SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1995
OR
/ / 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)

DELAWARE	95-4035997
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
10889 WILSHIRE BOULEVARD LOS ANGELES, CALIFORNIA	90024
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

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 5/8% Senior Notes due 1999	New York Stock Exchange
10 1/8% Senior Notes due 2001	New York Stock Exchange
10 1/8% Senior Debentures due 2009	New York Stock Exchange
11 1/8% Senior Debentures due 2019	New York Stock Exchange
9 1/4% Senior Debentures due 2019	New York Stock Exchange
$3.00 Cumulative CXY-Indexed Convertible Preferred Stock	New York Stock Exchange
Common Stock	New York Stock Exchange, Pacific Stock Exchange
Rights	New York Stock Exchange, Pacific Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

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.
Yes X 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. /X/

At February 29, 1996, the aggregate market value of the voting stock held by nonaffiliates of the registrant was approximately $7.4 billion, based on the New York Stock Exchange composite tape closing price on February 29, 1996.

At February 29, 1996, there were 319,187,618 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Annual Report for the year ended December 31, 1995, are incorporated by reference into Parts I and II. Portions of the registrant's definitive Proxy Statement filed in connection with its April 26, 1996, Annual Meeting of Stockholders are incorporated by reference into Part III.

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PART I

ITEMS 1 AND 2 BUSINESS AND PROPERTIES

GENERAL

Occidental Petroleum Corporation, a Delaware corporation ("Occidental"), explores for, develops, produces and markets crude oil and natural gas; engages in interstate and intrastate natural gas transmission and marketing; and manufactures and markets a variety of basic chemicals, petrochemicals and polymers and plastics. Occidental conducts its principal operations through three subsidiaries: Occidental Oil and Gas Corporation, MidCon Corp. and Occidental Chemical Corporation. Occidental's executive offices are located at 10889 Wilshire Boulevard, Los Angeles, California 90024; telephone (310) 208-8800.

Occidental was organized in April 1986 and, as the result of a reorganization effective May 21, 1986, became the successor to a California corporation of the same name organized in 1920. As used herein, the term "Occidental" refers to Occidental alone or together with one or more of its subsidiaries.

Occidental's principal businesses constitute three industry segments, the operations of which are described below. For information with respect to the revenues, net income and assets of Occidental's industry segments and of its operations in various geographic areas for each of the three years in the period ended December 31, 1995, see Note 17 to the Consolidated Financial Statements of Occidental ("Consolidated Financial Statements"), which are included in Occidental's 1995 Annual Report ("1995 Annual Report") and are incorporated by reference in Item 8 of this report, and the information appearing under the caption "Management's Discussion and Analysis," which is included in the 1995 Annual Report and is incorporated by reference in Item 7 of this report. Throughout this report, portions of the 1995 Annual Report are incorporated by reference. These portions of the 1995 Annual Report are included as Exhibit 13 to this report.

OIL AND GAS OPERATIONS

EXPLORATION AND PRODUCTION

GENERAL Through Occidental Oil and Gas Corporation and its subsidiaries, and its approximate 30 percent equity interest in Canadian Occidental Petroleum Ltd. ("CanadianOxy"), Occidental produces or participates in the production of crude oil, condensate and natural gas in the United States, Canada, Colombia, the Congo, Ecuador, the Dutch and United Kingdom sectors of the North Sea, Oman, Pakistan, Peru, Qatar, Russia, Venezuela and Yemen. Occidental is continuing its development programs for certain existing fields in certain of these countries and also is conducting exploration activities in several of these countries as well as in other countries.

COMPARATIVE OIL AND GAS RESERVES AND PRODUCTION
(Oil in millions of barrels; natural gas in billions of cubic feet)

	1995			1994			1993		
	OIL	GAS	TOTAL*	OIL	GAS	TOTAL*	OIL	GAS	TOTAL*
International Reserves	734	639	841	700	354	759	598	156	624
U.S. Reserves	196	1,821	521	218	1,979	571	195	1,980	549
Total	930	2,460	1,362	918	2,333	1,330	793	2,136	1,173
International Production	78	46	86	65	19	68	58	19	61
U.S. Production	23	223	62	22	227	63	21	219	60
Total	101	269	148	87	246	131	79	238	121

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* Gas volumes have been converted to equivalent barrels based on energy content.

In 1995, Occidental again added more oil to its reserves than it produced, continuing its record of total reserve increases. Occidental's consolidated worldwide net proved developed and undeveloped reserves of crude oil (not including those of CanadianOxy) were 930 million barrels at year-end 1995, compared with 918 million barrels at year-end 1994. Domestic reserves of crude oil were 196 million barrels at year-end 1995, compared with 218 million barrels at year-end 1994, while international crude oil reserves increased to 734 million barrels from 700 million barrels at year-end 1994. Worldwide net crude oil reserve additions of 138 million barrels, mainly in Peru, Venezuela and Qatar, more than replaced Occidental's worldwide production of 101 million barrels. The calculation of net reserve additions does not take into account sales of reserves. Worldwide net proved developed and undeveloped reserves of natural gas were approximately 2.5 trillion cubic feet ("Tcf") at year-end 1995, with 1.8 Tcf attributable to domestic operations. Worldwide net proved developed and undeveloped natural gas reserves were about 2.3 Tcf in the previous year. Discoveries of substantial quantities of gas and oil in the Philippines are not reflected in Occidental's proved reserves. Similarly, only a portion of the gas and condensate reserves in Malaysia has been reflected in proved reserves. Occidental's crude oil reserves include condensate and natural gas liquids, except for the United States, where crude oil reserves include only condensate. In addition, natural gas reserves in the United States are presented on a wet-gas basis (including leasehold natural gas liquids reserves), whereas natural gas reserves in other locations exclude natural gas liquids. Estimates of reserves have been made by Occidental engineers. These estimates include reserves in which Occidental holds an economic interest under service contracts and other arrangements. The reserves are stated after applicable royalties. See the information incorporated under the caption "Supplemental Oil and Gas Information" incorporated by reference in Item 8 of this report.

Net daily worldwide oil production grew by 17 percent to an average of 278,000 barrels per day in 1995, and net worldwide natural gas production rose by 10 percent to an average of 739 million cubic feet ("MMcf") per day. International operations accounted for 77 percent of Occidental's oil production, while 83 percent of gas production came from the United States. On an oil equivalent basis, Occidental produced 408,000 net barrels per day in 1995 from operations in 12 countries, including the United States.

As a producer of crude oil and natural gas, Occidental competes with numerous other producers, as well as with nonpetroleum energy producers. Crude oil and natural gas are commodities that are sensitive to prevailing conditions of supply and demand and generally are sold at posted or contract prices. Among the methods that Occidental uses to compete are the acquisition of foreign contract exploration blocks in areas with known oil and gas deposits and the cost-efficient development and exploitation of its worldwide oil and gas reserves. Specific strategies include the buying or selling of proved reserves and flexible and responsive marketing techniques, particularly for natural gas. Occidental is also pursuing opportunities to increase production through enhanced oil recovery projects, similar to those in Qatar and Venezuela, focused exploration and strategic acquisitions.

Occidental's domestic oil and gas operations are affected by political developments and by federal, state and local laws and regulations relating to, among other things, increases in taxes and royalties, production limits and environmental matters. All sectors of the natural gas industry continued during 1995 to adjust their marketing activities under the provisions of a series of orders adopted by the Federal Energy Regulatory Commission ("FERC") in 1992 ("Order 636"). Order 636 was implemented to improve the competitive structure of the natural gas industry and at the same time maintain adequate and reliable service. Both FERC and state regulatory agencies have continued to modify the scope of the regulation of the transportation services framework put into effect by Order 636 with a series of Orders issued in 1994 that will tend to deregulate the gathering systems of interstate pipelines and their affiliates. These activities are not expected to have a significant impact on Occidental's domestic oil and gas production operations.

In December 1995, Occidental entered into a transaction with Clark USA, Inc. ("Clark") under which Occidental agreed to deliver approximately 17.7 million barrels of West Texas Intermediate crude ("WTI")-equivalent oil over the next six years. In exchange, Occidental received $100 million in cash and approximately 5.5 million shares of Clark common stock. As a result of the transaction, Occidental owns approximately 19 percent of Clark. Occidental has accounted for the consideration received in the transaction as deferred revenue which is being amortized into revenue as WTI-equivalent oil is produced and delivered during the term of the agreement. Reserves dedicated to the transaction are excluded from the estimate of proved oil and gas reserves (see the information incorporated under the caption "Supplemental Oil and Gas Information" incorporated by reference in Item 8 of this report).

Portions of Occidental's oil and gas assets are located in countries outside North America, some of which may be considered politically and economically unstable. These assets and the related operations are subject to the risk of actions by governmental authorities and insurgent groups. Occidental attempts to conduct its financial affairs so as to protect against such risks and would expect to receive compensation in the event of nationalization. At December 31, 1995, the carrying value of Occidental's oil and gas assets in countries outside North America aggregated approximately $2.038 billion, or approximately 11 percent of Occidental's total assets at that date. Approximately $635 million of such assets was located in the Middle East, and $563 million of such assets was located in Latin America. Substantially all of the remainder were located in the Dutch sector of the North Sea, West Africa and Russia.

UNITED STATES Occidental produces crude oil and natural gas, principally in Texas, the Gulf of Mexico, Kansas, Oklahoma, Louisiana, New Mexico, California, Mississippi and Alaska.

Net daily domestic production of crude oil averaged approximately 64,000 barrels in 1995, compared with 59,000 barrels in 1994. Net daily domestic production of natural gas averaged 612 MMcf in 1995, compared with 620 MMcf in 1994.

Occidental's average price for domestic crude oil was $15.61 per barrel in 1995, compared with $14.21 in the previous year. The average natural gas price in 1995 was $1.51 per thousand cubic feet ("Mcf"), compared with $1.85 per Mcf during 1994.

The purchase on December 29, 1994 of Placid Oil Company ("Placid") added in 1994 proven domestic reserves of 20.1 million barrels of oil equivalent. During 1995, Occidental personnel assumed operations of Placid's domestic properties which are primarily located in central Louisiana. Placid participated in 16 development wells during 1995, of which 15 were successful. Occidental's net daily domestic production for 1995 increased by 4,200 barrels of crude oil and 21.1 MMcf of natural gas as a result of the Placid acquisition.

Occidental's largest concentration of gas reserves and production is the Hugoton area encompassing portions of Kansas, Oklahoma and Texas, where it produced an average of more than 218 MMcf of gas per day or approximately one-third of the domestic total. Occidental has approximately 1.1 Tcf of gas reserves and 5.7 million barrels of oil reserves in the Hugoton area and has continued development in this region by drilling approximately 50 infill wells and adding 29 producing wells through exploration of deeper levels in 1995.

In central Oklahoma, Occidental's continued carbon dioxide ("CO2") strategy during 1995 resulted in reserve additions of 1.7 million barrels. Extension wells drilled in the area resulted in adding reserves of 200,000 barrels of oil and 1.7 billion cubic feet ("Bcf") of gas. Occidental plans to begin CO2 injection into the S.E. Bradley A Unit in mid-1996.

Twenty wells were drilled in the Milne Point field in Alaska during 1995. These wells resulted in reserve additions of 4.8 million barrels of oil. Another 15 wells were also drilled, which resulted in the reclassification of 1.8 million barrels from proved undeveloped to proved developed.

Occidental continued to develop its interest in the deep, high pressure Austin Chalk play in the Masters Creek Field in Rapides Parish, Louisiana. In December, the Murray A-1, a 14,700 foot total vertical depth dual lateral horizontal well, was completed. The well was successfully tested at 3,200 barrels of oil and 10 MMcf of gas per day and will be brought on production in early 1996. This paves the way for further development of Occidental's interests in the 36,000 acre leasehold. Additionally, Occidental participated in the Labokay exploration located seven miles west of the Masters Creek properties. Occidental has a 50 percent working interest in the extension.

Occidental has an agreement to make available to certain parties, in connection with a legal settlement, up to 49,500 million British thermal units ("MMBtu") of natural gas per day through 2010 at prices related to market. Occidental also has an agreement to supply fuel gas at market prices to a CITGO Petroleum Corporation ("CITGO") refinery until 2003 to the extent that CITGO does not obtain such gas from other sources.

Additionally, Occidental has an agreement to supply CITGO, at CITGO's option, with a majority of its domestic lease crude oil production through August 31, 1998. During 1995, Occidental sold CITGO approximately 38,000 barrels of oil per day under this agreement.

Occidental has various agreements to supply certain gas marketing companies with 70,900 MMBtu of natural gas per day for 1996 and with volumes ranging from 69,400 down to 1,900 MMBtu per day from 1997 through 2003. Prices under the different agreements are based on energy equivalent crude oil prices, market-sensitive prices or contract prices, some with a yearly escalation provision. Occidental also has agreements with various public utility companies to provide approximately 40,000 MMBtu of natural gas per day through 1997 and approximately 19,100 MMBtu per day in 1998. The public utility agreements provide for market-sensitive prices. In addition, Occidental has entered into several other sales contracts of one year or more to industrial customers with a total volume of 15,700 MMBtu of natural gas per day in 1996, decreasing to 2,400 MMBtu per day by 1998.

CANADA Occidental owns an approximate 30 percent interest in CanadianOxy, which is accounted for as an equity investment. See Note 15 to the Consolidated Financial Statements.

CanadianOxy produces crude oil, natural gas, natural gas liquids and sulfur in Canada, principally in the Province of Alberta; owns a 7.23 percent interest in Syncrude Canada Ltd., which produces synthetic crude oil from the tar sands of Northern Alberta; has interests in producing oil and gas leases onshore and offshore in the United States and in the United Kingdom sector of the North Sea and Yemen; engages in exploration activities in Canada, the United States, Yemen, Indonesia, Romania, Pakistan, Kazakstan, Colombia and Vietnam; and participates with Occidental in certain of its operations in Peru and Ecuador. CanadianOxy also conducts chemical operations in Canada and the United States.

At December 31, 1995, Occidental's proportional interest in CanadianOxy's worldwide net proved developed and undeveloped reserves aggregated approximately 38 million barrels of crude oil, condensate and natural gas liquids, 156 Bcf of natural gas and 48 million barrels of synthetic crude oil recoverable from tar sands.

COLOMBIA Occidental conducts exploration and production operations in Colombia under four contracts with Ecopetrol, the Colombian national oil company. These contracts cover the producing Cano Limon area in the Llanos region of northeastern Colombia, one exploration area in the Llanos fold belt, one exploration area in the Bogota basin and one exploration area in the Magdalena Valley. Occidental's interest in these contracts is through its 75 percent ownership of the stock of a subsidiary that owns the company conducting operations in Colombia. After giving effect to a government royalty, Occidental's net share of existing production is 15 percent from the contract covering the Llanos area.

All of Occidental's share of production is exported through a trans-Andean pipeline system that carries crude oil to an export terminal at Covenas. Occidental has an 18.75 percent net ownership interest in the pipeline and marine terminal. The pipeline is subject to periodic attacks by insurgent groups, which from time to time disrupt the flow of oil.

Gross production from Occidental's Cano Limon area averaged approximately 197,000 barrels per day in 1995, compared with 189,000 barrels per day in 1994.

CONGO In April 1993, Occidental signed an agreement with the Republic of the Congo (the "Congo") providing for the purchase of a share of the government's entitlement to oil from certain offshore properties. The agreement was subsequently amended to substitute the government's entitlement from fields either currently producing or scheduled for development to replace undeveloped areas included in the initial agreement. Occidental began receiving revenue from the entitlement oil in 1994. In 1995, the

Congolese government approved production-sharing contracts for two offshore exploration blocks in the Congo's major producing area. Occidental's net production in the Congo was approximately 9,000 barrels per day in 1995.

ECUADOR Occidental operates the 494,000-acre Block 15, in the Oriente Basin, under a risk-service contract. Five oil fields were discovered between 1985 and 1992 and production started in May 1993 from three fields. Drilling will continue until the fields are fully developed. Gross production was 23,800 barrels per day in 1995 and Occidental's net production was approximately 20,200 barrels per day.

In late 1995, Occidental and the government of Ecuador reached agreement on amending the Block 15 contract. In exchange for an additional exploration work program and a fixed percentage royalty on production from newly discovered fields, Occidental will receive an increased share of profits from production from any new discoveries. Also, the contract term for new discoveries will be extended for at least seven years.

Occidental has an 85 percent interest in the parent of the company that holds title to the block. CanadianOxy owns the remaining 15 percent.

NORTH SEA Through the purchase of a subsidiary of Placid named Placid International Oil Ltd., now Occidental Netherlands, Inc., as part of the Placid acquisition in December 1994, Occidental acquired interests in seven gas-producing licenses and four exploration licenses in the Dutch sector of the North Sea. Also acquired was a 38.6 percent interest in a 110-mile gas pipeline system that services the area. Net production for 1995 was approximately 78 MMcf of gas per day.

OMAN Occidental is the operator, with a 65 percent working interest, of the Suneinah Block, which contains the Safah field, the Al Barakah field and the Wadi Latham field. Occidental's net share of production from the block in 1995 averaged approximately 12,000 barrels per day of crude oil, compared with 12,300 barrels per day in 1994.

PAKISTAN In April 1995, Occidental sold the subsidiary company that owned Occidental's interests in the Dhurnal and Bhangali oil and gas fields and the Ratana gas field located in northern Pakistan.

In southern Pakistan, Occidental has a 30 percent working interest in the Badin Block, which in 1995 produced a net share of 6,000 barrels of oil per day and 49 MMcf of gas per day, compared to 4,700 barrels of oil per day and 43 MMcf of gas per day in 1994. Exploration of the block resulted in five oil and gas discoveries that will help maintain production at current rates.

In addition, Occidental holds exploration rights for a 356,000-acre block in northern Pakistan for two contiguous blocks in the Central Indus gas basin totaling 2.9 million acres and for four other blocks totaling 5.2 million acres.

PERU Occidental conducts exploration and production activities under three separate service contracts with the Peruvian government. Two of these contracts cover continuing operations in the northern jungle and in the northern coastal area of Talara and provide for Occidental to receive, as compensation for its services, fees, based on barrels of production, that vary with the value of a "basket" of international oils. All production is delivered to Perupetro, the Peruvian national oil company. Occidental has a 100 percent interest in the jungle contract and a 63 percent interest in the Talara contract. The contract for Talara, signed in 1978, expired in July 1995, but was renewed for one year. The third contract, in which Occidental owns a 35 percent working interest, is for an exploration block adjacent to the northern jungle block.

Gross production from the northern jungle block averaged approximately 55,000 barrels per day in 1995, compared with 58,000 barrels per day in 1994. Occidental's net production in Peru amounted to approximately 58,000 barrels per day in 1995, compared to 61,000 barrels per day in 1994.

QATAR In October 1994, a unified agreement was approved authorizing Occidental to implement a development plan to increase production and reserves from the Idd el Shargi North Dome field.

Under a production sharing agreement, Occidental is the operator of the field and will complete development of the field's three main reservoirs using horizontally drilled wells in conjunction with pressure maintenance by both water injection and gas injection to effect a high recovery from the reservoir. Production increased from the initial base rate of 20,000 barrels per day to approximately 67,000 barrels per day at the end of 1995.

RUSSIA In 1992, Occidental and AAOT Chernogorneft Enterprise began operation of a fifty percent owned joint venture company, Vanyoganneft, which was formed to increase oil recovery and production from the Vanyogan and Ayogan oil fields and to sell the oil to foreign markets. The two oil fields are located 40 miles northeast of the city of Nizhnevartovsk in the western Siberian oil basin. Through well workovers, new development wells and the use of electric submersible pumps, production was increased by more than 8,000 barrels per day and reached 50,000 gross barrels per day at year-end 1993. The Russian government mandated the cessation of joint venture exports at the beginning of 1994, which caused Occidental to slow investment substantially and to reduce expatriate staff. As a result, Occidental reduced repair work and new drilling. Exports of crude oil resumed in the fourth quarter of 1994 and continued through 1995. During 1995, gross production averaged 46,900 barrels per day. Occidental expects to continue to export a significant amount of its production in 1996.

In 1992, Occidental was awarded the 1.5-million-acre Block 15 in the Russian Federation's Komi Republic. A joint venture, Parmaneft, was established between Occidental, which owns a 75 percent interest, and Ukhtaneftegasgeologica to explore for oil and gas and develop discoveries within the block. During the exploration phase, Occidental is paying 100 percent of the costs. South Terekheveiskaya Parmaneft-1, the joint venture's first exploratory well drilled in 1993, tested high-gravity oil at a rate of approximately 6,400 barrels per day. The block contains a number of other prospects that may contain oil reserves. In addition to Block 15, Parmaneft acquired rights under subsurface licenses for two undeveloped Russian fields several miles southeast of Block 15.

VENEZUELA In November 1993, Occidental executed a 20-year operating services agreement with Maraven, an affiliate of the Venezuelan national oil company, to increase oil production and reserves from existing fields in the 968,000-acre unit located just west of Lake Maracaibo. A three-year work program began in February 1994 that includes the workover and repair of existing wells, the drilling of new wells, the installation of high-rate pumping equipment in all wells and the expansion of existing production facilities to accommodate increased production. Occidental achieved further production increases in 1995 with production averaging 20,900 barrels per day for 1995, and 25,800 barrels per day for the month of December 1995. At Lake Maracaibo Occidental is the operator, with a 100 percent working interest, and it will receive, as compensation for its services, fees based on barrels of production that vary with the values of a "basket" of international oils, inflation and accumulated production.

YEMEN In 1991, Occidental acquired an 18 percent working interest in the 6.8-million-acre Masila Block, where CanadianOxy, the operator, with a 52 percent working interest, has made 12 oil discoveries. Construction of production gathering and treating facilities, a 90-mile pipeline system and an offshore export terminal on the Gulf of Aden were completed in November 1993. Production started in July 1993. Occidental's net share under a production-sharing contract was 15,200 barrels per day in 1995. Drilling will continue until the fields are fully developed. Occidental also has a 100 percent working interest in a production sharing contract in a central Yemen exploration block.

OTHER INTERNATIONAL EXPLORATION In 1992, a substantial gas and oil discovery was made in the Malampaya prospect on Block SC-38 offshore northwest Palawan Island in the Philippines. Appraisal wells confirmed that the 1989 Camago discovery by Occidental and the Malampaya discovery contain sufficient recoverable gas for a commercial project. Occidental and its partner, Shell Philippines Exploration Corporation, the operator, are formulating plans with the Philippine government to develop and market the gas. Occidental has a 50 percent working interest.

In East Malaysia, Occidental has made significant gas discoveries offshore Sarawak. In 1995, agreements were executed with its partners for the commercialization of these discoveries. A joint venture company will be owned by Occidental and its partners, PETRONAS, the Malaysian national oil company, Shell Gas B.V. and Nippon Oil Company to construct the country's third liquefied natural gas (LNG) plant. Feedstock for the plant will initially come from the Jintan discovery containing recoverable gas estimated at

2.9 Tcf. Occidental is the operator, with a 37.5 percent interest in the gas discoveries. Occidental will also have a 10 percent interest in the new LNG plant. Development of the Jintan field is scheduled to commence with the detailed upstream facility design in 1996. The estimated start-up date of the LNG plant is the year 2001.

In addition, Occidental acquired new exploration blocks in Albania, Argentina, Bangladesh, The Republic of the Congo, Hungary, Ireland, the Netherlands, New Zealand, Papua New Guinea and Pakistan. During 1996, exploration activities are planned in these areas as well as on previously acquired blocks in Albania, Colombia, Gabon, Indonesia, Malaysia, the Philippines, Vietnam, Yemen and Russia.

SPECIAL ITEMS IN 1995 Financial results for 1995 include charges of $109.0 million for the settlement of litigation and $95.0 million for a major reorganization of Occidental's worldwide oil and gas operations, consolidating operations management at the division's headquarters in Bakersfield, California. The reorganization charge recorded had no cash impact in 1995.

RESERVES, PRODUCTION AND RELATED INFORMATION

Reference is made to Note 18 to the Consolidated Financial Statements and the information incorporated under the caption "Supplemental Oil and Gas Information" incorporated by reference in Item 8 of this report for information with respect to Occidental's oil and gas reserves, the production from and other changes in such reserves, the discounted present value of estimated future net cash flows therefrom, certain costs and other financial and statistical information regarding Occidental's oil and gas exploration and production operations. Estimates of reserves have been made by Occidental engineers and include reserves under which Occidental holds an economic interest under service contracts and other arrangements. The definitions used are in accordance with applicable Securities and Exchange Commission regulations. Accordingly, unless otherwise stated, all references to reserves are made on a net basis. In 1995, Occidental reported to the U.S. Department of Energy (the "DOE") on Form EIA-28 the same proved oil and gas reserves at December 31, 1994, as are set forth for that date in the information incorporated under the caption "Supplemental Oil and Gas Information" contained in Occidental's 1994 Annual Report.

NATURAL GAS TRANSMISSION OPERATIONS

GENERAL

Through MidCon Corp. ("MidCon"), Occidental engages in interstate and intrastate natural gas transmission and marketing. MidCon's subsidiaries purchase, transport, store, produce and process gas and sell gas to utilities, municipalities and industrial and commercial users.

The principal subsidiaries of MidCon are: Natural Gas Pipeline Company of America ("Natural"), which owns a major interstate pipeline transmission system; MidCon Texas Pipeline Corp. ("MidCon Texas"), which, together with its subsidiaries, owns and operates intrastate pipeline systems in Texas; and MidCon Gas Services Corp. ("MidCon Gas"), which engages in the production, purchase and sale of gas and arranges for the transportation and storage of such gas. MidCon Exploration Company ("MidCon Exploration") owns 50 percent interests in federal oil and gas leases for two blocks in the Garden Banks area, offshore Louisiana. Other subsidiaries of MidCon process natural gas. Through subsidiaries, MidCon also owns interests in several gas pipeline joint ventures.

MidCon's interstate pipeline operations are subject to extensive regulation by the FERC. The FERC regulates, among other things, rates and charges for transportation and storage of gas in interstate commerce, the construction and operation of interstate pipeline facilities and the accounts and records of interstate pipelines. Certain of MidCon Texas' rates and other aspects of its business are subject to regulation by the Texas Railroad Commission.

Order 636 was adopted by the FERC to address certain marketing advantages purportedly enjoyed by interstate pipelines over other resellers of gas. Order 636 includes requirements that interstate pipelines no longer provide a "bundled" service that uses their gas transportation and storage facilities as part of marketing gas to sales customers. As a consequence, Natural eliminated its traditional gas sales service to customers effective December 1, 1993.

When Natural discontinued merchant service it no longer needed gas supplies to meet sales requirements. Natural has eliminated most of its gas supply contracts through termination or buyout. Of the contracts that remain, Natural's obligations have been resolved in a number of ways in order to minimize gas supply realignment ("GSR") costs. Natural reached settlement agreements providing for recovery of a significant amount of its GSR costs. Under these settlements, which have been approved by the FERC, Natural, through monthly demand charge billings, recovers GSR costs allocated to these customers over a 48-month period that commenced in December 1993. The FERC has also permitted Natural to implement a tariff mechanism to recover additional portions of its GSR costs in rates charged to transportation customers that were not party to the settlements.

SPECIAL ITEMS IN 1995 MidCon reorganized its operations near the end of 1995 to expedite design of products and services to meet changing customer needs, maximize return on assets, enhance operating efficiencies and reduce costs. This reorganization, which eliminated approximately 400 employee positions, resulted in a charge of $37 million and had no cash impact in 1995.

PROPERTIES

Natural's principal facilities consist of two major interconnected transmission pipelines terminating in the Chicago metropolitan area. One line, which extends from the west Texas and New Mexico producing areas, includes approximately 7,100 miles of main pipeline and various small-diameter lines. The other line extends from the Gulf Coast areas of Texas and Louisiana and comprises approximately 4,900 miles of main pipeline and various small-diameter lines. These two main pipelines are connected at points in Texas and Oklahoma by Natural's 240-mile Amarillo/Gulf Coast ("A/G") Pipeline. A 105-mile pipeline runs from the Arkoma Basin gas-producing area of eastern Oklahoma to the A/G Pipeline.

Nine underground storage fields are operated in four states to provide services to Natural's customers and to support pipeline deliveries during the winter, when space heating demand is higher.

MidCon Texas owns and operates an intrastate pipeline system, located primarily in the Texas Gulf Coast area. The system includes approximately 2,500 miles of pipelines, supply lines, sales laterals and related facilities. A subsidiary of MidCon Texas owns a separate Texas intrastate pipeline system (the "Palo Duro System") that includes approximately 400 miles of pipeline and related facilities. The Palo Duro System is leased to a nonaffiliate. MidCon Texas operates a gas storage facility in south Texas that it leases from a partnership in which a subsidiary of MidCon Texas owns an interest.

MARKETS, SALES, TRANSPORTATION, STORAGE, PRODUCTION AND PROCESSING

The location of MidCon's pipelines provides access to large market areas, to most other major pipeline systems and to nearly all major North American producing areas. This permits delivery of natural gas directly or by displacement to pipeline systems serving most of the United States.

Deliveries of gas by MidCon's pipelines include volumes sold by the pipelines and their marketing affiliates and volumes owned by others which are transported. The following table sets forth in Bcf the gas volumes sold to, or transported for, nonaffiliates by Natural, MidCon Texas and MidCon Gas for each of the last three calendar years:

	1995	1994	1993
Natural			
Sales	--	--	240
Transportation	1,318	1,318	1,408
MidCon Texas			
Sales	238	198	211
Transportation	215	215	201
MidCon Gas			
Sales	410	351	211

Sales volumes shown in the foregoing table for MidCon Texas include sales deliveries by a marketing affiliate to nonaffiliates. The table does not include gas transported by Natural for affiliates for sale to nonaffiliates of approximately 221 Bcf in 1995, 220 Bcf in 1994, and 151 Bcf in 1993. The table also does not show volumes of gas that have been auctioned by Natural following the termination of its traditional gas sales service on December 1, 1993.

As a result of the elimination of sales service by Natural, transportation and storage have become the cornerstones of Natural's business. Much of Natural's former sales service was replaced by a combined transportation and storage service. Customers purchasing this service pay monthly demand charges irrespective of gas volumes actually transported and stored, and commodity charges based upon actual gas volumes transported and actual gas volumes injected into, and withdrawn from, storage. In addition, Natural is authorized to assess separate monthly demand charges to these customers to recover a portion of the GSR costs.

Natural's service agreements with its major customers for the combined transportation and storage services initiated in response to Order 636 terminated on December 1, 1995. Replacement contracts for new services, which included new combined transportation and storage service options, were entered with those customers, but several were renewed at reduced service levels and reduced rates. More than 85 percent of Natural's pipeline capacity to Chicago remains subscribed for firm transportation service. A new resource management group has been charged with developing innovative utilization strategies to optimize the value of the remaining capacity. Natural filed on June 1, 1995, a general rate case with the FERC to allow Natural to institute tariff changes to reflect these new transportation and storage services and to approve rates for these new services. By orders issued by the FERC, these new rates became effective on December 1, 1995, subject to certain modifications. Among the issues in the rate case is the allocation of Natural's costs in light of the overall reductions in service levels by major customers. The combined effect of the new rate case and the new customer contracts could reduce Natural's revenues in 1996, but this will depend on market conditions and the success of Natural's effort to optimize the value of its uncommitted capacity.

Pursuant to transportation agreements and FERC tariff provisions, Natural offers both firm transportation service and interruptible transportation service. Under Natural's tariff, transportation customers pay a commodity charge for volumes actually transported, based upon the geographical location, the time of year and the distance of the transportation provided. Firm transportation customers pay reservation charges each month, irrespective of volumes actually transported. In addition, as in the case of the combined service described above, Natural is authorized to assess separate monthly demand charges to firm transportation customers to recover a portion of the GSR costs.

Natural also provides firm and interruptible gas storage service pursuant to storage agreements and FERC-approved tariffs. Storage customers pay a commodity charge for actual volumes injected and withdrawn and, in many cases, a monthly charge based upon volumes of gas stored. Firm storage customers pay a separate monthly demand charge irrespective of actual volumes stored.

In 1995, Natural transported about 68 percent of the natural gas delivered into its principal market, the Chicago metropolitan area. The Chicago area deliveries were primarily to three major gas distribution utility companies.

Natural's transportation competitors in the Chicago metropolitan area consist of other interstate pipelines that own facilities in the vicinity, Natural faces the prospect of increased competition in this market as other pipelines consider expansion projects to increase their capability to serve the Chicago area. Increased volumes of gas produced in western Canada are being targeted for the Midwest and Eastern markets. In October 1995, Natural filed with the FERC to expand its existing system from Harper, Iowa to Chicago. This expansion, plus existing capacity, will accommodate more than 500 million cubic feet per day of new gas supplies to be delivered through a proposed expansion of Northern Border Pipeline, a nonaffiliated system that transports gas originating in western Canada. Northern Border's expansion program also includes a new line from Harper to the Chicago area, and both plans are pending before the

FERC. Natural is opposing the proposed rate structure for the Northern Border proposal and also arguing that, from an environmental position, the Northern Border proposal is less favorable than Natural's proposed expansion.

Natural also furnishes transportation service for others to and from many other locations on its pipeline system and, in recent years, has increased transportation deliveries to markets outside the Chicago metropolitan area. Competition for such service may be provided by one or more other pipelines, depending upon the nature of the transportation service required. Transportation rates, service options and available pipeline capacity and, in some cases, the availability of, and rates for, storage services are the key factors in determining Natural's ability to compete for particular transportation business.

Early in 1996, the Trailblazer pipeline system began assessing potential shipper interest for an expansion of that line. Trailblazer runs from eastern Colorado to eastern Nebraska and transports gas produced in the Rocky Mountains. Natural is the operator of the joint-venture pipeline, with an indirect one-third ownership interest. Trailblazer moved nearly 180 billion cubic feet of gas in 1995, a record for the 13-year-old line, reflecting the changes in the U.S. gas flow from west to east.

MidCon Texas and its subsidiaries make sales principally to customers located in the Houston-Beaumont and Port Arthur areas of Texas and provide transportation service within the state of Texas. Intense competition exists among numerous suppliers for sales of gas to customers in MidCon Texas' sales markets. Price is the primary competitive factor. At most locations on its system, MidCon Texas faces competition from other pipelines for gas transportation business. Transportation rates and available pipeline capacity are generally the key factors in determining MidCon Texas' ability to compete for particular transportation business.

The rates for MidCon Texas' city-gate sales are subject to regulation by the Texas Railroad Commission. Other sales and transportation rates are determined by prevailing market conditions and are largely unregulated. Transportation service is provided by MidCon Texas on both a firm and an interruptible basis.

MidCon Gas makes sales of gas nationwide to local distribution companies and commercial and industrial end users. These sales arrangements frequently include peaking and swing services that MidCon Gas is able to provide through its management of contractual rights for transportation and storage capacity from MidCon's pipeline subsidiaries and other pipeline companies. Sales prices received by MidCon Gas are established by negotiation. MidCon Gas also offers a variety of fuel management services to utilities and other large volume gas users.

During 1995, MidCon subsidiaries sold approximately 160 million gallons of natural gas liquids obtained through gas processing operations. In November 1994, MidCon Exploration made an oil and gas discovery in the Garden Banks area, offshore Louisiana, that tested at a daily rate of approximately 10,500 barrels of oil and 11.9 MMcf of gas. MidCon Exploration owns a 50 percent interest in the well and in a contiguous Garden Banks block, which also contains proved reserves. In November 1995, a production platform was installed on the contiguous block that will support development of both blocks. Production of oil and gas from both blocks will commence in the second quarter of 1996.

Through other subsidiaries, MidCon is exploring opportunities in domestic and foreign emerging energy markets such as wholesale electric power brokering and independent electric power generation.

GAS SUPPLY

As a part of its service restructuring pursuant to Order 636, Natural reduced substantially the amount of gas supplies it has under contracts expiring over the next several years.

MidCon Texas purchases its gas supplies from producers and, to a lesser extent, from other pipeline companies or their subsidiaries. MidCon Gas purchases gas supplies from Natural at auction and from producers and other gas marketers. MidCon Gas also obtains supplies from its own production and maintains inventories of gas supplies in storage facilities of its affiliates and other pipeline companies.

PIPELINE VENTURES

Through subsidiaries, MidCon owns interests of 20 to 50 percent in three pipeline ventures that operate approximately 530 miles of pipeline in the Gulf of Mexico and interests, of varying percentages, in approximately 260 miles of jointly owned supply laterals that also operate in the Gulf of Mexico. The ventures transport gas onshore from producers in the offshore Louisiana and Texas areas for various customers. Other subsidiaries of MidCon own interests of 18 and 33 1/3 percent, respectively, in two onshore pipeline ventures. These ventures operate approximately 520 miles of pipelines in Wyoming, Colorado and Nebraska.

CHEMICAL OPERATIONS

GENERAL

Occidental conducts its chemical operations through Occidental Chemical Corporation and its various subsidiaries and affiliates (collectively, "OxyChem"). OxyChem manufactures and markets a variety of basic chemicals, petrochemicals and polymers and plastics.

A substantial portion of OxyChem's products are principally commodity in nature, I.E., they are equivalent to products manufactured by others that are generally available in the marketplace and are produced and sold in large volumes, primarily to industrial customers for use as raw materials. Many of OxyChem's manufacturing operations are integrated, and many of its products are both sold to others and further processed by OxyChem into other chemical products.

OxyChem has been expanding and further integrating its industrial chemical business through acquisitions and expansions of existing facilities. Effective May 1, 1995, OxyChem combined its sodium chlorate operations with CanadianOxy's sodium chlorate and chlor-alkali operations. CanadianOxy has an 85 percent interest in the partnerships and is the managing partner and OxyChem has a 15 percent interest in the partnerships. The combined operations are carried out under the name of CXY Chemicals.

OxyChem also has added capacity at several of its facilities over the past few years through "debottlenecking" projects, which expand or modify portions of existing facilities that had previously limited production, thus adding incremental capacity at a relatively low cost.

In March 1995, OxyChem established a specialty business organization as a separate group of OxyChem. The operations of the new group comprise the following: Durez phenolic resins and molding compounds, specialty products consisting of chemical intermediates and performance chemicals, sodium silicates, chromium chemicals, designed products, and ACL pool chemicals (formally chlorinated isocyanurates). Each of these operations has been organized to provide much greater flexibility and support in dealing within its competitive environments, while allowing it to benchmark its business against its competition.

