and Williston Basins and the Zubair Field in Iraq.

Proved Undeveloped Reserves

In 2010, Occidental had proved undeveloped reserves additions of 287 million BOE from improved recovery, extensions and discoveries and purchases. Of the total additions, 202 million BOE represented additions from improved recovery, primarily in California, Permian, Argentina, Oman, Bahrain and Qatar. Occidental added 81 million BOE through purchases of proved undeveloped reserves domestically in the Permian and Williston Basins and the Zubair Field in Iraq. These proved undeveloped reserve additions were offset by reserves transfers of 135 million BOE to the proved developed category as a result of the 2010 development programs. Occidental incurred approximately $1.4 billion in 2010 to convert proved undeveloped reserves to proved developed reserves. California, Permian, Argentina, Bahrain, Oman and Qatar accounted for approximately 86 percent of the reserves transfers from proved undeveloped to proved developed in 2010. Proved undeveloped reserve additions will require incurrence of additional future development costs.

Reserves Evaluation and Review Process

Occidental's estimates of proved reserves and associated future net cash flows as of December 31, 2010 were made by Occidental's technical personnel and are the responsibility of management. The current Senior Director of Worldwide Reserves and Reservoir Engineering is responsible for overseeing the preparation of reserve estimates, including the internal audit and review of Occidental's oil and gas reserves data. The Senior Director has over 29 years of experience in the upstream sector of the exploration and production business, and has held various assignments in North America, Asia and Europe. He is a three-time past Chair of the Society of Petroleum Engineers Oil and Gas Reserves Committee. He is an American Association of Petroleum Geologists (AAPG) Ce rtified Petroleum Geologist and the current Chair of the AAPG Committee on Resource Evaluation. He is a member of the Society of Petroleum Evaluation Engineers, the Colorado School of Mines Potential Gas Committee and the UNECE Expert Group on Resource Classification. He is also an active member of the Joint Committee on Reserves Evaluator Training (JCORET). The Senior Director has Bachelor of Science and Master of Science degrees in geology from Emory University in Atlanta.

Occidental has a Corporate Reserves Review Committee (Reserves Committee) consisting of senior corporate officers, to monitor, review and approve Occidental's oil and gas reserves. The Reserves Committee reports to the Audit Committee of Occidental's Board of Directors during the year. Since 2003, Occidental has retained Ryder Scott Company, L.P. (Ryder Scott), independent petroleum engineering consultants, to review its annual oil and gas reserve estimation processes.

In 2010, Ryder Scott conducted a process review of Occidental's methods and analytical procedures utilized by Occidental's engineering and geological staff for estimating the proved reserves volumes, preparing the economic evaluations and determining the reserves classifications as of December 31, 2010, in accordance with the U.S. Securities and Exchange Commission (SEC) regulatory standards. Ryder Scott reviewed the specific application of such methods and procedures for selected oil and gas properties considered to be a valid representation of Occidental's total proved reserves portfolio. In 2010, Ryder Scott reviewed approximately 20 percent of Occidental's proved oil and gas reserves. Since being engaged in 2003, Ryder Scott has reviewed the specific ap plication of Occidental's reserve estimation methods and procedures for approximately 74 percent of Occidental's proved oil and gas reserves. Management retains Ryder Scott to provide objective third-party input on its methods and procedures and to gather industry information applicable to Occidental's reserve estimation and reporting process. Ryder Scott has not been engaged to render an opinion as to the reasonableness of reserves quantities reported by Occidental. Occidental has filed Ryder Scott's independent report as an exhibit to this Form 10-K.

Based on its reviews, including the data, technical processes and interpretations presented by Occidental, Ryder Scott has concluded that the overall procedures and methodologies Occidental utilized in estimating the proved reserves volumes for the reviewed properties are appropriate for the purpose thereof, and comply with current SEC regulations.

Industry Outlook

The petroleum industry is highly competitive and subject to significant volatility due to numerous current and anticipated market conditions. WTI generally increased throughout 2010, settling at $91.38 per barrel as of December 31, 2010.

Oil prices will continue to be affected by global demand, which is generally a function of global economic conditions, as well as the actions of OPEC, other significant producers and governments. These factors make it impossible to predict the future direction of oil prices reliably. Occidental continues to adjust to economic conditions by adjusting capital expenditures in line with current economic conditions with the goal of keeping returns well above its cost of capital.

While local supply and demand fundamentals, as well as government regulations and availability of transportation capacity from producing areas, are decisive factors affecting domestic natural gas prices and local differentials over the long term, futures prices can be volatile, making it impossible to forecast prices reliably.

Chemical Segment

Business Environment

The chemical segment earnings increased in 2010 as the world economies began recovering from the global economic downturn. Expanding U.S. and international economies resulted in increased demand for chlorine, caustic soda, PVC and vinyl chloride monomer (VCM). Margins in the U.S. were pressured by higher feedstock costs, but the feedstock costs in North America were favorable compared to Europe and Asia, resulting in strong demand for U.S.-produced products in export markets. Occidental's vinyls exports in 2010 were 125 percent higher compared to 2009.

Business Review

Basic Chemicals

During 2010, demand and pricing for basic chemical products improved as U.S. and international manufacturing sectors recovered from the global economic downturn. Despite the continued weakness within the U.S. housing sector, industry chlorine demand improved by 12 percent compared to 2009, as downstream chlorine derivatives remained competitive in the export markets as a result of feedstock cost advantages in natural gas and ethylene. Improvements in the pulp, alumina and general manufacturing sectors aided caustic soda demand, which increased by 14 percent compared to 2009. Chlorine prices were strong at the beginning of 2010 and remained fairly steady throughout the year. Caustic soda pricing increased throughout the year as the global supply and demand balance t ightened due to caustic soda demand rising at a faster rate than chlorine, various plant operating problems occurring in the U.S. and Europe, and the Chinese government's enforcement of controls on electricity consumption.

Vinyls

Year-over-year domestic demand fell 10 percent due to the continuation of low demand from the housing and commercial construction markets, offset by an 85-percent increase in industry export volumes compared with 2009 due to the continued cost advantage of U.S.-based feedstocks. Overall, 2010 operating rates reflect an 11-percent increase over 2009. Margins for PVC increased compared to 2009 as price increases outpaced increases in both ethylene and chlorine costs.

Industry Outlook

Future performance will depend on the recovery of domestic housing and construction markets, continued global economic recovery, and the cost competitiveness of U.S. feedstock and energy pricing compared to global markets.

Basic Chemicals

Higher domestic demand and margins for basic chemicals products in 2011 are expected to correlate with overall economic improvement in the U.S. as the housing, automotive and durable goods sectors further rebound from 2009. Margins are anticipated to continue to improve as pricing for chlorine and caustic soda is expected to remain strong and U.S. feedstock pricing to remain favorable compared to other global markets.

Vinyls

Operating rates in 2011 are expected to increase from 2010 levels as export volumes remain strong throughout the year and domestic demand increases modestly. The U.S.-based feedstock cost advantage over other vinyls-producing regions is expected to continue.

Midstream, Marketing and Other Segment

Business Environment

Midstream and marketing segment earnings are affected by the volumes of oil and gas it processes as well as the margins it obtains on throughput at its processing plants and transportation pipelines. The marketing and trading businesses earn margins from trading oil, gas and other commodities, marketing the oil and gas segment's products and storage activity. Generally, the midstream and marketing segment earns higher margins in high or increasing price environments.

The midstream and marketing segment earnings increase in 2010 compared to 2009 reflected higher margins in the marketing and trading and gas processing businesses and increased earnings in the pipeline business.

Business Review

Oil and Gas Marketing and Trading

The marketing and trading group markets substantially all of Occidental's oil and gas production, trades around the midstream and marketing segment assets and engages in commodities and commodity-related securities trading. Occidental's third-party marketing and trading activities focus on purchasing crude oil and natural gas for resale from partners, producers and third parties whose oil and gas supply is located near midstream and marketing assets, such as pipelines, processing plants and storage facilities, that are owned or leased by Occidental. These purchases allow Occidental to aggregate volumes to maximize prices received for Occidental's production. In addition, Occidental's Phibro trading unit uses derivative instruments, including forwards, futur es, swaps and options, some of which may be for physical delivery, in its strategy to profit from market price changes. Marketing and trading earnings are affected primarily by commodity price changes and margins in oil and gas transportation and storage programs. In 2010, the marketing and trading group earnings improved due to higher trading income.

Gas Processing Plants and CO_2 Fields and Facilities

Occidental processes its and third-party domestic wet gas to extract NGLs and other gas by-products, including CO_2, and delivers dry gas to pipelines. Margins result from the difference between inlet costs of wet gas and market prices for NGLs.

In 2008, Occidental signed an agreement for a third party to construct a gas processing plant that will provide CO_2 for Occidental's EOR projects in the Permian Basin. Occidental will own and operate the new facility, of which a portion became operational in 2010 with the remaining portions expected to be completed in 2012. Occidental has secured transportation agreements to move CO_2 extracted at the facility to its Permian Basin production areas.

Occidental's 2010 earnings from these operations improved due to higher gas processing margins.

Pipeline Transportation

Margin and cash flow from pipeline transportation operations mainly reflect volumes shipped. Dolphin Energy owns and operates a 230-mile-long, 48-inch natural gas pipeline (Dolphin Pipeline), which transports dry natural gas from Qatar to the UAE. Through its 24.5-percent interest in Dolphin Energy, the Dolphin Pipeline investment contributes significantly to Occidental's pipeline transportation results. Production of natural gas and NGLs under the DPSA from Qatar's North Field began during mid-2007 and, since mid-2008, production has been at full capacity of the Dolphin plant. The Dolphin Pipeline has a capacity to transport up to 3.2 Bcf of natural gas per day and currently transports approximately 2.2 Bcf per day. Demand for natural gas in the UAE and Oman has grown and Dolphin Energy's customers have requested additional gas supplies. To help fulfill this growing demand, Dolphin Energy will continue to pursue an agreement to secure an additional supply of gas from Qatar.

Occidental owns an oil-gathering, common carrier pipeline and storage system with approximately 2,700 miles of pipelines from southeast New Mexico across the Permian Basin of southwest Texas to Cushing, Oklahoma. The system has a current throughput capacity of about 365,000 barrels per day and 5.8 million barrels of active storage capability as well as 69 truck unloading facilities at various points along the system which allow for additional volumes to be delivered into the pipeline.

In 2010, Occidental purchased additional interests in Plains Pipeline. Occidental's 2010 pipeline transportation earnings improved due to volume and pricing increases from the Dolphin Pipeline investment and increased transportation revenue from domestic pipeline operations.

Power Generation Facilities

Earnings from power generation facilities are derived from the sales of steam and power to affiliates and third parties. Occidental's 2010 earnings from these facilities increased due to higher margins between the selling prices of steam and the cost of gas used in their production. On December 31, 2010, Occidental completed its acquisition of the remaining 50-percent joint-venture interest in EHP, a limited liability company that operates a gas-fired, power-generation plant in California, bringing Occidental's total ownership to 100 percent.

Industry Outlook

The pipeline transportation and power generation businesses are expected to remain relatively stable. The gas processing plant operations, which generate most of their income by separating and marketing liquids from wet gas, could have volatile results depending on NGL prices, which cannot be predicted. Generally, higher NGL prices result in higher profitability. The trading and marketing business is inherently volatile. Based on its framework of controls and risk management systems, Occidental does not expect the volatility of these operations to be significant to the company as a whole.

Segment Results of Operations

Net income and income from continuing operations represent amounts attributable to common stock.

Segment earnings generally exclude income taxes, interest income, interest expense, environmental remediation expenses, unallocated corporate expenses and discontinued operations, but include gains and losses from dispositions of segment assets and income from the segments' equity investments. Seasonality is not a primary driver of changes in Occidental's consolidated quarterly earnings during the year.

The following table sets forth the sales and earnings of each operating segment and corporate items:

In millions, except per share amounts For the years ended December 31,	2010	2009	2008
NET SALES (a)			
Oil and Gas	$ 14,276	$ 11,009	$ 17,683
Chemical	4,016	3,225	5,112
Midstream, Marketing and Other	1,471	1,016	1,598
Eliminations (a)	(718)	(436)	(680)
	$ 19,045	$ 14,814	$ 23,713
EARNINGS (LOSS)			
Oil and Gas (b,c)	$ 7,151	$ 5,097	$ 11,237
Chemical (d)	438	389	669
Midstream, Marketing and Other	472	235	520
	8,061	5,721	12,426
Unallocated corporate items			
Interest expense, net	(93)	(102)	(21)
Income taxes (e)	(2,995)	(2,063)	(4,877)
Other (f)	(404)	(405)	(345)
Income from continuing operations (b)	4,569	3,151	7,183
Discontinued operations, net (g)	(39)	(236)	(326)
Net Income (b)	$ 4,530	$ 2,915	$ 6,857
Basic Earnings per Common Share	$ 5.57	$ 3.59	$ 8.37

(a) Intersegment sales eliminate upon consolidation and are generally made at prices approximately equal to those that the selling entity would be able to obtain in third-party transactions.

(b) Oil and gas segment earnings, income from continuing operations and net income represent amounts attributable to common stock after deducting noncontrolling interest amounts of $72 million, $51 million and $116 million for 2010, 2009 and 2008, respectively.

(c) The 2010 amount includes a $275 million fourth quarter pre-tax charge for asset impairments, predominately of gas properties in the Rocky Mountain region. The 2009 amount includes an $8 million pre-tax charge for the termination of rig contracts. The 2008 amount includes a $123 million pre-tax charge for asset impairments and a $46 million pre-tax charge for the termination of rig contracts.

(d) The 2008 amount includes a pre-tax charge of $90 million for plant closure and impairments.

(e) The 2010 amount includes an $80 million benefit related to foreign tax credit carryforwards. The 2009 and 2008 amounts include tax benefits of $87 million and $148 million resulting from relinquishment of exploration properties, respectively.

(f) The 2009 amount includes a $40 million pre-tax charge related to severance and a $15 million pre-tax charge for railcar leases.

(g) The 2009 amount includes an after-tax charge of $111 million for asset impairments of certain Argentine producing properties and the 2008 amount includes an after-tax charge of $309 million for asset impairments of undeveloped acreage in Argentina.

Oil and Gas

Dollars in millions, except as indicated For the years ended December 31,	2010	2009	2008
Segment Sales	$ 14,276	$ 11,009	$ 17,683
Segment Earnings	$ 7,151	$ 5,097	$ 11,237

The following tables set forth the sales volumes and production of oil and liquids and natural gas per day for each of the three years in the period ended December 31, 2010. The differences between the sales volumes and production per day are generally due to the timing of shipments at Occidental's international locations where product is loaded onto tankers.

Sales Volumes per Day	2010	2009	2008
United States			
Oil and liquids (MBBL)			
California	92	93	89
Permian	161	164	164
Midcontinent Gas	18	14	10
Total	271	271	263
Natural gas (MMCF)			
California	280	250	235
Permian	133	125	116
Midcontinent Gas	264	260	236
Total	677	635	587
Latin America			
Crude oil (MBBL)			
Colombia (a)	36	45	43
Natural gas (MMCF)			
Bolivia	16	16	21
Middle East/North Africa			
Oil and liquids (MBBL)			
Bahrain	3	—	—
Dolphin	24	25	26
Libya	13	12	19
Oman	61	50	34
Qatar	76	79	80
Yemen	30	35	32
Total	207	201	191
Natural gas (MMCF)			
Bahrain	169	10	—
Dolphin	236	257	231
Oman	48	49	53
Total	453	316	284
Sales Volumes from Continuing Operations (MBOE)	705	678	645
Held for Sale (b)			
Oil and Liquids (MBBL)	37	37	32
Natural gas (MMCF)	34	30	21
Total Sales Volumes (MBOE) (c)	748	720	681

(See footnotes following the Average Sales Price table)

Production per Day	2010	2009	2008
United States			
Oil and liquids (MBBL)	271	271	263
Natural gas (MMCF)	677	635	587
Latin America			
Crude oil (MBBL)			
Colombia (a)	37	45	44
Natural gas (MMCF)	16	16	21
Middle East/North Africa			
Oil and liquids (MBBL)			
Bahrain	3	—	—
Dolphin	24	26	25
Iraq	3	—	—
Libya	13	11	19
Oman	62	50	34
Qatar	76	79	80
Yemen	31	34	32
Total	212	200	190
Natural gas (MMCF)	453	316	284
Total Production from Continuing Operations (MBOE)	711	677	645
Held for Sale (b)			
Crude oil (MBBL)	36	36	34
Natural gas (MMCF)	34	30	21
Total Production (MBOE) (c)	753	718	683

(See footnotes following the Average Sales Price table)

	2010	2009	2008
Average Sales Prices for Continuing Operations			
Crude Oil Prices ($ per bbl)			
United States	$ 73.79	$ 56.74	$ 91.16
Latin America	$ 75.29	$ 55.89	$ 91.92
Middle East/North Africa	$ 76.67	$ 58.75	$ 94.70
Total worldwide	$ 75.16	$ 57.31	$ 92.35
Gas Prices ($ per Mcf)			
United States	$ 4.53	$ 3.46	$ 8.03
Latin America	$ 7.73	$ 5.70	$ 7.29
Total worldwide	$ 3.11	$ 2.83	$ 6.22
Expensed Exploration (d)	$ 262	$ 254	$ 308
Capital Expenditures			
Development	$ 2,955	$ 2,274	$ 3,065
Exploration	$ 194	$ 132	$ 234
Discontinued operations (b)	$ 310	$ 336	$ 538
Other	$ 17	$ 42	$ 8

(a) Includes sales volumes per day of 4 mbbl, 6 mbbl and 6 mbbl for the years ended December 31, 2010, 2009 and 2008, respectively, related to the noncontrolling interest in a Colombian subsidiary. Includes production volumes per day of 5 mbbl, 6 mbbl and 6 mbbl for the years ended December 31, 2010, 2009 and 2008, respectively, related to the noncontrolling interest in a Colombia subsidiary.
(b) Occidental has classified its Argentine operations as held for sale.
(c) Natural gas volumes have been converted to BOE based on energy content of six Mcf of gas to one barrel of oil.
(d) Includes dry hole write-offs and lease impairments of $139 million in 2010, $200 million in 2009 and $230 million in 2008.

Oil and gas segment earnings in 2010 were $7.2 billion compared to $5.1 billion in 2009. The increase reflected higher average worldwide crude oil and domestic natural gas prices and higher volumes, partially offset by higher operating expenses, partly resulting from fully expensing CO_2, higher field support and workover expenses and higher depreciation, depletion and amortization (DD&A) rates.

Daily oil and gas production volumes, including Argentina, were 753,000 BOE for 2010, compared with 718,000 BOE for the 2009 period. The 5 percent volume increase was mainly due to the new production in Bahrain and higher production in the Mukhaizna field in Oman, and gas production from domestic assets, which were partially offset by a decline in Colombia. Production was negatively impacted in the Middle East/North Africa, Long Beach and Colombia resulting from higher year-over-year average oil prices affecting PSCs by 16,000 BOE per day. Daily sales volumes from continuing operations, were 705,000 BOE in the twelve months of 2010, compared with 678,000 BOE for 2009.

Oil and gas segment earnings in 2009 were $5.1 billion compared to $11.2 billion in 2008. The decrease in segment earnings reflected lower average crude oil and natural gas prices, partially offset by increased oil and gas production, lower operating costs and lower production and ad valorem taxes.

Daily oil and gas production volumes, including Argentina, were 718,000 BOE for 2009, compared with 683,000 BOE for the 2008 period. The 5 percent volume increase reflected increases from California, Midcontinent Gas and the Mukhaizna field in Oman as well as higher volumes resulting from lower year-over-year average oil prices affecting PSCs. Daily sales volumes from continuing operations, were 678,000 BOE in the twelve months of 2009, compared with 645,000 BOE for 2008.

Oil and gas segment earnings in 2010 included a pre-tax charge of $275 million for asset impairments, predominately of gas properties in the Rocky Mountain region. Oil and gas segment earnings in 2009 included an $8 million pre-tax charge for the termination of rig contracts. Oil and gas segment earnings in 2008 included a pre-tax charge of $123 million for asset impairments and a pre-tax charge of $46 million for termination of rig contracts.

Average production costs for 2010 on continuing operations, excluding taxes other than on income, were $10.19 per BOE, compared to $8.95 for 2009. The increase resulted from higher field support operations, workover and maintenance costs, as well as higher CO_2 costs, due to the change to expensing 100 percent of injected CO_2 beginning in 2010.

Chemical

In millions	2010	2009	2008
Segment Sales	$ 4,016	$ 3,225	$ 5,112
Segment Earnings	$ 438	$ 389	$ 669
Capital Expenditures	$ 237	$ 205	$ 240

Chemical segment earnings were $438 million in 2010, compared to $389 million in 2009. The increase in 2010 reflected improved market conditions, particularly for exports, driven by favorable feedstock costs in North America compared to Europe and Asia. Vinyls exports in 2010 were 125 percent higher compared to 2009.

Chemical segment earnings were $389 million in 2009 compared to $669 million in 2008. The decrease in 2009 results reflected lower volumes and prices for chlorine, caustic soda, PVC and VCM due to the economic slowdown, partially offset by lower feedstock and energy costs. The 2008 earnings were also affected by a $90 million charge for plant closure and impairments.

Midstream, Marketing and Other

In millions	2010	2009	2008
Segment Sales	$ 1,471	$ 1,016	$ 1,598
Segment Earnings	$ 472	$ 235	$ 520
Capital Expenditures	$ 501	$ 554	$ 492

Midstream and marketing segment earnings in 2010 were $472 million, compared to $235 million in 2009. The 2010 results reflected higher margins in the marketing and trading and gas processing businesses and increased earnings in the pipeline business.

Midstream and marketing segment earnings in 2009 were $235 million, compared to $520 million in 2008. The 2009 results reflected lower marketing income and lower margins in gas processing.

Significant Items Affecting Earnings

The following table sets forth, for the years ended December 31, 2010, 2009 and 2008, significant transactions and events affecting Occidental's earnings that vary widely and unpredictably in nature, timing and amount:

Significant Items Affecting Earnings

Benefit (Charge) (in millions)	2010	2009	2008
OIL AND GAS			
Asset impairments	$ (275)	$ —	$ (123)
Rig contract terminations	—	(8)	(46)
Total Oil and Gas	$ (275)	$ (8)	$ (169)
CHEMICAL			
Plant closure and impairments	$ —	$ —	$ (90)
Total Chemical	$ —	$ —	$ (90)
MIDSTREAM, MARKETING AND OTHER			
No significant items affecting earnings	$ —	$ —	$ —
Total Midstream, Marketing and Other	$ —	$ —	$ —
CORPORATE			
Severance charge	$ —	$ (40)	$ —
Railcar leases	—	(15)	—
Foreign tax credit carry-forwards	80	—	—
Tax effect of pre-tax adjustments	100	22	67
Discontinued operations, net of tax (a)	(39)	(236)	(326)
Total Corporate	$ 141	$ (269)	$ (259)

(a) The 2009 amount includes an after-tax charge of $111 million for asset impairments of certain Argentine producing properties and the 2008 amount includes an after-tax charge of $309 million for asset impairments of undeveloped acreage in Argentina.

Taxes

Deferred tax liabilities, net of deferred tax assets of $1.8 billion, were $3.1 billion at December 31, 2010. The current portion of the deferred tax assets of $330 million is included in prepaid expenses and other. The deferred tax assets, net of allowances, are expected to be realized through future operating income and reversal of temporary differences.

Worldwide Effective Tax Rate

The following table sets forth the calculation of the worldwide effective tax rate for income from continuing operations:

In millions	2010	2009	2008
EARNINGS			
Oil and Gas	$ 7,151	$ 5,097	$ 11,237
Chemical	438	389	669
Midstream, Marketing and Other	472	235	520
Unallocated Corporate Items	(497)	(507)	(366)
Pre-tax income	7,564	5,214	12,060
Income tax expense			
Federal and State	1,087	684	2,188
Foreign	1,908	1,379	2,689
Total	2,995	2,063	4,877
Income from continuing operations	$ 4,569	$ 3,151	$ 7,183
Worldwide effective tax rate	40%	40%	40%

Occidental's 2010 worldwide tax rate was 40 percent, which was comparable to 2009 and 2008. The 2010 deferred income tax expense included an $80 million benefit related to foreign tax credit carryforwards. The 2009 and 2008 income tax expense included tax benefits of $87 million and $148 million, respectively, resulting from relinquishments of exploration properties.

Consolidated Results of Operations

Changes in the following components of Occidental's results of operations are discussed below:

Selected Revenue and Other Income Items

In millions	2010	2009	2008
Net sales	$ 19,045	$ 14,814	$ 23,713
Interest, dividends and other income	$ 111	$ 118	$ 236

The increase in net sales in 2010, compared to 2009, was primarily due to higher oil, gas and chemical product prices and volumes. Price and volume increases in the oil and gas segment represented approximately 71 percent of the overall increase, chemical volume and price increases represented 19 percent and midstream and marketing represented the remaining increase.

The decrease in net sales in 2009, compared to 2008, was due to lower oil and gas and chemical product prices, partially offset by higher volumes. Of the price-related decrease in sales, approximately 90 percent was associated with oil and gas.

The decrease in interest, dividends and other income in 2009, compared to 2008, reflected lower interest income due to lower cash balances and interest rates.

Selected Expense Items

In millions	2010	2009	2008
Cost of sales (a)	$ 6,112	$ 5,105	$ 7,162
Selling, general and administrative and other operating expenses	$ 1,371	$ 1,275	$ 1,247
Depreciation, depletion and amortization	$ 3,153	$ 2,687	$ 2,396
Taxes other than on income	$ 484	$ 425	$ 577
Exploration expense	$ 262	$ 254	$ 308
Charges for impairments	$ 275	$ —	$ 171
Interest and debt expense, net	$ 116	$ 133	$ 124

(a) Excludes DD&A of $3,145 million in 2010, $2,643 million in 2009 and $2,354 million in 2008.

Cost of sales increased in 2010, compared to 2009, due to higher oil and gas production costs, partly resulting from the effects of fully expensing CO_2 costs in 2010, as well as higher field operating, workover and maintenance costs and volumes; and higher chemical volumes, energy and feedstock costs.

Cost of sales decreased in 2009, compared to 2008, mainly due to lower chemicals volumes and lower feedstock and energy costs, which collectively represented approximately 73 percent of the decrease. The remaining portion of the decrease was due to lower oil and gas and midstream and marketing operating costs.

Selling, general and administrative and other operating expenses increased in 2010, compared to 2009, due to higher compensation costs, in particular, equity compensation expense due to higher stock prices in 2010.

Selling, general and administrative and other operating expenses increased in 2009, compared to 2008, due to lower foreign exchange gains, increased severance expense and idling fees for rigs.

DD&A increased in 2010, compared to 2009, due to higher DD&A rates and volumes, including a full year of operations in Bahrain.

DD&A increased in 2009, compared to 2008, due to higher DD&A rates and higher volumes from Oman and the U.S. The 2008 amount also included a charge of $42 million for domestic asset impairments.

Taxes other than on income increased in 2010, compared to 2009, due to higher production taxes for Permian and Midcontinent Gas resulting from higher realized domestic oil and natural gas prices and higher ad valorem taxes in Permian resulting from increased property values.

Taxes, other than on income, decreased mainly due to lower production taxes in Permian and Midcontinent Gas resulting from lower prices in 2009, compared to 2008, and lower ad valorem taxes due to decreased property values in 2009, compared to 2008.

Exploration expense in 2010 was comparable to 2009. Exploration expense decreased in 2009, compared to 2008, due to lower international exploration activities, partially offset by a higher success rate in California exploration activities.

Charges for impairments in 2010 predominately related to gas properties in the Rocky Mountain region.

Charges for impairments in 2008 related to undeveloped acreage in Yemen and chemical plant closure and impairments.

Interest and debt expense, net decreased in 2010, compared to 2009, due to lower average interest rates during 2010. The additional debt raised in December 2010 had a minimal impact on overall interest expense.

Interest and debt expense, net increased in 2009, compared to 2008, due to higher debt levels during 2009 compared to 2008, partially offset by lower interest rates.

Selected Other Items

(Income)/expense (in millions)	2010	2009	2008
Provision for income taxes	$ 2,995	$ 2,063	$ 4,877
Income from equity investments	$ (277)	$ (227)	$ (213)
Discontinued operations, net	$ 39	$ 236	$ 326
Net income attributable to noncontrolling interest	$ 72	$ 51	$ 116

Provision for domestic and foreign income taxes increased in 2010, compared to 2009, due to higher income before taxes in 2010. The worldwide effective tax rate in 2010 was comparable to 2009. The 2010 income tax expense included an $80 million benefit related to foreign tax credit carryforwards.

Provision for domestic and foreign income taxes decreased in 2009, compared to 2008, due to lower income before taxes in 2009. The worldwide effective tax rate in 2009 was comparable to 2008.

Discontinued operations, net, primarily reflected the after-tax losses in the Argentine operations held for sale. The amounts included after-tax impairment charges of $111 million for producing properties and $309 million for undeveloped acreage in 2009 and 2008, respectively.

Net income attributable to noncontrolling interest increased in 2010, compared to 2009, due to higher income in Colombia, resulting from higher realized oil prices.

Net income attributable to noncontrolling interest decreased in 2009, compared to 2008, due to lower net income in Colombia resulting from lower oil prices.

Consolidated Analysis of Financial Position

The changes in the following components of Occidental's balance sheet are discussed below:

Selected Balance Sheet Components

In millions	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	$ 2,578	$ 1,224
Trade receivables, net	5,032	4,092
Marketing and trading assets and other	900	1,075
Assets of discontinued operations	2,861	2,792
Inventories	1,041	998
Prepaid expenses and other	647	426
Total current assets	$ 13,059	$ 10,607
Investments in unconsolidated entities	$ 2,039	$ 1,732
Property, plant and equipment, net	$ 36,536	$ 31,137
Long-term receivables and other assets, net	$ 798	$ 753
CURRENT LIABILITIES		
Current maturities of long-term debt	$ —	$ 239
Accounts payable	4,646	3,282
Accrued liabilities	2,397	2,291
Domestic and foreign income taxes	170	24
Liabilities of discontinued operations	612	655
Total current liabilities	$ 7,825	$ 6,491
Long-term debt, net	$ 5,111	$ 2,557
Deferred credits and other liabilities-income taxes	$ 3,445	$ 2,800
Deferred credits and other liabilities-other	$ 3,452	$ 3,086
Long-term liabilities of discontinued operations	$ 115	$ 136
Stockholders' equity	$ 32,484	$ 29,159

Assets

See "Liquidity and Capital Resources — Cash Flow Analysis" for discussion about the change in cash and cash equivalents.

The increase in trade receivables, net was due to higher oil prices and higher oil and gas volumes in the fourth quarter of 2010, compared to the fourth quarter of 2009. The decrease in marketing and trading assets and other was mainly due to a decrease in trading securities and marketing activity. The increase in prepaid expenses and other was mainly due to acquisition-related deposits.

Investments in unconsolidated entities increased mainly due to the purchase of additional interests in Plains Pipeline, partially offset by Occidental's acquisition of the remaining 50-percent joint-venture interest in EHP, bringing Occidental's total ownership in EHP to 100 percent. EHP was consolidated in Occidental's balance sheet as of December 31, 2010.

The increase in PP&E, net was due to capital expenditures and the acquisitions of oil and gas properties, partially offset by DD&A and asset impairments.

Liabilities and Stockholders' Equity

The increase in the accounts payable balance reflected higher oil prices and volumes in the marketing and trading operations and higher capital expenditures during the fourth quarter of 2010 compared to the fourth quarter of 2009.

The increase in long-term debt, net was due to the issuance of $2.6 billion of senior unsecured notes.

The increase in deferred and other domestic and foreign income taxes was due to deferred tax charges incurred in 2010 and deferred taxes resulting from acquisitions. The increase in deferred credits and other liabilities was mainly due to the long-term portion of scheduled payments related to acquisitions and deferred compensation. The increase in stockholder's equity reflected net income for 2010, partially offset by dividend payments.

Liquidity and Capital Resources

At December 31, 2010, Occidental had approximately $2.6 billion in cash on hand. Income and cash flows are largely dependent on oil and gas prices and sales volumes. Occidental believes that cash on hand, cash generated from operations and cash from pending divestitures will be sufficient to fund its planned acquisitions, as well as operating needs and planned capital expenditures, dividends and any debt payments.

Occidental has a $1.5 billion bank credit facility (Credit Facility) through September 2012, which adjusts to $1.4 billion in September 2011. The Credit Facility provides for the termination of the loan commitments and requires immediate repayment of any outstanding amounts if certain events of default occur or if Occidental files for bankruptcy. Up to $350 million of the Credit Facility is available in the form of letters of credit. Occidental did not draw down any amounts under the Credit Facility during 2010. Available but unused committed bank credit facilities totaled approximately $1.5 billion at December 31, 2010.

Occidental has a shelf registration statement that facilitates issuing senior debt securities. In December 2010, Occidental issued $2.6 billion of debt under this shelf, which comprised $600 million of 1.45-percent senior unsecured notes due 2013, $700 million of 2.50-percent senior unsecured notes due 2016 and $1.3 billion of 4.10-percent senior unsecured notes due 2021. Occidental received net proceeds of approximately $2.6 billion. Interest on the notes will be payable semi-annually in arrears in June and December of each year for the 1.45-percent notes and February and August of each year for both the 2.50-percent notes and 4.10-percent notes.

In February 2011, Occidental initiated redemption of all of its $1.0 billion 7-percent senior notes due 2013 and all of its $368 million 6.75-percent senior notes due 2012. The redemption prices of the 7-percent and 6.75-percent senior notes will be calculated based on make-whole spreads of 50 basis points and 35 basis points, respectively, above the applicable Treasury rates. Occidental will record a charge upon redemption, which is expected to be in the first quarter of 2011.

Occidental, from time to time, may access and has accessed debt markets for long-term and short-term funding for general corporate purposes, including acquisitions. At this time, Occidental does not anticipate any additional material needs for such funding.

None of Occidental's committed bank credit facilities contain material adverse change clauses or debt ratings triggers that could restrict Occidental's ability to borrow under these facilities. Occidental's credit facilities and debt agreements do not contain ratings triggers that could terminate bank commitments or accelerate debt in the event of a ratings downgrade. Borrowings under the Credit Facility bear interest at various benchmark rates, including LIBOR, plus a margin based on Occidental's senior debt ratings. Additionally, Occidental paid an annual facility fee of 0.05 percent in 2010 on the total commitment amount, which was based on Occidental's senior debt ratings.

As of December 31, 2010, under the most restrictive covenants of its financing agreements, Occidental had substantial capacity for additional unsecured borrowings, the payment of cash dividends and other distributions on, or acquisitions of, Occidental stock.

Cash Flow Analysis

In millions	2010	2009	2008
Net cash provided by operating activities	**$ 9,349**	$ 5,807	$ 10,654

The most important sources of the increase in operating cash flow in 2010, compared to 2009, were higher worldwide crude oil and domestic natural gas prices and volumes. In 2010, compared to 2009, Occidental's global realized crude oil and U.S. natural gas prices for continuing operations each increased by 31 percent. In 2010, Occidental's U.S. gas production represented approximately 59 percent of its worldwide natural gas production. Occidental's 2010 oil and gas sales volumes from continuing operations increased, compared to 2009, mainly due to the new production from Bahrain and higher production in the Mukhaizna field in Oman and higher domestic gas production, partially offset by a decline in Colombia. Increases in field support and energy costs in 201 0, compared to 2009, partially offset the increases in prices and volumes.

Other cost elements, such as certain labor costs and overhead, are not significant drivers of changes in cash flow because they are relatively stable within a narrow range over the short to intermediate term. Changes in these costs had a much smaller effect on cash flow than oil and gas prices and volumes.

The increase in operating cash flows in 2010, compared to 2009, also reflected higher chemical product prices for PVC, VCM, ethylene dichloride (EDC) and chlorine, which resulted in higher margins. In addition, all chemical product volumes increased in 2010, compared to 2009, due to improved market conditions, particularly for exports. The 2010 operating cash flows also reflected higher margins in the marketing and trading and gas processing businesses and increased earnings in the pipeline business.

The most important sources of the decrease in operating cash flow in 2009, compared to 2008, were lower average oil and natural gas prices, which were partially offset by increased oil and gas production volumes. In 2009, compared to 2008, Occidental's global realized crude oil prices for continuing operations decreased by 38 percent and realized natural gas prices for continuing operations decreased by 57 percent in the U.S., where approximately 67 percent of Occidental's natural gas was produced. Oil accounted for approximately 77 percent of Occidental's 2009 production. Occidental's oil and gas sales volumes increased by 6 percent in 2009, compared to 2008, due to increased production in California, Midcontinent Gas, Latin America and Oman. Decrease s in oil and gas production costs, purchased goods and services, energy costs and production and ad valorem taxes in 2009, compared to 2008, partially offset the effect of decreases in realized oil and natural gas prices in 2009.

