SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) MAY 15, 1998

OCCIDENTAL PETROLEUM CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	1-9210	95-4035997
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

10889 WILSHIRE BOULEVARD LOS ANGELES, CALIFORNIA	90024
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code:
(310) 208-8800

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

Acquisition of Equity Interest in Equistar Chemicals, LP. As previously disclosed, on May 15, 1998, Lyondell Petrochemical Company ("Lyondell"), Millennium Chemicals Inc. ("Millennium"), Occidental Petroleum Corporation ("Occidental") and Equistar Chemicals, LP, a Delaware limited partnership ("Equistar"), consummated a series of transactions to expand Equistar through the addition of certain Occidental petrochemical assets, including interest in five olefins and derivatives plants and a related pipeline corridor (collectively, "Occidental's Petrochemicals Business"). Equistar, which was formed December 1, 1997, initially comprised the olefins and polymers businesses of Lyondell and Millennium.

In exchange for the contribution of Occidental's Petrochemicals Business, two subsidiaries of Occidental were admitted as limited partners and a third subsidiary was admitted as a general partner in Equistar for an aggregate partnership interest of 29.5 percent (the "Equistar Interest"). With the completion of the transaction, Lyondell holds a 41 percent ownership interest in Equistar and Millennium and Occidental each hold a 29.5 percent ownership interest through their respective subsidiaries. In addition, Equistar assumed approximately $205 million of Occidental indebtedness and Equistar issued a promissory note to an Occidental subsidiary for approximately $420 million. The note, together with accrued interest thereon, was repaid with proceeds of a financing consummated by Equistar on June 19, 1998.

In connection with these transactions, Equistar and Occidental also entered into a long-term agreement for Equistar to supply the ethylene requirements for certain U.S. facilities of Occidental Chemical Corporation and its affiliates.

Occidental's pro forma results of operations for the three months ended March 31, 1998 included in Item 7 in this report do not reflect pretax gains of $95 million recognized from the sale of an oil field development in Venezuela and certain Oklahoma oil and gas properties.

ITEM 5. OTHER EVENTS

RECENT DEVELOPMENTS

Although the principal purpose of this report is to complete Occidental's filing obligations with respect to the acquisition of the Equistar Interest, Occidental hereby provides disclosure of certain other recent transactions which may materially impact Occidental's financial statements. Accordingly, set forth below is disclosure regarding significant recent developments which will facilitate the understanding of the presentation in the pro forma financial statements.

Acquisition of Elk Hills Naval Petroleum Reserve. On February 5, 1998, Occidental acquired the U.S. government's approximate 78 percent interest (the "Elk Hills Interest") in the Elk Hills Naval Petroleum Reserve oil and gas fields (the "Elk Hills Field") for approximately $3.5 billion, as the successful bidder in a competitive auction of the assets. Upon completion of the acquisition, Occidental became the operator of the Elk Hills Field. Chevron remains the other unit interest holder.

The acquisition of the Elk Hills Interest was funded using a portion of the proceeds from the divestiture of Occidental's wholly-owned subsidiary, MidCon Corp. ("MidCon"), as described below, together with the proceeds of commercial paper borrowings. The commercial paper will eventually be repaid from the proceeds of sales of other nonstrategic assets or the issuance of other debt securities.

Sale of MidCon

Prior to the purchase of the Elk Hills Interest, Occidental sold all of the common stock of MidCon, through which it engaged in interstate and intrastate natural gas transmission and marketing. The sale of MidCon to KN Energy, Inc. closed effective January 31, 1998, for net proceeds to Occidental of approximately $3.1 billion after certain expenses. As a result of this transaction, Occidental classified MidCon and its subsidiaries as a discontinued operation and recorded in the fourth quarter of 1997 an estimated after-tax charge against earnings of approximately $750 million. The closing of the sale of

MidCon is included in the historical statement of financial position included in the pro forma statement of financial position set forth below in Item 7 of this report.

Asset Sales and Redeployment Program

Occidental has undertaken the asset sales described below as part of a larger $4.7 billion asset redeployment program. These asset sales are part of Occidental's program to sell certain nonstrategic assets in order to: (i) improve average return on assets, (ii) repay debt incurred in connection with the acquisition of the Elk Hills Interest, and (iii) fund Occidental's stock repurchase program described below in this report. As a result of these nonstrategic asset sales and the acquisition of the Elk Hills Interest, it is expected that the oil and gas production of Occidental in the United States will increase significantly. Estimated average 1997 production attributable to the nonstrategic assets sold and described below was approximately 44,000 barrels of oil per day and 221 million cubic feet ("MMcf") of gas per day.

In February 1998, Occidental sold its entire interest in an oil field development project in Venezuela to Union Texas Petroleum for approximately $205 million in cash plus contingent payments of up to $90 million over six years (not to exceed $15 million in any one year) based on future oil prices. In March 1998, Occidental sold certain Oklahoma oil and gas properties to Anadarko Petroleum Corporation for approximately $120 million. Occidental recorded pretax gains on the two dispositions of approximately $95 million in the first quarter of 1998. In April 1998, Occidental sold certain oil and gas properties in Texas for approximately $68 million. Also in April 1998, Occidental sold the stock of its MC Panhandle subsidiary, which owns certain natural gas interests in the West Panhandle field in Texas, to Chesapeake Energy Corporation for approximately $106 million and sold certain onshore properties in Louisiana and Mississippi to Petro-Hunt L.L.C. for approximately $190 million. In May 1998, Occidental sold certain oil properties in Kansas and Colorado to Murfin-Vess Partners for approximately $71 million and certain gas properties in Kansas and Oklahoma to Oneok Resources Company for approximately $126 million. Occidental expects to record pretax gains on these five dispositions and other smaller packages of asset sales, not included in the pro forma information in Item 7 below, of approximately $290 million in the second quarter of 1998. In July 1998, Occidental sold the stock of Occidental Netherlands, Inc. (its Dutch North Sea holdings) to a subsidiary of TransCanada Pipelines Limited for approximately $275 million, in cash and the assumption of debt, plus future contingent payments. Occidental expects to record a pretax gain on the disposition of approximately $145 million in the third quarter of 1998. The pro forma information set forth below in Item 7 reflects the effects of these transactions. Other smaller packages of asset sales that have closed or are pending have not been included in the pro forma information in Item 7 below.

Preferred Stock Conversion

In February 1998, Occidental called for redemption of all 15,106,444 outstanding shares of its $3.875 voting and nonvoting Cumulative Convertible Preferred Stock (the "Preferred Shares") on March 6, 1998, and March 13, 1998, respectively. All the Preferred Shares were converted into approximately 33 million shares of common stock prior to the respective redemption dates. Since dividends on the Preferred Shares were approximately $58 million per annum, the conversion results in annual dividend savings to Occidental of approximately $25 million, assuming annual dividends of $1 per share on Occidental's common stock. The effect of such conversion is reflected in the earnings per share computation included in the pro forma results of operations set forth below in Item 7 of this report.

Common Stock Repurchase Program

In October 1997, Occidental began a program to repurchase up to 40 million shares of its common stock for approximately $1 billion. The repurchases are made in the open market or in privately negotiated transactions at the discretion of Occidental's management, depending upon financial and market conditions or as otherwise provided by the Securities and Exchange Commission and New York Stock Exchange rules and regulations. Since the commencement of the program in October 1997, approximately 30.9 million shares have been repurchased, of which 27 million have been repurchased in 1998, taking into account purchases settled through July 15. The current program is expected to be completed in 1998. The effect of subsequent stock repurchases have not been included in the pro forma information in Item 7 below.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements of business acquired.

1. Lyondell Contributed Business Audited Financial Statements for the eleven months ended November 30, 1997, together with the report of PricewaterhouseCoopers LLP thereon (the "Lyondell Financial Statements") (attached as Exhibit 99.1 hereto).

2. Millennium Contributed Business Audited Financial Statements for the eleven months ended November 30, 1997, together with the report of PricewaterhouseCoopers LLP thereon (the "Millennium Financial Statements") (attached as Exhibit 99.2 hereto).

3. Equistar Chemicals, LP Audited Financial Statements for the one month ended December 31, 1997, together with the report of Coopers & Lybrand L.L.P. and Price Waterhouse LLP thereon (the "Equistar Financial Statements") (attached as Exhibit 99.3 hereto).

4. Equistar Chemicals, LP Unaudited Financial Statements for the three months ended March 31, 1998 (the "Equistar Interim Financial Statements") (attached as Exhibit 99.4 hereto).

(b) Pro forma financial information.

Although the principal purpose of this report is to complete Occidental's filing obligations with respect to the acquisition of the Equistar Interest, in connection with the preparation of the pro forma financial statements reflecting such acquisition, Occidental has also provided disclosure of other recent developments which may materially impact Occidental's financial statements. However, Occidental has not reflected in such pro forma financial information those recent transactions that are not expected to have a material impact on Occidental's financial statements. The following unaudited pro forma financial information has been prepared in accordance with the rules and regulations of the Securities and Exchange Commission and gives effect to: (i) the closing of the sale of Occidental's natural gas transmission and marketing business, MidCon, to KN Energy, Inc. in January 1998; (ii) the purchase of the Elk Hills Interest in February 1998; (iii) the contribution of Occidental's Petrochemicals Business and acquisition of the Equistar Interest in May 1998; (iv) the sale of several nonstrategic assets in 1998 for net cash proceeds of approximately $1.061 billion; and (v) the conversion of the Preferred Shares. All of these transactions have been reflected as if they had occurred for financial position purposes on March 31, 1998, except for those transactions described in Item 5 above that had occurred prior to March 31, 1998 which are already reflected in the historical financial position, and for results of operations purposes on January 1, 1997. Occidental's historical and pro forma results of operations include pretax charges for special items of $478 million for the year ended December 31, 1997. Occidental's historical results of operations include pretax benefits for special items of $105 million for the three months ended March 31, 1998. The historical financial information for Occidental has been derived from Occidental's audited financial statements for the year ended December 31, 1997, incorporated by reference in Occidental's Annual Report on Form 10-K for the year ended December 31, 1997 (the "Form 10-K") and Occidental's unaudited condensed financial statements for the three months ended March 31, 1998, incorporated by reference in Occidental's Quarterly Report on Form 10-Q for the period ended March 31, 1998 (the "Form 10-Q"). The historical financial information for Equistar has been derived from the audited Lyondell and Millennium historical financial statements, and the audited and unaudited Equistar historical financial statements included in this filing. The unaudited pro forma financial information should be read in conjunction with Occidental's historical financial statements incorporated by reference in the Form 10-K and Form 10-Q, and the Lyondell, Millennium and Equistar historical financial statements. The pro forma information is not necessarily indicative of the results that would have been obtained had the transactions actually occurred on the dates specified. In addition, such pro forma information does not purport to project Occidental's results of operations or financial position as of any future date or for any future period.