In 1995, OxyChem divested a number of businesses outside its core areas; the proceeds of the divestitures were applied to Occidental's debt-reduction program. In May 1995, OxyChem completed the sale of its high-density polyethylene business, including plants, related inventories, and the Alathon trademarks, to Lyondell Petrochemical Company for approximately $400 million. The sale eliminated a major capital expenditure for a new ethylene plant which would have been necessary to supply this business. In October 1995, OxyChem completed the sale of its agricultural chemical business to the Potash Corporation of Saskatchewan Inc. for approximately $284 million. In 1995, OxyChem completed the sale, pursuant to a Federal Trade Commission divestiture order, of its polyvinyl chloride ("PVC") facilities at Addis, Louisiana, to Borden Chemicals and Plastics for $104 million, and Burlington South, New Jersey, to Ozite Corporation for $27 million.

OxyChem also made the strategic decision to close certain declining businesses. OxyChem discontinued operations at its North Tonawanda, New York Durez facility to avoid continuing losses at the plant arising from a declining market for phenolic molding compounds. OxyChem also discontinued operations at its Oxnard, California sodium silicates plant to enhance production efficiencies at its five remaining silicate plants.

OxyChem has also taken steps to expand its specialty business in 1995. In November 1995, OxyChem agreed to acquire a 64 percent equity interest in INDSPEC Chemical Corporation ("INDSPEC") for Occidental common stock then valued at $85 million. INDSPEC is the largest producer of resorcinol in the world and the sole commercial producer of resorcinol in the United States. Resorcinol is a chemical used primarily as a bonding and stiffening agent in the manufacture of tires and tread rubber. In addition, resorcinol is used in the manufacture of high performance wood adhesives, ultraviolet light stabilizers, sunscreens, dyestuffs, pharmaceuticals, agrichemicals, carbonless paper and fire retardant plastic additives. Under the terms of the agreement, INDSPEC's management and employees will retain voting control of the company. This transaction is expected to close in 1996.

In December 1995, OxyChem announced a 450-million-pounds-per-year expansion at its Pasadena, Texas PVC plant. This expansion will add incremental capacity at a relatively low cost. The $80 million project is scheduled to begin operations in the fourth quarter of 1997 and will increase total production capacity at the site to 1.8 billion pounds per year. The capacity expansion is expected to reestablish OxyChem as the second-largest supplier of PVC resin to the U.S. merchant market.

In February 1996, OxyChem announced a realignment of its global business into four business units: Basic Chemicals; Specialty Business; Petrochemicals; and Polymers and Plastics. The realignment will result in employment reductions of at least 450 persons. The costs associated with the realignment are not expected to have a material impact on the 1996 results of operations.

OxyChem's operations are affected by cyclical factors in the general economic environment and by specific chemical industry conditions. The chemical industry in the United States was characterized in 1995 by higher sales prices and margins for many chemical products, including those manufactured by OxyChem. The integration strategy adopted by OxyChem permitted it to maintain relatively high operating rates in 1995, with similar operating rates expected to continue for 1996.

OxyChem's operations also have been affected by environmental regulation and associated costs. See the information appearing under the caption "Environmental Regulation" in this report.

PRINCIPAL PRODUCTS

OxyChem produces the following chemical products:

	Principal Products	Major Uses
Basic Chemicals	Chlor-alkali chemicals	
	Chlorine	PVC, chemical manufacturing, pulp and paper production, water treatment
	Caustic soda	Chemical manufacturing, pulp and paper production, cleaning products
	Potassium chemicals (including potassium hydroxide)	Glass, fertilizers, cleaning products, rubber
	Ethylene dichloride	Raw material for vinyl chloride monomer
Specialty Business	Sodium silicates	Soaps and detergents, catalysts, paint pigments
	Chrome chemicals	Metal and wood treatments, leather tanning
	ACL pool chemicals (chlorinated isocyanurates)	Swimming pool sanitation, household and industrial disinfecting and sanitizing products
	Proprietary chemicals (chemical intermediates derived principally from fluorine, chlorine and sulfur)	Agricultural, pharmaceutical, plastics, metal plating, aerospace and food-service applications
	Phenolic resins/molding compounds	Automotive brake pistons, adhesives, carbonless copy paper, pot and pan handles
Petrochemicals	Ethylene	Raw material for production of polyethylene, vinyl chloride monomer, ethylene glycols and other ethylene oxide derivatives
	Benzene	Raw material for production of styrene, phenolic polymers and nylon
	Propylene	Raw material for the production of polypropylene and acrylonitrile
	Ethylene glycols and other ethylene oxide derivatives	Polyester products, antifreeze, brake fluids
Polymers and Plastics	Vinyl chloride monomer	Raw material for polyvinyl chloride
	Polyvinyl chloride	Calendering and film, pipe, wire insulation, flooring, footwear, bottles, siding, home construction products

Based in part on statistics in chemical industry publications, Occidental believes that during 1995 it was the largest U.S. merchant marketer of chlorine and caustic soda; including OxyMar (OxyChem's joint venture with Marubeni) the second-largest producer of vinyl chloride monomer; the third-largest producer of PVC resins; the largest producer of chrome chemicals; the second-largest producer of sodium silicates;

including its PD Glycol joint venture with DuPont, the third-largest producer of ethylene glycols; the seventh-largest producer of ethylene; and the largest supplier to the DOT-3 brake fluids aftermarket in the United States. Additionally, Occidental believes it was the world's largest producer of potassium hydroxide, phenolic molding compounds and chlorinated isocyanurate products and the world's largest marketer of ethylene dichloride.

RAW MATERIALS

Nearly all raw materials utilized in OxyChem's operations that are not produced by OxyChem or acquired from affiliates are readily available from a variety of sources. Most of OxyChem's key raw materials purchases are made through short- and long-term contracts. OxyChem is not dependent on any single nonaffiliated supplier for a material amount of its raw material or energy requirements, subject to establishing alternative means of transportation or delivery in the event of the termination of arrangements with existing suppliers.

PATENTS, TRADEMARKS AND PROCESSES

OxyChem owns and licenses a large number of patents and trademarks and uses a variety of processes in connection with its operations, some of which are proprietary and some of which are licensed. OxyChem does not regard its business as being materially dependent on any single patent or trademark it owns or licenses or any process it uses.

SALES AND MARKETING

OxyChem's products are sold primarily to industrial users or distributors located in the United States, largely by its own sales force. OxyChem sells its products principally at current market or current market-related prices through short- and long-term sales agreements. Except for sales in the export market, OxyChem generally does not use spot markets to sell products. No significant portion of OxyChem's business is dependent on a single customer. In general, OxyChem does not manufacture its products against a backlog of firm orders; production is geared primarily to the level of incoming orders and to projections of future demand.

COMPETITION

The chemical business is very competitive. Since most of OxyChem's products are commodity in nature, they compete primarily on the basis of price, quality characteristics and timely delivery. Because OxyChem's products generally do not occupy proprietary positions, OxyChem endeavors to be an efficient, low-cost producer through the employment of modern, high-yield plants, equipment and technology. OxyChem's size and the number and location of its plants also produce competitive advantages, principally in its ability to meet customer specifications and delivery requirements.

PROPERTIES

OxyChem, which is headquartered in Dallas, Texas, operates 29 chemical product manufacturing facilities in the United States. Many of the larger facilities are located in the Gulf Coast areas of Texas and Louisiana. In addition, OxyChem operates 13 chemical product manufacturing facilities in eight foreign countries, with the most significant foreign plants being in Brazil. A number of additional facilities process, blend and store the chemical products. OxyChem uses an extensive fleet of barges and railroad cars and owns and operates a pipeline network of over 950 miles along the Gulf Coast of Texas for the transportation of ethylene, propylene and feedstocks.

All of OxyChem's manufacturing facilities are owned or leased on a long-term basis.

CAPITAL EXPENDITURES

Occidental's oil and gas operations, based on depletable resources, are capital intensive, involving large-scale expenditures. In particular, in the search for and development of new reserves, long lead times are often required. In addition, Occidental's other businesses require capital expenditures in order to remain competitive and to comply with safety and environmental laws. Occidental's capital expenditures for its ongoing businesses totaled approximately $979 million in 1995 and $1.1 billion in 1994 and 1993, exclusive of the non-cash consideration for acquisitions. The 1995 amount included capital expenditures aggregating

$575 million for oil and gas, $243 million for chemical and $150 million for natural gas transmission. Occidental's total capital expenditures, exclusive of acquisitions, if any, for 1996 are expected to approximate $1.0 billion, the majority of which is for oil and gas operations.

EMPLOYEES

Occidental and its subsidiaries employed a total of 17,280 persons at December 31, 1995, of whom 12,380 were located in the United States. 6,320 were employed in oil and gas operations, 2,170 in natural gas transmission operations and 8,250 in chemical operations. An additional 540 persons were employed at corporate headquarters. Approximately 1,500 U.S.-based employees are represented by labor unions.

Occidental has a long-standing policy to ensure that fair and equal employment opportunities are extended to all persons without regard to race, religion, color, sex, age, national origin, handicap or veteran status. Occidental is committed to vigorous, good-faith enforcement of this policy. Occidental maintains numerous affirmative action programs which are in effect at company locations.

ENVIRONMENTAL REGULATION

Occidental's operations in the United States are subject to increasingly stringent federal, state and local laws and regulations relating to improving or maintaining the quality of the environment. Foreign operations are also subject to environmental protection laws. Applicable U.S. laws include the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments and similar state environmental laws. The laws which require or address environmental remediation apply retroactively to previous waste disposal practices and, in many cases, the laws apply regardless of fault, legality of the original activities or ownership or control of sites. Occidental is currently participating in environmental assessments and cleanups under these laws at federal Superfund sites, comparable state sites and other remediation sites, including Occidental facilities and previously owned sites. Also, Occidental and certain of its subsidiaries have been involved in a substantial number of governmental and private proceedings involving historical practices at various sites, including, in some instances, having been named as defendants, as potentially responsible parties ("PRPs"), or as both defendants and PRPs under the federal Superfund law. These proceedings seek remediation, funding for remediation, or both, and, in some cases, compensation for alleged personal injury or property damage, punitive damages and civil penalties, aggregating substantial amounts.

Occidental has accrued reserves for its environmental liabilities. As of December 31, 1995 and 1994, Occidental had environmental reserves of approximately $582 million and $635 million, respectively. Occidental provided additional reserves of approximately $22 million in 1995, $5 million in 1994 and $18 million in 1993 for costs associated with expected remediation efforts at a number of sites. The 1995 amount related primarily to the chemical division. The 1994 and 1993 amounts related primarily to the oil and gas division.

Occidental's estimated operating expenses in 1995 relating to compliance with environmental laws and regulations governing ongoing operations were approximately $111 million, compared with $114 million in 1994 and $110 million in 1993. The 1995 amount included $63 million in the chemical division, $41 million in the oil and gas division and $7 million in the natural gas transmission division. In addition, estimated capital expenditures for environmental compliance were $74 million in 1995, compared with $67 million in 1994 and $83 million in 1993. The 1995 amount included $43 million in the oil and gas division, $27 million in the chemical division and $4 million in the natural gas transmission division. Occidental presently estimates that divisional capital expenditures for environmental compliance (including environmental control facilities) will be in the range of $80-85 million for each of 1996 and 1997.

ITEM 3 LEGAL PROCEEDINGS

There is incorporated by reference herein the information regarding lawsuits, claims and related matters in Note 10 to the Consolidated Financial Statements.

In December 1995, OxyChem and the U.S. Department of Justice reached a tentative settlement of claims brought by the U.S. Government ("U.S.") in the U.S. District Court for the Western District of New

York against OxyChem for remediation costs incurred by the U.S., plus interest, at a former chemical waste landfill. A consent order, which has received court approval, requires OxyChem to pay the U.S. approximately $129 million, plus interest, over a four-year period.

In August 1995, Occidental announced the settlement of the 1979-81 crude oil tier-trading administrative proceedings brought by the U.S. Department of Energy (the "DOE") against Cities Service (now OXY USA Inc.). In these proceedings, the DOE had sought approximately $254 million, plus accrued interest totaling approximately $870 million as of December 31, 1994. Under the terms of the settlement, OXY USA paid $100 million to the DOE in September 1995 and will make five additional annual payments of $35 million, plus interest.

In 1991, Continental Trend Resources obtained a jury verdict against OXY USA Inc. ("OXY USA") in the U.S. District Court for the Western District of Oklahoma for $269,000 in actual damages and $30,000,000 in punitive damages for tortious interference with contract. In 1995, the U.S. Court of Appeals for the 10th Circuit affirmed the subsequent judgment and OXY USA has petitioned the U.S. Supreme Court for a writ of certiorari. A stay of mandate exists pending a decision by the U.S. Supreme Court.

ENVIRONMENTAL PROCEEDINGS

In January 1993, the U.S. Environmental Protection Agency (the "EPA") advised OxyChem that the chlor-alkali facility at Taft, Louisiana had violated certain federal air emission standards for asbestos used in manufacturing operations. OxyChem provided certain information to the EPA concerning OxyChem's compliance with the asbestos standards at the Taft facility. No further enforcement action was taken until September 1995 when the U.S. Department of Justice, at the EPA's request, offered OxyChem the opportunity to settle civil penalties for an amount in excess of $100,000 with respect to alleged violations. OxyChem has denied most of the allegations and is in the midst of settlement negotiations. On February 16, 1996 the U. S. Department of Justice filed an action in Federal Court in New Orleans seeking to recover civil penalties for the alleged violations. OxyChem has not filed its answer to the government's complaint which has not formally been served on OxyChem.

OxyChem is contesting alleged violations of the West Virginia Hazardous Waste Management Regulations regarding its closed facility located in Belle, West Virginia and penalties sought by the state of West Virginia Division of Environmental Protection in an amount in excess of $100,000.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of Occidental's security holders during the fourth quarter of 1995.

EXECUTIVE OFFICERS OF THE REGISTRANT

NAME	AGE AT FEBRUARY 29, 1996	POSITIONS WITH OCCIDENTAL AND SUBSIDIARIES AND FIVE-YEAR EMPLOYMENT HISTORY
Dr. Ray R. Irani	61	Chairman and Chief Executive Officer since 1990; President since 1984; 1984-1990, Chief Operating Officer; Director since 1984; 1983-January 1991, Chief Executive Officer of Occidental Chemical Corporation ("Occidental Chemical"); Chairman of the Board of CanadianOxy since 1986; member of Executive Committee.
Dr. Dale R. Laurance	50	Executive Vice President and Senior Operating Officer since 1990; 1984-1990, Executive Vice President--Operations; Director since 1990; member of Executive Committee.
Stephen I. Chazen	49	Executive Vice President--Corporate Development since 1994; 1990-1994, Managing Director, Merrill Lynch & Co. Incorporated.
Donald P. de Brier	55	Executive Vice President, General Counsel and Secretary since 1993; 1989-1993, General Counsel and member of the Management Committee of BP Exploration and Production Company.
Richard W. Hallock	51	Executive Vice President--Human Resources since 1994; 1993-1994, Director, Worldwide Total Compensation of IBM; 1990-1993, various other human resources positions with IBM.
J. Roger Hirl	64	Executive Vice President since 1984; Director since 1988; President and Chief Executive Officer of Occidental Chemical since 1991; 1983-1991, President and Chief Operating Officer of Occidental Chemical.
Anthony R. Leach	56	Executive Vice President and Chief Financial Officer since 1991; 1984-1991, Vice President and Controller.
David R. Martin	64	Executive Vice President since 1983; President and Chief Executive Officer of Occidental Oil and Gas Corporation since 1993; 1986-1993, President and Chief Operating Officer of Occidental Oil and Gas; Chairman of the Board of Occidental International Exploration and Production Company since 1993; 1984-1993, President of Occidental International Exploration and Production Company.
John F. Riordan	60	Executive Vice President since 1991; Director since 1991; President and Chief Executive Officer of MidCon Corp. since 1990; 1988-1990, President and Chief Operating Officer of MidCon Corp.
Howard Collins	52	Vice President--Public Relations since 1993; 1986-1993, Director--Public Relations.
Samuel P. Dominick, Jr.	55	Vice President and Controller since 1991; 1990-1991, Assistant Controller--Internal Audit; 1985-1990, Director of Internal Audit.

NAME	AGE AT FEBRUARY 29, 1996	POSITIONS WITH OCCIDENTAL AND SUBSIDIARIES AND FIVE-YEAR EMPLOYMENT HISTORY
Fred J. Gruberth	62	Vice President and Treasurer since 1992; 1978-1992, Senior Assistant Treasurer.
Kenneth J. Huffman	51	Vice President--Investor Relations since 1991; 1989-1991, Vice President--Finance, American Exploration Company.
Robert M. McGee	49	Vice President since 1994; President of Occidental International Corporation since 1991; 1981-1991, Senior Executive Vice President of Occidental International Corporation.
John W. Morgan	42	Vice President--Operations since 1991; 1984-1991, Director--Operations.
S.A. Smith	51	Vice President since 1984; Executive Vice President--Worldwide Finance and Administration and Chief Financial Officer of Occidental Oil and Gas Corporation since 1994; 1986-1994, Vice President--Financial Planning and Analysis.
Richard A. Swan	48	Vice President--Health, Environment and Safety since 1995; 1991-1995, Director--Investor Relations.
James B. Taylor	57	Vice President since 1994; Executive Vice President--Worldwide Exploration and New Ventures of Occidental Oil and Gas Corporation since 1994; Executive Vice President--Corporate Development since 1993; 1990-1993, Executive Vice President and Chief Operating Officer of CanadianOxy.
Aurmond A. Watkins, Jr.	53	Vice President--Tax since 1991; 1986-1991, Director--Taxes.

The current term of office of each Executive Officer will expire at the April 26, 1996, organizational meeting of the Occidental Board of Directors or at such time as his or her successor shall be elected.

PART II

ITEM 5 MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is hereby incorporated by reference the quarterly financial data appearing under the caption "Quarterly Financial Data" and the information appearing under the caption "Management's Discussion and Analysis--Liquidity and Capital Resources" in the 1995 Annual Report, relevant portions of which 1995 Annual Report are filed as Exhibit 13 to this report. Occidental's common stock was held by approximately 118,614 stockholders of record at year-end 1995, with an estimated 192,000 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 and Pacific stock exchanges and also is listed on various foreign exchanges identified in the 1995 Annual Report. The quarterly financial data on pages 61 and 62 of the 1995 Annual Report sets forth the range of trading prices for the common stock as reported on the New York Stock Exchange's composite tape.

ITEM 6 SELECTED FINANCIAL DATA

There is hereby incorporated by reference the information appearing under the caption "Five-Year Summary of Selected Financial Data" in the 1995 Annual Report.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

There is hereby incorporated by reference the information appearing under the caption "Management's Discussion and Analysis" in the 1995 Annual Report.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS AND RELATED INFORMATION

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors, Occidental Petroleum Corporation:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements included in Occidental Petroleum Corporation's Annual Report for the year ended December 31, 1995, incorporated by reference in this Annual Report on Form 10-K, and have issued our report thereon dated February 22, 1996. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The financial statement schedule listed in the Index to Financial Statements and Related Information is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and regulations under the Securities Exchange Act of 1934 and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Los Angeles, California
February 22, 1996

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
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	BALANCE AT END OF PERIOD
1995					
Allowance for doubtful accounts	$ 17	$ 8	$ 1	$ (7)	$ 19
Environmental	$ 635	$ 22	$ 18	$ (93)(a)	$ 582
Contract impairment	141	--	--	(60)(a)	81
Foreign and other taxes, litigation and other reserves	1,002	140	50	(223)(a)	969
	$ 1,778	$ 162	$ 68	$ (376)	$ 1,632(b)
1994					
Allowance for doubtful accounts	$ 13	$ 6	$ --	$ (2)	$ 17
Environmental	$ 742	$ 5	$ 50	$ (162)(a)	$ 635
Contract impairment	165	--	--	(24)(c)	141
Foreign and other taxes, litigation and other reserves	818	190	84	(90)(a)	1,002
	$ 1,725	$ 195	$ 134	$ (276)	$ 1,778(b)
1993					
Allowance for doubtful accounts	$ 22	$ 3	$ 3	$ (15)	$ 13
Environmental	$ 808	$ 18	$ 8	$ (92)(a)	$ 742
Contract impairment	494	--	--	(329)(c)	165
Foreign and other taxes, litigation and other reserves	1,347	7	149	(685)(d)	818
	$ 2,649	$ 25	$ 157	$ (1,106)	$ 1,725(b)

(a) Primarily represents payments.

(b) Of these amounts, $228 million, $197 million and $184 million in 1995, 1994 and 1993, respectively, is classified as current.

(c) Primarily represents the reduction of the reserve to reflect a decrease in the net exposure under disadvantageous gas purchase contracts, the elimination of certain potential claims, the successful resolution of litigation, settlements or other changes in the expected outcome of matters covered by the reserve.

(d) Primarily represents reversal of reserves no longer required.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

There is hereby incorporated by reference the information regarding Occidental's directors appearing under the caption "Election of Directors" in Occidental's definitive proxy statement filed in connection with its April 26, 1996, Annual Meeting of Stockholders (the "1996 Proxy Statement"). See also the list of Occidental's executive officers and related information under "Executive Officers of the Registrant" in Part I hereof.

ITEM 11 EXECUTIVE COMPENSATION

There is hereby incorporated by reference the information appearing under the captions "Executive Compensation" (excluding, however, the information appearing under the subcaptions "Report of the Compensation Committee" and "Performance Graphs") and "Election of Directors--Information Regarding the Board of Directors and Its Committees" in the 1996 Proxy Statement.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

There is hereby incorporated by reference the information with respect to security ownership appearing under the caption "Security Ownership of Certain Beneficial Owners and Management" in the 1996 Proxy Statement.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There is hereby incorporated by reference the information appearing under the caption "Election of Directors--Compensation Committee Interlocks and Insider Participation" in the 1996 Proxy Statement.

PART IV

ITEM 14 EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) AND (2). FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

Reference is made to the Index to Financial Statements and Related Information under Item 8 in Part II hereof, where these documents are listed.

(a) (3). EXHIBITS

3.(i)* Restated Certificate of Incorporation of Occidental, together with all certificates amendatory thereof filed with the Secretary of State of Delaware through December 23, 1994 (filed as Exhibit 3.(i) to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1994, File No. 1-9210).

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All of the Exhibits numbered 10.1 to 10.33 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 14(c) of Form 10-K.

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27	Financial data schedule of Occidental for the fiscal year ended December 31, 1995 (included only in the copy of this report filed electronically with the Securities and Exchange Commission).

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(b) REPORTS ON FORM 8-K

During the fourth quarter of 1995, Occidental filed the following Current Reports on Form 8-K:

1. Current Report on Form 8-K dated October 18, 1995 (date of earliest event reported), filed on October 19, 1995, for the purpose of reporting, under Item 5, Occidental's results of operations for the third quarter ended September 30, 1995.

2. Current Report on Form 8-K dated October 25, 1995 (date of earliest event reported), filed on November 3, 1995, for the purpose of reporting, under Item 5, Occidental's reorganization of its oil and gas division.

3. Current Report on Form 8-K dated December 21, 1995 (date of earliest event reported), filed on December 27, 1995, for the purpose of reporting, under Item 5, Occidental's settlement of certain Love Canal litigation.

During the first quarter of 1996 to the date hereof, Occidental filed the following Current Report on Form 8-K:

1. Current Report on Form 8-K dated January 24, 1996 (date of earliest event reported), filed on January 25, 1996, for the purpose of reporting, under Item 5, Occidental's results of operations for the fourth quarter and fiscal year ended December 31, 1995.

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

March 27, 1996 By: Ray R. Irani

Ray R. Irani
Chairman of the Board of Directors,
President 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.

SIGNATURE	TITLE	DATE
Ray R. Irani Ray R. Irani	Chairman of the Board of Directors, President and Chief Executive Officer	March 27, 1996
Anthony R. Leach Anthony R. Leach	Executive Vice President and Chief Financial Officer	March 27, 1996
Samuel P. Dominick, Jr. Samuel P. Dominick, Jr.	Vice President and Controller (Chief Accounting Officer)	March 27, 1996
Albert Gore Albert Gore	Director	March 27, 1996
Arthur Groman Arthur Groman	Director	March 27, 1996
J. Roger Hirl J. Roger Hirl	Director	March 27, 1996
John W. Kluge John W. Kluge	Director	March 27, 1996
Dale R. Laurance Dale R. Laurance	Director	March 27, 1996

Irvin W. Maloney - -- Irvin W. Maloney	Director	March 27, 1996
George O. Nolley - -- George O. Nolley	Director	March 27, 1996
John F. Riordan - -- John F. Riordan	Director	March 27, 1996
Rodolfo Segovia - -- Rodolfo Segovia	Director	March 27, 1996
Aziz D. Syriani - -- Aziz D. Syriani	Director	March 27, 1996
Rosemary Tomich - -- Rosemary Tomich	Director	March 27, 1996

INDEX TO EXHIBITS

EXHIBIT
- -------

(a)(3). EXHIBITS

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EMPLOYMENT AGREEMENT

This Employment Agreement is made this 1st day of January, 1996, by and between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation (hereinafter referred to as "EMPLOYER"), and DAVID R. MARTIN (hereinafter referred to as "EMPLOYEE").

WITNESSETH:

WHEREAS, Employee has been rendering services to Employer pursuant to an Agreement dated May 1, 1993; and

WHEREAS, the parties now desire to provide for a continuation of Employee's employment by Employer, and to specify the rights and obligations of the parties during such continued employment;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, Employer and Employee hereby agree to continue such employment upon the following terms and conditions:

1. Duties. Employee shall perform the duties of President and Chief Executive Officer of Occidental Oil and Gas Corporation, or shall serve in such other capacity and with such other duties for Employer or any of the subsidiaries of Employer or any corporation affiliated with Employer (any such subsidiary or affiliated corporation thereafter to be deemed Employer under this Agreement), and in such geographical locations as Employer shall hereafter from time to time prescribe.

2. Term of Employment. The term of employment shall be for a period of five (5) years, commencing on January 1, 1996, unless terminated prior thereto in accordance with the provisions of Paragraph 6 of this Agreement.

3. Compensation. For the services to be performed hereunder, Employee shall be compensated by Employer at the rate of not less than Five Hundred Sixty-five Thousand Dollars ($565,000) per year payable semi-monthly.

4. Participation in Benefit Programs. During the term of this Agreement, Employee shall be entitled to participate in all employee benefit programs generally applicable to employees of Employer adopted by Employer from time to time, as well as in Employer's Incentive Compensation Plan and Employer's 1977 Long-Term Incentive Stock Purchase Plan.

5. Exclusivity of Services. Employee agrees to devote his full-time exclusive services (except for personal investments, which shall be nominal) to Employer, and he agrees to make no new oil or gas personal investments during the term of this Agreement without the prior written consent of Employer.

6. Early Termination.

(a) Cause. Employer may terminate this Agreement for cause at any time, by written notice to Employee, if Employee shall:

(1) willfully breach this Agreement;
(2) refuse to carry out any lawful order of Employer; or
(3) act in a disloyal manner inimical to Employer.

(b) Incapacity. If during the term of this Agreement Employee is materially incapacitated from fully performing his duties pursuant to this Agreement by reason of illness, disability or other incapacity, or by reason of any statute, law, ordinance, regulation, order, judgment or decree, Employer may terminate this Agreement by written notice to Employee, but only in the event that such conditions shall aggregate not less than one hundred eighty (180) days during any one contract year of the term of employment. In the event Employee shall (i) continue to be incapacitated subsequent to termination for incapacity pursuant to this paragraph 6(b), and (ii) be a participant in and shall qualify for benefits under Employer's Long-Term Disability Plan ("LTD"), then, and in such event, Employer will continue to compensate Employee, for so long as Employee remains eligible to receive LTD benefits, in an amount equal to the difference between 60% of Employee's annual compensation as set forth in paragraph 3 hereof and $120,000, which is the maximum annual benefit under the LTD, payable monthly on a prorated basis.

(c) Without Cause. Either party may terminate this Agreement without cause by written notice to the other at any time; such termination to be effective upon the expiration of a period of two years (the "Notice Period") from the date of such notice. Employer may also terminate this Agreement without cause at any time (including a time during the Notice Period), by written notice to Employee, such termination to be effective immediately or on such later date as may be specified in said notice; provided however, that, in such event, Employer shall (in lieu of two years' notice and continued employment) pay Employee at his then current basic salary rate, on a semi-monthly basis, for a period after such termination equivalent to the shorter of:

(1) two years;
(2) the remainder of the Notice Period (in the event of termination during the Notice Period); or
(3) the remaining term of this Agreement.

Provided further, however, that while Employee is being compensated in accordance with the provisions of this Agreement, Employee shall not accept employment with, or act as a consultant for, or perform services for any person, firm or corporation directly or indirectly engaged in any business competitive with Employer without the prior written consent of Employer.

In the event Employer compensates Employee in lieu of such two years' notice and continued employment, all remuneration or wages earned during such period by Employee, either as an employee, independent contractor or consultant to any person, firm or corporation other than Employer, shall be a setoff to Employer's duty of compensation to Employee.

If the compensation period shall expire prior to December 31, 2000, then Employee's employment shall continue (as a consultant to Employer) for an additional period until December 31, 2000, during which additional period Employee will receive a salary at the annual rate of $20,000 payable semi-monthly. During both the Compensation Period and the additional period referred to herein (i) any award(s) to Employee pursuant to Employer's Executive Long-Term Incentive Stock Purchase Plan shall continue to vest in the same manner and in the same amounts as such award(s) would have vested if Employee had continued as a full-time employee.

7. Place of Employment. The parties presently contemplate that Employee's principal place of employment, during the term of this Agreement, will be located in Bakersfield, California. However, Employer at any time may request Employee to relocate his place of employment and residence to the Los Angeles area, or to some other location in the continental United States. If Employer should request such relocation, the move shall be made on mutually acceptable terms; and, in such event, Employee shall be given the full benefits of Employer's executive relocation policy, including protection against loss in connection with the sale of Employee's residence in Bakersfield.

If Employer should request such relocation and Employee elects not to relocate, Employee may terminate his employment under this Agreement upon reasonable written notice thereof, effective upon the date specified in said notice; and, in such event, Employer shall compensate Employee, at the rate and in the manner provided in paragraph 3 above, for a period after such termination equivalent to the shorter of:

(1) two years; or
(2) the remaining term of this Agreement.

8. Confidential Information. Employee agrees that he will not divulge to any person, nor use to the detriment of Employer or any of its affiliates or subsidiaries, nor use in any business or process of manufacture competitive with or similar to any business or process of manufacture of Employer or any of its affiliates or subsidiaries, at any time during employment by Employer or thereafter, any trade secrets

or confidential information obtained during the course of his employment with Employer, without first obtaining the written permission of Employer.

Employee agrees that, at the time of leaving the employ of Employer, he will deliver to Employer and not keep or deliver to anyone else any and all notes, notebooks, memoranda, documents and, in general, any and all material relating to Employer's business.

9. Modification. This Agreement contains all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or bind either of the parties hereto. This Agreement cannot be modified except by a writing signed by both parties. This Agreement supersedes and replaces any and all prior employment agreements between the parties, all of which are hereby terminated.

10. Assignment. This Agreement shall be binding upon Employee, his heirs, executors and assigns and upon Employer, its successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

OCCIDENTAL PETROLEUM CORPORATION

By R. R. Irani

Dr. Ray R. Irani

Title: Chairman and Chief Executive Officer

Employee: D. R. Martin

David R. Martin

OCCIDENTAL PETROLEUM CORPORATION

SENIOR EXECUTIVE
DEFERRED COMPENSATION PLAN

(EFFECTIVE AS OF JANUARY 1, 1986,
AS AMENDED AND RESTATED EFFECTIVE AS OF JANUARY 1, 1996)

TABLE OF CONTENTS

OCCIDENTAL PETROLEUM CORPORATION

SENIOR EXECUTIVE
DEFERRED COMPENSATION PLAN

(Effective as of January 1, 1986,
as Amended and Restated Effective as of January 1, 1996)

ARTICLE I. PURPOSE

This Senior Executive Deferred Compensation Plan (the "Plan") is designed to replace the Occidental Petroleum Corporation Deferred Incentive Compensation Program for senior executives.

ARTICLE II. DEFINITIONS AND CERTAIN PROVISIONS

Affiliate. "Affiliate" means any corporation which is controlled by or under common control with Occidental Petroleum Corporation.

Annual Base Salary. "Annual Base Salary" means a Participant's annual fixed salary, excluding Bonus, all severance allowances, forms of incentive compensation, any Savings Plan or qualified plan contributions made by the Company or benefits, retainers, insurance premiums or benefits, reimbursements, and all other payments, prior to reduction for any deferral of base salary under this Plan or the Company's 1988 Deferred Compensation Plan, Savings Plan or any other qualified or non-qualified deferred compensation plan or agreement.

Beneficiary. "Beneficiary" means the person or persons designated as such in accordance with Article VI.

Benefit Deferral Period. "Benefit Deferral Period" means that period of one (1) or four (4) Plan Years as determined pursuant to Section 4.1 over which a Participant defers a portion of such Participant's Direct Cash Compensation with respect to a Benefit Unit.

Benefit Unit. "Benefit Unit" means a unit enrolled in by a Participant pursuant to Article IV providing the benefits described in Article V.

Bonus "Bonus" means that bonus paid to a Participant during the Plan Year in question prior to reduction for any deferral under the Plan.

Committee. "Committee" means the administrative committee appointed to administer the Plan pursuant to Article III.

Company. "Company" means Occidental Petroleum Corporation, or any successor thereto, and any Affiliates.

Company Management. "Company Management" means the Chairman of the Board, Chief Executive Officer and President or Executive Vice President of Human Resources.

Declared Rate. "Declared Rate" with respect to any Plan Year means Moody's Long Term Corporate Bond Index--Monthly Average Corporates as published by Moody's Investor's Service, Inc. (or any successor thereto) for the month of July before the Plan Year in question, or, if such average is no longer published, a substantially similar average selected by the Committee.

Deferral Account. "Deferral Account" means the account maintained on the books of account of the Company for each Benefit Unit.

Deferral Amount. "Deferral Amount" means with respect to each Benefit Unit an amount by which a Participant's Direct Cash Compensation is reduced during the Benefit Deferral Period.

Direct Cash Compensation. "Direct Cash Compensation" means for any Plan Year the Participant's Annual Base Salary and Bonus paid in the Plan Year, but before reduction pursuant to this Plan.

Disability. "Disability" means a condition that qualifies as a disability under the Company's Retirement Plan and which has continued for more than six (6) months and has been approved by the Committee.

Eligible Employee. "Eligible Employee" means each senior executive or managerial employee of the Company who is selected by Company Management to participate in the Plan.

Enrollment Agreement. "Enrollment Agreement" means the written agreement entered into by the Company and an Eligible Employee pursuant to which the Eligible Employee becomes a Participant in the Plan. In the sole discretion of the Company, authorization forms filed by any Participant by which the Participant makes the elections provided for by this Plan may be treated as a completed and fully executed Enrollment Agreement for all purposes under the Plan.

Participant. "Participant" means an Eligible Employee who has filed a completed and executed Enrollment Agreement with the Committee and is participating in the Plan in accordance with the provisions of Article IV.

Plan Year. "Plan Year" means the calendar year beginning January 1 and ending December 31.

Retirement. "Retirement" means with respect to any Benefit Unit termination of a Participant's employment with the Company for reasons other than death after the Participant attains age 55 with five (5) Years of Service and after completion of the Total Deferral Amount with respect to such Benefit Unit. If a Participant dies after becoming eligible for Retirement, a survivor benefit will be payable pursuant to Section 5.4(b).

Retirement Benefit. "Retirement Benefit" means with respect to each Benefit Unit the payment to a Participant or Beneficiary of the Participant's Deferral Account following Retirement pursuant to Article V.

Retirement Plan. "Retirement Plan" means the OCCIDENTAL PETROLEUM CORPORATION RETIREMENT PLAN effective June 1, 1983 and as amended from time to time thereafter.

Savings Plan. "Savings Plan" means the OCCIDENTAL PETROLEUM CORPORATION SAVINGS PLAN, as amended from time to time.

Savings Plan Augmentation Account. "Savings Plan Augmentation Account" means the account maintained on the books of account of the Company to reflect Savings Plan augmentation contributions made by the Company pursuant to Section 4.5.

Service. "Service" means the period of time during which an employment relationship exists between a Participant and the Company, including the period of time such relationship existed prior to the time when the employee in question became a Participant.

Termination Benefit. "Termination Benefit" means with respect to each Benefit Unit the payment to a Participant or Beneficiary of the Participant's Deferral Account other than on account of death, Disability or Retirement pursuant to Article V.

Termination Event. "Termination Event" means:

(a) the dissolution or liquidation of the Company;

(b) the reorganization, merger or consolidation of the Company with one or more corporations as a result of which the Common Stock of the Company is exchanged for or converted into cash or property or securities not issued by the Company, unless the reorganization, merger or consolidation shall have been affirmatively recommended to the Company's stockholders by a majority of the members of the Company's Board of Directors;

(c) the acquisition of substantially all of the property or of more than thirty-five percent (35%) of the voting power of the Company by any person or entity;

(d) the occurrence of any circumstance having the effect that directors who were nominated for election as directors by the Nominating Committee of the

Company's Board of Directors shall cease to constitute a majority of the authorized number of directors of the Company;

(e) the dissemination to the stockholders of the Company of a proxy statement seeking stockholder approval of a Terminating Event of the type described in (b) above; or

(f) the publication or dissemination of an announcement of an action intended to result in a Terminating Event of the type described in (c) or (d) above.

Total Deferral Amount. "Total Deferral Amount" means with respect to each Benefit Unit the total cumulative amount by which a Participant's Direct Cash Compensation must be reduced over the Benefit Deferral Period.

Years of Service. "Years of Service" means the number of full years credited to a Participant under the Retirement Plan for vesting purposes.

1988 Deferred Compensation Plan. "1988 Deferred Compensation Plan" means the OCCIDENTAL PETROLEUM CORPORATION 1988 DEFERRED COMPENSATION PLAN, as amended from time to time.

ARTICLE III. ADMINISTRATION OF THE PLAN

An administrative committee shall be appointed by the Company's Chief Executive Officer to administer the Plan and establish, adopt, or revise such rules and regulations as the Committee may deem necessary or advisable for the administration of the Plan and to interpret the provisions of the Plan, and, except as otherwise indicated herein, any such interpretations shall be conclusive. All decisions of the Committee shall be by vote of at least two of the Committee members and shall be final.