The lower operating cash flows in 2009, compared to 2008, also reflected lower chemical product volumes as well as lower product prices, especially for caustic soda, PVC and VCM, which resulted in lower margins. The 2009 operating cash flows also reflected lower marketing income and lower margins in the gas processing business of the midstream and marketing segment.

In general, the overall impact of the chemical and midstream and marketing segments' margins was less significant than the changes in oil and gas prices because the chemical and midstream and marketing segments' earnings and cash flows are significantly smaller than those for the oil and gas segment.

Other non-cash charges to income from continuing operations in 2010, 2009 and 2008 included stock incentive plan amortization, deferred compensation and asset retirement obligation accruals. The 2010 amount included a $275 million charge for asset impairments, predominately of gas properties in the Rocky Mountain region. The 2009 amount included an $8 million charge for the termination of rig contracts. The 2008 amount included a charge of $81 million for asset impairments of undeveloped acreage in Yemen, a $46 million charge for termination of rig contracts and a $90 million charge for chemical plant closure and impairments.

Operating cash flows for discontinued operations included after-tax charges of $111 million for asset impairments of certain Argentine producing properties in 2009 and $309 million for asset impairments of unproved acreage in Argentina in 2008.

In millions	2010	2009	2008
Capital expenditures			
Oil and Gas	**$ (3,166)**	$ (2,448)	$ (3,307)
Chemical	**(237)**	(205)	(240)
Midstream and Marketing	**(501)**	(554)	(492)
Corporate	**(36)**	(38)	(87)
Total	**(3,940)**	(3,245)	(4,126)
Other investing activities, net	**(5,138)**	(2,082)	(5,203)
Net cash used by investing activities	**$ (9,078)**	$ (5,327)	$ (9,329)

Occidental's capital spending for 2011 is expected to be about $6.1 billion excluding the Shah Field development project, and will be focused on increasing oil and gas production and ensuring Occidental's returns remain well above its cost of capital given current oil and gas prices and the cost environment.

The estimated increase in capital expenditures in 2011 from $3.9 billion in 2010 will be allocated to the oil and gas segment. Of the $6.1 billion of estimated 2011 capital spending, the Middle East/North Africa will receive approximately 27 percent, California will receive 20 percent, Permian will receive 14 percent and Midcontinent and Other Interests will receive 14 percent.

The 2010 other investing activities, net amount included $4.9 billion in cash payments for the acquisitions of businesses and assets, including acquisitions of various interests in domestic oil and gas properties, in operated, producing and non-producing properties in the Permian Basin, mid-continent region and California, for approximately $2.5 billion, properties in North Dakota for approximately $1.4 billion, additional interests in Plains Pipeline for approximately $430 million and the remaining 50-percent interest in EHP for approximately $175 million, as well as foreign contract payments of approximately $225 million.

The 2009 other investing activities, net amount included $1.7 billion in cash payments for the acquisitions of businesses and assets, including acquisitions of various oil and gas properties in California and the Permian Basin for approximately $610 million, interests in Phibro for approximately $370 million, additional interests in Plains Pipeline for approximately $330 million and various other acquisitions totaling approximately $320 million. The 2009 amount also included foreign signing bonuses of approximately $190 million, the bulk of which was scheduled under the 2008 Libya agreements.

The 2008 other investing activities, net amount included cash payments for the acquisitions of oil and gas interests from Plains Exploration & Production Company for $2.7 billion, an interest in Joslyn Oil Sands Project in Northern Alberta, Canada for approximately $500 million, interests in Plains Pipeline for approximately $330 million and approximately $700 million of various other acquisitions. The 2008 amount also included the first payment of the signature bonus under the Libya agreements of $450 million.

Investing activities for discontinued operations included capital expenditures of $310 million, $336 million and $538 million in 2010, 2009 and 2008, respectively.

Commitments at December 31, 2010, for major fixed and determinable capital expenditures during 2011 and thereafter were approximately $1.2 billion. Occidental expects to fund these commitments and capital expenditures with cash from operations.

In millions	**2010**	2009	2008
Net cash provided (used) by financing activities	**$ 1,083**	$ (1,033)	$ (1,510)

The 2010 amount included net proceeds of approximately $2.6 billion from the December 2010 issuance of senior unsecured notes. The 2010 amount also included financing cash flow use of $311 million to retire other long-term debt.

The 2009 amount included net proceeds of $740 million from the issuance of 4.125-percent senior unsecured notes due 2016 and Occidental's payment of $600 million of debt associated with Dolphin Energy.

The 2008 amount included the net proceeds of $985 million from the issuance of $1 billion of 7-percent senior unsecured notes due 2013. The 2008 amount also included $1.5 billion of cash paid for repurchases of 19.8 million shares of Occidental's common stock at an average price of $76.33 per share.

Occidental also paid common stock dividends of $1.2 billion in 2010, $1.1 billion in 2009 and $940 million in 2008.

OFF-BALANCE-SHEET ARRANGEMENTS

In the course of its business activities, Occidental pursues a number of projects and transactions to meet its core business objectives. Occidental also makes commitments on behalf of unconsolidated entities. Some of these projects, transactions and commitments (off-balance-sheet arrangements) are not reflected on Occidental's balance sheets, as a result of the application of generally accepted accounting principles (GAAP) to their specific terms. The following is a description of the business purpose and nature of these off-balance-sheet arrangements.

Dolphin

See "Oil and Gas Segment — Business Review — Qatar" for further information about Dolphin.

In July 2009, Dolphin Energy refinanced its debt on a limited-recourse basis. Occidental provided guarantees limited to certain political and other events. At December 31, 2010, the notional amount of the guarantees was approximately $300 million, which represented a substantial majority of Occidental's total guarantees. The fair value of these guarantees was immaterial.

Leases

Occidental has entered into various operating lease agreements, mainly for transportation equipment, power plants, machinery, terminals, storage facilities, land and office space. Occidental leases assets when leasing offers greater operating flexibility. Lease payments are generally expensed as cost of sales. For more information, see "Contractual Obligations."

Guarantees

Occidental has guaranteed certain equity investees' debt and has entered into various other guarantees including performance bonds, letters of credit, indemnities, commitments and other forms of guarantees provided by Occidental to third parties, mainly to provide assurance that OPC or its subsidiaries and affiliates will meet their various obligations (guarantees). At December 31, 2010, Occidental's guarantees were not material and a substantial majority of these amounts were represented by the Dolphin guarantees discussed above.

CONTRACTUAL OBLIGATIONS

The table below summarizes and cross-references certain contractual obligations that are reflected in the Consolidated Balance Sheets as of December 31, 2010 and/or disclosed in the accompanying Notes.

Contractual Obligations (in millions)	Total	Payments Due by Year 2011	2012 and 2013	2014 and 2015	2016 and thereafter
Consolidated Balance Sheet					
Long-term debt (Note 5) (a)	$ 5,122	$ —	$ 1,968	$ —	$ 3,154
Other long-term liabilities (b)	2,018	157	515	391	955
Other Obligations					
Operating leases (Note 6) (c)	1,056	160	188	137	571
Purchase obligations (d, e)	5,516	1,654	1,509	602	1,751
Total	$ 13,712	$ 1,971	$ 4,180	$ 1,130	$ 6,431

(a) Excludes unamortized debt discount and interest expense on the debt. As of December 31, 2010, interest on long-term debt totaling $1.4 billion is payable in the following years (in millions): 2011 - $234, 2012 and 2013 - $407, 2014 and 2015 - $261, 2016 and thereafter - $541.

(b) Includes certain accrued liabilities and obligations under postretirement benefit and deferred compensation plans.

(c) Amounts have not been reduced for sublease rental income.

(d) Amounts represent long-term agreements to purchase goods and services used in the normal course of business that are legally enforceable. Some of these arrangements involve take-or-pay commitments but they do not represent debt obligations. Long-term purchase contracts are discounted at a 4.58-percent discount rate.

(e) Amounts exclude certain oil purchase obligations related to the marketing and trading activities for which there are no minimum amounts.

Lawsuits, Claims, Commitments, Contingencies and Related Matters

OPC or certain of its subsidiaries are named, in the normal course of business, in lawsuits, claims and other legal proceedings that seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. OPC or certain of its subsidiaries also have been named in proceedings under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and similar federal, state, local and foreign environmental laws. These environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties and injunctive relief; however, Occidental is usually one of many companies in these proceedings and has to date been successful in sharing response costs with other financially sound companies. The ultimate amount of losses and the timing of any such losses that Occidental may incur resulting from currently outstanding lawsuits, claims and proceedings cannot be determined reliably at this time. Occidental accrues reserves for all of these matters when it is probable that a liability has been incurred and the liability can be reasonably estimated. The amount of reserve balances as of December 31, 2010 and 2009 were not material to Occidental's consolidated balance sheets. Occidental also evaluates the amount of reasonably possible additional losses that it could incur as a result of the matters mentioned above. Occidental has disclosed its range of reasonably possible losses for sites where it is a participant in environmental remediation. Occidental believes that other reasonably possible additional losses that it could incur in excess of reserves accrued on the balance sheet would not be material to its consolidated financial position or results of operations. Environmental matters are further discussed under the caption "Environmental Liabilities and Expenditures" below.

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. While the audits of corporate tax returns for taxable years through 2008 have concluded for U.S. federal income tax purposes, the 2009 and 2010 taxable years are currently under review by the U.S. Internal Revenue Service pursuant to its Compliance Assurance Program. Taxable years from 2000 through the current year remain subject to examination by foreign and state government tax authorities in certain jurisdictions. In certain of these jurisdictions, tax authorities are in various stages of auditing Occidental's income taxes. During the course of tax audits, disputes have arisen and other disputes may arise as to facts and matters of law. Occidental believes that the resolution of outstanding tax matters would not have a material adverse effect on its consolidated financial position or results of operations.

Occidental has entered into agreements providing for future payments to secure terminal and pipeline capacity, drilling rigs and services, electrical power, steam and certain chemical raw materials. Occidental has certain other commitments under contracts, guarantees and joint ventures, including purchase commitments for goods and services at market-related prices and certain other contingent liabilities. At December 31, 2010, commitments for major fixed and determinable capital expenditures during 2011 and thereafter were approximately $1.2 billion.

Occidental has indemnified various parties against specified liabilities that those parties might incur in the future in connection with purchases and other transactions that they have entered into with Occidental. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of December 31, 2010, Occidental is not aware of circumstances that it believes would reasonably be expected to lead to future indemnity claims against it in connection with these transactions that would result in payments materially in excess of reserves.

Environmental Liabilities and Expenditures

Occidental’s operations are subject to stringent federal, state, local and foreign laws and regulations relating to improving or maintaining environmental quality. Occidental’s environmental compliance costs have generally increased over time and could continue to rise in the future. Occidental factors environmental expenditures for its operations into its business planning process as an integral part of producing quality products responsive to market demand.

Environmental Remediation

The laws that require or address environmental remediation, including CERCLA and similar federal, state, local and foreign laws, may apply retroactively and regardless of fault, the legality of the original activities or the current ownership or control of sites. OPC or certain of its subsidiaries participate in or actively monitor a range of remedial activities and government or private proceedings under these laws with respect to alleged past practices at operating, closed and third-party sites. Remedial activities may include one or more of the following: investigation involving sampling, modeling, risk assessment or monitoring; cleanup measures including removal, treatment or disposal; or operation and maintenance of remedial systems. The environmental proceedings s eek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties, injunctive relief and government oversight costs.

As of December 31, 2010, Occidental participated in or monitored remedial activities or proceedings at 170 sites. The following table presents Occidental’s environmental remediation reserves as of December 31, 2010, 2009 and 2008, grouped as environmental remediation sites listed or proposed for listing by the U.S. Environmental Protection Agency on the CERCLA National Priorities List (NPL sites) and three categories of non-NPL sites — third-party sites, Occidental-operated sites and closed or non-operated Occidental sites.

$ amounts in millions	2010		2009		2008	
	# of Sites	Reserve Balance	# of Sites	Reserve Balance	# of Sites	Reserve Balance
NPL sites	38	$ 56	39	$ 57	40	$ 60
Third-party sites	83	91	81	104	76	117
Occidental-operated sites	20	122	19	126	19	127
Closed or non-operated Occidental sites	29	97	29	116	31	135
Total	170	$ 366	168	$ 403	166	$ 439

As of December 31, 2010, Occidental's environmental reserves exceeded $10 million each at 13 of the 170 sites described above, and 122 of the sites had reserves from zero to $1 million each.

As of December 31, 2010, two landfills in western New York owned by Occidental accounted for 71 percent of its reserves associated with NPL sites. Maxus Energy Corporation has retained the liability and indemnified Occidental for 15 of the remaining NPL sites.

As of December 31, 2010, Maxus has also retained the liability and indemnified Occidental for 17 of the 83 third-party sites. Two of the remaining 66 third-party sites — a former copper mining and smelting operation in Tennessee and an active refinery in Louisiana where Occidental reimburses the current owner and operator for certain remedial activities — accounted for 50 percent of Occidental's reserves associated with these sites.

Five sites — chemical plants in Kansas, Louisiana and New York and two groups of oil and gas properties in the southwestern United States — accounted for 74 percent of the reserves associated with the Occidental-operated sites. Four other sites — former chemical plants in Delaware, Tennessee and Washington and a closed coal mine in Pennsylvania — accounted for 67 percent of the reserves associated with closed or non-operated Occidental sites.

The following table shows environmental reserve activity for the past three years:

In millions	2010	2009	2008
Balance - Beginning of Year	$ 403	$ 439	$ 457
Remediation expenses and interest accretion	26	26	29
Changes from acquisitions/dispositions	3	4	25
Payments	(66)	(66)	(72)
Balance - End of Year	$ 366	$ 403	$ 439

Occidental expects to expend funds corresponding to approximately half of the current environmental reserves over the next four years and the balance over the subsequent ten or more years. Occidental believes its range of reasonably possible additional loss beyond those liabilities recorded for environmental remediation at the sites described above could be up to $385 million. See "Critical Accounting Policies and Estimates —Environmental Liabilities and Expenditures" for additional information.

Occidental's environmental costs for continuing operations, some of which include estimates, are shown below for each segment for the years ended December 31:

In millions	2010	2009	2008
Operating Expenses			
Oil and Gas	$ 108	$ 110	$ 113
Chemical	72	67	85
Midstream and Marketing	13	14	20
	$ 193	$ 191	$ 218
Capital Expenditures			
Oil and Gas	$ 72	$ 78	$ 98
Chemical	19	15	18
Midstream and Marketing	13	4	6
	$ 104	$ 97	$ 122
Remediation Expenses			
Corporate	$ 25	$ 25	$ 28

Operating expenses are incurred on a continual basis. Capital expenditures relate to longer-lived improvements in currently operating properties. Remediation expenses relate to existing conditions from past operations.

Occidental presently estimates capital expenditures for environmental compliance of approximately $125 million for 2011.

Foreign Investments

Many of Occidental's assets are located outside of North America. At December 31, 2010, the carrying value of Occidental's assets in countries outside North America aggregated approximately $12.1 billion, or approximately 23 percent of Occidental's total assets at that date. Of such assets, approximately $7.5 billion are located in the Middle East/North Africa and approximately $4.6 billion are located in Latin America, including $2.9 billion held for sale. For the year ended December 31, 2010, net sales outside North America totaled $6.8 billion, or approximately 36 percent of total net sales.

Critical Accounting Policies and Estimates

The process of preparing financial statements in accordance with GAAP requires the management of Occidental to make informed estimates and judgments regarding certain items and transactions. Changes in facts and circumstances or discovery of new information may result in revised estimates and judgments, and actual results may differ from these estimates. Occidental considers the following to be its most critical accounting policies and estimates that involve management's judgment. There has been no material change to these policies over the past three years. The selection and development of these critical accounting policies and estimates have been discussed with the Audit Committee of the Board of Directors.

Oil and Gas Properties

The carrying value of Occidental’s property, plant and equipment (PP&E) represents the cost incurred to acquire the PP&E, including any capitalized interest, net of accumulated depreciation, depletion and amortization (DD&A) and net of any impairment charges. For business acquisitions, PP&E cost is based on fair values at the acquisition date. Interest costs incurred in connection with qualifying capital expenditures are capitalized and amortized over the lives of the related assets.

Occidental uses the successful efforts method to account for its oil and gas properties. Under this method, costs of acquiring properties, costs of drilling successful exploration wells and development costs are capitalized. The costs of exploratory wells are initially capitalized pending a determination of whether proved reserves have been found. If proved reserves have been found, the costs of exploratory wells remain capitalized. Otherwise, the costs of the related exploratory wells are charged to expense. In some cases, a determination of proved reserves cannot be made at the completion of drilling, requiring additional testing and evaluation of the wells. Occidental's practice is to expense the costs of such exploratory wells if a determinatio n of proved reserves has not been made within a 12-month period after drilling is complete.

Annual lease rentals and geological, geophysical and seismic costs are expensed as incurred.

Proved oil and gas reserves (as defined in the Securities and Exchange Commission's Regulation S-X, Rule 4-10(a)) are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. Occidental has no proved oil and gas reserves for which the determination of commercial viability is subject to the completion of major additional capital exp enditures. Depreciation and depletion of oil and gas producing properties is determined by the unit of production method.

Several factors could change Occidental’s proved oil and gas reserves. For example, Occidental receives a share of production from PSCs to recover its costs and generally an additional share for profit. Occidental’s share of production and reserves from these contracts decreases when oil prices rise and increases when oil prices decline. Overall, Occidental’s net economic benefit from these contracts is greater at higher oil prices. In other cases, particularly with long-lived properties, lower product prices may lead to a situation where production of proved reserves becomes uneconomical. In such properties, higher product prices typically result in additional reserves becoming economical. Estimation of future production and deve lopment costs is also subject to change partially due to factors beyond Occidental's control, such as energy costs and inflation or deflation of oil field service costs. These factors, in turn, could lead to changes in the quantity of proved reserves. Additional factors that could result in a change of proved reserves include production decline rates differing from those estimated when the proved reserves were initially recorded. In 2010, revisions of previous estimates provided a net 1 million BOE reduction to proved reserves, which amounted to less than 1 percent of Occidental's total reserves as of December 31, 2010.

The most significant financial statement impact of a change in Occidental's oil and gas reserves would be on the DD&A rate, which is determined using the unit-of-production method. Leasehold acquisition costs are amortized over total proved reserves, while capitalized development and successful exploration costs are amortized over proved developed reserves. For example, a 5-percent increase or decrease in the amount of oil and gas reserves would change the DD&A rate by approximately $0.50 per barrel, which would increase or decrease pre-tax income by $128 million annually at current production rates. The change in the DD&A rate over the past three years due to revisions of previous proved reserve estimates has been immaterial.

A portion of the carrying value of Occidental’s oil and gas properties is attributable to unproved properties. At December 31, 2010, the net capitalized costs attributable to unproved properties were $3.7 billion. The unproved amounts are not subject to DD&A or impairment until a determination is made as to the existence of proved reserves. As exploration and development work progresses, if reserves on these properties are proved, capitalized costs attributable to the properties will be subject to depreciation and depletion. If the exploration and development work were to be unsuccessful, or management's plans changed with respect to these properties, as a result of economic, operating or contractual conditions, the capitalized costs of the related properties would be expensed in the period in which the determination was made. The timing of any writedowns of these unproved properties, if warranted, depends upon management's plans, the nature, timing and extent of future exploration and development activities and their results. Occidental believes its current plans and exploration and development efforts will allow it to realize its unproved property balance.

Additionally, Occidental performs impairment tests with respect to its proved properties generally when prices decline other than temporarily, reserve estimates change significantly or other significant events occur that may impact its ability to realize the recorded asset amounts. Impairment tests incorporate a number of assumptions involving expectations of future cash flows, which can change significantly over time. These assumptions include estimates of future product prices, which Occidental bases on forward price curves and, where applicable, contractual prices, estimates of oil and gas reserves and estimates of future expected operating and development costs. Fluctuations in commodities prices and production and development costs could cause management's plans t o change with respect to unproved properties and could cause the carrying values of proved properties to be unrealizable. Such circumstances could result in impairments in the carrying values of proved or unproved properties or both. Any impairment loss would be calculated as the excess of the asset's net book value over its estimated fair value.

The recent acquisitions provide Occidental with a large inventory of projects. Management conducted a review of Occidental's portfolio of oil and gas assets in the fourth quarter of 2010 and concluded that certain projects had become uneconomical considering the natural gas price environment and that it would not pursue them. As a result, Occidental recorded a pre-tax impairment charge of $275 million, predominately of gas properties in the Rocky Mountain region in 2010.

Chemical Assets

Occidental's chemical plants are depreciated using either the unit-of-production or straight-line method, based upon the estimated useful lives of the facilities. The estimated useful lives of Occidental’s chemical assets, which range from three years to 50 years, are also used for impairment tests. The estimated useful lives used for the chemical facilities are based on the assumption that Occidental will provide an appropriate level of annual expenditures to ensure productive capacity is sustained. Without these continued expenditures, the useful lives of these plants could decrease significantly. Other factors that could change the estimated useful lives of Occidental’s chemical plants include sustained higher or lower product prices, which are particular ly affected by both domestic and foreign competition, demand, feedstock costs, energy prices, environmental regulations and technological changes.

Occidental performs impairment tests on its chemical assets whenever events or changes in circumstances lead to a reduction in the estimated useful lives or estimated future cash flows that would indicate that the carrying amount may not be recoverable, or when management’s plans change with respect to those assets. Any impairment loss would be calculated as the excess of the asset's net book value over its estimated fair value.

Occidental's net PP&E for the chemical segment is approximately $2.6 billion and its depreciation expense for 2011 is expected to be approximately $300 million. The most significant financial statement impact of a decrease in the estimated useful lives of Occidental's chemical plants would be on depreciation expense. For example, a reduction in the remaining useful lives of one year would increase depreciation and reduce pre-tax earnings by approximately $35 million per year.

Midstream, Marketing and Other Assets

Derivatives are carried at fair value and on a net basis when a legal right of offset exists with the same counterparty. Occidental applies hedge accounting when transactions meet specified criteria for such treatment and management elects to do so. If a derivative does not qualify or is not designated and documented as a cash-flow hedge, any fair value gains or losses are recognized in earnings in the current period. For cash-flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income (OCI) with an offsetting adjustment to the basis of the item being hedged. Realized gains or losses from cash-flow hedges, and any ineffectiveness, are recorded as a component of net sales in the consolidated statements of income. Ineffectiveness is primarily created by a basis difference between the hedged item and the hedging instrument due to location, quality or grade of the physical commodity transactions. Gains and losses from derivative instruments are reported net in the consolidated statements of income. There were no fair value hedges as of and for the year ended December 31, 2010.

A hedge is regarded as highly effective and qualifies for hedge accounting if, at inception and throughout its life, it is expected that changes in the fair value or cash flows of the hedged item are almost fully offset by the changes in the fair value or changes in cash flows of the hedging instrument and actual effectiveness is within a range of 80 to 125 percent. In the case of hedging a forecasted transaction, the transaction must be probable and must present an exposure to variations in cash flows that could ultimately affect reported net income or loss. Occidental discontinues hedge accounting when it determines that a derivative has ceased to be highly effective as a hedge; when the derivative expires, or is sold, terminated, or exercised; when the hedged item matures or is sold or re paid; or when a forecasted transaction is no longer deemed probable.

Occidental's midstream and marketing PP&E is depreciated over the estimated useful lives of the assets, using either the unit-of-production or straight-line method. Occidental performs impairment tests on its midstream and marketing assets whenever events or changes in circumstances lead to a reduction in the estimated useful lives or estimated future cash flows that would indicate that the carrying amount may not be recoverable, or when management’s plans change with respect to those assets. Any impairment loss would be calculated as the excess of the asset's net book value over its estimated fair value.

Fair Value Measurements

Occidental has categorized its assets and liabilities that are measured at fair value, based on the priority of the inputs to the valuation techniques, in a three-level fair value hierarchy: Level 1 – using quoted prices in active markets for identical assets or liabilities; Level 2 – using observable inputs other than quoted prices; and Level 3 – using unobservable inputs. Transfers between levels, if any, are recognized at the end of each reporting period.

Fair Values - Recurring

Occidental primarily applies the market approach for recurring fair value measurements, maximizes its use of observable inputs and minimizes its use of unobservable inputs. Occidental utilizes the mid-point price between bid and ask prices for valuing the majority of its assets and liabilities measured and reported at fair value. In addition to using market data, Occidental makes assumptions in valuing its assets and liabilities, including assumptions about the risks inherent in the inputs to the valuation technique. For assets and liabilities carried at fair value, Occidental measures fair value using the following methods:

Ø Trading securities – Quoted prices in active markets exist and are used to provide fair values for these instruments. These securities are classified as Level 1.

- Ø Commodity derivatives – Occidental values exchange-cleared commodity derivatives using closing prices provided by the exchange as of the balance sheet date. These derivatives are classified as Level 1. Over-the-Counter (OTC) financial commodity contracts, options and physical commodity forward purchase and sale contracts are generally valued using quotations provided by brokers or industry-standard models that consider various inputs, including quoted forward prices for commodities, time value, volatility factors, credit risk and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these inputs are observable in the marketplace throughout the full term of the instrument, can be derived from observable dat a or are supported by observable prices at which transactions are executed in the marketplace. Occidental classifies these measurements as Level 2.

Occidental generally uses an income approach to measure fair value when there is not a market observable price for an identical or similar asset or liability. This approach utilizes management's best assumptions regarding expectations of projected cash flows, and discounts the expected cash flows using a commensurate risk-adjusted discount rate.

Environmental Liabilities and Expenditures

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Occidental records environmental reserves for estimated remediation costs that relate to existing conditions from past operations when environmental remediation efforts are probable and the costs can be reasonably estimated. In determining the reserves and the range of reasonably possible additional loss, Occidental refers to currently available information, including relevant past experience, remedial objectives, available technologies, applicable laws and regulations and cost-sharing arrangements. Occidental bases environmental reserves on management's estimate of the most likely cost to be incurred, using the most cost-effective technology reasonably expected to achiev e the remedial objective. Occidental periodically reviews reserves and adjusts them as new information becomes available. Occidental records environmental reserves on a discounted basis only when the aggregate amount and the timing of cash payments are reliably determinable at the time the reserves are established. The reserve methodology with respect to discounting for a specific site is not modified once it has been established. Occidental generally records reimbursements or recoveries of environmental remediation costs in income when received, or when receipt of recovery is highly probable. As of December 31, 2010, 2009 and 2008, Occidental has not accrued any reimbursements or recoveries.

Many factors could affect Occidental's future remediation costs and result in adjustments to its environmental reserves and range of reasonably possible additional loss. The most significant are: (1) cost estimates for remedial activities may be inaccurate; (2) the length of time, type or amount of remediation necessary to achieve the remedial objective may change due to factors such as site conditions, the ability to identify and control contaminant sources or the discovery of additional contamination; (3) the regulatory agency may ultimately reject or modify Occidental's proposed remedial plan; (4) improved or alternative remediation technologies may change remediation costs; and (5) laws and regulations may impose more or less stringent remediation requirements or affect cost sharing or allocation of liability.

Certain sites involve multiple parties with various cost-sharing arrangements, which fall into the following three categories: (1) environmental proceedings that result in a negotiated or prescribed allocation of remediation costs among Occidental and other alleged potentially responsible parties; (2) oil and gas ventures in which each participant pays its proportionate share of remediation costs reflecting its working interest; or (3) contractual arrangements, typically relating to purchases and sales of properties, in which the parties to the transaction agree to methods of allocating remediation costs. In these circumstances, Occidental evaluates the financial viability of other parties with whom it is alleged to be jointly liable, the degree of their commitment to participate and the con sequences to Occidental of their failure to participate when estimating Occidental's ultimate share of liability. Occidental records reserves at its expected net cost of remedial activities and, based on these factors, believes that it will not be required to assume a share of liability of such other potentially responsible parties in an amount materially above amounts reserved.

In addition to the costs of investigations and cleanup measures, which often take in excess of ten years at NPL sites, Occidental's reserves include management's estimates of the costs to operate and maintain remedial systems. If remedial systems are modified over time in response to significant changes in site-specific data, laws, regulations, technologies or engineering estimates, Occidental reviews and adjusts its reserves accordingly.

If Occidental adjusts the environmental reserve balance based on the factors described above, the amount of the increase or decrease would be recognized in earnings. For example, if the reserve balance were reduced by 10 percent, Occidental would record a pre-tax gain of $37 million. If the reserve balance were increased by 10 percent, Occidental would record an additional remediation expense of $37 million.

Other Loss Contingencies

Occidental is involved with numerous lawsuits, claims, proceedings and audits in the normal course of its operations. Occidental records a loss contingency for these matters when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. In addition, Occidental discloses, in aggregate, its exposure to loss in excess of the amount recorded on the balance sheet for these matters if it is reasonably possible that an additional material loss may be incurred. Occidental reviews its loss contingencies on an ongoing basis.

Loss contingencies are based on judgments made by management with respect to the likely outcome of these matters and are adjusted as appropriate. Management's judgments could change based on new information, changes in laws or regulations, changes in management's plans or intentions and the outcome of legal proceedings, settlements or other factors. See "Lawsuits, Claims, Commitments, Contingencies and Related Matters" for additional information.

Significant Accounting and Disclosure Changes

Listed below are significant recently adopted accounting and disclosure changes.

Fair Value Measurements

Beginning in the quarter ended March 31, 2010, Occidental enhanced its fair value measurement disclosures as a result of adopting new disclosure requirements issued by the Financial Accounting Standards Board (FASB) in January 2010. The new rules require interim and year-end disclosures of: (i) fair value measurements by classes of assets and liabilities; (ii) valuation techniques and inputs used for Level 2 or 3 fair value measurements; and (iii) significant transfers into and out of Level 1 and 2 measurements and the reasons for the transfers.

Variable Interest Entities

Beginning January 1, 2010, Occidental modified its method of assessing the consolidation of variable interest entities as a result of adopting new accounting requirements issued by the FASB in June 2009. This new rule had no impact on Occidental's financial statements upon adoption.

Derivative Activities and Market Risk

Commodity Price Risk

General

Occidental's results are sensitive to fluctuations in oil and natural gas prices. Based on current market prices and levels of production, if oil prices vary by $1 per barrel, it would have an estimated annual effect on Occidental's pre-tax income of approximately $164 million. If domestic natural gas prices vary by $0.50 per Mcf, it would have an estimated annual effect on Occidental's pre-tax income of approximately $144 million. As production levels change in the future, the sensitivity of Occidental's results to oil and gas prices also will change. The trading and marketing results are also sensitive to price changes of oil, gas and, to a lesser degree, other commodities. These sensitivities are additionally dependent on the trading and marketing volumes and cannot be predicted reliably.

Occidental's results are also sensitive to fluctuations in chemical prices. A variation in chlorine and caustic soda prices of $10 per ton would have a pre-tax annual effect on income of approximately $10 million and $30 million, respectively. A variation in PVC prices of $0.01 per lb would have a pre-tax annual effect on income of approximately $30 million. A variation in ethylene dichloride (EDC) prices of $10 per ton would have a pre-tax annual effect on income of approximately $5 million. Historically, product price changes either precede or follow raw material and feedstock product price changes; therefore, the margin effect of price changes is generally mitigated over time. According to Chemical Market Associates, Inc., December 2010 average contract prices were: chlorine—$335 per ton, caustic soda—$470 per ton, PVC—$0.69 per lb and EDC—$410 per ton.

Marketing and Trading Operations

Through its marketing and trading activities and within its established policy controls and procedures, Occidental uses derivative instruments, including a combination of short-term futures, forwards, options and swaps, to improve realized prices for its oil and gas. Additionally, Occidental, through its Phibro trading unit, engages in trading activities using derivatives for the purpose of generating profits mainly from market price changes of commodities. Occidental has also used derivatives to reduce its exposure to price volatility on a small portion of its oil and gas production.

Risk Management

Occidental conducts its risk management activities for marketing and trading activities under the controls and governance of its risk control policy. The controls under this policy are implemented and enforced by certain members of management embedded in the marketing and trading operations who provide an independent and separate evaluation and check on marketing and trading activities in order to manage risk. These members of management report to the Corporate Vice President and Treasurer. The President and Chief Operating Officer and risk committees comprising members of Occidental's senior corporate management also oversee these controls. Controls for these activities include limits on value at risk, limits on credit, limits on total notional trade value, segregation of duties, delegation of authority, daily price verifications, daily reporting to senior management of positions together with various risk measures and a number of other policy and procedural controls. Additionally, these operations maintain highly liquid positions, as a result of which the market risk typically can be neutralized on short notice.

Fair Value of Marketing and Trading Derivative Contracts

The following tables show the changes in the net fair value of Occidental's marketing and trading derivative contracts during 2010 and 2009.

Assets/(liabilities) (in millions)	2010	2009
Fair value of contracts outstanding at beginning of year	$ (345)	$ (139)
Contracts realized or settled during the year	(107)	(47)
Gains (losses) or other changes in fair value [(a)]	310	(142)
Fair value of Phibro contracts acquired on December 31, 2009	—	(17)
Fair value of contracts outstanding at end of year	$ (142)	$ (345)

(a) Primarily relates to price changes on existing cash-flow hedges.

The following table shows the fair value of derivatives, segregated by maturity periods and by methodology of fair value estimation:

Source of Fair Value Assets/(liabilities) (in millions)	2011	2012 and 2013	2014 and 2015	2016 and thereafter	Total
	Maturity Periods				
Prices actively quoted	$ (28)	$ 4	$ —	$ —	$ (24)
Prices provided by other external sources	(97)	(6)	(16)	1	(118)
Total	$ (125)	$ (2)	$ (16)	$ 1	$ (142)

As part of its third-party marketing and trading activities, Occidental enters into purchase and sale contracts for oil and gas. Occidental manages these contracts so that the aggregate terms and volumes of the purchases and sales generally approximate each other.

Cash-Flow Hedges

As of December 31, 2010, Occidental held a series of collar agreements that qualify as cash-flow hedges for the sale of approximately 2 percent of its crude oil production. These agreements are for existing domestic production and continue to the end of 2011. The following table presents the daily quantities and weighted-average strike prices of Occidental's collar positions as of December 31, 2010:

Crude Oil - Collars	Daily Volume (barrels)	Average Floor	Average Cap
2011	12,000	$32.92	$46.27

In 2009, Occidental entered into financial swap agreements for the sale of a portion of its existing natural gas production from the Rocky Mountain region of the United States that qualify as cash-flow hedges. The following table presents the daily quantities and weighted-average prices that will be received by Occidental as of December 31, 2010:

Natural Gas - Swaps	Daily Volume (cubic feet)	Average Price
January 2011 — March 2012	50 million	$6.07

Occidental's marketing and trading operations store natural gas purchased from third parties at Occidental's North American leased storage facilities. Derivative instruments are used to fix margins on the future sales of the stored volumes. These derivative agreements continue through March 2011. As of December 31, 2010, Occidental had approximately 28 Bcf of natural gas held in storage. As of December 31, 2010, Occidental had cash-flow hedges for the forecasted sale, to be settled by physical delivery, of approximately 24 Bcf of this natural gas held in storage.

As of December 31, 2010, the total fair value of cash-flow hedges, which was a liability of $149 million, was included in the total fair value (a liability of $142 million) in the tables in "Fair Value of Marketing and Trading Derivative Contracts" above.

Quantitative Information

Occidental uses value at risk to estimate the potential effects of changes in fair values of commodity-based and foreign currency derivatives and commodity contracts used in marketing and trading activities. This method determines the maximum potential negative short-term change in fair value with at least a 95-percent level of confidence. The marketing and trading value at risk determined with this method was immaterial during 2010.

The year ended December 31, 2010 included operations of the Phibro trading unit, which Occidental acquired on December 31, 2009. Occidental determined that operations of the unit are not reasonably likely to have a material adverse effect on the Company. This conclusion is based primarily on the trading limits Occidental placed on the unit, including, among others, limits on total notional trade value, value at risk and credit, as well as the highly liquid positions the operations maintains, as a result of which the market risk typically can be neutralized on short notice.

Interest Rate Risk

General

Occidental's exposure to changes in interest rates relates primarily to its variable-rate, long-term debt obligations, and is not expected to be material. As of December 31, 2010, variable-rate debt constituted approximately one percent of Occidental's total debt.

Tabular Presentation of Interest Rate Risk

The table below provides information about Occidental's debt obligations. Debt amounts represent principal payments by maturity date.