1. Unaudited Pro Forma Results of Operations of Occidental for the year ended December 31, 1997 and the three months ended March 31, 1998, reflecting the acquisition of the Equistar Interest and certain other recent significant developments described therein.

UNAUDITED PRO FORMA RESULTS OF OPERATIONS*
(IN MILLIONS, EXCEPT PER-SHARE DATA)

	Occidental Historical For the Year Ended 12/31/97	Lyondell Contributed Business Historical For the Eleven Months Ended 11/30/97	Millennium Contributed Business Historical For the Eleven Months Ended 11/30/97	Equistar Historical For the One Month Ended 12/31/97	Pro Forma Adjustments	Occidental Pro Forma For the Year Ended 12/31/97
Revenues	$ 8,101	$ 2,715	$ 1,786	$ 367	$ (6,244)(1)	$ 6,725
Costs and other deductions						
Cost of sales	5,844	2,153	1,341	287	(5,260)(2)	4,365
Selling, general and administrative, environmental remediation, exploration expense, and other operating expenses	1,295	166	136	63	(398)(3)	1,262
Interest and debt expense, net	434	50	66	10	(76)(4)	484
	7,573	2,369	1,543	360	(5,734)	6,111
Income(loss) from continuing operations before taxes	528(5)	346	243	7	(510)	614(5)
Provision for domestic and foreign income and other taxes	311	127	96	--	(195)(6)	339
Income(loss) from continuing operations	217	219	147	7	(315)	275
Preferred dividend requirements	88	--	--	--	(58)(7)	30
Earnings(loss) from continuing operations applicable to common stock	$ 129	$ 219	$ 147	$ 7	$ (257)	$ 245
Basic earnings(loss) per common share from continuing operations	$ .39					$ .67
Average shares outstanding (in thousands)	334,341					367,528(7)
Diluted earnings(loss) per common share from continuing operations	$ .39					$ .67
Average shares outstanding (in thousands)	334,916					368,103(7)

* Does not include the effect of stock repurchases subsequent to December 31, 1997.

(1) Reflects the inclusion of (a) $75 million of interest income on a $1.4 billion note received from KN Energy, Inc. in connection with the sale of MidCon, (b) $475 million of Elk Hills historical revenues, (c) $222 million of Occidental's equity share of Lyondell's, Millennium's and Equistar's historical income with the inclusion of Occidental's contributed Petrochemicals Business; and eliminates the historical revenues of (d) $4.868 billion from Lyondell, Millennium and Equistar, (e) $1.803 billion from Occidental's Petrochemicals Business, and (f) $345 million from certain nonstrategic asset sales.

(2) Reflects the inclusion of (a) $110 million of Elk Hills historical cost of sales, (b) $69 million of additional depreciation, depletion and amortization expense to be recognized based on a purchase price allocation for the purchase of the Elk Hills Interest and $38 million of property tax expense expected to be incurred on the Elk Hills Interest; and eliminates the historical cost of sales of (c) $3.781 billion from Lyondell, Millennium and Equistar, (d) $1.53 billion from Occidental's Petrochemicals Business, and (e) $166 million from certain nonstrategic asset sales.

(3) Reflects the inclusion of (a) $41 million of Elk Hills historical selling, general and administrative and other operating expenses; and eliminates the historical selling, general and administrative and other operating expenses of (b) $365 million from Lyondell, Millennium and Equistar, (c) $43 million from Occidental's Petrochemicals Business, and (d) $31 million from certain nonstrategic asset sales.

(4) Reflects the inclusion of (a) the additional interest expected to be

incurred on long-term debt based on an estimated weighted average interest rate of approximately 7.45 percent on all pro forma indebtedness and (b) the elimination of historical interest of $126 million from Lyondell, Millennium and Equistar.

(5) Includes pretax charges for special items of $478 million.

(6) Reflects (a) an increase in income tax expense as a result of increased pro forma pretax income in comparison to Occidental's historical pretax income for the year ended December 31, 1997 and (b) the elimination of historical provision for domestic and foreign income and other taxes of $223 million for Lyondell and Millennium.

(7) Reflects the effect of the conversion of 15,106,444 outstanding shares of Occidental's Preferred Shares in March 1998 into approximately 33 million shares of common stock. Annual dividends on the Preferred Shares were approximately $58 million.

UNAUDITED PRO FORMA RESULTS OF OPERATIONS*
(IN MILLIONS, EXCEPT PER-SHARE DATA)

	Occidental Historical For the Three Months Ended 3/31/98	Equistar Historical For the Three Months Ended 3/31/98	Pro Forma Adjustments	Occidental Pro Forma For the Three Months Ended 3/31/98
Revenues	$ 1,892	$ 1,027	$ (1,463)(1)	$ 1,456
Costs and other deductions				
Cost of sales	1,265	798	(1,134)(2)	929
Selling, general and administrative, environmental remediation, exploration expense, and other operating expenses	201	76	(83)(3)	194
Interest and debt expense, net	131	32	(42)(4)	121
	1,597	906	(1,259)	1,244
Income(loss) from continuing operations before taxes	295(5)	121	(204)	212(5)
Provision for domestic and foreign income and other taxes	156	--	(44)(6)	112
Income(loss) from continuing operations	139	121	(160)	100
Preferred dividend requirements	4	--	--	4
Earnings(loss) from continuing operations applicable to common stock	$ 135	$ 121	$ (160)	$ 96
Basic earnings(loss) per common share from continuing operations	$ .39			$ .28
Average shares outstanding (in thousands)	344,505			344,505
Diluted earnings(loss) per common share from continuing operations	$ .38			$ .28
Average shares outstanding (in thousands)	359,980			345,159

* Does not include the effect of stock repurchases subsequent to March 31, 1998.

(1) Reflects the inclusion of (a) $6 million of interest income, for the period from January 1, 1998 to January 31, 1998 (the date of the sale of MidCon), on a $1.4 billion note received from KN Energy, Inc. in connection with the sale of MidCon, (b) $33 million of Elk Hills historical revenues, for the period from January 1, 1998 to February 5, 1998 (the date of the acquisition of the Elk Hills Interest), (c) $38 million of Occidental's equity share of Equistar's historical income with the inclusion of Occidental's contributed Petrochemicals Business; and eliminates the historical revenues of (d) $1.027 billion from Equistar, (e) $354 million from Occidental's Petrochemicals Business, (f) $64 million from certain nonstrategic asset sales, and (g) eliminates $95 million in pretax gains recognized from the sale of an oil field development in Venezuela and certain Oklahoma oil and gas properties.

(2) Reflects the inclusion of (a) $11 million of Elk Hills historical cost of sales, for the period from January 1, 1998 to February 5, 1998, (b) $6 million of additional depreciation, depletion and amortization expense, for the period from January 1, 1998 to February 5, 1998, to be recognized based on a purchase price allocation for the purchase of the Elk Hills Interest and $3 million of property tax expense, for the period from January 1, 1998 to February 5, 1998, expected to be incurred on the Elk Hills Interest; and eliminates the historical cost of sales of (c) $798 million from Equistar, (d) $320 million from Occidental's Petrochemicals Business, and (e) $36 million from certain nonstrategic asset sales.

(3) Eliminates the historical selling, general and administrative and other operating expenses of (a) $76 million from Equistar, (b) $4 million from Occidental's Petrochemicals Business, and (c) $3 million from the sale of certain nonstrategic assets.

(4) Reflects (a) the reduction in interest expected to be incurred on long-term debt based on an estimated weighted average interest rate of approximately 7.45 percent on all pro forma indebtedness and (b) the elimination of historical interest of $32 million from Equistar.

(5) Includes pretax benefits for special items of $105 million in Occidental's historical three months ended. Occidental's pro forma three months ended, however, excludes $95 million of these benefits as a result of the elimination of pretax gains recognized from the sale of an oil field development in Venezuela and certain Oklahoma oil and gas properties.

(6) Reflects a reduction in income tax expense as a result of decreased pro forma pretax income in comparison to Occidental's historical pretax income

for the three months ended March 31, 1998.

2. Unaudited Pro Forma Statement of Financial Position of Occidental as at March 31, 1998, reflecting the acquisition of the Equistar Interest and certain other recent significant developments.

UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION*
(IN MILLIONS)

	Occidental Historical 3/31/98	Equistar Historical 3/31/98	Pro Forma Adjustments	Occidental Pro Forma
Assets				
Current assets	$ 3,230	$ 1,158	$ (1,486)(1)	$ 2,902
Long-term receivables, net	135	--	--	135
Equity investments	916	--	1,125 (2)	2,041
Property, plant and equipment, net	11,854	2,105	(4,260)(3)	9,699
Other assets	493	1,289	(1,319)(4)	463
	$ 16,628	$ 4,552	$ (5,940)	$ 15,240
Liabilities and Equity				
Current liabilities	$ 3,161	$ 369	$ (276)(5)	$ 3,254
Long-term debt, net	5,931	1,713	(3,054)(6)	4,590
Deferred and other domestic and foreign income taxes	871	--	(113)(7)	758
Other deferred credits and other liabilities	2,614	42	(333)(8)	2,323
Stockholders' equity	4,051	2,428	(2,164)(9)	4,315
	$ 16,628	$ 4,552	$ (5,940)	$ 15,240

* Does not include the effect of stock repurchases subsequent to March 31, 1998.

(1) Eliminates historical current assets of (a) $1.158 billion of Equistar, (b) $191 million of Occidental's Petrochemicals Business, (c) $52 million of certain nonstrategic asset sales, and (d) also includes other related reclassifications.

(2) Reflects the inclusion of (a) $1.307 billion of Occidental's equity interest in Equistar; and eliminates the historical equity investments of (b) $86 million of Occidental's Petrochemicals Business, and (c) $96 million of certain nonstrategic asset sales.

(3) Eliminates historical net property, plant and equipment of (a) $2.105 billion of Equistar, (b) $1.807 billion of Occidental's Petrochemicals Business, and (c) $348 million of certain nonstrategic asset sales.