Members of the Committee shall be eligible to participate in the Plan while serving as members of the Committee, but a member of the Committee shall not vote or act upon any matter which relates solely to such member's interest in the Plan as a Participant.

ARTICLE IV. PARTICIPATION

4.1 Election to Participate. Any Eligible Employee may enroll in a Benefit Unit under the Plan effective as of the first day of a Plan Year by filing a completed and fully executed Enrollment Agreement with the Committee prior to the beginning of such Plan Year. Pursuant to said Enrollment Agreement, the Eligible Employee shall irrevocably designate a dollar amount (the "Total Deferral Amount") by which the Direct Cash Compensation of such Participant would be reduced over one (1) or four (4) Plan

Years following execution of the Enrollment Agreement (the "Benefit Deferral Period"), provided, however, that:

(a) Minimum Deferral. The Total Deferral Amount for any Benefit Unit shall not be less than (i) Five Thousand U.S. Dollars (U.S. $5,000.00) for a one (1) year Benefit Deferral Period or (ii) Ten Thousand U.S. Dollars (U.S. $10,000.00) for a four (4) year Benefit Deferral Period.

(b) Maximum Deferral. The Total Deferral Amount shall not be more than (i) fifty percent (50%) of the Participant's Annual Base Salary for 1985 for a one (1) year Benefit Deferral Period or (ii) two hundred percent (200%) of the Participant's Annual Base Salary for 1985 for a four (4) year Benefit Deferral Period.

(c) Reduction in Direct Cash Compensation.

(i) In General. Except as otherwise provided in this Section 4.1, the Direct Cash Compensation of the Participant for each of the Plan Years in the Benefit Deferral Period shall be reduced by the amount specified in the Enrollment Agreement (including any authorization form) applicable to such Plan Year. Such reduction shall be made from the Participant's Annual Base Salary and/or Bonus for each Plan Year as designated in the Enrollment Agreement (including any authorization form), provided that in any Plan Year when the Participant's Bonus is less than the reduction for such Plan Year, the remaining amount shall be taken from the Participant's Annual Base Salary for such Plan Year.

(ii) Accelerated Reduction. A Participant may elect in a written notice with the consent of the Committee to increase the amount of the reduction of Direct Cash Compensation otherwise provided for by the Enrollment Agreement for any of the Plan Years remaining in the Benefit Deferral Period, provided, however that any such increase in the reduction of Direct Cash Compensation for any remaining Plan Years in the Benefit Deferral Period shall not increase the Total Deferral Amount, but shall act to shorten the length of the Benefit Deferral Period.

(d) Maximum Reduction in Direct Cash Compensation. A Participant may not elect a Total Deferral Amount or an increase in reduction of Direct Cash Compensation pursuant to Section 4.1(c)(ii), or any combination of the two, that would cause the aggregate total reduction in Direct Cash Compensation in any Plan Year to exceed one hundred percent (100%) of the Participant's Annual Base Salary for 1985. In the event that a Participant elects a Total Deferral Amount or increase in reduction of Direct Cash Compensation that would violate the limitation described in this paragraph (d), the election shall be valid except that the Total Deferral Amount or increase in reduction of Direct Cash Compensation so elected shall automatically be reduced to comply with such limitation, whichever is most appropriate in the sole discretion of the Committee.

For purposes of the Plan, a Participant shall be considered to be enrolled in a Benefit Unit in the Plan and entitled to Survivor Benefits pursuant to Section 5.4 in the event of death only as of and after the first day of the Benefit Deferral Period with respect to such Benefit Unit.

4.2 Deferral Accounts. The Committee shall establish and maintain a separate Deferral Account for each of a Participant's Benefit Units. A Deferral Amount shall be credited by the Company to the Participant's Deferral Account no later than the first day of the month following the month in which the Participant's Direct Cash Compensation would otherwise have been paid. Such Deferral Account shall be debited by the amount of any payments made by the Company to the Participant or the Participant's Beneficiary.

4.3 Interest. Each Deferral Account of a Participant who qualifies for Disability or for Retirement, or who dies while employed by the Company, shall be deemed to bear interest, compounded annually, from the date such Deferral Account was established through the date of the Participant's death or complete distribution of the Deferral Account, whichever occurs earlier, on the balance from month-to-month in such Deferral Account at a rate equal to the sum of (i) the Declared Rate plus (ii) three percent (3%) per annum. Each Deferral Account of a Participant who terminates employment with the Company other than on account of Disability, Retirement or death shall be deemed to bear interest, compounded annually, from the date such Deferral Account was established through the date of complete distribution of the Deferral Account on the balance from month-to-month in such Deferral Account at a rate equal to the sum of (i) the Declared Rate plus (ii) three percent (3%) per annum.

4.4 Valuation of Accounts. The value of a Deferral Account as of any date shall equal the amounts theretofore credited to such account less any payments debited to such account plus the interest deemed to be earned on such account in accordance with Section 4.3 through the end of the preceding month.

4.5 Savings Plan Augmentation Contribution. For each Plan Year in a Benefit Deferral Period, the Company shall credit to the Savings Plan Augmentation Account of any Participant an amount equal to the amount by which the contribution that would otherwise have been made by the Company to the Savings Plan for such Plan Year is reduced by reason of the reduction in the Participant's Direct Cash Compensation for such Plan Year under this Plan. The Savings Plan augmentation contribution shall be credited to the Savings Plan Augmentation Account for each Plan Year at the same time as the Company contribution for such Plan Year is made to the Savings Plan. A Participant's interest in any credit to his or her Savings Plan Augmentation Account and earnings thereon shall vest at the same rate and at the same time as would have been the case had such contribution been made to the Savings Plan. Interest will be credited on a Savings Plan Augmentation Account at the same rate and in the same manner as if it were a Deferral Account in accordance with Section 4.3.

Upon death, Disability, Retirement or other termination of employment, the Company shall pay to the Participant an amount equal to the value of the Participant's Savings Plan Augmentation Account in one lump sum payment.

4.6 Statement of Accounts. The Committee shall submit to each Participant, within 120 days after the close of each Plan Year, a statement in such form as the Committee deems desirable setting forth the balance standing to the credit of each Participant in each of his Deferral Accounts and his Savings Plan Augmentation Account.

ARTICLE V. BENEFITS

5.1 Retirement Benefit. Upon Retirement with respect to a Benefit Unit, the Company shall pay to the Participant with respect to such Benefit Unit an annual amount for fifteen (15) years beginning in the year following his Retirement, the sum of which payments shall equal (a) the value as of Retirement of the Deferral Account for such Benefit Unit determined under Section 4.4 plus (b) the interest that will accrue on the unpaid balance in such Deferral Account during such fifteen (15) year period pursuant to Section 4.3 ("Retirement Benefit"). For each year after the initial Retirement Benefit payment is made, the annual Retirement Benefit payment shall be redetermined based upon the then value of the Deferral Account, plus the interest that will accrue pursuant to Section 4.3 for the remaining period of annual payments. A Participant may instead irrevocably elect in the Enrollment Agreement for any Benefit Unit to have the Retirement Benefit for such Benefit Unit paid to him in either five (5), ten (10) or twenty (20) annual payments or in a single lump sum payment. The amount of any such annual payments shall be calculated in accordance with the principles stated in the preceding sentences.

The Committee, in its sole discretion, may permit a Participant to change his election as to the form of payment of his Retirement Benefit upon written petition of the Participant. In order to be effective, a Participant's election (or modification or revocation of a prior election) of the form of payment of his Retirement Benefit must be made not later than 12 months before the Participant's Retirement, unless otherwise permitted by the Committee. Subject to the foregoing limitation, a Participant may make such election (or revoke a prior election and make a new election) at any time. Any election (or modification or revocation of a prior election) which is made later than 12 months prior to the Participant's Retirement will be considered void and shall have no force or effect, except as otherwise determined by the Committee.

5.2 Termination Benefit. If a Participant shall cease to be an employee of the Company for any reason other than death, Disability or Retirement with respect to a Benefit Unit, the Company shall pay to the Participant in one lump sum an amount (the "Termination Benefit") equal to the value of the Deferral Account for such Benefit Unit based on crediting interest in accordance with Section 4.3, and such Participant and his Beneficiary shall be entitled to no further benefits under this Plan with respect to such

Benefit Unit, provided, however, at the sole discretion of the Committee, no lump sum shall be payable and, instead, the Company shall pay to the Participant an annual amount each year for a period not to exceed three years beginning in the year following his termination of employment, the sum of which payments shall equal (a) the value as of the date of termination of employment of the Deferral Account for such Benefit Unit plus (b) the interest that will accrue on the unpaid balance from month-to-month in such Deferral Account during such period at the Declared Rate, compounded annually. Upon termination of employment the Participant shall immediately cease to be eligible for any benefits under the Plan other than the Termination Benefit. No other benefits shall be payable to either the Participant or any Beneficiary of such Participant.

5.3 Disability. If a Participant shall cease to be an employee of the Company prior to Retirement due to a Disability which continues for more than six (6) months, the Company shall pay to the Participant in one lump sum an amount equal to the value of the Deferral Account for each Benefit Unit in which the Participant is enrolled based on crediting interest on the balance from month-to-month in such Deferral Account at a rate equal to the sum of (i) the Declared Rate plus (ii) three percent (3%) per annum, compounded annually. Upon such payment the Participant shall immediately cease to be eligible for any other benefits under the Plan, and no other benefits shall be payable to either the Participant or any Beneficiary of such Participant.

5.4 Survivor Benefits.

(a) If a Participant dies while employed with the Company prior to becoming eligible for Retirement with respect to a Benefit Unit, the Company will pay to the Participant's Beneficiary with respect to such Benefit Unit an annual benefit for the greater of:

(i) ten (10) years, or

(ii) until the Participant would otherwise have attained age 65,

equal to twenty-five percent (25%) of the Total Deferral Amount with respect to such Benefit Unit. However, if the Committee determines that a distribution of the Participant's Deferral Account with respect to such Benefit Unit would produce a greater benefit, such Deferral Account balance shall be paid to the Participant's Beneficiary in equal annual installments over the same period as specified above based on crediting interest on the balance from month-to-month in such Deferral Account at a rate equal to eight percent (8%) per annum, compounded annually. In comparing the present values of these benefits, the Committee shall use in each case eight percent (8%) as the discount factor.

(b) If a Participant dies after becoming eligible for Retirement or after the commencement of payment of Retirement Benefits with respect to any Benefit Unit, the Company will pay to the Participant's Beneficiary the remaining installments of the

Retirement Benefits which would have been payable to the Participant with respect to such Benefit Unit for the balance of the payment period elected by the Participant.

In addition, if a spouse who was married to the Participant for at least one (1) year prior to his death survives beyond the completion of payments of his Deferral Account balance with respect to any Benefit Unit, the Company shall make a lump sum payment to such spouse in an amount equal to ten percent (10%) of the value of the Deferral Account balance with respect to such Benefit Unit valued as of the date of the earlier of the Participant's Retirement or death. Such lump sum payment shall be made to the spouse following completion of the payments of the Deferral Account balance for the Benefit Unit to which it relates, or following the Participant's death, if later. No lump sum payment shall be made to any other Beneficiary with respect to a Benefit Unit if the Participant's spouse does not survive beyond completion of the payments of the Deferral Account balance with respect to such Benefit Unit.

5.5 Immediate Payment on Termination Event. Upon petition of a Participant within sixty (60) days after any Termination Event or such other period as the Committee may permit, the Committee, in its sole discretion, may have all of the Participant's Deferral Accounts paid to him immediately in a lump sum as a Termination Benefit pursuant to Section 5.2, irrespective of whether the Participant terminates or continues employment with the Company. After such payment the Participant and his Beneficiary shall be entitled to no further benefits under the Plan.

5.6 Small Benefit. In the event that the Committee determines in its sole discretion that the amount of any benefit is too small to make it administratively convenient to pay such benefit over time, the Committee may pay the benefit in a lump sum.

5.7 Withholding; Unemployment Taxes. To the extent required by the law in effect at the time payments are made, the Company shall withhold from payments made hereunder the minimum taxes required to be withheld by the Federal or any state or local government.

5.8 Lump Sum Payment With Penalty. Notwithstanding any other provisions of the Plan, a Participant or a Beneficiary of a deceased Participant may elect at any time to receive an immediate lump sum payment of all or part of the vested balance of his Deferral Account, reduced by a penalty, which shall be forfeited to the Company, equal to ten percent (10%) of the amount withdrawn from such Deferral Account, in lieu of payments in accordance with the form previously elected by the Participant.

ARTICLE VI. BENEFICIARY DESIGNATION

Each Participant shall have the right, at any time, to designate any person or persons as the Beneficiary to whom payment under this Plan shall be made in the event of the Participant's death prior to complete distribution to the Participant of the benefits due under the Plan. Each Beneficiary designation shall become effective only when filed in writing with the Committee during the Participant's lifetime on a form prescribed by the Committee. The filing of a new Beneficiary designation form will cancel any inconsistent Beneficiary designation previously filed.

If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, such benefits shall be paid in accordance with the Participant's Beneficiary designation under the Company's Retirement Plan, and if there is no such valid Beneficiary designation, to the Participant's then surviving spouse, or, if none, to the Participant's estate, until directed otherwise by the court that has jurisdiction over the assets belonging to the Participant's probate estate.

ARTICLE VII. AMENDMENT AND TERMINATION OF PLAN

7.1 Amendment. The Board of Directors of the Company may at any time amend the Plan in whole or in part for any reason, including but not limited to tax, accounting or insurance changes, which may result in termination of the Plan for future deferrals, provided, however, that no amendment shall be effective to decrease the benefits under the Plan payable to any Participant which have accrued prior to the date of such amendment. Written notice of any material amendment shall be given to each Participant then participating in the Plan.

7.2 Termination.

(a) Company's Right to Terminate. The Board of Directors of the Company may at any time terminate the Plan, if in the Board's judgment, the continuance of the Plan would not be in the Company's best interest due to tax, accounting, insurance or other effects thereof, or potential payouts thereunder, provided, however, that the Company may only terminate this Plan with respect to any particular Participant if it terminates the Plan with respect to all similarly situated Participants.

(b) Payments Upon Termination. Upon any termination of the Plan under this Section 7.2, the Board shall determine the date or dates of Plan distributions to the Participants, which date or dates shall not be later than the date or dates on which the Participants or their Beneficiaries and spouses would otherwise receive benefits hereunder, and the Participants will be deemed to have terminated their participation in all Benefit Units under the Plan as of the dates determined by the Board. Direct Cash Compensation shall prospectively cease to be deferred as of the date determined by the Board, and the Company shall pay all Participants the value of each of the Participant's Deferral Accounts, determined as if each Participant had terminated employment on the dates determined by the Board and thereby become eligible for the lump sum Termination Benefit under Section 5.2 above.

ARTICLE VIII. MISCELLANEOUS

8.1 Unsecured General Creditor. The rights of a Participant, spouse of a Participant, Beneficiary, or their heirs, successors, and assigns, as relates to any Company promises hereunder, shall not be secured by any specific assets of the Company, nor shall any assets of the Company be designated as attributable or allocated to the satisfaction of such promises.

8.2 Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, or interest therein which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

8.3 Employment Not Guaranteed. Nothing contained in this Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to be retained in the employ of the Company. Accordingly, subject to the terms of any written employment agreement to the contrary, the Company shall have the right to terminate or change the terms of employment of a Participant at any time and for any reason whatsoever, with or without cause.

8.4 Protective Provisions. Each Participant shall cooperate with the Company by furnishing any and all information requested by the Company in order to facilitate the payment of benefits hereunder, taking such physical examinations as the Company may deem necessary and taking such other relevant action as may be requested by the Company. If a Participant refuses to so cooperate, the Company shall have no further obligation to the Participant under the Plan, other than payment to such Participant of the cumulative reductions in Direct Cash Compensation theretofore made pursuant to this Plan with respect to each Benefit Unit hereunder. If a Participant commits suicide during the first two years of the Benefit Deferral Period for any Benefit Unit, or if the Participant makes any material misstatement of information or nondisclosure of medical history, then no benefits with respect to such Benefit Unit will be payable hereunder to such Participant or his Beneficiary, other than payment to such Participant of the cumulative reductions in Direct Cash Compensation theretofore made pursuant to this Plan, provided, that in the Company's sole discretion, benefits may be payable in an amount reduced to compensate the Company for any loss, cost, damage or expense suffered or incurred by the Company as a result in any way of misstatement or nondisclosure.

8.5 Obligations to Company. If a Participant becomes entitled to a distribution of benefits under the Plan, and if at such time the Participant has outstanding any debt, obligation, or other liability representing an amount owing to the Company, then the Company may offset such amount owed to it against the amount of benefits otherwise distributable. Such determination shall be made by the Committee.

8.6 Gender, Singular & Plural. All pronouns and any variations thereof shall be deemed to refer to the masculine or feminine as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

8.7 Captions. The captions of the articles, sections, and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

8.8 Validity. In the event any provision of this Plan is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Plan.

8.9 Notice. Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the principal office of the Company, directed to the attention of the Executive Vice President - Human Resources of the Company. Such notice shall be deemed given as to the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

8.10 Applicable Law. The Plan shall be governed and construed in accordance with the laws of the State of California.

This amended and restated Plan shall be effective as of January 1, 1996, and shall supersede and replace the prior Plan which was originally effective on January 1, 1986, and was amended effective as of January 1, 1989.

Executed on February 29, 1996, in the City and County of Los Angeles, State of California.

OCCIDENTAL PETROLEUM CORPORATION

By: Richard W. Hallock

Richard W. Hallock
Executive Vice President -
Human Resources

OCCIDENTAL PETROLEUM CORPORATION

SENIOR EXECUTIVE
SUPPLEMENTAL LIFE INSURANCE PLAN

(EFFECTIVE AS OF JANUARY 1, 1986,
AS AMENDED AND RESTATED EFFECTIVE AS OF JANUARY 1, 1996)

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OCCIDENTAL PETROLEUM CORPORATION

SENIOR EXECUTIVE
SUPPLEMENTAL LIFE INSURANCE PLAN

(Effective as of January 1, 1986,
as Amended and Restated Effective as of January 1, 1996)

A. PURPOSE

This Plan is a contributory life insurance program to enable senior executives to purchase additional life insurance coverage.

B. ERISA PLAN

This Plan is covered by Title I of ERISA as a welfare benefit plan. The Company is the "named fiduciary" of the Plan.

C. PARTICIPATION

1. Selection by Company Management

Any senior executive or managerial employee who is selected for participation by Company Management shall become a Participant as of the later of January 1, 1986, or the first day of the month following the month in which his participation is approved by Company Management. Participation in the Plan shall be limited to those Executives of the Company who are selected by Company Management. The Company and Executive shall enter into an Insurance Agreement to evidence the Executive's participation in the Plan.

2. Election Not to Participate

An Executive may elect not to participate in this Plan at any time; such election shall be in writing, and shall become effective upon its receipt by the Administrator. No compensation or benefits in lieu of this Plan shall be paid to an Executive who elects not to participate. An election not to participate shall be irrevocable unless otherwise determined by the Administrator.

An Executive's failure to pay when due any premium which he is required to pay under the terms of this Plan, unless paid within 30 days after written notice thereof from the Administrator, shall be deemed to be an election by the Executive not to participate further in this Plan. The Company may elect, within 90 days after receiving notice of the occurrence of any such event, to purchase the Executive's ownership interest in the policy or policies on the life of the Executive for an amount equal to the

Executive's cash surrender value with respect to the policy or policies as provided in Sections E,2 or F,2.

3. Insurability

Executives selected by Company Management are not automatically entitled to the insurance benefits provided under this Plan. Each Executive must satisfy the requirements for insurability of the insurer selected by the Company before he becomes covered by insurance under this Plan.

4. Addition and Removal of Participants

Company Management may, at its discretion and at any time, designate additional Executives to participate in the Plan and remove Executives from participation in the Plan. When an Executive ceases participation, he shall be treated, solely for purposes of this Plan, as if he had terminated his employment with the Company for reasons other than Approved Retirement, under Section G.

D. ASSIGNMENT

The Executive may assign to one or more individuals or trustees all or any part of his right, title, claim, interest, benefit and all other incidents of ownership which he may have in any life insurance under this Plan. Such assignee shall then have all rights and obligations which have been assigned and otherwise are the Executive's under this Plan. In the event that there has been such an assignment, the term Executive shall mean the Executive's assignee (or any subsequent assignee) as the context requires, in connection with ownership, actions, elections, or other events concerning life insurance on the Executive.

E. INSURANCE BENEFITS WHILE EMPLOYED

1. Amount of Insurance

The amount of insurance provided under this Plan on the life of each Executive while he is employed by the Company shall be determined from the schedule of annual rates set forth in Exhibit "A" hereto based on the Executive's age at the time of his entry into the Plan. This amount of insurance for each Executive shall be set forth in his Insurance Agreement. The Executive shall have the incidents of ownership in such insurance provided in Section E,4.

2. Executive's Cash Surrender Value While Employed

While the Executive is employed by the Company, he shall have an interest in the cash surrender value with respect to insurance under this Plan in an amount not less than the aggregate premiums paid by the Executive for insurance under this Plan credited with interest, compounded annually, at the Declared Rate.

3. Payment of Premiums

The Executive shall pay the premiums for the amount of insurance provided to him under this Plan at the rates set forth in Exhibit "A" hereto. The Company reserves the right to amend Exhibit "A" to revise the rates for this insurance coverage. The Executive's premium payment shall be made annually or more frequently on demand by the Company. The Company shall pay the balance of the premiums for insurance under this Plan.

4. Policy Ownership

To provide the insurance benefits under this Plan, the Company shall acquire one or more permanent insurance policies on the life of each participating Executive who satisfies the insurer's requirements for insurability. The ownership of each policy shall be divided between the Company and the Executive. The Executive shall possess all incidents of ownership in the death benefits under the policy or policies in an amount equal to the amount of the death benefits provided to the Executive under this Plan, and the Company shall possess all other incidents of ownership in the death benefits under the policy or policies. The Executive shall have the right to designate the beneficiary to whom death benefits are payable under each insurance policy, to the extent of his ownership of the death benefit under the policy; the remainder of any death benefits shall be payable to the Company or its designated beneficiary, unless the Company claims a lesser amount.

5. Policy Loans

The rights of the Executive and the Company to borrow from any policy or policies under this Plan while the Executive is employed by the Company shall be as follows:

a. The Executive shall have no right to borrow from any policy while he is employed by the Company, except that the Executive may borrow any amount not in excess of the total cash surrender value of any policy at any time when he has the right to purchase the policy pursuant to Section H,2 or is permitted to borrow under Section E,5,e.

b. The Company shall not be permitted to borrow from any policy during four of the first seven years after such policy is placed in force.

c. The Company shall have the right to borrow from any policy an amount equal to the Company's premium on such policy during three of the first seven years after such policy is placed in force.

d. At any time after the seventh anniversary date of any policy, the Company shall have the annual right to borrow an amount equal to the Company's annual premium on such policy plus an amount equal to the Company's after-tax cost of the annual interest charges for loans on such policy ("Interest Loans"). The annual amount of Interest Loan shall be an amount equal to (A) the total interest on loans on such policy that is payable for the year in question multiplied times (B) the number one minus the Company's top marginal combined federal and state income tax brackets, giving effect to any federal tax deduction allowable for the state income taxes payable by the Company ("Combined Bracket"). For example, in the event state taxes continue to be deductible for federal income tax purposes, the formula for calculating the Combined Bracket in a given policy year would be the sum of (C) the Company's top marginal federal rate for that year plus (D) the product of multiplying the Company's top marginal state rate for that year times the result of subtracting the Company's top marginal federal rate for that year from one. However, in the event a federal tax deduction is not allowed for state income taxes paid by the Company, the Combined Bracket in such a policy year would be the sum of the Company's top marginal federal rate for said year plus the Company's top marginal state rate for that year. The annual determination of the amount of Interest Loan shall be made in the Company tax year that follows the year of the interest payment in question immediately after the Company's federal and state tax returns for the prior year have been prepared and filed.

e. The Company and Executive may borrow such additional amounts from any policy as the Company and Executive may hereafter agree upon.

F. INSURANCE BENEFITS AFTER APPROVED RETIREMENT

1. Amount of Insurance

If the Executive retires pursuant to an Approved Retirement, his minimum cash surrender value under Section E,2 shall be applied to provide a paid up death benefit based on the insurance company's net single premium rate for such coverage. However, an Executive who has made premium payments for less than five years at the time of his Approved Retirement will be required to continue to make premium payments at the rate in effect prior to his Approved Retirement for the balance of such five year period and will continue to have the amount of insurance provided under Section E,1 during such period.

The Executive shall have an option to elect to continue to have the amount of insurance provided under Section E,1 after his Approved Retirement by continuation of the premium payments under such terms as the Administrator may determine in its sole discretion.

The remaining aggregate death benefits under the insurance policy or policies on the life of the Executive shall be retained by the Company.

2. Cash Surrender Value

On the Executive's Approved Retirement, the Company shall retain the insurance purchased on the life of the Executive. The Executive shall continue to have an ownership interest in the cash surrender value (net of outstanding policy loans) of the policy or policies on the life of the Executive which are retained by the Company of not less than the aggregate premiums paid by the Executive for insurance under this Plan credited with interest, compounded annually, at the Declared Rate.

3. Policy Loans

The rights of the Executive and the Company to borrow from any policy or policies under this Plan after an Executive's Approved Retirement shall be as follows:

a. The Executive shall have no right to borrow from any policy, except that the Executive may borrow any amount not in excess of the total cash surrender value of any policy at any time when he has the right to purchase the policy pursuant to Section H,2 or is permitted to borrow under Section E,5,e.

b. The Company shall continue to have the rights and be subject to the restrictions with respect to policy loans contained in Section E,5,b, c, d and e.

c. The Company shall be permitted to borrow additional amounts from any policy on the life of the Executive, once every three years, commencing three years after the Executive's Approved Retirement and every three years thereafter, not to exceed 25% of the total gross cash value available in the policy at the time of any such loan.

d. The Company shall also be permitted to borrow any excess of the cash surrender value under any policy over the minimum cash surrender value which is owned by the Executive under Section F,2 at any time after it has paid all amounts owed to the Executive which are described in Section H,2,d.

G. NO INSURANCE BENEFITS AFTER TERMINATION OF EMPLOYMENT OTHER THAN ON APPROVED RETIREMENT

If an Executive terminates his employment with the Company for reasons other than an Approved Retirement, his insurance benefits under this Plan shall cease. The Executive shall transfer to the Company the portion of the policy or policies on his life which he owns under this Plan, effective as of his termination of employment. In exchange, the Executive shall receive from the Company, not later than 90 days after receipt by the Administrator of executed documents properly evidencing such transfer, cash equal to the minimum cash surrender value (if any) provided for the Executive in Section E,2. A termination of employment on account of Disability shall be treated in the same manner as any other termination of employment.

H. OPTION TO PURCHASE POLICY UPON OCCURRENCE OF CERTAIN EVENTS

1. Option to Purchase Policy from Company

The Executive may elect, in writing at any time after receiving notice of the occurrence of any event specified in Section H,2, to purchase from the Company any or all of the insurance policies on his life which are held by the Company under this Plan. The purchase price shall be equal to the aggregate premiums paid by the Company (net of outstanding loans).

2.Events Which Give Executive Right to Purchase Policy

The Executive shall be entitled to purchase any or all of the insurance policies on his life which are held by the Company under this Plan pursuant to Section H,1 upon the occurrence of any of the following events, unless such event is corrected by the Company not later than 10 days following its receipt of the Executive's written notice electing to purchase any such policies:

(a) the Company's failure to pay when due any premium which it is required to pay under the terms of this Plan;

(b) the Company's failure to pay when due any interest charge which is attributable to its loans under the insurance policies;

(c) the Company's attempt to surrender or cancel the insurance policy or policies; or

(d) the Company's failure to pay when due any amounts owed to the Executive that arise by virtue of the Executive's employment with the Company, other than medical disability, death and other welfare benefits.

I. WITHHOLDING

The Executive and any beneficiary shall make appropriate arrangements with the Company for the satisfaction of any federal, state or local income tax withholding requirements and Social Security or other employee tax requirements applicable to the provision of benefits under this Plan. If no other arrangements are made, the Company may provide, at its discretion, for such withholding and tax payments as may be required.

J. ADMINISTRATION OF THE PLAN

1. In General

An administrative committee shall be appointed by the Company's Chief Executive Officer as the Administrator to administer the Plan and establish, adopt, or revise such rules and regulations as the administrative committee may deem necessary or advisable for the administration of the Plan and to interpret the provisions of the Plan, and, except as otherwise indicated herein, any such interpretations shall be conclusive. All decisions of the administrative committee shall be by vote of at least two of the committee members and shall be final. Members of the administrative committee shall be eligible to participate in the Plan while serving as members of the administrative committee, but a member of the administrative committee shall not vote or act upon any matter which relates solely to such member's interest in the Plan as a participant.

2. Elections and Notices

All elections and notices made by any Executive under this Plan shall be in writing and filed with the Administrator.

K. AMENDMENT OR TERMINATION OF THE PLAN

The Company may at any time amend, alter, modify or terminate the Plan. Such action shall not affect the right of any Executive existing before the action; however, the Company is not obligated to continue any benefit, any insurance or any insurance policy after such action. Notwithstanding the foregoing or any other provision of this Plan, the Company may not in any manner act to reduce the Executive's interest (other than in death benefits) in any insurance policy under this Plan or change the Executive's right to purchase any insurance policy or the events which give the Executive the right to purchase such policy, as specified in Section H,1 and 2, unless the Executive consents thereto in writing.

L. BENEFICIARY DESIGNATION

The Executive shall have the right, at any time, to designate any person or persons as the beneficiary to whom payment under this Plan shall be made in the event of the Executive's death. Each beneficiary designation shall become effective only when filed in writing with the Administrator during the Executive's lifetime on a form prescribed by the Administrator. The filing of a new beneficiary designation form will cancel any inconsistent beneficiary designation previously filed.

If an Executive fails to designate a beneficiary as provided above, or if all designated beneficiaries predecease the Executive, the Executive's death benefits shall be paid in accordance with the Executive's beneficiary designation under the Company's Retirement Plan, and if there is no such valid beneficiary designation, to the Executive's then surviving spouse, or, if none, to the Executive's estate, until directed otherwise by the court that has jurisdiction over the assets belonging to the Executive's probate estate.

M. DEFINITIONS

For the purposes of the Plan, the following terms shall have the meanings indicated:

1. "Administrator" means the administrative committee specified in Section J.

2. "Affiliate" means any corporation which is controlled by or under common control with Occidental Petroleum Corporation.

3. "Approved Retirement" means any termination of employment with the Company after attainment of age 55 and completion of five (5) Years of Service.

4. "Beneficiary" means the person or persons designated as such in accordance with Section L.

5. "Board" means the Board of Directors of Occidental Petroleum Corporation.

6. "Company" means Occidental Petroleum Corporation, or any successor thereto, and any Affiliates.

7. "Company Management" means the Chairman of the Board, Chief Executive Officer and President or Executive Vice President of Human Resources.

8. "Declared Rate" means with respect to any Plan Year Moody's Long Term Corporate Bond Index--Monthly Average Corporates as published by Moody's Investor's Service, Inc. (or any successor thereto) for the month of July before the Plan Year in question, or, if such average is no longer published, a substantially similar average selected by the Administrator.

9. "Disability" means a condition that qualifies as a disability under the Company's Retirement Plan and which has continued for more than six (6) months and has been approved by the Administrator.

10. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

11. "Executive" means a senior executive of the Company selected by Company Management to participate in this Plan pursuant to Section C.

12. "Insurance Agreement" means the insurance agreement entered into by the Company and an Executive to evidence the Executive's participation in this Plan.

13. "Plan Year" means the calendar year beginning January 1 and ending December 31.

14. "Retirement Plan" means the OCCIDENTAL PETROLEUM CORPORATION RETIREMENT PLAN effective June 1, 1983 and as amended from time to time thereafter.

15. "Service" means the period of time during which an employment relationship exists between an Executive and the Company, including the period of time such relationship existed prior to the time when the Executive became a participant in this Plan.

16. "Years of Service" means the number of f ull years credited to an Executive under the Retirement Plan for vesting purposes.

N. MISCELLANEOUS

1. Employment Not Guaranteed

Nothing contained in this Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Executive any right to be retained in the employ of the Company. Accordingly, subject to the terms of any written employment agreement to the contrary, the Company shall have the right to terminate or change the terms of employment of an Executive at any time and for any reason whatsoever, with or without cause.

2. Protective Provisions

Each Executive shall cooperate with the Company by furnishing any and all information requested by the Company in order to facilitate the payment of benefits hereunder, taking such physical examinations as the Company may deem necessary and taking such other relevant action as may be requested by the Company. If an Executive refuses to so cooperate, the Company shall have no further obligation to the Executive under the Plan. If an Executive commits suicide during the first two years following his participation in the Plan, or if an Executive makes any material misstatement of information or nondisclosure of medical history, then no benefits will be payable hereunder to such Executive or his beneficiary, provided, that in the Company's sole discretion, benefits may be payable in an amount reduced to compensate the Company for any loss, cost, damage or expense suffered or incurred by the Company as a result in any way of such misstatement or nondisclosure.

3. Gender, Singular & Plural

All pronouns and any variations thereof shall be deemed to refer to the masculine or feminine as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

4. Captions

The captions of the articles, sections, and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

5. Validity

In the event any provision of this Plan is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Plan.

6. Notice

Any notice or filing required or permitted to be given to the Administrator under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the principal office of the Company, directed to the attention of the President of the Company. Such notice shall be deemed given as to the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

7. Applicable Law

The Plan shall be governed and construed in accordance with the laws of the State of California.

8. Notice to Insurance Company

The Company shall be responsible for notifying the insurance company which issues any policy or policies under this Plan of any changes in the ownership rights and interests of the Executive and the Company and of any changes in their respective beneficiaries to receive death benefits under the Plan, and the insurance company shall be entitled to rely upon such notification received from the Company.

This amended and restated Plan shall be effective as of January 1, 1996, and shall supersede and replace the prior Plan which was originally effective on January 1, 1986, and was amended effective as of January 1, 1989.

Executed on February 29, 1996, in the City and County of Los Angeles, State of California.

OCCIDENTAL PETROLEUM CORPORATION

By: Richard W. Hallock

Richard W. Hallock
Executive Vice President -
Human Resources

EXHIBIT A

TO

OCCIDENTAL PETROLEUM CORPORATION
SENIOR EXECUTIVE SUPPLEMENTAL LIFE INSURANCE PLAN
(Effective as of January 1, 1986)

ANNUAL RATES PER $1,000 OF INSURANCE ON LIFE OF EXECUTIVE

Age at Entry of Executive	Premium Paid By Executive
Under 30	$ 41.44
30-34	$ 44.93
35-39	$ 55.97
40-44	$ 70.53
45-49	$ 89.01
50-54	$113.36
55-59	$143.18
60 and over	$181.21

sr-plans\sup-life

OCCIDENTAL PETROLEUM CORPORATION

SENIOR EXECUTIVE
SUPPLEMENTAL RETIREMENT PLAN

(EFFECTIVE AS OF JANUARY 1, 1986,
AS AMENDED AND RESTATED EFFECTIVE AS OF JANUARY 1, 1996)

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OCCIDENTAL PETROLEUM CORPORATION

SENIOR EXECUTIVE SUPPLEMENTAL RETIREMENT PLAN

(Effective as of January 1, 1986,
as Amended and Restated Effective as of January 1, 1996)

ARTICLE 1. PURPOSE AND APPLICATION

1.1 Purpose of the Plan. The OCCIDENTAL PETROLEUM CORPORATION SENIOR EXECUTIVE SUPPLEMENTAL RETIREMENT PLAN (the "Plan"), effective January 1, 1986, as amended and restated effective as of January 1, 1996, is designed (i) to provide benefits for certain eligible senior executives which will compensate such senior executives for maximum limits imposed by law upon contributions to qualified plans and (ii) to insure that such senior executives will have adequate retirement benefits. The Plan is intended to be exempt from the participation, vesting, funding, and fiduciary requirements of Title 1 of the Employee Retirement Income Security Act of 1974 ("ERISA"), as an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. In addition, the Plan is intended, in part, to be entirely exempt from Title I of ERISA as an excess benefit plan as defined in ERISA.

1.2 Application of Plan. The terms of this Plan are applicable to eligible executives to whom the Company has commitments under this Plan on or after January 1, 1986.

ARTICLE 2. DEFINITIONS

2.1 Definitions. Whenever used in the Plan, the following terms shall have the respective meanings set forth below, unless a different meaning is required by the context in which the word is used, and when the defined meaning is intended, the term is capitalized:

(a) "Administrative Committee" means the committee with authority to administer the Plan as provided under section 5.1.

(b) "Affiliate" means any corporation which is controlled by or under common control with the Company.

(c) "Beneficiary" means the persons designated by the Participant in accordance with Article 8 to receive benefits in the event of his death.

(d) "Board of Directors" means the Board of Directors of the Company.

(e) "Company" means Occidental Petroleum Corporation, and any successor thereto.

(f) "Company Management" shall mean the Chairman of the Board, Chief Executive Officer and President or Executive Vice President of Human Resources.

(g) "Compensation" means the base salary of the employee as stated in the payroll records of the Employer, before reduction for any deferral of base salary pursuant to the Senior Executive Deferred Compensation Plan, 1988 Deferred Compensation Plan or any other qualified or non-qualified deferred compensation plan or agreement, excluding any amounts paid for bonuses, income realized upon exercise of stock options, and any other special pay which the Employer pays to the employee during the year.

(h) "Employer" shall mean the Company and any Affiliate which is designated by the Board of Directors and which approves adoption of this Plan by appropriate corporate action.

(i) "Participant" means a person designated by Company Management to participate in the Plan.

(j) "Retire" and "Retirement" mean a Participant's termination of employment after becoming eligible for Retirement as defined in the Retirement Plan.

(k) "Retirement Plan" means the OCCIDENTAL PETROLEUM CORPORATION RETIREMENT PLAN effective June 1, 1983, as amended from time to time thereafter.

(l) "Savings Plan" means the OCCIDENTAL PETROLEUM CORPORATION SAVINGS PLAN, as amended from time to time.

(m) "Senior Executive Deferred Compensation Plan" means the OCCIDENTAL PETROLEUM CORPORATION SENIOR EXECUTIVE DEFERRED COMPENSATION PLAN, as amended from time to time.