Year of Maturity (in millions of U.S. dollars, except rates)	U.S. Dollar Fixed-Rate Debt	U.S. Dollar Variable-Rate Debt	Grand Total (a)
2011	$ —	$ —	$ —
2012	368	—	368
2013	1,600	—	1,600
2014	—	—	—
2015	—	—	—
Thereafter	3,086	68	3,154
Total	$ 5,054	$ 68	$ 5,122
Average interest rate	4.62%	0.32%	4.57%
Fair Value	$ 5,414	$ 68	$ 5,482

(a) Excludes unamortized net discounts of $11 million.

Credit Risk

Occidental's contracts are spread among a large number of counterparties. Creditworthiness is reviewed before doing business with a new counterparty and on an ongoing basis and master netting agreements are used when appropriate. Occidental monitors aggregated counterparty exposure relative to credit limits. Credit exposure for each customer is monitored for outstanding balances, current activity, and forward mark-to-market exposure.

A majority of Occidental's derivative transaction volume is executed through exchange-traded contracts, which are subject to nominal credit risk as a significant portion of these transactions are executed on a daily margin basis. In addition, Occidental executes a portion of its derivative transactions in the over-the-counter

(OTC) market. Occidental is subject to counterparty credit risk to the extent the counterparty to the derivatives is unable to meet its settlement commitments. Occidental manages this credit risk by selecting counterparties that it believes to be financially strong, by spreading the credit risk among many such counterparties, by entering into master netting arrangements with the counterparties and by requiring collateral, as appropriate. Occidental actively monitors the creditworthiness of each counterparty and records valuation adjustments to reflect counterparty risk, if necessary.

As of December 31, 2010, the majority of the credit exposures was with investment grade counterparties. Occidental believes its exposure to credit-related losses at December 31, 2010 was not material. Losses associated with credit risk have been immaterial for all years presented.

Foreign Currency Risk

Occidental's foreign operations have currency risk. Occidental manages its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions in foreign currencies only at levels necessary for operating purposes. Most international crude oil sales are denominated in U.S. dollars. Additionally, all of Occidental's consolidated foreign oil and gas subsidiaries have the U.S. dollar as the functional currency. As of December 31, 2010, the fair value of foreign currency derivatives used in the trading operations was immaterial. The effect of exchange rates on transactions in foreign currencies is included in periodic income.

Safe Harbor Discussion Regarding Outlook and Other Forward-Looking Data

Portions of this report, including Items 1 and 2 and the information appearing under the captions "Business and Properties — Competition and Sales and Marketing" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," including the information under the sub captions "Strategy," "Oil and Gas Segment — Proved Reserves" and "— Industry Outlook," "Chemical Segment — Industry Outlook," "Midstream, Marketing and Other Segment — Industry Outlook," "Liquidity and Capital Resources," "Lawsuits, Claims, Contingencies and Related Matters," "Environmental Liabilities and Expenditures," "Critical Accounting Policies and Estimates," and "Derivative Activities and Market Risk" contain forward-looking statements a nd involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Words such as "estimate," "project," "predict," "will," "would," "should," "could," "may," "might," "anticipate," "plan," "intend," "believe," "expect," "aim," "goal," "target," "objective," "likely" or similar expressions that convey the uncertainty of future events or outcomes generally identify forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise. Material risks that may affect Occidental's results of operations and financial position appear in Part I, Item 1A "Risk Factors," and elsewhere.

MANAGEMENT'S ANNUAL ASSESSMENT OF AND REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Occidental Petroleum Corporation and subsidiaries (Occidental) is responsible for establishing and maintaining adequate internal control over financial reporting. Occidental's system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Occidental's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of Occidental's assets; (ii) provide reasonable assurance that transaction s are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that Occidental's receipts and expenditures are being made only in accordance with authorizations of Occidental's management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Occidental's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of Occidental's internal control system as of December 31, 2010 based on the criteria for effective internal control over financial reporting described in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that, as of December 31, 2010, Occidental's system of internal control over financial reporting is effective.

Occidental's independent auditors, KPMG LLP, have issued an audit report on Occidental's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements

To the Board of Directors and Stockholders
Occidental Petroleum Corporation:

We have audited the accompanying consolidated balance sheets of Occidental Petroleum Corporation and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, stockholders' equity, comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2010. In connection with our audits of the consolidated financial statements, we also have audited the accompanying financial statement schedule. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Occidental Petroleum Corporation and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Occidental Petroleum Corporation and subsidiaries' internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 24, 2011 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Los Angeles, California
February 24, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors and Stockholders
Occidental Petroleum Corporation:

We have audited Occidental Petroleum Corporation and subsidiaries' internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Assessment of and Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance w ith authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Occidental Petroleum Corporation and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Occidental Petroleum Corporation and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, stockholders' equity, comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2010, and our report dated February 24, 2011 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Los Angeles, California
February 24, 2011

Consolidated Statements of Income

In millions, except per-share amounts

Occidental Petroleum Corporation and Subsidiaries

For the years ended December 31,	2010	2009	2008
REVENUES AND OTHER INCOME			
Net sales	$ 19,045	$ 14,814	$ 23,713
Interest, dividends and other income	111	118	236
Gains on disposition of assets, net	1	10	27
	19,157	14,942	23,976
COSTS AND OTHER DEDUCTIONS			
Cost of sales (excludes depreciation, depletion and amortization of $3,145 in 2010, $2,643 in 2009 and $2,354 in 2008)	6,112	5,105	7,162
Selling, general and administrative and other operating expenses	1,371	1,275	1,247
Depreciation, depletion and amortization	3,153	2,687	2,396
Taxes other than on income	484	425	577
Environmental remediation	25	25	28
Exploration expense	262	254	308
Charges for impairments	275	—	171
Interest and debt expense, net	116	133	124
	11,798	9,904	12,013
INCOME BEFORE INCOME TAXES AND OTHER ITEMS	7,359	5,038	11,963
Provision for domestic and foreign income taxes	2,995	2,063	4,877
Income from equity investments	(277)	(227)	(213)
INCOME FROM CONTINUING OPERATIONS	4,641	3,202	7,299
Discontinued operations, net	(39)	(236)	(326)
NET INCOME	4,602	2,966	6,973
Less: Net income attributable to noncontrolling interest	(72)	(51)	(116)
NET INCOME ATTRIBUTABLE TO COMMON STOCK	$ 4,530	$ 2,915	$ 6,857
BASIC EARNINGS PER COMMON SHARE (attributable to common stock)			
Income from continuing operations	$ 5.62	$ 3.88	$ 8.77
Discontinued operations, net	(0.05)	(0.29)	(0.40)
BASIC EARNINGS PER COMMON SHARE	$ 5.57	$ 3.59	$ 8.37
DILUTED EARNINGS PER COMMON SHARE (attributable to common stock)			
Income from continuing operations	$ 5.61	$ 3.87	$ 8.74
Discontinued operations, net	(0.05)	(0.29)	(0.40)
DILUTED EARNINGS PER COMMON SHARE	$ 5.56	$ 3.58	$ 8.34
DIVIDENDS PER COMMON SHARE	$ 1.47	$ 1.31	$ 1.21

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets

In millions

Occidental Petroleum Corporation
and Subsidiaries

Assets at December 31,	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	$ 2,578	$ 1,224
Trade receivables, net of reserves of $19 in 2010 and $30 in 2009	5,032	4,092
Marketing and trading assets and other	900	1,075
Assets of discontinued operations	2,861	2,792
Inventories	1,041	998
Prepaid expenses and other	647	426
Total current assets	13,059	10,607
INVESTMENTS IN UNCONSOLIDATED ENTITIES	2,039	1,732
PROPERTY, PLANT AND EQUIPMENT		
Oil and gas segment	46,441	39,372
Chemical segment	5,508	5,298
Midstream, marketing and other segment	4,094	3,056
Corporate	1,123	1,085
	57,166	48,811
Accumulated depreciation, depletion and amortization	(20,630)	(17,674)
	36,536	31,137
LONG-TERM RECEIVABLES AND OTHER ASSETS, NET	798	753
TOTAL ASSETS	$ 52,432	$ 44,229

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets

In millions, except share and per-share amounts

Occidental Petroleum Corporation
and Subsidiaries

Liabilities and Stockholders' Equity at December 31,	2010	2009
CURRENT LIABILITIES		
Current maturities of long-term debt	$ —	$ 239
Accounts payable	4,646	3,282
Accrued liabilities	2,397	2,291
Domestic and foreign income taxes	170	24
Liabilities of discontinued operations	612	655
Total current liabilities	7,825	6,491
LONG-TERM DEBT, NET	5,111	2,557
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes	3,445	2,800
Long-term liabilities of discontinued operations	115	136
Other	3,452	3,086
	7,012	6,022
CONTINGENT LIABILITIES AND COMMITMENTS		
STOCKHOLDERS' EQUITY		
Common stock, $0.20 par value, authorized 1.1 billion shares, outstanding shares: 2010 — 885,275,302 and 2009 — 883,642,957	177	177
Treasury stock: 2010 — 72,480,538 shares and 2009 — 71,721,221 shares	(4,228)	(4,161)
Additional paid-in capital	7,191	7,127
Retained earnings	29,868	26,534
Accumulated other comprehensive loss	(524)	(596)
Total equity attributable to common stock	32,484	29,081
Noncontrolling interest	—	78
Total equity	32,484	29,159
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 52,432	$ 44,229

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Stockholders' Equity

In millions

	Equity Attributable to Common Stock						
	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Equity
Balance, December 31, 2007	$ 175	$ (2,610)	$ 7,071	$ 18,819	$ (632)	$ 35	$ 22,858
Net income	—	—	—	6,857	—	116	6,973
Other comprehensive income, net of tax	—	—	—	—	80	—	80
Dividends on common stock	—	—	—	(992)	—	(126)	(1,118)
Issuance of common stock and other, net	1	—	42	—	—	—	43
Purchases of treasury stock	—	(1,511)	—	—	—	—	(1,511)
Balance, December 31, 2008	$ 176	$ (4,121)	$ 7,113	$ 24,684	$ (552)	$ 25	$ 27,325
Net income	—	—	—	2,915	—	51	2,966
Other comprehensive loss, net of tax	—	—	—	—	(44)	—	(44)
Dividends on common stock	—	—	—	(1,065)	—	(16)	(1,081)
Issuance of common stock and other, net	1	—	14	—	—	18	33
Purchases of treasury stock	—	(40)	—	—	—	—	(40)
Balance, December 31, 2009	**$ 177**	**$ (4,161)**	**$ 7,127**	**$ 26,534**	**$ (596)**	**$ 78**	**$ 29,159**
Net income	**—**	**—**	**—**	**4,530**	**—**	**72**	**4,602**
Other comprehensive income, net of tax	**—**	**—**	**—**	**—**	**72**	**—**	**72**
Dividends on common stock	**—**	**—**	**—**	**(1,196)**	**—**	**—**	**(1,196)**
Issuance of common stock and other, net	**—**	**—**	**64**	**—**	**—**	**(150)[(a)]**	**(86)**
Purchases of treasury stock	**—**	**(67)**	**—**	**—**	**—**	**—**	**(67)**
Balance, December 31, 2010	**$ 177**	**$ (4,228)**	**$ 7,191**	**$ 29,868**	**$ (524)**	**$ —**	**$ 32,484**

(a) On December 31, 2010, Occidental restructured its Colombian operations to take a direct working interest in the related assets.

Consolidated Statements of Comprehensive Income

In millions

For the years ended December 31,	**2010**	2009	2008
Net income attributable to common stock	**$ 4,530**	$ 2,915	$ 6,857
Other comprehensive income (loss) items:			
Foreign currency translation adjustments (a)	**4**	32	(24)
Unrealized gains (losses) on derivatives (b)	**37**	(93)	207
Pension and postretirement adjustments (c)	**(52)**	1	(184)
Reclassification of realized losses on derivatives and securities (d)	**83**	13	68
Unrealized gains on securities (e)	**—**	3	13
Other comprehensive income (loss), net of tax (f)	**72**	(44)	80
Comprehensive income attributable to common stock	**$ 4,602**	$ 2,871	$ 6,937

(a) Net of tax of zero in 2010, 2009 and 2008.
(b) Net of tax of $(20), $53 and $(118) in 2010, 2009 and 2008, respectively.
(c) Net of tax of $30, zero and $110 in 2010, 2009 and 2008, respectively.
(d) Net of tax of $(47), $(7) and $(39) in 2010, 2009 and 2008, respectively.
(e) Net of tax of zero, $(1) and $(7) in 2010, 2009 and 2008, respectively.
(f) There were no "other comprehensive income (loss) items" related to noncontrolling interests in 2010, 2009 and 2008.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

In millions

Occidental Petroleum Corporation
and Subsidiaries

For the years ended December 31,	2010	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES			
Net income	$ 4,602	$ 2,966	$ 6,973
Adjustments to reconcile net income to net cash provided by operating activities:			
Discontinued operations, net	39	236	326
Depreciation, depletion and amortization of assets	3,153	2,687	2,396
Deferred income tax provision	406	659	474
Other noncash charges to income	806	508	646
Gains on disposition of assets, net	(1)	(10)	(27)
Income from equity investments	(277)	(227)	(213)
Dry hole and impairment expense	139	200	230
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	(850)	(573)	1,542
(Increase) decrease in inventories	(42)	(119)	2
Decrease (increase) in prepaid expenses and other assets	61	(73)	31
Increase (decrease) in accounts payable and accrued liabilities	1,150	(356)	(1,393)
Increase (decrease) in current domestic and foreign income taxes	186	1	(176)
Other operating, net	(233)	(182)	(276)
Operating cash flow from continuing operations	9,139	5,717	10,535
Operating cash flow from discontinued operations, net of taxes	210	90	119
Net cash provided by operating activities	9,349	5,807	10,654
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditures	(3,940)	(3,245)	(4,126)
Sales of assets, net	20	51	27
Payments for purchases of assets and businesses	(4,924)	(1,782)	(4,701)
Sales of equity investments and available-for-sale investments	—	—	51
Equity investments and other, net	181	(15)	(42)
Investing cash flow from continuing operations	(8,663)	(4,991)	(8,791)
Investing cash flow from discontinued operations	(415)	(336)	(538)
Net cash used by investing activities	(9,078)	(5,327)	(9,329)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term debt	2,584	740	1,018
Payments of long-term debt	(311)	(692)	(66)
Proceeds from issuance of common stock	10	18	32
Purchases of treasury stock	(67)	(40)	(1,511)
Cash dividends paid	(1,159)	(1,063)	(940)
Excess share-based tax benefits and other	26	27	90
Distributions to noncontrolling interest	—	(16)	(128)
Financing cash flow from continuing operations	1,083	(1,026)	(1,505)
Financing cash flow from discontinued operations	—	(7)	(5)
Net cash provided (used) by financing activities	1,083	(1,033)	(1,510)
Increase (decrease) in cash and cash equivalents	1,354	(553)	(185)
Cash and cash equivalents — beginning of year	1,224	1,777	1,962
Cash and cash equivalents — end of year	$ 2,578	$ 1,224	$ 1,777

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 Summary of Significant Accounting Policies

Nature of Operations

In this report, "Occidental" or "the Company" refers to Occidental Petroleum Corporation, a Delaware corporation, (OPC), and/or one or more entities in which it owns a majority voting interest (subsidiaries). Occidental is a multinational organization whose subsidiaries and affiliates operate in the oil and gas, chemical and midstream, marketing and other segments. The oil and gas segment explores for, develops, produces and markets crude oil, including natural gas liquids (NGLs) and condensate (together with NGLs, "liquids"), as well as natural gas. The chemical segment (OxyChem) manufactures and markets basic chemicals, vinyls and other chemicals. The midstream, marketing and other segment (midstream and marketing) gathers, treats, processes, transports, stores, pu rchases and markets crude oil, liquids, natural gas, carbon dioxide (CO_2) and power. It also trades around its assets, including pipelines and storage capacity, and trades oil and gas, other commodities and commodity-related securities. Unless otherwise indicated hereafter, discussion of oil or oil and liquids refers to crude oil, NGLs and condensate. In addition, discussions of oil and gas production or volumes, in general, refer to sales volumes unless the context requires or it is indicated otherwise.

Principles of Consolidation

The consolidated financial statements have been prepared in conformity with United States generally accepted accounting principles (GAAP) and include the accounts of OPC, its subsidiaries and its undivided interests in oil and gas exploration and production ventures. Occidental's proportionate share of oil and gas exploration and production ventures, in which it has a direct working interest, is accounted for by reporting its proportionate share of assets, liabilities, revenues, costs and cash flows within the relevant lines on the balance sheets, income statements and cash flow statements.

Certain financial statements, notes and supplementary data for prior years have been reclassified to conform to the 2010 presentation.

Investments in Unconsolidated Entities

Investments in unconsolidated entities represent equity-method investments, including advances. Amounts representing Occidental's percentage interest in the underlying net assets of affiliates (excluding undivided interests in oil and gas exploration and production ventures) in which it does not have a majority voting interest, but as to which it exercises significant influence, are accounted for under the equity method. Occidental reviews equity-method investments for impairment whenever events or changes in circumstances indicate that an other-than-temporary decline in value may have occurred. The amount of impairment, if any, is based on quoted market prices, where available, or other valuation techniques, including discounted cash flows.

Revenue Recognition

Revenue is recognized from oil and gas production when title has passed to the customer, which occurs when the product is shipped. In international locations where oil is shipped by tanker, title passes when the tanker is loaded or product is received by the customer, depending on the shipping terms. This process occasionally causes a difference between actual production in a reporting period and sales volumes that have been recognized as revenue.

Revenue from marketing and trading activities is recognized on net settled transactions upon completion of contract terms, and for physical deliveries upon title transfer. For unsettled transactions, contracts are recorded at fair value in net sales. Revenue from all marketing and trading activities is reported on a net basis.

Revenue from chemical product sales is recognized when the product is shipped and title has passed to the customer. Certain incentive programs may provide for payments or credits to be made to customers based on the volume of product purchased over a defined period. Total customer incentive payments over a given period are estimated and recorded as a reduction to revenue ratably over the contract period. Such estimates are evaluated and revised as warranted.

Occidental records revenue net of any taxes, such as sales taxes, that are assessed by governmental authorities on Occidental's customers.

Risks and Uncertainties

The process of preparing consolidated financial statements in conformity with GAAP requires Occidental's management to make informed estimates and judgments regarding certain types of financial statement balances. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Changes in facts and circumstances or discovery of new information relating to such transactions and events may result in revised estimates and judgments, and upon settlement actual results may differ from these estimates, but generally not by material amounts. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of Occidental's financial position and results of operations.

Occidental establishes a valuation allowance against net operating losses and other deferred tax assets to the extent it believes future benefit from these assets will not be realized in the statutory carryforward periods. Realization of deferred tax assets, including any net operating loss carryforwards, is dependent upon Occidental generating sufficient future taxable income in jurisdictions where such assets originate and reversal of temporary differences.

The accompanying consolidated financial statements include assets of approximately $12.1 billion as of December 31, 2010, and net sales of approximately $6.8 billion for the year ended December 31, 2010, relating to Occidental's operations in countries outside North America. Occidental operates some of its oil and gas business in countries that occasionally have experienced political instability, armed conflict, terrorism, insurgency, civil unrest, security problems, labor unrest, OPEC production restrictions, equipment import restrictions and sanctions that prevent continued operations, all of which increase Occidental's risk of loss or delayed or restricted production or may result in other adverse consequences. Occidental attempts to conduct its financial affairs so as to mitigate its exposure against such risks and would seek compensation in the event of nationalization.

Since Occidental's major products are commodities, significant changes in the prices of oil and gas and chemical products may have a significant impact on Occidental's results of operations for any particular year.

Also, see "Property, Plant and Equipment" below.

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to cash. Cash equivalents totaled approximately $2.5 billion and $1.2 billion at December 31, 2010 and 2009, respectively.

Investments

Available-for-sale securities are recorded at fair value with any unrealized gains or losses included in accumulated other comprehensive income/loss (AOCI). Trading securities are recorded at fair value with unrealized and realized gains or losses included in net sales.

Inventories

Materials and supplies are valued at the lower of weighted-average cost or market and are reviewed periodically for obsolescence. Oil and natural gas inventories are valued at the lower of cost or market.

For the chemical segment, Occidental's inventories are valued at the lower of cost or market. For most of its domestic inventories, other than materials and supplies, the chemical segment uses the last-in, first-out (LIFO) method as it better matches current costs and current revenue. For other countries, Occidental uses the first-in, first-out method (if the costs of goods are specifically identifiable) or the average-cost method (if the costs of goods are not specifically identifiable).

Property, Plant and Equipment

Oil and Gas

The carrying value of Occidental's property, plant and equipment (PP&E) represents the cost incurred to acquire the PP&E, including any capitalized interest, net of accumulated depreciation, depletion and amortization (DD&A) and net of any impairment charges. For business acquisitions, PP&E cost is based on fair values at the acquisition date. Interest costs incurred in connection with qualifying capital expenditures are capitalized and amortized over the lives of the related assets.

Occidental uses the successful efforts method to account for its oil and gas properties. Under this method, costs of acquiring properties, costs of drilling successful exploration wells and development costs are capitalized. The costs of exploratory wells are initially capitalized pending a determination of whether proved reserves have been found. If proved reserves have been found, the costs of exploratory wells remain capitalized. Otherwise, the costs of the related exploratory wells are charged to expense. In some cases, a determination of proved reserves cannot be made at the completion of drilling, requiring additional testing and evaluation of the wells. Occidental's practice is to expense the costs of such exploratory wells if a determination o f proved reserves has not been made within a 12-month period after drilling is complete. Annual lease rentals and geological, geophysical and seismic costs are expensed as incurred.

The following table summarizes the activity of capitalized exploratory well costs for continuing operations for the years ended December 31:

In millions	2010	2009	2008
Balance — Beginning of Year	$ 41	$ 63	$ 15
Additions to capitalized exploratory well costs pending the determination of proved reserves	48	41	63
Reclassifications to property, plant and equipment based on the determination of proved reserves	(19)	(8)	(3)
Capitalized exploratory well costs charged to expense	(22)	(55)	(12)
Balance — End of Year	$ 48	$ 41	$ 63

Proved oil and gas reserves (as defined in the Securities and Exchange Commission's Regulation S-X, Rule 4-10(a)) are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. Occidental has no proved oil and gas reserves for which the determination of commercial viability is subject to the completion of major additional capital expend itures. Depreciation and depletion of oil and gas producing properties is determined by the unit-of-production method. Leasehold acquisition costs are amortized over total proved reserves, while capitalized development and successful exploration costs are amortized over proved developed reserves.

A portion of the carrying value of Occidental's oil and gas properties is attributable to unproved properties. At December 31, 2010, the net capitalized costs attributable to unproved properties were $3.7 billion. The unproved amounts are not subject to DD&A or impairment until a determination is made as to the existence of proved reserves. As exploration and development work progresses, if reserves on these properties are proved, capitalized costs attributable to the properties will be subject to depreciation and depletion. If the exploration and development work were to be unsuccessful, or management's plans changed with respect to these properties, as a result of economic, operating or contractual conditions, the capitalized costs of the related properties wou ld be expensed in the period in which the determination was made. The timing of any writedowns of these unproved properties, if warranted, depends upon management's plans, the nature, timing and extent of future exploration and development activities and their results. Occidental believes its current plans and exploration and development efforts will allow it to realize its unproved property balance.

Additionally, Occidental performs impairment tests with respect to its proved properties generally when prices decline other than temporarily, reserve estimates change significantly or other significant events occur that may impact its ability to realize the recorded asset amounts. Impairment tests incorporate a number of assumptions involving expectations of future cash flows, which can change significantly over time. These assumptions include estimates of future product prices, which Occidental bases on forward price curves and, where applicable, contractual prices, estimates of oil and gas reserves and estimates of future expected operating and development costs. Fluctuations in commodities prices and production and development costs could cause management's plans to change with r espect to unproved properties and could cause the carrying values of proved properties to be unrealizable. Such circumstances could result in impairments in the carrying values of proved or unproved properties or both. Any impairment loss would be calculated as the excess of the asset's net book value over its estimated fair value.

Chemical

Occidental's chemical plants are depreciated using either the unit-of-production or straight-line method, based upon the estimated useful lives of the facilities. The estimated useful lives of Occidental's chemical assets, which range from three years to 50 years, are also used for impairment tests. The estimated useful lives used for the chemical facilities are based on the assumption that Occidental will provide an appropriate level of annual expenditures to ensure productive capacity is sustained. Without these continued expenditures, the useful lives of these plants could decrease significantly. Other factors that could change the estimated useful lives of Occidental's chemical plants include sustained higher or lower product prices, which are particu larly affected by both domestic and foreign competition, demand, feedstock costs, energy prices, environmental regulations and technological changes.

Occidental performs impairment tests on its chemical assets whenever events or changes in circumstances lead to a reduction in the estimated useful lives or estimated future cash flows that would indicate that the carrying amount may not be recoverable, or when management's plans change with respect to those assets. Any impairment loss would be calculated as the excess of the asset's net book value over its estimated fair value.

Midstream and Marketing

Occidental's midstream and marketing PP&E is depreciated over the estimated useful lives of the assets, using either the unit-of-production or straight-line method.

Occidental performs impairment tests on its midstream and marketing assets whenever events or changes in circumstances lead to a reduction in the estimated useful lives or estimated future cash flows that would indicate that the carrying amount may not be recoverable, or when management's plans change with respect to those assets. Any impairment loss would be calculated as the excess of the asset's net book value over its estimated fair value.

Fair Value Measurements

Occidental has categorized its assets and liabilities that are measured at fair value, based on the priority of the inputs to the valuation techniques, in a three-level fair value hierarchy: Level 1 – using quoted prices in active markets for identical assets or liabilities; Level 2 – using observable inputs other than quoted prices; and Level 3 – using unobservable inputs. Transfers between levels, if any, are recognized at the end of each reporting period.

Fair Values - Recurring

Occidental primarily applies the market approach for recurring fair value measurements, maximizes its use of observable inputs and minimizes its use of unobservable inputs. Occidental utilizes the mid-point price between bid and ask prices for valuing the majority of its assets and liabilities measured and reported at fair value. In addition to using market data, Occidental makes assumptions in valuing its assets and liabilities, including assumptions about the risks inherent in the inputs to the valuation technique. For assets and liabilities carried at fair value, Occidental measures fair value using the following methods:

- Trading securities – Quoted prices in active markets exist and are used to provide fair values for these instruments. These securities are classified as Level 1.

- Commodity derivatives – Occidental values exchange-cleared commodity derivatives using closing prices provided by the exchange as of the balance sheet date. These derivatives are classified as Level 1. Over-the-Counter (OTC) financial commodity contracts, options and physical commodity forward purchase and sale contracts are generally valued using quotations provided by brokers or industry-standard models that consider various inputs, including quoted forward prices for commodities, time value, volatility factors, credit risk and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these inputs are observable in the marketplace throughout the full term of the instrument, can be derived from observ able data or are supported by observable prices at which transactions are executed in the marketplace. Occidental classifies these measurements as Level 2.

Occidental generally uses an income approach to measure fair value when there is not a market observable price for an identical or similar asset or liability. This approach utilizes management's best assumptions regarding expectations of projected cash flows, and discounts the expected cash flows using a commensurate risk-adjusted discount rate.

Accrued Liabilities—Current

Accrued liabilities include accrued payroll, commissions and related expenses of $470 million and $635 million at December 31, 2010 and 2009, respectively.

Environmental Liabilities and Expenditures

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Occidental records environmental reserves for estimated remediation costs that relate to existing conditions from past operations when environmental remediation efforts are probable and the costs can be reasonably estimated. In determining the reserves and the range of reasonably possible additional loss, Occidental refers to currently available information, including relevant past experience, remedial objectives, available technologies, applicable laws and regulations and cost-sharing arrangements. Occidental bases environmental reserves on management's estimate of the most likely cost to be incurred, using the most cost-effective technology reasonably expected to achieve t he remedial objective. Occidental periodically reviews reserves and adjusts them as new information becomes available. Occidental records environmental reserves on a discounted basis only when the aggregate amount and the timing of cash payments are reliably determinable at the time the reserves are established. The reserve methodology with respect to discounting for a specific site is not modified once it has been established. Occidental generally records reimbursements or recoveries of environmental remediation costs in income when received, or when receipt of recovery is highly probable. As of December 31, 2010, 2009 and 2008, Occidental has not accrued any reimbursements or recoveries.

Many factors could affect Occidental's future remediation costs and result in adjustments to its environmental reserves and range of reasonably possible additional loss. The most significant are: (1) cost estimates for remedial activities may be inaccurate; (2) the length of time, type or amount of remediation necessary to achieve the remedial objective may change due to factors such as site conditions, the ability to identify and control contaminant sources or the discovery of additional contamination; (3) the regulatory agency may ultimately reject or modify Occidental's proposed remedial plan; (4) improved or alternative remediation technologies may change remediation costs; and (5) laws and regulations may impose more or less stringent remediation requirements or affect cost sha ring or allocation of liability.

Certain sites involve multiple parties with various cost-sharing arrangements, which fall into the following three categories: (1) environmental proceedings that result in a negotiated or prescribed allocation of remediation costs among Occidental and other alleged potentially responsible parties; (2) oil and gas ventures in which each participant pays its proportionate share of remediation costs reflecting its working interest; or (3) contractual arrangements, typically relating to purchases and sales of properties, in which the parties to the transaction agree to methods of allocating remediation costs. In these circumstances, Occidental evaluates the financial viability of other parties with whom it is alleged to be jointly liable, the degree of their commitment to participate and the conseq uences to Occidental of their failure to participate when estimating Occidental's ultimate share of liability. Occidental records reserves at its expected net cost of remedial activities and, based on these factors, believes that it will not be required to assume a share of liability of such other potentially responsible parties in an amount materially above amounts reserved.

In addition to the costs of investigations and cleanup measures, which often take in excess of ten years at Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) National Priorities List (NPL) sites, Occidental's reserves include management's estimates of the costs to operate and maintain remedial systems. If remedial systems are modified over time in response to significant changes in site-specific data, laws, regulations, technologies or engineering estimates, Occidental reviews and adjusts its reserves accordingly.

Asset Retirement Obligations

In the period in which a determination is made that a legal obligation exists to dismantle the asset and reclaim or remediate the property at the end of its useful life, and the cost of the obligation becomes reasonably estimable, Occidental recognizes the fair value of such asset retirement obligation. The liability amounts are based on future retirement cost estimates and incorporate many assumptions such as time to abandonment, technological changes, future inflation rates and the adjusted risk-free rate of interest. When the liability is initially recorded, Occidental capitalizes the cost by increasing the related PP&E balances. If the estimated future cost of the asset retirement obligation changes, an adjustment is recorded to both the asset re tirement obligation and PP&E. Over time, the liability is increased and expense is recognized for accretion, and the initial capitalized cost is depreciated over the useful life of the asset. No market risk premium has been included in Occidental's liability since no reliable estimate can be made at this time.

Occidental has identified conditional asset retirement obligations at a certain number of its facilities that are related mainly to plant decommissioning. Occidental believes that there is an indeterminate settlement date for these asset retirement obligations because the range of time over which Occidental may settle these obligations is unknown or cannot be estimated. Therefore, Occidental cannot reasonably estimate the fair value of these liabilities. Occidental will recognize these conditional asset retirement obligations in the periods in which sufficient information becomes available to reasonably estimate their fair values.

The following table summarizes the activity of the asset retirement obligation, of which $762 million and $619 million is included in deferred credits and other liabilities - other, with the remaining current portion in accrued liabilities at December 31, 2010 and 2009, respectively.

For the years ended December 31, (in millions)	2010	2009
Beginning balance	$ 657	$ 471
Liabilities incurred - capitalized to PP&E	47	80
Liabilities settled and paid	(32)	(20)
Accretion expense	37	32
Acquisitions and other - capitalized to PP&E	66	8
Revisions to estimated cash flows - capitalized to PP&E	25	86
Ending balance	$ 800	$ 657

Derivative Instruments

Derivatives are carried at fair value and on a net basis when a legal right of offset exists with the same counterparty. Occidental applies hedge accounting when transactions meet specified criteria for such treatment and management elects to do so. If a derivative does not qualify or is not designated and documented as a cash-flow hedge, any fair value gains or losses are recognized in earnings in the current period. For cash-flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income (OCI) with an offsetting adjustment to the basis of the item being hedged. Realized gains or losses from cash-flow hedges, and any ineffectiveness, are recorded as a component of net sales in the consolidated statements of income. Ineffectiveness is primarily created by a basis difference between the hedged item and the hedging instrument due to location, quality or grade of the physical commodity transactions. Gains and losses from derivative instruments are reported net in the consolidated statements of income. There were no fair value hedges as of and for the years ended December 31, 2010, 2009 and 2008.

A hedge is regarded as highly effective and qualifies for hedge accounting if, at inception and throughout its life, it is expected that changes in the fair value or cash flows of the hedged item are almost fully offset by the changes in the fair value or changes in cash flows of the hedging instrument and actual effectiveness is within a range of 80 to 125 percent. In the case of hedging a forecasted transaction, the transaction must be probable and must present an exposure to variations in cash flows that could ultimately affect reported net income or loss. Occidental discontinues hedge accounting when it determines that a derivative has ceased to be highly effective as a hedge; when the derivative expires, or is sold, terminated, or exercised; when the hedged item matures or is sold or repaid; or when a forecasted transaction is no longer deemed probable.

Stock-Based Incentive Plans

Occidental has established several shareholder-approved stock-based incentive plans for certain employees (Plans) that are more fully described in Note 12. A summary of Occidental’s accounting policy under each type of award issued under the Plans follows below.

For cash- and stock-settled restricted stock units or incentive award shares (RSUs), compensation value is initially measured on the grant date using the quoted market price of Occidental’s common stock. For stock options (Options), stock-settled stock appreciation rights (SARs), performance stock awards (PSAs) and total shareholder return incentives (TSRIs), compensation value is initially measured on the grant date using potential exercise values or estimated payout levels using a Monte Carlo or other valuation models. Compensation expense for all awards is recognized on a straight-line basis over the requisite service periods, which is generally over the awards’ respective vesting or performance periods. Compensation expense for PSAs and TSRIs is adjusted quarterly for any changes in the number of shares expected to be issued based on the performance criteria using valuation models. In addition, every quarter, compensation expense for the cash-settled portion of RSUs, SARs, PSAs and TSRIs is adjusted for changes in the value of the underlying stock. The stock-settled portion of all these awards is expensed using the initially measured compensation value. All such performance or stock-price-related changes are recognized in periodic compensation expense.

Earnings per Share

Occidental's instruments containing rights to nonforfeitable dividends granted in share-based payment transactions are considered participating securities prior to vesting, and, therefore, have been included in the earnings allocations in computing basic and diluted EPS under the two-class method.

Basic EPS was computed by dividing net income attributable to common stock, net of participating securities, by the weighted-average number of common shares outstanding during each period, net of treasury shares and including vested but unissued shares and share units. The computation of diluted EPS further reflected the dilutive effect of stock options and unvested stock awards.

Retirement Plans and Postretirement Benefits

Occidental recognizes the overfunded or underfunded amounts of its defined benefit pension and postretirement plans in its financial statements and uses a measurement date of December 31.

Occidental’s defined benefit pension and postretirement benefit plan obligations are determined based on various assumptions and discount rates. The discount rate assumptions used are meant to reflect the interest rate at which the obligations could effectively be settled on the measurement date. Occidental uses the fair value of assets to determine expected return on plan assets in calculating pension expense. Occidental funds and expenses negotiated pension increases for domestic union employees over the terms of the applicable collective bargaining agreements.

Pension and postretirement plan assets are measured at fair value. Common stock, preferred stock, publicly registered mutual funds, U.S. government securities and corporate bonds are valued using quoted market prices in active markets when available. When quoted market prices are not available, these investments are valued using pricing models with observable inputs from both active and non-active markets. Common and collective trusts are valued at the net asset value (NAV) of the units provided by the fund issuer, which represents the quoted price in a non-active market. Collateral received for securities loaned includes investments in short-term investment funds. The short-term investment funds are valued at the NAV of the units provided by the fund issuer. 60; Partnerships and joint ventures are valued using the liquidation value, which approximates fair value. The guaranteed deposit account is valued using a composite market value factor, which approximates fair value.