(4) Eliminates historical other assets of (a) $1.289 billion of Equistar, (b) $29 million of Occidental's Petrochemicals Business, and (c) $1 million of certain nonstrategic asset sales.

(5) Reflects the inclusion of (a) $252 million for taxes on gains on the sales of certain nonstrategic assets; and eliminates the historical current liabilities of (b) $369 million of Equistar, (c) $131 million of Occidental's Petrochemicals Business, and (d) $28 million of certain nonstrategic asset sales.

(6) Reflects the inclusion of the net effect of (a) net cash proceeds of $736 million from the sale of certain nonstrategic assets, (b) net cash proceeds of $420 million from the contribution of Occidental's Petrochemicals Business; and eliminates the historical long-term debt of (c) $100 million of certain nonstrategic asset sales, (d) $1.713 billion of Equistar, and (e) also includes other related reclassifications.

(7) Reflects (a) the inclusion of $74 million of deferred tax benefits on gains on the sales of certain nonstrategic assets and (b) the elimination of historical deferred and other domestic and foreign income taxes of $39 million on sales of certain nonstrategic assets.

(8) Eliminates historical other deferred credits and other liabilities of (a) $42 million of Equistar, (b) $255 million of Occidental's Petrochemicals Business, and (c) $36 million of certain nonstrategic asset sales.

(9) Reflects (a) the inclusion of a net after-tax gain of $264 million on the sale of certain nonstrategic assets and (b) the elimination of historical equity of $2.428 billion of Equistar.

3. Certain pro forma information with respect to the contribution of Occidental's Petrochemicals Business is also incorporated by reference from the pro forma information included in Occidental's Current Report on Form 8-K, dated February 10, 1998, which was filed with the SEC on April 21, 1998. Although the principal purpose of such report was to complete Occidental's filing obligations with respect to the acquisition of the Elk Hills Interest, in connection with the preparation of the pro forma financial statements reflecting such acquisition, Occidental has also provided disclosure therein of other recent developments which may materially impact Occidental's financial statements.

(c) Exhibits.

10.1 Master Transaction Agreement, dated May 15, 1998 (the "Closing Date"), by and among Equistar Chemicals, LP ("Equistar"), Occidental Petroleum Corporation ("OPC"), Lyondell Petrochemical Company ("Lyondell") and Millennium Chemicals Inc. ("Millennium") (filed as Exhibit 10.1 of the Current Report on Form 8-K of Occidental previously filed and also dated May 15, 1998 (Date of earliest event reported), File No. 1-9210, and incorporated herein by this reference).

10.2 Amended and Restated Limited Partnership Agreement of Equistar, dated the Closing Date, by and among the partners named therein (filed as Exhibit 10.2 of the Current Report on Form 8-K of Occidental previously filed and also dated May 15, 1998 (Date of earliest event reported), File No. 1-9210, and incorporated herein by this reference).

10.3 Agreement and Plan of Merger and Asset Contribution, dated as of the Closing Date, by and among Equistar, Occidental Petrochem Partner 1, Inc., Occidental Petrochem Partner 2, Inc., Oxy Petrochemicals Inc. and PDG Chemical Inc. (filed as Exhibit 10.3 of the Current Report on Form 8-K of Occidental previously filed and also dated May 15, 1998 (Date of earliest event reported), File No. 1-9210, and incorporated herein by this reference).

10.4 Amended and Restated Parent Agreement, dated as of the Closing Date, among Occidental Chemical Corporation, Oxy CH Corporation, OPC, Lyondell, Millennium and Equistar (filed as Exhibit 10.4 of the Current Report on Form 8-K of Occidental previously filed and also dated May 15, 1998 (Date of earliest event reported), File No. 1-9210, and incorporated herein by this reference).

23.1 Consent of PricewaterhouseCoopers LLP, Houston, Texas.

23.2 Consent of PricewaterhouseCoopers LLP, Cincinnati, Ohio.

99.1 Lyondell Financial Statements.

99.2 Millennium Financial Statements.

99.3 Equistar Financial Statements.

99.4 Equistar Interim Financial Statements.

SIGNATURE

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 hereunto duly authorized.

OCCIDENTAL PETROLEUM CORPORATION
(Registrant)

DATE: July 17, 1998

S.P. Dominick, Jr.

S. P. Dominick, Jr.,
Vice President and Controller
(Chief Accounting and Duly
Authorized Officer)

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
23.1	Consent of PricewaterhouseCoopers LLP, Houston, Texas.
23.2	Consent of PricewaterhouseCoopers LLP, Cincinnati, Ohio.
99.1	Lyondell Financial Statements.
99.2	Millennium Financial Statements.
99.3	Equistar Financial Statements.
99.4	Equistar Interim Financial Statements.

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Form S-3 (Nos. 33-40054, 33-60492, 33-59395, 333-11897, 333-52053) and to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-5487, 33-5490, 33-14662, 33-23798, 33-44791, 33-47636, 33-64719, 333-17879) of Occidental Petroleum Corporation of our report dated July 7, 1998 relating to the financial statements of the Lyondell Contributed Business and our report dated February 16, 1998, except as to the information presented in Note 18 which is as of March 20, 1998, relating to the financial statements of Equistar Chemicals, LP, which appear in the Current Report on Form 8-K of Occidental Petroleum Corporation dated May 15, 1998.

PRICEWATERHOUSECOOPERS LLP

Houston, Texas
July 17, 1998

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Form S-3 (Nos. 33-40054, 33-60492, 33-59395, 333-11897, 333-52053) and to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-5487, 33-5490, 33-14662, 33-23798, 33-44791, 33-47636, 33-64719, 333-17879) of Occidental Petroleum Corporation of our report dated July 9, 1998 relating to the Millennium Contributed Business statements of income and cash flows, which appear in the Current Report on Form 8-K of Occidental Petroleum Corporation dated May 15, 1998.

PRICEWATERHOUSECOOPERS LLP

Cincinnati, Ohio
July 17, 1998

EXHIBIT 99.1

LYONDELL CONTRIBUTED BUSINESS

AUDITED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

AS OF NOVEMBER 30, 1997
AND FOR THE ELEVEN MONTHS THEN ENDED

LYONDELL CONTRIBUTED BUSINESS

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders and Board of Directors of
Lyondell Petrochemical Company

In our opinion, the accompanying balance sheet and the related statements of income and invested capital and of cash flows present fairly, in all material respects, the financial position of the contributed petrochemicals and polymers businesses of Lyondell Petrochemical Company ("Lyondell Contributed Business") at November 30, 1997, and the results of its operations and its cash flows for the eleven month period then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Lyondell Contributed Business's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

PRICEWATERHOUSECOOPERS LLP

Houston, Texas
July 7, 1998

LYONDELL CONTRIBUTED BUSINESS

BALANCE SHEET
(IN MILLIONS)

	NOVEMBER 30 1997
ASSETS	
Current assets:	
Cash and cash equivalents	$ 1
Accounts receivable:	
Trade	350
Related parties	31
Inventories	233
Prepaid expenses and other current assets	7
Total current assets	622
Property, plant and equipment	1,974
Less accumulated depreciation and amortization	(1,148)
	826
Deferred charges and other assets	84
Total assets	$1,532
LIABILITIES AND INVESTED CAPITAL	
Current liabilities:	
Accounts payable:	
Trade	$ 153
Related parties	7
Current maturities of long-term debt	32
Other accrued liabilities	78
Total current liabilities	270
Long-term debt	713
Other liabilities and deferred credits	13
Commitments and contingencies (Note 8)	
Total invested capital	536
Total liabilities and invested capital	$1,532

See notes to financial statements.

LYONDELL CONTRIBUTED BUSINESS

STATEMENT OF INCOME AND INVESTED CAPITAL
(IN MILLIONS)

	FOR THE ELEVEN MONTHS ENDED NOVEMBER 30 1997
SALES AND OTHER OPERATING REVENUES:	
Unrelated parties	$2,183
Related parties	532
	2,715
OPERATING COSTS AND EXPENSES:	
Cost of sales:	
Unrelated parties	1,662
Related parties	423
Depreciation and amortization	68
Selling, general and administrative expenses	166
	2,319
Operating income	396
Interest expense, net	50
Income before income taxes	346
Provision for income taxes	127
NET INCOME	219
Invested capital at beginning of period	423
Net transactions with Lyondell	(106)
INVESTED CAPITAL AT END OF PERIOD	$ 536

See notes to financial statements.

LYONDELL CONTRIBUTED BUSINESS

STATEMENT OF CASH FLOWS
(IN MILLIONS)

	FOR THE ELEVEN MONTHS ENDED NOVEMBER 30 1997
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 219
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	68
Increase in accounts receivable	(26)
Increase in inventories	(37)
Decrease in accounts payable	(70)
Net change in other working capital accounts	19
Other	(17)
Net cash provided by operating activities	156
CASH FLOWS FROM INVESTING ACTIVITIES:	
Additions to property, plant and equipment	(49)
Net cash used in investing activities	(49)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net transactions with parent	(106)
Net cash used in financing activities	(106)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	--
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1

See notes to financial statements.

LYONDELL CONTRIBUTED BUSINESS

NOTES TO FINANCIAL STATEMENTS
(IN MILLIONS)

NOTE 1. BASIS OF PRESENTATION AND DESCRIPTION OF THE CONTRIBUTED BUSINESS

As of December 1, 1997, Lyondell Petrochemical Company ("Lyondell" or the "Company") and Millennium Chemicals Inc. ("Millennium") formed a new joint venture company named Equistar Chemicals, LP (the "Partnership") which is being operated as a partnership. The Partnership owns and operates the existing olefins and polymers businesses contributed by the two companies. The assets of the Partnership consist of 13 manufacturing facilities on the US Gulf Coast and in the US Midwest, producing ethylene, propylene, polyethylene (high-density, low-density and linear low-density), polypropylene, ethyl alcohol, butadiene, aromatics, methyl butyl tertiary ether ("MTBE") and other products for sale to customers throughout the US. The Partnership has $1,745 of debt including $745 face value of debt assumed from Lyondell and $750 under a new credit facility, the proceeds of which will be used to repay debt assumed from Millennium upon completion of the transaction, and a note receivable from Lyondell of $345.

On March 20, 1998, Lyondell and Millennium announced an agreement to expand the Partnership with the addition of the ethylene, propylene, and ethylene oxide and derivative businesses of Occidental Chemical Corporation ("OxyChem"), a subsidiary of Occidental Petroleum. Following the closing of the agreement on May 15, 1998, Lyondell's percentage ownership in the Partnership decreased to 41% from 57%, with Millennium and OxyChem each owning a 29.5% share.

