

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2009

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

(State or other jurisdiction of
incorporation or organization)

95-4035997

(I.R.S. Employer
Identification No.)

**10889 Wilshire Boulevard
Los Angeles, California**

(Address of principal executive offices)

90024

(Zip Code)

(310) 208-8800

(Registrant's telephone number, including area code)

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. (See definition of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at June 30, 2009
Common stock \$.20 par value	810,776,118 shares

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
 CONSOLIDATED CONDENSED BALANCE SHEETS
 JUNE 30, 2009 AND DECEMBER 31, 2008
 (Amounts in millions)

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,755	\$ 1,777
Trade receivables, net	2,776	3,117
Marketing and trading assets and other	749	1,012
Inventories	1,069	958
Prepaid expenses and other	309	308
Total current assets	6,658	7,172
INVESTMENTS IN UNCONSOLIDATED ENTITIES	1,350	1,263
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation, depletion and amortization of \$17,897 at June 30, 2009 and \$16,462 at December 31, 2008	32,909	32,266
LONG-TERM RECEIVABLES AND OTHER ASSETS, NET	918	836
TOTAL ASSETS	\$ 41,835	\$ 41,537

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
JUNE 30, 2009 AND DECEMBER 31, 2008
(Amounts in millions)

	2009	2008
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt and notes payable	\$ 918	\$ 698
Accounts payable	2,574	3,306
Accrued liabilities	1,700	1,861
Domestic and foreign income taxes	110	158
Liabilities of discontinued operations	109	111
Total current liabilities	5,411	6,134
LONG-TERM DEBT, NET	2,567	2,049
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes	2,714	2,660
Long-term liabilities of discontinued operations	145	152
Other	3,111	3,217
	5,970	6,029
STOCKHOLDERS' EQUITY		
Common stock, at par value	176	176
Treasury stock	(4,130)	(4,121)
Additional paid-in capital	7,164	7,113
Retained earnings	25,206	24,684
Accumulated other comprehensive loss	(590)	(552)
Noncontrolling interest	61	25
	27,887	27,325
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 41,835	\$ 41,537

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(Amounts in millions, except per-share amounts)

	Three months ended		Six months ended	
	June 30		June 30	
	2009	2008	2009	2008
REVENUES AND OTHER INCOME				
Net sales	\$ 3,687	\$ 7,116	\$ 6,760	\$ 13,136
Interest, dividends and other income	28	73	58	133
Gains on disposition of assets, net	7	31	7	25
	<u>3,722</u>	<u>7,220</u>	<u>6,825</u>	<u>13,294</u>
COSTS AND OTHER DEDUCTIONS				
Cost of sales	2,059	2,610	4,123	5,020
Selling, general and administrative and other operating expenses	362	380	632	699
Taxes other than on income	110	171	215	304
Environmental remediation	—	26	—	30
Exploration expense	54	58	112	132
Interest and debt expense, net	32	32	59	70
	<u>2,617</u>	<u>3,277</u>	<u>5,141</u>	<u>6,255</u>
Income before income taxes and other items	1,105	3,943	1,684	7,039
Provision for domestic and foreign income taxes	455	1,671	696	2,965
Income from equity investments	(46)	(65)	(88)	(111)
Income from continuing operations	696	2,337	1,076	4,185
Discontinued operations, net	(2)	(3)	(5)	24
Net income	694	2,334	1,071	4,209
Less: Net income attributable to noncontrolling interest	(12)	(37)	(21)	(66)
NET INCOME ATTRIBUTABLE TO COMMON STOCK	<u>\$ 682</u>	<u>\$ 2,297</u>	<u>\$ 1,050</u>	<u>\$ 4,143</u>
BASIC EARNINGS PER COMMON SHARE – ATTRIBUTABLE TO COMMON STOCK				
Income from continuing operations	\$ 0.84	\$ 2.79	\$ 1.30	\$ 5.00
Discontinued operations, net	—	—	(0.01)	0.03
BASIC EARNINGS PER COMMON SHARE	<u>\$ 0.84</u>	<u>\$ 2.79</u>	<u>\$ 1.29</u>	<u>\$ 5.03</u>
DILUTED EARNINGS PER COMMON SHARE – ATTRIBUTABLE TO COMMON STOCK				
Income from continuing operations	\$ 0.84	\$ 2.78	\$ 1.30	\$ 4.97
Discontinued operations, net	—	—	(0.01)	0.03
DILUTED EARNINGS PER COMMON SHARE	<u>\$ 0.84</u>	<u>\$ 2.78</u>	<u>\$ 1.29</u>	<u>\$ 5.00</u>
DIVIDENDS PER COMMON SHARE	<u>\$ 0.33</u>	<u>\$ 0.32</u>	<u>\$ 0.65</u>	<u>\$ 0.57</u>

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(Amounts in millions)

	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	\$ 1,071	\$ 4,209
Adjustments to reconcile net income to net cash provided by operating activities:		
Discontinued operations, net	5	(24)
Depreciation, depletion and amortization expense	1,528	1,274
Deferred income tax provision	128	148
Other non-cash charges to income	205	312
Gains on disposition of assets, net	(7)	(25)
Income from equity investments	(88)	(111)
Dry hole and impairment expense	90	96
Changes in operating assets and liabilities	(555)	(663)
Other operating, net	(154)	(234)
Operating cash flow from continuing operations	2,223	4,982
Operating cash flow from discontinued operations	(22)	49
Net cash provided by operating activities	2,201	5,031
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(1,902)	(1,871)
Purchases of businesses and assets, net	(534)	(2,360)
Sales of assets, net	45	8
Sales of investments	—	51
Equity investments and other investing, net	(51)	(38)
Net cash used by investing activities	(2,442)	(4,210)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	740	51
Payments of long-term debt	(8)	(67)
Proceeds from issuance of common stock	13	5
Purchases of treasury stock	(9)	(860)
Excess tax benefits related to share-based payments	4	58
Cash dividends paid	(520)	(413)
Stock options exercised	1	9
Distributions to noncontrolling interest	(2)	(62)
Net cash provided (used) by financing activities	219	(1,279)
Decrease in cash and cash equivalents	(22)	(458)
Cash and cash equivalents—beginning of period	1,777	1,964
Cash and cash equivalents—end of period	\$ 1,755	\$ 1,506

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

June 30, 2009

1. General

In these unaudited consolidated condensed financial statements, "Occidental" means Occidental Petroleum Corporation, a Delaware corporation (OPC), and/or one or more entities in which it owns a majority voting interest (subsidiaries). Occidental has made its disclosures in accordance with accounting principles generally accepted in the United States of America as they apply to interim reporting, and condensed or omitted, as permitted by the Securities and Exchange Commission's rules and regulations, certain information and disclosures normally included in consolidated financial statements and the notes. The consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in Occidental's Annual Report on Form 10-K for the year ended December 31, 2008.

In the opinion of Occidental's management, the accompanying consolidated condensed financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to fairly present Occidental's consolidated financial position as of June 30, 2009, and the consolidated statements of income and cash flows for the three and six months ended June 30, 2009 and 2008, as applicable. The income and cash flows for the periods ended June 30, 2009 and 2008, are not necessarily indicative of the income or cash flows to be expected for the full year.

Except as noted in Note 14, Occidental's management has evaluated events from July 1, 2009 through August 6, 2009 and has noted no events occurring during that period which should be recognized or disclosed in these financial statements in accordance with generally accepted accounting principles.

2. Asset Acquisitions, Dispositions and Other Transactions

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

In April 2009, Occidental and its partner signed a Development and Production Sharing Agreement (DPSA) with the National Oil and Gas Authority of Bahrain for further development of the Bahrain Field. Under this agreement, a Joint Operating Company will be formed to serve as operator for the project under the DPSA.

3. Accounting Changes

In May 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 165, which provides new disclosure requirements for the Company's evaluation of subsequent events. This statement is effective for periods ending after June 15, 2009. Occidental adopted this statement in the quarter ended June 30, 2009 and included appropriate disclosures.

In April 2009, the FASB issued FASB Staff Position (FSP) No. FAS 107-1 and APB 28-1, which provides new disclosure requirements for the fair value of financial instruments in interim periods when it is practicable to estimate. This FSP is effective for interim and annual periods ending after June 15, 2009. Occidental adopted this FSP in the quarter ended June 30, 2009 and included appropriate disclosures.

In June 2008, the FASB issued FSP EITF 03-6-1. This FSP concluded that instruments containing rights to nonforfeitable dividends granted in share-based payment transactions are participating securities prior to vesting and, therefore, should be included in the earnings allocations in computing basic earnings per share (EPS) under the two-class method. This FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008, with prior period retrospective application. Occidental adopted this FSP on January 1, 2009, which had no material impact on Occidental's financial statements.

In March 2008, the FASB issued SFAS No. 161, which provides new disclosure requirements for an entity's derivative and hedging activities. This statement is effective for periods beginning after November 15, 2008. Occidental adopted this statement on January 1, 2009 and included appropriate disclosures.

In February 2008, the FASB issued FSP FAS 157-2, which deferred the effective date for applying the fair value measurement and disclosure framework of SFAS No. 157 to non-financial assets and liabilities that are recorded at fair value on a non-recurring basis until periods beginning after November 15, 2008. Occidental adopted this deferred portion of SFAS No. 157 on January 1, 2009, on a prospective basis, which had no material impact on Occidental's financial statements upon adoption.

In December 2007, the FASB issued SFAS No. 141(R). This statement provides new accounting guidance and disclosure requirements for business combinations, and is effective for business combinations which occur starting with the first fiscal year beginning on or after December 15, 2008. In April 2009, the FASB issued FSP FAS 141(R)-1, effective beginning the first quarter of 2009, which amends and clarifies certain provisions of SFAS 141(R), including the initial recognition and measurement criteria, subsequent measurement and accounting, and disclosure of preacquisition contingencies in business combinations. Occidental adopted SFAS 141(R) and FSP FAS 141(R)-1 in the first quarter of 2009, which had no material impact on Occidental's financial statements upon adoption.

In December 2007, the FASB issued SFAS No. 160. This statement provides new accounting guidance and disclosure and presentation requirements for noncontrolling interests in a subsidiary. SFAS No. 160 is effective for the first fiscal year beginning on or after December 15, 2008. Occidental adopted this statement on January 1, 2009, applying it prospectively upon adoption, except for the presentation and disclosure requirements which were applied retrospectively to all periods presented, which in each case had no material impact on Occidental's financial statements upon adoption.

4. Comprehensive Income

The following table presents Occidental's comprehensive income for the three and six months ended June 30, 2009 and 2008 (in millions):

	Periods Ended June 30			
	Three months		Six months	
	2009	2008	2009	2008
Net income attributable to common stock	\$ 682	\$ 2,297	\$ 1,050	\$ 4,143
Other comprehensive income (loss) items				
Foreign currency translation adjustments	17	9	18	11
Unrealized losses on derivatives	(81)	(447)	(46)	(563)
Pension and post-retirement adjustments	6	2	12	(10)
Reclassification of realized losses (gains) on derivatives	12	63	(22)	84
Unrealized gains on securities	—	4	—	16
Realized losses on securities	—	(16)	—	(16)
Other comprehensive loss, net of tax	(46)	(385)	(38)	(478)
Comprehensive income attributable to common stock	\$ 636	\$ 1,912	\$ 1,012	\$ 3,665

There were no other comprehensive income (loss) items related to noncontrolling interests for the three and six months ended June 30, 2009 and 2008.

5. Supplemental Cash Flow Information

Income taxes paid (received) for the six months ended June 30, 2009 and 2008 were \$(175) million and \$966 million for U.S. taxes, respectively, and \$691 million and \$1.5 billion for foreign taxes, respectively. Interest paid totaled approximately \$81 million and \$52 million for the six months ended June 30, 2009 and 2008, respectively.

6. Inventories

A portion of inventories is valued under the LIFO method. The valuation of LIFO inventory for interim periods is based on Occidental's estimates of year-end inventory levels and costs. Inventories as of June 30, 2009, and December 31, 2008, consisted of the following (in millions):

	2009	2008
Raw materials	\$ 68	\$ 123
Materials and supplies	544	412
Finished goods	528	494
	1,140	1,029
LIFO reserve	(71)	(71)
Total	\$ 1,069	\$ 958

7. Environmental Liabilities and Expenditures

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

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

As of June 30, 2009, Occidental participated in or monitored remedial activities or proceedings at 167 sites. The following table presents Occidental's environmental remediation reserves as of June 30, 2009, the current portion of which is included in accrued liabilities (\$68 million) and the remainder in deferred credits and other liabilities — other (\$339 million). The reserves are grouped in the following four categories of environmental remediation sites: (1) sites listed or proposed for listing by the U.S. Environmental Protection Agency on the CERCLA National Priorities List (CERCLA NPL); (2) other third-party sites; (3) Occidental-operated sites; and (4) Occidental's closed or non-operated sites.

	Number of Sites	Reserve Balance (in millions)
CERCLA NPL sites	40	\$ 58
Other third-party sites	77	107
Occidental-operated sites	19	119
Occidental's closed or non-operated sites	31	123
Total	167	\$ 407

As of June 30, 2009, Occidental's environmental reserves exceeded \$10 million at 13 of the 167 sites described above, and 114 of the sites had reserves from \$0 to \$1 million. Occidental expects to expend funds corresponding to about half of the current environmental reserves over the next four years and the balance over the subsequent ten or more years. Occidental believes its range of reasonably possible additional loss beyond those liabilities recorded for environmental remediation at the sites described above could be up to \$400 million. The status of Occidental's involvement with the sites and related significant assumptions have not changed materially since December 31, 2008. For management's opinion with respect to environmental matters, refer to Note 8.

8. Lawsuits, Claims, Commitments, Contingencies and Related Matters

OPC or certain of its subsidiaries are named, in the normal course of business, in lawsuits, claims and other legal proceedings that seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. OPC or certain of its subsidiaries also have been named in proceedings under CERCLA and similar federal, state, local and foreign environmental laws. These environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties and injunctive relief; however, Occidental is usually one of many companies in these proceedings and has to date been successful in sharing response costs with other financially sound companies. With respect to all such lawsuits, claims and proceedings, including environmental proceedings, Occidental accrues reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated.

Lawsuits have been filed in Nicaragua against Occidental Chemical Corporation (OxyChem) and other companies that once manufactured or used a pesticide, dibromochloropropane (DBCP). These lawsuits claim damages of several billion dollars for alleged personal injuries. In the opinion of management, the claims against OxyChem are without merit because, among other things, the DBCP it manufactured was never sold or used in Nicaragua. In order to preserve its jurisdictional defense, OxyChem elected not to make a substantive appearance in these cases. Nicaraguan courts have entered judgments of approximately \$900 million against four defendants, including OxyChem. Under Nicaraguan law, the judgments would be shared equally among the defendants. The plaintiffs attempted to enforce one judgment in Miami. In January 2009, the federal district court in Miami granted summary judgment in favor of OxyChem and refused to enforce the judgment. OxyChem has no assets in Nicaragua and, in the opinion of management, no such Nicaraguan judgment would be enforceable in the United States.

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. While the audits for taxable years through 2007 have concluded for U.S. federal income tax purposes, the 2008 taxable year as well as the current period are currently under audit by the U.S. Internal Revenue Service pursuant to its compliance assurance program. Foreign government tax authorities are in various stages of auditing Occidental, and income taxes for taxable years from 2000 through 2008 remain subject to examination in certain jurisdictions. During the course of such audits, disputes have arisen and other disputes may arise as to facts and matters of law.

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

The ultimate amount of losses and the timing of any such losses that OPC and its subsidiaries may incur resulting from currently outstanding lawsuits, claims and proceedings, audits, commitments, contingencies and related matters cannot be determined reliably at this time. If these matters were ultimately resolved unfavorably at amounts substantially exceeding Occidental's reserves, an outcome not currently expected, it is possible that such outcome could have a material adverse effect upon Occidental's consolidated financial position or results of operations. However, after taking into account reserves, management does not expect the ultimate resolution of any of these matters to have a material adverse effect upon Occidental's consolidated financial position or results of operations.

9. Retirement Plans and Postretirement Benefits

The following table sets forth the components of the net periodic benefit costs for Occidental's defined benefit pension and postretirement benefit plans for the three and six months ended June 30, 2009 and 2008 (in millions):

Three months ended June 30	2009		2008	
	Pension Benefit	Postretirement Benefit	Pension Benefit	Postretirement Benefit
Net Periodic Benefit Costs				
Service cost	\$ 4	\$ 4	\$ 2	\$ 4
Interest cost	7	10	7	9
Expected return on plan assets	(7)	—	(9)	—
Recognized actuarial loss	4	6	—	4
Total	\$ 8	\$ 20	\$ —	\$ 17

Six months ended June 30	2009		2008	
	Pension Benefit	Postretirement Benefit	Pension Benefit	Postretirement Benefit
Net Periodic Benefit Costs				
Service cost	\$ 8	\$ 8	\$ 4	\$ 7
Interest cost	14	20	14	19
Expected return on plan assets	(13)	—	(19)	—
Recognized actuarial loss	8	11	1	8
Total	\$ 17	\$ 39	\$ —	\$ 34

Occidental contributed \$3 million and \$5 million to its defined benefit pension plans for the three and six months ended June 30, 2009, respectively, and expects to contribute an additional \$5 million in the remainder of 2009. Occidental contributed \$1 million and \$2 million to its defined benefit pension plans for the three and six months ended June 30, 2008, respectively.