Supplemental Cash Flow Information

Occidental paid U.S. federal, state and foreign income taxes for continuing operations of approximately $2.4 billion, $1.4 billion and $4.5 billion during the years ended December 31, 2010, 2009 and 2008, respectively. Occidental also paid production, property and other taxes for continuing operations, mostly in the U.S., of approximately $510 million, $484 million and $562 million during the years ended December 31, 2010, 2009 and 2008, respectively. Additionally, net payments for income taxes related to discontinued operations were $42 million, $4 million and $11 million for the years 2010, 2009 and 2008, respectively. Production, property and other taxes paid related to discontinued operations were $197 million, $100 million and $28 million for the years 2010, 2009 and 2008, respe ctively. Interest paid totaled approximately $161 million, $164 million and $84 million for the years 2010, 2009 and 2008, respectively.

Foreign Currency Transactions

The functional currency applicable to all of Occidental’s foreign oil and gas operations is the U.S. dollar since cash flows are denominated principally in U.S. dollars. In Occidental's other operations, Occidental's use of non-U.S. dollar functional currencies was not material for all years presented. The effect of exchange rates on transactions in foreign currencies is included in periodic income. Exchange-rate gains and losses for continuing operations were not material for all years presented.

Note 2 Asset Acquisitions, Dispositions and Other Transactions

Subsequent Events

In January 2011, Occidental completed the acquisition of gas producing properties in South Texas for approximately $1.8 billion in cash.

In January 2011, Occidental reached an agreement-in-principle for a 40-percent participating interest in the Shah Field high sulfur content gas development project in Abu Dhabi, partnering with the Abu Dhabi National Oil Company.

In February 2011, Occidental initiated redemption of all of its $1.0 billion 7-percent senior notes due 2013 and all of its $368 million 6.75-percent senior notes due 2012. The redemption prices of the 7-percent and 6.75-percent senior notes will be calculated based on make-whole spreads of 50 basis points and 35 basis points, respectively, above the applicable Treasury rates. Occidental will record a charge upon redemption, which is expected to be in the first quarter of 2011.

2010

In December 2010, Occidental acquired oil producing and prospective properties in North Dakota for approximately $1.4 billion in cash. In 2010, Occidental also acquired various domestic oil and gas interests, in operated, producing and non-producing properties in the Permian Basin, mid-continent region and California, for approximately $2.8 billion.

In December 2010, Occidental executed an agreement with a subsidiary of China Petrochemical Corporation (Sinopec) to sell its Argentine oil and gas operations for after-tax proceeds of approximately $2.6 billion. The sale closed in February 2011. Occidental has classified its Argentine oil and gas operations as held for sale on a retrospective basis. Net revenues and pre-tax losses for discontinued operations related to Argentina were $700 million and $(39) million in 2010, $589 million and $(369) million in 2009 and $504 million and $(592) million in 2008. As of December 31, 2010 and 2009, the assets of discontinued operations related to Argentina were $2.9 billion and $2.8 billion, respectively, which were mainly comprised of PP&E. As of December 31, 2010 and 2009, the liabilities of discontinued operations relate to Argentina were $513 million and $550 million, respectively, which were mainly comprised of deferred tax liabilities and accrued liabilities.

In December 2010, Occidental purchased additional noncontrolling interests in the General Partner of Plains All-American Pipeline, L.P. (Plains Pipeline) for approximately $430 million, and now owns approximately 35 percent of the General Partner. In December 2010, Occidental also completed its acquisition of the remaining 50-percent joint venture interest in Elk Hills Power, LLC (EHP), a limited liability company that operates a gas-fired power-generation plant in California, for approximately $175 million, bringing Occidental’s total ownership to 100 percent. EHP is now consolidated in Occidental's balance sheet.

In January 2010, Occidental and its partners signed a technical service contract with the South Oil Company of Iraq to develop the Zubair Field in Iraq.

2009

On December 31, 2009, Occidental completed the acquisition of Phibro LLC (Phibro) for approximately $370 million in cash and maintains a controlling interest. Phibro, primarily an investor in commodities and commodity-related securities, is included as a part of Occidental's midstream and marketing segment. The assets acquired and liabilities assumed were recorded at their estimated fair values at the acquisition date. The majority of Phibro's assets and liabilities are derivatives and trading securities, which are carried at fair value and, consequently, the allocated purchase prices are included in Note 7, Derivative Activities and Note 15, Fair Value Measurements. No goodwill was recorded on this transaction.

In December 2009, Occidental purchased additional noncontrolling interests in Plains Pipeline for approximately $330 million in cash.

Occidental and its partners signed a Development and Production Sharing Agreement (DPSA) in April 2009 with the National Oil and Gas Authority of Bahrain for further development of the Bahrain Field, which became effective in December 2009. Under this agreement, a joint operating company formed by Occidental and its partners serves as operator for the project.

In 2009, Occidental acquired various additional oil and gas properties in California and the Permian Basin for approximately $610 million in cash.

2008

In August 2008, Occidental purchased noncontrolling interests in Plains Pipeline for approximately $330 million in cash.

In July 2008, Occidental purchased a 15-percent interest in the Joslyn Oil Sands Project (Joslyn) in northern Alberta, Canada, for approximately $500 million in cash.

In June 2008, Occidental signed an agreement for a third party to construct a west Texas gas processing plant that provides carbon dioxide (CO_2) for Occidental’s enhanced oil recovery projects in the Permian Basin. Occidental owns and operates the new facility.

In June 2008, Occidental and its partner signed 30-year agreements (including a potential 5-year extension) with the Libyan National Oil Company (NOC) to upgrade its existing petroleum contracts in Libya. The new agreements increased Occidental's after-tax economic returns while allowing NOC and Occidental to design and implement major field redevelopment and exploration programs in the Sirte Basin. Occidental is contributing 37.5 percent of the development capital. Under these contracts, Occidental paid $750 million as its share of a signature bonus.

In February 2008, Occidental purchased from Plains Exploration & Production Company (Plains E&P) a 50-percent interest in oil and gas properties in the Permian Basin and western Colorado for approximately $1.5 billion in cash. In December 2008, Occidental purchased the remainder of Plains E&P's interests in the same assets for $1.2 billion in cash.

Note 3 Accounting and Disclosure Changes

Recently Adopted Accounting and Disclosure Changes

Fair Value Measurements

Beginning in the quarter ended March 31, 2010, Occidental enhanced its fair value measurement disclosures as a result of adopting new disclosure requirements issued by the Financial Accounting Standards Board (FASB) in January 2010. The new rules require interim and year-end disclosures of: (i) fair value measurements by classes of assets and liabilities; (ii) valuation techniques and inputs used for Level 2 or 3 fair value measurements; and (iii) significant transfers into and out of Level 1 and 2 measurements and the reasons for the transfers.

Variable Interest Entities

Beginning January 1, 2010, Occidental modified its method of assessing the consolidation of variable interest entities as a result of adopting new accounting requirements issued by the FASB in June 2009. This new rule had no impact on Occidental's financial statements upon adoption.

Note 4 Inventories

Net carrying values of inventories valued under the LIFO method were approximately $177 million and $175 million at December 31, 2010 and 2009, respectively. Inventories in continuing operations consisted of the following:

Balance at December 31, (in millions)	2010	2009
Raw materials	$ 63	$ 63
Materials and supplies	414	442
Finished goods	636	574
	1,113	1,079
LIFO reserve	(72)	(81)
Total	$ 1,041	$ 998

Note 5 Long-term Debt

Long-term debt consisted of the following:

Balance at December 31, (in millions)	2010	2009
Occidental Petroleum Corporation		
4.10% senior notes due 2021	$ 1,300	$ —
7.0% senior notes due 2013	1,000	1,000
4.125% senior notes due 2016	750	750
2.5% senior notes due 2016	700	—
1.45% senior notes due 2013	600	—
6.75% senior notes due 2012	368	368
8.45% senior notes due 2029	116	116
9.25% senior debentures due 2019	116	116
7.2% senior debentures due 2028	82	82
Variable rate bonds due 2030 (0.32% as of December 31, 2010)	68	—
8.75% medium-term notes due 2023	22	22
4.25% medium-term senior notes due 2010	—	227
11.125% senior notes due 2010	—	12
	5,122	2,693
Subsidiary Debt		
0.19% to 0.35% unsecured notes due 2011 through 2018	—	115
	5,122	2,808
Less:		
Unamortized discount, net	(11)	(12)
Current maturities	—	(239)
Total	$ 5,111	$ 2,557

In December 2010, Occidental issued $2.6 billion of debt, which comprised $600 million of 1.45-percent senior unsecured notes due 2013, $700 million of 2.50-percent senior unsecured notes due 2016 and $1.3 billion of 4.10-percent senior unsecured notes due 2021. Occidental received net proceeds of approximately $2.6 billion. Interest on the notes will be payable semi-annually in arrears in June and December of each year for the 1.45-percent notes and February and August of each year for both the 2.50-percent notes and 4.10-percent notes.

In July 2009, Occidental repaid its $600 million debt associated with Dolphin Energy's debt. Also, in July 2009, Dolphin Energy refinanced its debt on a limited-recourse basis. Occidental provided guarantees limited to certain political and other events. At December 31, 2010 and 2009, the notional amount of the guarantees was approximately $300 million, which represented a substantial majority of Occidental's total guarantees. The fair value of these guarantees was immaterial.

In May 2009, Occidental issued $750 million of 4.125-percent senior unsecured notes due 2016, receiving $740 million of net proceeds. Interest on the notes will be payable semi-annually in arrears on June 1 and December 1 of each year.

Occidental has a $1.5 billion bank credit facility (Credit Facility) through September 2012, which adjusts to $1.4 billion in September 2011. The Credit Facility provides for the termination of the loan commitments and requires immediate repayment of any outstanding amounts if certain events of default occur or if Occidental files for bankruptcy. Up to $350 million of the Credit Facility is available in the form of letters of credit. Occidental did not draw down any amounts under the Credit Facility during 2010. Available but unused committed bank credit facilities totaled approximately $1.5 billion at December 31, 2010.

None of Occidental's committed bank credit facilities contain material adverse change clauses or debt ratings triggers that could restrict Occidental's ability to borrow under these facilities. Occidental's credit facilities and debt agreements do not contain ratings triggers that could terminate bank commitments or accelerate debt in the event of a ratings downgrade. Borrowings under the Credit Facility bear interest at various benchmark rates, including LIBOR, plus a margin based on Occidental's senior debt ratings. Additionally, Occidental paid an annual facility fee of 0.05 percent in 2010 on the total commitment amount, which was based on Occidental's senior debt ratings.

At December 31, 2010, minimum principal payments on long-term debt subsequent to December 31, 2010 aggregated $5.1 billion, of which zero is due in 2011, $0.4 billion in 2012, $1.6 billion in 2013, zero in 2014 and $3.1 billion in 2015 and thereafter.

As of December 31, 2010, under the most restrictive covenants of its financing agreements, Occidental had substantial capacity for additional unsecured borrowings, the payment of cash dividends and other distributions on, or acquisitions of, Occidental stock.

Occidental estimates the fair value of fixed-rate debt based on the quoted market prices for those instruments or on quoted market yields for similarly rated debt instruments, taking into account such similar instruments' maturities. The estimated fair values of Occidental’s debt, at December 31, 2010 and 2009, were approximately $5.5 billion and $3.1 billion, respectively, compared to carrying values of approximately $5.1 billion and $2.8 billion, respectively. Occidental's exposure to changes in interest rates relates primarily to its variable-rate, long-term debt obligations, and is not expected to be material. As of December 31, 2010 and 2009, variable-rate debt constituted approximately one percent and four percent of Occidental's total debt, respectively.

Note 6 Lease Commitments

Operating lease agreements, which include leases for transportation equipment, power plants, machinery, terminals, storage facilities, land and office space, frequently include renewal or purchase options and require Occidental to pay for utilities, taxes, insurance and maintenance expense. At December 31, 2010, future net minimum lease payments for noncancelable operating leases (excluding oil and gas and other mineral leases, utilities, taxes, insurance, maintenance expense and discontinued operations) were the following:

In millions	Amount (a)
2011	$ 156
2012	100
2013	81
2014	63
2015	74
Thereafter	571
Total minimum lease payments	$ 1,045

(a) These amounts are net of sublease rentals of $11 million, which are to be received as follows (in millions): 2011—$4, 2012—$4, 2013—$3, 2014—zero and 2015—zero.

Rental expense for operating leases, net of sublease rental income for continuing operations, was $170 million in 2010, $170 million in 2009 and $176 million in 2008. Rental expense was net of sublease income of $4 million, $4 million and $7 million in 2010, 2009 and 2008, respectively.

The present value of minimum capital lease payments, net of the current portion, totaled zero and $25 million at December 31, 2010 and 2009, respectively. During 2010, Occidental purchased the assets that were recorded as capital leases.

NOTE 7 DERIVATIVES

Objective & Strategy

Through its marketing and trading activities and within its established policy controls and procedures, Occidental uses derivative instruments, including a combination of short-term futures, forwards, options and swaps, to improve realized prices for its oil and gas. Additionally, Occidental, through its Phibro trading unit, engages in trading activities using derivatives for the purpose of generating profits mainly from market price changes of commodities. Occidental has also used derivatives to reduce its exposure to price volatility on a small portion of its oil and gas production.

Refer to Note 1 for Occidental's accounting policy on derivatives.

Cash-Flow Hedges

As of December 31, 2010 and 2009, Occidental held a series of collar agreements that qualify as cash-flow hedges for the sale of approximately 2 percent of its crude oil production. These agreements are for existing domestic production and continue to the end of 2011. The following table presents the daily quantities and weighted-average strike prices of Occidental's collar positions as of December 31, 2010 and 2009:

Crude Oil Collars	Daily Volume (barrels)	Average Floor	Average Cap
2010 (a)	12,000	$33.00	$46.35
2011	12,000	$32.92	$46.27

(a) These contracts expired as of December 31, 2010.

In 2009, Occidental entered into financial swap agreements for the sale of a portion of its existing natural gas production from the Rocky Mountain region of the United States that qualify as cash-flow hedges. The following table presents the daily quantities and weighted-average prices that will be received by Occidental as of December 31, 2010 and 2009:

Natural Gas Swaps	Daily Volume (cubic feet)	Average Price
January 2010 - December 2010 (a)	40 million	$5.03
December 2010 - March 2012	50 million	$6.07

(a) These contracts expired as of December 31, 2010.

Occidental's marketing and trading operations store natural gas purchased from third parties at Occidental's North American leased storage facilities. Derivative instruments are used to fix margins on the future sales of the stored volumes. These agreements continue through March 2011. As of December 31, 2010 and 2009, Occidental had approximately 28 billion cubic feet of natural gas held in storage. As of December 31, 2010 and 2009, Occidental had cash-flow hedges for the forecasted sale, to be settled by physical delivery, of approximately 24 billion cubic feet of this natural gas held in storage.

The following table presents the pre-tax gains and losses recognized in, and reclassified from, Accumulated Other Comprehensive Income (AOCI) and recognized in income (net sales), including any hedge ineffectiveness, for derivative instruments classified as cash-flow hedges for the years ended December 31, 2010 and 2009 (in millions):

	2010	2009
Commodity Contracts		
Unrealized gains (losses) recognized in AOCI - effective portion	**$ 55**	$ (145)
Amount of losses reclassified from AOCI into income - effective portion	**$ 123**	$ 24
Gains recognized in income - ineffective portion	**$ 2**	$ 10

The following table summarizes net after-tax derivative activity recorded in AOCI for the years ended December 31, 2010 and 2009 (in millions):

	2010	2009
Beginning Balance - AOCI	$ (227)	$ (150)
Gains (losses) from changes in cash-flow hedges	37	(93)
Losses reclassified to income	79	16
Ending Balance - AOCI	$ (111)	$ (227)

During the next twelve months, Occidental expects that approximately $104 million of net after-tax derivative losses included in AOCI, based on their valuation as of December 31, 2010, will be reclassified into income.

Derivatives Not Designated as Hedging Instruments

Occidental's third-party marketing and trading activities focus on purchasing crude oil and natural gas for resale from partners, producers and third parties whose oil and gas supply is located near midstream and marketing assets, such as pipelines, processing plants and storage facilities, that are owned or leased by Occidental. These purchases allow Occidental to aggregate volumes to maximize prices received for Occidental's production. The third-party marketing and trading purchase and sales contracts generally approximate each other with respect to aggregate volumes and terms. In addition, Occidental's Phibro trading unit uses derivative instruments, including forwards, futures, swaps and options, some of which may be for physical delivery, in its strategy to pr ofit from market price changes.

The following table presents gross volumes of Occidental's outstanding commodity derivatives contracts not designated as hedging instruments as of December 31, 2010 and 2009:

Commodity	Volumes	
	2010	2009
Sales contracts related to Occidental's production		
Crude oil (million barrels)	8	9
Third-party marketing and trading activities		
Purchase contracts		
Crude oil (million barrels)	136	161
Natural gas (billion cubic feet)	833	1,351
Precious metals (million troy ounces)	13	4
Sales contracts		
Crude oil (million barrels)	144	182
Natural gas (billion cubic feet)	1,156	1,526
Precious metals (million troy ounces)	1	—

In addition, Occidental has certain other commodity trading contracts, including agricultural products, metals and electricity, as well as foreign exchange contracts, which were not material to Occidental as of December 31, 2010 and 2009.

Occidental has crude oil sales contracts representing a small portion of Occidental's domestic crude oil production. A substantial portion of the third-party marketing and trading activities sales contracts that existed at December 31, 2010 are going to be fulfilled by offsetting purchase contracts with identical delivery terms. For a substantial portion of the sales commitments not satisfied by offsetting contracts as of December 31, 2010, Occidental has entered into offsetting contracts after December 31, 2010. Any remaining portion is not material to Occidental.

Approximately $293 million and $64 million of gains from derivatives not designated as hedging instruments were recognized in net sales for the years ended December 31, 2010 and 2009, respectively.

Fair Value of Derivatives

The following tables present the gross fair value of Occidental's outstanding derivatives as of December 31, 2010 and 2009 (in millions):

December 31, 2010	**Asset Derivatives Balance Sheet Location**	**Fair Value**	**Liability Derivatives Balance Sheet Location**	**Fair Value**
Cash-flow hedges (a)				
	Marketing and trading assets and other	**$ 51**	Accrued liabilities	**$ 209**
Commodity contracts	Long-term receivables and other assets, net	**9**	Deferred credits and other liabilities	**—**
		$ 60		**$ 209**
Derivatives not designated as hedging instruments (a)				
	Marketing and trading assets and other	**$ 829**	Accrued liabilities	**$ 823**
Commodity contracts	Long-term receivables and other assets, net	**86**	Deferred credits and other liabilities	**85**
		915		**908**
Total gross fair value		**975**		**1,117**
Less: counterparty netting and cash collateral (b)		**(680)**		**(736)**
Total net fair value of derivatives		**$ 295**		**$ 381**

December 31, 2009	Asset Derivatives Balance Sheet Location	Fair Value	Liability Derivatives Balance Sheet Location	Fair Value
Cash-flow hedges (a)				
	Marketing and trading assets and other	$ 2	Accrued liabilities	$ 168
Commodity contracts	Long-term receivables and other assets, net	5	Deferred credits and other liabilities	174
		$ 7		$ 342
Derivatives not designated as hedging instruments (a)				
	Marketing and trading assets and other	$ 776	Accrued liabilities	$ 789
Commodity contracts	Long-term receivables and other assets, net	72	Deferred credits and other liabilities	69
		848		858
Total gross fair value		855		1,200
Less: counterparty netting and cash collateral (c)		(645)		(665)
Total net fair value of derivatives		$ 210		$ 535

(a) The above fair values are presented at gross amounts, including when the derivatives are subject to master netting arrangements and qualify for net presentation in the consolidated balance sheet.
(b) As of December 31, 2010, collateral received of $39 million has been netted against derivative assets and collateral paid of $95 million has been netted against derivative liabilities.
(c) As of December 31, 2009, collateral received of $23 million has been netted against derivative assets and collateral paid of $43 million has been netted against derivative liabilities.

See Note 15 for fair value measurement disclosures on derivatives.

Credit Risk

A majority of Occidental's derivative transaction volume is executed through exchange-traded contracts, which are subject to nominal credit risk as a significant portion of these transactions are executed on a daily margin basis. Collateral of $154 million and $222 million deposited by Occidental for such contracts with clearing houses and brokers, which has not been reflected in the derivative fair value tables, is included in the marketing and trading assets and other balance as of December 31, 2010 and 2009, respectively.

In addition, Occidental executes a portion of its derivative transactions in the over-the-counter (OTC) market. Occidental is subject to counterparty credit risk to the extent the counterparty to the derivatives is unable to meet its settlement commitments. Occidental manages this credit risk by selecting counterparties that it believes to be financially strong, by spreading the credit risk among many such counterparties, by entering into master netting arrangements with the counterparties and by requiring collateral, as appropriate. Occidental actively monitors the creditworthiness of each counterparty and records valuation adjustments to reflect counterparty risk, if necessary. Certain of Occidental's OTC derivative instruments contain credit risk contingent features, primarily tied to credit ratings for Occidental or its counterparties, which may affect the amount of collateral that each would need to post. As of December 31, 2010 and 2009, Occidental had a net liability of $234 million and $350 million, respectively, for which the amount of collateral posted was $10 million and $14 million, respectively. Occidental believes that if it had received a one-notch reduction in its credit rating, it would not have resulted in a material change in its collateral-posting requirements as of December 31, 2010 and 2009.

Foreign Currency Risk

Occidental's foreign operations have currency risk. Occidental manages its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions in foreign currencies only at levels necessary for operating purposes. Most international crude oil sales are denominated in U.S. dollars. Additionally, all of Occidental's consolidated foreign oil and gas subsidiaries have the U.S. dollar as the functional currency.

Note 8 Environmental Liabilities and Expenditures

Occidental's operations are subject to stringent federal, state, local and foreign laws and regulations relating to improving or maintaining environmental quality. Occidental's environmental compliance costs have generally increased over time and could continue to rise in the future. Occidental factors environmental expenditures for its operations into its business planning process as an integral part of producing quality products responsive to market demand.

Environmental Remediation

The laws that require or address environmental remediation, including CERCLA and similar federal, state, local and foreign laws, may apply retroactively and regardless of fault, the legality of the original activities or the current ownership or control of sites. OPC or certain of its subsidiaries participate in or actively monitor a range of remedial activities and government or private proceedings under these laws with respect to alleged past practices at operating, closed and third-party sites. Remedial activities may include one or more of the following: investigation involving sampling, modeling, risk assessment or monitoring; cleanup measures including removal, treatment or disposal; or operation and maintenance of remedial systems. The environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties, injunctive relief and government oversight costs.

As of December 31, 2010, Occidental participated in or monitored remedial activities or proceedings at 170 sites. The following table presents Occidental's environmental remediation reserves as of December 31, 2010, 2009 and 2008, the current portion of which is included in accrued liabilities ($79 million in 2010, $84 million in 2009 and $68 million in 2008) and the remainder in deferred credits and other liabilities — other ($287 million in 2010, $319 million in 2009 and $371 million in 2008). The reserves are grouped as environmental remediation sites listed or proposed for listing by the U.S. Environmental Protection Agency on the CERCLA NPL (NPL sites) and three categories of non-NPL sites — third-party sites, Occidental-operated sites and closed or non-opera ted Occidental sites.

$ amounts in millions	**2010**		2009		2008	
	Number of Sites	**Reserve Balance**	Number of Sites	Reserve Balance	Number of Sites	Reserve Balance
NPL sites	**38**	**$ 56**	39	$ 57	40	$ 60
Third-party sites	**83**	**91**	81	104	76	117
Occidental-operated sites	**20**	**122**	19	126	19	127
Closed or non-operated Occidental sites	**29**	**97**	29	116	31	135
Total	**170**	**$ 366**	168	$ 403	166	$ 439

As of December 31, 2010, Occidental's environmental reserves exceeded $10 million each at 13 of the 170 sites described above, and 122 of the sites had reserves from zero to $1 million each.

As of December 31, 2010, two landfills in western New York owned by Occidental accounted for 71 percent of its reserves associated with NPL sites. Maxus Energy Corporation has retained the liability and indemnified Occidental for 15 of the remaining NPL sites.

As of December 31, 2010, Maxus has also retained the liability and indemnified Occidental for 17 of the 83 third-party sites. Two of the remaining 66 third-party sites — a former copper mining and smelting operation in Tennessee and an active refinery in Louisiana where Occidental reimburses the current owner and operator for certain remedial activities — accounted for 50 percent of Occidental's reserves associated with these sites.

Five sites — chemical plants in Kansas, Louisiana and New York and two groups of oil and gas properties in the southwestern United States — accounted for 74 percent of the reserves associated with the Occidental-operated sites. Four other sites — former chemical plants in Delaware, Tennessee and Washington and a closed coal mine in Pennsylvania — accounted for 67 percent of the reserves associated with closed or non-operated Occidental sites.

The following table shows environmental reserve activity for the past three years:

In millions	2010	2009	2008
Balance — Beginning of Year	**$ 403**	$ 439	$ 457
Remediation expenses and interest accretion	**26**	26	29
Changes from acquisitions/dispositions	**3**	4	25
Payments	**(66)**	(66)	(72)
Balance — End of Year	**$ 366**	$ 403	$ 439

Occidental expects to expend funds corresponding to approximately half of the current environmental reserves over the next four years and the balance over the subsequent ten or more years. Occidental believes its range of reasonably possible additional loss beyond those liabilities recorded for environmental remediation at the sites described above could be up to $385 million.

Environmental Costs

Occidental's environmental costs for continuing operations, some of which include estimates, are shown below for each segment for the years ended December 31:

In millions	2010	2009	2008
Operating Expenses			
Oil and Gas	**$ 108**	$ 110	$ 113
Chemical	**72**	67	85
Midstream and Marketing	**13**	14	20
	$ 193	$ 191	$ 218
Capital Expenditures			
Oil and Gas	**$ 72**	$ 78	$ 98
Chemical	**19**	15	18
Midstream and Marketing	**13**	4	6
	$ 104	$ 97	$ 122
Remediation Expenses			
Corporate	**$ 25**	$ 25	$ 28

Operating expenses are incurred on a continual basis. Capital expenditures relate to longer-lived improvements in currently operating properties. Remediation expenses relate to existing conditions from past operations.

Note 9 Lawsuits, Claims, Commitments, Contingencies and Related Matters

OPC or certain of its subsidiaries are named, in the normal course of business, in lawsuits, claims and other legal proceedings that seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. OPC or certain of its subsidiaries also have been named in proceedings under CERCLA and similar federal, state, local and foreign environmental laws. These environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties and injunctive relief; however, Occidental is usually one of many companies in these proceedings and has to date been successful in sharing response costs wit h other financially sound companies. The ultimate amount of losses and the timing of any such losses that Occidental may incur resulting from currently outstanding lawsuits, claims and proceedings cannot be determined reliably at this time. Occidental accrues reserves for all of these matters when it is probable that a liability has been incurred and the liability can be reasonably estimated. The amount of reserve balances as of December 31, 2010 and 2009 were not material to Occidental's consolidated balance sheets. Occidental also evaluates the amount of reasonably possible additional losses that it could incur as a result of the matters mentioned above. Occidental has disclosed its range of reasonably possible losses for sites where it is a participant in environmental remediation. Occidental believes that other reasonably possible additional losses that it could incur in excess of reserves accrued on the balance sheet would not be material to its consolidated financial position or results of operations.

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. While the audits of corporate tax returns for taxable years through 2008 have concluded for U.S. federal income tax purposes, the 2009 and 2010 taxable years are currently under review by the U.S. Internal Revenue Service pursuant to its Compliance Assurance Program. Taxable years from 2000 through the current year remain subject to examination by foreign and state government tax authorities in certain jurisdictions. In certain of these jurisdictions, tax authorities are in various stages of auditing Occidental's income taxes. During the course of tax audits, disputes have arisen and other disputes may arise as to facts and matters of law. Occidental believes that the resolution of outstanding tax matters would not have a material adverse effect on its consolidated financial position or results of operations.

Occidental has entered into agreements providing for future payments to secure terminal and pipeline capacity, drilling rigs and services, electrical power, steam and certain chemical raw materials. Occidental has certain other commitments under contracts, guarantees and joint ventures, including purchase commitments for goods and services at market-related prices and certain other contingent liabilities. At December 31, 2010, commitments for major fixed and determinable capital expenditures during 2011 and thereafter were approximately $1.2 billion.

Occidental has indemnified various parties against specified liabilities that those parties might incur in the future in connection with purchases and other transactions that they have entered into with Occidental. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of December 31, 2010, Occidental is not aware of circumstances that it believes would reasonably be expected to lead to future indemnity claims against it in connection with these transactions that would result in payments materially in excess of reserves.

Note 10 Domestic and Foreign Income Taxes

The domestic and foreign components of income from continuing operations before domestic and foreign income taxes and net of noncontrolling interest amounts were as follows:

For the years ended December 31, (in millions)	Domestic	Foreign	Total
2010	**$ 3,295**	**$ 4,269**	**$ 7,564**
2009	$ 2,091	$ 3,123	$ 5,214
2008	$ 5,923	$ 6,137	$ 12,060

The provisions (credits) for domestic and foreign income taxes on continuing operations consisted of the following:

For the years ended December 31, (in millions)	U.S. Federal	State and Local	Foreign	Total
2010				
Current	**$ 614**	**$ 79**	**$ 1,896**	**$ 2,589**
Deferred	**390**	**4**	**12**	**406**
	$ 1,004	**$ 83**	**$ 1,908**	**$ 2,995**
2009				
Current	$ 16	$ 27	$ 1,361	$ 1,404
Deferred	606	37	16	659
	$ 622	$ 64	$ 1,377	$ 2,063
2008				
Current	$ 1,558	$ 166	$ 2,679	$ 4,403
Deferred	435	29	10	474
	$ 1,993	$ 195	$ 2,689	$ 4,877

The following is a reconciliation, stated as a percentage of pre-tax income, of the United States statutory federal income tax rate to Occidental's effective tax rate on income from continuing operations:

For the years ended December 31,	**2010**	2009	2008
United States federal statutory tax rate	**35%**	35%	35%
Operations outside the United States	**5**	5	5
State taxes, net of federal benefit	**1**	1	1
Other	**(1)**	(1)	(1)
Tax rate provided by Occidental	**40%**	40%	40%

The tax effects of temporary differences resulting in deferred income taxes at December 31, 2010 and 2009 were as follows:

Tax effects of temporary differences (in millions)	2010 Deferred Tax Assets	2010 Deferred Tax Liabilities	2009 Deferred Tax Assets	2009 Deferred Tax Liabilities
Property, plant and equipment differences	**$ —**	**$ 4,558**	$ 15	$ 3,832
Equity investments, partnerships and foreign subsidiaries	**—**	**208**	—	93
Environmental reserves	**135**	**—**	144	—
Postretirement benefit accruals	**368**	**—**	331	—
Deferred compensation and benefits	**275**	**—**	262	—
Asset retirement obligations	**242**	**—**	209	—
Derivatives	**—**	**22**	132	—
Foreign tax credit carryforward	**718**	**—**	426	—
State income taxes	**88**	**—**	77	—
All other	**442**	**109**	360	60
Subtotal	**2,268**	**4,897**	1,956	3,985
Valuation allowance	**(486)**	**—**	(491)	—
Total deferred taxes	**$ 1,782**	**$ 4,897**	$ 1,465	$ 3,985

Included in total deferred tax assets was a current portion aggregating $330 million and $280 million as of December 31, 2010 and 2009, respectively, that was reported in prepaid expenses and other. Total deferred tax assets were $1.8 billion and $1.5 billion as of December 31, 2010 and 2009, respectively, the noncurrent portion of which is netted against deferred tax liabilities. Occidental expects to realize the recorded deferred tax assets, net of any allowances, through future operating income and reversal of temporary differences.

Occidental has, as of December 31, 2010, foreign tax credit carryforwards of $718 million, which expire in varying amounts through 2020, and various state operating loss carryforwards, which have varying carryforward periods through 2025. Substantially all of Occidental's valuation allowance is provided for foreign tax credit and state operating loss carryforwards. In 2010, Occidental recorded a deferred income tax benefit of $80 million related to foreign tax credit carryforwards.

A deferred tax liability has not been recognized for temporary differences related to unremitted earnings of certain consolidated foreign subsidiaries aggregating approximately $6.0 billion at December 31, 2010, as it is Occidental's intention, generally, to reinvest such earnings permanently. If the earnings of these foreign subsidiaries were not indefinitely reinvested, an additional deferred tax liability of approximately $88 million would be required, assuming utilization of available foreign tax credits.

The discontinued operations include income tax benefits of $26 million in 2010, $147 million in 2009 and $218 million in 2008.

Additional paid-in capital was credited $22 million in 2010, $24 million in 2009 and $77 million in 2008 for an excess tax benefit from the exercise of certain stock-based compensation awards.

As of December 31, 2010, Occidental had liabilities for unrecognized tax benefits of approximately $38 million included in deferred credits and other liabilities – other, all of which, if subsequently recognized, would favorably affect Occidental's effective tax rate.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

For the years ended December 31, (in millions)	2010	2009
Balance at January 1,	**$ 52**	$ 62
Additions based on tax positions related to the current year	**24**	2
Reductions based on tax positions related to prior years and settlements	**(38)**	(12)
Balance at December 31,	**$ 38**	$ 52

Occidental records estimated potential interest and penalties related to liabilities for unrecognized tax benefits in the provisions for domestic and foreign income taxes and these amounts were not material for the years ended December 31, 2010, 2009 and 2008.

Occidental is subject to audit by various tax authorities in varying periods. See Note 9 for a discussion of these matters.

It is unlikely that Occidental's liabilities for unrecognized tax benefits related to existing matters would increase or decrease within the next twelve months by a material amount. Occidental cannot reasonably estimate a range of potential changes in such benefits due to the unresolved nature of the various audits.

Note 11 Stockholders' Equity

The following is an analysis of common stock issuances:

(shares in thousands)	Common Stock
Balance, December 31, 2007	877,124
Issued	1,532
Options exercised and other, net	2,767
Balance, December 31, 2008	881,423
Issued	1,697
Options exercised and other, net	523
Balance, December 31, 2009	883,643
Issued	967
Options exercised and other, net	665
Balance, December 31, 2010	**885,275**

Treasury Stock

Occidental has had a 95 million share authorization in place since 2008 for its share repurchase program; however, the program does not obligate Occidental to acquire any specific number of shares and may be discontinued at any time. In 2008, Occidental purchased 19.8 million shares under the program at an average cost of $76.33 per share.

Additionally, Occidental purchased shares from the trustee of its defined contribution savings plan during the years ended December 31, 2010, 2009 and 2008.

As of December 31, 2010, 2009 and 2008, treasury stock shares numbered 72.5 million, 71.7 million and 71.2 million, respectively.

Nonredeemable Preferred Stock

Occidental has authorized 50,000,000 shares of preferred stock with a par value of $1.00 per share. At December 31, 2010, 2009 and 2008, Occidental had no outstanding shares of preferred stock.

Earnings Per Share

The following table presents the calculation of basic and diluted EPS for the years ended December 31:

	Years Ended December 31		
In millions, except per-share amounts	**2010**	2009	2008
Basic EPS			
Income from continuing operations	**$ 4,641**	$ 3,202	$ 7,299
Less: Income from continuing operations attributable to noncontrolling interest	**(72)**	(51)	(116)
Income from continuing operations attributable to common stock	**4,569**	3,151	7,183
Discontinued operations, net	**(39)**	(236)	(326)
Net income attributable to common stock	**4,530**	2,915	6,857
Less: Net income allocated to participating securities	**(6)**	(4)	(13)
Net income attributable to common stock, net of participating securities	**$ 4,524**	$ 2,911	$ 6,844
Weighted average number of basic shares	**812.5**	811.3	817.6
Basic EPS	**$ 5.57**	$ 3.59	$ 8.37
Diluted EPS			
Net income attributable to common stock, net of participating securities	**$ 4,524**	$ 2,911	$ 6,844
Weighted average number of basic shares	**812.5**	811.3	817.6
Dilutive effect of potentially dilutive securities	**1.3**	2.5	2.9
Total diluted weighted average common shares	**813.8**	813.8	820.5
Diluted EPS	**$ 5.56**	$ 3.58	$ 8.34

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consisted of the following after-tax gains (losses):

Balance at December 31, (in millions)	2010	2009
Foreign currency translation adjustments	$ 2	$ (2)
Unrealized losses on derivatives	(111)	(227)
Pension and post-retirement adjustments (a)	(415)	(363)
Unrealized losses on securities	—	(4)
Total	$ (524)	$ (596)

(a) See Note 13 for further information.

Note 12 Stock-Based Incentive Plans

Occidental has established several Plans that allow it to issue stock-based awards in the form of RSUs, Options, SARs, PSAs and TSRIs. An aggregate of 66 million shares of Occidental common stock were authorized for issuance under the 2005 Long-Term Incentive Plan and as of December 31, 2010, approximately 53 million shares were available for future issuance. During 2010, non-employee directors were granted awards for 69,114 shares of restricted stock that fully vested on the grant date. Compensation expense for these awards was measured using the quoted market price of Occidental's common stock on the grant date and was fully recognized at that time.