Lyondell contributed to the Partnership substantially all of the net assets and operations comprising its petrochemicals and polymers segments. Lyondell retained ownership of its 58.75% interest in LYONDELL-CITGO Refining Company Ltd. ("LYONDELL-CITGO Refining") and its 75% interest in Lyondell Methanol Company, L.P. ("Lyondell Methanol").

The accompanying financial statements include the results of operations, assets and liabilities of the petrochemicals and polymers businesses currently owned by Lyondell that will be contributed to the Partnership ("Contributed Business"). These financial statements are presented on a going concern basis and include only the historical net assets and results of operations that are directly related to the Contributed Business. Consequently, the financial position, results of operations and cash flows may not be indicative of what would have been reported if the Contributed Business had been a separate, stand-alone entity or had been operated as a part of the Partnership.

Lyondell provided certain corporate, general and administrative services to the Contributed Business, including legal, tax, treasury, risk management and other services. The Contributed Business provided certain general and administrative services to Lyondell, including computer, office lease and employee benefits services. Charges for the services are believed to be reasonable and substantially offset each other for the periods presented. In addition, Lyondell has controlled, on a centralized basis, all cash receipts and disbursements received or made by the Contributed Business. The net results of such transactions are included in the balance sheet as invested capital.

LYONDELL CONTRIBUTED BUSINESS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(IN MILLIONS)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition Revenue from product sales is generally recognized upon delivery of product to the customer.

Use of Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents Cash equivalents consist of highly liquid debt instruments such as certificates of deposit, commercial paper and money market accounts purchased with an original maturity date of three months or less.

Accounts Receivable The Contributed Business sells its products primarily to companies in the petrochemicals and polymers industries. The Contributed Business performs ongoing credit evaluations of its customers' financial condition and in certain circumstances requires letters of credit from them. The Contributed Business's allowance for doubtful accounts, which is reflected in the balance sheet as a reduction of accounts receivable, totaled $3 at November 30, 1997.

Inventories Inventories are stated at the lower of cost or market value. Cost is determined on the last-in, first-out ("LIFO") basis, except for materials and supplies, which are valued at average cost. Inventories valued on a LIFO basis were approximately $44 less than the amount of such inventories valued at current cost at November 30, 1997.

Inventories consist of the following:

	NOVEMBER 30 1997
Petrochemicals	$ 136
Polymers	74
Materials and supplies	23
	$ 233

Property, Plant and Equipment Property, plant and equipment are recorded at cost. Depreciation of property, plant and equipment is computed using the straight-line method over the estimated useful lives of the assets, generally 5 to 30 years for manufacturing facilities and equipment. Interest cost incurred on debt during the construction of major projects that exceed one year is capitalized. No interest was capitalized during the periods presented. Property, plant and equipment consist of the following:

	NOVEMBER 30 1997
Manufacturing facilities and equipment	$ 1,868
Construction projects in progress	79
Land	27
	$ 1,974

Turnaround Maintenance and Repair Expenses The costs of repairs and maintenance incurred in connection with turnarounds of major units at the Contributed Business's manufacturing facilities exceeding $5 are deferred as incurred and amortized on a straight-line basis until the next planned turnaround, which is generally four to six years.

LYONDELL CONTRIBUTED BUSINESS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(IN MILLIONS)

Other Accrued Liabilities Other accrued liabilities consist of the following:

	NOVEMBER 30 1997
Payroll	$ 24
Interest	19
Taxes other than income	24
Other	11
	$ 78

Accounts payable and certain accrued expenses were not contributed to the Partnership at its formation.

Environmental Remediation Costs Expenditures related to investigation and remediation of contaminated sites, which include operating facilities and waste disposal sites, are accrued when it is probable a liability has been incurred and the amount of the liability can reasonably be estimated. Accrued liabilities are exclusive of claims against third parties (except where payment has been received or the amount of liability or contribution by such other parties, including insurance companies, has been agreed) and are not discounted. In general, costs related to environmental remediation are charged to expense. Environmental costs are capitalized if the costs increase the value of the property and/or mitigate or prevent contamination from future operations.

Exchanges Finished product exchange transactions, which are of a homogeneous nature of commodities in the same line of business and do not involve the payment or receipt of cash, are not accounted for as purchases and sales. Any resulting volumetric exchange balances are accounted for as inventory in accordance with the normal LIFO valuation policy. Exchanges settled through payment and receipt of cash are accounted for as purchases and sales.

Income Taxes Earnings of the Contributed Business have been included in the consolidated federal income tax return filed by Lyondell. Pursuant to an informal tax allocation agreement, income taxes have been allocated to the Contributed Business based on applicable statutory tax rates applied to the taxable earnings generated by such business. The effective income tax rate was 36.6% for the eleven months ended November 30. State income taxes were the primary difference between the effective tax rates and the 35% federal statutory rate. Liabilities for current and deferred income taxes have been and remain the responsibility of Lyondell, and accordingly, have been included in the balance sheet as invested capital.

As part of the transactions to consummate the Partnership, Lyondell entered into tax sharing and indemnification agreements with the Partnership in which Lyondell generally agreed to indemnify the Partnership for income tax liabilities attributable to periods when the operations of the Contributed Business were included in the consolidated tax return of Lyondell.

Research and Development The cost of research and development efforts is expensed as incurred. Such costs aggregated $12 for the eleven months ended November 30, 1997.

NOTE 3. FINANCIAL INSTRUMENTS

The fair value of all financial instruments included in current assets and current liabilities, including cash and cash equivalents, accounts receivable, accounts payable and notes payable, approximated their carrying value due to their short maturity. Based on the borrowing rates currently available to the Contributed Business for debt with terms and average maturities similar to the Contributed Business's debt portfolio, the fair value of the Contributed Business's long-term debt, including amounts due within one year, was $701 at November 30, 1997.

The Contributed Business is party to various unconditional purchase obligation contracts as a purchaser for product and services. At November 30, 1997, future minimum payments under these contracts with noncancelable contract terms in excess of one year were as follows.

LYONDELL CONTRIBUTED BUSINESS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(IN MILLIONS)

	AMOUNT
1998	$ 14
1999	14
2000	13
2001	11
2002	10
Thereafter	54
Total minimum contract payments	$116

The Contributed Business's total purchases under these agreements were $15 for the eleven months ended November 30, 1997.

NOTE 4. RELATED PARTY TRANSACTIONS

Related party transactions with Atlantic Richfield Company ("ARCO") for the nine months ended September 30, 1997, excluding sales to ARCO Chemical Company, and LYONDELL-CITGO Refining for the eleven months ended November 30, 1997 are as follows:

	FOR THE ELEVEN MONTHS ENDED NOVEMBER 30 1997
Sales:	
Products	$ 319
Other	7
Business interruption recovery	--
	$ 326
Costs:	
Product purchases	$ 409
Transportation fees	19
Other, net	(5)
Business interruption recovery	--
	$ 423

The Company purchased 383,312 shares of common stock held by ARCO after the conversion of the Exchangeable Notes on September 15, 1997 at a price of $25.66 per share, eliminating ARCO's ownership interest in the Contributed Business. Therefore, as of September 30, 1997, ARCO is no longer considered a related party of the Contributed Business.

Sales to ARCO Chemical Company, an ARCO affiliate, consisting primarily of product sales, were $206 for the nine months ended September 30, 1997.

LYONDELL CONTRIBUTED BUSINESS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(IN MILLIONS)

NOTE 5. LONG-TERM DEBT

Long-term debt consists of the following:

	NOVEMBER 30 1997
10.00% Notes due in 1999	$ 150
9.125% Notes due in 2002	100
6.5% Notes due in 2006	150
7.55% Debentures due in 2026	150
Medium-term notes	195
	745
Less current portion	32
	$ 713

Aggregate maturities of long-term debt during the five years subsequent to November 30, 1997 are as follows: 1998 -- $32; 1999 -- $150, 2000 -- $42; 2001 -- $90; 2002 -- $101. After contribution to the Partnership, Lyondell will continue to be liable on the above debt until its maturity.

The Notes due in 1999 and the medium-term notes contain provisions that would allow the holders to require the Company to repurchase the debt upon the occurrence of certain events together with specified declines in public ratings on the Notes due in 1999. Certain events include acquisitions by persons other than ARCO or the Company of more than 20% of the Company's common stock, any merger or transfer of substantially all of the Company's assets, in connection with which the Company's common stock is changed into or exchanged for cash, securities or other property and payment of certain "special" dividends.

The medium-term notes mature at various dates from 1998 to 2005 and have a weighted average interest rate at November 30, 1997 of 9.8%.

Interest paid was $59 for the eleven months ended November 30, 1997.

NOTE 6. PENSION AND OTHER POSTRETIREMENT BENEFITS

Defined Benefit Pension Plans -- All full-time regular employees of the Contributed Business are covered by defined benefit pension plans sponsored by Lyondell. Retirement benefits are based on years of service and the employee's highest three consecutive years of compensation during the last ten years of service. The funding policy for these plans is to make periodic contributions as required by applicable law. The Contributed Business accrues pension costs based on an actuarial valuation and funds the plans through contributions to the Company, reflected in invested capital, which then contributes to pension trust funds separate from Lyondell funds. The Contributed Business also has unfunded supplemental nonqualified retirement plans which provide pension benefits for certain employees in excess of the tax qualified plans' limits. The Contributed Business recorded expense related to participation in these plans of $7 for the eleven months ended November 30, 1997.

Defined Contribution Plans -- Effective July 1, 1995, Lyondell also maintains voluntary defined contribution savings plans for eligible employees, including those employed by the Contributed Business. Under provisions of the plans, Lyondell contributes an amount equal to 160% of employee contributions up to a maximum matching contribution of eight percent of the employee's base salary. Prior to July 1, 1995, Lyondell had similar voluntary defined contribution plans. The Contributed Business recorded expense related to participation in these voluntary defined contribution savings plans totaled $6 for the eleven months ended November 30, 1997.