10. Fair Value Measurements

Occidental has categorized its assets and liabilities that are measured at fair value, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy: Level 1 is the use of quoted prices in active markets for identical assets or liabilities; Level 2 is the use of other observable inputs other than quoted prices; and Level 3 is the use of unobservable inputs. The following table provides fair value measurement information for such assets and liabilities that are measured on a recurring basis (in millions):

Description	Total Fair Value	Level 1	Level 2	Level 3
Assets:				
Derivative financial instruments ^(a)				
Marketing and trading assets and other	\$ 244	\$ 43	\$ 201	\$ —
Long-term receivables and other assets, net	<u>139</u>	<u>—</u>	<u>139</u>	<u>—</u>
Total assets	<u>\$ 383</u>	<u>\$ 43</u>	<u>\$ 340</u>	<u>\$ —</u>
Liabilities:				
Derivative financial instruments ^(a)				
Accrued liabilities	\$ (283)	\$ (8)	\$ (275)	\$ —
Deferred credits and other liabilities-other	<u>(338)</u>	<u>(1)</u>	<u>(337)</u>	<u>—</u>
Total liabilities	<u>\$ (621)</u>	<u>\$ (9)</u>	<u>\$ (612)</u>	<u>\$ —</u>

(a) Derivative fair values are reported on a net basis to the extent a legal right of offset with a counterparty exists.

For the six months ended June 30, 2009, Occidental did not have any assets or liabilities measured at fair value on a non-recurring basis.

Occidental utilized the mid-point price between bid and ask prices for valuing the majority of its assets and liabilities measured and reported at fair value. Occidental utilizes market data and assumptions in pricing the assets or liabilities, including assumptions about risk and the risks inherent in the inputs to the valuation technique. Occidental primarily applies the market approach for recurring fair value measurements and utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Certain of Occidental's derivative instruments are valued using industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable prices at which transactions are executed in the marketplace.

Cash and cash equivalents carrying amounts approximate fair value because of the short maturity of those instruments. The carrying value of other on-balance-sheet financial instruments, other than fixed-rate debt, approximates fair value, and the cost, if any, to terminate off-balance-sheet financial instruments is not significant. Occidental estimates the fair value of its long-term fixed-rate debt based on the quoted market prices for its debt instruments or on quoted market yields for similarly rated debt instruments, taking into account their maturities. The estimated fair values of Occidental's debt, at June 30, 2009 and December 31, 2008, were approximately \$3.7 billion and \$2.9 billion, respectively, compared to carrying values of \$3.5 billion and \$2.7 billion, respectively.

Occidental's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, trade receivables and energy derivative contracts. Occidental's cash and cash equivalents are spread among major international financial institutions. Occidental's trade receivables and energy derivative contracts are spread among various counterparties. Creditworthiness is reviewed prior to conducting business with a new counterparty and on an ongoing basis. Occidental monitors aggregate

credit exposure for each counterparty relative to established credit limits. Credit exposure to each counterparty is monitored for outstanding balances, current month activity, and forward mark-to-market exposures. Losses associated with credit risk have been immaterial for all periods presented.

11. Derivatives

As discussed in Note 3, Occidental adopted SFAS No. 161 on January 1, 2009. Derivatives are carried at fair value and, when a legal right of offset with the same counterparty exists, Occidental records these derivatives on a net basis. Occidental applies hedge accounting when transactions meet specified criteria for such treatment. If a derivative does not qualify as a hedge or is not designated as a hedge, any fair value gains or losses are recognized in earnings in the current period. If the derivative qualifies for cash flow hedge accounting and is designated and documented as a hedge, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income (OCI) with an offsetting adjustment to the basis of the item being hedged. Realized gains or losses from items designated as cash flow hedges, and any ineffectiveness, are recorded as a component of net sales in the consolidated statements of income. Ineffectiveness is primarily created by a basis difference between the hedged item and the hedging instrument due to location, quality or grade of the physical commodity transactions. Gains and losses from derivative instruments are reported net in the consolidated statements of income. There were no fair value hedges as of and for the three and six months ended June 30, 2009.

Occidental is exposed to risk that is inherent in changing commodity prices. In order to mitigate price risk, Occidental, from time to time, enters into derivative financial transactions. Occidental periodically uses different types of derivative instruments to achieve the best prices for oil and gas. Derivatives have been used by Occidental to reduce its exposure to price volatility on a small portion of its oil and gas production. Occidental also enters into low-risk marketing and trading activities through its separate marketing and trading organization, which operates under established policy controls and procedures. Occidental's marketing and trading operations utilize a combination of futures, forwards, options and swaps to mitigate the price risk associated with various physical transactions.

A majority of Occidental's derivative transactions are exchange-traded contracts, which are subject to nominal credit risk as a significant portion of these derivative transactions are executed on a daily margin basis. Cash collateral of \$149 million deposited by Occidental with clearing houses, which has not been applied against the derivative fair values, is included in the marketing and trading assets and other balance as of June 30, 2009.

In addition, Occidental executes a portion of its derivative transactions in the over-the-counter (OTC) market with various high-credit-quality counterparties. Occidental is subject to counterparty credit risk to the extent the counterparty to the derivatives is unable to meet its settlement commitments. Occidental manages this credit risk by selecting counterparties that it believes to be financially strong, by spreading the credit risk among many such counterparties, and by entering into master netting arrangements with the counterparties, as appropriate. Occidental actively monitors the creditworthiness of each counterparty and records valuation adjustments against the derivative assets to reflect counterparty risk, if necessary. Certain of Occidental's OTC derivative instruments contain collateral thresholds. If credit thresholds are exceeded or if Occidental's or the counterparty's credit rating is reduced by the major credit rating agencies, Occidental or the counterparty may be required to post collateral via available cash or letters of credit to satisfy the difference between the current exposure and the negotiated credit threshold. As of June 30, 2009, Occidental had a liability of \$326 million, which represents the fair value of derivative instruments with credit-risk-related contingent features. As of June 30, 2009, Occidental was not required to post collateral for these derivative instruments. Occidental believes that if it had received a one-notch reduction in its credit rating, it would not have resulted in a material change in its collateral-posting requirements as of June 30, 2009.

Cash Flow Hedges

Occidental holds a series of collar agreements that qualify as cash-flow hedges for the sale of approximately 3 percent of its crude oil production. These agreements continue to the end of 2011. The following table presents the daily notional amounts and weighted average strike prices of Occidental's collar positions as of June 30, 2009.

	Crude Oil — Collars		
	Daily Volume (barrels)	Average Floor	Average Cap
2009	13,000	\$33.15	\$47.41
2010	12,000	\$33.00	\$46.35
2011	12,000	\$32.92	\$46.27

Occidental's marketing and trading operations store natural gas purchased from third parties at Occidental's leased storage facilities. Derivative instruments are used to fix margins on the future sales of the stored volumes. These agreements continue through 2010. As of June 30, 2009, Occidental has the following outstanding natural gas commodity contracts that were designated as cash flow hedges:

Natural Gas Contracts	Volumes
Forecasted sales	20 billion cubic feet

As of June 30, 2009, Occidental had approximately 22 billion cubic feet of natural gas, which it holds in storage.

The following table presents the pre-tax gain recognized in, and reclassified from, Accumulated Other Comprehensive Income (AOCI) and recognized in income (net sales), including any hedge ineffectiveness, for derivative instruments classified as cash flow hedges for the three and six months ended June 30, 2009 (in millions):

Three months ended June 30, 2009

Cash Flow Hedges	Amount of Losses		
	Losses Recognized in AOCI – Effective Portion	Reclassified from AOCI into Income – Effective Portion	Gains Recognized in Income – Ineffective Portion
Commodity contracts —			
Occidental's crude oil production	\$ (127)	\$ (14)	\$ 6
Commodity contracts —			
Third-party natural gas marketing and trading activities	—	(4)	—
Total	\$ (127)	\$ (18)	\$ 6

Cash Flow Hedges	Gains (Losses) Recognized in AOCI – Effective Portion	Amount of Gains (Losses) Reclassified from AOCI into Income – Effective Portion	Gains Recognized in Income – Ineffective Portion
Commodity contracts —			
Occidental's crude oil production	\$ (97)	\$ (14)	\$ 9
Commodity contracts —			
Third-party natural gas marketing and trading activities	25	50	—
Total	\$ (72)	\$ 36	\$ 9

The following table summarizes net after-tax derivative activity recorded in AOCI for the three and six months ended June 30, 2009 and 2008 (in millions):

	Periods ended June 30			
	Three Months		Six Months	
	2009	2008	2009	2008
Beginning Balance	\$ (149)	\$ (536)	\$ (150)	\$ (441)
(Losses) from changes in cash flow hedges	(81)	(447)	(46)	(563)
Losses (gains) reclassified to income	12	63	(22)	84
Ending Balance	\$ (218)	\$ (920)	\$ (218)	\$ (920)

During the next twelve months, Occidental expects that approximately \$73 million of net after-tax derivative losses included in AOCI, based on their valuation as of June 30, 2009, will be reclassified into income.

Derivatives not designated as hedging instruments

Occidental's third-party marketing and trading activities are focused on purchasing crude oil and natural gas for resale from partners, producers and third parties whose oil and gas supply is located near the midstream assets such as pipelines, processing plants and storage facilities that are owned or leased by Occidental. These purchases allow Occidental to aggregate volumes to maximize prices received for Occidental's production. The aggregate volumes and durations of these third-party marketing and trading purchase and sales contracts generally approximate each other.

The following table presents gross volumes of Occidental's derivatives not designated as hedging instruments under SFAS 133 as of June 30, 2009:

Commodity	Volumes
Occidental's production sales contracts	
Crude oil	8 million barrels
Third-party marketing and trading activities	
Purchase contracts	
Crude oil	68 million barrels
Natural gas	1,073 billion cubic feet
Sales contracts	
Crude oil	85 million barrels
Natural gas	1,019 billion cubic feet

Approximately \$9 million and \$13 million of gains from derivatives not designated as hedging instruments under SFAS 133, entered for Occidental's oil and gas production and the third-party marketing and trading activities, respectively, were recognized in net sales for the three months ended June 30, 2009. Approximately \$65 million of losses and \$26 million of gains from derivatives not designated as hedging instruments under SFAS 133, entered for Occidental's oil and gas production and the third-party marketing and trading activities, respectively, were recognized in net sales for the six months ended June 30, 2009.

The following table presents the gross fair value of Occidental's outstanding derivatives as of June 30, 2009 (in millions):

	Asset Derivatives Balance Sheet Location	Fair Value ^(a)	Liability Derivatives Balance Sheet Location	Fair Value ^(a)
<u>Cash flow hedges</u>				
	Marketing and trading assets and other	\$ 7	Accrued liabilities	\$ (123)
Commodity contracts	Long-term receivables and other assets, net	—	Deferred credits and other liabilities	(206)
		<u>\$ 7</u>		<u>\$ (329)</u>
<u>Derivatives not designated as hedging instruments under SFAS 133</u>				
	Marketing and trading assets and other	\$ 758	Accrued liabilities	\$ (682)
Commodity contracts	Long-term receivables and other assets, net	164	Deferred credits and other liabilities	(156)
		<u>\$ 922</u>		<u>\$ (838)</u>
<u>Total derivatives</u>		<u>\$ 929</u>		<u>\$ (1,167)</u>

(a) The above fair values are presented at gross amounts even when the derivatives are subject to master netting arrangements and qualify for net presentation in the consolidated balance sheet.

See Note 10 for Fair Value Measurements disclosures on derivatives.

12. Industry Segments

Occidental conducts its continuing operations through three segments (1) oil and gas, (2) chemical and (3) midstream, marketing and other (midstream and marketing). The oil and gas segment explores for, develops, produces and markets crude oil, natural gas liquids (NGLs), condensate and natural gas. The chemical segment manufactures and markets basic chemicals, vinyls and performance chemicals. The midstream and marketing segment gathers, treats, processes, transports, stores, trades and markets crude oil, natural gas, NGLs, condensate and carbon dioxide and generates and markets power.

Segment earnings generally exclude income taxes, interest income, interest expense, environmental remediation expenses, unallocated corporate expenses and discontinued operations, but include gains and losses from dispositions of segment assets and income from the segments' equity investments.

The following table presents Occidental's industry segment and corporate disclosures (in millions):

	<u>Oil and Gas</u>	<u>Chemical</u>	<u>Midstream, Marketing and Other</u>	<u>Corporate and Eliminations</u>	<u>Total</u>
<u>Six months ended</u>					
<u>June 30, 2009</u>					
Net sales	\$ 4,863	\$ 1,603	\$ 478	\$ (184) ^(a)	\$ 6,760
Pretax operating profit (loss)	\$ 1,649	\$ 284	\$ 77	\$ (238) ^(b)	\$ 1,772
Income taxes	—	—	—	(696) ^(c)	(696)
Discontinued operations	—	—	—	(5)	(5)
Net income attributable to noncontrolling interest	(21)	—	—	—	(21)
Net income (loss) attributable to common stock	\$ 1,628	\$ 284	\$ 77	\$ (939)	\$ 1,050
<u>Six months ended</u>					
<u>June 30, 2008</u>					
Net sales	\$ 10,019	\$ 2,653	\$ 823	\$ (359) ^(a)	\$ 13,136
Pretax operating profit (loss)	\$ 6,760	\$ 323	\$ 284	\$ (217) ^(b)	\$ 7,150
Income taxes	—	—	—	(2,965) ^(c)	(2,965)
Discontinued operations	—	—	—	24 ^(d)	24
Net income attributable to noncontrolling interest	(66)	—	—	—	(66)
Net income (loss) attributable to common stock	\$ 6,694	\$ 323	\$ 284	\$ (3,158)	\$ 4,143

(a) Intersegment sales are generally made at prices approximately equal to those that the selling entity is able to obtain in third-party transactions.

(b) Includes net interest expense, administration expense, environmental remediation and other pre-tax items.

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

(d) In 2008, Occidental received a \$61 million refund of taxes from Ecuador.

13. Earnings Per Share

As discussed in Note 3, Occidental adopted FSP No. EITF 03-6-1 on January 1, 2009. Nonvested share-based payment awards granted by Occidental containing rights to nonforfeitable dividends are considered participating securities. These securities allow the holders to participate in all dividends declared with the holders of common stock. Accordingly, Occidental applies the two-class method when computing basic and diluted EPS. Prior period EPS data has been adjusted retrospectively to conform to the provisions of this FSP.

Basic EPS was computed by dividing net income attributable to common stock by the weighted-average number of common shares outstanding during each period, net of treasury shares and including vested but unissued shares and share units. The computation of diluted EPS further reflected the dilutive effect of stock options and performance-based stock awards. The following table presents the calculation of basic and diluted EPS for the three and six months ended June 30, 2009 and 2008:

<i>(in millions, except per share amounts)</i>	Periods Ended June 30			
	Three months		Six months	
	2009	2008	2009	2008
Basic EPS				
Income from continuing operations	\$ 696	\$ 2,337	\$ 1,076	\$ 4,185
Less: Income from continuing operations attributable to noncontrolling interest	(12)	(37)	(21)	(66)
Net income from continuing operations attributable to common stock	684	2,300	1,055	4,119
Discontinued operations	(2)	(3)	(5)	24
Net income attributable to common stock	682	2,297	1,050	4,143
Less: Net income allocated to participating securities	(1)	(4)	(1)	(9)
Net income attributable to common stock, net of participating securities	\$ 681	\$ 2,293	\$ 1,049	\$ 4,134
Weighted average number of basic shares	811.0	821.3	810.8	822.5
Basic EPS	\$ 0.84	\$ 2.79	\$ 1.29	\$ 5.03
Diluted EPS				
Net income attributable to common stock, net of participating securities	\$ 681	\$ 2,293	\$ 1,049	\$ 4,134
Weighted average number of basic shares	811.0	821.3	810.8	822.5
Dilutive effect of potentially dilutive securities	3.0	3.9	2.9	4.1
Total diluted weighted average common shares	814.0	825.2	813.7	826.6
Diluted EPS	\$ 0.84	\$ 2.78	\$ 1.29	\$ 5.00

14. Subsequent Event

On July 22, 2009, Occidental announced that it had made a significant discovery of oil and gas reserves in Kern County, California. The bulk of the discovery's producing zones are conventional oil and gas bearing formations with approximately two-thirds of the discovery believed to be natural gas. Occidental is currently producing over 18,000 gross barrels of oil equivalent per day from this multi-pay zone discovery area. Occidental's interest in the discovery area is approximately 80 percent.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Consolidated Results of Operations

Occidental (which means Occidental Petroleum Corporation (OPC) and/or one or more entities in which it owns a majority voting interest) reported net income of \$1.1 billion for the first six months of 2009 on net sales of \$6.8 billion, compared to net income of \$4.1 billion on net sales of \$13.1 billion for the same period of 2008. Diluted earnings per common share (EPS) were \$1.29 and \$5.00 for the first six months of 2009 and 2008, respectively. Occidental reported net income of \$682 million for the second quarter of 2009 on net sales of \$3.7 billion, compared to net income of \$2.3 billion on net sales of \$7.1 billion for the same period of 2008. Diluted EPS were \$0.84 for the second quarter of 2009 compared to diluted EPS of \$2.78 for the same period in 2008.