The table below summarizes certain stock-based incentive amounts for the past three years:

For the years ended December 31, (in millions)	2010	2009	2008
Compensation expense	$ 136	$ 151	$ 139
Income tax benefit recognized in the income statement	$ 50	$ 55	$ 51
Intrinsic value of options and stock-settled SARs exercised	$ 74	$ 58	$ 291
Cash paid (a)	$ 97	$ 50	$ 177
Fair value of RSUs and PSAs vested during the year (b)	$ 19	$ 142	$ 112

(a) Includes cash paid under the cash-settled SARs and the cash-settled portion of the PSAs and RSUs.
(b) As measured on the vesting date for the stock-settled portion of the RSUs and PSAs.

As of December 31, 2010, there was $163 million of pre-tax unrecognized compensation expense, based on year-end valuation, related to all unvested stock-based incentive award grants. This expense is expected to be recognized over a weighted-average period of 2.8 years.

RSUs

Certain employees are awarded the right to receive cash-settled RSUs, which are equivalent in value to actual shares of Occidental common stock but are paid in cash at the time of vesting. These awards vest either in total over two years or ratably over three years after the grant date and can be forfeited or accelerated under certain conditions. For those awards which vest in total over two years, dividend equivalents are accumulated during the vesting period and are paid when they vest. For those awards which vest ratably, dividend equivalents are paid during the vesting period. The weighted-average, grant-date fair values of these awards granted in 2010, 2009 and 2008 were $77.14, $66.43 and $76.23 per share, respectively.

Certain employees are awarded the right to receive stock-settled RSUs that vest at the end of, or ratably over, three years from the grant date and can be forfeited or accelerated under certain conditions. Dividends or dividend equivalents are paid during the vesting period. The weighted-average, grant-date fair value of the stock-settled RSUs granted in 2010 was $84.29. There were no such awards granted in 2009 and the 2008 grants were immaterial.

A summary of changes in Occidental's unvested cash- and stock-settled RSUs during the year ended December 31, 2010 is presented below:

	Cash-Settled		Stock-Settled	
	RSUs (000's)	Weighted-Average Grant-Date Fair Value	RSUs (000's)	Weighted-Average Grant-Date Fair Value
Unvested at January 1	1,446	$ 70.40	61	$ 46.79
Granted	581	$ 77.14	306	$ 84.29
Vested	(848)	$ 70.87	(57)	$ 45.06
Forfeitures	(42)	$ 71.89	—	$ —
Unvested at December 31	1,137	$ 73.44	310	$ 84.18

Stock Options and SARs

Certain employees have been granted Options that are settled in stock and SARs that are settled either only in stock or only in cash. No Options or SARs have been granted since 2006 and all outstanding awards are vested. Exercise prices of the Options and SARs were equal to the quoted market value of Occidental's stock on the grant date. Generally, the Options and SARs vest ratably over three years from the grant date with a maximum term of ten years. These Options and SARs may be forfeited or accelerated under certain circumstances.

The fair value of each Option, stock-settled SAR or cash-settled SAR is initially measured on the grant date using the Black Scholes option valuation model. The expected life is estimated based on the actual weighted-average life of historical exercise activity of the grantee population at the grant date. The volatility factors are based on the historical volatilities of Occidental common stock over the expected lives as estimated on the grant date. The risk-free interest rate is the implied yield available on zero coupon T-notes (US Treasury Strip) at the grant date with a remaining term equal to the expected life. The dividend yield is the expected annual dividend yield over the expected life, expressed as a percentage of the stock price on the grant date. Estimates of fair value may not accurately predict actual future events or the value ultimately realized by employees who receive stock-based incentive awards, and subsequent events may not be indicative of the reasonableness of the original estimates of fair value made by Occidental.

The following is a summary of Option and SAR transactions during the year ended December 31, 2010:

	Cash-Settled				Stock-Settled			
	SARs (000's)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (yrs)	Aggregate Intrinsic Value (000's)	SARs & Options (000's)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (yrs)	Aggregate Intrinsic Value (000's)
Beginning balance, January 1,	1,085	$ 24.66			2,413	$ 30.40		
Exercised	(248)	$ 24.66			(1,399)	$ 35.32		
Ending balance, December 31,	837	$ 24.66	3.5	$ 61,476	1,014	$ 23.62	3.0	$ 75,490
Exercisable at December 31,	837	$ 24.66	3.5	$ 61,476	1,014	$ 23.62	3.0	$ 75,490

Performance-Based Awards

PSAs and TSRIs

Certain executives are awarded PSAs and TSRIs that vest at the end of the three- or four-year period following the grant date if performance targets are certified as being met. TSRIs granted in October 2010 had payouts that ranged from 0 to 100 percent of the maximum award that would settle, once certified, 50 percent in stock and 50 percent in cash. TSRIs granted in July 2009 had payouts that ranged from 0 to 200 percent of the target award that would settle, once certified, 60 percent in stock and 40 percent in cash. TSRIs granted in July 2008 and 2007 had payouts that ranged from 0 to 150 percent of the target award that would settle, once certified, equally in stock and cash. PSAs granted prior to July 2007 had payouts that ranged from 0 to 200 percent of the target award and provided that, once certified, the first 100 percent payout would settle only in stock and any payout in excess of 100 percent would settle in cash. Dividend equivalents for PSA and TSRI target shares are paid during the performance period regardless of the payout range or settlement provision, except for the TSRIs issued in 2010, for which cumulative dividends will be paid upon vesting for the number of vested shares.

The fair values of PSAs and TSRIs are initially determined on the grant date using a Monte Carlo simulation model based on Occidental's assumptions, noted in the following table, and the volatility from corresponding peer companies. The expected life is based on the vesting period (Term). The risk-free interest rate is the implied yield available on zero coupon T-notes (US Treasury Strip) at the time of grant with a remaining term equal to the Term. The dividend yield is the expected annual dividend yield over the Term, expressed as a percentage of the stock price on the grant date. Estimates of fair value may not accurately predict actual future events or the value ultimately realized by the employees who receive the awards, and subsequent events may not be indicative of the reasonableness of the original estimates of fair value made by Occidental.

The grant-date assumptions used in the Monte Carlo simulation models for the estimated payout level of PSAs and TSRIs were as follows:

	TSRIs		
Year Granted	**2010**	2009	2008
Assumptions used:			
Risk-free interest rate	**0.6%**	2.1%	3.0%
Dividend yield	**1.8%**	2.0%	1.7%
Volatility factor	**32%**	28%	31%
Expected life (years)	**3**	4	4
Grant-date fair value of underlying Occidental common stock	**$ 84.29**	$ 66.74	$ 77.00

A summary of Occidental's unvested PSAs and TSRIs as of December 31, 2010 and changes during the year ended December 31, 2010 is presented below:

	PSAs		**TSRIs**	
	Awards (000's)	**Weighted-Average Grant Date Fair Value of Occidental Stock**	**Awards (000's)**	**Weighted-Average Grant Date Fair Value of Occidental Stock**
Unvested at January 1 [(a)]	**318**	**$ 43.99**	**1,700**	**$ 66.77**
Granted [(a)]	**—**	**$ —**	**381**	**$ 84.29**
Vested [(b)]	**(173)**	**$ 39.94**	**—**	**$ —**
Forfeitures	**(2)**	**$ 48.83**	**(40)**	**$ 68.65**
Unvested at December 31 [(a)]	**143**	**$ 48.83**	**2,041**	**$ 70.84**

(a) Unvested awards and award grants are presented at the target or mid-point payouts.
(b) The weighted-average payout at vesting was 200 percent of the target.

NOTE 13 RETIREMENT PLANS AND POSTRETIREMENT BENEFITS

Occidental has various benefit plans for its salaried, domestic union and nonunion hourly, and certain foreign national employees.

DEFINED CONTRIBUTION PLANS

All domestic employees and certain foreign national employees are eligible to participate in one or more of the defined contribution retirement or savings plans that provide for periodic contributions by Occidental based on plan-specific criteria, such as base pay, age level and employee contributions. Certain salaried employees participate in a supplemental retirement plan that provides restoration of benefits lost due to governmental limitations on qualified retirement benefits. The accrued liabilities for the supplemental retirement plan were $109 million and $95 million as of December 31, 2010 and 2009, respectively, and Occidental expensed $101 million in 2010, $97 million in 2009 and $93 million in 2008 under the provisions of these defined contribution and supplemental retirement pl ans.

DEFINED BENEFIT PLANS

Participation in defined benefit plans is limited and approximately 1,100 domestic and 1,600 foreign national employees, mainly union, nonunion hourly and certain employees that joined Occidental from acquired operations with grandfathered benefits, are currently accruing benefits under these plans.

Pension costs for Occidental's defined benefit pension plans, determined by independent actuarial valuations, are generally funded by payments to trust funds, which are administered by independent trustees.

OTHER POSTRETIREMENT BENEFIT PLANS

Occidental provides medical and dental benefits and life insurance coverage for certain active, retired and disabled employees and their eligible dependents. The benefits are generally funded by Occidental as the benefits are paid during the year. The total benefit costs, including the postretirement costs, were approximately $180 million in 2010, $158 million in 2009 and $142 million in 2008.

Obligations and Funded Status

The following table shows the funding status of Occidental's plans:

For the years ended December 31, (in millions)	Pension Benefits 2010	Pension Benefits 2009	Postretirement Benefits Unfunded Plans 2010	Postretirement Benefits Unfunded Plans 2009	Postretirement Benefits Funded Plans 2010	Postretirement Benefits Funded Plans 2009
Changes in benefit obligation:						
Benefit obligation — beginning of year	**$ 573**	$ 535	**$ 848**	$ 768	**$ 43**	$ 39
Service cost — benefits earned during the period	**16**	14	**18**	16	**1**	1
Interest cost on projected benefit obligation	**30**	28	**42**	39	**2**	2
Actuarial loss	**42**	25	**92**	74	**6**	2
Foreign currency exchange rate loss (gain)	**10**	16	**—**	—	**—**	—
Benefits paid	**(47)**	(46)	**(60)**	(55)	**(1)**	(1)
Business acquisitions	**—**	—	**—**	6	**—**	—
Plan amendments and other	**—**	1	**—**	—	**—**	—
Benefit obligation — end of year	**$ 624**	$ 573	**$ 940**	$ 848	**$ 51**	$ 43
Changes in plan assets:						
Fair value of plan assets — beginning of year	**$ 482**	$ 400	**$ —**	$ —	**$ 2**	$ 3
Actual return on plan assets	**44**	91	**—**	—	**—**	—
Foreign currency exchange rate gain (loss)	**1**	6	**—**	—	**—**	—
Employer contributions	**15**	31	**—**	—	**—**	—
Benefits paid	**(47)**	(46)	**—**	—	**(1)**	(1)
Fair value of plan assets — end of year	**$ 495**	$ 482	**$ —**	$ —	**$ 1**	$ 2
Unfunded status:	**$ (129)**	$ (91)	**$ (940)**	$ (848)	**$ (50)**	$ (41)

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for defined benefit pension plans with an accumulated benefit obligation in excess of plan assets were $259 million, $234 million and $82 million, respectively, as of December 31, 2010, and $175 million, $158 million and $35 million, respectively, as of December 31, 2009. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for defined benefit pension plans with plan assets in excess of the accumulated benefit obligation were $365 million, $360 million and $413 million, respectively, as of December 31, 2010, and $398 million, $390 million and $447 million, respectively, as of December 31, 2009.

Occidental has 401(h) accounts established within certain defined benefit pension plans. These plans allow Occidental to fund postretirement medical benefits for employees at two of its operations. Contributions to these 401(h) accounts are made at Occidental's discretion. All of Occidental's other postretirement benefit plans are unfunded.

Amounts recognized in the consolidated balance sheets consist of:

As of December 31, (in millions)	Pension Benefits 2010	Pension Benefits 2009	Postretirement Benefits Unfunded Plans 2010	Postretirement Benefits Unfunded Plans 2009	Postretirement Benefits Funded Plans 2010	Postretirement Benefits Funded Plans 2009
Other assets	**$ 53**	$ 53	**$ —**	$ —	**$ —**	$ —
Accrued liabilities	**(7)**	(10)	**(60)**	(56)	**—**	—
Deferred credits and other liabilities – other	**(175)**	(134)	**(880)**	(792)	**(50)**	(41)
	$ (129)	$ (91)	**$ (940)**	$ (848)	**$ (50)**	$ (41)

At December 31, 2010 and 2009, AOCI included the following after-tax balances:

As of December 31, (in millions)	Pension Benefits 2010	Pension Benefits 2009	Postretirement Benefits Unfunded Plans 2010	Postretirement Benefits Unfunded Plans 2009	Postretirement Benefits Funded Plans 2010	Postretirement Benefits Funded Plans 2009
Net loss	**$ 111**	$ 103	**$ 284**	$ 243	**$ 15**	$ 12
Prior service cost	**2**	2	**3**	3	**—**	—
	$ 113	$ 105	**$ 287**	$ 246	**$ 15**	$ 12

Occidental does not expect any plan assets to be returned during 2011.

Components of Net Periodic Benefit Cost and Other Amounts Recognized in OCI

	Pension Benefits			Postretirement Benefits					
				Unfunded Plans			Funded Plans		
For the years ended December 31, (in millions)	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
Net periodic benefit costs:									
Service cost — benefits earned during the period	**$ 16**	$ 14	$ 13	**$ 18**	$ 16	$ 13	**$ 1**	$ 1	$ —
Interest cost on benefit obligation	**30**	28	29	**42**	39	36	**2**	2	2
Expected return on plan assets	**(31)**	(25)	(39)	**—**	—	—	**—**	—	—
Amortization of prior service cost	**1**	1	—	**1**	1	1	**—**	—	—
Recognized actuarial loss	**15**	17	6	**26**	20	15	**1**	1	1
Currency adjustments	**9**	12	(11)	**—**	—	—	**—**	—	—
Net periodic benefit cost	**$ 40**	$ 47	$ (2)	**$ 87**	$ 76	$ 65	**$ 4**	$ 4	$ 3

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized from AOCI into net periodic benefit cost over the next fiscal year are $14 million and $1 million, respectively. The estimated net loss and prior service cost for the defined benefit postretirement plans that will be amortized from AOCI into net periodic benefit cost over the next fiscal year are $31 million and $1 million, respectively.

Additional Information

The following table sets forth the weighted-average assumptions used to determine Occidental's benefit obligation and net periodic benefit cost for domestic plans:

	Pension Benefits		Postretirement Benefits			
			Unfunded Plans		Funded Plans	
For the years ended December 31,	**2010**	2009	**2010**	2009	**2010**	2009
Benefit Obligation Assumptions:						
Discount rate	**4.74%**	5.12%	**4.74%**	5.12%	**4.74%**	5.12%
Rate of compensation increase	**4.00%**	4.00%	**—**	—	**—**	—
Net Periodic Benefit Cost Assumptions:						
Discount rate	**5.12%**	5.25%	**5.12%**	5.25%	**5.12%**	5.25%
Assumed long term rate of return on assets	**6.50%**	6.50%	**—**	—	**6.50%**	6.50%
Rate of compensation increase	**4.00%**	4.00%	**—**	—	**—**	—

For domestic pension plans and postretirement benefit plans, Occidental based the discount rate on the Hewitt Bond Universe yield curve in 2010 and 2009. The weighted-average rate of increase in future compensation levels is consistent with Occidental’s past and anticipated future compensation increases for employees participating in retirement plans that determine benefits using compensation. The assumed long-term rate of return on assets is estimated with regard to current market factors but within the context of historical returns. Occidental considers historical returns and correlation of equities and fixed income securities and current market factors such as inflation and interest rates.

For pension plans outside the United States, Occidental based its discount rate on rates indicative of government or investment grade corporate debt in the applicable country, taking into account hyperinflationary environments when necessary. The discount rates used for the foreign pension plans ranged from 1.5 percent to 12.0 percent at both December 31, 2010 and 2009. The average rate of increase in future compensation levels ranged from a low of 1.5 percent to a high of 12.0 percent in 2010, depending on local economic conditions. The expected long-term rate of return on plan assets was 6.8 percent and 6.9 percent in excess of local inflation in 2010 and 2009, respectively.

The postretirement benefit obligation was determined by application of the terms of medical and dental benefits and life insurance coverage, including the effect of established maximums on covered costs, together with relevant actuarial assumptions and health care cost trend rates projected at an assumed Consumer Price Index (CPI) increase of 2.54 percent and 2.55 percent as of December 31, 2010 and 2009, respectively. Beginning in 1993, participants other than certain union employees have paid for all medical cost increases in excess of increases in the CPI. For those union employees, the health care cost trend rates were projected at annual rates ranging ratably from 9.5 percent in 2010 to 6.0 percent through the year 2017 and level thereafter. A 1-percent increase or a 1-percent decrease in these assumed health care cost trend rates would result in an increase of $36 million or a reduction of $32 million, respectively, in the postretirement benefit obligation as of December 31, 2010, and a corresponding increase or reduction of $3 million in interest cost in 2010. The annual service costs would not be materially affected by these changes.

The actuarial assumptions used could change in the near term as a result of changes in expected future trends and other factors that, depending on the nature of the changes, could cause increases or decreases in the plan liabilities.

Fair Value of Pension and Postretirement Plan Assets

Occidental employs a total return investment approach that uses a mix of equity and fixed income investments to maximize the long-term return of plan assets at a prudent level of risk. The investments are monitored by Occidental's Investment Committee in its role as fiduciary. The Investment Committee, consisting of senior Occidental executives, selects and employs various external professional investment management firms to manage specific investments across the spectrum of asset classes. The resulting aggregate investment portfolio contains a diversified blend of equity and fixed-income investments. Equity investments are diversified across United States and non-United States stocks, as well as differing styles and market capitalizations. Other asset classes suc h as private equity and real estate may be used to enhance long-term returns while improving portfolio diversification. The target allocation of plan assets is 60 percent equity securities and 40 percent debt securities. Investment performance is measured and monitored on an ongoing basis through quarterly investment and manager guideline compliance reviews, annual liability measurements, and periodic studies.

The fair values of Occidental's pension plan assets by asset category are as follows (in millions):

	Fair Value Measurements at December 31, 2010 Using			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Asset Class:				
Cash and cash equivalents	**$ 1**	**$ —**	**$ —**	**$ 1**
Collateral received for securities loaned	**—**	**4**	**—**	**4**
U.S. government securities	**23**	**29**	**—**	**52**
Corporate bonds (a)	**—**	**70**	**—**	**70**
Common/collective trusts (b)	**—**	**42**	**—**	**42**
Mutual funds:				
Bond funds	**81**	**—**	**—**	**81**
Value funds	**89**	**—**	**—**	**89**
Blend and growth funds	**39**	**—**	**—**	**39**
Common and preferred stocks (c)	**120**	**—**	**—**	**120**
Other	**—**	**—**	**17**	**17**
Total pension plan assets (d)	**$ 353**	**$ 145**	**$ 17**	**$ 515**

	Fair Value Measurements at December 31, 2009 Using			
Description	Level 1	Level 2	Level 3	Total
Asset Class:				
Cash and cash equivalents	$ 1	$ —	$ —	$ 1
Collateral received for securities loaned	—	11	—	11
U.S. government securities	17	23	—	40
Corporate bonds (a)	—	55	—	55
Common/collective trusts (b)	—	47	—	47
Mutual funds:				
Bond funds	95	—	—	95
Value funds	11	—	—	11
Blend and growth funds	38	—	—	38
Common and preferred stocks (c)	187	—	—	187
Other	—	—	18	18
Total pension plan assets (d)	$ 349	$ 136	$ 18	$ 503

(a) This category represents investment grade bonds of U.S. and non-U.S. issuers from diverse industries.
(b) This category includes investment funds that primarily invest in U.S. and non-U.S. common stocks and fixed income securities.
(c) This category represents investment in U.S. and non-U.S. common and preferred stocks from diverse industries.
(d) Amount excludes net payables of approximately $20 million and $21 million as of December 31, 2010 and 2009, respectively.

The activity during the years ended December 31, 2010 and 2009 for the assets using Level 3 fair value measurements was not significant.

Occidental expects to contribute $7 million to its defined benefit pension plans during 2011. All of the contributions are expected to be in the form of cash.

Estimated future benefit payments, which reflect expected future service, as appropriate, are as follows:

For the years ended December 31, (in millions)	Pension Benefits	Postretirement Benefits
2011	$ 45	$ 64
2012	$ 47	$ 64
2013	$ 47	$ 64
2014	$ 48	$ 65
2015	$ 44	$ 66
2016 — 2020	$ 238	$ 357

Note 14 Investments and Related-Party Transactions

As of December 31, 2010 and 2009, investments in unconsolidated entities, which include advances, comprised $2 billion and $1.7 billion of equity-method investments, respectively.

Equity Investments

As of December 31, 2010, Occidental's equity investments consisted mainly of a 24.5-percent interest in the stock of Dolphin Energy, an approximately 35-percent interest in the General Partner of Plains Pipeline and various other partnerships and joint ventures. Equity investments paid dividends of $217 million, $139 million and $111 million to Occidental in 2010, 2009 and 2008, respectively. As of December 31, 2010, cumulative undistributed earnings of equity-method investees since their respective acquisitions were $368 million. As of December 31, 2010, Occidental's investments in equity investees exceeded the underlying equity in net assets by $917 million, of which $147 million represents goodwill and $770 million relates to assets, including intangibles, which are being amortized over their estimated useful lives.

The following table presents Occidental's ownership interest in the summarized financial information of its equity-method investments:

For the years ended December 31, (in millions)	**2010**	2009	2008
Revenues	**$ 1,759**	$ 1,080	$ 860
Costs and expenses	**1,482**	853	647
Net income	**$ 277**	$ 227	$ 213

As of December 31, (in millions)	**2010**	2009
Current assets	**$ 2,041**	$ 1,422
Non-current assets	**$ 3,965**	$ 2,904
Current liabilities	**$ 1,323**	$ 713
Long-term debt	**$ 2,454**	$ 1,951
Other non-current liabilities	**$ 119**	$ 138
Stockholders' equity	**$ 2,110**	$ 1,524

Occidental's investment in Dolphin, which was acquired in 2002, consists of two separate economic interests through which Occidental owns (i) a 24.5-percent undivided interest in the assets and liabilities associated with a DPSA which is proportionately consolidated in the financial statements; and (ii) a 24.5-percent interest in the stock of Dolphin Energy, which is accounted for as an equity investment.

In Ecuador, Occidental has a 14-percent interest in the Oleoducto de Crudos Pesados Ltd. (OCP) oil export pipeline, which Occidental records as an equity investment.

During 2010, Occidental had a 50-percent joint interest in EHP, which was accounted for as an equity method investment. On December 31, 2010, Occidental completed its acquisition of the remaining 50-percent interest, bringing its total ownership to 100 percent. EHP was consolidated in Occidental's balance sheet as of December 31, 2010.

Related-Party Transactions

Occidental purchases power, steam and chemicals from and sells oil, gas, chemicals and power to certain of its equity investees at market-related prices. During 2010, 2009 and 2008, Occidental entered into the following related-party transactions and had the following amounts due from or to its related parties:

December 31, (in millions)	**2010**	2009	2008
Purchases (a)	**$ 153**	$ 138	$ 306
Sales (b)	**$ 440**	$ 291	$ 514
Services	**$ 2**	$ 2	$ 1
Advances and amounts due from	**$ 135**	$ 123	$ 8
Amounts due to	**$ 383**	$ 112	$ —

(a) In 2010, 2009 and 2008, purchases from EHP accounted for 90 percent, 92 percent and 100 percent, respectively.

(b) In 2010, 2009 and 2008, sales to EHP and Dolphin Energy accounted for 44 percent, 63 percent and 66 percent, respectively. In 2010, 2009 and 2008, sales of Occidental-produced crude oil and NGLs to Plains Pipeline accounted for 50 percent, 26 percent and 23 percent of these totals, respectively. Additionally, Occidental conducts marketing and trading activities with Plains Pipeline for crude oil and NGLs. These transactions are reported in Occidental's income statement on a net margin basis. The sales amounts above include the net margin on such transactions, which were negligible.

NOTE 15 FAIR VALUE MEASUREMENTS

FAIR VALUES - RECURRING

The following tables provide fair value measurement information for such assets and liabilities that are measured on a recurring basis as of December 31, 2010 and 2009 (in millions):

Description	Fair Value Measurements at December 31, 2010 Using Level 1	Level 2	Level 3	Netting and Collateral (a)	Total Fair Value
Assets:					
Trading equity securities - natural resources industry	$ 116	$ —	$ —	$ —	$ 116
Trading U.S. treasury securities	10	—	—	—	10
Commodity derivatives	178	797	—	(680)	295
Total assets	$ 304	$ 797	$ —	$ (680)	$ 421
Liabilities:					
Commodity derivatives	$ 201	$ 916	$ —	$ (736)	$ 381
Total liabilities	$ 201	$ 916	$ —	$ (736)	$ 381

Description	Fair Value Measurements at December 31, 2009 Using Level 1	Level 2	Level 3	Netting and Collateral (a)	Total Fair Value
Assets:					
Trading equity securities - natural resources industry	$ 230	$ —	$ —	$ —	$ 230
Commodity derivatives	243	612	—	(645)	210
Total assets	$ 473	$ 612	$ —	$ (645)	$ 440
Liabilities:					
Commodity derivatives	$ 280	$ 920	$ —	$ (665)	$ 535
Total liabilities	$ 280	$ 920	$ —	$ (665)	$ 535

(a) Represents the impact of netting assets, liabilities and collateral when a legal right of offset exists.

FAIR VALUES - NONRECURRING

As of December 31, 2010, Occidental evaluated its significant properties for potential impairment. Based on the annual impairment evaluation, certain domestic properties were impaired. Occidental recorded an impairment charge of $275 million to write off predominately gas properties in the Rocky Mountain region. Certain Argentine producing properties were impaired as of December 31, 2009. The fair value of the PP&E was $144 million, resulting in an after-tax impairment charge of $111 million, and was measured using an income approach based upon internal estimates of future production levels, prices, costs and a discount rate, which were Level 3 inputs. The Argentine impairment charges were included in discontinued operations.

FINANCIAL INSTRUMENTS FAIR VALUE

The carrying amounts of cash and cash equivalents and other on-balance-sheet financial instruments, other than fixed-rate debt, approximate fair value. The cost, if any, to terminate off-balance-sheet financial instruments is not significant.

NOTE 16 INDUSTRY SEGMENTS AND GEOGRAPHIC AREAS

Occidental conducts its continuing operations through three segments: (1) oil and gas; (2) chemical; and (3) midstream and marketing. The oil and gas segment explores for, develops, produces and markets crude oil, including NGLs and condensate (together with NGLs, "liquids"), as well as natural gas. The chemical segment manufactures and markets basic chemicals, vinyls and other chemicals. The midstream and marketing segment gathers, treats, processes, transports, stores, purchases and markets crude oil, liquids, natural gas, CO_2 and power. It also trades around its assets, including pipelines and storage capacity, and trades oil and gas, other commodities and commodity-related securities.

Earnings of industry segments and geographic areas generally exclude income taxes, interest income, interest expense, environmental remediation expenses, unallocated corporate expenses and discontinued operations, but include gains and losses from dispositions of segment and geographic area assets and income from the segments equity investments. Intersegment sales eliminate upon consolidation and are generally made at prices approximately equal to those that the selling entity would be able to obtain in third-party transactions.

Identifiable assets are those assets used in the operations of the segments. Corporate assets consist of cash, certain corporate receivables and PP&E, and the investment in Joslyn.

INDUSTRY SEGMENTS

In millions

	Oil and Gas	Chemical	Midstream, Marketing and Other	Corporate and Eliminations	Total
YEAR ENDED DECEMBER 31, 2010					
Net sales	**$ 14,276 (a)**	**$ 4,016 (b)**	**$ 1,471 (c)**	**$ (718)**	**$ 19,045**
Pretax operating profit (loss)	**$ 7,151 (d,e)**	**$ 438**	**$ 472**	**$ (497)(f)**	**$ 7,564 (d,e)**
Income taxes	**—**	**—**	**—**	**(2,995)(g)**	**(2,995)**
Discontinued operations, net	**—**	**—**	**—**	**(39)**	**(39)**
Net income (loss)	**$ 7,151 (d,e)**	**$ 438**	**$ 472**	**$ (3,531)(h)**	**$ 4,530 (e)**
Investments in unconsolidated entities	**$ 123**	**$ 135**	**$ 1,770**	**$ 11**	**$ 2,039**
Property, plant and equipment additions, net (i)	**$ 3,211**	**$ 248**	**$ 537**	**$ 38**	**$ 4,034**
Depreciation, depletion and amortization	**$ 2,668**	**$ 321**	**$ 142**	**$ 22**	**$ 3,153**
Total assets	**$ 31,855**	**$ 3,755**	**$ 10,445**	**$ 6,377 (j)**	**$ 52,432**
YEAR ENDED DECEMBER 31, 2009					
Net sales	$ 11,009 (a)	$ 3,225 (b)	$ 1,016 (c)	$ (436)	$ 14,814
Pretax operating profit (loss)	$ 5,097 (d,e)	$ 389	$ 235	$ (507)(f)	$ 5,214 (d,e)
Income taxes	—	—	—	(2,063)(g)	(2,063)
Discontinued operations, net	—	—	—	(236)	(236)
Net income (loss)	$ 5,097 (d,e)	$ 389	$ 235	$ (2,806)(h)	$ 2,915 (e)
Investments in unconsolidated entities	$ 118	$ 131	$ 1,473	$ 10	$ 1,732
Property, plant and equipment additions, net (i)	$ 2,571	$ 213	$ 583	$ 39	$ 3,406
Depreciation, depletion and amortization	$ 2,258	$ 298	$ 110	$ 21	$ 2,687
Total assets	$ 26,854	$ 3,608	$ 8,773	$ 4,994 (j)	$ 44,229
YEAR ENDED DECEMBER 31, 2008					
Net sales	$ 17,683 (a)	$ 5,112 (b)	$ 1,598 (c)	$ (680)	$ 23,713
Pretax operating profit (loss)	$ 11,237 (d,e)	$ 669	$ 520	$ (366)(f)	$ 12,060 (d,e)
Income taxes	—	—	—	(4,877)(g)	(4,877)
Discontinued operations, net	—	—	—	(326)	(326)
Net income (loss)	$ 11,237 (d,e)	$ 669	$ 520	$ (5,569)(h)	$ 6,857 (e)
Investments in unconsolidated entities	$ 84	$ 82	$ 1,087	$ 10	$ 1,263
Property, plant and equipment additions, net (i)	$ 3,434	$ 245	$ 507	$ 101	$ 4,287
Depreciation, depletion and amortization	$ 1,993	$ 311	$ 73	$ 19	$ 2,396
Total assets	$ 25,456	$ 3,457	$ 6,424	$ 6,200 (j)	$ 41,537

(See footnotes on next page)

Footnotes:

(a) Crude oil sales represented approximately 86 percent, 86 percent and 85 percent of the oil and gas segment net sales for the years ended December 31, 2010, 2009 and 2008, respectively.

(b) Total product sales for the chemical segment comprised the following:

	Basic Chemicals	Vinyls	Other Chemicals
Year ended December 31, 2010	**54%**	**40%**	**6%**
Year ended December 31, 2009	61%	34%	5%
Year ended December 31, 2008	58%	39%	3%

(c) Total sales for the midstream and marketing segment comprised the following:

	Gas Plants	Cogeneration	Marketing, Trading, Transportation and other
Year ended December 31, 2010	**52%**	**27%**	**21%**
Year ended December 31, 2009	56%	26%	18%
Year ended December 31, 2008	60%	30%	10%

(d) The 2010 amount includes a $275 million fourth quarter pre-tax charge for asset impairments, predominately of gas properties in the Rocky Mountain region. The 2009 amount includes an $8 million pre-tax charge for the termination of rig contracts. The 2008 amount includes a pre-tax charge of $123 million for asset impairments and a pre-tax charge of $46 million for termination of rig contracts.

(e) Includes amounts attributable to common stock after deducting noncontrolling interest amounts of $72 million, $51 million and $116 million for 2010, 2009 and 2008, respectively.

(f) Includes unallocated net interest expense, administration expense, environmental remediation and other pre-tax items noted in footnote (h) below.

(g) Includes all foreign and domestic income taxes from continuing operations.

(h) Includes the following significant items affecting earnings for the years ended December 31:

Benefit (Charge) (In millions)	**2010**	2009	2008
CORPORATE			
Pre-tax operating profit (loss)			
Severance charge	**$ —**	$ (40)	$ —
Railcar leases	**—**	(15)	—
	$ —	$ (55)	$ —
Income taxes			
Foreign tax credit carryforwards	**$ 80**	$ —	$ —
Tax effect of pre-tax adjustments *	**100**	22	67
	$ 180	$ 22	$ 67
Discontinued operations, net of tax	**$ (39)**	$ (236) **	$ (326) **

* Amounts represent the tax effect of all pre-tax adjustments listed, as well as those in footnote (d).

** The 2009 amount includes an after-tax charge of $111 million for asset impairments of certain Argentine producing properties and the 2008 amount includes an after-tax charge of $309 million for asset impairments of undeveloped acreage in Argentina.

(i) Includes, for continuing operations, capital expenditures, capitalized interest, and for 2009 and 2008, capitalized CO_2, and excludes purchases of assets, net. Also includes amounts attributable to the noncontrolling interest in a Colombian subsidiary.

(j) Includes Argentine assets held for sale.

Geographic Areas

In millions

	Net sales (a)			Property, plant and equipment, net		
For the years ended December 31,	**2010**	2009	2008	**2010**	2009	2008
United States	**$ 12,151**	$ 9,448	$ 15,258	**$ 28,571**	$ 23,440	$ 22,164
Foreign						
Qatar	**2,677**	2,201	3,298	**2,823**	2,842	2,896
Oman	**1,666**	1,038	1,207	**1,967**	1,885	1,625
Colombia	**999**	922	1,721	**715**	688	661
Yemen	**766**	667	1,016	**347**	398	386
Libya	**373**	243	748	**953**	968	979
Other Foreign	**413**	295	465	**1,160**	916	789
Total Foreign	**6,894**	5,366	8,455	**7,965**	7,697	7,336
Total	**$ 19,045**	$ 14,814	$ 23,713	**$ 36,536**	$ 31,137	$ 29,500

(a) Sales are shown by individual country based on the location of the entity making the sale.

2010 Quarterly Financial Data (Unaudited)

In millions, except per-share amounts

Three months ended	March 31	June 30	September 30	December 31
Segment net sales				
Oil and gas	$ 3,491	$ 3,518	$ 3,508	$ 3,759
Chemical	956	1,013	1,051	996
Midstream, marketing and other	369	236	388	478
Eliminations	(200)	(164)	(184)	(170)
Net sales	$ 4,616	$ 4,603	$ 4,763	$ 5,063
Gross profit	$ 2,222	$ 2,186	$ 2,330	$ 2,566
Segment earnings				
Oil and gas (a)	$ 1,861	$ 1,867	$ 1,757	$ 1,666 (b)
Chemical	30	108	189	111
Midstream, marketing and other	94	13	163	202
	1,985	1,988	2,109	1,979
Unallocated corporate items				
Interest expense, net	(35)	(20)	(18)	(20)
Income taxes	(746)	(809)	(822)	(618)(c)
Other	(107)	(82)	(66)	(149)
Income from continuing operations (a)	1,097	1,077	1,203	1,192
Discontinued operations, net	(33)	(14)	(12)	20
Net income attributable to common stock	$ 1,064	$ 1,063	$ 1,191	$ 1,212
Basic earnings per common share (a)				
Income from continuing operations	$ 1.35	$ 1.32	$ 1.48	$ 1.47
Discontinued operations, net	(0.04)	(0.01)	(0.02)	0.02
Basic earnings per common share	$ 1.31	$ 1.31	$ 1.46	$ 1.49
Diluted earnings per common share (a)				
Income from continuing operations	$ 1.35	$ 1.32	$ 1.48	$ 1.47
Discontinued operations, net	(0.04)	(0.01)	(0.02)	0.02
Diluted earnings per common share	$ 1.31	$ 1.31	$ 1.46	$ 1.49
Dividends per common share	$ 0.33	$ 0.38	$ 0.38	$ 0.38
Market price per common share				
High	$ 84.54	$ 89.99	$ 82.92	$ 99.03
Low	$ 76.01	$ 77.15	$ 72.23	$ 78.63

(a) Represent amounts attributable to common stock after deducting noncontrolling interest amounts.
(b) Includes a fourth quarter pre-tax charge of $275 million for asset impairments, predominately of gas properties in the Rocky Mountain region.
(c) Includes a fourth quarter benefit of $80 million related to foreign tax credit carryforwards.