LYONDELL CONTRIBUTED BUSINESS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(IN MILLIONS)

Other Postretirement Benefit Plans -- Lyondell sponsors unfunded postretirement benefit plans other than pensions ("OPEB") for both salaried and non-salaried employees, including those employed by the Contributed Business, which provide medical and life insurance benefits. The postretirement health care plans are contributory while the life insurance plans are non-contributory. Currently, Lyondell pays approximately 80% of the cost of the health care plans but reserves the right to modify the cost-sharing provisions at any time. The Contributed Business recorded expense related to participation in these plans of approximately $4 for the eleven months ended November 30, 1997. The actuarially determined liability associated with the currently active employees of the Contributed Business based on current plan provisions at November 30, 1997 was $25.

NOTE 7. LEASES

At November 30, 1997, future minimum rental payments for operating leases with noncancelable lease terms in excess of one year were as follows:

	AMOUNT
1998	$ 85
1999	69
2000	54
2001	39
2002	29
Thereafter	351
Total minimum contract payments	$ 627

Operating lease net rental expenses were $42, $44, and $39 for the eleven months ended November 30, 1997 and the years ended December 31, 1996, and 1995, respectively.

NOTE 8. COMMITMENTS AND CONTINGENCIES

The Contributed Business has various purchase commitments for materials, supplies and services incident to the ordinary conduct of business. In the aggregate, such commitments are not at prices in excess of current market.

In connection with the transfer of assets and liabilities from ARCO to the Company, the Company and ARCO entered into an agreement ("Cross-Indemnity Agreement") whereby the Company agreed to defend and indemnify ARCO against certain uninsured claims and liabilities which ARCO may incur relating to the operation of the Company's integrated petrochemicals and petroleum processing business prior to July 1, 1988, including certain liabilities which may arise out of pending and future lawsuits. ARCO indemnified the Company under the Cross-Indemnity Agreement with respect to other claims or liabilities and other matters of litigation not related to the assets or business included in the Company's consolidated financial statements. The Company has reached an agreement-in-principle with ARCO to update the Cross-Indemnity Agreement ("Revised Cross-Indemnity Agreement"). The Cross-Indemnity Agreement and the Revised Cross-Indemnity Agreement cover operations of the Company included in the Contributed Business. Subject to the uncertainty inherent in all litigation, management believes the resolution of the matters pursuant to the Revised Cross-Indemnity Agreement will not have a material adverse effect upon the financial statements or liquidity of the Contributed Business.

In addition to lawsuits for which the Company has indemnified ARCO, the Company is also subject to various lawsuits and proceedings which may involve the operations of the Contributed Business. Subject to the uncertainty inherent in all litigation, management believes the resolution of these proceedings will not have a material adverse effect upon the consolidated financial statements or liquidity of the Contributed Business.

As part of the transactions to consummate the Partnership, Lyondell agreed to indemnify the Partnership for any present or future liabilities arising within a seven-year period after the consummation of the Partnership which are attributable to the Contributed Business operations prior to the Partnership's formation in excess of $7.

LYONDELL CONTRIBUTED BUSINESS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(IN MILLIONS)

The Contributed Business's policy is to be in compliance with all applicable environmental laws. The Contributed Business is subject to extensive environmental laws and regulations concerning emissions to the air, discharges to surface and subsurface waters and the generation, handling, storage, transportation, treatment and disposal of waste materials. Some of these laws and regulations are subject to varying and conflicting interpretations. In addition, the Contributed Business cannot accurately predict future developments, such as increasingly strict requirements of environmental laws, inspection and enforcement policies and compliance costs therefrom which might affect the handling, manufacture, use, emission or disposal of products, other materials or hazardous and non-hazardous waste.

As of November 30, 1997, the Contributed Business has accrued $2 related to future regulatory agency assessment and remediation costs, of which $1 is included in current liabilities at November 30, 1997 while the remaining amounts are expected to be incurred over the next two to seven years. In the opinion of management, there is currently no material range of loss in excess of the amount recorded. However, it is possible that new information about the sites for which the reserve has been established, new technology or future developments such as involvement in other regulatory agency or other comparable state law investigations could require the Contributed Business to reassess its potential exposure related to environmental matters.

In the opinion of management, any liability arising from the matters discussed in this Note will not have a material adverse effect on the consolidated financial statements or liquidity of the Contributed Business. However, the adverse resolution in any reporting period of one or more of these matters discussed in this Note could have a material impact on the Contributed Business's results of operations for that period without giving effect to contribution or indemnification obligations of co-defendants or others, or to the effect of any insurance coverage that may be available to offset the effects of any such award.

EXHIBIT 99.2

PRICEWATERHOUSECOOPERS [LOGO]

MILLENNIUM
CONTRIBUTED BUSINESS
STATEMENTS OF INCOME AND CASH FLOWS
FOR THE ELEVEN MONTHS ENDED
NOVEMBER 30, 1997

PRICEWATERHOUSECOOPERS [LOGO]

Report of Independent Accountants

July 9, 1998

In our opinion, the accompanying statements of income and cash flows present fairly, in all material respects, the financial results of the Millennium Contributed Business for the eleven months ended November 30, 1997, in conformity with generally accepted accounting principles. The statements of income and cash flows are the responsibility of the Company's management; our responsibility is to express an opinion on these statements of income and cash flows based on our audit. We conducted our audit in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the statements of income and cash flows are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements of income and cash flows, assessing the accounting principles used and significant estimates made by management, and evaluating the overall presentation. We believe that our audit of the statements of income and cash flows provides a reasonable basis for the opinion expressed above.

PRICEWATERHOUSECOOPERS LLP

MILLENNIUM CONTRIBUTED BUSINESS
STATEMENT OF INCOME
FOR THE ELEVEN MONTH PERIOD ENDED NOVEMBER 30, 1997
(AMOUNTS IN THOUSANDS)

	NOVEMBER 30, 1997
Net sales	$ 1,785,620
Operating costs and expenses:	
Cost of sales	1,341,115
Selling, general and administrative expenses	135,917
Operating income	308,588
Other income (expense):	
Interest income	219
Interest expense	(65,732)
Income before taxes	243,075
Provision for income taxes	96,422
Net income	$ 146,653

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

MILLENNIUM CONTRIBUTED BUSINESS
STATEMENT OF CASH FLOWS
FOR THE ELEVEN MONTHS ENDED NOVEMBER 30, 1997
(AMOUNTS IN THOUSANDS)

	NOVEMBER 30, 1997
Cash flow from operating activities:	
Net income	$ 146,653
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation of property, plant and equipment	70,990
Amortization of Goodwill	54,431
Changes in assets and liabilities:	
Accounts receivable	230,560
Inventories	13,171
Accounts payable	(53,000)
Accrued expenses	(32,927)
Other	2,826
Net cash provided by operating activities	432,704
Cash flows from investing activities:	
Capital expenditures	(41,245)
Net cash used in investing activities	(41,245)
Cash flows from financing activities:	
Net transactions with parent	(386,459)
Repayment of long-term debt	(5,000)
Net cash provided by (used in) financing activities	(391,459)
Net (decrease) increase in cash and cash equivalents	--
Cash and cash equivalents at beginning of period	--
Cash and cash equivalents at end of period	$ --

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

MILLENNIUM CONTRIBUTED BUSINESS

NOTES TO FINANCIAL STATEMENTS
(AMOUNTS IN THOUSANDS)

NOTE 1 -- DESCRIPTION OF THE CONTRIBUTED BUSINESS AND OPERATIONS

Pursuant to a partnership agreement (the "Partnership Agreement"), Millennium Chemicals Inc. ("Millennium") and Lyondell Petrochemical Company (Lyondell") formed Equistar Chemicals, LP ("Equistar" or the "Partnership"), a Delaware limited partnership, which commenced operations on December 1, 1997. Equistar is 57% owned by Lyondell and 43% owned by Millennium. The Lyondell interest is owned through two wholly-owned subsidiaries, Lyondell Petrochemical G.P. Inc. ("Lyondell GP") and Lyondell Petrochemical L.P. Inc. ("Lyondell LP"). Millennium also owns its interest in the Partnership through two wholly-owned subsidiaries, Millennium Petrochemicals GP LLC ("Millennium GP") and Millennium Petrochemicals LP LLC ("Millennium LP").

The Partnership owns and operates the petrochemical and polymer businesses contributed by Millennium and Lyondell (the "Contributed Business"). The assets of the Partnership consist of 15 manufacturing facilities on the U.S. Gulf Coast and in the U.S. Midwest. The petrochemical segment produces products including ethylene, propylene, ethyl alcohol, butadiene, aromatics and methyl tertiary butyl ether ("MTBE"). These products are used primarily in the production of other chemicals and products, including polymers, for sales to customers throughout the U.S. The petrochemicals segment also includes sales of methanol produced by Lyondell Methanol LP ("Lyondell Methanol"), which is owned 75% by Lyondell and is operated by the Partnership. The polymers segment produces products that include polyethylene (high-density, low-density and linear low-density), and polypropylene, which are used in the production of a wide variety of consumer and industrial products.

On March 20, 1998 Equistar announced Occidental Petroleum Corporation would be joining the Partnership. The ownership percentages of Equistar will now be Lyondell (41%), Millennium (29.5%) and Occidental (29.5%).

Millennium contributed to the Partnership substantially all of the net assets and operations comprising its petrochemicals and polymers segments. Millennium retained $250,000 of the accounts receivable of the Contributed Business.

The accompanying financial statements include the results of operations and cash flows, for the eleven months ended November 30, 1997, of the petrochemicals and polymers businesses currently owned by Millennium that were contributed to the Partnership ("Contributed Business"). Consequently, the results of operations and the cash flows may not accurately reflect what may have been reported had the Contributed Business been a separate, stand-alone entity or operated as a part of the Partnership.

MILLENNIUM CONTRIBUTED BUSINESS

NOTES TO FINANCIAL STATEMENTS
(AMOUNTS IN THOUSANDS)

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition. Revenue from product sales is generally recognized upon shipment of product to the customer.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Environmental Remediation Cost. Environmental remediation costs are expensed or capitalized in accordance with generally accepted accounting principles. In October 1996, the American Institute of Certified Public Accountants issued Statement of Position ("SOP 96-1"), "Environmental Remediation Liabilities," which establishes new accounting and reporting standards for the recognition and disclosure of environmental remediation liabilities. The adoption of SOP 96-1 in 1997 did not have a material impact on the results of operations.

Goodwill. Goodwill is being amortized using the straight-line method over forty years. Management periodically reviews goodwill for impairment based on the anticipated future cash flows attributable to the related operations. Expected cash flows, on an undiscounted basis, are compared to the carrying value of the tangible and intangible assets, and if impairment is indicated, the carrying value of goodwill, and if necessary other related assets, is adjusted. Management believes that no impairment exists at November 30, 1997.