(n) "Years of Service" means the number of full years credited to a Participant under the Retirement Plan for vesting purposes.

(o) "1988 Deferred Compensation Plan" means the OCCIDENTAL PETROLEUM CORPORATION 1988 DEFERRED COMPENSATION PLAN, as amended from time to time.

2.2 Gender and Number. Except when otherwise indicated by the context, any masculine terminology used herein shall also include the feminine, and the use of any term herein in the singular may also include the plural.

ARTICLE 3. ELIGIBILITY AND PARTICIPATION

3.1 Participation. Any senior executive or managerial employee who is selected for participation by Company Management shall become a Participant as of the later of January 1, 1986, or the first day of the month following the month in which his participation is approved by Company Management.

ARTICLE 4. BENEFITS

4.1 Allocations Relating to Retirement Plan. A credit shall be made as of the last day of each month to the account of any Participant. The amount to be allocated shall equal the sum which would be allocated to the account of the Participant for the month under the Retirement Plan, based on the Participant's compensation as defined in this Plan, if the Participant were not subject to provisions that withhold allocations until the end of the plan year.

4.2 Allocation Adjustments Relating to Retirement Plan. For Participants covered under this Plan, allocations under the Retirement Plan are made only at the end of the Plan year, and only to the extent allowable under Internal Revenue Code limitations. If an allocation is made to the Account of a Participant under the Retirement Plan, then the individual account of such Participant under this Plan shall be reduced by an equivalent dollar amount. However, earnings on monthly allocations under this Plan shall not be adjusted or reduced.

4.3 Allocations Relating to Savings Plan. Effective with the plan year beginning on January 1, 1989, a credit shall be made as of the last day of the plan year to the account of each Participant who, for that plan year of the Savings Plan, makes the maximum deferral or contribution permitted under Article 4 of the Savings Plan and is not eligible to receive the maximum employer matching contribution under section 5.1 of the Savings Plan due to the limitations imposed by sections 401(a)(17) or 415 of the Internal Revenue Code. The amount to be allocated under this Plan shall equal the amount which cannot be allocated to the account of the Participant under the Savings Plan for the plan year on account of the limitations imposed under the Internal Revenue Code, reduced by any such amount which is credited on behalf of the Participant under any other Company plan, including the 1988 Deferred Compensation Plan. An additional amount equal to five percent (5%) of the amount allocated to the Participant under the preceding sentence shall be allocated to each Participant in lieu of interest on such amount for the plan year.

4.4 Contract Payments. If a Participant has entered into a contract with an Employer (other than as part of a general deferred compensation plan) that promises deferred compensation to the Participant, whether in the form of allocations of deferrals to a book reserve account, or in the form of monthly payments after separation from service, then such benefits will be paid under the provisions of this Plan to the extent that these provisions are not inconsistent with the Participant's contract.

If the Participant's contract requires that a book reserve account be maintained, then allocations and valuation increases, as well as benefit payments, shall be made under this Plan, and shall be administered by the Administrative Committee. Similarly, if the contract calls for deferred payment, the value thereof shall be a liability of this Plan, and the payment of benefits shall be administered by the Administrative Committee.

The Committee shall have the power to determine whether benefits required under a separate contract with a Participant shall operate to reduce credits under section 4.1 and the extent of any such reduction.

4.5 Maintenance of Accounts.

(a) The Employer shall establish and maintain, in the name of each Participant, an individual account. As of the end of each month, the Administrative Committee shall adjust the balance, if any, of the Participant's account as of the last day of the preceding month, by multiplying such amount by a number equal to one plus (i) the decimal equivalent of the percentage yield for the month on new money invested under the Retirement Plan during the month plus (ii) .082954% per month (which is equivalent to 1% on an annual basis). The Administrative Committee, in its sole discretion, may credit a higher rate of interest on the account balances of Participants depending on the status of a Participant, including but not limited to a Participant's status as an active, retired or terminated employee.

(b) The Administrative Committee shall then add to such account balance, as adjusted for earnings, if any, during the month, the allocation to which the Participant is entitled for the month under section 4.1. At the end of the year, the Administrative Committee shall add to the account balance the allocation to which the Participant is entitled for the year under section 4.3.

(c) The individual account of each Participant shall represent a liability, payable when due under this Plan, out of the general assets of the Employer, or from the assets of any trust, custodial account or escrow arrangement which the Employer may establish for the purpose of assuring availability of funds sufficient to pay benefits under this Plan. The money and any other assets in any such trust or account shall at all times remain the property of the Employer, and neither this Plan nor any Participant shall have any beneficial ownership interest in the assets thereof. No property or assets of the Employer shall be pledged, encumbered, or otherwise subjected to a lien or security interest for payment of benefits hereunder. Accounting for this Plan shall be based on generally accepted accounting principles.

4.6 Vesting and Forfeiture. All benefits under this Plan shall be contingent and forfeitable and no Participant shall have a vested interest in any benefit until one of the events listed below occurs while he is still employed with the Employer:

(a) he completes five years of Service;

(b) he attains age 60; or

(c) he dies, or retires or becomes disabled (as the terms "retire" and "disabled" are defined in the Retirement Plan).

A person who terminates employment with the Employer for any reason prior to becoming vested hereunder shall not receive a benefit, unless otherwise provided in a contract with the Company.

4.7 Payment. Unless a Participant makes an election under the following sentence, the amount accumulated in a Participant's account shall be distributed in a single sum as soon as practicable after the Participant (i) Retires or terminates employment or (ii) attains age 55, whichever occurs later. The Participant may make an irrevocable election when he first becomes a Participant in this Plan to receive the distribution payable under this section in a single sum or 5, 10, 15 or 20 annual installments. In such election the Participant may elect to have such distributions commence either (a) in the year following his retirement or termination of employment or commencing at age 55, if later, or (b) at a specified age between ages 55 and 70-1/2, or in the year following his retirement or termination of employment, if later. A Participant who becomes disabled for more than six months (as defined in the Retirement Plan) may petition the Administrative Committee for approval to receive the distribution payable under this section in a single sum or installments at any time even before the Participant attains age 55. If benefits are to be paid in installments, the account will continue to be adjusted in accordance with section 4.5(a) above until any series of installments has been completed. The amount of each annual installment shall equal the amount credited to the account as of the beginning of the year in which the installment is to be paid multiplied by 1 over the number of installments (including the current one) which remain to be paid. Each installment shall be paid during the first 90 days of the calendar year.

The Administrative Committee, in its sole discretion, may permit a Participant to change his election as to the form of payment upon written petition of the Participant. In order to be effective, a Participant's election (or modification or revocation of a prior election) of the form of payment must be made not later than 12 months before the Participant's Retirement or termination of employment, unless otherwise permitted by the Administrative Committee. Subject to the foregoing limitation, a Participant may make such election (or revoke a prior election and make a new election) at any time. Any election (or modification or revocation of a prior election) which is made later than 12 months prior to the Participant's Retirement or termination of employment will be considered void and shall have no force or effect, except as otherwise determined by the Administrative Committee.

4.8 Death. The account of a Participant who dies while employed by an Employer shall be paid in a single sum to the Participant's Beneficiary.

If a Participant dies after Retirement or termination of employment, then his surviving Beneficiary shall be paid the amount in the Participant's account in a single sum.

The payment under this section will not apply if such payment is made under an insurance policy or some other plan or arrangement of the Company for senior executives.

4.9 Withholding; Unemployment Taxes. To the extent required by the law in effect at the time payments are made, the Company shall withhold from payments made hereunder the minimum taxes required to be withheld by the Federal or any state or local government.

4.10 Lump Sum Payment With Penalty. Notwithstanding any other provisions of the Plan, a Participant who's receiving payments under the Plan may elect at any time to receive an immediate lump sum payment of all or part of the vested balance of his account, reduced by a penalty, which shall be forfeited to the Company, equal to ten percent (10%) of the amount withdrawn from such account, in lieu of payments in accordance with the form previously elected by the Participant.

ARTICLE 5. ADMINISTRATION

5.1 Administrative Committee. This Plan shall be administered by the committee appointed to administer the Retirement Plan (the "Administrative Committee").

The interpretation and construction by the Administrative Committee of any provisions of this Plan shall be final unless otherwise determined by the Board of Directors. Subject to the Board, the Administrative Committee is authorized to interpret the Plan, to prescribe, amend, and rescind rules and regulations relating to it, and to make all other determinations necessary for its administration.

Without limiting the generality of the foregoing, the Administrative Committee shall have the authority to calculate amounts allocable to Participants, and to maintain and adjust accounts. The Administrative Committee shall have authority to delegate responsibility for performance of ministerial functions necessary for administration of the Plan to such officers of the Employer, including Participants, as the Administrative Committee shall in its discretion deem appropriate.

5.2 Uniform Rules. In administering the Plan, the Administrative Committee will apply uniform rules to all Participants similarly situated.

5.3 Notice of Address. Any payment to a Participant or Beneficiary, at the last known post office address submitted to the Employer, shall constitute a complete acquittance and discharge of the Employer and any director or officer with respect thereto. Neither the Employer nor any director or officer shall have any duty or obligation to search for or ascertain the whereabouts of any Participant or his Beneficiary.

5.4 Records. The records of the Administrative Committee with respect to the Plan shall be conclusive on all Participants, all Beneficiaries, and all other persons whomsoever.

ARTICLE 6. AMENDMENT AND TERMINATION

6.1 Amendment and Termination. The Company expects the Plan to be permanent, but since future conditions affecting the Company cannot be anticipated or foreseen, the Company must necessarily and does hereby reserve the right to amend, modify, or terminate the Plan at any time by action of its Board of Directors, except that no amendment shall reduce the dollar amount credited to a Participant's account.

6.2 Reorganization of Employer. In the event of a merger or consolidation of the Employer, or the transfer of substantially all of the assets of the Employer to another corporation, such continuing, resulting or transferee corporation shall have the right to continue and carry on the Plan and to assume all liabilities of the Employer hereunder without obtaining the consent of any Participant or Beneficiary. If such successor shall assume the liabilities of the Employer hereunder, then the Employer shall be relieved of all such liability, and no Participant or Beneficiary shall have the right to assert any claim against the Employer for benefits under or in connection with this Plan.

6.3 Protected Benefits. If the Plan is terminated or amended so as to prevent further earnings adjustments, or if liabilities accrued hereunder up to the date of an event specified in section 6.2 are not assumed by the successor to the Employer, then the dollar amount in the account of each Participant or Beneficiary (whether or not vested) shall be paid in cash to such Participant or Beneficiary no less rapidly than in three equal annual installments beginning with the year in which the amendment or termination is adopted.

ARTICLE 7. GENERAL PROVISIONS

7.1 Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, or interest therein which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a

Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

7.2 Employment Rights. The establishment of the Plan shall not be construed as conferring any legal rights upon any Participant or any other person for a continuation of employment, nor shall it interfere with the rights of the Employer to discharge any person or treat him without regard to the effect which such treatment might have upon him under this Plan.

7.3 Illegality of Particular Provision. If any particular provision of this Plan shall be found to be illegal or unenforceable, such provision shall not affect any other provision, but the Plan shall be construed in all respects as if such invalid provision were omitted.

7.4 Applicable Laws. The Plan shall be governed by and construed according to the laws of the State of California.

ARTICLE 8. BENEFICIARY DESIGNATION

8.1 Designation of Beneficiary. Each Participant shall have the right, at any time, to designate any person or persons as the Beneficiary to whom payment under this Plan shall be made in the event of the Participant's death prior to complete distribution to the Participant of the benefits due under the Plan. Each Beneficiary designation shall become effective only when filed in writing with the Administrative Committee during the Participant's lifetime on a form prescribed by the Administrative Committee. The filing of a new Beneficiary designation form will cancel any inconsistent Beneficiary designation previously filed.

If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, such benefits shall be paid in accordance with the Participant's Beneficiary designation under the Company's Retirement Plan, and if there is no such valid Beneficiary designation, to the Participant's then surviving spouse, or, if none, to the Participant's estate, until directed otherwise by the court that has jurisdiction over the assets belonging to the Participant's probate estate.

This amended and restated Plan shall be effective as of January 1, 1996, and shall supersede and replace the prior Plan which was originally effective on January 1, 1986, and was amended effective as of January 1, 1989.

Executed on February 29, 1996, in the City and County of Los Angeles, State of California.

OCCIDENTAL PETROLEUM CORPORATION

By: Richard W. Hallock

Richard W. Hallock
Executive Vice President -
Human Resources

OCCIDENTAL PETROLEUM CORPORATION

SENIOR EXECUTIVE SURVIVOR BENEFIT PLAN

(EFFECTIVE AS OF JANUARY 1, 1986,
AS AMENDED AND RESTATED EFFECTIVE AS OF JANUARY 1, 1996)

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OCCIDENTAL PETROLEUM CORPORATION

SENIOR EXECUTIVE SURVIVOR BENEFIT PLAN

(Effective as of January 1, 1986,
as Amended and Restated Effective as of January 1, 1996)

A. PURPOSE

This Plan replaces a portion of the life insurance coverage previously provided for senior executives under the Occidental Petroleum Corporation Group Life Insurance Plan.

B. ERISA PLAN

This Plan is covered by Title I of ERISA as a welfare benefit plan. The Company is the "named fiduciary" of the Plan.

C. PARTICIPATION

1. <u>Selection by Company Management</u>

Any senior executive or managerial employee who is selected for participation by Company Management shall become a Participant as of the later of January 1, 1986, or the first day of the month following the month in which his participation is approved by Company Management. Participation in the Plan shall be limited to those Executives of the Company who are selected by Company Management. The Company and Executive shall enter into an Insurance Agreement to evidence the Executive's participation in the Plan.

2. <u>Election Not to Participate</u>

An Executive may elect not to participate in this Plan at any time; such election shall be in writing, and shall become effective upon its receipt by the Administrator. No compensation or benefits in lieu of this Plan shall be paid to an Executive who elects not to participate. An election not to participate shall be irrevocable unless otherwise determined by the Administrator.

An Executive's failure to pay when due any premium which he is required to pay under the terms of this Plan, unless paid within 30 days after written notice thereof from the Administrator, shall be deemed to be an election by the Executive not to participate further in this Plan. The Company may elect, within 90 days after receiving notice of the occurrence of any such event, to purchase the Executive's ownership interest in the policy or policies on the life of the Executive for an amount equal to the Executive's cash surrender value with respect to the policy or policies as provided in Sections E,2 or F,2.

3. Insurability

Executives selected by Company Management are not automatically entitled to the insurance benefits provided under this Plan. Each Executive must satisfy the requirements for insurability of the insurer selected by the Company before he becomes covered by insurance under this Plan.

4. Addition and Removal of Participants

Company Management may, at its discretion and at any time, designate additional Executives to participate in the Plan and remove Executives from participation in the Plan. When an Executive ceases participation, he shall be treated, solely for purposes of this Plan, as if he had terminated his employment with the Company for reasons other than Approved Retirement, under Section G.

5. Relation to Other Plans

If an Executive participates in this Plan, his life insurance coverage under the Occidental Petroleum Corporation Group Life Insurance Plan shall be limited to non-contributory coverage of $50,000.

D. ASSIGNMENT

The Executive may assign to one or more individuals or trustees all or any part of his right, title, claim, interest, benefit and all other incidents of ownership which he may have in any life insurance under this Plan. Such assignee shall then have all rights and obligations which have been assigned and otherwise are the Executive's under this Plan. In the event that there has been such an assignment, the term Executive shall mean the Executive's assignee (or any subsequent assignee) as the context requires, in connection with ownership, actions, elections, or other events concerning life insurance on the Executive.

E. INSURANCE BENEFITS WHILE EMPLOYED

1. Amount of Insurance

The amount of insurance provided under this Plan on the life of each Executive while he is employed by the Company shall be three times the highest Annual Base Salary of the Executive minus $50,000. At its discretion and at any time, however, the Board may specify a lower amount of insurance for Executives. The Executive shall have the incidents of ownership in such insurance provided in Section E,4.

2. Executive's Cash Surrender Value While Employed

While the Executive is employed by the Company, he shall have an interest in the cash surrender value with respect to insurance under this Plan in an amount not less than the aggregate premiums paid by the Executive for insurance under this Plan. However, an Executive who has less than five (5) Years of Service when he terminates employment with the Company shall not have any interest in the cash surrender value with respect to any insurance under this Plan.

3. Payment of Premiums

The Executive shall pay the premiums for the amount of insurance provided under this Plan on the life of the Executive under Section E,1 at the rates set forth in Exhibit "A" hereto. The Company reserves the right to amend Exhibit "A" to revise the rates for this insurance coverage. The Executive's premium payment shall be made annually or more frequently on demand by the Company. The Company shall pay the balance of the premiums for insurance under this Plan.

4. Policy Ownership

To provide the insurance benefits under this Plan, the Company shall acquire one or more permanent insurance policies on the life of each participating Executive who satisfies the insurer's requirements for insurability. The ownership of each policy shall be divided between the Company and the Executive. The Executive shall possess all incidents of ownership in the death benefits under the policy or policies in an amount equal to the amount of the death benefits provided to the Executive under this Plan, and the Company shall possess all other incidents of ownership in the death benefits under the policy or policies. The Executive shall have the right to designate the beneficiary to whom death benefits are payable under each insurance policy, to the extent of his ownership of the death benefit under the policy; the remainder of any death benefits shall be payable to the Company or its designated beneficiary, unless the Company claims a lesser amount.

5. Policy Loans

The rights of the Executive and the Company to borrow from any policy or policies under this Plan while the Executive is employed by the Company shall be as follows:

a. The Executive shall have no right to borrow from any policy while he is employed by the Company, except that the Executive may borrow any amount not in excess of the total cash surrender value of any policy at any time when he has the right to purchase the policy pursuant to Section H,2 or is permitted to borrow under Section E,5,e.

b. The Company shall not be permitted to borrow from any policy during four of the first seven years after such policy is placed in force.

c. The Company shall have the right to borrow from any policy an amount equal to the Company's premium on such policy during three of the first seven years after such policy is placed in force.

d. At any time after the seventh anniversary date of any policy, the Company shall have the annual right to borrow an amount equal to the Company's annual premium on such policy plus an amount equal to the Company's after-tax cost of the annual interest charges for loans on such policy ("Interest Loans"). The annual amount of Interest Loan shall be an amount equal to (A) the total interest on loans on such policy that is payable for the year in question multiplied times (B) the number one minus the Company's top marginal combined federal and state income tax brackets, giving effect to any federal tax deduction allowable for the state income taxes payable by the Company ("Combined Bracket"). For example, in the event state taxes continue to be deductible for federal income tax purposes, the formula for calculating the Combined Bracket in a given policy year would be the sum of (C) the Company's top marginal federal rate for that year plus (D) the product of multiplying the Company's top marginal state rate for that year times the result of subtracting the Company's top marginal federal rate for that year from one. However, in the event a federal tax deduction is not allowed for state income taxes paid by the Company, the Combined Bracket in such a policy year would be the sum of the Company's top marginal federal rate for said year plus the Company's top marginal state rate for that year. The annual determination of the amount of Interest Loan shall be made in the Company tax year that follows the year of the interest payment in question immediately after the Company's federal and state tax returns for the prior year have been prepared and filed.

e. The Company and Executive may borrow such additional amounts from any policy as the Company and Executive may hereafter agree upon.

F. INSURANCE BENEFITS AFTER APPROVED RETIREMENT

1. Amount of Insurance

The amount of insurance provided under this Plan on the life of each Executive who retires pursuant to an Approved Retirement shall be the lesser of (i) one times his highest Annual Base Salary or (ii) $1,000,000. An Executive who has made premium payments for less than five years at the time of his Approved Retirement will be required to continue to make premium payments on this amount of insurance for the balance of such five year period. The remaining aggregate death benefits under the insurance policy or policies on the life of the Executive shall be retained by the Company.

2. Cash Surrender Value

On the Executive's Approved Retirement, the Executive shall continue to have an ownership interest in the cash surrender value (net of outstanding policy loans) of the policy or policies on the life of the Executive of not less than the aggregate premiums paid by the Executive pursuant to Section E,3.

3. Continuation of Policy

The life insurance coverage for the Executive will continue after his Approved Retirement in the same form and subject to the same terms and provisions of this Plan as if he remained employed with the Company except that the total amount of coverage for the Executive shall not exceed the amount specified in Section F,1. The Company agrees to maintain in force and pay the premiums on the policy or policies, except for any premiums which the Executive is required to pay under Section F,1.

4. Policy Loans

The rights of the Executive and the Company to borrow from any policy or policies under this Plan after an Executive's Approved Retirement shall be as follows:

a. The Executive shall have no right to borrow from any policy, except that the Executive may borrow any amount not in excess of the total cash surrender value of any policy at any time when he has the right to purchase the policy pursuant to Section H,2 or is permitted to borrow under Section E,5,e.

b. The Company shall continue to have the rights and be subject to the restrictions with respect to policy loans contained in Section E,5,b, c, d and e.

c. The Company shall be permitted to borrow additional amounts from any policy on the life of the Executive, once every three years, commencing three years after the Executive's Approved Retirement and every three years thereafter, not to exceed 25% of the total gross cash value available in the policy at the time of any such loan.

d. The Company shall also be permitted to borrow any excess of the cash surrender value under any policy over the minimum cash surrender value which is owned by the Executive under Section F,2 at any time after it has paid all amounts owed to the Executive which are described in Section H,2,d.

G. INSURANCE BENEFITS ON TERMINATION OF EMPLOYMENT OTHER THAN ON APPROVED RETIREMENT

1. Transfer of Policy to the Company

If an Executive terminates his employment with the Company for reasons other than an Approved Retirement, the Executive shall transfer to the Company the portion of the policy or policies on his life which he owns under this Plan, effective as of his termination of employment. In exchange, if the Executive has completed at least five (5) Years of Service, he shall receive from the Company, not later than 90 days after receipt by the Administrator of executed documents properly evidencing such transfer, cash equal to the minimum cash surrender value (if any) provided for the Executive in Section E,2. A termination of employment on account of Disability shall be treated in the same manner as any other termination of employment.

2. Optional Purchase of Insurance

An Executive who has completed at least five (5) Years of Service when he terminates employment with the Company may elect, in writing received by the Administrator not later than 90 days after his termination of employment, to acquire the existing insurance policy or policies on his life with aggregate death benefits in an amount equal to the lesser of (i) one times the highest Annual Base Salary of the Executive minus $50,000 or (ii) $1,000,000. Such insurance policy or policies shall not have any cash surrender value when received by the Executive or may have the minimum cash surrender value (if any) provided for the Executive in Section E,2 in lieu of the cash payment to the Executive pursuant to Section G,1. Such insurance policy or policies shall require the continuation of premium payments by the Executive at the rates established in the policy or policies based on the Executive's age at the time of his initial entry into the Plan.

An Executive who has less than five (5) Years of Service when he terminates employment with the Company may elect, in writing received by the Administrator not later than 90 days after his termination of employment, to acquire a new permanent insurance policy or policies on his life issued at his attained age upon termination of employment without providing evidence of insurability with aggregate death benefits in an amount equal to the lesser of (i) one times his highest Annual Base Salary minus $50,000 or (ii) $1,000,000. Such insurance policy or policies shall not have any cash surrender value. The Executive will be required to make premium payments under such policy or policies at the rates established by the insurance company for newly issued policies based on the Executive's attained age at the time of his termination of employment.

H. OPTION TO PURCHASE POLICY UPON OCCURRENCE OF CERTAIN EVENTS

1. Option to Purchase Policy from Company

The Executive may elect, in writing at any time after receiving notice of the occurrence of any event specified in Section H,2, to purchase from the Company any or all of the insurance policies on his life which are held by the Company under this Plan. The purchase price shall be equal to the aggregate premiums paid by the Company (net of outstanding loans).

2. Events Which Give Executive Right to Purchase Policy

The Executive shall be entitled to purchase any or all of the insurance policies on his life which are held by the Company under this Plan pursuant to Section H,1 upon the occurrence of any of the following events, unless such event is corrected by the Company not later than 10 days following its receipt of the Executive's written notice electing to purchase any such policies:

(a) the Company's failure to pay when due any premium which it is required to pay under the terms of this Plan;

(b) the Company's failure to pay when due any interest charge which is attributable to its loans under the insurance policies;

(c) the Company's attempt to surrender or cancel the insurance policy or policies; or

(d) the Company's failure to pay when due any amounts owed to the Executive that arise by virtue of the Executive's employment with the Company, other than medical disability, death and other welfare benefits.

I. WITHHOLDING

The Executive and any beneficiary shall make appropriate arrangements with the Company for the satisfaction of any federal, state or local income tax withholding requirements and Social Security or other employee tax requirements applicable to the provision of benefits under this Plan. If no other arrangements are made, the Company may provide, at its discretion, for such withholding and tax payments as may be required.

J. ADMINISTRATION OF THE PLAN

1. In General

An administrative committee shall be appointed by the Company's Chief Executive Officer as the Administrator to administer the Plan and establish, adopt, or revise such rules and regulations as the administrative committee may deem necessary or advisable for the administration of the Plan and to interpret the provisions of the Plan, and, except as otherwise indicated herein, any such interpretations shall be conclusive. All decisions of the administrative committee shall be by vote of at least two of the committee members and shall be final. Members of the administrative committee shall be eligible to participate in the Plan while serving as members of the administrative committee, but a member of the administrative committee shall not vote or act upon any matter which relates solely to such member's interest in the Plan as a participant.

2. Elections and Notices

All elections and notices made by any Executive under this Plan shall be in writing and filed with the Administrator.

K. AMENDMENT OR TERMINATION OF THE PLAN

The Company may at any time amend, alter, modify or terminate the Plan. Such action shall not affect the right of any Executive existing before the action; however, the Company is not obligated to continue any benefit, any insurance or any insurance policy after such action. Notwithstanding the foregoing or any other provision of this Plan, the Company may not in any manner act to reduce the Executive's interest (other than in death benefits) in any insurance policy under this Plan or change the Executive's right to purchase any insurance policy or the events which give the Executive the right to purchase such policy, as specified in Section H,1 and 2, unless the Executive consents thereto in writing.

L. BENEFICIARY DESIGNATION

The Executive shall have the right, at any time, to designate any person or persons as the beneficiary to whom payment under this Plan shall be made in the event of the Executive's death. Each beneficiary designation shall become effective only when filed in writing with the Administrator during the Executive's lifetime on a form prescribed by the Administrator. The filing of a new beneficiary designation form will cancel any inconsistent beneficiary designation previously filed.

If an Executive fails to designate a beneficiary as provided above, or if all designated beneficiaries predecease the Executive, the Executive's death benefits shall be paid in accordance with the Executive's beneficiary designation under the Company's Retirement Plan, and if there is no such valid beneficiary designation, to the Executive's then surviving spouse, or, if none, to the Executive's estate, until directed otherwise by the court that has jurisdiction over the assets belonging to the Executive's probate estate.

M. DEFINITIONS

For the purposes of the Plan, the following terms shall have the meanings indicated:

1. "Administrator" means the administrative committee specified in Section J.

2. "Affiliate" means any corporation which is controlled by or under common control with Occidental Petroleum Corporation.

3. "Annual Base Salary" means an Executive's highest annual fixed salary, excluding Bonus, all severance allowances, forms of incentive compensation, any

Savings Plan or qualified plan contributions made by the Company or benefits, retainers, insurance premiums or benefits, reimbursements, and all other payments, prior to reduction for any deferrals of base salary under the Company's Senior Executive Deferred Compensation Plan, 1988 Deferred Compensation Plan, Savings Plan or any other qualified or non-qualified deferred compensation plan or agreement.

4. "Approved Retirement" means any termination of employment with the Company after attainment of age 55 and completion of five (5) Years of Service.

5. "Beneficiary" means the person or persons designated as such in accordance with Section L.

6. "Board" means the Board of Directors of Occidental Petroleum Corporation.

7. "Bonus" means that bonus paid to an Executive during the Year in question prior to reduction for any deferral under the Company's Senior Executive Deferred Compensation Plan, 1988 Deferred Compensation Plan, Savings Plan or any other qualified or non-qualified deferred compensation plan or agreement.

8. "Company" means Occidental Petroleum Corporation, or any successor thereto, and any Affiliates.

9. "Company Management" means the Chairman of the Board, Chief Executive Officer and President or Executive Vice President of Human Resources.

10. "Disability" means a condition that qualifies as a disability under the Company's Retirement Plan and which has continued for more than six (6) months and has been approved by the Administrator.

11. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

12. "Executive" means a senior executive of the Company selected by Company Management to participate in this Plan pursuant to Section C.

13. "Insurance Agreement" means the insurance agreement entered into by the Company and an Executive to evidence the Executive's participation in this Plan.

14. "Retirement Plan" means the OCCIDENTAL PETROLEUM CORPORATION RETIREMENT PLAN effective June 1, 1983 and as amended from time to time thereafter.

15. "Savings Plan" means the OCCIDENTAL PETROLEUM CORPORATION SAVINGS PLAN, as amended from time to time.

16. "Senior Executive Deferred Compensation Plan" means the OCCIDENTAL PETROLEUM CORPORATION SENIOR EXECUTIVE DEFERRED COMPENSATION PLAN effective January 1, 1986 and as amended from time to time thereafter.

17. "Service" means the period of time during which an employment relationship exists between an Executive and the Company, including the period of time such relationship existed prior to the time when the Executive became a participant in this Plan.

18. "Years of Service" means the number of full years credited to an Executive under the Retirement Plan for vesting purposes.

19. "1988 Deferred Compensation Plan" means the OCCIDENTAL PETROLEUM CORPORATION 1988 DEFERRED COMPENSATION PLAN, as amended from time to time.

N. MISCELLANEOUS

1. Employment Not Guaranteed

Nothing contained in this Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Executive any right to be retained in the employ of the Company. Accordingly, subject to the terms of any written employment agreement to the contrary, the Company shall have the right to terminate or change the terms of employment of an Executive at any time and for any reason whatsoever, with or without cause.

2. Protective Provisions

Each Executive shall cooperate with the Company by furnishing any and all information requested by the Company in order to facilitate the payment of benefits hereunder, taking such physical examinations as the Company may deem necessary and taking such other relevant action as may be requested by the Company. If an Executive refuses to so cooperate, the Company shall have no further obligation to the Executive under the Plan. If an Executive commits suicide during the first two years following his participation in the Plan, or if an Executive makes any material misstatement of information or nondisclosure of medical history, then no benefits will be payable hereunder to such Executive or his beneficiary, provided, that in the Company's sole discretion, benefits may be payable in an amount reduced to compensate the Company for any loss, cost, damage or expense suffered or incurred by the Company as a result in any way of such misstatement or nondisclosure.

3. Gender, Singular & Plural

All pronouns and any variations thereof shall be deemed to refer to the masculine or feminine as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

4. Captions

The captions of the articles, sections, and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

5. Validity

In the event any provision of this Plan is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Plan.

6. Notice

Any notice or filing required or permitted to be given to the Administrator under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the principal office of the Company, directed to the attention of the President of the Company. Such notice shall be deemed given as to the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

7. Applicable Law

The Plan shall be governed and construed in accordance with the laws of the State of California.

8. Notice to Insurance Company

The Company shall be responsible for notifying the insurance company which issues any policy or policies under this Plan of any changes in the ownership rights and interests of the Executive and the Company and of any changes in their respective beneficiaries to receive death benefits under the Plan, and the insurance company shall be entitled to rely upon such notification received from the Company.

This amended and restated Plan shall be effective as of January 1, 1996, and shall supersede and replace the prior Plan which was originally effective on January 1, 1986, and was amended effective as of January 1, 1990.

Executed on February 29, 1996, in the City and County of Los Angeles, State of California.

OCCIDENTAL PETROLEUM CORPORATION

By: Richard W. Hallock

Richard W. Hallock
Executive Vice President -
Human Resources

EXHIBIT A

TO

OCCIDENTAL PETROLEUM CORPORATION
SENIOR EXECUTIVE SURVIVOR BENEFIT PLAN
(Effective as of January 1, 1986)

ANNUAL RATES PER $1,000 OF INSURANCE ON LIFE OF EXECUTIVE

Age at Entry of Executive	Premium Paid By Executive
Under 30	$ .24
30-34	$ .27
35-39	$ .33
40-44	$ .51
45-49	$ .87
50-54	$1.44
55-59	$2.25
60 and over	$3.51

EXHIBIT 11

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993
(Amounts in thousands, except per-share amounts)

EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE	1995	1994	1993
Applicable to common shares:			
Income(loss) from continuing operations	$ 418,260	$(111,256)	$ 35,375
Discontinued operations, net	--	--	221,100
Extraordinary gain(loss), net	--	(176)	(12,328)
Earnings(loss) applicable to common stock	$ 418,260	$(111,432)	$ 244,147
Common shares outstanding at beginning of period	316,853	305,603	303,728
Issuance of common shares, weighted average	1,025	5,258	1,130
Conversions, weighted average options exercised and other	260	13	24
Repurchase of common shares	(65)	(68)	(30)
Effect of assumed exercises			
Dilutive effect of exercise of options outstanding and other	158	30	46
Weighted average common stock and common stock equivalents	318,231	310,836	304,898
Primary earnings per share:			
Income(loss) from continuing operations	$ 1.3143	$ (.3579)	$ .1160
Discontinued operations, net	--	--	.7252
Extraordinary gain(loss), net	--	(.0006)	(.0404)
Earnings(loss) per common and common equivalent share	$ 1.3143	$ (.3585)	$ .8008
	$ 1.31	$ (.36)	$ .80

FULLY DILUTED EARNINGS PER SHARE	1995	1994	1993
Earnings(loss) applicable to common stock	$ 418,260	$(111,432)	$ 244,147
Dividends applicable to dilutive preferred stock:			
$3.00 preferred stock(a)	34,165	--	--
	$ 452,425	$(111,432)	$ 244,147
Common shares outstanding at beginning of period	316,853	305,603	303,728
Issuance of common shares, weighted average	1,025	5,258	1,130
Conversions, weighted average options exercised and other	260	13	24
Repurchase of common shares	(65)	(68)	(30)
Effect of assumed conversions and exercises			
Dilutive effect of assumed conversion of preferred stock:			
$3.00 preferred stock(a)	30,566	--	--
Dilutive effect of exercise of options outstanding and other	212	40	55
Total for computation of fully diluted earnings per share	348,851	310,846	304,907
Fully diluted earnings per share:			
Income(loss) from continuing operations	$ 1.2969	$ (.3579)	$ .1160
Discontinued operations, net	--	--	.7251
Extraordinary gain(loss), net	--	(.0006)	(.0404)
Fully diluted earnings(loss) per share	$ 1.2969	$ (.3585)	$ .8007
	$ 1.30	$ (.36)	$ .80

(a) Convertible securities are not considered in the calculations if the effect of the conversion is anti-dilutive.

EXHIBIT 12

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF TOTAL ENTERPRISE RATIOS OF EARNINGS TO FIXED CHARGES
FOR THE FIVE YEARS ENDED DECEMBER 31, 1995
(Amounts in millions, except ratios)

	1995	1994	1993	1992	1991
Income(loss) from continuing operations(a)	$ 478	$ (46)	$ 80	$ 131	$ 374
Add:					
Provision(benefit) for taxes on income (other than foreign oil and gas taxes)	244	50	204	114	343
Interest and debt expense(b)	592	594	601	666	880
Portion of lease rentals representative of the interest factor	48	55	53	56	57
Preferred dividends to minority stockholders of subsidiaries(c)	--	--	--	7	11
	884	699	858	843	1,291
Earnings(loss) before fixed charges	$1,362	$ 653	$ 938	$ 974	$1,665
Fixed charges					
Interest and debt expense including capitalized interest(b)	$ 602	$ 599	$ 612	$ 685	$ 912
Portion of lease rentals representative of the interest factor	48	55	53	56	57
Preferred dividends to minority stockholders of subsidiaries(c)	--	--	--	7	11
Total fixed charges	$ 650	$ 654	$ 665	$ 748	$ 980
Ratio of earnings to fixed charges	2.10	n/a(d)	1.41	1.30	1.70

(a) Includes (1) minority interest in net income of majority-owned subsidiaries having fixed charges and (2) income from less-than-50-percent-owned equity investments adjusted to reflect only dividends received.

(b) Includes proportionate share of interest and debt expense of 50-percent-owned equity investments.

(c) Adjusted to a pretax basis.

(d) Not computed due to less than one-to-one coverage. Earnings were inadequate to cover fixed charges by $1 million.

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA — Occidental Petroleum Corporation and Subsidiaries

Dollar amounts in millions, except per-share amounts

For the years ended December 31,	1995	1994	1993	1992	1991
RESULTS OF OPERATIONS					
Net sales and operating revenues	$ 10,423	$ 9,236	$ 8,116	$ 8,494	$ 9,498
Income(loss) from continuing operations	$ 511	$ (36)	$ 74	$ 126	$ 372
Net income(loss)	$ 511	$ (36)	$ 283	$ (591)	$ 460
Preferred dividend requirements	$ 93	$ 76	$ 39	$ 3	$ 7
Earnings(loss) applicable to common stock	$ 418	$ (112)	$ 244	$ (594)	$ 453
Earnings(loss) per common share from continuing operations	$ 1.31	$ (.36)	$ .12	$ .41	$ 1.22
Primary earnings(loss) per common share	$ 1.31	$ (.36)	$ .80	$ (1.97)	$ 1.52
Fully diluted earnings(loss) per share	$ 1.30	$ (.36)	$ .80	$ (1.97)	$ 1.52
FINANCIAL POSITION					
Total assets	$ 17,815	$ 17,989	$ 17,123	$ 17,877	$ 15,763
Senior funded debt, net	$ 4,819	$ 5,823	$ 5,728	$ 5,452	$ 5,478
Capital lease liabilities, net	$ 259	$ 291	$ 319	$ 354	$ 379
Stockholders' equity	$ 4,630	$ 4,457	$ 3,958	$ 3,440	$ 4,340
Common dividends declared per share	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
AVERAGE SHARES OUTSTANDING (THOUSANDS)	318,231	310,836	304,898	302,017	298,548

See Management's Discussion and Analysis and the Notes to Consolidated Financial Statements for information regarding accounting changes, asset dispositions and charges for reorganization, litigation matters, environmental remediation and other costs and other special items affecting comparability.