2009 Quarterly Financial Data (Unaudited)

Occidental Petroleum Corporation
and Subsidiaries

In millions, except per-share amounts

Three months ended	March 31	June 30	September 30	December 31
Segment net sales				
Oil and gas	$ 1,969	$ 2,594	$ 2,957	$ 3,489
Chemical	792	811	842	780
Midstream, marketing and other	228	250	285	253
Eliminations	(84)	(100)	(112)	(140)
Net sales	$ 2,905	$ 3,555	$ 3,972	$ 4,382
Gross profit	$ 938	$ 1,554	$ 1,873	$ 2,276
Segment earnings				
Oil and gas [a]	$ 560	$ 1,154	$ 1,514	$ 1,869
Chemical	169	115	72	33
Midstream, marketing and other	14	63	77	81
	743	1,332	1,663	1,983
Unallocated corporate items				
Interest expense, net	(18)	(22)	(31)	(31)
Income taxes	(269)	(486)	(565)	(743)
Other	(96)	(101)	(101)	(107)
Income from continuing operations [a]	360	723	966	1,102
Discontinued operations, net	8	(41)	(39)	(164)[b]
Net income attributable to common stock	$ 368	$ 682	$ 927	$ 938
Basic earnings per common share [a]				
Income from continuing operations	$ 0.44	$ 0.89	$ 1.19	$ 1.35
Discontinued operations, net	0.01	(0.05)	(0.05)	(0.20)
Basic earnings per common share	$ 0.45	$ 0.84	$ 1.14	$ 1.15
Diluted earnings per common share [a]				
Income from continuing operations	$ 0.44	$ 0.89	$ 1.19	$ 1.35
Discontinued operations, net	0.01	(0.05)	(0.05)	(0.20)
Diluted earnings per common share	$ 0.45	$ 0.84	$ 1.14	$ 1.15
Dividends per common share	$ 0.32	$ 0.33	$ 0.33	$ 0.33
Market price per common share				
High	$ 64.00	$ 71.59	$ 79.58	$ 85.20
Low	$ 47.50	$ 51.52	$ 58.67	$ 73.74

(a) Represent amounts attributable to common stock after deducting noncontrolling interest amounts.
(b) Includes a fourth quarter after-tax charge of $111 million for asset impairments related to certain Argentine producing properties.

Supplemental Oil and Gas Information (Unaudited)

The following tables set forth Occidental's net interests in quantities of proved developed and undeveloped reserves of crude oil, NGLs, condensate and natural gas and changes in such quantities. Unless otherwise indicated hereafter, discussion of oil or oil and liquids refers to crude oil, condensate and NGLs. In addition, discussions of oil and gas production or volumes, in general, refer to sales volumes unless the context requires or it is indicated otherwise. The reserves are stated after applicable royalties. The estimated reserves include Occidental's economic interests under production sharing contracts (PSCs) and other similar economic arrangements.

Occidental's estimates of proved reserves and associated future net cash flows as of December 31, 2010 were made by Occidental's technical personnel and are the responsibility of management. The reserve estimation process involves reservoir engineers, geoscientists, planning engineers and financial analysts. Estimates of proved reserves are collected in a database and changes in this database are reviewed by engineering personnel to ensure accuracy. As part of this process, all reserves volumes are estimated by a forecast of production rates, operating costs and capital expenditures. Price differentials between benchmark prices and realized prices and specifics of each operating agreement are then used to estimate the net reserves. Production r ate forecasts are derived by a number of methods, including estimates from decline curve analyses, material balance calculations that take into account the volumes of substances replacing the volumes produced and associated reservoir pressure changes, or computer simulation of the reservoir performance. Operating and capital costs are forecasted using the current cost environment applied to expectations of future operating and development activities.

The current Senior Director of Worldwide Reserves and Reservoir Engineering is responsible for overseeing the preparation of reserve estimates, including the internal audit and review of Occidental's oil and gas reserves data. The Senior Director has over 29 years of experience in the upstream sector of the exploration and production business, and has held various assignments in North America, Asia and Europe. He is a three-time past Chair of the Society of Petroleum Engineers Oil and Gas Reserves Committee. He is an American Association of Petroleum Geologists (AAPG) Certified Petroleum Geologist and the current Chair of the AAPG Committee on Resource Evaluation. He is a member of the Society of Petroleum Evaluation Engineers, the Colorado School of Mines Potential Gas Committ ee and the UNECE Expert Group on Resource Classification. He is also an active member of the Joint Committee on Reserves Evaluator Training (JCORET). The Senior Director has Bachelor of Science and Master of Science degrees in geology from Emory University in Atlanta.

Occidental has a Corporate Reserves Review Committee (Reserves Committee), consisting of senior corporate officers, to monitor, review and approve Occidental's oil and gas reserves. The Reserves Committee reports to the Audit Committee of Occidental's Board of Directors during the year. Since 2003, Occidental has retained Ryder Scott Company, L.P. (Ryder Scott), independent petroleum engineering consultants, to review its annual oil and gas reserve estimation processes.

In 2010, Ryder Scott conducted a process review of Occidental's methods and analytical procedures utilized by Occidental's engineering and geological staff for estimating the proved reserves volumes, preparing the economic evaluations and determining the reserves classifications as of December 31, 2010, in accordance with the U.S. Securities and Exchange Commission (SEC) regulatory standards. Ryder Scott reviewed the specific application of such methods and procedures for selected oil and gas properties considered to be a valid representation of Occidental's total proved reserves portfolio. In 2010, Ryder Scott reviewed approximately 20 percent of Occidental's proved oil and gas reserves. Since being engaged in 2003, Ryder Scott has reviewed the specific application of Occidental's reserve estimation methods and procedures for approximately 74 percent of Occidental's proved oil and gas reserves. Management retains Ryder Scott to provide objective third-party input on its methods and procedures and to gather industry information applicable to Occidental's reserve estimation and reporting process. Ryder Scott has not been engaged to render an opinion as to the reasonableness of reserves quantities reported by Occidental. Occidental has filed Ryder Scott's independent report as an exhibit to this Form 10-K.

Based on its reviews, including the data, technical processes and interpretations presented by Occidental, Ryder Scott has concluded that the overall procedures and methodologies Occidental utilized in estimating the proved reserves volumes for the reviewed properties are appropriate for the purpose thereof, and comply with current SEC regulations.

Effective beginning the year ended December 31, 2009, the SEC and the Financial Accounting Standards Board modified certain disclosure requirements for oil and gas properties. Occidental adopted these requirements as of December 31, 2009. As a result, proved oil and gas reserves are now calculated using the unweighted arithmetic average of the first-day-of-the-month price for each month within the year instead of the year-end market price. For the 2010, 2009 and 2008 disclosures, the West Texas Intermediate oil prices used were $79.43 per barrel, $61.18 per barrel and $44.60 per barrel, respectively. The Henry Hub ga s prices used for the 2010, 2009 and 2008 disclosures were $4.39 per MMBtu, $3.99 per MMBtu and $5.71 per MMBtu, respectively. Occidental does not have any reserves from non-traditional sources. The adoption of the new requirements did not have a material effect on Occidental's proved reserves.

Historically, Occidental's production volumes and reserves had been reported as a mix of pre-tax and after-tax volumes while its revenues reflected pre-tax sales. This difference is caused by Occidental's PSCs in the Middle East/North Africa where production is immediately taken and sold to pay the local income tax. Occidental has historically reported these volumes as additional revenues and income taxes but not additional production and reserves. To simplify Occidental's reporting and to conform with industry practice, Occidental included these volumes in its reserves as of December 31, 2009. Beginning in 2010, Occidental's production volumes match revenues reported. For ease of comparison, prior year data for daily production vol umes and for results per unit of production computations are shown using pre-tax amounts.

Oil Reserves

In millions of barrels (MMbbl)

	United States	Latin America (a,b)	Middle East/ North Africa	Total
PROVED DEVELOPED AND UNDEVELOPED RESERVES				
Balance at December 31, 2007	1,707	214	308	2,229
Revisions of previous estimates	(243)	(6)	137	(112)
Improved recovery	99	44	46	189
Extensions and discoveries	11	—	—	11
Purchases of proved reserves	71	—	—	71
Sales of proved reserves	(2)	—	—	(2)
Production	(96)	(28)	(47)	(171)
Balance at December 31, 2008	1,547	224	444 (c)	2,215
Revisions of previous estimates	58	(32)	108	134
Improved recovery	56	38	51	145
Extensions and discoveries	29	3	—	32
Purchases of proved reserves	15	—	11	26
Sales of proved reserves	—	—	—	—
Production	(99)	(30)	(52)	(181)
Balance at December 31, 2009	**1,606**	**203**	**562** (c)	**2,371**
Revisions of previous estimates	**8**	**44**	**(36)**	**16**
Improved recovery	**98**	**37**	**42**	**177**
Extensions and discoveries	**1**	**2**	**—**	**3**
Purchases of proved reserves	**83**	**—**	**30**	**113**
Sales of proved reserves (d)	**—**	**(3)**	**—**	**(3)**
Production	**(99)**	**(27)**	**(75)**	**(201)**
Balance at December 31, 2010	**1,697**	**256**	**523** (c)	**2,476**
PROVED DEVELOPED RESERVES				
December 31, 2007	1,406	120	265	1,791
December 31, 2008	1,209	124	345	1,678
December 31, 2009	1,286	129	446	1,861
December 31, 2010 (e)	**1,289**	**160**	**427**	**1,876**
PROVED UNDEVELOPED RESERVES				
December 31, 2007	301	94	43	438
December 31, 2008	338	100	99	537
December 31, 2009	320	74	116	510
December 31, 2010 (f)	**408**	**96**	**96**	**600**

(a) Proved reserves as of December 31, 2009, 2008 and 2007 include proved oil reserves related to the noncontrolling interest of a Colombian subsidiary. On December 31, 2010, Occidental restructured its Colombia operations to take a direct working interest in the related assets. As a result, the December 31, 2010 proved reserves amounts exclude the noncontrolling interest.

(b) Includes Argentine proved oil reserves of 166 MMbbl, 108 MMbbl, 135 MMbbl and 153 MMbbl as of December 31, 2010, 2009, 2008 and 2007, respectively, which have been classified as held for sale. The Argentine proved developed and proved undeveloped reserves were 91 MMbbl and 75 MMbbl, 58 MMbbl and 50 MMbbl, 62 MMbbl and 73 MMbbl, and 71 MMbbl and 82 MMbbl as of December 31, 2010, 2009, 2008 and 2007, respectively.

(c) Proved reserve amounts relate to PSCs.

(d) Includes the change to no longer include the Colombian noncontrolling interest.

(e) Approximately 6 percent of the proved developed reserves at December 31, 2010 are nonproducing, the majority of which are located in the United States.

(f) The amount of Occidental's proved undeveloped reserves that have not been developed for over five years was not material.

Gas Reserves

In billions of cubic feet (Bcf)

	United States	Latin America (a)	Middle East/ North Africa (b)	Total
PROVED DEVELOPED AND UNDEVELOPED RESERVES				
Balance at December 31, 2007	2,672	208	963	3,843
Revisions of previous estimates	(490)	(26)	328	(188)
Improved recovery	281	46	21	348
Extensions and discoveries	76	—	—	76
Purchases of proved reserves	832	—	—	832
Sales of proved reserves	(3)	—	—	(3)
Production	(215)	(16)	(76)	(307)
Balance at December 31, 2008	3,153	212	1,236	4,601
Revisions of previous estimates	(688)	(40)	281	(447)
Improved recovery	137	26	11	174
Extensions and discoveries	362	2	—	364
Purchases of proved reserves	67	—	736	803
Sales of proved reserves	—	—	—	—
Production	(232)	(17)	(89)	(338)
Balance at December 31, 2009	**2,799**	**183**	**2,175**	**5,157**
Revisions of previous estimates	**(55)**	**16**	**(60)**	**(99)**
Improved recovery	**344**	**53**	**87**	**484**
Extensions and discoveries	**7**	**4**	**12**	**23**
Purchases of proved reserves	**186**	**—**	**—**	**186**
Sales of proved reserves	**—**	**—**	**—**	**—**
Production	**(247)**	**(18)**	**(166)**	**(431)**
Balance at December 31, 2010	**3,034**	**238**	**2,048**	**5,320**
PROVED DEVELOPED RESERVES				
December 31, 2007	1,997	140	932	3,069
December 31, 2008	1,866	142	1,206	3,214
December 31, 2009	1,931	125	1,759	3,815
December 31, 2010 (c)	**2,007**	**158**	**1,665**	**3,830**
PROVED UNDEVELOPED RESERVES				
December 31, 2007	675	68	31	774
December 31, 2008	1,287	70	30	1,387
December 31, 2009	868	58	416	1,342
December 31, 2010 (d)	**1,027**	**80**	**383**	**1,490**

(a) Includes Argentine proved natural gas reserves of 182 Bcf, 130 Bcf, 149 Bcf and 148 Bcf as of December 31, 2010, 2009, 2008 and 2007, respectively, which have been classified as held for sale. The Argentine proved developed and proved undeveloped reserves were 108 Bcf and 74 Bcf, 74 Bcf and 56 Bcf, 82 Bcf and 67 Bcf, and 81 Bcf and 67 Bcf as of December 31, 2010, 2009, 2008 and 2007, respectively.
(b) Proved reserve amounts relate to PSCs.
(c) Approximately 2 percent of the proved developed reserves at December 31, 2010 are nonproducing, the majority of which are located in the United States.
(d) The amount of Occidental's proved undeveloped reserves that have not been developed for over five years was not material.

Capitalized costs relating to oil and gas producing activities and related accumulated DD&A were as follows:

In millions	United States	Latin America (a)	Middle East/ North Africa	Total
DECEMBER 31, 2010				
Proved properties	**$ 28,516**	**$ 1,816**	**$ 12,231**	**$ 42,563**
Unproved properties (b)	**3,474**	**5**	**190**	**3,669**
Total capitalized costs (c)	**31,990**	**1,821**	**12,421**	**46,232**
Accumulated depreciation, depletion and amortization	**(9,321)**	**(1,050)**	**(5,960)**	**(16,331)**
Net capitalized costs	**$ 22,669**	**$ 771**	**$ 6,461**	**$ 29,901**
DECEMBER 31, 2009				
Proved properties	$ 24,488	$ 1,900	$ 10,909	$ 37,297
Unproved properties (b)	1,709	—	158	1,867
Total capitalized costs (c)	26,197	1,900	11,067	39,164
Accumulated depreciation, depletion and amortization	(7,956)	(1,154)	(4,826)	(13,936)
Net capitalized costs	$ 18,241	$ 746	$ 6,241	$ 25,228
DECEMBER 31, 2008				
Proved properties	$ 22,425	$ 1,676	$ 9,490	$ 33,591
Unproved properties (b)	1,855	—	417	2,272
Total capitalized costs (c)	24,280	1,676	9,907	35,863
Accumulated depreciation, depletion and amortization	(6,669)	(957)	(4,021)	(11,647)
Net capitalized costs	$ 17,611	$ 719	$ 5,886	$ 24,216

(a) Includes net capitalized cost of $31 million and $45 million as of December 31, 2009 and 2008, respectively, related to the noncontrolling interest in a Colombian subsidiary. Excludes Argentine capitalized costs of $2.6 billion, $2.5 billion and $2.8 billion as of December 31, 2010, 2009 and 2008, respectively.
(b) The 2010, 2009 and 2008 amounts primarily consist of Midcontinent Gas, Permian, California and Libya. The 2010 amount also includes the unproved properties acquired in 2010 located in North Dakota and West Virginia.
(c) Includes costs related to leases, exploration costs, lease and well equipment, other equipment, capitalized interest, asset retirement obligations and other costs.

Costs incurred in oil and gas property acquisition, exploration and development activities, whether capitalized or expensed, were as follows:

In millions	United States	Latin America (a)	Middle East/ North Africa	Total
FOR THE YEAR ENDED DECEMBER 31, 2010				
Property acquisition costs				
Proved properties	**$ 2,084**	**$ 131**	**$ 63**	**$ 2,278**
Unproved properties	**2,290**	**—**	**—**	**2,290**
Exploration costs	**177**	**26**	**126**	**329**
Development costs	**1,674**	**482**	**1,231**	**3,387**
Costs incurred	**$ 6,225**	**$ 639**	**$ 1,420**	**$ 8,284**
FOR THE YEAR ENDED DECEMBER 31, 2009				
Property acquisition costs				
Proved properties	$ 569	$ —	$ 158	$ 727
Unproved properties	100	—	3	103
Exploration costs	131	26	50	207
Development costs	1,223	560	996	2,779
Costs incurred	$ 2,023	$ 586	$ 1,207	$ 3,816
FOR THE YEAR ENDED DECEMBER 31, 2008				
Property acquisition costs				
Proved properties	$ 1,819	$ 8	$ 4	$ 1,831
Unproved properties	1,362	—	348	1,710
Exploration costs	130	96	115	341
Development costs	1,740	864	1,496	4,100
Costs incurred	$ 5,051	$ 968	$ 1,963	$ 7,982

(a) Includes exploration and development costs of $2 million and $5 million, $0 and $13 million, and $7 million and $21 million in 2010, 2009 and 2008, respectively, related to the noncontrolling interest in a Colombian subsidiary. Also includes Argentine costs incurred.

The results of operations of Occidental's oil and gas producing activities for continuing operations, which exclude oil and gas trading activities and items such as asset dispositions, corporate overhead, interest and royalties, were as follows:

In millions	United States	Latin America (a)	Middle East/ North Africa	Total
FOR THE YEAR ENDED DECEMBER 31, 2010				
Revenues (b)	**$ 7,578**	**$ 1,046**	**$ 5,621**	**$ 14,245**
Production costs (c)	**1,757**	**167**	**698**	**2,622**
Other operating expenses	**432**	**15**	**208**	**655**
Depreciation, depletion and amortization	**1,412**	**122**	**1,134**	**2,668**
Taxes other than on income	**454**	**18**	**—**	**472**
Charges for impairments	**275**	**—**	**—**	**275**
Exploration expenses	**158**	**7**	**97**	**262**
Pretax income	**3,090**	**717**	**3,484**	**7,291**
Income tax expense (d)	**929**	**227**	**1,689**	**2,845**
Results of operations	**$ 2,161**	**$ 490**	**$ 1,795**	**$ 4,446**
FOR THE YEAR ENDED DECEMBER 31, 2009				
Revenues (b)	$ 5,832	$ 957	$ 4,195	$ 10,984
Production costs (c)	1,452	161	601	2,214
Other operating expenses	389	31	208	628
Depreciation, depletion and amortization	1,237	198	823	2,258
Taxes other than on income	399	14	—	413
Exploration expenses	156	15	83	254
Pretax income	2,199	538	2,480	5,217
Income tax expense (d)	594	151	1,227	1,972
Results of operations	$ 1,605	$ 387	$ 1,253	$ 3,245
FOR THE YEAR ENDED DECEMBER 31, 2008				
Revenues (b)	$ 9,581	$ 1,510	$ 6,287	$ 17,378
Production costs (c)	1,666	173	589	2,428
Other operating expenses	350	27	159	536
Depreciation, depletion and amortization	1,094	139	760	1,993
Taxes other than on income	544	25	—	569
Charges for impairments	—	—	81	81
Exploration expenses	92	35	181	308
Pretax income	5,835	1,111	4,517	11,463
Income tax expense (d)	1,857	285	2,284	4,426
Results of operations	$ 3,978	$ 826	$ 2,233	$ 7,037

(a) Includes revenues of $129 million, $118 million and $209 million, production costs of $17 million, $17 million and $21 million, and results of operations of $72 million, $49 million and $116 million in 2010, 2009 and 2008, respectively, related to the noncontrolling interest in a Colombian subsidiary.

(b) Revenues from net production exclude royalty payments and other adjustments.

(c) Production costs are the costs incurred in lifting the oil and gas to the surface and include gathering, treating, primary processing, field storage and insurance on proved properties, but do not include DD&A, royalties, income taxes, interest, general and administrative and other expenses.

(d) United States federal income taxes reflect certain expenses related to oil and gas activities allocated for United States income tax purposes only, including allocated interest and corporate overhead.

Results per Unit of Production for Continuing Operations

	United States	Latin America [a]	Middle East/ North Africa	Total [b]
FOR THE YEAR ENDED DECEMBER 31, 2010				
Revenues from net production barrel of oil equivalent ($/bbl.)[c,d]	**$ 54.14**	**$ 73.31**	**$ 54.49**	**$ 55.35**
Production costs	**12.55**	**11.70**	**6.77**	**10.19**
Other operating expenses	**3.09**	**1.05**	**2.02**	**2.55**
Depreciation, depletion and amortization	**10.09**	**8.55**	**10.99**	**10.37**
Taxes other than on income	**3.24**	**1.26**	**—**	**1.83**
Charges for impairments	**1.96**	**—**	**—**	**1.07**
Exploration expenses	**1.13**	**0.49**	**0.94**	**1.02**
Pretax income	**22.08**	**50.26**	**33.77**	**28.32**
Income tax expense [e]	**6.64**	**15.91**	**16.37**	**11.05**
Results of operations	**$ 15.44**	**$ 34.35**	**$ 17.40**	**$ 17.27**
FOR THE YEAR ENDED DECEMBER 31, 2009				
Revenues from net production barrel of oil equivalent ($/bbl.)[c,d]	$ 42.47	$ 54.65	$ 45.40	$ 44.43
Production costs	10.57	9.19	6.50	8.95
Other operating expenses	2.83	1.77	2.25	2.54
Depreciation, depletion and amortization	9.01	11.31	8.91	9.13
Taxes other than on income	2.91	0.80	—	1.67
Exploration expenses	1.14	0.86	0.90	1.03
Pretax income	16.01	30.72	26.84	21.11
Income tax expense [e]	4.33	8.62	13.28	7.98
Results of operations	$ 11.68	$ 22.10	$ 13.56	$ 13.13
FOR THE YEAR ENDED DECEMBER 31, 2008				
Revenues from net production barrel of oil equivalent ($/bbl.)[c,d]	$ 72.51	$ 88.24	$ 72.62	$ 73.70
Production costs	12.61	10.11	6.84	10.32
Other operating expenses	2.65	1.58	1.85	2.28
Depreciation, depletion and amortization	8.28	8.12	8.83	8.47
Taxes other than on income	4.12	1.46	—	2.42
Charges for impairments	—	—	0.94	0.34
Exploration expenses	0.70	2.05	2.10	1.31
Pretax income	44.15	64.92	52.06	48.56
Income tax expense [e]	14.05	16.65	26.53	18.81
Results of operations	$ 30.10	$ 48.27	$ 25.53	$ 29.75

(a) Includes the noncontrolling interest in a Colombian subsidiary.
(b) Results per unit of production is calculated using the volumes produced from continuing operations.
(c) Natural gas volumes have been converted to barrels of oil equivalent (BOE) based on energy content of six thousand cubic feet (Mcf) of gas to one barrel of oil. Barrels of oil equivalence does not necessarily result in price equivalence. The price of natural gas on a barrel of oil equivalent basis has been substantially lower than the corresponding price for crude oil over the recent past.
(d) Revenues from net production exclude royalty payments and other adjustments.
(e) United States federal income taxes reflect certain expenses related to oil and gas activities allocated for United States income tax purposes only, including allocated interest and corporate overhead.

Standardized Measure, Including Year-to-Year Changes Therein, of Discounted Future Net Cash Flows

For purposes of the following disclosures, future cash flows as of December 31, 2010 and 2009 were computed by applying to Occidental's proved oil and gas reserves the unweighted arithmetic average of the first-day-of-the-month price for each month within the years ended December 31, 2010 and 2009, respectively, unless prices were defined by contractual arrangements, excluding escalations based upon future conditions. Future cash flows as of December 31, 2008 was computed by applying year-end prices to Occidental’s proved reserves, unless prices were defined by contractual arrangements. Future operating and capital costs are forecasted using the current cost environment applied to expectations of future operating and development activities. Future income tax expenses were compu ted by applying, generally, year-end statutory tax rates (adjusted for permanent differences, tax credits, allowances and foreign income repatriation considerations) to the estimated net future pre-tax cash flows. The discount was computed by application of a 10-percent discount factor. The calculations assumed the continuation of existing economic, operating and contractual conditions at each of December 31, 2010, 2009 and 2008. Such arbitrary assumptions have not necessarily proven accurate in the past. Other assumptions of equal validity would give rise to substantially different results. The realized prices used to calculate future cash flows vary by producing area and market conditions.

Standardized Measure of Discounted Future Net Cash Flows

In millions

		United States		Latin America (a)		Middle East/ North Africa		Total
AT DECEMBER 31, 2010								
Future cash inflows	**$**	**133,080**	**$**	**15,751**	**$**	**39,156**	**$**	**187,987**
Future costs								
Production costs and other operating expenses		**(54,362)**		**(6,905)**		**(9,228)**		**(70,495)**
Development costs (b)		**(9,820)**		**(1,665)**		**(3,743)**		**(15,228)**
Future income tax expense		**(20,319)**		**(1,716)**		**(12,585)**		**(34,620)**
Future net cash flows		**48,579**		**5,465**		**13,600**		**67,644**
Ten percent discount factor		**(26,481)**		**(2,343)**		**(4,428)**		**(33,252)**
Standardized measure of discounted future net cash flows	**$**	**22,098**	**$**	**3,122**	**$**	**9,172**	**$**	**34,392**
AT DECEMBER 31, 2009								
Future cash inflows	$	96,997	$	10,175	$	32,344	$	139,516
Future costs								
Production costs and other operating expenses		(42,352)		(3,796)		(7,605)		(53,753)
Development costs (b)		(7,895)		(1,467)		(3,305)		(12,667)
Future income tax expense		(13,386)		(994)		(10,010)		(24,390)
Future net cash flows		33,364		3,918		11,424		48,706
Ten percent discount factor		(18,348)		(1,297)		(4,009)		(23,654)
		15,016		2,621		7,415		25,052
Less: net cash flows attributable to noncontrolling interests		—		(89)		—		(89)
Standardized measure of discounted future net cash flows	$	15,016	$	2,532	$	7,415	$	24,963
AT DECEMBER 31, 2008								
Future cash inflows	$	75,267	$	9,880	$	17,053	$	102,200
Future costs								
Production costs and other operating expenses		(38,315)		(4,449)		(6,960)		(49,724)
Development costs (b)		(7,376)		(1,713)		(2,446)		(11,535)
Future income tax expense		(6,867)		(853)		—		(7,720)
Future net cash flows		22,709		2,865		7,647		33,221
Ten percent discount factor		(12,344)		(1,033)		(3,129)		(16,506)
		10,365		1,832		4,518		16,715
Less: Net cash flows attributable to noncontrolling interests		—		(19)		—		(19)
Standardized measure of discounted future net cash flows	$	10,365	$	1,813	$	4,518	$	16,696

(a) Includes Argentine future net cash flows of $1.7 billion, $1.2 billion and $1.2 billion as of December 31, 2010, 2009 and 2008, respectively.
(b) Includes asset retirement costs.

Changes in the Standardized Measure of Discounted Future Net Cash Flows From Proved Reserve Quantities

In millions

For the years ended December 31,		**2010**		2009		2008
Beginning of year	**$**	**24,963**	$	16,696	$	42,842
Sales and transfers of oil and gas produced, net of production costs and other operating expenses		**(12,132)**		(7,869)		(12,689)
Net change in prices received per barrel, net of production costs and other operating expenses		**15,872**		16,473		(37,335)
Extensions, discoveries and improved recovery, net of future production and development costs		**4,939**		3,743		2,271
Change in estimated future development costs		**(2,609)**		(1,353)		(3,603)
Revisions of quantity estimates		**(3)**		3,214		(1,451)
Development costs incurred during the period		**3,405**		2,814		4,107
Accretion of discount		**2,962**		1,950		5,383
Net change in income taxes		**(4,876)**		(9,396)		13,418
Purchases and sales of reserves in place, net		**1,871**		325		854
Changes in production rates and other		**—**		(1,634)		2,899
Net change		**9,429**		8,267		(26,146)
End of year	**$**	**34,392**	$	24,963	$	16,696

Average Sales Prices

The following table sets forth, for each of the three years in the period ended December 31, 2010, Occidental's approximate average sales prices for continuing operations.

		United States	Latin America (a)	Middle East/ North Africa	Total
2010					
Oil	– Average sales price ($/bbl.)	**$ 73.79**	**$ 75.29**	**$ 76.67**	**$ 75.16**
Gas	– Average sales price ($/mcf.)	**$ 4.53**	**$ 7.73**	**$ 0.82**	**$ 3.11**
2009					
Oil	– Average sales price ($/bbl.)	$ 56.74	$ 55.89	$ 58.75	$ 57.31
Gas	– Average sales price ($/mcf.)	$ 3.46	$ 5.70	$ 1.00	$ 2.83
2008					
Oil	– Average sales price ($/bbl.)	$ 91.16	$ 91.92	$ 94.70	$ 92.35
Gas	– Average sales price ($/mcf.)	$ 8.03	$ 7.29	$ 1.01	$ 6.22

(a) Sales prices include royalties with respect to certain of Occidental's interests.

Net Productive and Dry — Exploratory and Development Wells Completed

The following table sets forth, for each of the three years in the period ended December 31, 2010, Occidental's net productive and dry–exploratory and development wells completed.

		United States	Latin America (a)	Middle East/ North Africa	Total
2010					
Oil	– Exploratory	**8.4**	**4.9**	**1.8**	**15.1**
	Development	**406.6**	**159.9**	**121.3**	**687.8**
Gas	– Exploratory	**—**	**—**	**5.0**	**5.0**
	Development	**93.3**	**—**	**4.6**	**97.9**
Dry	– Exploratory	**17.3**	**0.8**	**2.8**	**20.9**
	Development	**10.0**	**—**	**0.4**	**10.4**
2009					
Oil	– Exploratory	5.5	7.0	0.7	13.2
	Development	224.3	159.1	105.3	488.7
Gas	– Exploratory	—	—	—	—
	Development	14.5	—	2.0	16.5
Dry	– Exploratory	13.7	3.4	2.9	20.0
	Development	1.8	0.7	0.7	3.2
2008					
Oil	– Exploratory	6.6	16.6	2.0	25.2
	Development	527.9	215.9	137.0	880.8
Gas	– Exploratory	—	—	—	—
	Development	223.5	—	1.3	224.8
Dry	– Exploratory	3.5	10.6	13.0	27.1
	Development	10.9	5.7	—	16.6

(a) Includes exploratory and development wells completed by Argentine operations and the noncontrolling interest in a Colombian subsidiary.

Productive Oil and Gas Wells

The following table sets forth, as of December 31, 2010, Occidental's productive oil and gas wells (both producing and capable of production).

Wells at December 31, 2010		United States (a)		Latin America (a,b)		Middle East/ North Africa (a)		Total	
Oil	– Gross (c)	**26,492**	**(1,108)**	**3,976**	**(2,725)**	**2,415**	**(61)**	**32,883**	**(3,894)**
	Net (d)	**20,758**	**(825)**	**3,085**	**(2,498)**	**1,247**	**(28)**	**25,090**	**(3,351)**
Gas	– Gross (c)	**5,516**	**(278)**	**133**	**(104)**	**120**	**(1)**	**5,769**	**(383)**
	Net (d)	**4,600**	**(229)**	**131**	**(104)**	**62**	**(1)**	**4,793**	**(334)**

(a) The numbers in parentheses indicate the number of wells with multiple completions.
(b) Includes productive wells related to Argentine operations.
(c) The total number of wells in which interests are owned.
(d) The sum of fractional interests.

Participation in Exploratory and Development Wells Being Drilled

The following table sets forth, as of December 31, 2010, Occidental's participation in exploratory and development wells being drilled.

Wells at December 31, 2010	United States	Latin America (a)	Middle East/ North Africa	Total
Exploratory and development wells				
– Gross	**87**	**18**	**17**	**122**
– Net	**62**	**11**	**10**	**83**

(a) Includes Argentine operations.

At December 31, 2010, Occidental was participating in 177 pressure maintenance projects, mostly waterfloods, in the United States, 14 in Latin America and 24 in the Middle East/North Africa.

Oil and Gas Acreage

The following table sets forth, as of December 31, 2010, Occidental's holdings of developed and undeveloped oil and gas acreage.

Thousands of acres at December 31, 2010	United States (a)	Latin America (b)	Middle East/ North Africa	Total
Developed (c)				
– Gross (d)	**7,724**	**572**	**1,512**	**9,808**
– Net (e)	**4,522**	**496**	**690**	**5,708**
Undeveloped (f)				
– Gross (d)	**5,824**	**2,230**	**18,166**	**26,220**
– Net (e)	**2,632**	**1,584**	**16,357**	**20,573**

(a) Includes approximately 1.6 million acres in California, the vast majority of which are net fee mineral interests.
(b) Includes acreage related to Argentine operations.
(c) Acres spaced or assigned to productive wells.
(d) Total acres in which interests are held.
(e) Sum of the fractional interests owned based on working interests, or interests under PSCs and other economic arrangements.
(f) Acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas, regardless of whether the acreage contains proved reserves.

Oil and Natural Gas Sales Volumes and Production Per Day

The following tables set forth the sales volumes and production of oil and liquids and natural gas per day for each of the three years in the period ended December 31, 2010. The differences between the sales volumes and production per day are generally due to the timing of shipments at Occidental's international locations where product is loaded onto tankers.

Sales Volumes per Day	**2010**	2009	2008
United States			
Oil and liquids (MBBL)			
California	**92**	93	89
Permian	**161**	164	164
Midcontinent Gas	**18**	14	10
TOTAL	**271**	271	263
Natural gas (MMCF)			
California	**280**	250	235
Permian	**133**	125	116
Midcontinent Gas	**264**	260	236
TOTAL	**677**	635	587
Latin America			
Crude oil (MBBL)			
Colombia [(a)]	**36**	45	43
Natural gas (MMCF)			
Bolivia	**16**	16	21
Middle East/North Africa			
Oil and liquids (MBBL)			
Bahrain	**3**	—	—
Dolphin	**24**	25	26
Libya	**13**	12	19
Oman	**61**	50	34
Qatar	**76**	79	80
Yemen	**30**	35	32
TOTAL	**207**	201	191
Natural gas (MMCF)			
Bahrain	**169**	10	—
Dolphin	**236**	257	231
Oman	**48**	49	53
TOTAL	**453**	316	284
Sales Volumes from Continuing Operations (MBOE)	705	678	645
Held for Sale [(b)]			
Oil and liquids (MBBL)	**37**	37	32
Natural gas (MMCF)	**34**	30	21
Total Sales Volumes (MBOE) [(c)]	**748**	720	681

(See footnotes following the Production per Day table)

Production per Day	2010	2009	2008
United States			
Oil and liquids (MBBL)	**271**	271	263
Natural gas (MMCF)	**677**	635	587
Latin America			
Crude oil (MBBL)			
Colombia	**37**	45	44
Natural gas (MMCF)	**16**	16	21
Middle East/North Africa			
Oil and liquids (MBBL)			
Bahrain	**3**	—	—
Dolphin	**24**	26	25
Iraq	**3**	—	—
Libya	**13**	11	19
Oman	**62**	50	34
Qatar	**76**	79	80
Yemen	**31**	34	32
TOTAL	**212**	200	190
Natural gas (MMCF)	**453**	316	284
Total Production from Continuing Operations (MBOE)	**711**	677	645
Held for Sale (b)			
Crude oil (MBBL)	**36**	36	34
Natural gas (MMCF)	**34**	30	21
Total Production (MBOE) (c)	**753**	718	683

(a) Includes sales volumes per day of 4 mbbl, 6 mbbl and 6 mbbl for the years ended December 31, 2010, 2009 and 2008, respectively, related to the noncontrolling interest in a Colombian subsidiary. Includes production volumes per day of 5 mbbl, 6 mbbl and 6 mbbl for the years ended December 31, 2010, 2009 and 2008, respectively, related to the noncontrolling interest in a Colombia subsidiary.
(b) Occidental has classified its Argentine operations as held for sale.
(c) Natural gas volumes have been converted to BOE based on energy content of six Mcf of gas to one barrel of oil.