Net income for the three and six months ended June 30, 2009, compared to the same period of 2008, reflected lower crude oil and natural gas prices, higher depreciation, depletion and amortization (DD&A) rates and lower margins in the gas processing, marketing and power generation businesses, partially offset by higher oil and gas sales volumes and lower selling, general and administrative and other operating expenses.

Net income for the six months ended June 30, 2009, included after-tax charges of \$26 million for severance, \$10 million for railcar leases and \$5 million for rig termination costs.

Unless indicated otherwise, net income and EPS refer to net income attributable to common stock.

Selected Income Statement Items

The decrease in net sales for the three and six months ended June 30, 2009, compared to the same periods of 2008, reflected lower crude oil and natural gas prices and lower volumes in chlorine, caustic soda and polyvinyl chloride, partially offset by higher oil and gas sales volumes.

The decrease in cost of sales for the three and six months ended June 30, 2009, compared to the same period of 2008, was due to lower oil and gas operating costs as well as lower feedstock and energy costs, partially offset by higher DD&A rates in the oil and gas segment, and lower volumes in chlorine, caustic soda and polyvinyl chloride in the chemical segment.

The decrease in the provision for domestic and foreign income taxes for the three and six months ended June 30, 2009, compared to the same periods of 2008, was due to lower income before taxes and reduced effective tax rates for each of the two periods reflecting tax benefits from the relinquishment of international exploration contracts during 2009.

Selected Analysis of Financial Position

See "Liquidity and Capital Resources" for discussion about the change in cash and cash equivalents. The decrease in trade receivables, net at June 30, 2009, compared to December 31, 2008, was due to lower natural gas prices and volumes during the second quarter of 2009, compared to the fourth quarter of 2008, partially offset by higher crude oil prices during the second quarter of 2009, compared to the fourth quarter of 2008. The decrease in marketing and trading assets and other was due to lower receivables from joint ventures and collection of federal tax receivables. The increase in property, plant and equipment was due to capital expenditures, partially offset by DD&A.

The increase in current maturities of long-term debt and notes payable at June 30, 2009, compared to December 31, 2008, was due to the maturities of the 4.25-percent medium-term senior notes in the first quarter of 2010. The decrease in accounts payable and accrued liabilities reflected lower gas prices and volumes in the marketing and trading operations and the 2009 payments related to higher capital spending and operating expenses during the fourth quarter of 2008, which were accrued at year-end, partially offset by increased volumes and prices and mark-to-market adjustments in crude oil marketing. The increase in long-term debt, net was due to the May 2009 issuance of \$750 million of 4.125-percent senior unsecured notes due on June 1,

2016, partially offset by the maturities of the 4.25-percent medium-term senior notes in the first quarter of 2010. The increase in stockholders' equity reflected net income for the first half of 2009, partially offset by dividend payments.

Segment Operations

Occidental conducts its continuing operations through three segments: (1) oil and gas, (2) chemical and (3) midstream, marketing and other (midstream and marketing). The oil and gas segment explores for, develops, produces and markets crude oil, natural gas liquids (NGLs), condensate and natural gas. The chemical segment manufactures and markets basic chemicals, vinyls and performance chemicals. The midstream and marketing segment gathers, treats, processes, transports, stores, trades and markets crude oil, natural gas, NGLs, condensate and carbon dioxide (CO₂) and generates and markets power.

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

The following table sets forth the sales and earnings of each operating segment and corporate items for the three and six months ended June 30, 2009 and 2008 (in millions):

	Periods Ended June 30			
	Three Months		Six Months	
	2009	2008	2009	2008
Net Sales^(a)				
Oil and Gas	\$ 2,726	\$ 5,501	\$ 4,863	\$ 10,019
Chemical	811	1,386	1,603	2,653
Midstream, Marketing and Other	250	418	478	823
Eliminations	(100)	(189)	(184)	(359)
	<u>\$ 3,687</u>	<u>\$ 7,116</u>	<u>\$ 6,760</u>	<u>\$ 13,136</u>
Segment Earnings^(b)				
Oil and Gas ^(c)	\$ 1,083	\$ 3,806	\$ 1,628	\$ 6,694
Chemical	115	144	284	323
Midstream, Marketing and Other	63	161	77	284
	<u>1,261</u>	<u>4,111</u>	<u>1,989</u>	<u>7,301</u>
Unallocated Corporate Items				
Interest expense, net ^(b)	(23)	(7)	(43)	(7)
Income taxes	(455)	(1,671)	(696)	(2,965)
Other expense, net ^(b)	(99)	(133)	(195)	(210)
Income from continuing operations ^(c)	684	2,300	1,055	4,119
Discontinued operations, net ^(b)	(2)	(3)	(5)	24
Net income^(c)	<u>\$ 682</u>	<u>\$ 2,297</u>	<u>\$ 1,050</u>	<u>\$ 4,143</u>

(a) Intersegment sales are generally made at prices approximately equal to those that the selling entity is able to obtain in third-party transactions.

(b) Refer to "Significant Items Affecting Earnings," "Oil and Gas Segment," "Chemical Segment," "Midstream, Marketing and Other Segment" and "Corporate" discussions that follow.

(c) Represents amounts attributable to common stock shown after deducting noncontrolling interest amounts of \$12 million and \$37 million for the three months ended June 30, 2009 and 2008, respectively, and \$21 million and \$66 million for the six months ended June 30, 2009 and 2008, respectively.

Significant Items Affecting Earnings

The following table sets forth, for the three and six months ended June 30, 2009 and 2008, the effects of significant transactions and events affecting Occidental's earnings that vary widely and unpredictably in nature, timing and amount (in millions):

	Periods Ended June 30			
	Three Months		Six Months	
	2009	2008	2009	2008
Oil & Gas				
Rig terminations	\$ —	\$ —	\$ (8)	\$ —
Total Oil and Gas	\$ —	\$ —	\$ (8)	\$ —
Chemical				
No significant items affecting earnings	\$ —	\$ —	\$ —	\$ —
Total Chemical	\$ —	\$ —	\$ —	\$ —
Midstream, Marketing and Other				
No significant items affecting earnings	\$ —	\$ —	\$ —	\$ —
Total Midstream, Marketing and Other	\$ —	\$ —	\$ —	\$ —
Corporate				
Severance accrual	\$ (8)	\$ —	\$ (40)	\$ —
Railcar leases	—	—	(15)	—
Tax effect of pre-tax adjustments	3	—	22	—
Discontinued operations, net*	(2)	(3)	(5)	24
Total Corporate	\$ (7)	\$ (3)	\$ (38)	\$ 24
Total	\$ (7)	\$ (3)	\$ (46)	\$ 24

*Amounts shown after tax.

Worldwide Effective Tax Rate

The following table sets forth the calculation of the worldwide effective tax rate for income from continuing operations for the three and six months ended June 30, 2009 and 2008 (in millions):

	Periods Ended June 30			
	Three Months		Six Months	
	2009	2008	2009	2008
Oil & Gas earnings ^{(a)(b)}	\$ 1,083	\$ 3,806	\$ 1,628	\$ 6,694
Chemical earnings	115	144	284	323
Midstream, Marketing and Other earnings	63	161	77	284
Unallocated corporate items	(122)	(140)	(238)	(217)
Pre-tax income ^(b)	<u>1,139</u>	<u>3,971</u>	<u>1,751</u>	<u>7,084</u>
Income tax expense				
Federal and state	148	801	160	1,407
Foreign ^(a)	307	870	536	1,558
Total	<u>455</u>	<u>1,671</u>	<u>696</u>	<u>2,965</u>
Income from continuing operations ^(b)	<u>\$ 684</u>	<u>\$ 2,300</u>	<u>\$ 1,055</u>	<u>\$ 4,119</u>
Worldwide effective tax rate	<u>40%</u>	<u>42%</u>	<u>40%</u>	<u>42%</u>

(a) Oil and gas pre-tax income and income tax expense include income taxes owed by Occidental but paid by governmental entities on its behalf of \$287 million and \$582 million for the three months ended June 30, 2009 and 2008, respectively, and \$489 million and \$1,070 million for the six months ended June 30, 2009 and 2008, respectively.

(b) Represents amounts after deducting noncontrolling interest amounts of \$12 million and \$37 million for the three months ended June 30, 2009 and 2008, respectively, and \$21 million and \$66 million for the six months ended June 30, 2009 and 2008, respectively.

Oil and Gas Segment

The following tables set forth the sales volumes and production of oil, NGLs and natural gas per day for the three and six months ended June 30, 2009 and 2008. The difference between the sales volumes and production per day is generally due to the timing of shipments at Occidental's international locations where product is loaded onto tankers. Sales at these locations are not recognized until title passes, which generally occurs when a tanker is loaded.

	Periods Ended June 30			
	Three Months		Six Months	
Sales Volumes per Day	2009	2008	2009	2008
Oil and Liquids (MBBL)				
United States	267	258	271	260
Middle East/North Africa	144	132	142	132
Latin America	85	65	88	72
Natural Gas (MMCF)				
United States	621	602	621	591
Middle East	265	188	247	205
Latin America	49	35	49	39
Barrels of Oil Equivalent (MBOE) per day ^(a)				
Consolidated subsidiaries	652	593	654	603
Other interests	(3)	(5)	(3)	(5)
Worldwide sales volumes	649	588	651	598
Production per Day				
Oil and Liquids (MBBL)				
United States	267	258	271	260
Middle East/North Africa	142	128	143	131
Latin America	85	67	85	72
Natural Gas (MMCF)				
United States	621	602	621	591
Middle East	265	188	247	205
Latin America	49	35	49	39
Barrels of Oil Equivalent (MBOE) per day ^(a)				
Consolidated subsidiaries	650	590	652	602
Other interests	(3)	(4)	(3)	(4)
Worldwide production	647	586	649	598

(a) Natural gas volumes have been converted to barrels of oil equivalent (BOE) based on energy content of 6,000 cubic feet (one thousand cubic feet is referred to as "Mcf") of gas to one barrel of oil.

Average Sales Prices	Periods Ended June 30			
	Three Months		Six Months	
	2009	2008	2009	2008
Crude Oil (\$/BBL)				
United States	\$ 55.55	\$ 114.88	\$ 46.43	\$ 102.47
Middle East/North Africa	\$ 53.43	\$ 113.64	\$ 47.60	\$ 103.47
Latin America	\$ 46.08	\$ 87.78	\$ 42.71	\$ 76.47
Total consolidated subsidiaries	\$ 53.07	\$ 110.08	\$ 46.03	\$ 98.13
Other interests	\$ 39.70	\$ 125.59	\$ 50.04	\$ 118.93
Worldwide	\$ 52.97	\$ 110.12	\$ 46.05	\$ 98.16
Natural Gas (\$/MCF)				
United States	\$ 2.87	\$ 9.99	\$ 3.20	\$ 9.09
Latin America	\$ 2.75	\$ 4.50	\$ 3.11	\$ 4.11
Worldwide	\$ 2.34	\$ 7.71	\$ 2.61	\$ 6.87

Oil and gas segment earnings for the three and six months ended June 30, 2009, were \$1.1 billion and \$1.6 billion, respectively, compared to \$3.8 billion and \$6.7 billion, respectively, for the same periods of 2008. The decrease in oil and gas segment earnings for the three and six months ended June 30, 2009, compared to the same periods of 2008, reflected lower crude oil and natural gas prices and higher DD&A rates, partially offset by higher oil and gas sales volumes and lower selling, general and administrative and other operating expenses.

In the second quarter of 2009, the average West Texas Intermediate (WTI) price was \$59.62 per barrel and the average New York Mercantile Exchange (NYMEX) price for natural gas was \$3.83 per million British Thermal Units (BTUs), compared to \$123.98 per barrel and \$10.43 per million BTUs, respectively, for the second quarter of 2008. Occidental's realized oil price for the second quarter of 2009 was \$52.97 per barrel, compared to \$110.12 per barrel for the second quarter of 2008. Based on the current levels of production and prices, if domestic natural gas prices vary by \$0.50 per million BTUs, it would have an estimated effect on quarterly pre-tax income of approximately \$20 million, while a \$1.00 per-barrel change in oil prices would have a quarterly pre-tax impact of approximately \$39 million. If production levels change, the sensitivity of Occidental's results to oil and gas prices also would change.

The increase in sales volumes for the three months ended June 30, 2009, compared to the same period of 2008 includes increases of 20,000 BOE per day from Dolphin (reflecting higher cost recovery volumes), 18,000 BOE per day from Argentina (including new production and the positive effects of fewer strikes), 17,000 BOE per day from Oman and 12,000 BOE per day from domestic operations; partially offset by a 19,000 BOE per day reduction due to the new contract terms in Libya. The increase in sales volumes for the six months ended June 30, 2009, compared to the same period in 2008, includes increases of 16,000 BOE per day from Oman, 16,000 BOE per day from domestic operations, 14,000 BOE per day from Argentina and 10,000 BOE per day from Dolphin; partially offset by a 16,000 BOE per day reduction due to the new contract terms in Libya.

Oil and gas cash production costs, excluding production and property taxes, declined from \$12.13 per BOE for the total year 2008 to \$10.17 per BOE and \$10.32 per BOE for the three and six months ended June 30, 2009, respectively. This decline is due to lower workover, maintenance and utilities costs and the effect of higher production sharing volumes.

On July 22, 2009, Occidental announced that it had made a significant discovery of oil and gas reserves in Kern County, California. The bulk of the discovery's producing zones are conventional oil and gas bearing formations with approximately two-thirds of the discovery believed to be natural gas. Occidental is currently producing over 18,000 gross BOE per day from this multi-pay zone discovery area. Occidental's interest in the discovery area is approximately 80 percent.

In April 2009, Occidental and its partner signed a Development and Production Sharing Agreement (DPSA) with the National Oil and Gas Authority of Bahrain for further development of the Bahrain Field. Under this agreement, a Joint Operating Company will be formed to serve as operator for the project under the DPSA. Occidental's net share of production is expected to be approximately 28,000 BOE per day in 2010 growing to 56,000 BOE per day by 2015.

Chemical Segment

Chemical segment earnings for the three and six months ended June 30, 2009, were \$115 million and \$284 million, respectively, compared to \$144 million and \$323 million for the same periods of 2008. The decrease in chemical segment earnings for the three and six months ended June 30, 2009, compared to the same periods of 2008, reflected the continued weakness in the U.S. housing, automotive and durable goods sectors, resulting in lower volumes for chlorine, caustic soda and polyvinyl chloride. The lower volumes were offset partially by lower feedstock and energy costs.

Midstream, Marketing and Other Segment

Midstream and marketing segment earnings for the three and six months ended June 30, 2009, were \$63 million and \$77 million, respectively, compared to \$161 million and \$284 million for the same periods of 2008. The decrease in midstream and marketing earnings reflected lower margins in the gas processing, marketing and power generation businesses.

Corporate

During the six months ended June 30, 2009, Occidental recorded pre-tax charges of \$40 million for severance, of which \$8 million was recorded in the three months ended June 30, 2009, and \$15 million related to railcars sub-leased to a company that recently filed for bankruptcy reorganization.

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

Liquidity and Capital Resources

At June 30, 2009, Occidental had approximately \$1.8 billion in cash on hand. Available but unused lines of committed bank credit totaled approximately \$1.5 billion at June 30, 2009. Income and cash flows are largely dependent on oil and gas prices, which have fallen steeply since mid-2008, and sales volumes. Occidental believes that cash on hand and cash generated from operations will be sufficient to fund its operating needs, planned capital expenditures and dividends. In July 2009, Dolphin refinanced its current debt to longer-term debt. In connection with this activity, Occidental repaid its portion of the Dolphin debt, which was approximately \$600 million and was included in current maturities of long-term debt and notes payable on the June 30, 2009 balance sheet.

Occidental's cash flow from operations for the six months ended June 30, 2009 was approximately \$2.2 billion, net of cash used for working capital of \$555 million. The working capital use was the result of payments for higher capital spending and other operating expenses during the fourth quarter of 2008, which were accrued at year-end, slightly offset by lower receivables due to the decline in oil and gas prices. Occidental's cash provided by operating activities for the first six months of 2008 was \$5.0 billion. The most important sources of the decrease in operating cash flow in 2009, compared to 2008, were lower oil and natural gas prices. In the first six months of 2009, compared to the same period in 2008, Occidental's average worldwide realized oil price was lower by 53 percent and Occidental's average realized natural gas price decreased 65 percent in the U.S., where approximately 68 percent of Occidental's natural gas was produced. In addition, the decrease in NGL prices in 2009, compared to 2008, resulted in lower gas processing margins in the midstream and marketing segment. The overall impact of the chemical and midstream and marketing segments' margins on cash flow was less

significant than the decreases in oil and gas prices because the chemical and midstream and marketing segments' earnings and cash flows are significantly smaller than those for the oil and gas segment.