MANAGEMENT'S DISCUSSION AND ANALYSIS

1995 BUSINESS ENVIRONMENT   Worldwide crude markets in 1995 experienced moderate price increases on average versus those of a year earlier. The increase of a little over $1 per barrel was accompanied by less volatility relative to a year ago. This price growth and reduced volatility enhanced financial performance throughout the industry.

While political unrest and instability in certain major oil producing regions continue to have short-term market impact, good supply-and-demand fundamentals had the most influence on price improvements. These fundamentals were largely influenced by continuing economic growth, especially in the Far East. In addition, OPEC production only moderately exceeded the organization's existing quotas. Prices rose generally during the first half of 1995 but dropped during the third quarter. In their late 1995 meeting, OPEC decided to roll over the existing quotas of 24.5 million barrels of oil per day. This, and the return to more normal demand for the 1995-96 winter season, added to price gains throughout the fourth quarter. OPEC member countries' production in excess of agreed quotas has not significantly affected crude oil prices.

Of additional significance is the continuing strength in heavier petroleum product markets such as fuel oil. This strength, coupled with changing global crude oil supply qualities, has provided an even stronger boost to heavier crude oil prices relative to the lighter, benchmark West Texas Intermediate (WTI) and Brent crudes. Occidental's global crude oil production portfolio, being moderately heavier than these benchmark crudes, has benefited from this market development and should continue to do so as long as the fundamentals remain unchanged.

Natural gas prices were relatively weak during the first half of 1995 due to a mild 1994-95 winter heating season and the resulting higher storage inventories at the end of the season. Unusually warm weather during the summer, however, caused an increase in demand for gas by electric utilities and an increase in gas prices by late summer. Because of this high summer demand, storage inventories nationwide were below year-ago levels at the beginning of the 1995-96 winter heating season. These low storage inventories, combined with unusually cold weather in November and December, caused gas prices to increase significantly by year-end. The sharp increase in winter demand also drove prices up in the first quarter of 1996. The average gas price for 1996 consequently is expected to remain higher than 1995, bolstered in part by the need to raise low storage inventory levels.

Since trading in natural gas futures began in 1990, the volume of natural gas traded on the NYMEX has grown to be approximately four times greater than the actual amount of gas delivered to pipelines. This winter, NYMEX natural gas futures attained an all-time high price and natural gas price volatility was the greatest of all U.S.-traded commodities.

Although overall demand for natural gas has been increasing and is in relative balance with supply, gas prices can be significantly affected by short-term fundamentals such as weather, inventory levels, competing fuel prices, availability of transport capacity and supply disruptions.

The interstate natural gas pipeline industry completed its second year of operation under Federal Energy Regulatory Commission (FERC) Order 636. As a result, interstate pipelines no longer are marketers of natural gas but instead provide transportation and storage services. The sale of natural gas to local distribution companies and end users has shifted to producers and nonregulated marketing companies, including interstate pipeline affiliates. Local gas distribution and electric utility companies also are beginning to face similar regulatory requirements, at both the federal and state level, to unbundle their services. This is creating new opportunities for marketers of both gas and electricity.

1995 marked a year of higher earnings for the U.S. chemical industry. Strong demand growth in the first half of 1995 contributed to increases in both prices and margins. Demand for OxyChem products increased due to the strengthening of the U.S. and other economies and from strong recoveries in such key and end-use markets as construction, automotive, pulp and paper, and aluminum. A succession of caustic soda price increases in 1994 brought chlor-alkali margins overall to historic highs in 1995. Prices for ethylene and ethylene coproducts, such as propylene, continued to improve during the first half of 1995 due to short supplies. Polyvinyl chloride (PVC) demand continued to grow at strong rates in the first half of 1995, which was reflected in improved selling prices.

During the last half of 1995, however, prices for PVC and petrochemical products fell mainly due to a slowing of exports, primarily because China reduced its purchases in the world market, resulting in reduced margins. It is expected that demand will improve as China returns to the world market during 1996. PVC and petrochemical prices are expected to stabilize in the first half of 1996, with prices increasing in the second half of 1996.

1995 INCOME SUMMARY Occidental reported net income of $511 million ($1.31 per share) in 1995, on net sales and operating revenues of $10.4 billion. Before the after-tax effect of the special items listed below, earnings were $623 million. Net income included pretax charges of $132 million for the previously announced reorganizations of the oil and gas and natural gas transmission divisions and $109 million for the settlement of litigation, partially offset by a gain of $40 million from the sale of Occidental's PVC facility at Addis, Louisiana.

DIVISIONAL OPERATIONS The following discussion of each of Occidental's three operating divisions and corporate items should be read in conjunction with Note 17 to the Consolidated Financial Statements.

Divisional earnings exclude interest income, interest expense, unallocated corporate expenses, discontinued operations, extraordinary items and income from equity investments, but include gains from dispositions of divisional assets.

Foreign income and other taxes and certain state taxes are included in divisional earnings on the basis of operating results. U.S. federal income taxes are not allocated to divisions except for amounts in lieu thereof that represent the tax effect of operating charges or credits resulting from purchase accounting adjustments which arise due to the implementation in 1992 of Statement of Financial Accounting Standards (SFAS) No. 109--"Accounting for Income Taxes." Divisional earnings in 1995 benefited by $91 million from credits allocated. This included credits of $16 million, $48 million and $27 million in oil and gas, natural gas transmission and chemical, respectively. Divisional earnings in 1994 benefited by $91 million from net credits allocated. This included credits of $18 million, $41 million and $32 million in oil and gas, natural gas transmission and chemical, respectively. Divisional earnings in 1993 benefited by $42 million from net credits allocated. This included credits of $20 million and $38 million in oil and gas and chemical, respectively, and a net charge of $16 million in natural gas transmission.

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

DIVISIONAL OPERATIONS
In millions

	Sales			Earnings(Loss)		
For the years ended December 31,	1995	1994	1993	1995	1994	1993
Oil and gas	$ 3,018	$ 2,451	$ 1,702	$ 45	$ 27	$ 278
Natural gas transmission	2,038	2,110	2,378	213	276	426
Chemical	5,370	4,677	4,042	1,080	350	173
Other	(3)	(2)	(6)	--	--	--
	$ 10,423	$ 9,236	$ 8,116	1,338	653	877
Unallocated corporate items						
Interest expense, net				(540)	(564)	(554)
Income taxes				(295)	(110)	(186)
Other				8	(15)	(63)
Income(loss) from continuing operations				511	(36)	74
Discontinued operations, net				--	--	221
Extraordinary gain(loss), net				--	--	(12)
Net income(loss)				$ 511	$ (36)	$ 283

OIL AND GAS

	1995	1994	1993
DIVISIONAL SALES (in millions)	$ 3,018	$ 2,451	$ 1,702
DIVISIONAL EARNINGS (in millions)	$ 45	$ 27	$ 278
AVERAGE SALES PRICES			
CRUDE OIL PRICES (per barrel)			
U.S.	$ 15.61	$ 14.21	$ 15.54
Other Western Hemisphere	$ 10.62	$ 10.19	$ 11.51
Eastern Hemisphere	$ 14.47	$ 12.08	$ 11.41
GAS PRICES (per thousand cubic feet)			
U.S.	$ 1.51	$ 1.85	$ 1.98
Other Western Hemisphere	$ --	$ 1.72	$ 1.80
Eastern Hemisphere	$ 2.07	$ 1.15	$ 1.24
EXPENSED EXPLORATION(a) (in millions)	$ 106	$ 127	$ 102
CAPITAL EXPENDITURES (in millions)			
Development	$ 373	$ 345	$ 451
Exploration	$ 130	$ 147	$ 122
Acquisitions and other	$ 72	$ 326	$ 275

(a) Includes amounts previously shown in exploration capital expenditures.

Occidental emphasizes international operations through exploration for and production of oil and gas and through enhanced oil recovery projects to improve long-term cash flow and profitability. Occidental expects to increase domestic reserves and production above current levels through a targeted exploration program, producing property acquisitions that fit its infrastructure and through improved field production efficiencies. Also, Occidental continues to dispose of nonstrategic assets.

Occidental reorganized its worldwide oil and gas operations, headquartered in Bakersfield, California, in the fourth quarter of 1995. This change allows Occidental to redeploy its resources and sharpen its focus on improving performance. The reorganization, for which a charge of $95 million was recorded, is expected to result in annualized savings of $100 million.

The operating results of 1995, compared with 1994, reflected higher worldwide crude oil production and prices, higher international natural gas volumes and lower exploration costs, partially offset by lower domestic natural gas prices. The change in sales for 1995, compared with 1994, largely reflected higher worldwide crude oil production and prices and increased oil trading activity. The operating results of 1994, compared with 1993, reflected lower worldwide crude oil prices and domestic natural gas prices and higher exploration costs, partially offset by higher international crude oil and domestic natural gas volumes. The change in sales for 1994, compared with 1993, largely reflected increased oil trading activity.

The 1995 results included charges of $95 million related to reorganization costs and $109 million for settlement of litigation. The 1994 results reflected charges of $45 million for environmental and litigation matters, $11 million for the impairment of oil and gas properties and $12 million for a voluntary retirement program and severance and related costs. Also included in the 1994 results was the gain of $16 million from the sale of Occidental's remaining interests in its producing operations in Argentina and a $15 million benefit resulting from the reversal of reserves no longer needed for anticipated liabilities related to the sale of Occidental's U.K. North Sea interests. The 1993 results included a benefit of $85 million, net of a federal tax charge of $45 million, resulting from the reversal of foreign tax reserves following the settlement of tax matters with foreign jurisdictions relating to the disposition of certain international oil and gas assets in 1991. The 1993 results also included a gain of $30 million on the sale of Occidental's equity interest in Trident NGL, Inc. (Trident), $25 million from a windfall profit tax refund and $5 million from a favorable litigation settlement, partially offset by a $24 million charge for environmental remediation and litigation matters.

NATURAL GAS TRANSMISSION

	1995	1994	1993
DIVISIONAL SALES (in millions)	$ 2,038	$ 2,110	$ 2,378
DIVISIONAL EARNINGS (in millions)	$ 213	$ 276	$ 426
THROUGHPUT (trillions of cubic feet)			
Transportation	1.53	1.53	1.61
Sales	.65	.55	.66
	2.18	2.08	2.27
CAPITAL EXPENDITURES (in millions)	$ 150	$ 93	$ 65

In 1995, MidCon Corp.'s (MidCon) total throughput volume (excluding transportation for affiliates) was 2.18 trillion cubic feet (Tcf), approximately 5 percent higher than 1994 throughput of 2.08 Tcf.

Transportation volumes were equal, while sales volumes increased approximately 18 percent from 1994. Divisional sales were lower in 1995 than in 1994, which reflected the absence of revenues from sales of regulated gas storage inventories, lower transportation margins and lower recoveries of gas supply realignment costs.

MidCon reorganized its operations near the end of 1995 to expedite design of products and services to meet changing customer needs, maximize return on assets, enhance operating efficiencies and reduce costs. This reorganization resulted in a charge of $37 million and is expected to result in annualized savings of $50 million.

Overall revenues for 1994 were lower than 1993 due to lower sales volumes at Natural Gas Pipeline Company of America (Natural); however, significant volumes of gas were sold by the nonregulated subsidiary of MidCon. Earnings declined in 1994, compared with 1993, reflecting changes in rates charged by Natural following the implementation of Order 636 and the settlement of a concurrent rate case. The lower sales volumes at Natural did not result in an earnings decline since regulatory procedures implementing Order 636 permitted margins from former sales service to be reallocated to continuing transportation and gas storage services. Additionally, earnings were lower in 1994, compared with 1993, resulting from lower reversals of financial reserves for disadvantageous gas purchase contracts, partially offset by lower depreciation expense in 1994. Total throughput volume (excluding transportation for affiliates) decreased approximately 8 percent in 1994, compared with 1993. Transportation volumes decreased slightly, while sales volumes decreased approximately 17 percent.

The earnings decline in 1995, compared with 1994, reflected a charge for reorganization costs in 1995 of $37 million and favorable special items in 1994. Excluding these special items, earnings for 1995 were approximately the same as 1994. The 1994 results included the benefit of $13 million from a reduction of LIFO gas storage inventory and the net benefit of $12 million from the reduction of the contract impairment reserve. The 1993 results included a net benefit of $154 million from the reduction of the contract impairment reserve and an $8 million reversal of a tax-related reserve no longer required.

CHEMICAL

	1995	1994	1993
DIVISIONAL SALES (in millions)	$ 5,370	$ 4,677	$ 4,042
DIVISIONAL EARNINGS (in millions)	$ 1,080	$ 350	$ 173
KEY PRODUCT INDEXES (1987 through 1990 average price = 1.0)			
Chlorine	1.36	1.43	.69
Caustic soda	1.28	.54	.74
PVC resins	1.01	.93	.77
KEY PRODUCT VOLUMES			
Chlorine (thousands of tons)	3,170	3,172	3,110
Caustic soda (thousands of tons)	3,275	3,471	3,240
PVC resins (millions of pounds)	1,724	1,920	1,913
CAPITAL EXPENDITURES (in millions)			
Basic chemicals	$ 121	$ 87	$ 55
Petrochemicals	$ 43	$ 32	$ 32
Polymers and plastics	$ 33	$ 34	$ 38
Specialty business	$ 30	$ 23	$ 22
Other	$ 16	$ 14	$ 19

OxyChem's ongoing commitment to controlling costs and maintaining the reliable operations of its manufacturing facilities continues to make important contributions to earnings. Higher margins, resulting from improved demand, significantly benefited earnings in 1995.

Earnings in 1995 improved significantly, compared with 1994, as prices and margins increased for a number of OxyChem's key products, primarily PVC, caustic soda and petrochemicals. Prices for PVC and petrochemical products fell in the second half of 1995, but demand is expected to improve as 1996 progresses. Additionally, the 1995 results benefited from ongoing efforts to manage costs and improve productivity. The higher earnings in 1994, compared with 1993, reflected improved product prices and margins for PVC, chlorine and petrochemicals. Additionally, the 1994 results benefited from lower manufacturing and administrative costs and from lower depreciation expense.

The 1995 earnings included the pretax gain of $40 million related to the sale of the PVC facility at Addis, Louisiana. The 1994 results reflected a $55 million charge for litigation matters and charges of $48 million for expenses related to the curtailment and closure of certain plant operations. Also included in the 1994 results was an $11 million unfavorable impact related to an explosion at the Taft plant and charges for start-up costs related to the Swift Creek chemical plant. The 1993 results included a $16 million benefit resulting from the reversal of a plant closure reserve no longer required.

CORPORATE

The improvement in unallocated corporate other items in 1995, compared with 1994, primarily reflected the benefit of higher equity income from unconsolidated chemical and oil and gas investments.

The 1994 amount included a net benefit of $7 million resulting from the reversal of reserves no longer required and the adoption of SFAS No. 112--"Employers' Accounting for Postemployment Benefits" and also reflected higher equity earnings, as compared with 1993, primarily from unconsolidated chemical investments.

The 1993 amount included a onetime noncash charge of $55 million to adjust net deferred tax liabilities following the enactment of tax legislation in August 1993, partially offset by $13 million of interest income related to the windfall profit tax refund discussed above.

REORGANIZATION CHARGES In the fourth quarter of 1995, Occidental recorded pretax charges of $132 million related to the reorganization of its worldwide oil and gas operations headquartered in Bakersfield, California and the reorganization of the operations of the natural gas transmission division. The charges recorded had no cash impact in 1995. Management expects that, after the initial cash outlays for the reorganization program in 1996, the reorganization will have a favorable impact on cash flow from operations.

DISCONTINUED OPERATIONS In July 1993, Occidental sold Island Creek Coal, Inc. to CONSOL Inc. Following the closing of the sale, Occidental re-evaluated the adequacy of the reserves recorded in the fourth quarter of 1992 related to the decision to exit the coal business and reversed certain reserves no longer deemed necessary. After recognizing the effect of the sale and the reversal of reserves, an after-tax benefit of $221 million was included in discontinued operations.

ACCOUNTING CHANGES Occidental periodically reviews the estimated economic lives of its assets. Beginning in 1994, Occidental revised the estimated average useful lives used to compute depreciation for most of its chemical machinery and equipment from 20 years to 25 years and for most of its natural gas transmission property to a remaining life of 40 years. These revisions were made to more properly reflect the current economic lives of the assets based on anticipated industry conditions. The result was a reduction in net loss for the year ended December 31, 1994 of approximately $65 million, or approximately $.21 per share. Natural gas transmission and chemical divisional earnings benefited by approximately $31 million and $34 million, respectively.

SFAS NO. 121 In March 1995, the Financial Accounting Standards Board issued SFAS No. 121--"Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." Occidental will implement SFAS No. 121 by the first quarter of 1996. The provisions will require Occidental to review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If it is determined that an impairment loss has occurred based on expected future cash flows, then a loss will be recognized in the income statement using a fair-value based model. Based on preliminary reviews performed in 1995, which assumed that Occidental will continue to operate, maintain and, where appropriate, expand its businesses, Occidental's adoption of SFAS No. 121, effective January 1, 1996, is not expected to have an impact on Occidental's consolidated financial position or results of operations.

SFAS NO. 112 In December 1992, the Financial Accounting Standards Board issued SFAS No. 112--"Employers' Accounting for Postemployment Benefits," which substantially changed the existing method of accounting for employer benefits provided to inactive or former employees after active employment but before retirement. The statement requires that the cost of postemployment benefits (principally medical benefits for inactive employees) be recognized in the financial statements during employees' active working careers. Occidental's adoption of SFAS No. 112, effective January 1, 1994, did not have a material impact on Occidental's financial position or results of operations.

SPECIAL ITEMS Special items are infrequent transactions that may affect comparability between years. The special items included in the 1995, 1994 and 1993 results are detailed below. For further information, see Note 17 to the Consolidated Financial Statements and the discussion above.

SPECIAL ITEMS

Benefit(Charge) In millions	1995	1994	1993
OIL AND GAS			
Litigation settlement	$ (109)	$ --	$ 5
Reorganization	(95)	--	--
Gain on sale of producing interests in Argentina	--	16	--
U.K. North Sea reserve reversal	--	15	--
Environmental and litigation	--	(45)	(24)
Severance and voluntary retirement program	--	(12)	--
Property impairments	--	(11)	--
Foreign tax reserve reversal(a)	--	--	85
Gain on sale of equity interest in Trident	--	--	30
Windfall profit tax refund	--	--	25
NATURAL GAS TRANSMISSION			
Reorganization	(37)	--	--
Contract impairment reserve reversal(a)	--	12	154
Reduction of LIFO inventory	--	13	--
Tax reserve reversal	--	--	8
CHEMICAL			
Gain on sale of PVC facility	40	--	--
Litigation reserves	--	(55)	--
Curtailment of operations and plant closure	--	(48)	--
Plant explosion and start-up costs	--	(11)	--
Plant closure reserve reversal	--	--	16
CORPORATE			
Reversal of reserves and adoption of SFAS No. 112	--	7	--
1993 federal tax rate change	--	--	(55)
Interest portion of windfall profit tax refund	--	--	13
Discontinued operations(a)	--	--	221
Extraordinary items(a)	--	--	(12)

(a) These amounts are shown after-tax.

CONSOLIDATED OPERATIONS--REVENUES

SELECTED REVENUE ITEMS In millions	1995	1994	1993
Net sales and operating revenues	$ 10,423	$ 9,236	$ 8,116
Interest, dividends and			

other income	$ 114	$ 92	$ 347
Income from equity investments	$ 112	$ 73	$ 27

The increase in sales in 1995, compared with 1994, primarily reflected higher sales prices for most major chemical products, higher worldwide crude oil production and prices, and increased oil trading activity. These increases were partially offset by the impact of lower domestic natural gas prices. The increase in sales in 1994, compared with 1993, primarily reflected the effect of improved prices in PVC, chlorine and petrochemicals businesses and increased oil trading activity.

The increase in interest, dividends and other income in 1995, compared with 1994, reflected higher interest income resulting from the substantial increase in invested cash balances. Included in the 1994 amount was the benefit of $20 million from a pretax reduction of the contract impairment reserve at MidCon, the Company's natural gas transmission division, and the $15 million benefit resulting from the reversal of reserves no longer needed for anticipated liabilities related to the sale of Occidental's U.K. North Sea interests. Included in the 1993 amount was the benefit of a $246 million pretax reduction of the contract impairment reserve at MidCon. Also included in the 1993 results were the $5 million favorable litigation settlement and the $25 million windfall profit tax refund, both recorded in the oil and gas division, and $13 million of interest income related to this windfall profit tax refund.

The increase in income from equity investments in 1995, compared with 1994 and 1993, primarily reflected higher earnings from certain unconsolidated chemical and oil and gas investments.

CONSOLIDATED OPERATIONS--EXPENSES

SELECTED EXPENSE ITEMS In millions	1995	1994	1993
Cost of sales	$ 6,980	$ 6,727	$ 5,972
Selling, general and administrative and other operating expenses	$ 1,194	$ 989	$ 782
Interest and debt expense, net	$ 579	$ 584	$ 579
Provision for domestic and foreign income and other taxes	$ 402	$ 143	$ 143

The increase in cost of sales in 1995, compared with 1994 and 1993, primarily reflected increased oil trading activity.

The increase in selling, general and administrative and other operating expenses in 1995 from 1994 primarily reflected the charges for reorganization costs and settlement of litigation. The increase in 1994, compared with 1993, essentially reflected higher other operating expenses of $200 million and lower foreign exchange gains of $15 million. The higher other operating expenses included $96 million of litigation expense provisions, $48 million for expenses related to curtailment and closure of certain chemical plant operations, and higher other reserves.

Lower interest and debt expense in 1995 from 1994 primarily reflected lower outstanding average debt levels in 1995, partially offset by increased expense due to regulatory settlements and slightly higher rates.

The 1995 provision for domestic and foreign income and other taxes, compared with 1994, reflected the substantial increase in divisional earnings subject to U.S. income tax, primarily at domestic chemical operations. The 1994 provision for domestic and foreign income and other taxes, compared with 1993, reflected lower domestic taxes and increased foreign taxes resulting from relatively more income subject to tax in various foreign jurisdictions and the absence in 1994 of two 1993 special items, as discussed below. In 1994, income taxes exceeded pretax income primarily because of substantial amounts of foreign income that were taxed individually in separate jurisdictions, before the benefit of a U.S. tax deduction for interest and corporate expenses. The 1993 provision reflected the $85 million reversal of foreign tax reserves, partially offset by the $55 million charge to adjust net deferred tax liabilities, as described above.

LIQUIDITY AND CAPITAL RESOURCES

OPERATING ACTIVITIES In millions	1995	1994	1993
NET CASH PROVIDED	$ 1,501	$ 760	$ 608

The 1995 improvement in net cash provided by operating activities, compared with 1994, reflected higher operating earnings in both the oil and gas and chemical divisions and proceeds of $100 million from an advance sale of crude oil, further discussed below. The 1994 improvement in net cash provided by operating activities, compared with 1993, reflected higher operating earnings, primarily in the chemical division. Cash provided by operating activities in 1993 was adversely affected by the unfavorable economic environment, resulting in lower sales prices and margins, particularly in chemical operations.

Other noncash charges of $246 million in 1995 primarily reflected the charges of $132 million for reorganization costs at the oil and gas and natural gas transmission divisions. Other noncash charges of $175 million in 1994 primarily reflected the charges of $100 million for environmental and litigation matters and $48 million for expenses related to the curtailment and closure of certain chemical plant operations, partially offset by $22 million resulting from the reversal of reserves no longer needed and $20 million from the reduction of the contract impairment reserve. Other noncash credits in 1993 primarily reflected the reductions of the contract impairment reserve, discussed above. Each of the three years also included charges for employee benefit plans and other items.

INVESTING ACTIVITIES In millions	1995	1994	1993
NET CASH USED	$ (136)	$ (1,007)	$ (876)

Net cash used in investing activities included Occidental's capital expenditure program as discussed below. The 1995 investing amount also included substantial proceeds from sales of businesses and other assets.

CAPITAL EXPENDITURES In millions	1995	1994	1993
Oil and gas	$ 575	$ 818	$ 848
Natural gas transmission	150	93	65
Chemical	243	190	166
Corporate and other	11	2	4
	$ 979	$ 1,103	$ 1,083

The spending in the oil and gas business continues to be the major part of Occidental's capital program underscoring Occidental's commitment to this core business. Significant capital was also spent on chemical and natural gas transmission to maintain and upgrade Occidental's businesses and to provide for expansion when it is economically attractive to do so.

The 1994 capital expenditures included the cash portion of the purchase price of certain U.S. Gulf Coast oil and gas properties acquired from Agip Petroleum Co. Inc. (Agip) and payments under a production sharing agreement for an enhanced oil recovery project in Qatar. The 1993 capital expenditures included the purchase of a royalty interest in the Congo and the development of oil discoveries in Yemen and Ecuador. Capital expenditures for 1996 are estimated to be approximately the same as the 1995 capital program.

ADDITIONAL CASH FLOW INVESTING ACTIVITIES The 1995 operating lease buyouts of $141 million included $71 million for the Swift Creek chemical plant. This plant was part of the agricultural chemical products business sold in the fourth quarter of 1995. The 1995 net proceeds from the sale of businesses and disposal of property, plant and equipment reflected the proceeds from the sale of Occidental's high-density polyethylene business (HDPE), its agricultural chemicals business, its PVC facilities at Addis, Louisiana and Burlington South, New Jersey, which were sold pursuant to a Federal Trade Commission divestiture order, and a portion of Occidental's oil and gas operation in Pakistan.

The 1994 purchase of businesses reflected cash balances obtained as a result of the acquisition of Placid Oil Company (Placid), which was consummated through the issuance of Occidental common and preferred stock, as described below.

The 1993 proceeds from the sale of businesses and disposal of property, plant and equipment included the sale of Occidental's equity interest in Trident for approximately $121 million and the disposition of the coal business and other assets.

FINANCING ACTIVITIES In millions	1995	1994	1993
NET CASH PROVIDED(USED)	$ (974)	$ 219	$ 340

The significant change in 1995 financing activities, compared with 1994, reflected repayment of debt using proceeds from asset sales and cash flow from operations. In 1995, principal payments of senior funded debt and capital lease liabilities, net of proceeds from borrowings, was $603 million.

Financing activities in 1994 provided net cash proceeds of approximately $557 million from the February public offering of 11,388,340 shares of $3.00 cumulative CXY-indexed convertible preferred stock. Additionally, in 1994, proceeds from borrowings, net of principal payments of senior funded debt and capital lease liabilities, resulted in net cash provided of $26 million. Financing activities in 1993 included net cash proceeds of $563 million from the February issuance of 11,500,000 shares of $3.875 cumulative convertible preferred stock. Also, proceeds from lower cost borrowings, net of payments of capital lease liabilities and repayments of higher cost debt, resulted in net cash provided in 1993 of $108 million.

Occidental paid preferred and common stock dividends of $406 million in 1995, $376 million in 1994 and $335 million in 1993. The increase in 1995 and 1994 primarily reflected the dividends on the preferred and common stocks issued in connection with acquisitions and the preferred offerings, discussed above.

Cash used by investing activities exceeded cash provided by operating activities for the years ended December 31, 1994 and 1993. Occidental funded this net cash use through borrowings and issuance of preferred stock.

Occidental has a centralized cash-management system that funds the working capital and capital expenditure requirements of its various subsidiaries. There are no provisions under existing debt agreements that significantly restrict the ability to move funds among operating entities.

ANALYSIS OF FINANCIAL POSITION

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

SELECTED BALANCE SHEET COMPONENTS

In millions	1995	1994
Trade receivables	$ 643	$ 735
Inventories	$ 647	$ 748
Equity investments	$ 927	$ 692
Property, plant and equipment, net	$ 13,867	$ 14,502
Current maturities of senior funded debt and capital lease liabilities	$ 522	$ 69
Senior funded debt, net	$ 4,819	$ 5,823
Other liabilities	$ 3,089	$ 2,943
Stockholders' equity	$ 4,630	$ 4,457

At December 31, 1995, Occidental had available $2.6 billion of committed credit lines and draws on them, as needed, to maintain sufficient cash balances for daily operating and other purposes.

Trade receivables and inventories reflected the absence of balances relating to certain chemical assets which were sold during 1995.

Equity investments increased reflecting the receipt of Clark USA, Inc. (Clark) common stock as partial consideration in exchange for Occidental's obligation to deliver Clark 17.7 million barrels of WTI-equivalent oil over the next six years.

Property, plant and equipment, net of accumulated depreciation, depletion and amortization, decreased reflecting the sale of Occidental's HDPE business, agricultural chemicals business, the PVC facilities and a portion of Occidental's oil and gas operation in Pakistan, as discussed above, partially offset by capital expenditures and operating lease buyouts.

Current maturities of senior funded debt and capital lease liabilities increased reflecting the reclassification from long-term to short-term of the net amount of debt to be repaid during 1996. For further discussion of the debt to be repaid in 1996, see the Subsequent Events section below.

Senior funded debt, net of current maturities and unamortized discount, decreased reflecting debt repayments including the application of cash flow from operations together with the net proceeds from the asset dispositions, described above, and the reclassification of debt to be repaid in 1996, discussed below. At December 31, 1995, minimum principal payments on senior funded debt, including sinking fund requirements, totaled $301 million in 1997, $375 million in 1998, $1.224 billion in 1999, $499 million in 2000, $518 million in 2001 and $2.049 billion thereafter. However, Occidental has the option to call certain issues of senior funded debt prior to their maturity dates.

Other liabilities increased reflecting Occidental's obligation to deliver 17.7 million barrels of WTI-equivalent oil over the next six years, described below, partially offset by payments and reclassifications.

The change in stockholders' equity primarily reflected net income and the issuance of common stock to various employee benefit plans and the dividend reinvestment plan, partially offset by dividends declared.

ACQUISITIONS AND COMMITMENTS   In November 1995, Occidental agreed to acquire a 64 percent equity interest in INDSPEC Chemical Corporation (INDSPEC) for $85 million of Occidental common stock. Under the terms of the agreement, INDSPEC's management and employees will retain voting control of the company. This transaction is expected to close in 1996.

In December 1995, Occidental entered into a transaction with Clark under which Occidental agreed to deliver approximately 17.7 million barrels of WTI-equivalent oil over the next six years. In exchange, Occidental received $100 million in cash and approximately 5.5 million shares of Clark common stock. As a result of this transaction, Occidental owns approximately 19 percent of Clark. Occidental has accounted for the consideration received in the transaction as deferred revenue which is being amortized into revenue as WTI-equivalent oil is produced and delivered during the term of the agreement.

During the second quarter of 1995, Occidental and Canadian Occidental Petroleum Ltd. formed partnerships into which they contributed primarily sodium chlorate manufacturing facilities. Occidental retained a less-than-twenty-percent direct interest in these partnerships accounted for on the equity method. This transaction did not result in any gain or loss.

On December 29, 1994, Occidental acquired Placid for an aggregate purchase price of approximately $250 million through the issuance of 3,606,484 shares of $3.875 cumulative convertible voting preferred stock, with a value of $175 million, and the balance through the issuance of 3,835,941 shares of Occidental common stock. Placid has oil and gas exploration and production properties primarily in the U.S. Gulf Coast and the Netherlands. Placid also has an approximate 39 percent interest in a major pipeline system in the Dutch sector of the North Sea, which includes 170 miles of main and feeder lines. The acquisition has been accounted for by the purchase method. Accordingly, the cost of the acquisition was allocated to the assets acquired and liabilities assumed based upon their estimated respective fair values. The allocation of the purchase price was finalized during 1995 upon completion of the asset valuations and resolution of the preacquisition contingencies.

In addition, as previously mentioned, on March 31, 1994, Occidental acquired interests in certain U.S. Gulf Coast oil and gas properties from Agip for a purchase price of $161 million through the issuance of 5,150,602 shares of Occidental common stock and $78 million in cash.

Commitments at December 31, 1995 for major capital expenditures during 1996 and thereafter were approximately $382 million. Total capital expenditures for 1996 are estimated to be approximately $1.0 billion, the majority of which is for oil and gas. Occidental believes that, through internally generated funds and financing activity, it will have sufficient funds to continue its current capital spending programs.

SUBSEQUENT EVENTS   On January 23, 1996, Occidental called for redemption on March 15 all of the outstanding $955 million principal amount of its 11.75% Senior Debentures due March 15, 2011, at a redemption price of 104.838% of the principal amount, together with accrued interest. The redemption of these debentures is in part being funded from cash accumulated in excess of ongoing requirements. The payment of the call premium will be reflected as an extraordinary loss in Occidental's 1996 first quarter results.

On February 13, 1996, Occidental announced a realignment of its chemical operations. The realignment will result in staff reductions of approximately 450 people. The costs associated with the realignment are not expected to have a material impact on the 1996 results of operations and the annualized savings are expected to be approximately $100 million.

HEDGING ACTIVITIES   Occidental periodically uses commodity futures contracts, options and swaps to hedge the impact of oil and natural gas price fluctuations and uses forward exchange contracts to hedge the risk associated with fluctuations in foreign currency exchange rates. Occidental does not engage in activities using highly complex or leveraged instruments. Gains and losses on commodity futures contracts are deferred until recognized as an adjustment to sales revenue or purchase costs when the related transaction being hedged is finalized. Gains and losses on foreign currency forward exchange contracts that hedge identifiable future commitments are deferred until recognized when the related item being hedged is settled. All other contracts are recognized in periodic income.

In addition, the oil and gas division engages in oil and gas trading activity through the use of futures contracts. The results are not significant and are included in periodic income.

Many of Occidental's foreign oil and gas operations and foreign chemical operations are located primarily in developing countries whose currencies generally depreciate against the U.S. dollar on a continuing basis. An effective currency forward market does not exist for these countries; therefore, Occidental attempts to manage its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions only at levels necessary for operating purposes. The major foreign currency positions at December 31, 1995 are generally in a net liability position, effectively eliminating the potentially unfavorable effects of devaluation.

Interest rate swaps are entered into as part of Occidental's overall strategy to maintain part of its debt on a floating rate basis. From time to time, Occidental enters into interest rate swaps on specific debt. In November 1993, Occidental entered into interest rate swaps on newly issued fixed-rate debt for notional amounts totaling $530 million, converting this fixed-rate debt to floating-rate debt. The swap rate difference resulted in approximately $5 million of additional interest expense in 1995 and $6 million and $1 million savings in interest expense for 1994 and 1993, respectively, compared to what interest expense would have been had the debt remained at fixed rates. The impact of the swaps on the weighted average interest rates for all debt in 1995, 1994 and 1993 was not significant. The fair value of interest rate swaps is the amount at which they could be settled, based on estimates obtained from dealers. Based on these estimates at December 31, 1995, Occidental would be required to pay approximately $3 million to terminate its interest rate swap agreements. Occidental will continue its strategy of maintaining part of its debt on a floating rate basis.

TAXES   Deferred tax liabilities were $2.3 billion at December 31, 1995, net of deferred tax assets of $1.8 billion. The current portion of the deferred tax assets of $335 million is included in prepaid expenses and other. The net deferred tax assets are expected to be realized through future operating income and reversal of taxable temporary differences.

LAWSUITS, COMMITMENTS AND CONTINGENCIES   Occidental and certain of its subsidiaries are parties to various lawsuits, environmental and other proceedings and claims that may involve substantial amounts. See Note 10 to the Consolidated Financial Statements. Occidental also has commitments under contracts, guarantees and joint ventures and certain other contingent liabilities. See Note 11 to the Consolidated Financial Statements. In management's opinion, after taking into account reserves, none of these matters should have a material adverse effect upon Occidental's consolidated financial position or results of operations in any given year.

ENVIRONMENTAL EXPENDITURES   Occidental's operations in the United States are subject to increasingly stringent federal, state and local laws and regulations relating to improving or maintaining the quality of the environment. Foreign operations also are subject to varied environmental protection laws. Costs associated with environmental compliance have increased over time and are expected to continue to rise in the future. Environmental expenditures, related to current operations, are factored into the overall business planning process. Increasingly, these expenditures are considered less as incremental costs and more as an integral part of production in manufacturing quality products responsive to market demand.

ENVIRONMENTAL REMEDIATION

The laws which require or address environmental remediation apply retroactively to previous waste disposal practices. And, in many cases, the laws apply regardless of fault, legality of the original activities or ownership or control of sites. Occidental is currently participating in environmental assessments and cleanups under these laws at federal Superfund sites, comparable state sites and other remediation sites, including Occidental facilities and previously owned sites. Also, Occidental and certain of its subsidiaries have been involved in a substantial number of governmental and private proceedings involving historical practices at various sites including, in some instances, having been named as defendants and/or as potentially responsible parties (PRPs) under the federal Superfund law. These proceedings seek funding and/or remediation and, in some cases, compensation for alleged personal injury or property damage, punitive damages and civil penalties, aggregating substantial amounts.

Occidental does not consider the number of Superfund and comparable state sites at which it has been notified that it has been identified as being involved to be a relevant measure of exposure. Although the liability of a PRP, and in many cases its equivalent under state law, is joint and several, Occidental is usually one of many companies cited as a PRP at these sites and has, to date, been successful in sharing cleanup costs with other financially sound companies. Also, many of these sites are still under investigation by the Environmental Protection Agency (EPA) or the state agencies. Prior to actual cleanup, the parties involved assess site conditions and responsibility and determine the appropriate remedy. The majority of remediation costs are incurred after the parties obtain EPA or equivalent state agency approval to proceed. The ultimate future cost of remediation of certain of the sites for which Occidental has been notified that it has been identified as involved cannot be reasonably determined at this time.

As of December 31, 1995, Occidental had been notified by the EPA or equivalent state agencies or otherwise had become aware that it had been identified as being involved at 284 Superfund or comparable state sites. (This number does not include 57 sites where Occidental has been successful in resolving its involvement.) The 284 sites include 80 former Diamond Shamrock Chemical sites as to which Maxus Energy Corporation has retained all liability, and two sites at which the extent of such retained liability is

disputed. Of the remaining 202 sites, Occidental has had no communication or activity with government agencies or other PRPs in three years at 33 sites, has denied involvement at 31 sites and has yet to determine involvement in 20 sites. With respect to the remaining 118 of these sites, Occidental is in various stages of evaluation. For 107 of these sites, where environmental remediation efforts are probable and the costs can be reasonably estimated, Occidental has accrued reserves at the most likely cost to be incurred. The 107 sites include 40 sites as to which present information indicates that it is probable that Occidental's aggregate exposure is immaterial. In determining the reserves, Occidental uses the most current information available, including similar past experiences, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. For the remaining 11 of the 118 sites being evaluated, Occidental does not have sufficient information to determine a range of liability, but Occidental does have sufficient information on which to base the opinion expressed above in the Lawsuits, Commitments and Contingencies section. For management's opinion on lawsuits and proceedings and on other environmental loss contingencies, see the Lawsuits, Commitments and Contingencies section.