Schedule II – Valuation and Qualifying Accounts

In millions

	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Deductions (a)	Balance at End of Period
2010					
Allowance for doubtful accounts	**$ 30**	**$ (9)**	**$ —**	**$ (2)**	**$ 19**
Environmental	**$ 403**	**$ 26**	**$ 3**	**$ (66)**	**$ 366**
Litigation, tax and other reserves	**226**	**20**	**6**	**(59)**	**193**
	$ 629	**$ 46**	**$ 9**	**$ (125)**	**$ 559 (b)**
2009					
Allowance for doubtful accounts	$ 34	$ 4	$ —	$ (8)	$ 30
Environmental	$ 439	$ 26	$ 4	$ (66)	$ 403
Litigation, tax and other reserves	288	3	(6)	(59)	226
	$ 727	$ 29	$ (2)	$ (125)	$ 629 (b)
2008					
Allowance for doubtful accounts	$ 31	$ 4	$ —	$ (1)	$ 34
Environmental	$ 457	$ 29	$ 25	$ (72)	$ 439
Litigation, tax and other reserves	301	67	(6)	(74)	288
	$ 758	$ 96	$ 19	$ (146)	$ 727 (b)

Note: The amounts presented represent continuing operations.

(a) Primarily represents payments.
(b) Of these amounts, $102 million, $112 million and $119 million in 2010, 2009 and 2008, respectively, are classified as current.

Item 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9a Controls and Procedures

Disclosure Controls and Procedures

Occidental's Chairman of the Board of Directors and Chief Executive Officer and its Executive Vice President and Chief Financial Officer supervised and participated in Occidental's evaluation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act)) as of the end of the period covered by this report. Based upon that evaluation, Occidental's Chairman of the Board of Directors and Chief Executive Officer and Executive Vice President and Chief Financial Officer concluded that Occidental's disclosure controls and procedures were effective as of December 31, 2010.

There has been no change in Occidental's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter of 2010 that has materially affected, or is reasonably likely to materially affect, Occidental's internal control over financial reporting. Management's Annual Assessment of and Report on Occidental's Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting are set forth in Item 8.

Part III

Item 10 Directors, Executive Officers and Corporate Governance

Occidental has adopted a Code of Business Conduct (Code). The Code applies to the Chairman of the Board of Directors and Chief Executive Officer; Executive Vice President and Chief Financial Officer; Vice President, Controller and Principal Accounting Officer; and persons performing similar functions (Key Personnel). The Code also applies to Occidental's directors, its employees and the employees of entities it controls. The Code is posted at www.oxy.com. Occidental will satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, any provision of the Code with respect to its Key Personnel or directors by disclosing the nature of that amendment or waiver on its website.

This item incorporates by reference the information regarding Occidental's directors appearing under the caption "Election of Directors" (except information under the sub-caption " – Compensation of Directors") and "Nominations for Directors for Term Expiring in 2013" in Occidental's definitive proxy statement filed in connection with its May 6, 2011, Annual Meeting of Stockholders (2011 Proxy Statement). The list of Occidental's executive officers and related information under "Executive Officers" set forth in Part I of this report is incorporated by reference herein.

Item 11 Executive Compensation

This item incorporates by reference the information appearing under the captions "Executive Compensation" (except information under the sub-caption " – 2010 Performance Highlights") and "Election of Directors – Information Regarding the Board of Directors and Its Committees," and " – Compensation of Directors" in the 2011 Proxy Statement.

Item 12 Security Ownership of Certain Beneficial Owners and Management

This item incorporates by reference the information with respect to security ownership appearing under the caption "Security Ownership of Certain Beneficial Owners and Management" in the 2011 Proxy Statement. See also the information under "Securities Authorized for Issuance Under Equity Compensation Plans" in Part II, Item 5 of this report.

Item 13 Certain Relationships and Related Transactions and Director Independence

This item incorporates by reference the information appearing under the caption "Election of Directors – Information Regarding the Board of Directors and its Committees – Independence", " – Corporate Governance" and " – Related Party Transactions" in the 2011 Proxy Statement.

Item 14 Principal Accountant Fees and Services

This item incorporates by reference the information with respect to accountant fees and services appearing under the captions "Ratification of Independent Auditors – Audit and Other Fees" and " – Report of the Audit Committee" in the 2011 Proxy Statement.

Part IV

Item 15 Exhibits and Financial Statement Schedules

The agreements included as exhibits to this report are included to provide information about their terms and not to provide any other factual or disclosure information about Occidental or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement that were made solely for the benefit of the other agreement parties and:

- should not be treated as categorical statements of fact, but rather as a way of allocating the risk among the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from the way investors may view materiality; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

(a) (1) and (2). Financial Statements and Financial Statement Schedule

Reference is made to Item 8 of the Table of Contents of this report, where these documents are listed.

(a) (3). Exhibits

2.1* Agreement and Plan of Merger among Occidental Petroleum Corporation, Occidental Transaction 1, LLC and Vintage Petroleum, Inc., dated as of October 13, 2005. (Disclosure schedules to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K) (filed as Exhibit 2.1 to the Current Report on Form 8-K of Occidental dated October 13, 2005 (filed October 17, 2005), File No. 1-9210).

3.(i)* Restated Certificate of Incorporation of Occidental, dated November 12, 1999 (filed as Exhibit 3.(i) to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1999, File No. 1-9210).

3.(i)(a)* Certificate of Change of Location of Registered Office and of Registered Agent, dated July 6, 2001 (filed as Exhibit 3.1(i) to the Registration Statement on Form S-3 of Occidental, File No. 333-82246).

3.(i)(b)* Certificate of Amendment of Restated Certificate of Incorporation of Occidental Petroleum Corporation, dated May 5, 2006 (filed as Exhibit 3.(i)(b) to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2006, File No.1-9210).

3.(i)(c)* Certificate of Amendment of Restated Certificate of Incorporation of Occidental Petroleum Corporation, dated May 1, 2009 (filed as Exhibit 3.(i)(c) to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2009, File No. 1-9210).

3.(ii)* Bylaws of Occidental, as amended through October 13, 2010 (filed as Exhibit 3.(ii) to the Current Report on Form 8-K of Occidental dated October 13, 2010 (date of earliest event reported), filed October 14, 2010, File No. 1-9210).

4.1* Occidental Petroleum Corporation Amended and Restated Five-Year Credit Agreement, dated as of September 27, 2006, among Occidental; J.P. Morgan Securities Inc. and Citigroup Global Markets Inc., as Co-Arrangers and Joint Bookrunners; JPMorgan Chase Bank, N.A. and Citibank, N.A., as Co-Syndication Agents, BNP Paribas, Bank of America, N.A., Barclays Bank PLC and The Royal Bank of Scotland plc, as Co-Documentation Agents, The Bank of Nova Scotia, as Administrative Agent (filed as Exhibit 4.1 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended September 30, 2006, File No. 1-9210).

4.2* Indenture (Senior Debt Securities), dated as of April 1, 1998, between Occidental and The Bank of New York, as Trustee (filed as Exhibit 4 to the Registration Statement on Form S-3 of Occidental, File No. 333-52053).

4.3* Specimen certificate for shares of Common Stock (filed as Exhibit 4.9 to the Registration Statement on Form S-3 of Occidental, File No. 333-82246).

4.4* Form of Officers' Certificate, dated October 21, 2008, establishing the terms and form of the 7% Notes due 2013 (filed as Exhibit 4.1 to the Current Report on Form 8-K of Occidental dated October 16, 2008 (date of earliest event reported), File No. 1-9210).

4.5* Form of 7% Note due 2013 (filed as Exhibit 4.2 to the Current Report on Form 8-K of Occidental dated October 16, 2008 (date of earliest event reported), File No. 1-9210).

4.6* Form of Officers' Certificate, dated May 15, 2009, establishing the terms and form of the 4.125% Notes due 2016 (filed as Exhibit 4.1 to the Current Report on Form 8-K of Occidental dated May 12, 2009 (date of earliest event reported), File No. 1-9210).

4.7* Form of 4.125% Note due 2016 (filed as Exhibit 4.2 to the Current Report on Form 8-K of Occidental dated May 12, 2009 (date of earliest event reported), File No. 1-9210).

4.8 Officers' Certificate, dated December 16, 2010, establishing the terms and form of the 1.45% Senior Notes due 2013, the 2.50% Senior Notes due 2016 and the 4.10% Senior Notes due 2021 (replaces Exhibit 4.1 to the Current Report on Form 8-K of Occidental dated December 13, 2010 (date of earliest event reported) filed December 17, 2010, File No. 1-9210, for the purpose of correcting a typographical error).

4.9* Form of 1.45% Senior Note due 2013 (filed as Exhibit 4.2 to the Current Report on Form 8-K of Occidental dated December 13, 2010 (date of earliest event reported) filed December 17, 2010, File No. 1-9210).

---

* Incorporated herein by reference

4.10* Form of 2.50% Senior Note due 2016 (filed as Exhibit 4.3 to the Current Report on Form 8-K of Occidental dated December 13, 2010 (date of earliest event reported) filed December 17, 2010, File No. 1-9210).

4.11* Form of 4.10% Senior Note due 2021 (filed as Exhibit 4.4 to the Current Report on Form 8-K of Occidental dated December 13, 2010 (date of earliest event reported) filed December 17, 2010, File No. 1-9210).

Instruments defining the rights of holders of other long-term debt of Occidental and its subsidiaries are not being filed since the total amount of securities authorized under each of such instruments does not exceed 10 percent of the total assets of Occidental and its subsidiaries on a consolidated basis. Occidental agrees to furnish a copy of any such instrument to the Commission upon request.

All of the Exhibits numbered 10.1 to 10.67 are management contracts and compensatory plans required to be identified specifically as responsive to Item 601(b)(10)(iii)(A) of Regulation S-K pursuant to Item 15(b) of Form 10-K.

10.1* Amended and Restated Employment Agreement, dated as of October 9, 2008, between Occidental and Dr. Ray R. Irani (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2008, File No. 1-9210).

10.2* Employment Agreement, dated January 28, 2010, between Occidental and Stephen I. Chazen (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated January 28, 2010, File No. 1-9210).

10.3* Amended and Restated Employment Agreement, dated October 9, 2008, between Occidental and Donald P. de Brier (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2008, File No. 1-9210).

10.4* Form of Indemnification Agreement between Occidental and each of its directors and certain executive officers (filed as Exhibit B to the Proxy Statement of Occidental for its May 21, 1987, Annual Meeting of Stockholders, File No. 1-9210).

10.5* Occidental Petroleum Corporation Split Dollar Life Insurance Program and Related Documents (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1994, File No. 1-9210).

10.6* Split Dollar Life Insurance Agreement, dated January 24, 2002, by and between Occidental and Donald P. de Brier (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2002, File No. 1-9210).

10.7* Occidental Petroleum Insured Medical Plan, as amended and restated effective April 29, 1994, amending and restating the Occidental Petroleum Corporation Executive Medical Plan (as amended and restated effective April 1, 1993) (filed as Exhibit 10 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ending March 31, 1994, File No. 1-9210).

10.8* Form of Occidental Petroleum Corporation Modified Deferred Compensation Plan (Effective December 31, 2006, Amended and Restated Effective November 1, 2008) (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2008, File No. 1-9210).

10.9* Form of Occidental Petroleum Corporation Amendment to Senior Executive Supplemental Life Insurance Plan (Effective as of January 1, 1986, Amended and Restated Effective as of January 1, 1996) (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2008, File No. 1-9210).

10.10* Form of Occidental Petroleum Corporation Amendment to Senior Executive Survivor Benefit Plan (Effective as of January 1, 1986, Amended and Restated Effective as of January 1, 1996) (filed as Exhibit 10.6 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2008, File No. 1-9210).

10.11* Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors, amended October 11, 2007 (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2007, File No. 1-9210).

10.12* Form of Restricted Stock Option Assignment under Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors (filed as Exhibit 99.2 to the Registration Statement on Form S-8 of Occidental, File No. 333-02901).

10.13* Form of Restricted Stock Agreement under Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2003, File No. 1-9210).

10.14* Amendment to Form of Restricted Stock Agreement under Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2007, File No. 1-9210).

10.15* Form of Occidental Petroleum Corporation Supplemental Retirement Plan II (Effective as of January 1, 2005, Amended and Restated as of November 1, 2008) (filed as Exhibit 10.7 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2008, File No. 1-9210).

10.16* Amendment Number 1 to the Occidental Petroleum Corporation Supplemental Retirement Plan II (Effective As Of January 1, 2005, Amended And Restated As Of November 1, 2008) (filed as Exhibit 10.16 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2009, File No. 1-9210).

10.17* Amendment Number 2 to the Occidental Petroleum Corporation Supplemental Retirement Plan II (Effective As Of January 1, 2005, Amended And Restated As Of November 1, 2008) (filed as Exhibit 10.17 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2009, File No. 1-9210).

---

* Incorporated herein by reference

10.18* Occidental Petroleum Corporation 2001 Incentive Compensation Plan (as amended through September 12, 2002) (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2002, File No. 1-9210).

10.19* Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2001, File No. 1-9210).

10.20* Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2001, File No. 1-9210).

10.21* Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (July 2002 version) (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2002, File No. 1-9210).

10.22* Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (July 2002 version) (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2002, File No. 1-9210).

10.23* Terms and Conditions for Incentive Stock Option Award under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (July 2003 version) (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 2003, File No. 1-9210).

10.24* Terms and Conditions for Nonqualified Stock Option Award under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (July 2003 version) (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 2003, File No. 1-9210).

10.25* Terms and Conditions of Stock Appreciation Rights Award under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2004, File No. 1-9210).

10.26* Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as amended through October 13, 2010 (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated October 13, 2010 (date of earliest event reported), filed October 14, 2010, File No. 1-9210).

10.27* Terms and Conditions of Stock Appreciation Rights Award under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (filed as Exhibit 10.12 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 2005, File No. 1-9210).

10.28* Agreement to Amend Outstanding Option Awards, dated October 26, 2005 (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2005, File No. 1-9210).

10.29* Terms and Conditions of Restricted Share Unit Award (mandatory deferred issuance of shares) under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (December 2005 version) (filed as Exhibit 10.62 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2005, File No. 1-9210).

10.30* Global Restricted Stock Unit Amendment to the 2005 Terms and Conditions (filed as Exhibit 10.5 to the Current Report on Form 8-K of Occidental dated October 12, 2006 (date of earliest event reported), File No. 1-9210).

10.31* Terms and Conditions of Performance-Based Stock Award (deferred issuance of shares) under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (January 2006 version – Corporate) (filed as Exhibit 10.63 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2005, File No. 1-9210).

10.32* Terms and Conditions of Performance-Based Stock Award (deferred issuance of shares) under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (January 2006 version – Oil and Gas) (filed as Exhibit 10.64 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2005, File No. 1-9210).

10.33* Terms and Conditions of Performance-Based Stock Award (deferred issuance of shares) under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (January 2006 version – Chemicals) (filed as Exhibit 10.65 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2005, File No. 1-9210).

10.34* Terms and Conditions of Stock Appreciation Rights (SARs) under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (July 2006 version) (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 2006, File No. 1-9210).

10.35* Form of Occidental Petroleum Corporation 2005 Deferred Stock Program (Restatement Effective as of November 1, 2008) (filed as Exhibit 10.8 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2008, File No. 1-9210).

10.36* Occidental Petroleum Corporation Executive Incentive Compensation Plan (filed as Exhibit 10.69 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2005, File No. 1-9210).

10.37* Description of financial counseling program (filed as Exhibit 10.50 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2003, File No. 1-9210).

10.38* Description of group excess liability insurance program (filed as Exhibit 10.51 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2003, File No. 1-9210).

10.39* Executive Stock Ownership Guidelines (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2005, File No. 1-9210).

10.40* Form of Restricted Stock Award for Non-Employee Directors under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated February 16, 2006 (date of earliest event reported), filed February 22, 2006, File No. 1-9210).

---

* Incorporated herein by reference

10.41*	Amendment to Form of Restricted Stock Award for Non-Employee Directors under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended September 30, 2007, File No. 1-9210).
10.42*	Form of Restricted Stock Award for Non-Employee Directors under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (2007 version) (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended September 30, 2007, File No. 1-9210).
10.43*	Director Retainer and Attendance Fees (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental dated February 16, 2006 (date of earliest event reported), filed February 22, 2006, File No. 1-9210).
10.44*	Description of Automatic Grant of Directors' Restricted Stock Awards Pursuant to the Terms of the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental dated for the fiscal quarter ended June 30, 2010, File No. 1-9210).
10.45*	Terms and Conditions of Performance-Based Stock Award under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (January 2007 version – Corporate) (filed as Exhibit 10.68 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2006, File No. 1-9210).
10.46*	Terms and Conditions of Performance-Based Stock Award under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (January 2007 version – Oil and Gas) (filed as Exhibit 10.69 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2006, File No. 1-9210).
10.47*	Terms and Conditions of Performance-Based Stock Award under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (January 2007 version – Chemicals) (filed as Exhibit 10.70 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2006, File No. 1-9210).
10.48	Amendment of the Terms and Conditions of 2007 Performance-Based Stock Awards.
10.49*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Return On Equity Incentive Award (Cash-based, Cash-settled Award) (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated July 18, 2007 (date of earliest event reported), File No. 1-9210).
10.50*	Form of Amendment to Occidental Petroleum Corporation 2005 Long-Term Incentive Plan 2007 Return on Equity Incentive Award Grant Agreement, dated as of July 18, 2007, between Occidental and each of Dr. Ray R. Irani and Stephen I. Chazen (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental dated for the fiscal quarter ended June 30, 2010, File No. 1-9210).
10.51*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Total Shareholder Return Incentive Award Agreement (Equity-based, Equity and Cash-Settled Award) (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental dated July 18, 2007 (date of earliest event reported), File No. 1-9210).
10.52*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Long-Term Incentive Award Agreement (Equity-based, Cash-Settled Award) (filed as Exhibit 10.3 to the Current Report on Form 8-K of Occidental dated July 18, 2007 (date of earliest event reported), File No. 1-9210).
10.53*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Oil And Gas Corporation Return On Assets Incentive Award Agreement (Cash-Based, Cash-Settled Award) (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2007, File No. 1-9210).
10.54*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Chemical Corporation Return On Assets Incentive Award Agreement (Cash-Based, Cash-Settled Award) (filed as Exhibit 10.6 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2007, File No. 1-9210).
10.55*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Return on Equity Incentive Award (Cash-based, Cash-settled Award) (filed as Exhibit 10.1 to the Current Report On Form 8-K of Occidental dated July 16, 2008 (date of earliest event reported), File No. 1-9210).
10.56*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Total Shareholder Return Incentive Award Agreement (Equity-based, Equity and Cash-settled Award) (filed as Exhibit 10.2 to the Current Report On Form 8-K of Occidental dated July 16, 2008 (date of earliest event reported), File No. 1-9210).
10.57*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Long-Term Incentive Award Agreement (Equity-based, Cash-settled Award) (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2008, File No. 1-9210).
10.58*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Oil and Gas Corporation Return on Assets Incentive Award Agreement (Cash-based, Cash-settled Award) (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2008, File No. 1-9210).
10.59*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Chemical Corporation Return on Assets Incentive Award Agreement (Cash-based, Cash-settled Award) (filed as Exhibit 10.6 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2008, File No. 1-9210).
10.60*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Return on Equity Incentive Award Agreement (Cash-based, Cash-settled Award) (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated July 15, 2009 (Date of Earliest Event Reported), File No. 1-9120).
10.61*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Total Shareholder Return Incentive Award Agreement (Equity-based, Equity and Cash-settled Award) (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental dated July 15, 2009 (Date of Earliest Event Reported), File No. 1-9210).
10.62*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Chemical Corporation Return on Assets Incentive Award Agreement (Cash-based, Cash-settled Award) (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2009, File No. 1-9210).

---

* Incorporated herein by reference

10.63*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Oil and Gas Corporation Return on Assets Incentive Award Agreement (Cash-based, Cash-settled Award) (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2009, File No. 1-9210).
10.64*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Long-Term Incentive Award Terms and Conditions (Equity-based, Cash-settled Award) (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2009, File No. 1-9210).
10.65*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Long-Term Incentive Award Terms and Conditions (Equity-based, Cash-settled Award) (alternate – CV) (filed as Exhibit 10.6 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2009, File No. 1-9210).
10.66*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Restricted Stock Incentive Award Terms and Conditions (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental dated October 13, 2010 (date of earliest event reported), filed October 14, 2010, File No. 1-9210).
10.67*	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Total Shareholder Return Incentive Award Terms and Conditions (Equity-based, Equity and Cash-settled Award) (filed as Exhibit 10.3 to the Current Report on Form 8-K of Occidental dated October 13, 2010 (date of earliest event reported), filed October 14, 2010, File No. 1-9210).
12	Statement regarding computation of total enterprise ratios of earnings to fixed charges for each of the five years in the period ended December 31, 2010.
21	List of subsidiaries of Occidental at December 31, 2010.
23.1	Consent of Independent Registered Public Accounting Firm.
23.2	Consent of Independent Petroleum Engineers.
31.1	Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of CEO and CFO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Ryder Scott Company Process Review of the Estimated Future Reserves and Income Attributable to Certain Fee, Leasehold and Royalty Interests and Certain Economic Interests Derived Through Certain Production Sharing Contracts.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

* Incorporated herein by reference

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OCCIDENTAL PETROLEUM CORPORATION

February 24, 2011

By: /s/ RAY R. IRANI
Ray R. Irani
Chairman of the Board of Directors
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

	Title	Date
/s/ RAY R. IRANI Ray R. Irani	Chairman of the Board of Directors and Chief Executive Officer	February 24, 2011
/s/ JAMES M. LIENERT James M. Lienert	Executive Vice President and Chief Financial Officer	February 24, 2011
/s/ ROY PINECI Roy Pineci	Vice President, Controller and Principal Accounting Officer	February 24, 2011
/s/ SPENCER ABRAHAM Spencer Abraham	Director	February 24, 2011
/s/ HOWARD I. ATKINS Howard I. Atkins	Director	February 24, 2011
/s/ JOHN S. CHALSTY John S. Chalsty	Director	February 24, 2011
/s/ STEPHEN I. CHAZEN Stephen I. Chazen	Director	February 24, 2011
/s/ EDWARD P. DJEREJIAN Edward P. Djerejian	Director	February 24, 2011
/s/ JOHN E. FEICK John E. Feick	Director	February 24, 2011

	Title	Date
/s/ MARGARET M. FORAN Margaret M. Foran	Director	February 24, 2011
/s/ CARLOS M. GUTIERREZ Carlos M. Gutierrez	Director	February 24, 2011
/s/ IRVIN W. MALONEY Irvin W. Maloney	Director	February 24, 2011
/s/AVEDICK B. POLADIAN Avedick B. Poladian	Director	February 24, 2011
/s/ RODOLFO SEGOVIA Rodolfo Segovia	Director	February 24, 2011
/s/ AZIZ D. SYRIANI Aziz D. Syriani	Director	February 24, 2011
/s/ ROSEMARY TOMICH Rosemary Tomich	Director	February 24, 2011
/s/ WALTER L. WEISMAN Walter L. Weisman	Director	February 24, 2011

This report was printed on recycled paper.

EXHIBITS

4.8	Officers' Certificate, dated December 16, 2010, establishing the terms and form of the 1.45% Senior Notes due 2013, the 2.50% Senior Notes due 2016 and the 4.10% Senior Notes due 2021 (replaces Exhibit 4.1 to the Current Report on Form 8-K of Occidental dated December 13, 2010 (date of earliest event reported) filed December 17, 2010, File No. 1-9210, for the purpose of correcting a typographical error).
10.48	Amendment of the Terms and Conditions of 2007 Performance-Based Stock Awards.
12	Statement regarding computation of total enterprise ratios of earnings to fixed charges for each of the five years in the period ended December 31, 2010.
21	List of subsidiaries of Occidental at December 31, 2010.
23.1	Consent of Independent Registered Public Accounting Firm.
23.2	Consent of Independent Petroleum Engineers.
31.1	Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of CEO and CFO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Ryder Scott Company Process Review of the Estimated Future Reserves and Income Attributable to Certain Fee, Leasehold and Royalty Interests and Certain Economic Interests Derived Through Certain Production Sharing Contracts.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

OCCIDENTAL PETROLEUM CORPORATION

Officers' Certificate

Pursuant to Section 201 and Section 301 of the Indenture, dated as of April 1, 1998 (the "**Indenture**"), between Occidental Petroleum Corporation, a Delaware corporation (the "**Company**"), and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "**Trustee**") to the Bank of New York, the original trustee, the terms of the following three series of Securities to be issued pursuant to the Indenture are as follows:

1. **Authorization**. The establishment of three new series of Securities of the Company has been approved and authorized in accordance with the provisions of the Indenture pursuant to resolutions adopted by the Board of Directors of the Company on July 15, 2010.

2. **Compliance with Covenants and Conditions Precedent**. All covenants and conditions precedent provided for in the Indenture relating to the establishment of such series of Securities have been complied with.

3. **Terms**. The terms of the series of Securities established pursuant to this Officers' Certificate shall be as follows:

(ii) **Title**. The titles of the series of Securities are as follows:

(1) the "1.45% Senior Notes due 2013" (the "**2013 Notes**");

(2) the "2.50% Senior Notes due 2016" (the "**2016 Notes**"); and

(3) the "4.10% Senior Notes due 2021" (the "**2021 Notes**" and, collectively with the 2013 Notes and the 2016 Notes, the "**Notes**").

(ii) **Initial Aggregate Principal Amount**. The initial aggregate principal amount of Notes of each series which may be authenticated and delivered pursuant to the Indenture (except for Notes of such series authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes of such series pursuant to Sections 304, 305, 306, 906 and 1107 of the Indenture) is as follows:

(1) in the case of the 2013 Notes, $600,000,000;

(2) in the case of the 2016 Notes, $700,000,000; and

(3) in the case of the 2021 Notes, $1,300,000,000.

(iii) **Registered Securities in Book-Entry Form**. The Notes of each series shall be issued in the form of Registered Securities without coupons. The Notes of each series will be issued in book-entry form ("**Book-Entry Notes**") and represented by one or more definitive global Notes (the "**Global Notes**"). The initial Depositary with respect to the Global Notes will be The Depository Trust Company. Book-Entry Notes of any series will not be exchangeable for Notes of such series in definitive form ("**Definitive Notes**") except as provided in Section 305 of the Indenture.

(iv) **Persons to Whom Interest Payable**. Interest payable on any Interest Payment Date (as defined below) with respect to a Note of any series will be paid to the Person in whose name such Note (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for the Notes of such series (whether or not a Business Day) with respect to such Interest Payment Date.

(v) **Stated Maturity**. The principal amount of the Notes of each series will be payable on the respective dates set forth below, subject to earlier redemption as set forth in paragraph (viii) below:

(1) in the case of the 2013 Notes, December 13, 2013;

(2) in the case of the 2016 Notes, February 1, 2016; and

(3) in the case of the 2021 Notes, February 1, 2021.

(vi) **Rate of Interest; Interest Payment Dates; Regular Record Dates; Accrual of Interest**.

(1) The 2013 Notes will bear interest at the rate of 1.45% per annum. Interest on the 2013 Notes will be payable semi-annually in arrears on June 13 and December 13 of each year (each, a "**2013 Interest Payment Date**"), commencing on June 13, 2011. The Regular Record Date for the 2013 Notes shall be the June 1 or December 1 (whether or not a Business Day), as the case may be, immediately preceding such 2013 Interest Payment Date.

(2) The 2016 Notes will bear interest at the rate of 2.50% per annum. Interest on the 2016 Notes will be payable semi-annually in arrears on February 1 and August 1 of each year (each, a "**2016 Interest Payment Date**"), commencing on August 1, 2011. The Regular Record Date for the 2016 Notes shall be the January 15 or July 15 (whether or not a Business Day), as the case may be, immediately preceding such 2016 Interest Payment Date.

(3) The 2021 Notes will bear interest at the rate of 4.10% per annum. Interest on the 2021 Notes will be payable semi-annually in arrears on February 1 and August 1 of each year (each, a "**2021 Interest Payment Date**" and, collectively with each 2013 Interest Payment Date and each 2016 Interest Payment Date, an "**Interest Payment Date**"), commencing on August 1, 2011. The Regular Record Date for the 2021 Notes shall be the January 15 or July 15 (whether or not a Business Day), as the case may be, immediately preceding such 2021 Interest Payment Date.

The Notes of each series will bear interest from December 16, 2010 or from the most recent Interest Payment Date to or for which interest has been paid or duly provided until the principal thereof is paid or made available for payment. Interest payments on the Notes of each series shall be the amount of interest accrued from and including the most recent Interest Payment Date for such series for which interest has been paid or duly provided (or from and including December 16, 2010 if no interest has been paid or duly provided with respect to the Notes of such series), to but excluding the next succeeding Interest Payment Date for such series (or other day on which such payment of interest on the Notes of such series is due). Interest on the Notes of each series will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

(vii) **Place of Payment; Registration of Transfer and Exchange; Notices to Company**. Payment of the principal of and interest on the Notes of each series will be made at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, or at the office or agency of the Trustee maintained for that purpose in the Borough of Manhattan, The City of New York, or at any other office or agency designated by the Company for such purpose; *provided* that, at the option of the Company, payment of interest due on any Interest Payment Date may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or by wire transfer of immediately available funds if appropriate wire transfer instructions have been received in writing by the Trustee not less than 15 days prior to the applicable Interest Payment Date. The Notes of each series may be presented for exchange and registration of transfer at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, or at the office or agency of the Trustee maintained for that purpose in the Borough of Manhattan, The City of New York or at the office of any transfer agent hereafter designated by the Company for such purpose. Notices and demands to or upon the Company in respect of the Notes of any series and the Indenture may be served at Occidental Petroleum Corporation, 10889 Wilshire Boulevard, Los Angeles, California 90024, Attention: Vice President and Treasurer.

(viii) **Redemption**. The Notes of each series are not entitled to any mandatory redemption or sinking fund payments. However, the Notes of each series are redeemable, in whole at any time or in part from time to time, at the option of the Company on the terms and subject to the conditions set forth in the form of certificate evidencing the Notes of such series attached hereto as <u>Exhibit A</u>, in the case of the 2013 Notes, <u>Exhibit B</u>, in the case of the 2016 Notes, and <u>Exhibit C</u>, in the cas e of the 2021 Notes, and in the Indenture.

(ix) **Denominations**. The Notes of each series are issuable in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

(x) **Security Register; Paying Agent**. The Security Register for the Notes of each series will be initially maintained at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York or at the office of any transfer agent hereafter designated by the Company for such purpose. The Company hereby appoints the Trustee as the initial Securities Registrar, transfer agent and Paying Agent.

(xi) **Further Issues**. The Company may, from time to time, without notice to or the consent of the Holders of the Notes of any series, reopen the Notes of such series and issue additional Notes of such series.

(xii) **Form**. The certificates evidencing the Notes of each series will be in substantially the form set forth in Exhibit A, in the case of the 2013 Notes, Exhibit B, in the case of the 2016 Notes, and Exhibit C, in the case of the 2021 Notes, each attached hereto; *provided*, that if Definitive Notes of any series are issued in exchange for interests in Global Notes of such series, then the legend appearing on the first page and the "Sc hedule of Exchanges of Interests in the Global Note" appearing on the last page of the certificate evidencing the Notes of such series attached hereto as Exhibit A, in the case of the 2013 Notes, Exhibit B, in the case of the 2016 Notes, and Exhibit C, in the case of the 2021 Notes, shall be removed from the Definitive Notes of such series. The Notes of each series shall have such other terms and provisions as are set forth in the form of certificate evidencing the Notes of such series attached hereto as Exhibit A, in the case of the 2013 Notes, Exhibit B, in the case of the 2016 Notes, and Exhibit C, in the case of the 2021 Notes, all of which terms and provisions are incorporated by reference in and made a part of this Officers' Certificate as if set forth in full herein.

Terms (whether or not capitalized) that are defined in the Indenture and not otherwise defined herein have the meanings specified in the Indenture.

Each of the undersigned, for himself or herself, states, as an officer of the Company, not in his or her individual capacity, that he or she has read and is familiar with the provisions of Article Two of the Indenture relating to the establishment of the form of certificate representing a series of Securities thereunder and Article Three of the Indenture relating to the establishment of a series of Securities thereunder and, in each case, the definitions therein relating thereto; that the statements made in this certificate are based upon an examination of the Notes of each series, upon an examination of and familiarity with Article s Two and Three of the Indenture and such definitions, upon his or her general knowledge of and familiarity with the affairs of the Company and its acts and proceedings and upon the performance of his or her duties as an officer of the Company; that, in his or her opinion, he or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not the covenants and conditions referred to above have been complied with; and that in his or her opinion, with respect to the foregoing, the covenants and conditions provided for in the Indenture relating to the establishment of the Notes of each series as a series of Securities under the Indenture have been complied with.

[*signature page follows*]

IN WITNESS WHEREOF, the undersigned have hereunto signed this certificate on behalf of the Company as of this 16th day of December, 2010.

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ Robert J. Williams, Jr.
Name: Robert J. Williams, Jr.
Title: Vice President and Treasurer

By: /s/ Linda S. Peterson
Name: Linda S. Peterson
Title: Assistant Secretary

Exhibit A

<u>Form of Certificate Evidencing the 1.45% Senior Notes due 2013</u>

[see attached]

Exhibit B

Form of Certificate Evidencing the 2.50% Senior Notes due 2016

[see attached]

Exhibit C

Form of Certificate Evidencing the 4.10% Senior Notes due 2021

[see attached]

AMENDMENT OF THE TERMS AND CONDITIONS OF 2007 PERFORMANCE-BASED STOCK AWARDS

On February 9, 2010, the Executive Compensation and Human Resources Committee of the Board of Directors of Occidental Petroleum Corporation amended the Terms and Conditions of Performance-Based Stock Award under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (January 2007 version – Corporate); Terms and Conditions of Performance-Based Stock Award under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (January 2007 version – Oil and Gas); and Terms and Conditions of Performance-Based Stock Award under Occidental Petroleum Corporation 2005 Long-Term Incentive Plan (January 2007 version – Chemicals) (collectively, the “2007 PSA Awards”), with respect to satisfaction of the withholding tax obligations. 0;Specifically, the second sentence of Paragraph 9. Taxes and Withholding was deleted and the following was substituted in its stead:

> “If the Company must withhold any tax in connection with the issuance of any Common Shares or the payment of cash or any other consideration pursuant to the grant of Target Performance Shares (other than the payment of Dividend Equivalents), the Grantee shall satisfy all or any part of any such withholding obligation proportionally from any cash amount payable under this Agreement and, from the Common Shares that are issued or transferred to the Grantee pursuant to this Agreement.”

EXHIBIT 12

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF TOTAL ENTERPRISE RATIOS OF EARNINGS TO FIXED CHARGES

(Amounts in millions, except ratios)

For the years ended December 31,	2010	2009	2008	2007	2006
Income from continuing operations	$ 4,641	$ 3,202	$ 7,299	$ 5,147	$ 4,238
Subtract:					
Net income attributable to noncontrolling interest	(72)	(51)	(116)	(75)	(111)
Adjusted income from equity investments (a)	(60)	(88)	(84)	(28)	(52)
	4,509	3,063	7,099	5,044	4,075
Add:					
Provision for taxes on income (other than foreign oil and gas taxes)	1,099	695	2,213	1,577	1,545
Interest and debt expense	116	140	133	344	297
Portion of lease rentals representative of the interest factor	57	57	58	60	52
	1,272	892	2,404	1,981	1,894
Earnings before fixed charges	$ 5,781	$ 3,955	$ 9,503	$ 7,025	$ 5,969
Fixed charges:					
Interest and debt expense including capitalized interest	$ 203	$ 218	$ 201	$ 403	$ 352
Portion of lease rentals representative of the interest factor	57	57	58	60	52
Total fixed charges	$ 260	$ 275	$ 259	$ 463	$ 404
Ratio of earnings to fixed charges	22.23	14.38	36.69	15.17	14.77

Note: Argentine operations have been reflected as held for sale for all periods.

(a) Represent adjustments to arrive at distributed income of equity investees.

EXHIBIT 21

LIST OF SUBSIDIARIES

The following is a list of the Registrant's subsidiaries at December 31, 2010, other than certain inactive subsidiaries that did not in the aggregate constitute a significant subsidiary.