Occidental's net cash used by investing activities was \$2.4 billion for the first six months of 2009, compared to \$4.2 billion for the same period of 2008. The 2009 amount included cash payments for scheduled signing bonuses and acquisitions of various oil and gas and chemical interests of \$534 million. The 2008 amount included cash payments for signing bonuses and acquisitions of oil and gas interests from Plains Exploration & Production Company for \$1.5 billion. Capital expenditures for the first six months of 2009 were \$1.9 billion, including \$1.5 billion for oil and gas. Capital expenditures for the first six months of 2008 were \$1.9 billion, including \$1.6 billion for oil and gas.

Occidental's net cash provided by financing activities was \$219 million in the first six months of 2009, compared to \$1.3 billion used by financing activities for the same period of 2008. The 2009 amount included net proceeds of \$740 million from the issuance of 4.125-percent senior notes due 2016 and dividend payments of \$520 million. The 2008 amount included \$860 million of cash paid for repurchases of Occidental's common stock and \$413 million of dividend payments.

At June 30, 2009, under the most restrictive covenants of existing financing agreements, Occidental's capacity for additional unsecured borrowing was approximately \$66.1 billion, and the capacity for the payment of cash dividends and other distributions on, and for acquisitions of, Occidental's capital stock was approximately \$25.4 billion, assuming that such dividends, distributions and acquisitions were made without incurring additional borrowing.

Occidental's capital spending estimate for 2009 is approximately \$3.6 billion and will focus on the goal of keeping Occidental's returns well above its cost of capital given current oil and gas prices and the cost environment.

Environmental Liabilities and Expenditures

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

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

As of June 30, 2009, Occidental participated in or monitored remedial activities or proceedings at 167 sites. The following table presents Occidental's environmental remediation reserves as of June 30, 2009, the current portion of which is included in accrued liabilities (\$68 million) and the remainder in deferred credits and other liabilities — other (\$339 million). The reserves are grouped in the following four categories of environmental remediation sites: (1) sites listed or proposed for listing by the U.S. Environmental Protection Agency on the CERCLA National Priorities List (CERCLA NPL); (2) other third-party sites; (3) Occidental-operated sites; and (4) Occidental's closed or non-operated sites.

	Number of Sites	Reserve Balance (in millions)
CERCLA NPL sites	40	\$ 58
Other third-party sites	77	107
Occidental-operated sites	19	119
Occidental's closed or non-operated sites	31	123
Total	167	\$ 407

As of June 30, 2009, Occidental's environmental reserves exceeded \$10 million at 13 of the 167 sites described above, and 114 of the sites had reserves from \$0 to \$1 million. Occidental expects to expend funds corresponding to about half of the current environmental reserves over the next four years and the balance over the subsequent ten or more years. Occidental believes its range of reasonably possible additional loss beyond those liabilities recorded for environmental remediation at the sites described above could be up to \$400 million. The status of Occidental's involvement with the sites and related significant assumptions have not changed materially since December 31, 2008.

Refer to the "Environmental Liabilities and Expenditures" section of Management's Discussion and Analysis of Financial Condition and Results of Operations in Occidental's Annual Report on Form 10-K for the year ended December 31, 2008 for additional information regarding Occidental's environmental expenditures.

Lawsuits, Claims, Commitments, Contingencies and Related Matters

OPC or certain of its subsidiaries are named, in the normal course of business, in lawsuits, claims and other legal proceedings that seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. OPC or certain of its subsidiaries also have been named in proceedings under CERCLA and similar federal, state, local and foreign environmental laws. These environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties and injunctive relief; however, Occidental is usually one of many companies in these proceedings and has to date been successful in sharing response costs with other financially sound companies. With respect to all such lawsuits, claims and proceedings, including environmental proceedings, Occidental accrues reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated.

Lawsuits have been filed in Nicaragua against Occidental Chemical Corporation (OxyChem) and other companies that once manufactured or used a pesticide, dibromochloropropane (DBCP). These lawsuits claim damages of several billion dollars for alleged personal injuries. In the opinion of management, the claims against OxyChem are without merit because, among other things, the DBCP it manufactured was never sold or used in Nicaragua. In order to preserve its jurisdictional defense, OxyChem elected not to make a substantive appearance in these cases. Nicaraguan courts have entered judgments of approximately \$900 million against four defendants, including OxyChem. Under Nicaraguan law, the judgments would be shared equally among the defendants. The plaintiffs attempted to enforce one judgment in Miami. In January 2009, the federal district court in Miami granted summary judgment in favor of OxyChem and refused to enforce the judgment. OxyChem has no assets in Nicaragua and, in the opinion of management, no such Nicaraguan judgment would be enforceable in the United States.

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. While the audits for taxable years through 2007 have concluded for U.S. federal income tax purposes, the 2008 taxable year as well as the current period are currently under audit by the U.S. Internal Revenue Service pursuant to its compliance assurance program. Foreign government tax authorities are in various stages of auditing Occidental, and income taxes for taxable years from 2000 through 2008 remain subject to examination in certain jurisdictions. During the course of such audits, disputes have arisen and other disputes may arise as to facts and matters of law.

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

The ultimate amount of losses and the timing of any such losses that OPC and its subsidiaries may incur resulting from currently outstanding lawsuits, claims and proceedings, audits, commitments, contingencies and related matters cannot be determined reliably at this time. If these matters were ultimately resolved unfavorably at amounts substantially exceeding Occidental's reserves, an outcome not currently expected, it is possible that such outcome could have a material adverse effect upon Occidental's consolidated financial position or results of operations. However, after taking into account reserves, management does not expect the ultimate resolution of any of these matters to have a material adverse effect upon Occidental's consolidated financial position or results of operations.

Accounting Changes

In May 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 165, which provides new disclosure requirements for the Company's evaluation of subsequent events. This statement is effective for periods ending after June 15, 2009. Occidental adopted this statement in the quarter ended June 30, 2009, and included appropriate disclosures.

In April 2009, the FASB issued FASB Staff Position (FSP) No. FAS 107-1 and APB 28-1, which provides new disclosure requirements for the fair value of financial instruments in interim periods when it is practicable to estimate. This FSP is effective for interim and annual periods ending after June 15, 2009. Occidental adopted this FSP in the quarter ended June 30, 2009, and included appropriate disclosures.

In June 2008, the FASB issued FSP EITF 03-6-1. This FSP concluded that instruments containing rights to nonforfeitable dividends granted in share-based payment transactions are participating securities prior to vesting and, therefore, should be included in the earnings allocations in computing basic earnings per share (EPS) under the two-class method. This FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008, with prior period retrospective application. Occidental adopted this FSP on January 1, 2009, which had no material impact on Occidental's financial statements.

In March 2008, the FASB issued SFAS No. 161, which provides new disclosure requirements for an entity's derivative and hedging activities. This statement is effective for periods beginning after November 15, 2008. Occidental adopted this statement on January 1, 2009 and included appropriate disclosures.

In February 2008, the FASB issued FSP FAS 157-2, which deferred the effective date for applying the fair value measurement and disclosure framework of SFAS No. 157 to non-financial assets and liabilities that are recorded at fair value on a non-recurring basis until periods beginning after November 15, 2008. Occidental adopted this deferred portion of SFAS No. 157 on January 1, 2009, on a prospective basis, which had no material impact on Occidental's financial statements upon adoption.

In December 2007, the FASB issued SFAS No. 141(R). This statement provides new accounting guidance and disclosure requirements for business combinations, and is effective for business combinations which occur starting with the first fiscal year beginning on or after December 15, 2008. In April 2009, the FASB issued FSP FAS 141(R)-1, effective beginning the first quarter of 2009, which amends and clarifies certain provisions of SFAS 141(R), including the initial recognition and measurement criteria, subsequent measurement and accounting, and disclosure of preacquisition contingencies in business combinations. Occidental adopted SFAS 141(R) and FSP FAS 141(R)-1 in the first quarter of 2009, which had no material impact on Occidental's financial statements upon adoption.

In December 2007, the FASB issued SFAS No. 160. This statement provides new accounting guidance and disclosure and presentation requirements for noncontrolling interests in a subsidiary. SFAS No. 160 is effective for the first fiscal year beginning on or after December 15, 2008. Occidental adopted this statement on January 1, 2009, applying it prospectively upon adoption, except for the presentation and disclosure requirements which were applied retrospectively to all periods presented, which in each case had no material impact on Occidental's financial statements upon adoption.

Safe Harbor Statement Regarding Outlook and Forward-Looking Information

Portions of this report contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; supply and demand considerations for Occidental's products; any general economic recession or slowdown domestically or internationally; exploration risks such as drilling unsuccessful wells; higher-than-expected costs; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; general domestic and international political conditions; potential disruption or interruption of Occidental's production or manufacturing facilities due to accidents, political events or insurgent activity; potential failure to achieve expected production from existing and future oil and gas development projects; changes in law or regulations; changes in tax rates; and not successfully completing, or any material delay of, any development of new fields, expansion, capital expenditure, efficiency-improvement project, acquisition or disposition. Words such as "estimate", "project", "predict", "will", "would", "could", "may", "might", "anticipate", "plan", "intend", "believe", "expect" or similar expressions that convey the uncertainty of future events or outcomes generally indicate forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements, as a result of new information, future events or otherwise. Material risks that may affect Occidental's results of operations and financial position appear in Part 1, Item 1A "Risk Factors" of the 2008 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For the three and six months ended June 30, 2009, there were no material changes in the information required to be provided under Item 305 of Regulation S-K included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations (Incorporating Item 7A) – Derivative Activities and Market Risk" in the 2008 Form 10-K.

Item 4. Controls and Procedures

Occidental's Chairman of the Board of Directors and Chief Executive Officer and its President and Chief Financial Officer supervised and participated in Occidental's evaluation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, Occidental's Chairman of the Board of Directors and Chief Executive Officer and its President and Chief Financial Officer concluded that Occidental's disclosure controls and procedures were effective as of June 30, 2009.

There has been no change in Occidental's internal control over financial reporting during the second quarter of 2009 that has materially affected, or is reasonably likely to materially affect, Occidental's internal control over financial reporting.

Item 1. Legal Proceedings

For information regarding legal proceedings, see the information in Note 8 to the consolidated condensed financial statements in Part I of this Form 10-Q.

Item 2. Share Repurchase Activities

Occidental's share repurchase activities for the three and six months ended June 30, 2009, were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
First Quarter 2009	142,625 ^(a)	\$ 62.16	—	
April 1 – 30, 2009	—	\$ —	—	
May 1 – 31, 2009	—	\$ —	—	
June 1 – 30, 2009	—	\$ —	—	
Second Quarter 2009	—	\$ —	—	
Total 2009	142,625	\$ 62.16	—	27,155,575

(a) Represents amounts Occidental purchased from the trustee of Occidental's defined contribution savings plan.

Item 4. Submission of Matters to a Vote of Security Holders

Occidental's 2009 Annual Meeting of Stockholders (the Annual Meeting) was held on May 1, 2009. The following actions were taken at the Annual Meeting, for which proxies were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended:

- The twelve nominees proposed by the Board of Directors were elected as directors by the following votes:

Nominee	Votes for	Votes against	Abstentions
Spencer Abraham	501,248,703	207,470,984	2,207,336
Ronald W. Burkle	513,583,488	193,079,757	4,263,779
John S. Chalsty	493,499,070	215,351,533	2,076,421
Edward P. Djerejian	514,842,632	193,829,180	2,255,212
John E. Feick	513,286,967	193,315,222	4,324,835
Ray R. Irani	508,726,385	200,097,172	2,103,467
Irvin W. Maloney	500,425,151	208,290,376	2,211,498
Avedick B. Poladian	515,257,848	193,483,895	2,185,281
Rodolfo Segovia	501,203,985	207,531,635	2,191,405
Aziz D. Syriani	508,391,345	200,472,880	2,062,799
Rosemary Tomich	500,751,832	208,137,557	2,037,634
Walter L. Weisman	512,780,036	193,885,489	4,261,499

- The ratification of the selection of KPMG as independent auditors was approved. The proposal received: 704,381,883 votes for; 4,741,039 votes against; and 1,804,103 abstentions.

3. The amendment of the Restated Certificate of Incorporation to permit stockholders to call special meetings was approved. The proposal received 656,274,067 votes for; 51,547,545 votes against; and 3,105,413 abstentions.
4. A stockholder proposal requesting a report on the assessment of host country laws was not approved. The proposal received 40,584,598 votes for; 502,789,838 votes against; 110,345,791 abstentions; and 57,206,798 broker non-votes.

Item 6. Exhibits

- | | |
|----------|--|
| 3.(i)(c) | Certificate of Amendment of Restated Certificate of Incorporation of Occidental Petroleum Corporation, dated May 1, 2009. |
| 3.(ii) | By-laws of Occidental Petroleum Corporation, as amended through May 1, 2009 (filed as Exhibit 3.(ii) to Occidental's Current Report on Form 8-K dated May 1, 2009 (Date of Earliest Event Reported), File No. 1-9210). |
| 10.1 | Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Return on Equity Incentive Award Agreement (Cash-based, Cash-settled Award) (filed as Exhibit 10.1 to Occidental's Current Report on Form 8-K dated July 15, 2009 (Date of Earliest Event Reported), File No. 1-9120). |
| 10.2 | Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Total Shareholder Return Incentive Award Agreement (Equity-based, Equity and Cash-settled Award) (filed as Exhibit 10.2 to Occidental's Current Report on Form 8-K dated July 15, 2009 (Date of Earliest Event Reported), File No. 1-9210). |
| 10.3 | Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Chemical Corporation Return on Assets Incentive Award Agreement (Cash-based, Cash-settled Award). |
| 10.4 | Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Oil and Gas Corporation Return on Assets Incentive Award Agreement (Cash-based, Cash-settled Award). |
| 10.5 | Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Long-Term Incentive Award Terms and Conditions (Equity-based, Cash-settled Award). |
| 10.6 | Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Long-Term Incentive Award Terms and Conditions (Equity-based, Cash-settled Award) (alternate - CV). |
| 12 | Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the six months ended June 30, 2009 and 2008 and for each of the five years in the period ended December 31, 2008. |
| 31.1 | Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certifications of CEO and CFO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase |

SIGNATURES

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

OCCIDENTAL PETROLEUM CORPORATION

DATE: August 6, 2009

/s/ Roy Pineci

Roy Pineci
Vice President, Controller and
Principal Accounting Officer

EXHIBIT INDEX

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101.PRE	XBRL Taxonomy Extension Presentation Linkbase

**CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
OCCIDENTAL PETROLEUM CORPORATION**

Occidental Petroleum Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"),

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of the Corporation on December 11, 2008, at which a quorum was present and acted throughout, resolutions were duly adopted setting forth a proposed amendment of the Restated Certificate of Incorporation of the Corporation to permit holders of at least 25 percent of the outstanding common stock to call special meetings (the "Amendment"), declaring the Amendment to be advisable, and directing that the Amendment be considered at the next annual meeting of the stockholders of the Corporation.

SECOND: That thereafter on May 1, 2009, the 2009 annual meeting of the Corporation was duly held in accordance with the by-laws of the Corporation and the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares of stock as required by statute were voted in favor of the following resolution adopting the Amendment:

AMENDMENT TO RESTATED CERTIFICATE OF INCORPORATION

RESOLVED, that Article V of the Restated Certificate of Incorporation, as amended, of this Corporation be amended so that in its entirety, said Article V shall read as set forth below:

"ARTICLE V

A. Subject to any rights granted in a Preferred Stock Designation to any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing of such stockholders.

B. No vote at any meeting of stockholders need be by written ballot unless the Board of Directors, in its discretion, or the officer of the Corporation presiding at the meeting, in his discretion, specifically directs the use of a written ballot.

C. Special meetings of the stockholders of the Corporation for any purpose or purposes may be called at any time by the Board of Directors or the Chairman of the Board of Directors. Subject to compliance with the procedures set forth in the By-laws of the Corporation, special meetings may be called by the Secretary of the Corporation upon the written request of the record holders of at least 25% of the outstanding common stock of the Corporation. Special meetings of stockholders of the Corporation may not be called by any other person or persons.”

THIRD: That the Amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of Restated Certificate of Incorporation to be signed by Donald P. de Brier, its Executive Vice President and Secretary, this 1st day of May, 2009.