Research and Development. The cost of research and development efforts is expensed as incurred. Such costs aggregated $15,709 for the eleven month period ended November 30, 1997.

Exchanges. Finished product exchange transactions, which are of a homogenous nature of commodities in the same line of business and do not require payment or receipt of cash, are not accounted for as purchases or sales. Any resulting volumetric exchange balances are accounted for as inventory in accordance with the normal LIFO valuation policy. Exchanges settled through payment and receipt of cash are accounted for as purchases and sales.

Income Taxes. Earnings of the Contributed Business have been included in the consolidated federal income tax return filed by its ultimate U.S. parent, Millennium America Holdings Inc. Pursuant to an informal tax allocation agreement, income taxes have been allocated to the Contributed Business based on applicable statutory rates applied to the taxable earnings generated by such business. State income tax was the primary difference between the effective tax rates and the federal statutory rate.

MILLENNIUM CONTRIBUTED BUSINESS

NOTES TO FINANCIAL STATEMENTS
(AMOUNTS IN THOUSANDS)

As part of the transactions to consummate the Partnership, Millennium entered into tax sharing and indemnification agreements with the Partnership in which Millennium generally agreed to indemnify the Partnership for income tax liabilities attributable to periods when the operations of the Contributed Business were included in the consolidated tax return of Millennium. The Partnership is not subject to federal income taxes as income is reportable directly by the individual partners; therefore, going forward there will be no provision for income taxes in the partnership's financial statements.

NOTE 3 -- RELATED PARTY TRANSACTIONS

Millennium provided certain corporate, general and administrative services to the Contributed Business, including legal, financial, tax, risk management and employee benefits services. Charges for these services are included in selling and administration expenses. The Contributed Business also sells ethylene to an affiliated business unit of Millennium for the manufacture of vinyl acetate monomer. These sales are reflected at market price and have been included in the accompanying income statement. All significant intercompany accounts and transactions within the Contributed Business have been eliminated. Millennium provides the Partnership with certain operational services, including waste water treatment and barge dock access. The Partnership provides certain general and administrative services to Millennium, including materials management, certain utilities, office space, health, safety and environmental services and computer services. The Partnership has also controlled certain cash receipts and disbursements received or made by the Contributed Business.

NOTE 4 -- COMMITMENTS AND CONTINGENCIES

The Contributed Business is subject, among other things, to several proceedings under the Federal Comprehensive Environmental Response Compensation and Liability Act and other federal and state statutes. These proceedings are in various stages ranging from initial investigation to active settlement negotiations to implementation of clean-up remediation of sites. Additionally, Millennium and/or its subsidiaries are defendants or plaintiffs in lawsuits that have arisen in the normal course of business including those relating to commercial transactions and product liability with respect to the Contributed Business.

MILLENNIUM CONTRIBUTED BUSINESS

NOTES TO FINANCIAL STATEMENTS
(AMOUNTS IN THOUSANDS)

As part of the transactions to consummate the Partnership, Millennium agreed to indemnify the Partnership for any present or future liabilities arising within a seven year period after the consummation of the Partnership which are attributable to the Contributed Business' operations prior to the Partnership's formation in excess of $7,000.

The Contributed Business has various contractual obligations to purchase raw materials used in its production of polyethylene. Commitments to purchase ethylene used in the production of polyethylene are based on market prices and expire from 1997 to 2001.

EXHIBIT 99.3

Equistar Chemicals, LP

Financial Statements

As of and for the one month ended December 31, 1997

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Partnership Governance Committee
of Equistar Chemicals, LP:

We have audited the accompanying balance sheet of Equistar Chemicals, LP (the "Partnership") as of December 31, 1997, and the related statements of income, partners' capital, and cash flows for the period from December 1, 1997 (inception) to December 31, 1997. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Equistar Chemicals, LP as of December 31, 1997, and the results of its operations and its cash flows for the period from December 1, 1997 (inception) to December 31, 1997 in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

Houston, Texas
February 16, 1998
(Except as to the information
presented in Note 18, for which
the date is March 20, 1998)

PRICE WATERHOUSE LLP

Morristown, New Jersey
February 16, 1998
(Except as to the information
presented in Note 18, for which
the date is March 20, 1998)

EQUISTAR CHEMICALS, LP

STATEMENT OF INCOME

FOR THE PERIOD FROM DECEMBER 1, 1997 (INCEPTION) TO DECEMBER 31, 1997

MILLIONS OF DOLLARS	
SALES AND OTHER OPERATING REVENUES:	
Unrelated parties	$338
Related parties	27
	365
OPERATING COSTS AND EXPENSES:	
Cost of sales:	
Unrelated parties	261
Related parties	26
Selling, general and administrative expenses	21
Unusual charges	42
	350
Operating income	15
Interest expense	(10)
Interest income	2
NET INCOME	$ 7

See notes to financial statements.

EQUISTAR CHEMICALS, LP

BALANCE SHEET

DECEMBER 31, 1997

MILLIONS OF DOLLARS	
ASSETS	
Current assets:	
Cash and cash equivalents	$ 41
Accounts receivable:	
Trade	445
Related parties	36
Receivable from partners	150
Inventories	513
Prepaid expenses and other current assets	24
Total current assets	1,209
Property, plant and equipment	3,678
Less accumulated depreciation and amortization	(1,560)
	2,118
Goodwill, net	1,139
Deferred charges and other assets	151
Total assets	$ 4,617
LIABILITIES AND PARTNERS' CAPITAL	
Current liabilities:	
Accounts payable:	
Trade	$ 171
Related parties	18
Payable to partners	63
Other accrued liabilities	65
Current maturities of long-term debt	36
Total current liabilities	353
Long-term debt	1,512
Other liabilities and deferred credits	34
Commitments and contingencies	
Partners' capital:	
Partners' capital	3,063
Note receivable from Lyondell LP	(345)
Total partners' capital	2,718
Total liabilities and partners' capital	$ 4,617

See notes to financial statements.

EQUISTAR CHEMICALS, LP

STATEMENT OF PARTNERS' CAPITAL

FOR THE PERIOD FROM DECEMBER 1, 1997 (INCEPTION) TO DECEMBER 31, 1997

MILLIONS OF DOLLARS	LYONDELL	MILLENNIUM	TOTAL
Balance at December 1, 1997 (inception)	$ --	$ --	$ --
Capital contributions at inception:			
Net assets, at historical cost	763	2,048	2,811
Note receivable from Lyondell LP	345	- -	345
Net income	4	3	7
Distributions to partners	(57)	(43)	(100)
Balance at December 31, 1997	$1,055	$2,008	$3,063

See notes to financial statements.

EQUISTAR CHEMICALS, LP

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM DECEMBER 1, 1997 (INCEPTION) TO DECEMBER 31, 1997

MILLIONS OF DOLLARS	
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 7
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	19
Increase in accounts receivable	(100)
Increase in receivable from partners	(101)
Increase in inventories	(5)
Increase in accounts payable	188
Increase in payable to partners	54
Increase in other accrued liabilities	48
Net change in other working capital accounts	(15)
Other	7
Net cash provided by operating activities	102
CASH FLOWS FROM INVESTING ACTIVITIES:	
Additions to property, plant and equipment	(12)
Net cash used in investing activities	(12)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings of long-term debt	50
Cash contributions from partners	1
Distributions to partners	(100)
Net cash used in financing activities	(49)
INCREASE IN CASH AND CASH EQUIVALENTS	41
Cash and cash equivalents at beginning of period	--
Cash and cash equivalents at end of period	$ 41

See notes to financial statements.

EQUISTAR CHEMICALS, LP

NOTES TO FINANCIAL STATEMENTS

1. FORMATION OF THE COMPANY AND OPERATIONS

Pursuant to a partnership agreement (the "Partnership Agreement") Lyondell Petrochemical Company ("Lyondell") and Millennium Chemicals, Inc. ("Millennium") formed Equistar Chemicals, LP ("Equistar" or the "Partnership"), a Delaware limited partnership, which commenced operations on December 1, 1997 (See note 11 for related discussion). The Partnership is owned 57 percent by Lyondell and 43 percent by Millennium. Lyondell owns its interest in the Partnership through two wholly-owned subsidiaries, Lyondell Petrochemical G.P. Inc. ("Lyondell GP") and Lyondell Petrochemical L.P. Inc. ("Lyondell LP"). Millennium also owns its interest in the Partnership through two wholly-owned subsidiaries, Millennium Petrochemicals GP LLC ("Millennium GP") and Millennium Petrochemicals LP LLC ("Millennium LP").

The Partnership owns and operates the petrochemicals and polymers businesses contributed by Lyondell and Millennium (the "Contributed Businesses") which consist of 15 manufacturing facilities on the US Gulf Coast and in the US Midwest. The petrochemicals segment produces products including ethylene, propylene, ethyl alcohol, butadiene, aromatics and methyl tertiary butyl ether ("MTBE"). These products are used primarily in the production of other chemicals and products, including polymers. The petrochemicals segment also includes sales of methanol produced by Lyondell Methanol LP ("Lyondell Methanol"), which is owned 75 percent by Lyondell. The Partnership operates the Lyondell Methanol facility. The polymers segment produces products that include polyethylene (high-density, low-density and linear low-density) and polypropylene, which are used in the production of a wide variety of consumer and industrial products.

The Partnership Agreement provides that Equistar is governed by a Partnership Governance Committee consisting of six representatives, three appointed by each partner. Most of the significant decisions of the Partnership Governance Committee require unanimous consent, including approval of the Partnership's Strategic Plan and annual updates thereof.

Pursuant to the Partnership Agreement, net income is allocated among the partners on a pro rata basis based on their percentage ownership of the Partnership. Distributions are made to the partners based on their percentage ownership of the Partnership. Additional contributions required by the Partnership will also be based on the partners' percentage ownership of the Partnership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition -- Revenue from product sales is generally recognized upon shipment of products to the customer.

Cash and Cash Equivalents -- Cash equivalents consist of highly liquid debt instruments such as certificates of deposit, commercial paper and money market accounts purchased with an original maturity date of three months or less. Cash equivalents are stated at cost, which approximates fair value. The Partnership's policy is to invest cash in conservative, highly rated instruments and limit the amount of credit exposure to any one institution. The Partnership performs periodic evaluations of the relative credit standing of these financial institutions which are considered in the Partnership's investment strategy.