Name	Jurisdiction of Formation
Armand Products Company	Delaware
Bravo Pipeline Company	Delaware
Carbocloro S.A. Industrias Quimicas	Brazil
Centurion Pipeline GP, Inc.	Delaware
Centurion Pipeline L.P.	Delaware
Centurion Pipeline LP, Inc.	Delaware
D.S. Ventures, Inc.	Texas
DMM Financial LLC	Delaware
EHPP Holdings Inc.	Delaware
Elk Hills Power, LLC	Delaware
Glenn Springs Holdings, Inc.	Delaware
INDSPEC Chemical Corporation	Delaware
INDSPEC Holding Corporation	Delaware
Ingleside Cogeneration GP 2, Inc.	Delaware
Ingleside Cogeneration GP, Inc.	Delaware
Ingleside Cogeneration Limited Partnership	Delaware
Joslyn Partnership	Alberta, Canada
Laguna Petroleum Corporation	Texas
Marico Exploration, Inc.	New Mexico
MC2 Technologies Inc.	Delaware
Moncrief Minerals Partnership, L.P.	Texas
MTD Pipeline LLC	Delaware
Natural Gas Odorizing, Inc.	Oklahoma
New Eastport LLC	Delaware
New Eastport Services, Inc.	Delaware
NGL Ventures LLC	Delaware
Occidental (Bermuda) Ltd.	Bermuda
Occidental (East Shabwa), LLC	Nevis
Occidental Andina, LLC	Delaware
Occidental Argentina Exploration and Production, Inc.	Cayman Islands
Occidental Canada Holdings Ltd.	Nova Scotia
Occidental Chemical Chile Limitada	Chile
Occidental Chemical Corporation	New York
Occidental Chemical Holding Corporation	California
Occidental Chemical Nevis, Inc.	Nevis
Occidental Chile Investments, LLC	Delaware
Occidental Colombia (Series G) Ltd.	Bermuda
Occidental Colombia (Series J) Ltd.	Bermuda
Occidental Crude Sales, Inc. (International)	Delaware
Occidental Crude Sales, LLC (South America)	Delaware
Occidental de Colombia, LLC	Delaware
Occidental del Ecuador, Inc.	Nevis
Occidental Dolphin Holdings Ltd.	Bermuda
Occidental Energy Marketing, Inc.	Delaware
Occidental Energy Ventures Corp.	Delaware
Occidental Exploration and Production Company	California
Occidental International (Libya), Inc.	Delaware
Occidental International Exploration and Production Company	California
Occidental International Holdings Ltd.	Bermuda
Occidental International Oil and Gas Ltd.	Bermuda

Name	Jurisdiction of Formation
Occidental International Services, Inc.	Delaware
Occidental Joslyn GP 1 Co.	Nova Scotia
Occidental Joslyn GP 2 Co.	Nova Scotia
Occidental Karawan Holding Ltd.	Bermuda
Occidental Karawan, LLC	Delaware
Occidental Latin America Holdings, Inc.	Delaware
Occidental Libya Oil & Gas B.V.	The Netherlands
Occidental Mukhaizna, LLC	Delaware
Occidental of Abu Dhabi Ltd.	Bermuda
Occidental of Abu Dhabi, LLC	Delaware
Occidental of Bahrain (Block 1) Ltd.	Bermuda
Occidental of Bahrain (Block 3) Ltd.	Bermuda
Occidental of Bahrain (Block 4) Ltd.	Bermuda
Occidental of Bahrain (JOC Holding) LLC	Delaware
Occidental of Bahrain (Offshore), LLC	Delaware
Occidental of Bahrain Deep Gas, LLC	Delaware
Occidental of Bahrain Ltd.	Bermuda
Occidental of Bahrain Onshore Deep Gas, Ltd.	Bermuda
Occidental of Elk Hills, Inc.	Delaware
Occidental of Iraq Holdings Ltd.	Bermuda
Occidental of Iraq, LLC	Delaware
Occidental of Oman, Inc.	Nevis
Occidental of Yemen (Block 75), LLC	Delaware
Occidental of Yemen (Block S-1), Inc.	Cayman Islands
Occidental of Yemen Holdings (Block 75) Ltd.	Bermuda
Occidental Oil and Gas Corporation	Texas
Occidental Oil and Gas Holding Corporation	California
Occidental Oil Asia Pte. Ltd.	Singapore
Occidental Oman Gas Company LLC	Delaware
Occidental Oman Gas Holdings Ltd.	Bermuda
Occidental OOOI Holder, Inc.	Delaware
Occidental Overseas Holdings BV	The Netherlands
Occidental Overseas Operations, Inc.	Delaware
Occidental Peninsula II, Inc.	Nevis
Occidental Peninsula, LLC	Delaware
Occidental Permian Ltd.	Texas
Occidental Permian Manager LLC	Delaware
Occidental Petroleum Investment Co.	California
Occidental Petroleum of Oman Ltd.	Nevis
Occidental Petroleum of Qatar Ltd.	Bermuda
Occidental Power Marketing, L.P.	Delaware
Occidental Power Services, Inc.	Delaware
Occidental PVC, LLC	Delaware
Occidental Qatar Energy Company LLC	Delaware
Occidental Quimica do Brasil Ltda.	Brazil
Occidental Resources Company	Cayman Islands
Occidental Tower Corporation	Delaware
Occidental Transportation Holding Corporation	Delaware
Occidental Yemen Ltd.	Bermuda
OOG Partner Inc.	Delaware
OOOI Chem Sub, LLC	Delaware
OOOI Chemical International, LLC	Delaware
OOOI Chemical Management, Inc.	Delaware
OOOI Chile Holder, Inc.	Nevis
OOOI Oil and Gas Management, Inc.	Delaware
OOOI Oil and Gas Sub, LLC	Delaware

Name	Jurisdiction of Formation
Oxy Cogeneration Holding Company, Inc.	Delaware
Oxy Colombia Holdings, Inc.	Delaware
OXY CV Pipeline LLC	Delaware
Oxy Dolphin E&P, LLC	Nevis
Oxy Dolphin Pipeline, LLC	Nevis
Oxy Energy Canada, Inc.	Delaware
Oxy Energy Services, Inc.	Delaware
Oxy Holding Company (Pipeline), Inc.	Delaware
OXY Libya E&P Concession 103 Ltd.	Bermuda
OXY Libya E&P EPSA 102 B.V.	The Netherlands
OXY Libya E&P EPSA 1981 Ltd.	Bermuda
OXY Libya E&P EPSA 1985 Ltd.	Bermuda
OXY Libya E&P NC 143, 144, 145, 150 B.V.	The Netherlands
OXY Libya, LLC	Delaware
OXY Long Beach, Inc.	Delaware
OXY LPG LLC	Delaware
OXY NM LP	Texas
OXY Oil Partners, Inc.	Delaware
Oxy Oleoducto SOP, LLC	Delaware
Oxy Overseas Services Ltd.	Bermuda
OXY PBLP Holder, Inc.	Delaware
OXY PBLP Manager, LLC	Delaware
Oxy Pipeline I Company	Delaware
Oxy Pipeline II Company	Delaware
OXY Support Services, LLC	Delaware
OXY Tidelands, Inc.	Delaware
Oxy Transport I Company	Delaware
OXY USA Inc.	Delaware
OXY USA WTP LP	Delaware
Oxy Vinyls Canada Co.	Nova Scotia
Oxy Vinyls, LP	Delaware
OXY VPP Investments, Inc.	Delaware
Oxy Westwood Corporation	California
OXY Wilmington, LLC	Delaware
Oxy Y-1 Company	New Mexico
OXYMAR	Texas
Permian Basin Limited Partnership	Delaware
Permian VPP Holder, LP	Delaware
Permian VPP Manager, LLC	Delaware
Phibro (Asia) Pte. Ltd.	Singapore
Phibro Clearing LLC	Delaware
Phibro Commodities Limited	United Kingdom
Phibro GmbH	Switzerland
Phibro LLC	Delaware
Phibro Limited	United Kingdom
Phibro Service LLC	Delaware
Phibro Trading LLC	Delaware
Placid Oil Company	Delaware
Rio de Viento, Inc.	Wyoming
Scanports Ltd.	United Kingdom
Scanports Shipping, Inc.	Delaware
Shipalks Shipping Ltd.	United Kingdom
Thums Long Beach Company	Delaware
Turavent Oil AG	Switzerland
Vintage Petroleum Boliviana, Ltd.	Bermuda
Vintage Petroleum International Finance B.V.	Netherlands

Name	Jurisdiction of Formation
Vintage Petroleum International Holdings, Inc.	Delaware
Vintage Petroleum International Ventures, Inc.	Cayman Islands
Vintage Petroleum International, Inc.	Oklahoma
Vintage Petroleum South America Holdings, Inc.	Cayman Islands
Vintage Petroleum South America, LLC	Oklahoma
Vintage Petroleum, LLC	Delaware
Vintage Production California LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Occidental Petroleum Corporation:

We consent to the incorporation by reference in the registration statements (Nos. 33-64719, 333-55404, 333-63444, 333-72719, 333-78031, 333-83124, 333-96951, 333-104827, 333-124732, 333-142705 and 333-152875) on Forms S-3 and S-8 of Occidental Petroleum Corporation of our reports dated February 24, 2011, with respect to the consolidated balance sheets of Occidental Petroleum Corporation as of December 31, 2010 and 2009, and the related consolidated statements of income, stockholders' equity, comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2010 and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2010, which reports appear in the December 31, 2010 annual report on Form 10-K of Occidental Petroleum Corporation.

/s/ KPMG LLP

Los Angeles, California
February 24, 2011

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS

To the Board of Directors
Occidental Petroleum Corporation:

We consent to the (i) inclusion in the Occidental Petroleum Corporation (Occidental) Form 10-K for the year ended December 31, 2010, and the incorporation by reference in Occidental's registration statements (Nos. 33-64719, 333-55404, 333-63444, 333-72719, 333-78031, 333-83124, 333-96951, 333-104827, 333-124732, 333-142705 and 333-152875) (the "Registration Statements"), of references to our name and to our letter dated February 11, 2011, relating to our review of the methods and procedures used by Occidental for estimating its oil and gas proved reserves (our "Letter"), (ii) filing of our Letter with the Securities and Exchange Commission as Exhibit 99.1 to the Form 10-K and (iii) incorporation by reference of our Letter in the Registration Statements.

/s/ **RYDER SCOTT COMPANY, L.P.**
RYDER SCOTT COMPANY, L.P.
TBPE Firm Registration No. F-1580

Houston, Texas
February 24, 2011

RULE 13a – 14(a) / 15d – 14 (a)
CERTIFICATION
PURSUANT TO §302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ray R. Irani, certify that:

1. I have reviewed this annual report on Form 10-K of Occidental Petroleum Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2011

/s/ RAY R. IRANI
Ray R. Irani
Chairman of the Board of Directors and
Chief Executive Officer

EXHIBIT 31.2

RULE 13a – 14(a) / 15d – 14 (a)
CERTIFICATION
PURSUANT TO §302 OF THE SARBANES-OXLEY ACT OF 2002

I, James M. Lienert, certify that:

1. I have reviewed this annual report on Form 10-K of Occidental Petroleum Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2011

/s/ JAMES M. LIENERT
James M. Lienert
Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO
§ 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Occidental Petroleum Corporation (the "Company") for the fiscal period ended December 31, 2010, as filed with the Securities and Exchange Commission on February 24, 2011 (the "Report"), Ray R. Irani, as Chief Executive Officer of the Company, and James M. Lienert, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RAY R. IRANI

Name:	Ray R. Irani
Title:	Chairman of the Board of Directors and Chief Executive Officer
Date:	February 24, 2011

/s/ JAMES M. LIENERT

Name:	James M. Lienert
Title:	Executive Vice President and Chief Financial Officer
Date:	February 24, 2011

A signed original of this written statement required by Section 906 has been provided to Occidental Petroleum Corporation and will be retained by Occidental Petroleum Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

OCCIDENTAL PETROLEUM CORPORATION

Process Review

of the

Estimated

Future Reserves and Income

Attributable to Certain

Fee, Leasehold and Royalty Interests

and

Certain Economic Interests

Derived Through Certain Production Sharing Contracts

SEC Parameters

As of

December 31, 2010

/s/ John E. Hodgin

John E. Hodgin, P.G., P.E.
TBPE License No. 97667
President

RYDER SCOTT COMPANY, L.P.
TBPE Firm Registration No. F-1580

STATE OF TEXAS
JOHN E. HODGIN
97667
LICENSED
PROFESSIONAL ENGINEER

RYDER SCOTT COMPANY
PETROLEUM CONSULTANTS
TBPE REGISTERED ENGINEERING FIRM F-1580
1100 LOUISIANA SUITE 3800 HOUSTON, TEXAS 77002-5235
FAX (713) 651-0849
TELEPHONE (713) 651-9191

February 11, 2011

Occidental Petroleum Corporation
10889 Wilshire Boulevard, 16th Floor
Los Angles, California 90024

Gentlemen:

At your request, Ryder Scott Company (Ryder Scott) has conducted a process review of the methods and analytical procedures utilized by the engineering and geological staff of Occidental Petroleum Corporation (Occidental) for estimating the proved reserves volumes, preparing the economic evaluations and determining the reserves classifications as of December 31, 2010, based on the definitions and disclosure guidelines of the United States Securities and Exchange Commission (SEC) Title 17, Code of Federal Regulations, Modernization of Oil and Gas Reporting, Final Rule released January 14, 2009 in the Federal Register (SEC regulations). The results of our third party reserves process review, completed on January 10, 2011 and present ed herein, were prepared for public disclosure by Occidental in filings made with the SEC in accordance with the disclosure requirements set forth under Section 229.1202(a)(8) of the SEC regulations.

Based on our review, including the data, technical processes and interpretations presented by Occidental, it is our opinion that the overall procedures and methodologies utilized by Occidental in estimating the proved reserves volumes, preparing the economic evaluations and determining the reserves classifications for the reviewed properties are appropriate for the purpose thereof, and comply with the SEC regulations as of December 31, 2010. Ryder Scott has not been engaged to render an opinion as to the reasonableness of reserves quantities reported by Occidental.

Properties Reviewed

The proved reserves reviewed herein are attributable to the fee, leasehold and royalty interests of Occidental in certain properties located in the United States in the states of California and Texas and derived through Occidental's economic interest as defined in certain production sharing and similar contracts for certain properties located in the United States in the state of California and in the Middle East in the countries of Qatar and Yemen.

The properties reviewed herein were selected by Occidental. Ryder Scott and Occidental concur that these properties are a valid representation of Occidental's total net proved reserves portfolio as of December 31, 2010. Based on the estimates prepared by Occidental, the portion of total company net liquid and net gas reserves reviewed by us are expressed as a percentage and presented in summary form on the following page. At Occidental's request, we have also presented the portion of the total company net reserves reviewed by us on a barrel of oil equivalent (BOE) basis.

600, 1015 4TH STREET, S.W. CALGARY, ALBERTA T2R 1J4 TEL (403) 262-2799 FAX (403) 262-2790
621 17TH STREET, SUITE 1550 DENVER, COLORADO 80293-1501 TEL (303) 623-9147 FAX (303) 623-4258

Percentage of Total Company Estimated Net Reserves
Reviewed by Ryder Scott
SEC Parameters
Occidental Petroleum Corporation
As of December 31, 2010

	Liquid Hydrocarbons	Gas	Equivalent MMBOE
Total Proved Developed	23%	9%	20%
Total Proved Undeveloped	23%	11%	20%
Total Company Proved	23%	10%	20%

The net liquid hydrocarbons reviewed are comprised of oil, condensate and natural gas liquids and are based on standard 42 gallon barrels. All net gas volumes reviewed are based on an “as sold” or “saleable” basis expressed in millions of cubic feet (MMCF) at the official temperature and pressure bases of the areas in which the gas reserves are located. Reserves reviewed and noted herein on an equivalent barrel (BOE) basis are based on converting natural gas on the basis of relative energy content using a factor of 6,000 cubic feet of natural gas per one barrel of oil equivalent. ;It should be noted that barrel of oil equivalence does not necessarily result in price equivalence as the equivalent price of natural gas on a barrel of oil equivalent basis has been substantially lower than the corresponding price for crude oil over the recent past.

Reserves Process Review Discussion

A process review, according to Paragraph 2.2(h) contained in the Society of Petroleum Engineers (SPE) Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information (SPE auditing standards), is “the result of an investigation…to address the adequacy and effectiveness of an entity’s internal processes and controls relative to reserves estimation.”

In order to arrive at our conclusions and to substantiate our opinion relative to Occidental’s internal reserves estimation process and controls, we conducted our investigation in a manner that closely conforms to the SPE auditing standards for a reserves audit. Under Paragraph 2.2(f) of the SPE auditing standards, a reserves audit includes “the process of reviewing certain of the pertinent facts interpreted and assumptions made that have resulted in an estimate of reserves and/or Reserves Information prepared by others and the rendering of an opinion about (1) the appropriateness of the methodologies employed, (2) the adequacy and quality of the data relied upon, (3) the depth and thoroughness of the reserves estimation process, and (4) the classificati on of reserves appropriate to the relevant definitions used.”

Our process review, however, differs from an SPE reserves audit in that we have not conducted our investigation with sufficient rigor to express an opinion as to “the reasonableness of the estimated reserve quantities and/or the Reserves Information” as required under item (5) Paragraph 2.2(f) of the SPE auditing standards for a reserves audit. Our review should not be construed to be a complete and comprehensive appraisal of the subject properties or deemed to convey the same level of information contained in a third party reserves audit or reserves evaluation report.

Applicable Petroleum Reserves Definitions

The determination of the proved reserves classifications as discussed herein are based on the definitions as set forth in the Securities and Exchange Commission's Regulations Part 210.4-10(a) released January 14, 2009 in the Federal Register, Volume 74, pages 2158 through 2197.

Reserves and Uncertainty

The SEC defines reserves as the "estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations." All reserve estimates involve an assessment of the uncertainty relating to the likelihood that the actual remaining quantities recovered will be greater or less than the estimated quantities determined as of the date the estimate is made. The uncertainty depends chiefly on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal classifications, eit her proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-classified as probable and possible reserves to denote progressively increasing uncertainty as to their recoverability.

In many cases, the analysis of the available geoscience and engineering data and the subsequent interpretation of this data may indicate a range of possible outcomes in an estimate, irrespective of the method selected by the evaluator. When a range in the quantity of reserves is identified, the evaluator must determine the uncertainty associated with the incremental quantities of the reserves. If the reserves quantities are estimated using the deterministic incremental approach, the uncertainty for each discrete incremental quantity of the reserves is addressed by the reserves category assigned by the evaluator. Therefore, it is the categorization of reserve quantities as proved, probable or possible that addresses the inherent uncertainty in the estimated quantities reported. 0; For proved reserves, uncertainty is defined by the SEC as reasonable certainty that the estimates of the quantities actually recovered are "much more likely to be achieved than not." The SEC defines probable reserves as "those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered." The SEC defines possible reserves as "those additional reserves that are less certain to be recovered than probable reserves." All quantities of reserves within the same reserves category must meet the SEC definitions as noted above.

The reserves for the properties reviewed by us were estimated by Occidental using deterministic methods and presented as incremental quantities. Under the deterministic incremental approach, discrete quantities of reserves are estimated and assigned separately as proved, probable or possible based on their individual level of uncertainty. At Occidental's request, this reserves process review addresses only the proved reserves attributable to the properties reviewed herein.

Reserves estimates will generally be revised only as additional geologic or engineering data become available or as economic conditions change. For proved reserves, the SEC states that "as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to the estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease." Moreover, estimates of proved, probable and possible reserves quantities and their associated reserves categories may be revised due to other factors such as the results of future operations, effects of regulation by governmental agencies or geopolitical or economic risks.

Reserves Process Review Procedure

Certain technical personnel responsible for the preparation of Occidental's proved reserves estimates presented the data, methods and procedures used in 1) estimating the reserves volumes as of December 31, 2010; 2) documenting the changes in reserves from prior estimates; 3) preparing the economic evaluations associated with the estimated December 31, 2010 reserves; and 4) determining the reserves classifications for each of the subject properties reviewed. We consulted with these technical personnel and had access to their workpapers and supporting data in the course of our review. Furthermore, if in the course of our examination somethin g came to our attention which brought into question the appropriateness of the methodologies employed, the adequacy of the data relied upon or the documentation of the reserves estimation process, additional clarification was requested from Occidental until we had satisfactorily resolved our questions relating thereto.

Methodology and Procedure Employed by Occidental for Estimating Reserves

The estimation of reserves involves two distinct determinations. The first determination results in the estimation of the quantities of recoverable oil and gas and the second determination results in the estimation of the uncertainty associated with those estimated quantities in accordance with the definitions set forth by the Securities and Exchange Commission's Regulations Part 210.4-10(a). The process of estimating the quantities of recoverable oil and gas reserves relies on the use of certain analytical procedures. These analytical procedures fall into three broad categories or methods: (1) performance-based methods; (2) volumetric-based methods; and (3) analogy. These methods may be used singularly or in combination by the reserves evaluator in the process of estimating the quantities of reserves. Reserves evaluators must select the method or combination of methods which in their professional judgment is most appropriate given the nature and amount of reliable geoscience and engineering data available at the time of the estimate, the established or anticipated performance characteristics of the reservoir being evaluated and the stage of development or producing maturity of the property.

The proved reserves for the properties that we reviewed were estimated by performance methods, analogy and modeling. Approximately 75 percent of the proved reserves attributable to producing wells or reservoirs for the properties reviewed were estimated by performance methods using decline curve analysis which utilized extrapolations of historical production and pressure data in those cases where such data were considered to be definitive. The remaining 25 percent of the proved reserves attributable to the producing wells for the properties reviewed were estimated by type curves supported by analogs to 1) estimate those reserves where there were inadequate historical performance data to establish a definitive producing trend and 2) estimat e the incremental reserves attributable to enhanced oil recovery response to CO_2 injection. The data used by Occidental in their analysis of the proved reserves for the producing properties reviewed by us was considered sufficient for the purpose thereof.

All of the proved undeveloped reserves and approximately 85 percent of the proved developed non-producing reserves for the properties reviewed were estimated by one of the two performance methods noted above and supported by analogs. The remaining 15 percent of the proved non-producing reserves were estimated by modeling of the surface network of oil and gas-lift lines to estimate the incremental reserves associated with debottlenecking certain fields. The data used by Occidental in their analysis of the non-producing and undeveloped reserves for the properties reviewed by us was considered sufficient for the purpose thereof.

Occidental uses the latest available production, new well and seismic data in its reserves estimation process. Typically, this data is from the third quarter of the year for which reserves are estimated, though material data is considered whenever it becomes available. The data used by Occidental in their analysis of the proved reserves for the properties reviewed by us was considered sufficient for the purpose thereof.

Primary Economic Assumptions Employed by Occidental for Estimating Reserves

To estimate economically recoverable proved reserves and related future net cash flows, Occidental considered many factors and assumptions including, but not limited to, the use of reservoir parameters derived from geological, geophysical and engineering data which cannot be measured directly, economic criteria based on current costs and SEC pricing requirements, and forecasts of future production rates. Under the SEC regulations 210.4-10(a)(22)(v) and (26), proved reserves must be anticipated to be economically producible from a given date forward based on existing economic conditions including the prices and costs at which economic producibility from a reservoir is to be determined. To confirm that the proved reserves revie wed by us meet the SEC requirements to be economically producible, we have reviewed certain primary economic data utilized by Occidental relating to hydrocarbon prices and costs as noted herein.

The hydrocarbon prices in effect on December 31, 2010 for the properties reviewed were determined by Occidental using the 12-month average first-day-of-the-month benchmark prices appropriate to the geographic area where the hydrocarbons are sold and adjustments for differentials as described herein. In certain geographic areas, the price reference and benchmark prices may be defined by contractual arrangements. For hydrocarbon products sold under contract, the contract prices including fixed and determinable escalations, exclusive of inflation adjustments, were used until expiration of the contract. Upon contract expiration, the prices were adjusted using the 12-month unweighted arithmetic average and differentials as previously described.

As indicated above, the product prices that were used by Occidental to determine the future gross revenue for each property reviewed by us reflect adjustments to the benchmark prices for gravity, quality, local conditions, gathering and transportation fees and distance from market, referred to herein as “differentials.” The differentials used by Occidental were accepted as factual data. We have not conducted an independent verification of the data used by Occidental.

While it may reasonably be anticipated that the future prices received for the sale of production and the operating costs and other costs relating to such production may also increase or decrease from existing levels, such changes were, in accordance with rules adopted by the SEC, omitted from consideration by Occidental in this process and omitted by us in conducting this review.

Accumulated gas production imbalances, if any, were not taken into account in the proved reserve estimates of gas reviewed. The proved gas volumes included herein attribute gas consumed in operations as reserves for those fields where the inclusion of such volumes was appropriate.

Operating costs used by Occidental are based on the operating expense reports of Occidental and include only those costs directly applicable to the leases or wells for the properties reviewed by us. The operating costs include a portion of general and administrative costs allocated directly to the leases and wells. For operated properties, the operating costs include an appropriate level of corporate general administrative and overhead costs. The operating costs for non-operated properties include the Council of Petroleum Accounting Societies overhead costs that are allocated directly to the leases and wells under terms of operating agreements. The operating costs used by Occidental were accepted as factual data and reviewed by us for their reasonableness; however, we have not conducted an independent verification of the data used by Occidental.

Development costs used by Occidental are based on authorizations for expenditure (AFE) for the proposed work or actual costs for similar projects. The development costs used by Occidental were accepted as factual data and reviewed by us for their reasonableness; however, we have not conducted an independent verification of the data used by Occidental.

The proved developed non-producing and undeveloped reserves for the properties reviewed by us were incorporated by Occidental in accordance with Occidental's plans to develop these reserves as of December 31, 2010. The implementation of Occidental's development plans as presented to us is subject to the approval process adopted by Occidental's management. As a result of our inquiries during the course of our review, Occidental has informed us that the development activities for the properties reviewed by us have been subjected to and received the internal approvals required by Occidental's management at the appropriate local, regional and corporate level. In addition to the internal approvals as noted, certain development activities may still be subject to partner AFE processes, Joint Operating Agreement requirements or other administrative approvals external to Occidental. Additionally, Occidental has informed us that they are not aware of any legal, regulatory, political or economic obstacles that would significantly alter their plans.

Future Production Rate Assumptions Employed by Occidental for Estimating Reserves

Occidental's forecasts of future production rates are based on historical performance from wells currently on production. If no production decline trend has been established, future production rates were held constant, or adjusted for the effects of curtailment where appropriate, until a decline in ability to produce was anticipated. An estimated rate of decline was then applied to depletion of the reserves. If a decline trend has been established, this trend was used as the basis for estimating future production rates.

Test data and other related information were used by Occidental to estimate the anticipated initial production rates for those wells or locations that are not currently producing. For reserves not yet on production, sales were estimated to commence at an anticipated date determined by Occidental. Wells or locations that are not currently producing may start producing earlier or later than anticipated in Occidental's estimates due to unforeseen factors causing a change in the timing to initiate production. Such factors may include delays due to weather, the availability of rigs, the sequence of drilling, completing or recompleting wells and constraints set by regulatory bodies.

The future production rates from wells currently on production or wells or locations that are not currently producing may be more or less than estimated by Occidental because of changes including, but not limited to, reservoir performance, operating conditions related to surface facilities, compression and artificial lift, pipeline capacity or other operating conditions, market demand and allowables or other constraints set by regulatory bodies.

Reserves Derived by Occidental Through Certain Production Sharing Contracts

The reserves for certain properties located in the United States in the state of California and in the countries of Qatar and Yemen and reviewed herein are limited to the period prior to expiration of current contracts providing the legal right to produce or an economic interest in such production. Furthermore, properties in different countries may be subjected to significantly varying contractual fiscal terms that affect the net revenue to Occidental for the production of these volumes. The prices and economic return received for these net volumes can vary significantly based on the terms of these contracts. Therefore, when applicable, Ryder Scott reviewed the fiscal terms of such contracts and discussed with Occidental the net economic benefit attributed to such operations for the determination of the net hydrocarbon volumes and income thereof. Occidental's net hydrocarbon volumes for the fields reviewed in Qatar and Yemen include certain amounts corresponding to in-country income taxes where the terms of the production sharing contract include provisions for an in-kind settlement process, where production is immediately taken and sold to pay the local income tax for and on behalf of the contractor (in this case Occidental). Ryder Scott has not conducted an exhaustive audit or verification of such contractual information. Neither our review of such contractual information nor our acceptance of Occidental's representations regarding such contractual information should be construed as a legal opinion on this matter.

Possible Effects of Regulation on Occidental's Estimate of Reserves

Ryder Scott did not evaluate the country and geopolitical risks in the countries where Occidental operates or has interests. Occidental's operations may be subject to various levels of governmental controls and regulations. These controls and regulations may include, but may not be limited to, matters relating to land tenure and leasing, the legal rights to produce hydrocarbons including the granting, extension or termination of production sharing contracts, the fiscal terms of various production sharing contracts, drilling and production practices, environmental protection, marketing and pricing policies, royalties, various taxes and levies including income tax and are subject to change from time to time. Such changes in governmental regulations and policies may cause volum es of proved reserves actually recovered and amounts of proved income actually received to differ significantly from the quantities estimated by Occidental as reviewed herein.

We have not made any field examination of the properties. No consideration was given in this review to potential environmental liabilities that may exist nor to any costs for the potential liabilities to restore and clean up damages, if any, caused by past operating practices.

Occidental has informed us that they are not aware of any legal, regulatory, political, environmental or economic obstacles that currently is expected to materially impact their ability to recover the estimated proved reserves for the properties reviewed by us.

Data Reviewed in Conducting the Third Party Reserves Process Review

Occidental has informed us that they have furnished or otherwise made available to us all of the material accounts, records, geological and engineering data, and reports and other data required for this review. In conducting our process review of Occidental's estimates of proved reserves, forecasts of future production and income, we have reviewed data used by Occidental with respect to property interests owned or otherwise held, production and well tests from examined wells, normal direct costs of operating the wells or leases, other costs such as transportation and processing fees, ad valorem and production taxes, recom pletion and development costs, product prices based on the SEC regulations, adjustments or differentials to product prices, geological structural and isochore maps, well logs, core analyses, and pressure measurements. Ryder Scott reviewed such factual data for its reasonableness; however, we have not conducted an independent verification of the data utilized by Occidental. We consider the factual data utilized by Occidental to be appropriate and sufficient for the purpose of our review of the methods and analytical procedures utilized by the engineering and geological staff of Occidental for estimating the proved reserves volumes and preparing the economic evaluations.

Reserves Process Review Opinion

We found no bias in the utilization and analysis of data in proved reserves estimates for these properties. Furthermore, we found the estimation process incorporated all pertinent data, utilized a thorough and detailed analytical approach and was supported by a well documented audit trail.

We consider the assumptions, data, methods and analytical procedures used by Occidental and as reviewed by us appropriate for the purpose thereof, and we have used all such methods and procedures that we consider necessary and appropriate under the circumstances to render the conclusions set forth herein.

Based on our review, including the data, technical processes and interpretations presented by Occidental, it is our opinion that the overall procedures and methodologies utilized by Occidental in estimating the proved reserves volumes, preparing the economic evaluations and determining the reserves classifications for the reviewed properties comply with the SEC regulations as of December 31, 2010. Ryder Scott has not been engaged to render an opinion as to the reasonableness of reserves quantities reported by Occidental.

Standards of Independence and Professional Qualification

Ryder Scott is an employee owned independent petroleum engineering consulting firm. We do not serve as officers or directors of any publicly traded oil and gas company and are separate and independent from the operating and investment decision-making process of our clients. No single client or job represents a material portion of our annual revenue. These factors allow us to maintain our independence and objectivity in the performance of our services.

Ryder Scott requires that staff engineers and geoscientists receive professional accreditation in the form of a registered or certified professional engineer's license or a registered or certified professional geoscientist's license, or the equivalent thereof, from an appropriate governmental authority or a recognized self-regulating professional organization.

We are independent petroleum engineers with respect to Occidental. Neither we nor any of our employees have any interest in the subject properties and neither the employment to do this work nor the compensation is contingent on the results of our review.

The results of the reserves process review, presented herein, are based on technical analysis conducted by teams of geoscientists and engineers from Ryder Scott. The professional qualifications of the undersigned, the technical person primarily responsible for overseeing the review of the reserves information discussed in this report, are included as an attachment to this letter.

Terms of Usage

The results of our third party reserves process review, presented in report form herein, were prepared in accordance with the disclosure requirements set forth in the SEC regulations and are intended for public disclosure as an exhibit in filings made with the SEC by Occidental.

Occidental makes periodic filings on Form 10-K with the SEC under the 1934 Exchange Act. Furthermore, Occidental has certain registration statements filed with the SEC under the 1933 Securities Act into which any subsequently filed Form 10-K is incorporated by reference. We have consented to the incorporation by reference in the registration statements on Form S-3 and Form S-8 of Occidental of the references to our name as well as to the references to our third party report for Occidental, which appear in the December 31, 2010 annual report on Form 10-K of Occidental, the inclusion in that Form 10-K of such references and the filing of such report as an exhibit to such 10-K. Our written consent for such use is included as a separate exhibit to the filings made with the SEC by Occi dental.

We have provided Occidental with a digital version of the original signed copy of this report letter. In the event there are any differences between the digital version included in filings made by Occidental and the original signed report letter, the original signed report letter shall control and supersede the digital version.

The data and work papers used in the preparation of this report are available for examination by authorized parties in our offices. Please contact us if we can be of further service.

Very truly yours,

RYDER SCOTT COMPANY, L.P.
TBPE Firm Registration No. F-1580

/s/ John E. Hodgin
John E. Hodgin, P.G., P.E.
TBPE License No. 97667
President

JH/sm

Professional Qualifications of Primary Technical Person

The conclusions presented in this report are the result of technical analysis conducted by geoscientists and engineers from Ryder Scott Company, L.P. John E. Hodgin was the primary technical person responsible for overseeing the reserves process review conducted by Ryder Scott presented herein.

Mr. Hodgin, an employee of Ryder Scott since 1977, is President and has served as a member of the Board of Directors since 1998. Prior to his election as President in 2005, he served in the capacity of Executive Vice President and was previously the Managing Senior Vice President of the Geoscience Group. Mr. Hodgin is responsible for coordinating and supervising staff and consulting engineers and geoscientists of the company in ongoing reservoir evaluation studies worldwide. He served as a coordinator or as a member of the internal reserves audit teams of ConocoPhillips, Occidental Petroleum, Royal Dutch Shell and Unocal. Before joining Ryder Scott in 1977, he served in a number of geological positions with Gulf Oil Corporation in New Orleans, Louisiana. For m ore information regarding Mr. Hodgin's geographic and job specific experience, please refer to the Ryder Scott Company website at www.ryderscott.com/Experience/Employees.

Mr. Hodgin earned a Bachelor of Science degree in Geology from Texas A&M University in 1974. He is a registered Professional Geologist as well as a registered Professional Engineer in the State of Texas. In addition, he is a Certified Petroleum Geologist and member of the American Association of Petroleum Geologists (AAPG). He is also a member of the Society of Professional Well Log Analysts and the Society of Petroleum Engineers (SPE). He has authored or co-authored one Offshore Technology Conference, two AAPG and three SPE papers and been published in *Accounts*, a publication of the Council of Petroleum Accounting Societies, on reserve related topics. Since 2004, he has been a co-instructor of the S PE approved short course "Petroleum Reserves", which emphasizes the integration of best practices with both the Society of Petroleum Engineers/World Petroleum Council/American Association of Petroleum Geologists/Society of Petroleum Evaluation Engineers (SPE/WPC/AAPG/SPEE) and United States Securities and Exchange Commission (SEC) reserves definitions and guidelines.

In addition to gaining experience and competency through prior work experience, the Texas Board of Professional Engineers and the Texas Board of Professional Geoscientists require a minimum of fifteen hours of continuing education annually, including at least one hour of professional ethics, which Mr. Hodgin fulfills. In 2010, Mr. Hodgin gave over 20 hours of presentations as a guest speaker and instructor for client and professional society workshops relating to the definitions and disclosure guidelines of the SEC contained in Title 17, Code of Federal Regulations, Modernization of Oil and Gas Reporting, Final Rule released January 14, 2009 in the Federal Register. In addition, he participated in an additional 15 hours of continuing education as the author and reviewer of numerous white pape rs on the new SEC regulations. He also attended, coordinated and spoke at the 2010 Ryder Scott Reserves Conference. The annual Ryder Scott Reserves Conference is a day long public venue focused on reserves related estimation and evaluation topics. Mr. Hodgin has coordinated the annual Ryder Scott Reserves Conference since its inception in 2005. In addition, Mr. Hodgin coordinated all of Ryder Scott's 2009 internally presented formalized SEC-related training courses. These 2009 in-house classes were presented in Ryder Scott's Houston, Denver and Calgary offices in over 20 individual sessions. As part of these training sessions, he was an instructor and gave over 40 hours of presentations relating to the new SEC regulations.

Based on his educational background, professional training and more than 35 years of practical experience in the estimation and evaluation of petroleum reserves, Mr. Hodgin has attained the professional qualifications as a Reserves Estimator and Reserves Auditor as set forth in Article III of the "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information" promulgated by the SPE as of February 19, 2007.