By /s/ DONALD P. DE BRIER
Donald P. de Brier
Executive Vice President
and Secretary

OCCIDENTAL PETROLEUM CORPORATION
2005 LONG-TERM INCENTIVE PLAN
OCCIDENTAL CHEMICAL CORPORATION
RETURN ON ASSETS INCENTIVE AWARD AGREEMENT
(Cash-based, Cash-settled Award)

GRANTEE: [Name]
DATE OF GRANT:
TARGET INCENTIVE AMOUNT: \$ _____
PERFORMANCE PERIOD: **January 1, 2010 through December 31, 2013**

THIS AGREEMENT is made as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation (“Occidental” and, with its subsidiaries, the “Company”), and Grantee.

1. **GRANT OF RETURN ON ASSETS INCENTIVE AWARD.** In accordance with this Agreement and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the “Plan”), Occidental grants to the Grantee as of the Date of Grant, the right to receive in cash up to 200% of the Target Incentive Amount.

2. **RESTRICTIONS ON TRANSFER.** Neither this Agreement nor any right to receive cash pursuant to this Agreement may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if enforceable under local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Committee).

3. **PERFORMANCE GOAL.** The Performance Goal for the Performance Period is based on the attainment of at least a minimum Return on Assets, as set forth on Exhibit 1. Return on Assets for the purposes of Exhibit 1 shall be the percentage obtained by (i) multiplying (A) the sum of before-tax earnings for the Chemical Segment for each year in the Performance Period, as reported in the preliminary year-end financial statements of the Company, by (B) 0.65; and (ii) dividing the resulting product by the sum of the Chemical Segment Assets as of December 31st for each year in the Performance Period. For the purpose of the foregoing sentence, “Assets” will reflect all acquisitions, divestures and write downs during the Performance Period unless the Chief Financial Officer of Occidental recommends exclusion and the Committee agrees.

4. **VESTING AND FORFEITURE OF RETURN ON ASSETS INCENTIVE AWARD.** (a) If the Grantee fails to accept this award prior to the next record date for the payment of dividends on Occidental Common Stock subsequent to the Date of Grant, then, notwithstanding any other provision of this award, the Grantee shall forfeit all rights under this award and this award will become null and void. For purposes of this section, acceptance of the award shall occur on the date the Company receives a copy of this Agreement signed by the Grantee.

(b) The Grantee must remain in the continuous employ of the Company through the last day of the Performance Period to receive payment of this award. The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the

Grantee's employment among the Company and its affiliates or an approved leave of absence. However, if, prior to the end of the Performance Period, the Grantee dies, becomes permanently disabled while in the employ of the Company and terminates employment as a result thereof, retires with the consent of the Company, or terminates employment for the convenience of the Company (each of the foregoing, a "Forfeiture Event"), then the Target Incentive Amount upon which the Grantee's award is based will be reduced on a pro rata basis based upon the number of days remaining in the Performance Period following the date of the Forfeiture Event. If the Grantee terminates employment voluntarily or is terminated for cause before the end of the Performance Period, then this Agreement will terminate automatically on the date of the Grantee's termination and the Grantee shall forfeit the right to receive any cash hereunder.

(c) The Grantee's right to receive payment in cash of this award in an amount not to exceed 200% of the Target Incentive Amount will be based on, and become nonforfeitable upon the Committee's certification of, the attainment of the Performance Goal.

(d) For the purposes of Section 4(c), if prior to the end of the Performance Period, the Grantee transfers his employment among the Company and its affiliates, the amount of the award attained by the Grantee shall be determined by assessing the level of achievement of the Performance Goals, if any, certified by the Committee for each entity which employed the Grantee during the Performance Period and multiplying the Target Incentive Amount attainable at such level by a fraction equal to the number of days in the Performance Period that the Grantee worked for the entity divided by the total number of days in the Performance Period. If employees of the entity to which the Grantee transfers did not receive substantially similar Return on Asset Incentive Awards, then the amount of the award attained by the Grantee shall be determined as if the Grantee had not transferred but had remained with Grantee's original employer.

(e) Notwithstanding Section 4(c), if a Change in Control event occurs prior to the end of the Performance Period, the Grantee's right to receive cash equal to the Target Incentive Amount (as adjusted for any Forfeiture Event pursuant to Section 4(b)) will become nonforfeitable.

5. **PAYMENT OF AWARDS.** Up to and including 200% of the Target Incentive Amount, as adjusted pursuant to Sections 4 and 6 of this Agreement, will be settled in cash only. Payment will be made to the Grantee as promptly as practicable after the Committee's certification of the attainment of the Performance Goal or the Change in Control event, as the case may be, which, in the case of payment upon attainment of the Performance Goal, shall be made no later than the 15th day of the third month following the end of the first taxable year in which the award is no longer subject to a substantial risk of forfeiture.

6. **ADJUSTMENTS.** The Committee may adjust the Performance Goal or other features of this Grant as permitted by Section 5.2.3 of the Plan.

7. **NO EMPLOYMENT CONTRACT.** Nothing in this Agreement confers upon the Grantee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Grantee. Unless otherwise agreed in a writing signed by the Grantee and an authorized representative of the Company, the Grantee's employment with the Company is at will and may be terminated at any time by the Grantee or the Company

8. **TAXES AND WITHHOLDING.** Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local tax and non-U.S. tax), social insurance, payroll tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company. The Grantee further acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Return on Assets Incentive Award, including the grant or vesting of the Return on Assets Incentive Award; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Return on Assets Incentive Award to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee has become subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Grantee acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event, the Grantee shall pay or make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company to withhold all applicable Tax-Related Items legally payable by the Grantee first from the cash payable pursuant to this Return on Assets Incentive Award, and if not sufficient, from the Grantee's wages or other cash compensation. The Grantee shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of Grantee's receipt of this Return on Assets Incentive Award that cannot be satisfied by the means previously described.

9. **COMPLIANCE WITH LAW.** The Company will make reasonable efforts to comply with all applicable federal, state and non-U.S. laws. However, if it is not feasible for the Company to comply with these laws with respect to the grant or settlement of these awards, then the awards may be cancelled without any compensation or additional benefits provided to Grantee as a result of the cancellation.

10. **RELATION TO OTHER BENEFITS.** The benefits received by the Grantee under this Agreement will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company. Additionally, this Return on Assets Incentive Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. The grant of this Return on Assets Incentive Award does not create any contractual or other right to receive future grants of Return on Assets Incentive Awards or benefits in lieu of Return on Assets Incentive Awards, even if Grantee has a history of receiving Return on Assets Incentive Awards, or other cash or stock awards.

11. **AMENDMENTS.** The Plan may be modified, amended, suspended or terminated by the Board at any time, as provided in the Plan. Any amendment to the Plan will be deemed to be an amendment to this Agreement to the extent it is applicable to this Agreement; however, no amendment will adversely affect the rights of the Grantee under this Agreement without the Grantee's consent.

12. **SEVERABILITY.** If one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, the invalidated provisions shall be deemed to be separable from the other provisions of this Agreement, and the remaining provisions of this Agreement will continue to be valid and fully enforceable.
13. **ENTIRE AGREEMENT; RELATION TO PLAN; INTERPRETATION.** Except as specifically provided in this Section, this Agreement, the Exhibit and the Attachments incorporated in this Agreement constitute the entire agreement between the Company and the Grantee with respect to this Return on Assets Incentive Award. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between this Agreement and the Plan, the provisions of the Plan control. Capitalized terms used in this Agreement without definition have the meanings assigned to them in the Plan. References to Sections, Exhibits and Attachments are to Sections of, and Exhibits and Attachments incorporated in, this Agreement unless otherwise noted.
14. **SUCCESSORS AND ASSIGNS.** Subject to Sections 2 and 4, the provisions of this Agreement shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.
15. **GOVERNING LAW.** The laws of the State of Delaware govern the interpretation, performance, and enforcement of this Agreement.
16. **PRIVACY RIGHTS.** By accepting this Return on Assets Incentive Award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that the Company holds, or may receive from any agent designated by the Company, certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of this Return on Assets Incentive Award or any other entitlement to cash or shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting this Agreement, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Committee in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.
17. **ELECTRONIC DELIVERY AND ACCEPTANCE.** The Company may, in its sole discretion, decide to deliver any documents related to this Return on Assets Incentive Award granted under the Plan or future awards that may be granted under the Plan (if any) by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to

participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. GRANTEE'S REPRESENTATIONS AND RELEASES. By accepting this Return on Assets Incentive Award, the Grantee acknowledges that the Grantee has read this Agreement and understands that (i) the grant of this Return on Assets Incentive Award is made voluntarily by Occidental in its discretion with no liability on the part of any of its direct or indirect subsidiaries and that, if the Grantee is not an employee of Occidental, the Grantee is not, and will not be considered, an employee of Occidental but the Grantee is a third party (employee of a subsidiary) to whom this Return on Assets Incentive Award is granted; (ii) all decisions with respect to future awards, if any, will be at the sole discretion of Occidental; (iii) the Grantee's participation in the Plan is voluntary; (iv) this Return on Assets Incentive Award is an extraordinary item that does not constitute a regular and recurring item of base compensation; (v) the future amount of any cash payment pursuant to this Return on Assets Incentive Award cannot be predicted and Occidental does not assume liability in the event this Return on Assets Incentive Award has no value in the future; (vi) subject to the terms of any tax equalization agreement between the Grantee and the entity employing the Grantee, the Grantee will be solely responsible for the payment or nonpayment of taxes imposed or threatened to be imposed by any authority of any jurisdiction; and (vii) Occidental is not providing any tax, legal or financial advice with respect to this Return on Assets Incentive Award or the Grantee's participation in the Plan.

In consideration of the grant of this Return on Assets Incentive Award, no claim or entitlement to compensation or damages shall arise from termination of this Return on Assets Incentive Award or diminution in value of this Return on Assets Incentive Award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever) and, to the extent permitted by law, the Grantee irrevocably releases the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Agreement, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

By accepting this Return on Assets Incentive Award, the Grantee agrees, to the extent not contrary to applicable law, to the General Terms of Employment set out on Attachment 1 and the Arbitration Provisions set out on Attachment 2, which, in each case, are incorporated in this Agreement by reference.

19. IMPOSITION OF OTHER REQUIREMENTS. Occidental reserves the right to impose other requirements on the Grantee's participation in the Plan and on the Return on Assets Incentive Award, to the extent Occidental determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. COMPLIANCE WITH SECTION 409A OF THE CODE. Notwithstanding anything to the contrary contained in this Agreement, to the extent that the Board determines that the Plan or this award is subject to Section 409A of the U.S. Internal Revenue Code (the "Code") and fails to comply with the requirements of Section 409A of the Code, the Board reserves the right (without any obligation to do so) to amend or terminate the Plan and/or amend, restructure, terminate or replace this award in order to cause this award to either not be subject to Section 409A of the Code or to comply with the applicable provisions of such section.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer and Grantee has also executed this Agreement in duplicate.

OCCIDENTAL PETROLEUM CORPORATION

By: _____

The undersigned Grantee hereby accepts this Return on Assets Incentive Award, subject to the terms and conditions of the Plan and the terms and conditions set forth in this Agreement.

Grantee

Date: _____

EXHIBIT 1
2005 Long-Term Incentive Plan

2009 Occidental Chemical Corporation Return on Assets Incentive Award

(Payment Percentage of Target Incentive Amount of Return on Assets Incentive Award
that becomes Nonforfeitable

Based on Return on Assets for the Four-Year Period Ending December 31, 2013)

<u>End of Period Return on Assets</u>	<u>Payment Percentage*</u>
12% or more	200%
9%	100%
7% or less	0%

* Payment Percentages for Return on Assets for other values between 7% and 9% and between 9% and 12% will be interpolated in the Committee's discretion.

General Terms of Employment

A. Except as otherwise required by law or legal process, the Grantee will not publish or divulge to any person, firm, corporation or institution and will not use to the detriment of Occidental, or any of its subsidiaries or other affiliates, or any of their respective officers, directors, employees or stockholders (collectively, "Occidental Parties"), at any time during or after the Grantee's employment by the Company, any trade secrets or confidential information of any of them (whether generated by them or as a result of any of their business relationships), including such information as described in Occidental's Code of Business Conduct and other corporate policies, without first obtaining the written permission of an officer of the Company.

B. At the time of leaving employment with the Company, the Grantee will deliver to the Company, and not keep or deliver to anyone else, any and all credit cards, drawings, blueprints, specifications, devices, notes, notebooks, memoranda, reports, studies, correspondence and other documents, and, in general, any and all materials relating to the Occidental Parties (whether generated by them or as a result of their business relationships), including any copies (whether in paper or electronic form), that the Grantee has in the Grantee's possession or control.

C. The Grantee will, during the Grantee's employment by the Company, comply with the provisions of Occidental's Code of Business Conduct.

D. Except as otherwise required by the Grantee's job or permitted by law, the Grantee will not make statements about any Occidental Parties (1) to the press, electronic media, to any part of the investment community, to the public, or to any person connected with, employed by or having a relationship with any of them without permission of an officer of the Company or (2) that are derogatory, defamatory or negative. Nothing herein, however, shall prevent Grantee from making a good faith report or complaint to appropriate governmental authorities. To the fullest extent permitted by law, Grantee will not interfere with or disrupt any of the Company's operations or otherwise take actions intended directly to harm any of the Occidental Parties.

E. All inventions, developments, designs, improvements, discoveries and ideas that the Grantee makes or conceives in the course of employment by the Company, whether or not during regular working hours, relating to any design, article of manufacture, machine, apparatus, process, method, composition of matter, product or any improvement or component thereof, that are manufactured, sold, leased, used or under development by, or pertain to the present or possible future business of the Company shall be a work-for-hire and become and remain the property of Occidental, its successors and assigns.

The provisions of this Section do not apply to an invention that qualifies fully under the provisions of Section 2870 of the California Labor Code, which provides in substance that provisions in an employment agreement providing that an employee shall assign or offer to assign rights in an invention to his or her employer do not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, except for those inventions that either (a) relate, at the time of conception or reduction to practice of the invention, (1) to the business of the employer or (2) to the employer's actual or demonstrably anticipated research or development, or (b) result from any work performed by the employee for the employer.

F. The foregoing General Terms of Employment are not intended to be an exclusive list of the employment terms and conditions that apply to the Grantee. The Company, in its sole discretion, may at any time amend or supplement the foregoing terms. The Grantee's breach of the foregoing General Terms of Employment will entitle the Company to take appropriate disciplinary action, including, without limitation, reduction of the Return on Assets Incentive Award granted pursuant to this Agreement and termination of employment.

Arbitration Provisions

Any dispute arising out of or in any way related to the Grantee's employment with any of the Occidental Parties, or the termination of that employment, will be decided exclusively by final and binding arbitration pursuant to any procedures required by applicable law. To the extent not inconsistent with applicable law, any arbitration will be submitted to American Arbitration Association ("AAA") and subject to AAA Employment Arbitration Rules and Mediation Procedures in effect at the time of filing of the demand for arbitration. Only the following claims are excluded from this Agreement: (1) claims for workers' compensation, unemployment compensation, or state disability benefits, and claims based upon any pension or welfare benefit plan the terms of which contain an arbitration or other non-judicial dispute resolution procedure, (2) to the extent permitted by applicable law, claims for provisional remedies to maintain the status quo pending the outcome of arbitration, (3) claims based on employee compensation award agreements and incentive plans and (4) claims which are not permitted by applicable law to be subject to a binding pre-dispute arbitration agreement.

Any controversy regarding whether a particular dispute is subject to arbitration under this Section shall be decided by the arbitrator.

To the extent required under applicable law, the Grantee's responsibility for payment of the neutral arbitrator's fees and expenses shall be limited to an amount equal to the filing fee that would be required for a state trial court action and the Company shall pay all remaining fees and expenses of the arbitrator. Unless otherwise required under applicable law, the parties shall each pay their pro rata share of the neutral arbitrator's expenses and fees. Any controversy regarding the payment of fees and expenses under this arbitration provision shall be decided by the arbitrator.

The arbitrator may award any form of remedy or relief (including injunctive relief) that would otherwise be available in court. Any award pursuant to said arbitration shall be accompanied by a written opinion of the arbitrator setting forth the reason for the award. The award rendered by the arbitrator shall be conclusive and binding upon the parties hereto, and judgment upon the award may be entered, and enforcement may be sought in, any court of competent jurisdiction. To the extent not inconsistent with applicable laws, the arbitrator will have the authority to hear and grant motions.

OCCIDENTAL PETROLEUM CORPORATION
2005 LONG-TERM INCENTIVE PLAN
OCCIDENTAL OIL AND GAS CORPORATION
RETURN ON ASSETS INCENTIVE AWARD AGREEMENT
(Cash-based, Cash-settled Award)

GRANTEE: [Name]
DATE OF GRANT:
TARGET INCENTIVE AMOUNT: \$_____
PERFORMANCE PERIOD: January 1, 2010 through December 31, 2013

THIS AGREEMENT is made as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation (“Occidental” and, with its subsidiaries, the “Company”), and Grantee.