The Partnership has no requirements for compensating balances in a specific amount at a specific point in time. The Partnership does maintain compensating balances for some of its banking services and products. Such balances are maintained on an average basis and are solely at the Partnership's discretion. As a result, none of the Partnership's cash is restricted.

EQUISTAR CHEMICALS, LP

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

Management determines the appropriate classification of investments in debt securities as trading, available-for-sale or held-to-maturity at the time of purchase and reevaluates such designation as of each balance sheet date.

Accounts Receivable -- The Partnership sells its products primarily to companies in the petrochemicals and polymers industries. The Partnership performs ongoing credit evaluations of its customers' financial condition and in certain circumstances requires letters of credit from them.

Inventories -- Inventories are stated at the lower of cost or market. Cost is determined on the last-in, first-out ("LIFO") basis except for materials and supplies, which are valued at average cost.

Property, Plant and Equipment -- Property, plant and equipment are recorded at cost. Depreciation of property, plant and equipment is computed using the straight-line method over the estimated useful lives of the related assets, generally 5 to 25 years.

Upon retirement or sale, the Partnership removes the cost of the assets and the related accumulated depreciation from the accounts and reflects any resulting gains or losses in income. The Partnership's policy is to capitalize interest cost incurred on debt during the construction of major projects exceeding one year.

Turnaround Maintenance and Repair Expenses -- Cost of major repairs and maintenance incurred in connection with turnarounds of units at the Partnership's manufacturing facilities are deferred and amortized on a straight-line basis until the next planned turnaround, generally four to six years.

Goodwill -- Goodwill, which was contributed by Millennium, is being amortized using the straight-line method over forty years. Management periodically evaluates goodwill for impairment based on the anticipated future cash flows attributable to the related operations. Such expected cash flows, on an undiscounted basis, are compared to the carrying value of the tangible and intangible assets, and if impairment is indicated, the carrying value of goodwill, and if necessary other related assets, is adjusted. Management believes that no impairment exists at December 31, 1997. The Partnership amortized $3 million of goodwill during the period from December 1, 1997 (inception) to December 31, 1997.

Environmental Remediation Costs -- Expenditures related to investigation and remediation of contaminated sites, which include operating facilities and waste disposal sites, are accrued when it is probable a liability has been incurred and the amount of the liability can reasonably be estimated. Estimates have not been discounted to present value. Environmental remediation costs are expensed or capitalized in accordance with generally accepted accounting principles.

In October 1996 the American Institute of Certified Public Accountants issued Statement of Position 96-1 ("SOP 96-1"), "Environmental Remediation Liabilities," which establishes new accounting and reporting standards for the recognition and disclosure of environmental remediation liabilities. The effect of adoption of SOP 96-1 in 1997 did not have a material impact on the Partnership's financial position or results of operations.

Exchanges -- Finished product exchange transactions, which are of a homogeneous nature of commodities in the same line of business and do not involve the payment or receipt of cash, are not accounted for as purchases and sales. Any resulting volumetric exchange balances are accounted for as inventory in accordance with the normal LIFO valuation policy. Exchanges settled through payment and receipt of cash are accounted for as purchases and sales.

Income Taxes -- The Partnership is not subject to federal income taxes as income is reportable directly by the individual partners; therefore, there is no provision for income taxes in the accompanying financial statements.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. FINANCIAL INSTRUMENTS

The fair value of all financial instruments included in current assets and current liabilities, including cash and cash equivalents, accounts receivable, accounts payable and notes payable, approximated their carrying value due to their short maturity. Based on the borrowing rates currently available to the Partnership for debt with terms and average maturities similar to the Partnership's debt portfolio, the fair value of the Partnership's long-term debt, including amounts due within one year, was $1.506 billion at December 31, 1997.

At December 31, 1997, the Partnership had issued letters of credit totaling $4 million.

4. RELATED PARTY TRANSACTIONS

Lyondell provides certain corporate, general and administrative services to the Partnership, including legal, tax, treasury, risk management and other services pursuant to a shared services agreement. The Partnership provides certain general and administrative services to Lyondell, including computer, office lease and employee benefits services. During the period from December 1, 1997 (inception) to December 31, 1997, billings for these services were less than $1 million.

The Partnership also provides certain general and administrative services to Millennium, including materials management, certain utilities, office space, health, safety and environmental services and computer services. Millennium provides the Partnership with certain operational services, including waste water treatment and barge dock access. During the period from December 1, 1997 (inception) to December 31, 1997, billings for these services were less than $1 million.

The Partnership has several feedstock and product sales agreements with Lyondell-CITGO Refining Company Ltd. ("LCR"), a joint venture investment of Lyondell. Sales to LCR were $27 million and cost of sales to LCR were $26 million for the period from December 1, 1997 (inception) to December 31, 1997.

The Partnership has a feedstock, product sales and other services agreement with Lyondell Methanol. Lyondell Methanol sells all of its products to Equistar. Purchases from Lyondell Methanol were $15 million for the period from December 1, 1997 (inception) to December 31, 1997. Lyondell Methanol purchased $4 million of natural gas feedstock from the Partnership during the period from December 1, 1997 (inception) to December 31, 1997. Lyondell Methanol also pays a business management fee to Equistar which was less than $1 million during the period from December 1, 1997 (inception) to December 31, 1997.

EQUISTAR CHEMICALS, LP

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

5. INVENTORIES

The categories of inventory and their book values at December 31, 1997 were as follows:

MILLIONS OF DOLLARS	
Petrochemicals	$ 183
Polymers	264
Materials and supplies	66
Total inventories	$ 513

For the period from December 1, 1997 (inception) to December 31, 1997, the Partnership increased cost of sales by approximately $1 million associated with the reduction in LIFO inventories. The excess of the current cost of inventories over book value was approximately $103 million at December 31, 1997.

6. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment and their gross value at December 31, 1997 were as follows:

MILLIONS OF DOLLARS	
Manufacturing facilities and equipment	$ 3,477
Construction projects in progress	127
Land	74
Total property, plant and equipment	$ 3,678

7. DEFERRED CHARGES AND OTHER ASSETS

Deferred charges and other assets at December 31, 1997 were as follows:

MILLIONS OF DOLLARS	
Deferred turnaround costs, net	$ 66
Deferred software costs, net	44
Deferred pension asset	23
Other	18
Total deferred charges and other assets	$ 151

8. OTHER ACCRUED LIABILITIES

Other accrued liabilities at December 31, 1997 were as follows:

MILLIONS OF DOLLARS	
Accrued severance and other costs related to formation of the Partnership	$ 27
Accrued interest	10
Other	28
Total other accrued liabilities	$ 65

EQUISTAR CHEMICALS, LP

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

9. LONG-TERM DEBT AND FINANCING ARRANGEMENTS

Long-term debt at December 31, 1997 was comprised of the following:

MILLIONS OF DOLLARS	
10.00% Notes due in 1999	$ 150
9.125% Notes due in 2002	100
5-year term credit facility	800
Medium-term notes (1998-2005)	194
6.5% Notes due in 2006	150
7.55% Debentures due in 2026	150
Other	4
	1,548
Less current portion	36
Total long-term debt	$ 1,512

Aggregate maturities of long-term debt during the five years subsequent to December 31, 1997 are as follows: 1998--$36 million; 1999--$150 million; 2000--$42 million; 2001--$90 million; 2002--$901 million. All of the above debt is guaranteed by the Partners.

The medium-term notes mature at various dates from 1998 to 2005 and have a weighted average interest rate at December 31, 1997 of 9.83 percent.

The Partnership has a five-year, $1.25 billion credit facility ("Facility") with a group of banks expiring November 2002. Borrowings under the Facility bear interest at either the Federal Funds rate plus 1/2 of 1 percent, LIBOR, which was 5.7 percent at December 31, 1997, a fixed rate offered by one of the sponsoring banks or rates that are based on a competitive auction feature wherein the interest rate can be established by competitive bids submitted by the sponsoring banks, depending on the type of borrowing made under the Facility. The Facility is available for working capital and general purposes as needed and contains covenants relating to liens, sale and leaseback transactions, debt incurrence, leverage and interest coverage ratios, sales of assets and mergers and consolidations. As of December 31, 1997, the Partnership was in compliance with the covenants of the Facility.

10. NOTE RECEIVABLE FROM LYONDELL LP

Upon formation of the Partnership, Lyondell LP also contributed capital to the Partnership in the form of a $345 million promissory note (the "Lyondell Note"). The Lyondell Note bears interest at LIBOR plus a market spread. The Lyondell Note will be repaid to the Partnership at the earlier of 3 years from the date the Partnership commenced operations or 30 days after a financing at LCR, a joint venture investment of Lyondell, which results in the repayment of LCR's existing $450 million 5-year term loan and a distribution to Lyondell of at least $345 million. During the period from December 1, 1997 (inception) to December 31, 1997, the Partnership accrued $1.75 million of interest income related to the Lyondell Note.

11. UNUSUAL CHARGES

In December 1997, the Partnership recorded $42 million of unusual charges related to the formation of the Partnership. These charges included severance and other costs related to a workforce reduction (approximately 430 employees) that resulted from the consolidation of the businesses contributed to the Partnership ($30 million), various closing costs ($6 million), and various other charges ($6 million). Approximately $15 million of these charges were paid in 1997 and $27 million are included in other accrued liabilities in the accompanying balance sheet and will be paid during 1998.

EQUISTAR CHEMICALS, LP

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

12. SUPPLEMENTAL CASH FLOW INFORMATION

The historical cost of the net assets contributed to the Partnership at inception are summarized as follows (in millions of dollars):

	AMOUNT
Total current assets	$ 948
Property, plant and equipment, net	2,121
Goodwill, net	1,142
Deferred charges and other assets	158
Total assets	$ 4,369
Current maturities of long-term debt	$ 36
Other current liabilities	17
Long-term debt	1,462
Other liabilities and deferred credits	43
Partners' capital	3,156
Note receivable from Lyondell LP	(345)
Total liabilities and partners' capital	$ 4,369

13. LEASES

At December 31, 1997, future minimum rental payments for operating leases with noncancelable lease terms in excess of one year were as follows:

MILLIONS OF DOLLARS	AMOUNT
1998	$ 128
1999	111
2000	80
2001	56
2002	42
Thereafter	369
Total minimum lease payments	$ 786

Operating lease net rental expense was $11 million for the period from December 1, 1997 (inception) to December 31, 1997.