ENVIRONMENTAL COSTS

Occidental's costs, some of which may include estimates, relating to compliance with environmental laws and regulations are shown below for each division:

In millions	1995	1994	1993
OPERATING EXPENSES			
Oil and gas	$ 41	$ 34	$ 34
Natural gas transmission	7	6	5
Chemical	63	74	71
	$ 111	$ 114	$ 110
REMEDIATION EXPENSES			
Oil and gas	$ 3	$ 4	$ 17
Chemical	19	1	1
	$ 22	$ 5	$ 18
CAPITAL EXPENDITURES			
Oil and gas	$ 43	$ 42	$ 47
Natural gas transmission	4	1	4
Chemical	27	24	32
	$ 74	$ 67	$ 83

Operating expenses are incurred on a continuous basis. Remediation expenses relate to existing conditions caused by past operations and do not contribute to current or future revenue generation. Capital expenditures relate to longer lived improvements in facilities and will fluctuate more year to year. Although total costs may vary in any one year, over the long term divisional operating and capital expenditures for environmental compliance generally are expected to increase. As of December 31, 1995 and 1994, Occidental had environmental reserves of approximately $582 million and $635 million, respectively.

FOREIGN INVESTMENTS   Portions of Occidental's oil and gas assets are located in countries outside North America, some of which may be considered politically and economically unstable. These assets and the related operations are subject to the risk of actions by governmental authorities and insurgent groups. Occidental attempts to conduct its financial affairs so as to protect against such risks and would expect to receive compensation in the event of nationalization. At December 31, 1995, the carrying value of Occidental's oil and gas assets in countries outside North America aggregated approximately $2.038 billion, or approximately 11 percent of Occidental's total assets at that date. Of such assets, approximately $635 million was located in the Middle East, $563 million was located in Latin America, and substantially all of the remainder were located in the Netherlands, West Africa and Russia.

1996 BUSINESS OUTLOOK

OIL AND NATURAL GAS INDUSTRY

The global nature of crude oil markets will continue to make them susceptible to shifts caused by unpredictable changes in national and international political events. Of chief significance among these is the possibility of Iraq's return to the market. While such an occurrence might create uncertainty in the market, it is difficult to predict when that will occur or the extent of the impact on the market.

It is important that the competing claims on future supply between OPEC and ever-increasing non-OPEC production be satisfactorily reconciled. Based on OPEC's decision to roll over quotas at its last meeting in late 1995, a balanced-market scenario currently appears to be the best prospect. Continued supply stability within OPEC and other major producing areas, such as the countries of the former Soviet Union, is expected. Oil and gas development in the Caspian Sea region is noteworthy in the longer term. At the same time, incremental production is entering world markets from non-OPEC producers. As growth in demand is increasingly being met with non-OPEC supply, the potential for tension with OPEC producers will continue as long as substantial unused OPEC capacity exists, particularly in the Middle East.

The increasing role of commodity and other trading funds in energy markets also might add somewhat to volatility as financial instruments continue to play an increasingly important role in global energy markets. This impact, while significant, should not overshadow basic industry fundamentals over the course of a full calendar year.

Economic growth, mainly in newly developing countries and especially in the Far East, will continue to increase worldwide energy demand. Globally, natural gas is becoming more prominent in the growth plans of developing countries. Natural gas as a feedstock in power generation is growing more important in supporting large infrastructure projects that are perceived to be key to economic growth.

Power generation projects will continue to be undertaken as more countries seek to expand the development of their natural gas resource base as a precursor to economic growth. These projects are highly capital intensive, and developing countries must compete aggressively to attract the large infusion of capital and technology that private energy companies can provide. This will create opportunities for energy development in countries which previously had restricted foreign investment.

As private companies gear up for increased global competition, organizational structures will continue to be streamlined to reduce costs and enhance efficiencies. Occidental is focusing on improving both its organizational and cost structures to enhance its competitiveness. Occidental will continue its active global exploration program, seeking to maximize the market potential of oil and pursuing the optimal value recognition of natural gas projects. Occidental also will continue to build on its successes in applying its engineering and technological skills to assist foreign governments in maximizing production from their oil fields through enhanced oil recovery projects.

NATURAL GAS TRANSMISSION INDUSTRY

Colder than normal weather in the Midwest and Eastern United States at the beginning of 1996 caused gas prices in the Louisiana Gulf Coast to reach record highs. Gas prices in other regions of the country, however, did not respond in the same manner. This price disparity demonstrates the need for more pipeline capacity to transport gas from supply-rich areas in Western regions to strongly growing Eastern markets. MidCon's pipeline and storage assets are strategically located to play a pivotal role in moving this gas from west to east, and MidCon is pursuing projects that will accomplish this movement.

Increased volumes of gas produced in western Canada are being targeted for the Midwest and Eastern markets. In October 1995, MidCon's regulated pipeline, Natural, filed with the FERC to expand its existing system from Harper, Iowa to Chicago. This expansion, plus existing capacity, will accommodate more than 500 million cubic feet per day of new gas supplies to be delivered through a proposed expansion of Northern Border Pipeline, a nonaffiliated system that transports gas originating in western Canada. Northern Border's expansion program also includes a new line from Harper to the Chicago area, and both plans are pending before the FERC. Natural is opposing the proposed rate structure for the Northern Border proposal and also arguing that, from an environmental position, it is less favorable than Natural's proposed expansion.

Early in 1996, the Trailblazer pipeline system began assessing potential shipper interest for an expansion of that line. Trailblazer runs from eastern Colorado to eastern Nebraska and transports gas produced in the Rocky Mountains. Natural is the operator of the joint-venture pipeline, with a one-third ownership interest. Trailblazer moved nearly 180 billion cubic feet of gas in 1995, a record for the 13-year-old line, reflecting the changes in the U.S. gas flow from west to east.

On June 1, 1995, Natural filed with the FERC a new general rate case which incorporates new services. By orders issued by the FERC, these new rates and services became effective on December 1, 1995, subject to certain modifications. Most of Natural's major customer contracts expired on December 1, 1995. Negotiations of replacement contracts have been completed with those customers, but several were renewed at reduced levels and reduced prices. More than 85 percent of Natural's capacity to Chicago remains under firm contract following adoption of these new service agreements. A new resource management group has been charged with developing innovative utilization strategies to optimize the value of the remaining capacity. The combined effect of the new rate case and the new customer contracts could reduce Natural's revenues in 1996, but this will depend on market conditions and the success of Natural's effort to optimize the value of uncommitted capacity.

As deregulation of the natural gas industry moves to local distribution companies, many local utilities are relying less on premium, firm pipeline transportation services and more on interruptible transportation and regional storage availability to meet their supply needs. MidCon's unregulated marketing entities are developing new products, such as portfolio management, to capture these new market opportunities. Portfolio management includes gas purchasing, transportation and storage to meet customers' current requirements, and selling surplus gas and pipeline and storage capacity to third parties.

MidCon's intrastate pipeline, which is not regulated by the FERC, MidCon Texas Pipeline (MidCon Texas), signed agreements in January 1996 with a south Texas producer for the purchase and transportation of 274 billion cubic feet of gas over a five-year period. The gas will come from production in Zapata and Webb Counties near the U.S.-Mexico border. Arrangements include construction of 68 miles of large-diameter pipeline to connect to MidCon Texas' system.

Deregulation of the electric utility industry is moving ahead rapidly, creating new opportunities for marketers. As a consequence, MidCon has formed a power marketing operation and is exploring domestic market opportunities. New energy development opportunities are opening, especially in Asia, Mexico and South America. These opportunities are the result of increased privatization and economic growth in these areas. MidCon is pursuing the development of these new energy projects through its subsidiary, Occidental Energy Ventures.

One of Occidental's objectives is to maximize the value of its gas discoveries through MidCon's international business development efforts.

CHEMICAL INDUSTRY

BASIC CHEMICALS   In 1995, demand for chlorine and chlorine-related derivatives continued to be strong. For caustic soda, overall demand remained strong after its resurgence in 1994. This allowed the full impact of 1994 caustic soda price increases to be realized, thereby providing improved margins.

Markets that offer the strongest outlet for chlorine production include ethylene dichloride (EDC), vinyl chloride monomer (VCM) and PVC. Although demand for EDC, which is principally exported, declined in the second half of 1995, chlorine consumption for VCM, as well as for other end uses, remained strong. Chlorine prices remained stable throughout 1995. These market conditions are expected to continue in 1996.

Due to strong demand, the chlorine and caustic soda industry operated essentially at capacity in 1995. With no significant new capacity available, the industry will be capacity-constrained for the third straight year.

Chlorine markets will continue to experience pressure from various environmental groups and regulatory authorities seeking alternatives to, or substitutes for, compounds containing chlorine. While demand has fallen in some market segments, such as pulp and paper, demand from the PVC industry has more than offset those reductions. Occidental believes that the overall market for chlorine will remain strong, led by PVC demand.

Caustic soda and chlorine prices are expected to remain relatively stable throughout 1996.

PETROCHEMICALS The primary petrochemicals--ethylene, propylene, butadiene and benzene--are precursors to a wide variety of consumer and industrial products that include fibers, tires and plastics. Petrochemicals account for 20 percent of all chemical world trade, and global economic conditions have an immediate effect on the domestic petrochemical industry. The cycles in the petrochemical business are well documented and have been demonstrated by periods of high profitability, such as in the late 1980s, followed by large capacity increases and subsequent depressed margins as experienced in 1991 through 1993.

Margins for olefins, particularly ethylene, peaked in the first half of 1995 and began to decrease thereafter as the supply disruptions were eliminated and the demand growth slowed to an overall rate of 3.5 percent in 1995. Higher inventories and slow demand growth led to a period of rapidly decreasing prices (and margins) but these are expected to stabilize during the first half of 1996 and improve during the second half.

Throughout 1994 and 1995, OxyChem petrochemical and derivatives plants operated at capacity and are expected to do so throughout 1996. Demand is anticipated to increase at a slightly higher rate than supply and prices are expected to stabilize during the first half of the year. Ethylene margins are expected to be supported by steady or improving prices for the coproducts of ethylene. Propylene is expected to recover as a result of a 3.4 percent increase in demand and new polypropylene capacity coming on line in 1996. Demand for ethylene oxide and glycols is expected to continue expanding by 3 percent per year in the United States and in excess of 5 percent globally. Benzene and butadiene prices are expected to remain fairly flat.

POLYMERS AND PLASTICS Export prices, in particular, fell dramatically in early summer 1995, primarily as China withdrew from the market. Domestic pricing also eroded gradually during the second half of the year as supplies increased due to reduction in export sales. Exports, however, remain an important market for North American-produced PVC resin. Over the past decade, on average, 10 percent of annual North American production was sold as exports. This percentage is expected to increase in future years as demand for PVC resin increases significantly in the rapidly growing lesser-developed countries of the world. With China importing at normal levels and overall economic growth remaining strong in the Far East, PVC exports can be expected to increase. These factors are expected to result in greater than a 6 percent growth in PVC demand in 1996.

OxyChem's PVC business is well balanced in all the major end-use markets and supported by a completely integrated feedstock supply. OxyChem has significant market share positions as a supplier in the following markets: PVC pipe, vinyl siding, sheet vinyl flooring, vinyl floor tile, vinyl electrical insulation and PVC window frames. OxyChem has announced a 450 million pound per year expansion of its PVC-producing capacity at its Pasadena, Texas facility.

SPECIALTY BUSINESS GROUP The Specialty Business Group was formed in 1995 to reemphasize OxyChem's leadership position in many smaller-volume chemical markets. By their nature, these products are less cyclical and will provide a more steady source of earnings. In chrome chemicals, OxyChem is the largest U.S. producer. In chlorinated isocyanurates and phenolic molding compounds, OxyChem is the second-largest producer in the United States. OxyChem is also a recognized leader in chlorination technology and products.

These products serve a wide variety of end markets, from the automotive and construction industries to the swimming pool, detergent and agricultural industries.

Improvement in profitability is anticipated in 1996 as product line extensions and additional volume in existing products are realized.

REPORT OF MANAGEMENT

The management of Occidental Petroleum Corporation is responsible for the integrity of the financial data reported by Occidental and its subsidiaries. Fulfilling this responsibility requires the preparation and presentation of consolidated financial statements in accordance with generally accepted accounting principles. Management uses internal accounting controls, corporate-wide policies and procedures and judgment so that such statements reflect fairly the consolidated financial position, results of operations and cash flows of Occidental.

CONSOLIDATED STATEMENTS OF OPERATIONS
In millions, except per-share amounts

Occidental Petroleum Corporation and Subsidiaries

For the years ended December 31,	1995	1994	1993
REVENUES			
Net sales and operating revenues			
Oil and gas operations	$ 3,018	$ 2,451	$ 1,702
Natural gas transmission operations	2,038	2,110	2,378
Chemical operations	5,370	4,677	4,042
Interdivisional sales elimination and other	(3)	(2)	(6)
	10,423	9,236	8,116
Interest, dividends and other income	114	92	347
Gains on disposition of assets, net (Note 4)	45	15	54
Income from equity investments (Note 15)	112	73	27
	10,694	9,416	8,544
COSTS AND OTHER DEDUCTIONS			
Cost of sales	6,980	6,727	5,972
Selling, general and administrative and other operating expenses	1,194	989	782
Depreciation, depletion and amortization of assets	922	882	892
Exploration expense	106	127	102
Interest and debt expense, net	579	584	579
	9,781	9,309	8,327
INCOME(LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	913	107	217
Provision for domestic and foreign income and other taxes (Note 12)	402	143	143
INCOME(LOSS) FROM CONTINUING OPERATIONS	511	(36)	74
Discontinued operations, net (Note 4)	--	--	221
Extraordinary gain(loss), net (Note 5)	--	--	(12)
NET INCOME(LOSS)	$ 511	$ (36)	$ 283
EARNINGS(LOSS) APPLICABLE TO COMMON STOCK	$ 418	$ (112)	$ 244
EARNINGS PER COMMON SHARE			
Income(loss) from continuing operations	$ 1.31	$ (.36)	$ .12
Discontinued operations, net	--	--	.72
Extraordinary gain(loss), net	--	--	(.04)
PRIMARY EARNINGS(LOSS) PER COMMON SHARE (Note 1)	$ 1.31	$ (.36)	$ .80
FULLY DILUTED EARNINGS(LOSS) PER SHARE (Note 1)	$ 1.30	$ (.36)	$ .80

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

CONSOLIDATED BALANCE SHEETS
In millions, except share amounts

Assets at December 31,	1995	1994
CURRENT ASSETS		
Cash and cash equivalents (Note 1)	$ 520	$ 129
Trade receivables, net of reserves of $19 in 1995 and $17 in 1994	643	735
Receivables from joint ventures, partnerships and other	248	230
Inventories (Notes 1 and 6)	647	748
Prepaid expenses and other (Note 12)	461	416
TOTAL CURRENT ASSETS	2,519	2,258
LONG-TERM RECEIVABLES, NET	158	131
EQUITY INVESTMENTS (Notes 1 and 15)	927	692
PROPERTY, PLANT AND EQUIPMENT, AT COST (Notes 1, 4 and 9)		
Oil and gas operations	8,377	8,180
Natural gas transmission operations	8,448	8,383
Chemical operations	5,672	6,621
Corporate and other	207	202
	22,704	23,386
Accumulated depreciation, depletion and amortization	(8,837)	(8,884)
	13,867	14,502
OTHER ASSETS (Note 1)	344	406
	$ 17,815	$ 17,989

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

Liabilities and Equity at December 31,	1995	1994
CURRENT LIABILITIES		
Current maturities of senior funded debt and capital lease liabilities (Notes 7 and 9)	$ 522	$ 69
Notes payable (Note 1)	16	20
Accounts payable	859	847
Accrued liabilities (Note 1)	1,064	1,113
Dividends payable	104	99
Domestic and foreign income taxes (Note 12)	92	53
TOTAL CURRENT LIABILITIES	2,657	2,201
SENIOR FUNDED DEBT, NET OF CURRENT MATURITIES AND UNAMORTIZED DISCOUNT (Notes 7 and 19)	4,819	5,823
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes (Note 12)	2,620	2,565
Other (Notes 1, 8, 9 and 14)	3,089	2,943
	5,709	5,508
CONTINGENT LIABILITIES AND COMMITMENTS (Notes 7, 9, 10, 11 and 12)		
NONREDEEMABLE PREFERRED STOCK, COMMON STOCK AND OTHER STOCKHOLDERS' EQUITY (Notes 7 and 13)		
Nonredeemable preferred stock, $1.00 par value; authorized 50 million shares; outstanding shares: 1995 and 1994--26,494,824; stated at liquidation value of $50 per share	1,325	1,325
Common stock, $.20 par value; authorized 500 million shares; outstanding shares: 1995--318,711,037 and 1994--316,852,545	64	63
Other stockholders' equity		
Additional paid-in capital	4,631	5,004
Retained earnings(deficit)	(1,402)	(1,929)
Cumulative foreign currency translation adjustments (Note 1)	12	(6)
	4,630	4,457
	$ 17,815	$ 17,989

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

CONSOLIDATED STATEMENTS OF NONREDEEMABLE PREFERRED STOCK, COMMON STOCK AND OTHER STOCKHOLDERS' EQUITY
In millions

Occidental Petroleum Corporation and Subsidiaries

	Nonredeemable Preferred Stock (Note 13)	Common Stock (Note 13)	Other Stockholders' Equity: Additional Paid-in Capital (Notes 7 and 13)	Other Stockholders' Equity: Retained Earnings (Deficit) (Notes 7 and 13)	Other Stockholders' Equity: Cumulative Foreign Currency Translation Adjustments (Note 1)
BALANCE, DECEMBER 31, 1992	$ --	$ 61	$ 5,532	$ (2,152)	$ (1)
Net income	--	--	--	283	--
Dividends on common stock	--	--	(305)	--	--
Dividends on preferred stock	--	--	(38)	--	--
Issuance of common stock	--	--	31	--	--
Issuance of preferred stock (Note 13)	575	--	(12)	--	--
Pension liability adjustment (Note 14)	--	--	--	(14)	--
Exercises of options and other, net	--	--	4	--	(6)
BALANCE, DECEMBER 31, 1993	575	61	5,212	(1,883)	(7)
Net loss	--	--	--	(36)	--
Dividends on common stock	--	--	(311)	--	--
Dividends on preferred stock	--	--	(76)	--	--
Issuance of common stock	--	2	193	--	--
Issuance of preferred stock (Note 13)	750	--	(17)	--	--
Pension liability adjustment (Note 14)	--	--	--	(10)	--
Exercises of options and other, net	--	--	3	--	1
BALANCE, DECEMBER 31, 1994	1,325	63	5,004	(1,929)	(6)
Net income	--	--	--	511	--
Dividends on common stock	--	--	(318)	--	--
Dividends on preferred stock	--	--	(93)	--	--
Issuance of common stock	--	1	28	--	--
Pension liability adjustment (Note 14)	--	--	--	16	--
Exercises of options and other, net	--	--	10	--	18
BALANCE, DECEMBER 31, 1995	$ 1,325	$ 64	$ 4,631	$ (1,402)	$ 12

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
In millions

Occidental Petroleum Corporation
and Subsidiaries

For the years ended December 31,	1995	1994	1993
CASH FLOW FROM OPERATING ACTIVITIES			
Income(loss) from continuing operations, after extraordinary gain(loss)	$ 511	$ (36)	$ 62
Adjustments to reconcile income to net cash provided by operating activities:			
Extraordinary (gain)loss, net	--	--	12
Depreciation, depletion and amortization of assets	922	882	892
Amortization of debt discount and deferred financing costs	31	15	15
Deferred income tax provision	18	26	58
Other noncash charges(credits) to income	246	175	(287)
Gains on disposition of assets, net	(45)	(15)	(54)
Income from equity investments	(112)	(73)	(27)
Exploration expense	106	127	102
Changes in operating assets and liabilities:			
Decrease(increase) in accounts and notes receivable	106	(240)	193
Decrease(increase) in inventories	(68)	14	(48)
Increase in prepaid expenses and other assets	(41)	(59)	(51)
Increase(decrease) in accounts payable and accrued liabilities	(191)	156	36
Increase(decrease) in current domestic and foreign income taxes	48	16	(63)
Other operating, net	(30)	(228)	(232)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,501	760	608
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditures	(979)	(1,103)	(1,083)
Proceeds from disposal of property, plant and equipment, net (Note 4)	176	8	63
Buyout of operating leases	(141)	--	--
Purchase of businesses	(7)	46	--
Sale of businesses, net (Note 4)	756	2	129
Equity investments, net	60	41	20
Other investing, net	(1)	(1)	(5)
NET CASH USED BY INVESTING ACTIVITIES	(136)	(1,007)	(876)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from senior funded debt	322	621	806
Net proceeds from commercial paper and revolving credit agreements	(528)	(160)	424
Principal payments of senior funded debt and capital lease liabilities	(397)	(435)	(1,122)
Proceeds from issuance of common stock	28	38	31
Proceeds from issuance of preferred stock (Note 13)	--	557	563
Payments of notes payable	(5)	(22)	(22)
Cash dividends paid	(406)	(376)	(335)
Other financing, net	12	(4)	(5)
NET CASH PROVIDED(USED) BY FINANCING ACTIVITIES	(974)	219	340
INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	391	(28)	72
CASH AND CASH EQUIVALENTS--BEGINNING OF YEAR	129	157	85
CASH AND CASH EQUIVALENTS--END OF YEAR	$ 520	$ 129	$ 157

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS Occidental is a multinational organization whose principal lines of business are oil and gas exploration and production, natural gas transmission and chemicals. Oil and gas and natural gas transmission comprise approximately 30 percent and 20 percent of sales, respectively, while chemical represents approximately 50 percent of sales.

Internationally, Occidental has oil and gas production in 11 countries and exploration projects in 25 countries. Domestically, Occidental has oil and gas exploration and production in the Continental United States and the Gulf of Mexico. In natural gas transmission, Occidental participates in every phase of the industry: producing, processing, buying, selling, storing and transporting natural gas. Occidental handles approximately 10 percent of the natural gas consumed annually in the United States. In addition, Occidental is one of the world's largest commodity chemical producers, with interests in basic chemicals, petrochemicals and polymers and plastics.

PRINCIPLES OF CONSOLIDATION The consolidated financial statements include the accounts of Occidental Petroleum Corporation, all majority-owned subsidiaries and Occidental's proportionate interests in oil and gas exploration and production ventures (Occidental). All material intercompany accounts and transactions have been eliminated. Investments in less than majority-owned enterprises, including joint-interest pipelines, but excluding oil and gas exploration and production ventures, are accounted for on the equity method (see Note 15).

Certain financial statements, notes and supplementary data for prior years have been changed to conform to the 1995 presentation.

RISKS AND UNCERTAINTIES The process of preparing consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts, 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.

Included in the accompanying balance sheet is net property, plant and equipment at a carrying value of $13.867 billion as of December 31, 1995. These carrying values are based on Occidental's plans and intentions to continue to operate, maintain and, where it is economically desirable, to expand its businesses. If future economic conditions result in changes in management's plans or intentions, the carrying values of the affected assets will be reviewed again and any appropriate adjustments made.

Included in the accompanying consolidated balance sheet is a deferred tax asset of $1.8 billion as of December 31, 1995, the noncurrent portion of which is netted against deferred income tax liabilities. Realization of that asset is dependent upon Occidental generating sufficient future taxable income. Occidental expects to realize the recorded deferred tax asset through future operating income and reversal of taxable temporary differences.

The accompanying consolidated balance sheet includes assets of $2.038 billion as of December 31, 1995 relating to Occidental's oil and gas operations in countries outside North America. Some of these countries may be considered politically and economically unstable. These assets and the related operations are subject to the risk of actions by governmental authorities and insurgent groups. Occidental attempts to conduct its financial affairs so as to protect against such risks and would expect to receive 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 could have a significant impact on Occidental's results of operations for any particular year.

FOREIGN CURRENCY TRANSLATION The functional currency applicable to Occidental's foreign oil and gas operations, except for operations in the Dutch sector of the North Sea, is the U.S. dollar since cash flows are denominated principally in U.S. dollars. Chemical operations in Latin America use the U.S. dollar as the functional currency because of high inflation rates. The effect of exchange-rate changes on transactions denominated in nonfunctional currencies generated gains of approximately $1 million in 1995, $14 million in 1994 and $30 million in 1993, which in 1994 and 1993 were mainly attributable to the highly inflationary economy of Brazil.

CASH AND CASH EQUIVALENTS Cash equivalents consist of highly liquid money-market mutual funds and bank deposits with initial maturities of three months or less. Cash equivalents totaled approximately $620 million and $180 million at December 31, 1995 and 1994, respectively.

A cash-management system is utilized to minimize the cash balances required for operations and to invest the surplus cash in liquid short-term money-market instruments and/or to pay down short-term borrowings. This can result in the balance of short-term money-market instruments temporarily exceeding cash and cash equivalents.

TRADE RECEIVABLES In 1992, Occidental entered into an agreement to sell, under a revolving sale program, an undivided percentage ownership interest in a designated pool of domestic trade receivables, with limited recourse. Under this program, Occidental has retained the collection responsibility with respect to the receivables sold. An interest in new receivables is sold as collections are made from customers. As of December 31, 1995 and 1994, Occidental had received cash proceeds totaling $500 million, all of which was received in 1993 and 1992. Fees and expenses under this program are included in selling, general and administrative and other operating expenses. During the years ended December 31, 1995, 1994 and 1993, the cost of this program amounted to approximately 6.3 percent, 4.8 percent and 3.7 percent, respectively, of the weighted average amount of proceeds received.

INVENTORIES Product and raw material inventories, except certain domestic chemicals, are stated at cost determined on the first-in, first-out (FIFO) and average-cost methods and did not exceed market value. The remaining product and raw material inventories are stated at cost using the last-in, first-out (LIFO) method and also did not exceed market value. Inventories of materials and supplies are valued at cost or less (see Note 6).

PROPERTY, PLANT AND EQUIPMENT Property additions and major renewals and improvements are capitalized at cost. Interest costs incurred in connection with major capital expenditures are capitalized and amortized over the lives of the related assets (see Note 17). Depreciation of oil and gas producing properties is determined principally by the unit-of-production method and is based on estimated recoverable reserves. The unit-of-production method of depreciation, based on estimated total productive life, also is used for certain chemical plant and equipment. Depreciation of other plant and equipment, including natural gas transmission facilities, has been provided primarily using the straight-line method (see Note 5).

Oil and gas properties are accounted for using the successful-efforts method. Costs of acquiring nonproducing acreage, costs of drilling successful exploration wells and development costs are capitalized. Producing and nonproducing properties are evaluated periodically and, if conditions warrant, an impairment reserve is provided. Annually, a determination is made whether it is probable that significant impairment of the carrying cost for individual fields or groups of fields has occurred, considering a number of factors, including profitability, political risk and Occidental's estimate of future oil and gas prices. If impairment is believed probable, a further analysis is performed using Occidental's estimate of future oil and gas prices to determine the impairment to be recorded for specific properties. Additionally, worldwide oil and gas properties are impaired when undiscounted future net cash flows, based upon the then-current oil and gas prices with no future escalation, are less than the capitalized cost of such properties on an aggregate basis. Annual lease rentals and exploration costs, including geologic and geophysical costs and exploratory dry-hole costs, are expensed as incurred.

In 1986, Occidental acquired, in a transaction accounted for as a purchase, MidCon Corp. (MidCon), a natural gas transmission company whose interstate pipeline subsidiary is subject to rate regulation by the Federal Energy Regulatory Commission. Accordingly, MidCon defers or capitalizes certain costs in property, plant and equipment, the recovery of which is subject to the rate-regulatory process. With respect to the interstate natural gas transmission subsidiary of MidCon, the allocated purchase price, less subsequent accumulated depreciation, exceeded the amount subject to recovery through the rate-regulatory process by $4.2 billion and $4.3 billion at December 31, 1995 and 1994, respectively. This excess amount as of December 31, 1995 is being depreciated over a remaining period of 38 years.

OTHER ASSETS Other assets include tangible assets, certain of which are amortized over the estimated periods to be benefited, and deferred financing costs.

NOTES PAYABLE Notes payable at December 31, 1995 and 1994 consisted of short-term notes due to financial institutions and other corporations. The weighted average interest rate on short-term borrowings outstanding as of December 31, 1995 and 1994 was 6.0 percent and 7.6 percent, respectively.

ACCRUED LIABILITIES--CURRENT Accrued liabilities include the following (in millions):

Balance at December 31,	1995	1994
Accrued payroll, commissions and related expenses	$ 229	$ 189
Accrued interest expense	$ 134	$ 141
Regulatory rate refunds	$ --	$ 128

ENVIRONMENTAL COSTS Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to existing conditions caused by past operations and that do not contribute to current or future revenue generation are expensed. Reserves for estimated costs are recorded when environmental remedial efforts are probable and the costs can be reasonably estimated. In determining the reserves, Occidental uses the most current information available, including similar past experiences, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. The environmental reserves are based on management's estimate of the most likely cost to be incurred and are reviewed periodically and adjusted as additional or new information becomes available. Probable recoveries

or reimbursements are recorded as an asset. The environmental reserves are included in accrued liabilities and other noncurrent liabilities and amounted to $138 million and $444 million, respectively, at December 31, 1995 and $113 million and $522 million, respectively, at December 31, 1994.

Environmental reserves are discounted only when the aggregate amount of the estimated costs for a specific site and the timing of cash payments are reliably determinable. As of December 31, 1995 and 1994, reserves that were recorded on a discounted basis were not material.

DISMANTLEMENT, RESTORATION AND RECLAMATION COSTS The estimated future abandonment costs of oil and gas properties and removal costs for offshore production platforms, net of salvage value, are accrued over their operating lives. Such costs are calculated at unit-of-production rates based upon estimated proved recoverable reserves and are taken into account in determining depreciation, depletion and amortization. For all other operations, appropriate reserves are provided when a decision is made to dispose of a property, since Occidental makes capital renewal expenditures on a continual basis while an asset is in operation. Such reserves are included in accrued liabilities and other noncurrent liabilities and amounted to $16 million and $222 million, respectively, at December 31, 1995 and $18 million and $219 million, respectively, at December 31, 1994.

HEDGING ACTIVITIES Occidental periodically uses commodity futures contracts, options and swaps to hedge the impact of oil and natural gas price fluctuations and uses forward exchange contracts to hedge the risk associated with fluctuations in foreign currency exchange rates. Gains and losses on commodity futures contracts are deferred until recognized as an adjustment to sales revenue or purchase costs when the related transaction being hedged is finalized. Gains and losses on foreign currency forward exchange contracts that hedge identifiable future commitments are deferred until recognized when the related item being hedged is settled. All other contracts are recognized in periodic income. The cash flows from such contracts are included in operating activities in the consolidated statements of cash flows.

Interest rate swaps are entered into on specific debt as part of Occidental's overall strategy to maintain part of its debt on a floating rate basis.

EARNINGS PER COMMON SHARE Primary earnings per common share was computed by dividing net income, less preferred dividend requirements, by the weighted average number of common shares outstanding and the dilutive effect of stock options during each year: approximately 318 million in 1995, 311 million in 1994 and 305 million in 1993. The computation of fully diluted earnings per share further assumes the dilutive effect of conversion of the preferred stocks.

SUPPLEMENTAL CASH FLOW INFORMATION Cash payments during the years 1995, 1994 and 1993 included federal, foreign and state income taxes of approximately $230 million, $133 million and $142 million, respectively. Interest paid (net of interest capitalized) totaled approximately $538 million, $505 million and $531 million for the years 1995, 1994 and 1993, respectively. See Note 4 for detail of noncash investing and financing activities regarding certain acquisitions in 1994.

NOTE 2 FINANCIAL INSTRUMENTS

COMMODITY FUTURES AND FORWARD CONTRACTS Occidental has three major business segments, each of which has engaged, from time to time, in some form of commodity derivative activity, generally limited to hedging arrangements. During 1995, only the oil and gas and natural gas transmission segments engaged in such activities. The oil and gas division engages in oil and gas trading activity through the use of futures contracts. The results are not significant and are included in periodic income. The natural gas transmission business segment (MidCon) uses commodity futures contracts, options and swaps to hedge the impact of natural gas price fluctuations related to three major categories of business: purchases for and sales from storage; fixed-price sales and purchase contracts; and natural gas production.

STORAGE Storage activities consist of purchasing and injecting natural gas into storage during low-price, low-demand periods (typically the months of April through October) and withdrawing that gas for sale during high-price, high-demand periods (typically the months of November through March). These periods may vary depending primarily on weather conditions and competing fuel prices in the market areas. MidCon uses derivatives to hedge the sales and purchase prices related to its storage program mainly through futures contracts. The hedging contracts used have terms of less than 18 months. Gains and losses on these hedging contracts are deferred until recognized when the transactions being hedged are finalized. A small number of options were sold against inventory capacity or physical inventory with results included in periodic income.

FIXED-PRICE SALES AND PURCHASES Fixed-price gas sales and purchase contracts vary by agreement. Hedges are placed nearly simultaneously with the consummation of many of the sales-purchase agreements. Most agreements are for less than 18 months. The longest hedge agreement, with a remaining term of eight years, involves a supply agreement for an electric generation facility where MidCon has undertaken to supply gas at predetermined prices and has hedged such commitment.

Gains and losses on these hedging contracts are deferred until recognized when the transactions being hedged are finalized. New York Mercantile Exchange (NYMEX), Kansas City Board of Trade (KCBT) (collectively, the Exchanges) and over-the-counter (OTC) hedge instruments are utilized.

PRODUCTION The natural gas transmission division manages the hedging program for annual gas production after royalties and severance taxes of approximately 13 Bcf. This gas is produced fairly evenly throughout the year. Depending on MidCon's view of price volatility and current futures prices from the Exchanges, portions of this production are hedged. Production past 18 months into the future is not hedged. Gains and losses on these hedging contracts are deferred until recognized when the transactions being hedged are finalized.

All hedging activity is matched to physical natural gas buying and selling activity and is done with natural gas futures or derivative instruments. There is essentially no discrepancy with regard to timing, i.e., hedges are placed for the same month in which the price risk for the underlying physical movement is anticipated to occur, based on analysis of sales and purchase contracts and historical data. Hedges are removed upon consummation of the underlying physical activity. All deferred gains or losses are then recognized. Because the commodity covered by the Exchanges' natural gas futures contracts is substantially the same commodity that MidCon buys and sells in the physical market, no special correlation studies, other than monitoring the degree of convergence between the futures and the cash markets, are deemed necessary. Geographic basis risk (the difference in value of gas at the Exchanges' delivery points versus the points of MidCon's transaction) is monitored and, where appropriate, hedged using OTC instruments. Exchange-traded futures and options are valued using settlement prices published by the Exchanges. OTC options are valued using a standard option pricing model that requires published exchange prices, market volatility per broker quotes and the time value of money. Swaps are valued by comparing current broker quotes for price or basis with the corresponding price or basis in the related swap agreement and then discounting the result to present value.

Although futures and options traded on the Exchanges are included in the table below, they are not financial instruments as defined in generally accepted accounting principles (GAAP), since physical delivery of natural gas may be, and occasionally is, made pursuant to these contracts. However, they are a major part of MidCon's commodity risk management program.

The following table summarizes the types of hedges used and the related financial information as of December 31, 1995 and 1994:

Notional volumes in Bcf	Hedges of	1995 Exchanges(a)	1995 Over-the-Counter(b)	1995 Total	1994 Exchanges(a)	1994 Over-the-Counter(b)	1994 Total
Price hedge							
Futures	Purchases	62	--	62	--	--	--
	Sales	--	--	--	97	--	97
Swaps	Purchases	--	8	8	--	8	8
Basis hedge							
Basis swaps(c)	Purchases	--	9	9	--	10	10
	Sales	--	7	7	--	19	19

Dollars in millions	1995 Exchanges	1995 Over-the-Counter	1995 Book Value	1995 Fair Value	1994 Exchanges	1994 Over-the-Counter	1994 Book Value	1994 Fair Value
Deferred net gains								
Firm commitment/forecast transactions	$ 14	$ --			$ 4	$ --		
Liabilities								
Price swaps			$ 2	$ 6			$ --	$ 4
Basis swaps			$ 1	$ 2			$ --	$ 1

(a) Not financial instruments as defined in GAAP but included as they are a major part of the program.
(b) Excluding the eight-year swap agreement, the average weighted term is less than 12 months. Seventy percent of the notional volumes are hedged with counterparties with a single A or better credit rating.
(c) Basis swaps are utilized to hedge the geographic price differentials due primarily to transportation cost and local supply-demand factors.

FORWARD EXCHANGE AND INTEREST RATE CONTRACTS   Occidental is engaged in both oil and gas and chemical activities internationally. International oil and gas transactions are mainly denominated in U.S. dollars; consequently, foreign currency exposure is not deemed material. Many of Occidental's foreign oil and gas operations and foreign chemical operations are located primarily in developing countries whose currencies generally depreciate against the U.S. dollar on a continuing basis. An effective currency forward market does not exist for these countries; therefore, Occidental attempts to manage its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions only at levels necessary for operating purposes. At December 31, 1995, Occidental had foreign currency forward exchange contracts totaling $39 million of purchases and $17 million of sales, which essentially hedged foreign currency denominated debt and receivables. These contracts mature in 1996, except for one purchase contract for $38 million which matures in 2000.

From time to time, Occidental enters into interest rate swap agreements. In November 1993, Occidental entered into interest rate swaps on newly issued fixed-rate debt for notional amounts totaling $530 million. This converted fixed-rate debt into variable-rate debt, based on the London Interbank Offered Rate (LIBOR), with interest rates ranging from 6.5 percent to 6.7 percent at December 31, 1995. These agreements mature at various dates from 1998 through 2000. Notional amounts do not represent cash flow. Credit risk exposure is limited to the net interest differentials, which are reflected in interest expense. The swap rate difference resulted in approximately $5 million of additional interest expense in 1995 and $6 million and $1 million savings in interest expense for 1994 and 1993, respectively, compared to what interest expense would have been had the debt remained at fixed rates. The impact of the swaps on the weighted average interest rates for all debt in 1995, 1994 and 1993 was not significant.