1. **GRANT OF RETURN ON ASSETS INCENTIVE AWARD.** In accordance with this Agreement and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the “Plan”), Occidental grants to the Grantee as of the Date of Grant, the right to receive in cash up to 200% of the Target Incentive Amount.

2. **RESTRICTIONS ON TRANSFER.** Neither this Agreement nor any right to receive cash pursuant to this Agreement may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if enforceable under local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Committee).

3. **PERFORMANCE GOAL.** The Performance Goal for the Performance Period is based on the attainment of at least a minimum Return on Assets, as set forth on Exhibit 1. Return on Assets for the purposes of Exhibit 1 shall be the percentage obtained by dividing (i) the sum of after-tax earnings for the Oil and Gas Segment for each year in the Performance Period, as reported in the preliminary year-end financial statements of the Company, by (ii) the sum of the Oil and Gas Assets as of December 31st for each year in the Performance Period. For the purpose of the foregoing sentence, “Assets” will reflect all acquisitions, divestitures and write downs during the Performance Period unless the Chief Financial Officer of Occidental recommends exclusion and the Committee agrees.

4. **VESTING AND FORFEITURE OF RETURN ON ASSETS INCENTIVE AWARD.** (a) If the Grantee fails to accept this award prior to the next record date for the payment of dividends on Occidental Common Stock subsequent to the Date of Grant, then, notwithstanding any other provision of this award, the Grantee shall forfeit all rights under this award and this award will become null and void. For purposes of this section, acceptance of the award shall occur on the date the Company receives a copy of this Agreement signed by the Grantee.

(b) The Grantee must remain in the continuous employ of the Company through the last day of the Performance Period to receive payment of this award. The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the

Grantee's employment among the Company and its affiliates or an approved leave of absence. However, if, prior to the end of the Performance Period, the Grantee dies, becomes permanently disabled while in the employ of the Company and terminates employment as a result thereof, retires with the consent of the Company, or terminates employment for the convenience of the Company (each of the foregoing, a "Forfeiture Event"), then the Target Incentive Amount upon which the Grantee's award is based will be reduced on a pro rata basis based upon the number of days remaining in the Performance Period following the date of the Forfeiture Event. If the Grantee terminates employment voluntarily or is terminated for cause before the end of the Performance Period, then this Agreement will terminate automatically on the date of the Grantee's termination and the Grantee shall forfeit the right to receive any cash hereunder.

(c) The Grantee's right to receive payment in cash of this award in an amount not to exceed 200% of the Target Incentive Amount will be based on, and become nonforfeitable upon the Committee's certification of, the attainment of the Performance Goal.

(d) For the purposes of Section 4(c), if prior to the end of the Performance Period, the Grantee transfers his employment among the Company and its affiliates, the amount of the award attained by the Grantee shall be determined by assessing the level of achievement of the Performance Goals, if any, certified by the Committee for each entity which employed the Grantee during the Performance Period and multiplying the Target Incentive Amount attainable at such level by a fraction equal to the number of days in the Performance Period that the Grantee worked for the entity divided by the total number of days in the Performance Period. If employees of the entity to which the Grantee transfers did not receive substantially similar Return on Asset Incentive Awards, then the amount of the award attained by the Grantee shall be determined as if the Grantee had not transferred but had remained with Grantee's original employer.

(e) Notwithstanding Section 4(c), if a Change in Control event occurs prior to the end of the Performance Period, the Grantee's right to receive cash equal to the Target Incentive Amount (as adjusted for any Forfeiture Event pursuant to Section 4(b)) will become nonforfeitable.

5. **PAYMENT OF AWARDS.** Up to and including 200% of the Target Incentive Amount, as adjusted pursuant to Sections 4 and 6 of this Agreement, will be settled in cash only. Payment will be made to the Grantee as promptly as practicable after the Committee's certification of the attainment of the Performance Goal or the Change in Control event, as the case may be, which, in the case of payment upon attainment of the Performance Goal, shall be made no later than the 15th day of the third month following the end of the first taxable year in which the award is no longer subject to a substantial risk of forfeiture.

6. **ADJUSTMENTS.** The Committee may adjust the Performance Goal or other features of this Grant as permitted by Section 5.2.3 of the Plan.

7. **NO EMPLOYMENT CONTRACT.** Nothing in this Agreement confers upon the Grantee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Grantee. Unless otherwise agreed in a writing signed by the Grantee and an authorized representative of the Company, the Grantee's employment with the Company is at will and may be terminated at any time by the Grantee or the Company

8. **TAXES AND WITHHOLDING.** Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local tax and non-U.S. tax), social insurance, payroll tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company. The Grantee further acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Return on Assets Incentive Award, including the grant or vesting of the Return on Assets Incentive Award; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Return on Assets Incentive Award to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee has become subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Grantee acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event, the Grantee shall pay or make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company to withhold all applicable Tax-Related Items legally payable by the Grantee first from the cash payable pursuant to this Return on Assets Incentive Award, and if not sufficient, from the Grantee's wages or other cash compensation. The Grantee shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of Grantee's receipt of this Return on Assets Incentive Award that cannot be satisfied by the means previously described.

9. **COMPLIANCE WITH LAW.** The Company will make reasonable efforts to comply with all applicable federal, state and non-U.S. laws. However, if it is not feasible for the Company to comply with these laws with respect to the grant or settlement of these awards, then the awards may be cancelled without any compensation or additional benefits provided to Grantee as a result of the cancellation.

10. **RELATION TO OTHER BENEFITS.** The benefits received by the Grantee under this Agreement will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company. Additionally, this Return on Assets Incentive Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. The grant of this Return on Assets Incentive Award does not create any contractual or other right to receive future grants of Return on Assets Incentive Awards or benefits in lieu of Return on Assets Incentive Awards, even if Grantee has a history of receiving Return on Assets Incentive Awards, or other cash or stock awards.

11. **AMENDMENTS.** The Plan may be modified, amended, suspended or terminated by the Board at any time, as provided in the Plan. Any amendment to the Plan will be deemed to be an amendment to this Agreement to the extent it is applicable to this Agreement; however, no amendment will adversely affect the rights of the Grantee under this Agreement without the Grantee's consent.

12. **SEVERABILITY.** If one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, the invalidated provisions shall be deemed to be separable from the other provisions of this Agreement, and the remaining provisions of this Agreement will continue to be valid and fully enforceable.
13. **ENTIRE AGREEMENT; RELATION TO PLAN; INTERPRETATION.** Except as specifically provided in this Section, this Agreement, the Exhibit and the Attachments incorporated in this Agreement constitute the entire agreement between the Company and the Grantee with respect to this Return on Assets Incentive Award. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between this Agreement and the Plan, the provisions of the Plan control. Capitalized terms used in this Agreement without definition have the meanings assigned to them in the Plan. References to Sections, Exhibits and Attachments are to Sections of, and Exhibits and Attachments incorporated in, this Agreement unless otherwise noted.
14. **SUCCESSORS AND ASSIGNS.** Subject to Sections 2 and 4, the provisions of this Agreement shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.
15. **GOVERNING LAW.** The laws of the State of Delaware govern the interpretation, performance, and enforcement of this Agreement.
16. **PRIVACY RIGHTS.** By accepting this Return on Assets Incentive Award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that the Company holds, or may receive from any agent designated by the Company, certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of this Return on Assets Incentive Award or any other entitlement to cash or shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting this Agreement, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Committee in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.
17. **ELECTRONIC DELIVERY AND ACCEPTANCE.** The Company may, in its sole discretion, decide to deliver any documents related to this Return on Assets Incentive Award granted under the Plan or future awards that may be granted under the Plan (if any) by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to

participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. GRANTEE'S REPRESENTATIONS AND RELEASES. By accepting this Return on Assets Incentive Award, the Grantee acknowledges that the Grantee has read this Agreement and understands that (i) the grant of this Return on Assets Incentive Award is made voluntarily by Occidental in its discretion with no liability on the part of any of its direct or indirect subsidiaries and that, if the Grantee is not an employee of Occidental, the Grantee is not, and will not be considered, an employee of Occidental but the Grantee is a third party (employee of a subsidiary) to whom this Return on Assets Incentive Award is granted; (ii) all decisions with respect to future awards, if any, will be at the sole discretion of Occidental; (iii) the Grantee's participation in the Plan is voluntary; (iv) this Return on Assets Incentive Award is an extraordinary item that does not constitute a regular and recurring item of base compensation; (v) the future amount of any cash payment pursuant to this Return on Assets Incentive Award cannot be predicted and Occidental does not assume liability in the event this Return on Assets Incentive Award has no value in the future; (vi) subject to the terms of any tax equalization agreement between the Grantee and the entity employing the Grantee, the Grantee will be solely responsible for the payment or nonpayment of taxes imposed or threatened to be imposed by any authority of any jurisdiction; and (vii) Occidental is not providing any tax, legal or financial advice with respect to this Return on Assets Incentive Award or the Grantee's participation in the Plan.

In consideration of the grant of this Return on Assets Incentive Award, no claim or entitlement to compensation or damages shall arise from termination of this Return on Assets Incentive Award or diminution in value of this Return on Assets Incentive Award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever) and, to the extent permitted by law, the Grantee irrevocably releases the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Agreement, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

By accepting this Return on Assets Incentive Award, the Grantee agrees, to the extent not contrary to applicable law, to the General Terms of Employment set out on Attachment 1 and the Arbitration Provisions set out on Attachment 2, which, in each case, are incorporated in this Agreement by reference.

19. IMPOSITION OF OTHER REQUIREMENTS. Occidental reserves the right to impose other requirements on the Grantee's participation in the Plan and on the Return on Assets Incentive Award, to the extent Occidental determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. COMPLIANCE WITH SECTION 409A OF THE CODE. Notwithstanding anything to the contrary contained in this Agreement, to the extent that the Board determines that the Plan or this award is subject to Section 409A of the U.S. Internal Revenue Code (the "Code") and fails to comply with the requirements of Section 409A of the Code, the Board reserves the right (without any obligation to do so) to amend or terminate the Plan and/or amend, restructure, terminate or replace this award in order to cause this award to either not be subject to Section 409A of the Code or to comply with the applicable provisions of such section.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer and Grantee has also executed this Agreement in duplicate.

OCCIDENTAL PETROLEUM CORPORATION

By: _____

The undersigned Grantee hereby accepts this Return on Assets Incentive Award, subject to the terms and conditions of the Plan and the terms and conditions set forth in this Agreement.

Grantee

Date: _____

EXHIBIT 1
2005 Long-Term Incentive Plan

2009 Occidental Oil and Gas Corporation Return on Assets Incentive Award

(Payment Percentage of Target Incentive Amount of Return on Assets Incentive Award
that becomes Nonforfeitable

Based on Return on Assets for the Four-Year Period Ending December 31, 2013)

<u>End of Period Return on Assets</u>	<u>Payment Percentage*</u>
18% or more	200%
14%	100%
10% or less	0%

* Payment Percentages for Return on Assets for other values between 10% and 14% and between 14% and 18% will be interpolated in the Committee's discretion.

General Terms of Employment

A. Except as otherwise required by law or legal process, the Grantee will not publish or divulge to any person, firm, corporation or institution and will not use to the detriment of Occidental, or any of its subsidiaries or other affiliates, or any of their respective officers, directors, employees or stockholders (collectively, "Occidental Parties"), at any time during or after the Grantee's employment by the Company, any trade secrets or confidential information of any of them (whether generated by them or as a result of any of their business relationships), including such information as described in Occidental's Code of Business Conduct and other corporate policies, without first obtaining the written permission of an officer of the Company.

B. At the time of leaving employment with the Company, the Grantee will deliver to the Company, and not keep or deliver to anyone else, any and all credit cards, drawings, blueprints, specifications, devices, notes, notebooks, memoranda, reports, studies, correspondence and other documents, and, in general, any and all materials relating to the Occidental Parties (whether generated by them or as a result of their business relationships), including any copies (whether in paper or electronic form), that the Grantee has in the Grantee's possession or control.

C. The Grantee will, during the Grantee's employment by the Company, comply with the provisions of Occidental's Code of Business Conduct.

D. Except as otherwise required by the Grantee's job or permitted by law, the Grantee will not make statements about any Occidental Parties (1) to the press, electronic media, to any part of the investment community, to the public, or to any person connected with, employed by or having a relationship with any of them without permission of an officer of the Company or (2) that are derogatory, defamatory or negative. Nothing herein, however, shall prevent Grantee from making a good faith report or complaint to appropriate governmental authorities. To the fullest extent permitted by law, Grantee will not interfere with or disrupt any of the Company's operations or otherwise take actions intended directly to harm any of the Occidental Parties.

E. All inventions, developments, designs, improvements, discoveries and ideas that the Grantee makes or conceives in the course of employment by the Company, whether or not during regular working hours, relating to any design, article of manufacture, machine, apparatus, process, method, composition of matter, product or any improvement or component thereof, that are manufactured, sold, leased, used or under development by, or pertain to the present or possible future business of the Company shall be a work-for-hire and become and remain the property of Occidental, its successors and assigns.

The provisions of this Section do not apply to an invention that qualifies fully under the provisions of Section 2870 of the California Labor Code, which provides in substance that provisions in an employment agreement providing that an employee shall assign or offer to assign rights in an invention to his or her employer do not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, except for those inventions that either (a) relate, at the time of conception or reduction to practice of the invention, (1) to the business of the employer or (2) to the employer's actual or demonstrably anticipated research or development, or (b) result from any work performed by the employee for the employer.

F. The foregoing General Terms of Employment are not intended to be an exclusive list of the employment terms and conditions that apply to the Grantee. The Company, in its sole discretion, may at any time amend or supplement the foregoing terms. The Grantee's breach of the foregoing General Terms of Employment will entitle the Company to take appropriate disciplinary action, including, without limitation, reduction of the Return on Assets Incentive Award granted pursuant to this Agreement and termination of employment.

Arbitration Provisions

Any dispute arising out of or in any way related to the Grantee's employment with any of the Occidental Parties, or the termination of that employment, will be decided exclusively by final and binding arbitration pursuant to any procedures required by applicable law. To the extent not inconsistent with applicable law, any arbitration will be submitted to American Arbitration Association ("AAA") and subject to AAA Employment Arbitration Rules and Mediation Procedures in effect at the time of filing of the demand for arbitration. Only the following claims are excluded from this Agreement: (1) claims for workers' compensation, unemployment compensation, or state disability benefits, and claims based upon any pension or welfare benefit plan the terms of which contain an arbitration or other non-judicial dispute resolution procedure, (2) to the extent permitted by applicable law, claims for provisional remedies to maintain the status quo pending the outcome of arbitration, (3) claims based on employee compensation award agreements and incentive plans and (4) claims which are not permitted by applicable law to be subject to a binding pre-dispute arbitration agreement.

Any controversy regarding whether a particular dispute is subject to arbitration under this Section shall be decided by the arbitrator.

To the extent required under applicable law, the Grantee's responsibility for payment of the neutral arbitrator's fees and expenses shall be limited to an amount equal to the filing fee that would be required for a state trial court action and the Company shall pay all remaining fees and expenses of the arbitrator. Unless otherwise required under applicable law, the parties shall each pay their pro rata share of the neutral arbitrator's expenses and fees. Any controversy regarding the payment of fees and expenses under this arbitration provision shall be decided by the arbitrator.

The arbitrator may award any form of remedy or relief (including injunctive relief) that would otherwise be available in court. Any award pursuant to said arbitration shall be accompanied by a written opinion of the arbitrator setting forth the reason for the award. The award rendered by the arbitrator shall be conclusive and binding upon the parties hereto, and judgment upon the award may be entered, and enforcement may be sought in, any court of competent jurisdiction. To the extent not inconsistent with applicable laws, the arbitrator will have the authority to hear and grant motions.

**OCCIDENTAL PETROLEUM CORPORATION
2005 LONG-TERM INCENTIVE PLAN
LONG-TERM INCENTIVE AWARD
TERMS AND CONDITIONS
(Equity-based, Cash-settled Award)**

GRANTEE: [Name]
DATE OF GRANT: See "Grants & Awards" Tab
VESTING DATE SCHEDULE: 1/3 of Long-Term Incentive Units on July 14, 2010
1/3 of Long-Term Incentive Units on July 14, 2011
1/3 of Long-Term Incentive Units on July 14, 2012

The following **Terms and Conditions** (these "Terms and Conditions") are set forth as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation ("Occidental" and, with its subsidiaries, the "Company"), and the Eligible Employee receiving this award (the "Grantee").

1. **GRANT OF LONG-TERM INCENTIVE AWARD.** In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the "Plan"), Occidental grants to the Grantee as of the Date of Grant, the number of Long-Term Incentive Units ("LTI Units") set forth above, subject to adjustment under the Plan and Section 6 of these Terms and Conditions. An LTI Unit represents the right to receive in cash, upon vesting, as set forth in Section 3, the Long-Term Incentive Value of one share of Occidental Common Stock, \$0.20 par value (the "Common Stock"). LTI Units are not Common Stock and have no voting rights or, except as stated in Section 5, dividend rights. "Long-Term Incentive Value" means the last reported sale price of a share of Common Stock on the New York Stock Exchange Composite Transactions on the applicable scheduled Vesting Date, date of death or Change in Control event.

2. **RESTRICTIONS ON TRANSFER.** Neither these Terms and Conditions nor any right to receive cash pursuant to these Terms and Conditions may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if enforceable under local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Committee).

3. **VESTING AND FORFEITURE OF LONG-TERM INCENTIVE AWARD.** (a) If the Grantee fails to accept this award prior to the next record date for the payment of dividends on the Common Stock subsequent to the Date of Grant, then, notwithstanding any other provision of this award, the Grantee shall forfeit all rights under this award and this award will become null and void. For purposes of this section, acceptance of the award shall occur on the date the Grantee accepts this Long-Term Incentive Award through the on-line system designated by the Company.

(b) The Grantee must remain in the continuous employ of the Company through the applicable Vesting Date to receive payment of this award in the number of LTI Units shown for such Vesting Date. The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the Grantee's employment among the Company and its affiliates or an approved leave of absence. However, if, prior to any Vesting Date, the Grantee becomes permanently disabled while in the employ of the Company and terminates employment as a result thereof, retires with the consent of the Company, or terminates

employment for the convenience of the Company (each of the foregoing, a "Forfeiture Event"), then the number of unvested LTI Units will be reduced on a pro rata basis based upon the number of days remaining until the final Vesting Date following the date of the Forfeiture Event. If the Grantee terminates employment voluntarily or is terminated for cause before any Vesting Date, then these Terms and Conditions will terminate automatically on the date of the Grantee's termination and the Grantee shall forfeit the right to receive any unvested LTI Units. If the Grantee dies while in the employ of the Company before any Vesting Date, all of the unvested LTI Units will vest as of the date of death and become immediately payable.

(c) If a Change in Control event occurs prior to the last scheduled Vesting Date, all unvested LTI Units shall immediately vest and become nonforfeitable unless, prior to the occurrence of the Change in Control event, the Committee, as provided in Section 7.1 of the Plan, determines that such event will not accelerate vesting of any of these LTI Units. Any such determination by the Committee is binding on the Grantee.

4. **PAYMENT OF AWARDS.** Payment of the Long-Term Incentive Value for each LTI Unit, as adjusted pursuant to Sections 3 and 6 of these Terms and Conditions, will be settled in cash only. Payment will be made to the Grantee as promptly as practicable after the applicable scheduled Vesting Date, date of death or the Change in Control event, as the case may be.

5. **CREDITING AND PAYMENT OF DIVIDEND EQUIVALENTS.** With respect to the number of LTI Units listed above, the Grantee will be credited on the books and records of Occidental with an amount (the "Dividend Equivalent") equal to the amount per share of any cash dividends declared by the Board on the outstanding Common Stock as and when declared with a record date during the period beginning on the Date of Grant and ending, with respect to any portion of the LTI Units covered by these Terms and Conditions, on the date on which the Grantee's right to receive such portion becomes nonforfeitable, or, if earlier, the date on which the Grantee forfeits the right to receive such portion. Occidental will pay in cash to the Grantee an amount equal to the Dividend Equivalents credited to such Grantee as promptly as may be practicable after the Grantee has been credited with a Dividend Equivalent.

6. **ADJUSTMENTS.** The number of LTI Units covered by this Grant may be adjusted as the Committee determines, pursuant to Section 7.2 of the Plan, in order to prevent dilution or expansion of the Grantee's rights under these Terms and Conditions as a result of events such as stock dividends, stock splits, or other change in the capital structure of Occidental, or any merger, consolidation, spin-off, liquidation or other corporate transaction or event having a similar effect. If any such adjustment occurs, the Company will give the Grantee written notice of the adjustment containing an explanation of the nature of the adjustment.

7. **NO EMPLOYMENT CONTRACT.** Nothing in these Terms and Conditions confers upon the Grantee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Grantee. Unless otherwise agreed in a writing signed by the Grantee and an authorized representative of the Company, the Grantee's employment with the Company is at will and may be terminated at any time by the Grantee or the Company.

8. **TAXES AND WITHHOLDING.** Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local tax and non-U.S. tax), social insurance, payroll tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company. The Grantee

further acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Long-Term Incentive Award, including the grant or vesting of the Long-Term Incentive Award and the receipt of Dividend Equivalents; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Long-Term Incentive Award to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee has become subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Grantee acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event, the Grantee shall pay or make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company to withhold all applicable Tax-Related Items legally payable by the Grantee first from the cash payable pursuant to this Long-Term Incentive Award (including Dividend Equivalents) and, if not sufficient, from the Grantee's wages or other cash compensation. The Grantee shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of the Grantee's receipt of this Long-Term Incentive Award that cannot be satisfied by the means previously described.

9. **COMPLIANCE WITH LAW.** The Company will make reasonable efforts to comply with all federal, state and non-U.S. laws applicable to awards of this type. However, if it is not feasible for the Company to comply with these laws with respect to the grant or settlement of these awards, then the awards may be cancelled without any compensation or additional benefits provided to Grantee as a result of the cancellation.

10. **RELATION TO OTHER BENEFITS.** The benefits received by the Grantee under these Terms and Conditions will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company. Additionally, this Long-Term Incentive Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. The grant of this Long-Term Incentive Award does not create any contractual or other right to receive future grants of Long-Term Incentive Awards or benefits in lieu of Long-Term Incentive Awards, even if Grantee has a history of receiving Long-Term Incentive Awards or other cash or stock awards.

11. **AMENDMENTS.** The Plan may be modified, amended, suspended or terminated by the Board at any time, as provided in the Plan. Any amendment to the Plan will be deemed to be an amendment to these Terms and Conditions to the extent it is applicable to these Terms and Conditions; however, no amendment will adversely affect the rights of the Grantee under these Terms and Conditions without the Grantee's consent.

12. **SEVERABILITY.** If one or more of the provisions of these Terms and Conditions is invalidated for any reason by a court of competent jurisdiction, the invalidated provisions shall be deemed to be separable from the other provisions of these Terms and Conditions, and the remaining provisions of these Terms and Conditions will continue to be valid and fully enforceable.

13. **ENTIRE AGREEMENT; RELATION TO PLAN; INTERPRETATION.** Except as specifically provided in this Section, these Terms and Conditions and the Attachments incorporated in these Terms and Conditions constitute the entire agreement between the Company and the Grantee with respect to this Long-Term Incentive Award. These Terms and Conditions are subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between these Terms and Conditions and the Plan, the provisions of the Plan control. Capitalized terms used in these Terms and Conditions without definitions have the meanings assigned to them in the Plan. References to Sections and Attachments are to Sections of, and Attachments incorporated in, these Terms and Conditions unless otherwise noted.

14. **SUCCESSORS AND ASSIGNS.** Subject to Sections 2 and 3, the provisions of these Terms and Conditions shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

15. **GOVERNING LAW.** The laws of the State of Delaware govern the interpretation, performance, and enforcement of these Terms and Conditions.

16. **PRIVACY RIGHTS.** By accepting this Long-Term Incentive Award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in these Terms and Conditions by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that the Company holds, or may receive from any agent designated by the Company, certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of this Long-Term Incentive Award or any other entitlement to cash or shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting these Terms and Conditions, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Committee in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

17. **ELECTRONIC DELIVERY AND ACCEPTANCE.** The Company may, in its sole discretion, decide to deliver any documents related to this Long-Term Incentive Award granted under the Plan or future awards that may be granted under the Plan (if any) by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. **GRANTEE'S REPRESENTATIONS AND RELEASES.** By accepting this Long-Term Incentive Award, the Grantee acknowledges that the Grantee has read these Terms and Conditions and understands that (i) the grant of this Long-Term Incentive Award is made voluntarily by

Occidental in its discretion with no liability on the part of any of its direct or indirect subsidiaries and that, if the Grantee is not an employee of Occidental, the Grantee is not, and will not be considered, an employee of Occidental but the Grantee is a third party (employee of a subsidiary) to whom this Long-Term Incentive Award is granted; (ii) all decisions with respect to future awards, if any, will be at the sole discretion of Occidental; (iii) the Grantee's participation in the Plan is voluntary; (iv) this Long-Term Incentive Award is an extraordinary item that does not constitute a regular and recurring item of base compensation; (v) the future amount of any cash payment pursuant to this Long-Term Incentive Award cannot be predicted and Occidental does not assume liability in the event this Long-Term Incentive Award has no value in the future; (vi) subject to the terms of any tax equalization agreement between the Grantee and the entity employing the Grantee, the Grantee will be solely responsible for the payment or nonpayment of taxes imposed or threatened to be imposed by any authority of any jurisdiction; and (vii) Occidental is not providing any tax, legal or financial advice with respect to this Long-Term Incentive Award or the Grantee's participation in the Plan.

In consideration of the grant of this Long-Term Incentive Award, no claim or entitlement to compensation or damages shall arise from termination of this Long-Term Incentive Award or diminution in value of this Long-Term Incentive Award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever) and, to the extent permitted by law, the Grantee irrevocably releases the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Long-Term Incentive Award, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

By accepting this Long-Term Incentive Award, the Grantee agrees, to the extent not contrary to applicable law, to the General Terms of Employment set out on Attachment 1 and the Arbitration Provisions set out on Attachment 2, which, in each case, are incorporated in these Terms and Conditions by reference.

19. IMPOSITION OF OTHER REQUIREMENTS. Occidental reserves the right to impose other requirements on the Grantee's participation in the Plan and on the Long-Term Incentive Award, to the extent Occidental determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. COMPLIANCE WITH SECTION 409A OF THE CODE. Notwithstanding anything to the contrary contained in these Terms and Conditions, to the extent that the Board determines that the Plan or this award is subject to Section 409A of the U.S. Internal Revenue Code (the "Code") and fails to comply with the requirements of Section 409A of the Code, the Board reserves the right (without any obligation to do so) to amend or terminate the Plan and/or amend, restructure, terminate or replace this award in order to cause this award to either not be subject to Section 409A of the Code or to comply with the applicable provisions of such section.

General Terms of Employment

A. Except as otherwise required by law or legal process, the Grantee will not publish or divulge to any person, firm, corporation or institution and will not use to the detriment of Occidental, or any of its subsidiaries or other affiliates, or any of their respective officers, directors, employees or stockholders (collectively, "Occidental Parties"), at any time during or after the Grantee's employment by any of them, any trade secrets or confidential information of any of them (whether generated by them or as a result of any of their business relationships), including such information as described in Occidental's Code of Business Conduct and other corporate policies, without first obtaining the written permission of an officer of the Company.

B. At the time of leaving employment with the Company, the Grantee will deliver to the Company, and not keep or deliver to anyone else, any and all credit cards, drawings, blueprints, specifications, devices, notes, notebooks, memoranda, reports, studies, correspondence and other documents, and, in general, any and all materials relating to the Occidental Parties (whether generated by them or as a result of their business relationships), including any copies (whether in paper or electronic form), that the Grantee has in the Grantee's possession or control.

C. The Grantee will, during the Grantee's employment by the Company, comply with the provisions of Occidental's Code of Business Conduct.

D. Except as otherwise required by the Grantee's job or permitted by law, the Grantee will not make statements about any Occidental Parties (1) to the press, electronic media, to any part of the investment community, to the public, or to any person connected with, employed by or having a relationship with any of them without permission of an officer of the Company or (2) that are derogatory, defamatory or negative. Nothing herein, however, shall prevent Grantee from making a good faith report or complaint to appropriate governmental authorities. To the fullest extent permitted by law, Grantee will not interfere with or disrupt any of the Company's operations or otherwise take actions intended directly to harm any of the Occidental Parties.

E. All inventions, developments, designs, improvements, discoveries and ideas that the Grantee makes or conceives in the course of employment by the Company, whether or not during regular working hours, relating to any design, article of manufacture, machine, apparatus, process, method, composition of matter, product or any improvement or component thereof, that are manufactured, sold, leased, used or under development by, or pertain to the present or possible future business of the Company shall be a work-for-hire and become and remain the property of Occidental, its successors and assigns.

The provisions of this Section do not apply to an invention that qualifies fully under the provisions of Section 2870 of the California Labor Code, which provides in substance that provisions in an employment agreement providing that an employee shall assign or offer to assign rights in an invention to his or her employer do not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, except for those inventions that either (a) relate, at the time of conception or reduction to practice of the invention, (1) to the business of the employer or (2) to the employer's actual or demonstrably anticipated research or development, or (b) result from any work performed by the employee for the employer.

F. The foregoing General Terms of Employment are not intended to be an exclusive list of the employment terms and conditions that apply to the Grantee. The Company, in its sole discretion, may at any time amend or supplement the foregoing terms. The Grantee's breach of the foregoing General Terms of Employment will entitle the Company to take appropriate disciplinary action, including, without limitation, reduction of the Long-Term Incentive Award granted pursuant to these Terms and Conditions and termination of employment.

Attachment 2

Arbitration Provisions

Any dispute arising out of or in any way related to the Grantee's employment with the Company, or the termination of that employment, will be decided exclusively by final and binding arbitration pursuant to any procedures required by applicable law. To the extent not inconsistent with applicable law, any arbitration will be submitted to American Arbitration Association ("AAA") and subject to AAA Employment Arbitration Rules and Mediation Procedures in effect at the time of filing of the demand for arbitration. Only the following claims are excluded from these Terms and Conditions: (1) claims for workers' compensation, unemployment compensation, or state disability benefits, and claims based upon any pension or welfare benefit plan the terms of which contain an arbitration or other non-judicial dispute resolution procedure, (2) to the extent permitted by applicable law, claims for provisional remedies to maintain the status quo pending the outcome of arbitration, (3) claims based on compensation award agreements and incentive plans and (4) claims which are not permitted by applicable law to be subject to a binding pre-dispute arbitration agreement.

Any controversy regarding whether a particular dispute is subject to arbitration under this Section shall be decided by the arbitrator.

To the extent required under applicable law, the Grantee's responsibility for payment of the neutral arbitrator's fees and expenses shall be limited to an amount equal to the filing fee that would be required for a state trial court action and the Company shall pay all remaining fees and expenses of the arbitrator. Unless otherwise required under applicable law, the parties shall each pay their pro rata share of the neutral arbitrator's expenses and fees. Any controversy regarding the payment of fees and expenses under this arbitration provision shall be decided by the arbitrator.

The arbitrator may award any form of remedy or relief (including injunctive relief) that would otherwise be available in court. Any award pursuant to said arbitration shall be accompanied by a written opinion of the arbitrator setting forth the reason for the award. The award rendered by the arbitrator shall be conclusive and binding upon the parties hereto, and judgment upon the award may be entered, and enforcement may be sought in, any court of competent jurisdiction. To the extent not inconsistent with applicable laws, the arbitrator will have the authority to hear and grant motions.

OCCIDENTAL PETROLEUM CORPORATION
2005 LONG-TERM INCENTIVE PLAN
LONG-TERM INCENTIVE AWARD
TERMS AND CONDITIONS
(Equity-based, Cash-settled Award)

DATE OF GRANT: **July 15, 2009**

LONG-TERM INCENTIVE UNITS: **See “Grants & Awards” Tab**

VESTING DATE: **July 14, 2012**

The following **Terms and Conditions** (these “Terms and Conditions”) are set forth as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation (“Occidental” and, with its subsidiaries, the “Company”), and the Eligible Employee receiving this award (the “Grantee”).

1. **GRANT OF LONG-TERM INCENTIVE AWARD.** In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the “Plan”), Occidental grants to the Grantee as of the Date of Grant, the number of Long-Term Incentive Units (“LTI Units”) indicated in the on-line system established and maintained by the Company or another third party designated by the Company, subject to adjustment under the Plan and Section 6 of these Terms and Conditions. An LTI Unit represents the right to receive in cash, upon vesting, as set forth in Section 3, the Long-Term Incentive Value of one share of Occidental Common Stock, \$0.20 par value (the “Common Stock”). LTI Units are not Common Stock and have no voting rights or, except as stated in Section 5, dividend rights. “Long-Term Incentive Value” means the last reported sale price of a share of Common Stock on the New York Stock Exchange Composite Transactions on the Vesting Date, date of death or Change in Control event.

2. **RESTRICTIONS ON TRANSFER.** Neither these Terms and Conditions nor any right to receive cash pursuant to these Terms and Conditions may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if enforceable under local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Committee).

3. **VESTING AND FORFEITURE OF LONG-TERM INCENTIVE AWARD.** (a) If the Grantee fails to accept this award prior to the next record date for the payment of dividends on the Common Stock subsequent to the Date of Grant, then, notwithstanding any other provision of this award, the Grantee shall forfeit all rights under this award and this award will become null and void. For purposes of this section, acceptance of the award shall occur on the date the Grantee accepts this Long-Term Incentive Award through the on-line system designated by the Company.