FAIR VALUE OF FINANCIAL INSTRUMENTS   Occidental values financial instruments as required by Statement of Financial Accounting Standards (SFAS) No. 107. The carrying amounts of cash and cash equivalents and short-term notes payable approximate fair value because of the short maturity of those instruments. Occidental estimates the fair value of its senior funded debt based on the quoted market prices for the same or similar issues or on the yields offered to Occidental for debt of similar rating and similar remaining maturities. The estimated fair value of Occidental's senior funded debt at December 31, 1995 and 1994 was $5.478 billion and $6.059 billion, respectively, compared with a carrying value of $4.819 billion and $5.823 billion, respectively. The fair value of interest rate swaps is the amount at which they could be settled, based on estimates obtained from dealers. Based on these estimates at December 31, 1995 and 1994, Occidental would be required to pay approximately $3 million and $54 million, respectively, to terminate its interest rate swap agreements. Occidental will continue its strategy of maintaining part of its debt on a floating rate basis.

The carrying value of other on-balance sheet financial instruments approximates fair value and the cost, if any, to terminate off-balance sheet financial instruments is not significant.

NOTE 3   REORGANIZATION CHARGES

In the fourth quarter of 1995, Occidental recorded charges of $132 million, included in other operating expenses, related to the reorganization of its worldwide oil and gas operations headquartered in Bakersfield, California and the reorganization of the operations of the natural gas transmission division. This reorganization is part of Occidental's efforts to consolidate operations and increase management efficiency, asset utilization and profitability. The charges consist of $90 million in workforce reductions (1,050 employees), $24 million for lease abandonment costs and $18 million related to other items. The majority of the cash costs associated with the reorganization are planned to be paid during 1996. At December 31, 1995, the balance of the reorganization reserves are included in accrued liabilities and other noncurrent liabilities and amounted to approximately $92 million and $40 million, respectively.

NOTE 4   BUSINESS COMBINATIONS, DISCONTINUED OPERATIONS AND ASSET DISPOSITIONS

In October 1995, Occidental sold its agricultural chemicals business. During May 1995, Occidental sold its high-density polyethylene business to Lyondell Petrochemical Company. Occidental also sold, pursuant to a Federal Trade Commission divestiture order, its polyvinyl chloride (PVC) facilities at Addis, Louisiana and Burlington South, New Jersey. In addition, Occidental sold certain Canadian oil and gas assets, which were acquired as part of the purchase of Placid Oil Company (Placid) in December 1994, and a portion of the oil and gas operation in Pakistan. The combined cash proceeds from these asset dispositions were in excess of $900 million. On a pro forma basis, these dispositions would not have had a significant effect on Occidental's consolidated results for the year ended December 31, 1995.

During the second quarter of 1995, Occidental and Canadian Occidental Petroleum Ltd. (CanadianOxy) formed partnerships into which they contributed primarily sodium chlorate manufacturing facilities. Occidental retained a less-than-twenty-percent direct interest in these partnerships accounted for on the equity method. This transaction did not result in any gain or loss.

In 1995, the pretax gain of $45 million on dispositions of assets primarily resulted from the sale of Occidental's PVC facility at Addis, Louisiana.

In December 1994, Occidental acquired Placid for an aggregate purchase price of approximately $250 million through the issuance of 3,606,484 shares of $3.875 cumulative convertible voting preferred stock, with a value of $175 million, and the balance through the issuance of 3,835,941 shares of Occidental common stock. Placid has oil and gas exploration and production properties primarily in the U.S. Gulf Coast and the Netherlands. Placid also has an approximate 39 percent interest in a major pipeline system in the Dutch sector of the North Sea, which includes 170 miles of main and feeder lines. The acquisition has been accounted for by the purchase method. Accordingly, the cost of the acquisition was allocated to the assets acquired and liabilities assumed based upon their estimated respective fair values. The allocation of the purchase price was finalized during 1995 upon completion of the asset valuations and resolution of the preacquisition contingencies.

In late March 1994, Occidental acquired interests in certain U.S. Gulf Coast oil and gas properties from Agip Petroleum Co. Inc. for a purchase price of $161 million through the issuance of 5,150,602 shares of Occidental common stock and $78 million in cash.

On a pro forma basis, these acquisitions would not have had a significant effect on Occidental's consolidated results for either of the two years in the period ended December 31, 1994.

In 1994, the pretax gains of $15 million on dispositions of assets primarily resulted from the sale of Occidental's remaining interests in its producing operations in Argentina.

In July 1993, Occidental sold Island Creek Coal, Inc. to CONSOL Inc. Following the closing of the sale, Occidental re-evaluated the adequacy of the reserves recorded in the fourth quarter of 1992 related to the decision to exit the coal business and reversed certain reserves no longer required. After recognizing the effect of the sale and the reversal of reserves, an after-tax benefit of $221 million was included in discontinued operations.

In 1993, the pretax gains of $54 million on dispositions of assets primarily resulted from the sale of Occidental's equity interest in Trident NGL, Inc. (Trident).

NOTE 5 EXTRAORDINARY GAIN(LOSS) AND ACCOUNTING CHANGES

The 1993 results included a net extraordinary loss of $12 million, which resulted from the early extinguishment of debt.

Beginning in 1994, Occidental revised the estimated average useful lives used to compute depreciation for most of its chemical machinery and equipment from 20 years to 25 years and for most of its natural gas transmission property to a remaining life of 40 years. These revisions were made to more properly reflect the current economic lives of the assets based on anticipated industry conditions. The result was a reduction in net loss for the year ended December 31, 1994 of approximately $65 million, or approximately $.21 per share. Natural gas transmission and chemical divisional earnings benefited by approximately $31 million and $34 million, respectively.

In December 1992, the Financial Accounting Standards Board issued SFAS No. 112--"Employers' Accounting for Postemployment Benefits," which substantially changed the existing method of accounting for employer benefits provided to inactive or former employees after active employment but before retirement. This statement requires that the cost of postemployment benefits (principally medical benefits for inactive employees) be recognized in the financial statements during employees' active working careers. Occidental's adoption of SFAS No. 112, effective January 1, 1994, did not have a material impact on Occidental's financial position or results of operations.

NOTE 6 INVENTORIES

Inventories of approximately $225 million and $241 million were valued under the LIFO method at December 31, 1995 and 1994, respectively.

Inventories consisted of the following (in millions):

Balance at December 31,	1995	1994
Raw materials	$ 116	$ 135
Materials and supplies	180	201
Work in process	17	21
Finished goods	363	428
	676	785
LIFO reserve	(29)	(37)
TOTAL	$ 647	$ 748

Inventories as of December 31, 1995 reflected the absence of balances relating to certain chemical assets which were sold during 1995. During 1994, inventory quantities were reduced at natural gas transmission. These reductions resulted in a liquidation of LIFO inventory quantities carried at lower costs that prevailed in prior years. The effect of this liquidation was to reduce cost of sales by $13 million for the year ended December 31, 1994.

NOTE 7 SENIOR FUNDED DEBT

Senior funded debt consisted of the following (in millions):

Balance at December 31,	1995	1994
OCCIDENTAL PETROLEUM CORPORATION		
11.75% senior debentures due 2011, callable March 15, 1996 at 104.838 (see Note 19)	$ 955	$ 955
11.125% senior debentures due 2019, callable June 1, 1999 at 105.563	144	144
10.125% senior debentures due 2009	276	276
9.25% senior debentures due 2019, putable August 1, 2004 at par	300	300
10.75% senior notes due 1998, called May 1, 1995 at par	--	200
10.125% senior notes due 2001	330	330
9.625% senior notes due 1999, callable July 1, 1996 at par	300	300
9.1% to 9.75% medium-term notes due 1997 through 2001	99	124
8.5% medium-term notes due 2004, callable September 15, 1999 at par	250	250
11.125% senior notes due 2010	150	150
6.53125% floating rate senior notes due 1999	150	150
8.5% senior notes due 2001	150	150
8.75% medium-term notes due 2023	100	100
6.6375% to 11% medium-term notes due 1997 through 2000	294	294
5.67% to 8.34% medium-term notes due 1996 through 2008	292	359
5.76% to 6.41% medium-term notes due 1998 through 2000	601	601
5.98% to 6.5% commercial paper	--	430
10.42% senior notes due 2003, callable December 1, 1998 at par	50	50
7.3% to 8.8% retail medium-term notes due 1998 through 2004, callable at various dates	167	70
6.2% to 6.5% revolving credits	--	100
	4,608	5,333
OXY USA INC.		
7% debentures due 2011, callable anytime at par	274	274
7.2% unsecured notes due 2020 (Note 16)	7	7
6.625% debentures due 1998 through 1999, callable anytime at par (Note 16)	55	55
6.125% debentures due 1996 through 1997, callable anytime at par (Note 16)	15	15
5.7% to 7.8% unsecured notes due 2000 through 2007	58	59
	409	410
OTHER SUBSIDIARY DEBT		
3.75% to 12.5% unsecured notes due 1996 through 2030	382	158
6% to 14.5% secured notes due 1996 through 2011	57	124
	439	282
	5,456	6,025
Less:		
Unamortized discount, net	(147)	(163)
Current maturities	(490)	(39)
TOTAL	$ 4,819	$ 5,823

At December 31, 1995, $495 million of notes due in 1996 were classified as noncurrent since it is management's intention to refinance this amount on a long-term basis, initially utilizing available lines of bank credit with maturities extending to 1999 and 2000.

At December 31, 1995, minimum principal payments on senior funded debt, including sinking fund requirements, subsequent to December 31, 1996 aggregated $4.966 billion, of which $301 million is due in 1997, $375 million in 1998, $1.224 billion in 1999, $499 million in 2000, $518 million in 2001 and $2.049 billion thereafter. Unamortized discount is generally being amortized to interest expense on the effective interest method over the lives of the related issues.

At December 31, 1995, under the most restrictive covenants of certain financing agreements, the capacity for the payment of cash dividends and other distributions on, and for acquisitions of, Occidental's capital stock was approximately $2.0 billion, assuming that such dividends, distributions and acquisitions were made without incurring additional borrowings.

At December 31, 1995, Occidental had available lines of committed bank credit of approximately $2.6 billion. Bank fees on committed lines of credit ranged from 0.125 percent to 0.1875 percent.

NOTE 8 ADVANCE SALE OF CRUDE OIL

In December 1995, Occidental entered into a transaction with Clark USA, Inc. (Clark) under which Occidental agreed to deliver approximately 17.7 million barrels of West Texas Intermediate (WTI)-equivalent oil over the next six years. In exchange, Occidental received $100 million in cash and approximately 5.5 million shares of Clark common stock. As a result of this transaction, Occidental owns approximately 19 percent of Clark accounted for on the cost method. Occidental has accounted for the consideration received in the transaction as deferred revenue, which is being amortized into revenue as WTI-equivalent oil is produced and delivered during the term of the agreement. Reserves dedicated to the transaction are excluded from the estimate of proved oil and gas reserves (see Supplemental Oil and Gas Information).

NOTE 9 LEASE COMMITMENTS

The present value of net minimum lease payments, net of the current portion, totaled $259 million and $291 million at December 31, 1995 and 1994, respectively.

Operating and capital lease agreements frequently include renewal and/or purchase options and require Occidental to pay for utilities, taxes, insurance and maintenance expense.

At December 31, 1995, future net minimum lease payments for capital and operating leases (excluding oil and gas and other mineral leases) were the following (in millions):

	Capital	Operating
1996	$ 50	$ 101
1997	220	76
1998	6	65
1999	6	59
2000	5	50
Thereafter	78	374
TOTAL MINIMUM LEASE PAYMENTS	365	$ 725
Less:		
Executory costs	(6)	
Imputed interest	(68)	
Current portion	(32)	
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS, NET OF CURRENT PORTION	$ 259	

Rental expense for operating leases, net of immaterial sublease rental, was $141 million in 1995, $163 million in 1994 and $158 million in 1993.

Included in the 1995 and 1994 property, plant and equipment accounts were $442 million and $465 million, respectively, of property leased under capital leases and $137 million and $130 million, respectively, of related accumulated amortization.

NOTE 10 LAWSUITS, CLAIMS AND RELATED MATTERS

Occidental and certain of its subsidiaries have been named in a substantial number of governmental proceedings as defendants or potentially responsible parties under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and corresponding state acts. These proceedings seek funding, remediation and, in some cases, compensation for alleged property damage, punitive damages and civil penalties, aggregating substantial amounts. 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. Occidental has accrued reserves at the most likely cost to be incurred in those proceedings where it is probable that Occidental will incur remediation costs which can be reasonably estimated. As to those proceedings, for which Occidental does not have sufficient information to determine a range of liability, Occidental does have sufficient information on which to base the opinion below.

It is impossible at this time to determine the ultimate legal liabilities that may arise from various lawsuits, claims and proceedings, including environmental proceedings described above, pending against Occidental and its subsidiaries, some of which may involve substantial amounts. However, in management's opinion, after taking into account reserves, none of such pending lawsuits, claims and proceedings should have a material adverse effect upon Occidental's consolidated financial position or results of operations in any given year.

NOTE 11 OTHER COMMITMENTS AND CONTINGENCIES

At December 31, 1995, commitments for major capital expenditures during 1996 and thereafter were approximately $382 million.

Occidental has entered into agreements providing for future payments to secure terminal and pipeline capacity, drilling services, electrical power, steam and certain chemical raw materials. At December 31, 1995, the net present value of the fixed and determinable portion of the obligations under these agreements aggregated $228 million, which was payable as follows (in millions): 1996--$31, 1997--$30, 1998--$29, 1999--$27, 2000--$25 and 2001 through 2014--$86. Payments under these agreements, including any variable component, were $190 million in 1995, $188 million in 1994 and $182 million in 1993.

Occidental has certain other commitments under contracts, guarantees and joint ventures, and certain other contingent liabilities. Additionally, Occidental agreed to participate in the development of certain natural gas reserves and construction of a liquefied natural gas plant in Malaysia. In management's opinion, none of such commitments and contingencies discussed above should have a material adverse effect upon Occidental's consolidated financial position or results of operations in any given year.

NOTE 12 DOMESTIC AND FOREIGN INCOME AND OTHER TAXES

The domestic and foreign components of income(loss) from continuing operations before domestic and foreign income and other taxes were as follows (in millions):

For the years ended December 31,	Domestic	Foreign	Total
1995	$ 425	$ 488	$ 913
1994	$ (46)	$ 153	$ 107
1993	$ 150	$ 67	$ 217

The provisions(credits) for domestic and foreign income and other taxes consisted of the following (in millions):

For the years ended December 31,	U.S. Federal	State and Local	Foreign	Total
1995				
Current	$ 152	$ 57	$ 175	$ 384
Deferred	50	(24)	(8)	18
	$ 202	$ 33	$ 167	$ 402
1994				
Current	$ 3	$ 18	$ 96	$ 117
Deferred	18	4	4	26
	$ 21	$ 22	$ 100	$ 143
1993				
Current	$ (27)	$ 28	$ 84	$ 85
Deferred	144	1	(142)	3
Deferred tax charge due to federal income tax rate change	55	--	--	55
	$ 172	$ 29	$ (58)	$ 143

The credit provision for foreign income tax in 1993 reflected the reversal of $130 million of foreign tax reserves following the settlement of tax matters with foreign jurisdictions relating to the disposition of certain international oil and gas assets in 1991. Deferred U.S. federal income tax included a charge of $45 million relative to this reversal.

The following is a reconciliation, stated as a percentage of pretax income, of the U.S. statutory federal income tax rate to Occidental's effective tax rate on income(loss) from continuing operations:

For the years ended December 31,	1995	1994	1993
U.S. federal statutory tax rate	35%	35%	35%
Operations outside the United States(a)	11	65	4
State taxes, net of federal benefit	5	13	8
State tax benefit from operating loss carryforwards	(3)	--	--
Reserves not previously benefited	(5)	--	--
Domestic income tax reserves no longer required	--	--	(4)
Nondeductible depreciation and other expenses	1	11	3
Federal income tax rate change	--	--	25
Other	--	10	(5)
Tax rate provided by Occidental	44%	134%	66%

(a) Included in these figures is the impact of not providing U.S. taxes on the unremitted earnings of certain foreign subsidiaries. The effect of this is to reduce the U.S. federal tax rate by approximately 4 percent in 1995.

Occidental adopted SFAS No. 109--"Accounting for Income Taxes," as of January 1, 1992. The tax effects of temporary differences and carryforwards resulting in deferred income taxes at December 31, 1995 and 1994 were as follows (in millions):

	1995		1994	
Items resulting in temporary differences and carryforwards	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Property, plant and equipment differences	$ 178	$ 3,616	$ 180	$ 3,873
Contract impairment reserves	74	--	102	--
Discontinued operation loss accruals	167	--	176	--
Environmental reserves	244	--	272	--
Postretirement benefit accruals	207	--	214	--
State income taxes	140	--	140	--
Net operating loss carryforwards	--	--	267	--
Tax credit carryforwards	292	--	309	--
All other	721	503	594	457
Subtotal	2,023	4,119	2,254	4,330
Valuation allowance	(189)	--	(204)	--
Total deferred taxes	$ 1,834	$ 4,119	$ 2,050	$ 4,330

Included in total deferred tax assets was a current portion aggregating $335 million and $285 million as of December 31, 1995 and 1994, respectively, that was reported in prepaid expenses and other.

A deferred tax liability of approximately $70 million at December 31, 1995 has not been recognized for temporary differences related to Occidental's investment in certain foreign subsidiaries primarily as a result of unremitted earnings of consolidated subsidiaries, as it is Occidental's intention, generally, to reinvest such earnings permanently.

The pension liability adjustments recorded directly to retained earnings were net of an income tax charge of $9 million in 1995 and income tax benefits of $6 million and $8 million in 1994 and 1993, respectively.

The foreign currency translation adjustment credited directly to retained earnings in 1995 was net of an income tax charge of $10 million.

Discontinued operations included an income tax expense of $123 million in 1993.

The extraordinary loss that resulted from the early extinguishment of debt was reduced by an income tax benefit of $7 million in 1993.

At December 31, 1995, Occidental had, for U.S. federal income tax return purposes, a capital loss carryforward of approximately $21 million, a business tax credit carryforward of $20 million and an alternative minimum tax credit carryforward of $270 million available to reduce future income taxes. Net operating loss carryforwards existing at December 31, 1994 were utilized in 1995. To the extent not used, the capital loss carryforward expires in 2000 and the business tax credit expires in varying amounts during the years 2000 and 2001. The alternative minimum tax credit carryforward does not expire.

Occidental is subject to audit by taxing authorities for varying periods in various tax jurisdictions. Management believes that any required adjustments to Occidental's tax liabilities will not have a material adverse impact on its financial position or results of operations.

NOTE 13 NONREDEEMABLE PREFERRED STOCK AND COMMON STOCK

The following is an analysis of nonredeemable preferred stock and common stock (shares in thousands):

	Nonredeemable Preferred Stock	Common Stock
BALANCE, DECEMBER 31, 1992	--	303,728
Issued	11,500	1,906
Options exercised and other, net	--	(31)
BALANCE, DECEMBER 31, 1993	11,500	305,603
Issued	14,995	11,300
Options exercised and other, net	--	(50)
BALANCE, DECEMBER 31, 1994	26,495	316,853
Issued	--	1,523
Options exercised and other, net	--	335
BALANCE, DECEMBER 31, 1995	26,495	318,711

Occidental has authorized 50,000,000 shares of preferred stock with a par value of $1.00 per share. In February 1994, Occidental issued 11,388,340 shares of $3.00 cumulative CXY-indexed convertible preferred stock in a public offering for net proceeds of approximately $557 million. The shares are convertible into Occidental common stock in accordance with a conversion formula that is indexed to the market price of the common shares of CanadianOxy. In addition, the shares, which are not subject to any sinking fund or mandatory redemption requirements, have a liquidation preference of $50.00 per share, plus accumulated and unpaid dividends. The shares of CXY-indexed convertible preferred stock are redeemable on or after January 1, 1999, in whole or in part, at the option of Occidental, at a redemption price of $51.50 per share declining ratably to $50.00 per share on or after January 1, 2004, in each case plus accumulated and unpaid dividends to the redemption date. Each holder of shares of the CXY-indexed convertible preferred stock has the right, at such holder's option, to convert the shares held, at any time, unless previously redeemed, into a number of shares of Occidental common stock currently determined by multiplying the Conversion Ratio by the aggregate number of shares being converted by the holder. The Conversion Ratio is the product of (i) the Price Ratio (as defined, generally the market price, calculated in a specified manner, of one CanadianOxy common share over the market price, calculated in a specified manner, of one share of Occidental common stock) and (ii) the Share Factor (as defined, initially 1.766, subject to adjustment upon the occurrence of certain events affecting the CanadianOxy common shares). As of December 31, 1995, the aggregate number of shares of Occidental common stock issuable upon conversion of all of the issued and outstanding shares of the CXY-indexed convertible preferred stock was 30,566,305, based on the Conversion Ratio then in effect of 2.684. Dividends on the CXY-indexed convertible preferred stock at an annual rate of $3.00 per share are cumulative and are payable quarterly in arrears, when and as declared by Occidental's Board of Directors. Holders of the CXY-indexed convertible preferred stock have no voting rights, except in certain circumstances; however, holders of such series, voting separately as a class with all other affected classes or series of preferred stock upon which like voting rights have been conferred and are exercisable, are entitled to elect two additional directors if the equivalent of six quarterly dividends on the CXY-indexed convertible preferred stock are accumulated and unpaid.

In December 1994, Occidental issued 3,606,484 shares of $3.875 cumulative convertible voting preferred stock in connection with the Placid acquisition. In February 1993, Occidental issued 11,500,000 shares of $3.875 cumulative convertible preferred stock. The shares of both series are redeemable on or after February 18, 1998, in whole or in part, at the option of Occidental, at a redemption price of $51.9375 per share declining ratably to $50.00 per share on or after February 18, 2003, in each case plus accumulated and unpaid dividends to the redemption date. Each series of $3.875 preferred stock has a liquidation preference of $50.00 per share, plus accumulated and unpaid dividends, and is convertible at the option of the holder into common stock of Occidental at a conversion price of $22.76 per share, subject to adjustment in certain events. Dividends on each series of the $3.875 preferred stock at an annual rate of $3.875 per share are cumulative and are payable quarterly in arrears, when and as declared by Occidental's Board of Directors. Holders of the $3.875 cumulative convertible preferred stock have no voting rights, except in certain circumstances. Holders of the $3.875 cumulative convertible voting preferred stock, voting separately as a class with the Occidental common stock and all other classes or series of preferred stock upon which like voting rights may be conferred, have the right to vote for the election of directors and for all other purposes. Holders of each series of $3.875 preferred stock, voting separately as a class with all other affected classes or series of preferred stock upon which like voting rights have been conferred and are exercisable, are entitled to elect two additional directors if the equivalent of six quarterly dividends on such series of $3.875 preferred stock are accumulated and unpaid.

In 1986, pursuant to a stockholders' rights plan, a dividend of one stock purchase right (right) on each outstanding share of Occidental's common stock was issued. Similar rights have been, and generally will be, issued in respect of shares of common stock subsequently issued. Each right becomes exercisable, upon the occurrence of certain events, for one one-hundredth of a share of Series A junior participating preferred stock, par value $1.00 per share, at a purchase price of $80.00 or, under certain circumstances, common stock or other securities, cash or other assets having a then-current market price (as defined and subject to adjustment) equal to twice such purchase price. The rights currently are not exercisable and will be exercisable only if a person or group either acquires beneficial ownership of 20 percent or more of Occidental's common stock or commences a tender or exchange offer that would result in ownership of 30 percent or more. The rights, which expire in October 1996, are redeemable in whole, but not in part, at Occidental's option at any time for a price of $.05 per right.

STOCK OPTIONS AND STOCK APPRECIATION RIGHTS   Options to purchase common stock of Occidental have been granted to officers and employees under stock option plans adopted in 1978, 1987 and 1995. During 1995, options for 882,008 shares became exercisable, and options for 3,517,095 shares were exercisable at December 31, 1995. At December 31, 1995, options for 1,244,332 shares were outstanding with stock appreciation rights (SAR), all of which options for shares were exercisable.

The following is a summary of stock option transactions during 1995, 1994 and 1993 (shares in thousands, except per-share amounts):

	1995		1994		1993	
	Shares	Price Range per Share	Shares	Price Range per Share	Shares	Price Range per Share
BEGINNING BALANCE	5,098	$ 17.750 -- $ 31.125	4,556	$ 18.500 -- $ 31.125	3,965	$ 18.500 -- $ 31.125
Granted or issued	1,127	$ 23.125	905	$ 17.750 -- $ 21.125	841	$ 22.000
Exercised	(431)	$ 17.750 -- $ 22.000	(52)	$ 18.500 -- $ 19.875	(42)	$ 18.500 -- $ 19.875
Canceled	(313)	$ 17.750 -- $ 30.625	(311)	$ 18.500 -- $ 30.625	(208)	$ 18.500 -- $ 31.125
ENDING BALANCE	5,481	$ 17.750 -- $ 31.125	5,098	$ 17.750 -- $ 31.125	4,556	$ 18.500 -- $ 31.125
RESERVED FOR GRANT AT DECEMBER 31	9,979		4,142		4,911	

STOCK INCENTIVE PLAN Occidental has a stock incentive plan whereby a limited number of executives may be awarded Occidental common stock at the par value of $.20 per share, with such shares vesting after five years or earlier under certain conditions. The related expense is amortized over the vesting period. Under the plan, a total of approximately 2,731,280 shares may be awarded; 234,711 shares were awarded in 1995. Future restricted stock, performance stock, stock options and stock options granted with SAR will be made from the 1995 Incentive Stock Plan. At December 31, 1995, 9,978,661 shares were available for the granting of future awards.

NOTE 14 RETIREMENT PLANS AND POSTRETIREMENT BENEFITS

Occidental has various defined contribution retirement plans for its salaried, domestic union and nonunion hourly, and certain foreign national employees that provide for periodic contributions by Occidental based on plan-specific criteria, such as base pay, age level and/or employee contributions. Occidental contributed and expensed $71 million, $70 million and $61 million under the provisions of these plans for 1995, 1994 and 1993, respectively.

Occidental's retirement and postretirement defined benefit plans are accrued based on various assumptions and discount rates, as described below. The actuarial assumptions used could change in the near term as a result of changes in expected future trends and other factors which, depending on the nature of the changes, could cause increases or decreases in the liabilities accrued.

Pension costs for Occidental's defined benefit pension plans, determined by independent actuarial valuations, are funded by payments to trust funds, which are administered by independent trustees. The components of the net pension cost for 1995, 1994 and 1993 were as follows (in millions):

For the years ended December 31,	1995	1994	1993
Service cost--benefits earned during the period	$ 9	$ 8	$ 10
Interest cost on projected benefit obligation	23	21	20
Actual return on plan assets	(43)	1	(8)
Net amortization and deferral	32	(10)	(3)
Curtailments and settlements	12	--	4
Net pension cost	$ 33	$ 20	$ 23

In 1995, 1994 and 1993, Occidental recorded adjustments to retained earnings of a credit of $16 million and charges of $10 million and $14 million, respectively, to reflect the net-of-tax difference between the additional liability required under pension accounting provisions and the corresponding intangible asset.

The following table sets forth the defined benefit plans' funded status and amounts recognized in Occidental's consolidated balance sheets at December 31, 1995 and 1994 (in millions):

Balance at December 31,	1995 Assets Exceed Accumulated Benefits	1995 Accumulated Benefits Exceed Assets	1994 Assets Exceed Accumulated Benefits	1994 Accumulated Benefits Exceed Assets
PRESENT VALUE OF THE ESTIMATED PENSION BENEFITS TO BE PAID IN THE FUTURE				
Vested benefits	$ 35	$ 230	$ 10	$ 252
Nonvested benefits	4	11	--	17
Accumulated benefit obligations	39	241	10	269
Effect of projected future salary increases(a)	15	6	6	13
Total projected benefit obligations	54	247	16	282
Plan assets at fair value	50	179	15	169
PROJECTED BENEFIT OBLIGATION IN EXCESS OF (LESS THAN) PLAN ASSETS	$ 4	$ 68	$ 1	$ 113
Projected benefit obligation in excess of(less than) plan assets	$ 4	$ 68	$ 1	$ 113
Unrecognized net asset(obligation)	(4)	(4)	--	(13)
Unrecognized prior service (cost)benefit	--	(7)	--	(9)
Unrecognized net gain(loss)	2	(46)	(1)	(73)
Additional minimum liability(b)	--	55	--	87
PENSION LIABILITY(ASSET)	$ 2	$ 66	$ --	$ 105

(a) The effect of salary increases related primarily to international salary-based plans.
(b) A related amount up to the limit allowable under SFAS No. 87--"Employers' Accounting for Pensions" has been included in other assets. Amounts exceeding such limits have been charged to retained earnings.

The discount rate used in determining the actuarial present value of the projected benefit obligations was 7.5 percent in 1995 and 1994. The rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligations was between 4.5 percent and 5.5 percent in 1995 and between 5 percent and 6 percent in 1994. The expected long-term rate of return on assets was 8 percent in 1995 and 1994.

Occidental provides medical, dental and life insurance for certain active, retired and disabled employees and their eligible dependents. Beginning in 1993, certain salaried participants pay for all medical cost increases in excess of increases in the Consumer Price Index (CPI). The benefits generally are funded by Occidental as the benefits are paid during the year. The cost of providing these benefits is based on claims filed and insurance premiums paid for the period. The total benefits costs were approximately $93 million in 1995 and $124 million in 1994 and 1993. The 1995, 1994 and 1993 costs included $23 million, $54 million and $50 million, respectively, for postretirement costs, as discussed below.

Effective January 1, 1992, Occidental adopted SFAS No. 106--"Employers' Accounting for Postretirement Benefits Other Than Pensions." This statement required that the cost of postretirement benefits other than pensions, which are primarily for health care, be accrued as a form of deferred compensation earned during the period that employees render service, rather than the previously permitted practice of accounting for such costs as claims were paid. Occidental elected immediate recognition of the net obligation at January 1, 1992.

The postretirement benefit obligation as of December 31, 1995 and 1994 was determined by application of the terms of medical, dental and life insurance plans, including the effect of established maximums on covered costs, together with relevant actuarial assumptions and health care cost trend rates projected at a CPI increase of 4 percent (except for union employees). For union employees, the health care cost trend rates were projected at annual rates ranging ratably from 9.5 percent in 1995 to 6 percent through the year 2002 and level thereafter. The effect of a 1 percent annual increase in these assumed cost trend rates would increase the accumulated postretirement benefit obligation by approximately $20 million in 1995; the annual service and interest costs would not be materially affected. The weighted average discount rate used in determining the accumulated postretirement benefit obligation as of December 31, 1995 and 1994 was 7.5 percent. Occidental's funding policy generally is to pay claims as they come due. However in 1995 and 1994, MidCon prefunded certain postretirement benefits associated with its regulated operations. Assets are invested in short-term securities.

The following table sets forth the postretirement plans' combined status, reconciled with the amounts included in the consolidated balance sheets at December 31, 1995 and 1994 (in millions):

Balance at December 31,	1995	1994
Accumulated postretirement benefit obligation		
Retirees	$ 379	$ 374
Fully eligible active plan participants	59	73
Other active plan participants	101	127
Total accumulated postretirement benefit obligation	539	574
Plan assets at fair value	26	15
Unfunded status	513	559
Unrecognized prior service cost	(5)	(6)
Unrecognized net loss	(1)	(15)
Accrued postretirement benefit cost	$ 507	$ 538

Net periodic postretirement benefit cost for 1995, 1994 and 1993 included the following components (in millions):

For the years ended December 31,	1995	1994	1993
Service cost--benefits attributed to service during the period	$ 8	$ 9	$ 8
Interest cost on accumulated postretirement benefit obligation	41	42	42
Actual return on plan assets	(1)	(1)	--
Net amortization and deferral	1	4	--
Curtailments and settlements	(26)	--	--
Net periodic postretirement benefit cost	$ 23	$ 54	$ 50

NOTE 15 INVESTMENTS

Investments in companies in which Occidental has a voting stock interest of at least 20 percent, but not more than 50 percent, and certain partnerships are accounted for on the equity method. At December 31, 1995, Occidental's equity investments consisted primarily of joint-interest pipelines, including a pipeline in the Dutch sector of the North Sea, an investment of approximately 30 percent in the common shares of CanadianOxy and various chemical partnerships. In the second quarter of 1993, Occidental sold its 45 percent nonvoting interest in Trident. The investment in Trident was in its preferred stock, and accordingly, no equity earnings had been recorded. Equity investments paid dividends of $51 million, $45 million and $33 million to Occidental in 1995, 1994 and 1993, respectively. Cumulative undistributed earnings since acquisition, in the amount of $169 million, of 50-percent-or-less-owned companies have been accounted for by Occidental under the equity method. At December 31, 1995, Occidental's investment in equity investees exceeded the historical underlying equity in net assets by approximately $203 million, which is being amortized into income over periods not exceeding 40 years. The aggregate market value of the investment in CanadianOxy, based on the quoted market price for CanadianOxy common shares, was $659 million at December 31, 1995, compared with an aggregate book value of $216 million. Occidental and its subsidiaries' purchases from, and sales to, certain equity method pipeline ventures and chemical partnerships were $202 million and $265 million, respectively, during the year ended December 31, 1995. Occidental and its subsidiaries' purchases from, and sales to, certain equity method pipeline ventures and chemical partnerships were $202 million and $225 million, respectively, during the year ended December 31, 1994.

The following table presents Occidental's proportional interest in the summarized financial information of its equity method investments (in millions):

For the years ended December 31,	1995	1994	1993
Revenues	$ 806	$ 684	$ 562
Costs and expenses	694	611	535
Net income	$ 112	$ 73	$ 27

Balance at December 31,	1995	1994
Current assets	$ 246	$ 273
Noncurrent assets	$ 979	$ 917
Current liabilities	$ 168	$ 168
Noncurrent liabilities	$ 524	$ 543
Stockholders' equity	$ 533	$ 479

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Investments also include certain cost-method investments, in which Occidental owns less than 20 percent of the voting stock. At December 31, 1995, these investments consisted primarily of the shares in Clark (see Note 8).

NOTE 16 SUMMARIZED FINANCIAL INFORMATION OF WHOLLY OWNED SUBSIDIARY

Occidental has guaranteed the payments of principal of, and interest on, certain publicly traded debt securities of its subsidiary, OXY USA.

The following table presents summarized financial information for OXY USA (in millions):

For the years ended December 31,	1995	1994	1993
Revenues	$ 709	$ 748	$ 874
Costs and expenses	778	749	790
Income(loss) before extraordinary gain(loss)	(69)	(1)	84
Extraordinary gain(loss), net	--	--	(9)
Net income(loss)	$ (69)	$ (1)	$ 75

Balance at December 31,	1995	1994
Current assets	$ 206	$ 113
Intercompany receivable	$ 323	$ 246
Noncurrent assets	$ 2,057	$ 2,069
Current liabilities	$ 244	$ 167
Interest bearing note to parent	$ 121	$ 137
Noncurrent liabilities	$ 1,283	$ 1,114
Stockholders' equity	$ 938	$ 1,010

NOTE 17 INDUSTRY SEGMENTS AND GEOGRAPHIC AREAS

Occidental conducts its continuing operations through three industry segments: oil and gas, natural gas transmission and chemical. The oil and gas segment explores for, develops, produces and markets crude oil and natural gas domestically and internationally. The natural gas transmission segment engages in interstate and intrastate natural gas transmission and marketing through an extensive network of pipelines. The chemical segment manufactures and markets, domestically and internationally, a variety of basic chemicals, petrochemicals, and polymers and plastics.

Earnings of industry segments and geographic areas exclude interest income, interest expense, unallocated corporate expenses, discontinued operations, extraordinary items and income from equity investments, but include gains from dispositions of segment and geographic area assets (see Note 4). Intersegment sales and transfers between geographic areas are made at prices approximating current market values and are not significant.

Foreign income and other taxes and certain state taxes are included in segment earnings on the basis of operating results. U.S. federal income taxes are not allocated to segments except for amounts in lieu thereof that represent the tax effect of operating charges or credits resulting from purchase accounting adjustments which arise due to the implementation in 1992 of SFAS No. 109.

Identifiable assets are those assets used in the operations of the segments. Corporate assets consist of cash, short-term investments, certain corporate receivables and other assets.

INDUSTRY SEGMENTS
In millions

	Oil and Gas	Natural Gas Transmission	Chemical	Corporate	Total
YEAR ENDED DECEMBER 31, 1995					
TOTAL REVENUES	$ 3,043	$ 2,049	$ 5,410	$ 192	$ 10,694
Pretax operating profit(loss)(a,b)	$ 211	$ 218	$ 1,107	$ (623)	$ 913
Income taxes	(166)	(5)	(27)	(204)	(402)
NET INCOME(LOSS)	$ 45(c)	$ 213(d)	$ 1,080(e)	$ (827)	$ 511
Property, plant and equipment additions, net(f)	$ 480	$ 150	$ 243	$ 11	$ 884
Depreciation, depletion and amortization	$ 451	$ 200	$ 262	$ 9	$ 922
TOTAL ASSETS	$ 4,594	$ 7,037	$ 5,181	$ 1,003	$ 17,815
YEAR ENDED DECEMBER 31, 1994					
TOTAL REVENUES	$ 2,494	$ 2,135	$ 4,681	$ 106	$ 9,416
Pretax operating profit(loss)(a,b)	$ 128	$ 281	$ 368	$ (670)	$ 107
Income taxes	(101)	(5)	(18)	(19)	(143)
NET INCOME(LOSS)	$ 27(g)	$ 276(h)	$ 350(i)	$ (689)(j)	$ (36)
Property, plant and equipment additions, net(f)	$ 789	$ 93	$ 190	$ 2	$ 1,074
Depreciation, depletion and amortization	$ 396	$ 198	$ 278	$ 10	$ 882
TOTAL ASSETS	$ 4,488	$ 7,119	$ 5,935	$ 447	$ 17,989
YEAR ENDED DECEMBER 31, 1993					
TOTAL REVENUES	$ 1,790	$ 2,619	$ 4,065	$ 70	$ 8,544
Pretax operating profit(loss)(a,b)	$ 263	$ 429	$ 184	$ (659)	$ 217
Income taxes	15	(3)	(11)	(144)	(143)
Discontinued operations, net	--	--	--	221	221
Extraordinary gain(loss), net	--	--	--	(12)	(12)
NET INCOME(LOSS)	$ 278(k)	$ 426(l)	$ 173(m)	$ (594)(n)	$ 283
Property, plant and equipment additions, net(f)	$ 772	$ 65	$ 166	$ 4	$ 1,007
Depreciation, depletion and amortization	$ 326	$ 247	$ 307	$ 12	$ 892
TOTAL ASSETS	$ 3,554	$ 7,455	$ 5,780	$ 334	$ 17,123

(a) Research and development costs were $21 million in 1995, $22 million in 1994 and $24 million in 1993.