(b) The Grantee must remain in the continuous employ of the Company through the Vesting Date to receive payment of this award. The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the Grantee’s employment among the Company and its affiliates or an approved leave of absence. However, if, prior to the Vesting Date, the Grantee becomes permanently disabled while in the employ of the Company and terminates employment as a result thereof, retires with the consent of the Company, or terminates employment for the convenience of the Company (each of the foregoing, a

“Forfeiture Event”), then the number of LTI Units will be reduced on a pro rata basis based upon the number of days remaining until the Vesting Date following the date of the Forfeiture Event. If the Grantee terminates employment voluntarily or is terminated for cause before the Vesting Date, then these Terms and Conditions will terminate automatically on the date of the Grantee’s termination and the Grantee shall forfeit the right to receive any LTI Units. If the Grantee dies while in the employ of the Company before the Vesting Date, all of the LTI Units will vest as of the date of death and become immediately payable.

(c) If a Change in Control event occurs prior to the Vesting Date, the LTI Units shall immediately vest and become nonforfeitable unless, prior to the occurrence of the Change in Control event, the Committee, as provided in Section 7.1 of the Plan, determines that such event will not accelerate vesting of the LTI Units. Any such determination by the Committee is binding on the Grantee.

4. **PAYMENT OF AWARDS.** Payment of the Long-Term Incentive Value for each LTI Unit, as adjusted pursuant to Sections 3 and 6 of these Terms and Conditions, will be settled in cash only. Payment will be made to the Grantee as promptly as practicable after the Vesting Date, date of death or the Change in Control event, as the case may be.

5. **CREDITING AND PAYMENT OF DIVIDEND EQUIVALENTS.** With respect to the number of LTI Units indicated above, the Grantee will be credited on the books and records of Occidental with an amount (the “Dividend Equivalent”) equal to the amount per share of any cash dividends declared by the Board on the outstanding Common Stock as and when declared with a record date during the period beginning on the Date of Grant and ending on the Vesting Date, or, if earlier, the date on which the Grantee forfeits the right to receive the LTI Units. Occidental will pay in cash to the Grantee an amount equal to the Dividend Equivalents credited to such Grantee as promptly as may be practicable after the Grantee has been credited with a Dividend Equivalent.

6. **ADJUSTMENTS.** The number of LTI Units covered by this Grant may be adjusted as the Committee determines, pursuant to Section 7.2 of the Plan, in order to prevent dilution or expansion of the Grantee’s rights under these Terms and Conditions as a result of events such as stock dividends, stock splits, or other change in the capital structure of Occidental, or any merger, consolidation, spin-off, liquidation or other corporate transaction or event having a similar effect. If any such adjustment occurs, the Company will give the Grantee written notice of the adjustment containing an explanation of the nature of the adjustment.

7. **NO EMPLOYMENT CONTRACT.** Nothing in these Terms and Conditions confers upon the Grantee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Grantee. Unless otherwise agreed in a writing signed by the Grantee and an authorized representative of the Company, the Grantee’s employment with the Company is at will and may be terminated at any time by the Grantee or the Company.

8. **TAXES AND WITHHOLDING.** Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local tax and non-U.S. tax), social insurance, payroll tax, payment on account or other tax-related items related to the Grantee’s participation in the Plan and legally applicable to the Grantee (“Tax-Related Items”), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee’s responsibility and may exceed the amount actually withheld by the Company. The Grantee further acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Long-Term

Incentive Award, including the grant or vesting of the Long-Term Incentive Award and the receipt of Dividend Equivalents; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Long-Term Incentive Award to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee has become subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Grantee acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event, the Grantee shall pay or make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company to withhold all applicable Tax-Related Items legally payable by the Grantee first from the cash payable pursuant to this Long-Term Incentive Award (including Dividend Equivalents) and, if not sufficient, from the Grantee's wages or other cash compensation. The Grantee shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of the Grantee's receipt of this Long-Term Incentive Award that cannot be satisfied by the means previously described.

9. **COMPLIANCE WITH LAW.** The Company will make reasonable efforts to comply with all federal, state and non-U.S. laws applicable to awards of this type. However, if it is not feasible for the Company to comply with these laws with respect to the grant or settlement of these awards, then the awards may be cancelled without any compensation or additional benefits provided to Grantee as a result of the cancellation.

10. **RELATION TO OTHER BENEFITS.** The benefits received by the Grantee under these Terms and Conditions will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company. Additionally, this Long-Term Incentive Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. The grant of this Long-Term Incentive Award does not create any contractual or other right to receive future grants of Long-Term Incentive Awards or benefits in lieu of Long-Term Incentive Awards, even if Grantee has a history of receiving Long-Term Incentive Awards or other cash or stock awards.

11. **AMENDMENTS.** The Plan may be modified, amended, suspended or terminated by the Board at any time, as provided in the Plan. Any amendment to the Plan will be deemed to be an amendment to these Terms and Conditions to the extent it is applicable to these Terms and Conditions; however, no amendment will adversely affect the rights of the Grantee under these Terms and Conditions without the Grantee's consent.

12. **SEVERABILITY.** If one or more of the provisions of these Terms and Conditions is invalidated for any reason by a court of competent jurisdiction, the invalidated provisions shall be deemed to be separable from the other provisions of these Terms and Conditions, and the remaining provisions of these Terms and Conditions will continue to be valid and fully enforceable.

13. **ENTIRE AGREEMENT; RELATION TO PLAN; INTERPRETATION.** Except as specifically provided in this Section, these Terms and Conditions and the Attachments incorporated in these Terms and Conditions constitute the entire agreement between the Company and the Grantee

with respect to this Long-Term Incentive Award. These Terms and Conditions are subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between these Terms and Conditions and the Plan, the provisions of the Plan control. Capitalized terms used in these Terms and Conditions without definitions have the meanings assigned to them in the Plan. References to Sections and Attachments are to Sections of, and Attachments incorporated in, these Terms and Conditions unless otherwise noted.

14. **SUCCESSORS AND ASSIGNS.** Subject to Sections 2 and 3, the provisions of these Terms and Conditions shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

15. **GOVERNING LAW.** The laws of the State of Delaware govern the interpretation, performance, and enforcement of these Terms and Conditions.

16. **PRIVACY RIGHTS.** By accepting this Long-Term Incentive Award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in these Terms and Conditions by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that the Company holds, or may receive from any agent designated by the Company, certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of this Long-Term Incentive Award or any other entitlement to cash or shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting these Terms and Conditions, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Committee in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

17. **ELECTRONIC DELIVERY AND ACCEPTANCE.** The Company may, in its sole discretion, decide to deliver any documents related to this Long-Term Incentive Award granted under the Plan or future awards that may be granted under the Plan (if any) by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. **GRANTEE'S REPRESENTATIONS AND RELEASES.** By accepting this Long-Term Incentive Award, the Grantee acknowledges that the Grantee has read these Terms and Conditions and understands that (i) the grant of this Long-Term Incentive Award is made voluntarily by Occidental in its discretion with no liability on the part of any of its direct or indirect subsidiaries and that, if the Grantee is not an employee of Occidental, the Grantee is not, and will not be considered, an employee of Occidental but the Grantee is a third party (employee of a

subsidiary) to whom this Long-Term Incentive Award is granted; (ii) all decisions with respect to future awards, if any, will be at the sole discretion of Occidental; (iii) the Grantee's participation in the Plan is voluntary; (iv) this Long-Term Incentive Award is an extraordinary item that does not constitute a regular and recurring item of base compensation; (v) the future amount of any cash payment pursuant to this Long-Term Incentive Award cannot be predicted and Occidental does not assume liability in the event this Long-Term Incentive Award has no value in the future; (vi) subject to the terms of any tax equalization agreement between the Grantee and the entity employing the Grantee, the Grantee will be solely responsible for the payment or nonpayment of taxes imposed or threatened to be imposed by any authority of any jurisdiction; and (vii) Occidental is not providing any tax, legal or financial advice with respect to this Long-Term Incentive Award or the Grantee's participation in the Plan.

In consideration of the grant of this Long-Term Incentive Award, no claim or entitlement to compensation or damages shall arise from termination of this Long-Term Incentive Award or diminution in value of this Long-Term Incentive Award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever) and, to the extent permitted by law, the Grantee irrevocably releases the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Long-Term Incentive Award, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

By accepting this Long-Term Incentive Award, the Grantee agrees, to the extent not contrary to applicable law, to the General Terms of Employment set out on Attachment 1 and the Arbitration Provisions set out on Attachment 2, which, in each case, are incorporated in these Terms and Conditions by reference.

19. IMPOSITION OF OTHER REQUIREMENTS. Occidental reserves the right to impose other requirements on the Grantee's participation in the Plan and on the Long-Term Incentive Award, to the extent Occidental determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. COMPLIANCE WITH SECTION 409A OF THE CODE. Notwithstanding anything to the contrary contained in these Terms and Conditions, to the extent that the Board determines that the Plan or this award is subject to Section 409A of the U.S. Internal Revenue Code (the "Code") and fails to comply with the requirements of Section 409A of the Code, the Board reserves the right (without any obligation to do so) to amend or terminate the Plan and/or amend, restructure, terminate or replace this award in order to cause this award to either not be subject to Section 409A of the Code or to comply with the applicable provisions of such section.

General Terms of Employment

A. Except as otherwise required by law or legal process, the Grantee will not publish or divulge to any person, firm, corporation or institution and will not use to the detriment of Occidental, or any of its subsidiaries or other affiliates, or any of their respective officers, directors, employees or stockholders (collectively, "Occidental Parties"), at any time during or after the Grantee's employment by any of them, any trade secrets or confidential information of any of them (whether generated by them or as a result of any of their business relationships), including such information as described in Occidental's Code of Business Conduct and other corporate policies, without first obtaining the written permission of an officer of the Company.

B. At the time of leaving employment with the Company, the Grantee will deliver to the Company, and not keep or deliver to anyone else, any and all credit cards, drawings, blueprints, specifications, devices, notes, notebooks, memoranda, reports, studies, correspondence and other documents, and, in general, any and all materials relating to the Occidental Parties (whether generated by them or as a result of their business relationships), including any copies (whether in paper or electronic form), that the Grantee has in the Grantee's possession or control.

C. The Grantee will, during the Grantee's employment by the Company, comply with the provisions of Occidental's Code of Business Conduct.

D. Except as otherwise required by the Grantee's job or permitted by law, the Grantee will not make statements about any Occidental Parties (1) to the press, electronic media, to any part of the investment community, to the public, or to any person connected with, employed by or having a relationship with any of them without permission of an officer of the Company or (2) that are derogatory, defamatory or negative. Nothing herein, however, shall prevent Grantee from making a good faith report or complaint to appropriate governmental authorities. To the fullest extent permitted by law, Grantee will not interfere with or disrupt any of the Company's operations or otherwise take actions intended directly to harm any of the Occidental Parties.

E. All inventions, developments, designs, improvements, discoveries and ideas that the Grantee makes or conceives in the course of employment by the Company, whether or not during regular working hours, relating to any design, article of manufacture, machine, apparatus, process, method, composition of matter, product or any improvement or component thereof, that are manufactured, sold, leased, used or under development by, or pertain to the present or possible future business of the Company shall be a work-for-hire and become and remain the property of Occidental, its successors and assigns.

The provisions of this Section do not apply to an invention that qualifies fully under the provisions of Section 2870 of the California Labor Code, which provides in substance that provisions in an employment agreement providing that an employee shall assign or offer to assign rights in an invention to his or her employer do not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, except for those inventions that either (a) relate, at the time of conception or reduction to practice of the invention, (1) to the business of the employer or (2) to the employer's actual or demonstrably anticipated research or development, or (b) result from any work performed by the employee for the employer.

F. The foregoing General Terms of Employment are not intended to be an exclusive list of the employment terms and conditions that apply to the Grantee. The Company, in its sole discretion, may at any time amend or supplement the foregoing terms. The Grantee's breach of the foregoing General Terms of Employment will entitle the Company to take appropriate disciplinary action, including, without limitation, reduction of the Long-Term Incentive Award granted pursuant to these Terms and Conditions and termination of employment.

Attachment 2

Arbitration Provisions

Any dispute arising out of or in any way related to the Grantee's employment with the Company, or the termination of that employment, will be decided exclusively by final and binding arbitration pursuant to any procedures required by applicable law. To the extent not inconsistent with applicable law, any arbitration will be submitted to American Arbitration Association ("AAA") and subject to AAA Employment Arbitration Rules and Mediation Procedures in effect at the time of filing of the demand for arbitration. Only the following claims are excluded from these Terms and Conditions: (1) claims for workers' compensation, unemployment compensation, or state disability benefits, and claims based upon any pension or welfare benefit plan the terms of which contain an arbitration or other non-judicial dispute resolution procedure, (2) to the extent permitted by applicable law, claims for provisional remedies to maintain the status quo pending the outcome of arbitration, (3) claims based on compensation award agreements and incentive plans and (4) claims which are not permitted by applicable law to be subject to a binding pre-dispute arbitration agreement.

Any controversy regarding whether a particular dispute is subject to arbitration under this Section shall be decided by the arbitrator.

To the extent required under applicable law, the Grantee's responsibility for payment of the neutral arbitrator's fees and expenses shall be limited to an amount equal to the filing fee that would be required for a state trial court action and the Company shall pay all remaining fees and expenses of the arbitrator. Unless otherwise required under applicable law, the parties shall each pay their pro rata share of the neutral arbitrator's expenses and fees. Any controversy regarding the payment of fees and expenses under this arbitration provision shall be decided by the arbitrator.

The arbitrator may award any form of remedy or relief (including injunctive relief) that would otherwise be available in court. Any award pursuant to said arbitration shall be accompanied by a written opinion of the arbitrator setting forth the reason for the award. The award rendered by the arbitrator shall be conclusive and binding upon the parties hereto, and judgment upon the award may be entered, and enforcement may be sought in, any court of competent jurisdiction. To the extent not inconsistent with applicable laws, the arbitrator will have the authority to hear and grant motions.

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF TOTAL ENTERPRISE RATIOS OF EARNINGS TO FIXED CHARGES
(Amounts in millions, except ratios)

	Six Months Ended				Year Ended		
	June 30					December 31	
	2009	2008	2008	2007	2006	2005	2004
Income from continuing operations	\$ 1,076	\$ 4,185	\$ 6,955	\$ 5,153	\$ 4,313	\$ 4,912	\$ 2,273
Add:							
Adjusted income from equity investments ^(a)	(70)	(67)	(84)	(28)	(52)	(53)	(5)
Provision for taxes on income (other than foreign oil and gas taxes)	216	1,298	2,213	1,577	1,545	632	891
Interest and debt expense	61	71	133	344	297	305	270
Portion of lease rentals representative of the interest factor	24	15	58	60	52	47	40
	<u>231</u>	<u>1,317</u>	<u>2,320</u>	<u>1,953</u>	<u>1,842</u>	<u>931</u>	<u>1,196</u>
Earnings before fixed charges	<u>\$ 1,307</u>	<u>\$ 5,502</u>	<u>\$ 9,275</u>	<u>\$ 7,106</u>	<u>\$ 6,155</u>	<u>\$ 5,843</u>	<u>\$ 3,469</u>
Fixed charges							
Interest and debt expense including capitalized interest	\$ 109	\$ 95	\$ 201	\$ 403	\$ 352	\$ 331	\$ 285
Portion of lease rentals representative of the interest factor	24	15	58	60	52	47	40
Total fixed charges	<u>\$ 133</u>	<u>\$ 110</u>	<u>\$ 259</u>	<u>\$ 463</u>	<u>\$ 404</u>	<u>\$ 378</u>	<u>\$ 325</u>
Ratio of earnings to fixed charges	<u>9.83</u>	<u>50.02</u>	<u>35.81</u>	<u>15.35</u>	<u>15.24</u>	<u>15.46</u>	<u>10.67</u>

(a) Represents adjustments to arrive at distributed income from equity investees.

RULE 13a – 14(a) / 15d – 14 (a)
CERTIFICATION
PURSUANT TO §302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ray R. Irani, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Occidental Petroleum Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2009

/s/ Ray R. Irani

Ray R. Irani

Chairman of the Board of Directors and

Chief Executive Officer

RULE 13a – 14(a) / 15d – 14 (a)
CERTIFICATION
PURSUANT TO §302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen I. Chazen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Occidental Petroleum Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2009

/s/ Stephen I. Chazen

Stephen I. Chazen
President and Chief Financial Officer

**CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO
§ 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Occidental Petroleum Corporation (the "Company") for the fiscal period ended June 30, 2009, as filed with the Securities and Exchange Commission on August 6, 2009 (the "Report"), Ray R. Irani, as Chief Executive Officer of the Company, and Stephen I. Chazen, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ray R. Irani

Name: Ray R. Irani
Title: Chairman of the Board of Directors and Chief Executive Officer
Date: August 6, 2009

/s/ Stephen I. Chazen

Name: Stephen I. Chazen
Title: President and Chief Financial Officer
Date: August 6, 2009

A signed original of this written statement required by Section 906 has been provided to Occidental Petroleum Corporation and will be retained by Occidental Petroleum Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.