(b) Divisional earnings include charges and credits in lieu of U.S. federal income taxes. In 1995, the amounts allocated to the divisions were credits of $16 million, $48 million and $27 million at oil and gas, natural gas transmission and chemical, respectively. In 1994, a credit of $18 million, a net credit of $41 million and a credit of $32 million were allocated to oil and gas, natural gas transmission and chemical, respectively. In 1993, a credit of $20 million, a net charge of $16 million and a credit of $38 million were allocated to oil and gas, natural gas transmission and chemical, respectively.

(c) Includes charges of $109 million for settlement of litigation and $95 million for reorganization costs.

(d) Includes charges of $37 million for reorganization costs.

(e) Includes a pretax gain of $40 million from the sale of Occidental's PVC facility at Addis, Louisiana.

(f) Excludes acquisitions of other businesses of $11 million and $257 million in oil and gas in 1995 and 1994, respectively. Includes capitalized interest of $10 million in 1995, $5 million in 1994 and $11 million in 1993.

(g) Includes a $45 million charge for environmental and litigation matters, a charge of $11 million for the impairment of oil and gas properties and a $12 million charge for a voluntary retirement program and severance and related costs, partially offset by a $16 million gain resulting from the sale of Occidental's remaining interests in its producing operations in Argentina and a $15 million benefit resulting from the reversal of reserves no longer needed for anticipated liabilities related to the sale of Occidental's U.K. North Sea interests.

(h) Includes a benefit of $13 million from a reduction of LIFO gas storage inventory and a net benefit of $12 million from the reduction of the contract impairment reserve.

(i) Includes a $55 million charge for litigation matters, charges of $48 million for expenses related to the curtailment and closure of certain plant operations and an $11 million unfavorable impact related to an explosion at the Taft plant and charges for start-up costs related to the Swift Creek chemical plant.

(j) Includes a net benefit of $7 million resulting from the reversal of reserves no longer required and the adoption of SFAS No. 112--"Employers' Accounting for Postemployment Benefits."

Footnotes continued on following page.

(k) Includes a benefit of $85 million, net of a federal tax charge of $45 million, resulting from a reversal of foreign tax reserves following the settlement of tax matters with foreign jurisdictions relating to the disposition of certain international oil and gas assets in 1991, a gain of $30 million from the sale of Occidental's equity interest in Trident, $25 million from a windfall profit tax refund and $5 million from a favorable litigation settlement, partially offset by a $24 million charge for environmental remediation and litigation matters.
(l) Includes the net benefit of a $154 million reduction of the contract impairment reserve and an $8 million reversal of a tax-related reserve no longer required.
(m) Includes a $16 million benefit resulting from a reversal of a plant closure reserve no longer deemed necessary.
(n) Includes a onetime noncash charge of $55 million to adjust net deferred tax liabilities following the enactment of tax legislation in August 1993, partially offset by $13 million of interest income related to a windfall profit tax refund.

GEOGRAPHIC AREAS(a,b)
In millions

	United States	Other Western Hemisphere	Eastern Hemisphere and Other	Corporate	Total
YEAR ENDED DECEMBER 31, 1995					
TOTAL REVENUES	$ 9,034(c)	$ 672	$ 796	$ 192	$ 10,694
Geographic earnings(loss) before taxes	$ 1,131	$ 182	$ 223	$ (623)	$ 913
Income taxes	(29)	(56)	(113)	(204)	(402)
NET INCOME(LOSS)	$ 1,102	$ 126	$ 110	$ (827)	$ 511
TOTAL ASSETS	$ 14,483	$ 783	$ 1,546	$ 1,003	$ 17,815
YEAR ENDED DECEMBER 31, 1994					
TOTAL REVENUES	$ 8,263(c)	$ 626	$ 421	$ 106	$ 9,416
Geographic earnings(loss) before taxes	$ 665	$ 167	$ (55)	$ (670)	$ 107
Income taxes	(20)	(65)	(39)	(19)	(143)
NET INCOME(LOSS)	$ 645	$ 102	$ (94)	$ (689)	$ (36)
TOTAL ASSETS	$ 15,335	$ 708	$ 1,499	$ 447	$ 17,989
YEAR ENDED DECEMBER 31, 1993					
TOTAL REVENUES	$ 7,516(c)	$ 648	$ 310	$ 70	$ 8,544
Geographic earnings(loss) before taxes	$ 754	$ 210	$ (88)	$ (659)	$ 217
Income taxes	77	(55)	(21)	(144)	(143)
Discontinued operations, net	--	--	--	221	221
Extraordinary gain(loss), net	--	--	--	(12)	(12)
NET INCOME(LOSS)	$ 831	$ 155	$ (109)	$ (594)	$ 283
TOTAL ASSETS	$ 15,167	$ 722	$ 900	$ 334	$ 17,123

(a) Included in the consolidated balance sheets were liabilities of approximately $285 million, $249 million and $206 million at December 31, 1995, 1994 and 1993, respectively, which pertained to operations based outside the United States and Canada.
(b) Investments in foreign countries are subject to the actions of those countries, which could significantly affect Occidental's operations and investments in those countries.
(c) Includes export sales, consisting of chemical products, of approximately $1.039 billion, $756 million and $628 million in 1995, 1994 and 1993, respectively.

NOTE 18   COSTS AND RESULTS OF OIL AND GAS PRODUCING ACTIVITIES

Capitalized costs relating to oil and gas producing activities and related accumulated depreciation, depletion and amortization, which include impairments, were as follows (in millions):

	United States	Other Western Hemisphere	Eastern Hemisphere and Other	Total Worldwide
DECEMBER 31, 1995				
Proved properties	$ 4,614	$ 1,754	$ 1,224	$ 7,592
Unproved properties	78	36	184	298
TOTAL PROPERTY COSTS(a)	4,692	1,790	1,408	7,890
Support facilities	21	119	50	190
TOTAL CAPITALIZED COSTS	4,713	1,909	1,458	8,080
Accumulated depreciation, depletion and amortization and valuation provisions	(2,680)	(1,474)	(381)	(4,535)
NET CAPITALIZED COSTS	$ 2,033	$ 435	$ 1,077	$ 3,545
Share of equity investees' net capitalized costs(b)	$ 68	$ 66	$ 164	$ 298
DECEMBER 31, 1994				
Proved properties	$ 4,566	$ 1,645	$ 1,239	$ 7,450
Unproved properties	96	19	99	214
TOTAL PROPERTY COSTS(a)	4,662	1,664	1,338	7,664
Support facilities	22	127	51	200
TOTAL CAPITALIZED COSTS	4,684	1,791	1,389	7,864
Accumulated depreciation, depletion and amortization and valuation provisions	(2,559)	(1,410)	(339)	(4,308)
NET CAPITALIZED COSTS	$ 2,125	$ 381	$ 1,050	$ 3,556
Share of equity investees' net capitalized costs(b)	$ 56	$ 61	$ 206	$ 323
DECEMBER 31, 1993				
Proved properties	$ 4,159	$ 1,635	$ 792	$ 6,586
Unproved properties	85	16	120	221
TOTAL PROPERTY COSTS(a)	4,244	1,651	912	6,807
Support facilities	20	148	37	205
TOTAL CAPITALIZED COSTS	4,264	1,799	949	7,012
Accumulated depreciation, depletion and amortization and valuation provisions	(2,389)	(1,407)	(239)	(4,035)
NET CAPITALIZED COSTS	$ 1,875	$ 392	$ 710	$ 2,977
Share of equity investees' net capitalized costs(b)	$ 57	$ 66	$ 230	$ 353

(a) Includes leases, exploration costs, lease and well equipment, pipelines and terminals, gas plants and other equipment.
(b) Excludes amounts applicable to synthetic fuels.

Costs incurred relating to oil and gas producing activities, whether capitalized or expensed, were as follows (in millions):

	United States	Other Western Hemisphere	Eastern Hemisphere and Other	Total Worldwide
DECEMBER 31, 1995				
Acquisition of properties				
Proved	$ 4	$ --	$ 55	$ 59
Unproved	7	--	4	11
Exploration costs	29	34	70	133
Development costs	173	110	118	401
	$ 213	$ 144	$ 247	$ 604
Share of equity investees' costs	$ 28	$ 23	$ 25	$ 76
DECEMBER 31, 1994				
Acquisition of properties				
Proved	$ 268	$ --	$ 252	$ 520
Unproved	24	--	47	71
Exploration costs	31	20	102	153
Development costs	167	85	99	351
	$ 490(a)	$ 105	$ 500(a)	$ 1,095
Share of equity investees' costs	$ 14	$ 14	$ 27	$ 55
DECEMBER 31, 1993				
Acquisition of properties				
Proved	$ 6	$ --	$ 198	$ 204
Unproved	5	--	33	38
Exploration costs	19	16	87	122
Development costs	170	108	175	453
	$ 200	$ 124	$ 493	$ 817
Share of equity investees' costs	$ 12	$ 11	$ 119	$ 142

(a) Amounts exclude the deferred tax effects of $22 million and $21 million in the United States and Eastern Hemisphere and Other, respectively, related to the Placid acquisition.

The results of operations of Occidental's oil and gas producing activities, which exclude oil trading activities and items such as asset dispositions, corporate overhead and interest, were as follows (in millions):

	United States	Other Western Hemisphere(a)	Eastern Hemisphere and Other	Total Worldwide
FOR THE YEAR ENDED DECEMBER 31, 1995				
Revenues				
Sales	$ 638	$ 467	$ 679(b)	$ 1,784
Intercompany transfers	64	--	--	64
TOTAL	702	467	679	1,848
Production costs	250	157	141	548
Exploration expenses	22	30	54	106
Other operating expenses	26	82	148	256
Depreciation, depletion and amortization and valuation provisions	249(c)	69	128	446
PRETAX INCOME(LOSS)	155	129	208	492
Income tax expense(benefit)(d)	16	52	113(b)	181
RESULTS OF OPERATIONS	$ 139	$ 77	$ 95	$ 311
Share of equity investees' results of operations	$ 6	$ 1	$ 25	$ 32
FOR THE YEAR ENDED DECEMBER 31, 1994				
Revenues				
Sales	$ 662	$ 422	$ 326(b)	$ 1,410
Intercompany transfers	62	--	--	62
TOTAL	724	422	326	1,472
Production costs	263	165	86	514
Exploration expenses	20	17	90	127
Other operating expenses	28	93	113	234
Depreciation, depletion and amortization and valuation provisions	220(c)	61	102	383
PRETAX INCOME(LOSS)	193	86	(65)	214
Income tax expense(benefit)(d)	--	62	39(b)	101
RESULTS OF OPERATIONS	$ 193	$ 24	$ (104)	$ 113
Share of equity investees' results of operations	$ 4	$ 7	$ 17	$ 28
FOR THE YEAR ENDED DECEMBER 31, 1993				
Revenues				
Sales	$ 700	$ 454	$ 225(b)	$ 1,379
Intercompany transfers	65	--	--	65
TOTAL	765	454	225	1,444
Production costs	267	155	77	499
Exploration expenses	18	16	68	102
Other operating expenses	25	91	105	221
Depreciation, depletion and amortization and valuation provisions	210(c)	52	53	315
PRETAX INCOME(LOSS)	245	140	(78)	307
Income tax expense(benefit)(d)	(6)	57	21(b)	72
RESULTS OF OPERATIONS	$ 251	$ 83	$ (99)	$ 235
Share of equity investees' results of operations	$ 5	$ (1)	$ (1)	$ 3

(a) Includes amounts applicable to operating interests in which Occidental receives an agreed-upon fee per barrel of crude oil produced.
(b) Revenues and income tax expense include taxes owed by Occidental but paid by governmental entities on its behalf.
(c) Includes a credit of $16 million, $18 million and $20 million in 1995, 1994 and 1993, respectively, under the method of allocating amounts in lieu of taxes.
(d) U.S. federal income taxes reflect expense allocations related to oil and gas activities, including allocated interest and corporate overhead. Foreign income taxes were included in geographic areas on the basis of operating results.

NOTE 19 SUBSEQUENT EVENTS

On January 23, 1996, Occidental called for redemption on March 15 all of the outstanding $955 million principal amount of its 11.75% Senior Debentures due March 15, 2011, at a redemption price of 104.838% of the principal amount, together with accrued interest. The redemption of these debentures is in part being funded from cash accumulated in excess of ongoing requirements. The payment of the call premium will be reflected as an extraordinary loss in Occidental's 1996 first quarter results.

In addition, Occidental agreed to acquire a 64 percent equity interest in INDSPEC Chemical Corporation (INDSPEC) for $85 million of Occidental common stock. Under the terms of the agreement, INDSPEC's management and employees will retain voting control of the company. This transaction is expected to close in 1996.

On February 13, 1996, Occidental announced a realignment of its chemical operations. The realignment will result in staff reductions of approximately 450 people. The costs associated with the realignment are not expected to have a material impact on the 1996 results of operations.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors, Occidental Petroleum Corporation:

We have audited the accompanying consolidated balance sheets of OCCIDENTAL PETROLEUM CORPORATION (a Delaware corporation) and consolidated subsidiaries as of December 31, 1995 and 1994, and the related consolidated statements of operations, nonredeemable preferred stock, common stock and other stockholders' equity and cash flows for each of the three years in the period ended December 31, 1995 (included on pages 33 through 60). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 financial statements referred to above present fairly, in all material respects, the financial position of Occidental Petroleum Corporation and consolidated subsidiaries as of December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP
Los Angeles, California
February 22, 1996

1995 QUARTERLY FINANCIAL DATA (Unaudited)
In millions, except per-share amounts

Occidental Petroleum Corporation
and Subsidiaries

Three months ended	March 31	June 30	September 30	December 31	Total Year
Divisional net sales					
Oil and gas	$ 705	$ 756	$ 779	$ 778	$ 3,018
Natural gas transmission	538	468	454	578	2,038
Chemical	1,472	1,456	1,325	1,117	5,370
Other	(1)	(1)	(1)	--	(3)
Net sales	$ 2,714	$ 2,679	$ 2,557	$ 2,473	$ 10,423
Gross profit	$ 687	$ 724	$ 594	$ 555	$ 2,560
Divisional earnings					
Oil and gas	$ 60	$ (30)	$ 46	$ (31)	$ 45
Natural gas transmission	75	62	54	22	213
Chemical	307	354	252	167	1,080
	442	386	352	158	1,338
Unallocated corporate items					
Interest expense, net	(144)	(133)	(133)	(130)	(540)
Income taxes	(125)	(73)	(83)	(14)	(295)
Other	5	7	3	(7)	8
Net income(loss)	$ 178	$ 187(a)	$ 139	$ 7(b)	$ 511
Primary earnings(loss) per common share	$ .49	$ .51	$ .36	$ (.05)	$ 1.31
Fully diluted earnings(loss) per share	$ .47	$ .49	$ .36	$ (.05)	$ 1.30
Dividend per common share	$ .25	$ .25	$ .25	$ .25	$ 1.00
Market price per common share					
High	$ 22	$ 24 3/8	$ 23 7/8	$ 23 1/2	
Low	$ 18	$ 21 1/4	$ 21 1/8	$ 20 1/8	

(a) Includes charges of $109 million for settlement of litigation in the oil and gas division, partially offset by a pretax gain of $40 million from the sale of Occidental's PVC facility at Addis, Louisiana.
(b) Includes reorganization charges of $132 million, of which $95 million was recorded in the oil and gas division and $37 million recorded in the natural gas transmission division.

1994 QUARTERLY FINANCIAL DATA (Unaudited)
In millions, except per-share amounts

Occidental Petroleum Corporation
and Subsidiaries

Three months ended	March 31	June 30	September 30	December 31	Total Year
Divisional net sales					
Oil and gas	$ 484	$ 561	$ 741	$ 665	$ 2,451
Natural gas transmission	634	479	461	536	2,110
Chemical	989	1,122	1,202	1,364	4,677
Other	(1)	--	--	(1)	(2)
Net sales	$ 2,106	$ 2,162	$ 2,404	$ 2,564	$ 9,236
Gross profit	$ 293	$ 351	$ 465	$ 577	$ 1,686
Divisional earnings					
Oil and gas	$ 4	$ 25	$ 40	$ (42)	$ 27
Natural gas transmission	76	54	53	93	276
Chemical	22	65	136	127	350
	102	144	229	178	653
Unallocated corporate items					
Interest expense, net	(143)	(142)	(136)	(143)	(564)
Income taxes	9	(14)	(64)	(41)	(110)
Other	(8)	(7)	(6)	6	(15)
Net income(loss)	$ (40)(a)	$ (19)(b)	$ 23(c)	$ --(d)	$ (36)
Primary earnings(loss) per common share	$ (.19)	$ (.12)	$ .01	$ (.06)	$ (.36)
Fully diluted earnings(loss) per share	$ (.19)	$ (.12)	$ .01	$ (.06)	$ (.36)
Dividend per common share	$ .25	$ .25	$ .25	$ .25	$ 1.00
Market price per common share					
High	$ 19 1/8	$ 20	$ 22 3/8	$ 22	
Low	$ 16 1/8	$ 15 1/8	$ 18 3/4	$ 18 3/8	

(a) Includes a $7 million charge for severance and related costs in the oil and gas division, a charge of $10 million resulting from an adjustment to the rates MidCon charges its customers and an $11 million unfavorable impact related to an explosion at the Taft plant and charges for start-up costs related to the Swift Creek chemical plant, partially offset by a net benefit of $12 million from the reduction of the contract impairment reserve and a net benefit of $7 million resulting from the reversal of reserves no longer required and the adoption of SFAS No. 112--"Employers' Accounting for Postemployment Benefits."

(b) Includes a benefit of $9 million from a reduction of LIFO gas storage inventory and a charge of $10 million resulting from an adjustment to the rates MidCon charges its customers.

(c) Includes a $16 million gain resulting from the sale of Occidental's remaining interests in its producing operations in Argentina and a charge of $18 million to provide for the closure of the Belle, West Virginia chemical plant.

(d) Includes a $45 million charge for environmental and litigation matters, a charge of $11 million for the impairment of properties, a $5 million charge for a voluntary retirement program, all in the oil and gas division, a $55 million charge for litigation matters and a charge of $30 million for expenses related to the curtailment of certain plant operations, both in the chemical division, partially offset by a benefit of $20 million resulting from an adjustment to the rates MidCon charges its customers, a benefit of $4 million from a reduction of LIFO gas storage inventory and a $15 million benefit resulting from the reversal of reserves no longer needed for anticipated liabilities related to the sale of Occidental's U.K. North Sea interests.

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, condensate, natural gas liquids and natural gas and changes in such quantities. Crude oil reserves (in millions of barrels) include condensate and natural gas liquids, except for the United States, where crude oil reserves include only condensate. Natural gas reserves (in billions of cubic feet) in the United States are presented on a wet-gas basis (including leasehold natural gas liquids reserves), whereas natural gas reserves in other locations exclude natural gas liquids. The reserves are stated after applicable royalties. Estimates of reserves have been made by Occidental engineers. These estimates include reserves in which Occidental holds an economic interest under service contracts and other arrangements.

RESERVES
Oil in millions of barrels, natural gas in billions of cubic feet

	United States		Other Western Hemisphere		Eastern Hemisphere and Other		Total Worldwide	
	Oil	Gas	Oil(a)	Gas	Oil	Gas	Oil	Gas
PROVED DEVELOPED AND UNDEVELOPED RESERVES								
BALANCE AT DECEMBER 31, 1992	190	2,127	374	4	135	121	699	2,252
Revisions of previous estimates	6	56	61	--	31	--	98	56
Improved recovery	17	6	--	--	2	--	19	6
Extensions and discoveries	6	160	(5)	--	32	51	33	211
Purchases of proved reserves	4	6	14	--	20	--	38	6
Sales of proved reserves	(7)	(156)	(8)	(1)	--	--	(15)	(157)
Production	(21)	(219)	(41)	--	(17)	(19)	(79)	(238)
BALANCE AT DECEMBER 31, 1993	195	1,980	395	3	203	153	793	2,136
Revisions of previous estimates	3	(5)	68	--	21	--	92	(5)
Improved recovery	10	2	--	--	5	--	15	2
Extensions and discoveries	10	78	22	--	18	27	50	105
Purchases of proved reserves	22	154	--	--	56	193	78	347
Sales of proved reserves	--	(3)	(23)	(3)	--	--	(23)	(6)
Production	(22)	(227)	(44)	--	(21)	(19)	(87)	(246)
BALANCE AT DECEMBER 31, 1994	218	1,979	418	--	282	354	918	2,333
Revisions of previous estimates	6	25	14	--	51	(14)	71	11
Improved recovery	6	6	24	--	12	--	42	6
Extensions and discoveries	5	35	8	--	12	373	25	408
Purchases of proved reserves	--	4	--	--	--	9	--	13
Sales of proved reserves	(16)(b)	(5)	--	--	(9)(b)	(37)	(25)	(42)
Production	(23)	(223)	(47)	--	(31)	(46)	(101)	(269)
BALANCE AT DECEMBER 31, 1995	196	1,821	417	--	317	639	930	2,460
PROPORTIONAL INTEREST IN EQUITY INVESTEES' RESERVES								
December 31, 1992	5	33	9	88	25	61	39	182
December 31, 1993	4	35	11	90	29	58	44	183
December 31, 1994	5	32	11	84	25	46	41	162
DECEMBER 31, 1995	5	36	12	81	21	39	38	156

See footnotes on following page.

RESERVES continued
Oil in millions of barrels, natural gas in billions of cubic feet

	United States		Other Western Hemisphere		Eastern Hemisphere and Other		Total Worldwide	
	Oil	Gas	Oil(a)	Gas	Oil	Gas	Oil	Gas
PROVED DEVELOPED RESERVES								
December 31, 1992	154	1,880	274	4	48	52	476	1,936
December 31, 1993	155	1,792	300	3	103	56	558	1,851
December 31, 1994	169	1,851	258	--	173	264	600	2,115
DECEMBER 31, 1995	149	1,747	283	--	195	235	627	1,982
PROPORTIONAL INTEREST IN EQUITY INVESTEES' RESERVES								
December 31, 1992	4	25	5	82	1	25	10	132
December 31, 1993	4	27	6	83	27	54	37	164
December 31, 1994	4	27	7	77	24	38	35	142
DECEMBER 31, 1995	5	30	10	75	16	31	31	136

(a) Portions of these reserves are being produced pursuant to exclusive service contracts.
(b) Includes approximately 14 million and 6 million barrels of oil (which approximate 17.7 million barrels of WTI-equivalent oil) in the United States and Eastern Hemisphere and Other, respectively, associated with the advance sale of crude oil (see Note 8).

STANDARDIZED MEASURE, INCLUDING YEAR-TO-YEAR CHANGES THEREIN, OF DISCOUNTED FUTURE NET CASH FLOWS For purposes of the following disclosures, estimates were made of quantities of proved reserves and the periods during which they are expected to be produced. Future cash flows were computed by applying year-end prices to Occidental's share of estimated annual future production from proved oil and gas reserves, net of royalties. Future development and production costs were computed by applying year-end costs to be incurred in producing and further developing the proved reserves. Future income tax expenses were computed by applying, generally, year-end statutory tax rates (adjusted for permanent differences, tax credits and allowances) to the estimated net future pretax 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, 1995, 1994 and 1993. However, such arbitrary assumptions have not necessarily proven to be the case in the past. Other assumptions of equal validity would give rise to substantially different results.

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS
In millions

	United States	Other Western Hemisphere(a)	Eastern Hemisphere and Other	Total Worldwide
AT DECEMBER 31, 1995				
Future cash flows	$ 6,110	$ 4,206	$ 5,639	$ 15,955
Future costs				
Production costs and other operating expenses	(2,479)	(1,824)	(2,303)	(6,606)
Development costs(b)	(496)	(269)	(689)	(1,454)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	3,135	2,113	2,647	7,895
Future income tax expense	(916)	(655)	(234)	(1,805)
FUTURE NET CASH FLOWS	2,219	1,458	2,413	6,090
Ten percent discount factor	(979)	(564)	(957)	(2,500)
STANDARDIZED MEASURE	1,240	894	1,456	3,590
Share of equity investees' standardized measure	76	53	239	368
	$ 1,316	$ 947	$ 1,695	$ 3,958
AT DECEMBER 31, 1994				
Future cash flows	$ 6,333	$ 3,769	$ 4,253	$ 14,355
Future costs				
Production costs and other operating expenses	(2,557)	(1,830)	(1,748)	(6,135)
Development costs(b)	(560)	(321)	(169)	(1,050)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	3,216	1,618	2,336	7,170
Future income tax expense	(928)	(517)	(138)	(1,583)
FUTURE NET CASH FLOWS	2,288	1,101	2,198	5,587
Ten percent discount factor	(1,004)	(448)	(833)	(2,285)
STANDARDIZED MEASURE	1,284	653	1,365	3,302
Share of equity investees' standardized measure	49	47	258	354
	$ 1,333	$ 700	$ 1,623	$ 3,656
AT DECEMBER 31, 1993				
Future cash flows	$ 6,114	$ 3,320	$ 2,341	$ 11,775
Future costs				
Production costs and other operating expenses	(2,423)	(1,919)	(1,374)	(5,716)
Development costs(b)	(446)	(241)	(162)	(849)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	3,245	1,160	805	5,210
Future income tax expense	(1,001)	(338)	(52)	(1,391)
FUTURE NET CASH FLOWS	2,244	822	753	3,819
Ten percent discount factor	(1,049)	(298)	(256)	(1,603)
STANDARDIZED MEASURE	1,195	524	497	2,216
Share of equity investees' standardized measure	57	60	238	355
	$ 1,252	$ 584	$ 735	$ 2,571

(a) Includes amounts applicable to operating interests in which Occidental receives agreed-upon fees per barrel of crude oil produced.
(b) Includes dismantlement and abandonment costs.

CHANGES IN THE STANDARDIZED MEASURE OF DISCOUNTED FUTURE
NET CASH FLOWS FROM PROVED RESERVE QUANTITIES
In millions

For the years ended December 31,	1995	1994	1993
BEGINNING OF YEAR	$ 3,302	$ 2,216	$ 2,246
Sales and transfers of oil and gas produced, net of production costs and other operating expenses	(1,169)	(764)	(735)
Net change in prices received per barrel, net of production costs and other operating expenses	672	477	(1,406)
Extensions, discoveries and improved recovery, net of future production and development costs	170	215	535
Change in estimated future development costs	(110)	(163)	32
Revisions of quantity estimates	394	246	549
Development costs incurred during the period	401	328	446
Accretion of discount	369	260	317
Net change in income taxes	(195)	(108)	256
Purchases and sales of reserves in place, net	(247)	599	(57)
Changes in production rates and other	3	(4)	33
NET CHANGE	288	1,086	(30)
END OF YEAR	$ 3,590	$ 3,302	$ 2,216

The information set forth below does not include information with respect to operations of equity investees.

The following table sets forth, for each of the three years in the period ended December 31, 1995, Occidental's approximate average sales prices and average production costs of oil and gas. Production costs are the costs incurred in lifting the oil and gas to the surface and include gathering, treating, primary processing, field storage, property taxes and insurance on proved properties, but do not include depreciation, depletion and amortization, royalties, income taxes, interest, general and administrative and other expenses.

AVERAGE SALES PRICES AND AVERAGE PRODUCTION COSTS OF OIL AND GAS

For the years ended December 31,	United States	Other Western Hemisphere(a,b)	Eastern Hemisphere and Other(a)
1995			
Oil			
Average sales price ($/bbl.)	$ 15.61	$ 10.62	$ 14.47
Gas			
Average sales price ($/Mcf)	$ 1.51	$ --	$ 2.07
Average oil and gas production cost ($/bbl.)(c)	$ 3.98	$ 3.34	$ 3.64
1994			
Oil			
Average sales price ($/bbl.)	$ 14.21	$ 10.19	$ 12.08
Gas			
Average sales price ($/Mcf)	$ 1.85	$ 1.72	$ 1.15
Average oil and gas production cost ($/bbl.)(c)	$ 4.20	$ 3.75	$ 3.56
1993			
Oil			
Average sales price ($/bbl.)	$ 15.54	$ 11.51	$ 11.41
Gas			
Average sales price ($/Mcf)	$ 1.98	$ 1.80	$ 1.24
Average oil and gas production cost ($/bbl.)(c)	$ 4.44	$ 3.78	$ 3.82

(a) Sales prices are calculated before royalties with respect to certain of Occidental's interests.
(b) Sales prices include fees received under service contracts.
(c) Gas volumes have been converted to equivalent barrels based on energy content.

The following table sets forth, for each of the three years in the period ended December 31, 1995, Occidental's net productive and dry exploratory and development wells drilled.

NET PRODUCTIVE AND DRY EXPLORATORY AND DEVELOPMENT WELLS DRILLED

For the years ended December 31,		United States	Other Western Hemisphere	Eastern Hemisphere and Other	Total Worldwide
1995					
Oil--	Exploratory	1.4	0.7	2.0	4.1
	Development	79.3	20.6	26.8	126.7
Gas--	Exploratory	9.0	--	1.7	10.7
	Development	90.1	--	4.7	94.8
Dry--	Exploratory	5.5	2.7	7.9	16.1
	Development	14.5	0.4	--	14.9
1994					
Oil--	Exploratory	1.5	--	3.0	4.5
	Development	139.6	10.8	58.6	209.0
Gas--	Exploratory	0.6	--	1.0	1.6
	Development	104.7	--	1.0	105.7
Dry--	Exploratory	3.2	--	12.5	15.7
	Development	19.5	0.9	0.6	21.0
1993					
Oil--	Exploratory	1.0	--	6.0	7.0
	Development	113.2	17.6	25.2	156.0
Gas--	Exploratory	1.9	--	1.1	3.0
	Development	147.0	--	--	147.0
Dry--	Exploratory	3.9	0.4	7.9	12.2
	Development	15.6	--	3.5	19.1

The following table sets forth, as of December 31, 1995, Occidental's productive oil and gas wells (both producing wells and wells capable of production). The numbers in parentheses indicate the number of wells with multiple completions.

PRODUCTIVE OIL AND GAS WELLS

Wells at December 31, 1995		United States	Other Western Hemisphere	Eastern Hemisphere and Other	Total Worldwide
Oil--	Gross(a)	9,680(137)	1,317	440(21)	11,437(158)
	Net(b)	5,214 (94)	839	237(21)	6,290(115)
Gas--	Gross(a)	3,977 (96)	--	104	4,081 (96)
	Net(b)	2,571 (61)	--	33	2,604 (61)

(a) The total number of wells in which interests are owned or which are operated under service contracts.
(b) The sum of fractional interests.

The following table sets forth, as of December 31, 1995, Occidental's participation in exploratory and development wells being drilled.

PARTICIPATION IN EXPLORATORY AND DEVELOPMENT WELLS BEING DRILLED

Wells at December 31, 1995	United States	Other Western Hemisphere	Eastern Hemisphere and Other	Total Worldwide
Exploratory and development wells				
Gross	56	9	21	86
Net	23	9	8	40

At December 31, 1995, Occidental was participating in 141 pressure maintenance and waterflood projects in the United States, 11 in Latin America, 9 in the Middle East and 2 in Russia.

The following table sets forth, as of December 31, 1995, Occidental's holdings of developed and undeveloped oil and gas acreage.

OIL AND GAS ACREAGE

Thousands of acres		United States	Other Western Hemisphere	Eastern Hemisphere and Other	Total Worldwide
Developed(a)--	Gross(b)	2,170	132	1,107	3,409
	Net(c)	1,339	121	365	1,825
Undeveloped(d)--	Gross(b)	2,026	9,372	50,990	62,388
	Net(c)	1,038	8,566	36,911	46,515

(a) Acres spaced or assigned to productive wells.
(b) Total acres in which interests are held.
(c) Sum of the fractional interests owned, based on working interests or shares of production, if under production-sharing agreements.
(d) 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.

The following tables set forth, for each of the three years in the period ended December 31, 1995, Occidental's domestic oil and gas production.

OIL AND NATURAL GAS PRODUCTION--DOMESTIC

	Oil Production Thousands of barrels per day			Natural Gas Production Millions of cubic feet per day		
	1995	1994	1993	1995	1994	1993
California	5	5	6	--	--	--
Gulf of Mexico	11	11	10	157	180	150
Kansas	6	7	7	193	194	182
Louisiana	7	3	2	39	23	19
Mississippi	1	--	2	4	5	12
New Mexico	3	3	3	22	20	17
Oklahoma	5	5	5	57	60	62
Texas	21	22	21	128	131	141
Virginia	--	--	--	--	--	9
Wyoming	--	--	--	8	5	5
Other States	5	3	2	4	2	3
TOTAL	64	59	58	612	620	600

The following tables set forth, for each of the three years in the period ended December 31, 1995, Occidental's international oil and gas production.

OIL AND NATURAL GAS PRODUCTION--INTERNATIONAL

	Oil Production Thousands of barrels per day			Natural Gas Production Millions of cubic feet per day		
	1995	1994	1993	1995	1994	1993
Argentina	--	4	9	--	1	1
Colombia	30	28	30	--	--	--
Congo	9	2	--	--	--	--
Ecuador	20	18	10	--	--	--
Netherlands	--	--	--	78	--	--
Oman	12	12	11	--	--	--
Pakistan	6	7	8	49	52	51
Peru	58	61	63	--	--	--
Qatar	20	3	--	--	--	--
Russia	23	21	23	--	--	--
Venezuela	21	8	--	--	--	--
Yemen	15	14	4	--	--	--
TOTAL	214	178	158	127	53	52

EXHIBIT 21

LIST OF SUBSIDIARIES

The following is a list of the Registrant and its subsidiaries at December 31, 1995, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary. Unless otherwise indicated, 100 percent of the voting securities of each subsidiary is owned by its immediate parent. Multiple levels of subsidiary relationship are reflected by indentation.

NAME	JURISDICTION OF INCORPORATION
Occidental Petroleum Corporation	Delaware
MidCon Corp.	Delaware
MidCon Gas Services Corp.	Delaware
MidCon Exploration Company	Illinois
MidCon Texas Gas Services Corp.	Delaware
MidCon Texas Pipeline Corp.	Delaware
MidCon NGL Corp.	Delaware
Palo Duro Pipeline Company, Inc.	Delaware
Natural Gas Pipeline Company of America	Delaware
NGPL-Canyon Compression Co.	Delaware
NGPL Offshore Company	Delaware
NGPL-Trailblazer Inc.	Delaware
Occidental Petroleum Investment Co.	California
Glenn Springs Holdings, Inc.	Delaware
Occidental Chemical Holding Corporation	California
Occidental Chemical Europe, S.A.	Belgium
Occidental Quimica do Brasil Ltda.	Brazil
Vulcan Material Plastico S.A.	Brazil
Oxy Chemical Corporation	California
Occidental Chemical International, Inc.	California
Oxychem (Canada), Inc.	Canada
Oxy CH Corporation	California
Occidental Chemical Corporation	New York
B & D Cogen Funding Corp.	Delaware
Interore Corporation	Delaware
Occidental Chemical Chile S.A.I.(a)	Chile
Occidental Tower Corporation	Delaware
Oxy Petrochemicals Inc.	Delaware
Oxy VCM Corporation	Delaware
PDG Chemical Inc.	Delaware
Occidental Oil and Gas Corporation	California
Exeter Drilling Company	Nevada
MidCon Exploration Company	Delaware
Occidental Crude Sales, Inc.	Delaware
Occidental Crude Sales, Inc. (International)	Delaware
Occidental International Exploration and Production Company	California
Compania Occidental de Hidrocarburos, Inc.	California
Occidental Congo, Inc.	Delaware
Occidental of Oman, Inc.	Liberia
Occidental of the Republic of Komi, Inc.	Delaware
Occidental of Russia Ltd.	Bermuda
Occidental Peninsula, Inc.	Delaware

(Continued on next page)

NAME	JURISDICTION OF INCORPORATION
Occidental Petroleum Corporation (Continued)	
Occidental Petroleum Investment Co. (Continued)	
Occidental Oil and Gas Corporation (Continued)	
Occidental International Exploration and Production Company (Continued)	
Occidental Peruana, Inc.	California
Occidental Petroleum (Malaysia) Ltd.	Bermuda
Occidental Petroleum of Qatar Ltd.	Bermuda
Occidental Petroleum (Pakistan), Inc.	Delaware
Occidental Petroleum (South America), Inc.(b)	Delaware
Occidental Exploration and Production Company	California
Occidental Philippines, Inc.	California
Repsol Occidental Corporation(c)	Delaware
Occidental de Colombia, Inc.	Delaware
OXY USA Inc.	Delaware
Occidental Receivables, Inc.	California
Opcal Insurance, Inc.	Hawaii
Oxy Westwood Corporation	California
Placid Oil Company	Delaware
Occidental Netherlands, Inc.	Delaware

(a) One percent owned by D. S. Ventures, Inc., a wholly-owned subsidiary of Occidental Chemical Corporation.

(b) A 15 percent voting interest was owned by another company at December 31, 1995.

(c) A 25 percent voting interest was owned by another company at December 31, 1995.

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of (a) our report, dated February 22, 1996 appearing in Occidental Petroleum Corporation's Annual Report for the year ended December 31, 1995, and (b) our report, dated February 22, 1996, appearing in Occidental Petroleum Corporation's Annual Report on Form 10-K for the year ended December 31, 1995, into Occidental Petroleum Corporation's previously filed Registration Statements Nos. 33-5487, 33-5490, 33-14662, 33-23798, 33-40054, 33-44791, 33-47636, 33-60492, 33-59395, 33-64719, 33-65129 and 333-285.

ARTHUR ANDERSEN LLP

Los Angeles, California
March 26, 1996

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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YEAR
DEC-31-1995
DEC-31-1995
520
0
662
19
647
2,519
22,704
8,837
17,815
2,657
5,078
0
1,325
64
3,241
17,815
10,423
10,694
6,980
9,096
106
0
579
801
402
511
0
0
0
511
1.31
1.30