The Partnership is party to various unconditional purchase obligation contracts as a purchaser for product and services. At December 31, 1997, future minimum payments under these contracts with noncancelable contract terms in excess of one year were as follows:

MILLIONS OF DOLLARS	AMOUNT
1998	$ 30
1999	29
2000	29
2001	26
2002	26
Thereafter	189
Total minimum contract payments	$329

EQUISTAR CHEMICALS, LP

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

The Partnership's total purchases under these agreements were $3 million during the period from December 1, 1997 (inception) to December 31, 1997.

14. RETIREMENT PLANS

All full-time regular employees of the Partnership are covered by defined benefit pension plans sponsored by the Partnership. The plans became effective on January 1, 1998, except for union represented employees, whose plans were contributed to the Partnership at formation. In connection with the formation of the Partnership, there were no pension assets or obligations contributed to the Partnership, except for the union represented plans. Retirement benefits are based on years of service and the employee's highest three consecutive years of compensation during the last ten years of service. The funding policy for these plans is to make periodic contributions as required by applicable law. The Partnership accrues pension costs based on an actuarial valuation and funds the plans through contributions to pension trust funds. The Partnership also has unfunded supplemental nonqualified retirement plans which provide pension benefits for certain employees in excess of the tax qualified plans' limits.

The following table sets forth the funded status of the union represented plans at December 31, 1997 (the other plans are unfunded as of December 31, 1997):

MILLIONS OF DOLLARS	PLANS WITH ASSETS IN EXCESS OF ABO
Actuarial present value of benefit obligations:	
Vested benefit obligation	$ 19
Accumulated benefit obligation ("ABO")	$ 20
Projected benefit obligation	$ 21
Plan assets at fair value, primarily stocks and bonds	$ 40
Plan assets in excess of projected benefit obligation	19
Unrecognized net loss	4
Net pension asset	$ 23

As the non-union plans became effective on January 1, 1998, the Partnership did not recognize any net periodic pension cost during the period from December 1, 1997 (inception) to December 31, 1997.

The assumptions used at December 31, 1997 in determining the net pension liability shown above were as follows:

	PERCENT
Discount rate	7.25
Rate of salary progression	4.75
Long-term rate of return on assets	9.00

Effective January 1, 1998, the Partnership also maintains voluntary defined contribution savings plans for eligible employees. Under provisions of the plans, the Partnership contributes an amount equal to 160 percent of employee contributions up to a maximum matching contribution of eight percent of the employee's base salary.

15. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Partnership sponsors unfunded postretirement benefit plans other than pensions ("OPEB") for both salaried and non-salaried employees, which provide medical and life insurance benefits. The postretirement health care plans are contributory while the life insurance plans are non-contributory. Currently, the Partnership pays approximately 80 percent of the cost of the health care plans, but reserves the right to modify the cost-sharing provisions at any time. In connection with the formation of the Partnership, the Partners contributed $31 million of accrued postretirement benefit liabilities for employees that transferred to the Partnership.

The following table sets forth the plans' separate postretirement benefit liabilities at December 31, 1997:

MILLIONS OF DOLLARS	MEDICAL	LIFE
Accumulated postretirement benefit obligation:		
Retirees	$ --	$ --
Fully eligible active plan participants	(11)	(3)
Other active plan participants	(25)	(11)
	(36)	(14)
Unrecognized prior service cost	--	--
Unrecognized net loss	14	5
Accrued postretirement benefit liability	$(22)	$ (9)

The accrued postretirement benefit liabilities were calculated and contributed as of December 31, 1997; therefore, there was no net periodic postretirement benefit costs for the period from December 1, 1997 (inception) to December 31, 1997.

For measurement purposes, the assumed annual rate of increase in the per capita cost of covered health care benefits as of December 31, 1997 was 7 percent for 1998-2001 and 5 percent thereafter. The health care cost trend rate assumption does not have a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit liability as of December 31, 1997 by less than $1 million.

The accumulated postretirement benefit obligation was calculated utilizing a weighted-average discount rate of 7.25 percent at December 31, 1997 and an average rate of salary progression of 4.75 percent. The Partnership's current policy is to fund the postretirement health care and life insurance plans on a pay-as-you-go basis.

16. COMMITMENTS AND CONTINGENCIES

The Partnership has various purchase commitments for materials, supplies and services incident to the ordinary conduct of business. In the aggregate, such commitments are not at prices in excess of current market.

The Partnership is also subject to various lawsuits and proceedings. Subject to the uncertainty inherent in all litigation, management believes the resolution of these proceedings will not have a material adverse effect upon the financial statements or liquidity of the Partnership.

Equistar has agreed to indemnify and defend Lyondell and Millennium, individually, against certain uninsured claims and liabilities which Equistar may incur relating to the operation of the Contributed Business prior to December 1, 1997 up to $7 million each within the first seven years of the partnership, subject to certain terms of the Asset Contribution Agreements.

EQUISTAR CHEMICALS, LP

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

The Partnership's policy is to be in compliance with all applicable environmental laws. The Partnership is subject to extensive environmental laws and regulations concerning emissions to the air, discharges to surface and subsurface waters and the generation, handling, storage, transportation, treatment and disposal of waste materials. Some of these laws and regulations are subject to varying and conflicting interpretations. In addition, the Partnership cannot accurately predict future developments, such as increasingly strict requirements of environmental laws, inspection and enforcement policies and compliance costs therefrom which might affect the handling, manufacture, use, emission or disposal of products, other materials or hazardous and non-hazardous waste.

In the opinion of management, any liability arising from the matters discussed in this Note is not expected to have a material adverse effect on the financial statements or liquidity of the Partnership. However, the adverse resolution in any reporting period of one or more of these matters discussed in this Note could have a material impact on the Partnership's results of operations for that period without giving effect to contribution or indemnification obligations of co-defendants or others, or to the effect of any insurance coverage that may be available to offset the effects of any such award.

17. SEGMENT INFORMATION

The petrochemicals segment consists of olefins, including ethylene, propylene, butadiene, butylenes and specialty products; aromatics, including benzene and toluene; and MTBE. The polymers segment consists of polyolefins including polypropylene, high-density polyethylene, low-density polyethylene and linear low-density polyethylene.

Summarized below is the segment data for the Partnership. Intersegment sales between the petrochemicals and polymers segments were made at prices based on current market values.

MILLIONS OF DOLLARS	PETROCHEMICALS SEGMENT	POLYMERS SEGMENT	UNALLOCATED	ELIMINATIONS	CONSOLIDATED
Sales and other operating revenues:					
Customers	$ 179	$ 186			$ 365
Intersegment	105	--		$ (105)	--
	284	186		(105)	365
Cost of sales	236	156		(105)	287
Selling, general and administrative expenses	1	8	$ 12	--	21
Unusual charges	--	--	42	--	42
Operating income	$ 47	$ 22	$ (54)	--	$ 15
Depreciation and amortization expense	$ 7	$ 7	$ 5	--	$ 19
Capital expenditures	$ 7	$ 4	$ 1	--	$ 12
Identifiable assets	$ 1,679	$ 1,510	$ 1,428	$ --	$ 4,617

EQUISTAR CHEMICALS, LP

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

18. SUBSEQUENT EVENT

On March 20, 1998, Lyondell and Millennium announced an agreement to expand Equistar with the addition of the ethylene, propylene, ethylene oxide and derivatives businesses of Occidental Chemical Corporation ("Occidental"), a subsidiary of Occidental Petroleum Corporation. The transaction, which is subject to regulatory approval, is expected to close by mid-year 1998. After the close of the transaction, Lyondell will have 41 percent ownership interest of the Partnership and Millennium and Occidental will each have 29.5 percent ownership interests.

EXHIBIT 99.4

EQUISTAR CHEMICALS, LP
BALANCE SHEET
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	BALANCE AT 3/31/98	BALANCE AT 12/31/97	CHANGE
Cash and cash equivalents	$ 6,336	$ 41,425	$ (35,089)
Accounts receivable-trade	541,391	445,175	96,216
Accounts receivable-related parties	54,215	35,954	18,261
Receivable from owners	8,150	149,365	(141,215)
Inventories	527,413	512,271	15,142
Prepaid expenses and other current assets	20,829	24,213	(3,384)
Total current assets	1,158,334	1,208,403	(50,069)
Property, plant and equipment	3,706,407	3,677,909	28,498
Less accumulated depreciation and amortization	(1,601,648)	(1,559,900)	(41,748)
	2,104,759	2,118,009	(13,250)
Goodwill, net	1,130,950	1,138,914	(7,964)
Deferred charges and other assets	157,890	151,252	6,638
Total assets	$ 4,551,933	$ 4,616,578	$ (64,645)
Accounts payable-trade	$ 242,713	$ 169,953	$ 72,760
Accounts payable-related parties	11,324	17,370	(6,046)
Payable to owners		63,360	(63,360)
Current maturities of long-term debt	32,245	36,490	(4,245)
Other current liabilities	82,920	64,843	18,077
Total current liabilities	369,202	352,016	17,186
Long-term debt	1,712,515	1,512,496	200,019
Other liabilities and deferred credits	42,081	33,567	8,514
Owners' capital			
Contributed capital-Lyondell	1,107,195	1,107,195	--
Contributed capital-Millennium	2,056,674	2,049,518	7,156
Note receivable from Lyondell	(345,000)	(345,000)	--
Distributions	(518,491)	(100,000)	(418,491)
Retained earnings	127,757	6,786	120,971
Total owners' capital	2,428,135	2,718,499	(290,364)
Total liabilities and owners' capital	$ 4,551,933	$ 4,616,578	$ (64,645)

EQUISTAR CHEMICALS, LP
INCOME STATEMENT
(AMOUNTS IN THOUSANDS)

QUARTER ENDED MARCH 31, 1998
(UNAUDITED)

Sales and other operating revenues	$ 1,020,919
Cost of sales	798,296
Gross profit	222,623
Selling expenses	19,704
General and administrative expenses	56,710
Operating income	146,209
Interest expense	(31,505)
Interest income	6,267
Net income	$ 120,971

EQUISTAR CHEMICALS, LP
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 1998
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

Cash flows from operating activities:	
Net income	$ 120,971
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	57,704
(Increase) decrease in accounts receivable	(114,477)
Decrease in receivables from owners	141,215
(Increase) decrease in inventories	(15,142)
Increase (decrease) in accounts payable	66,714
Decrease in payables to owners	(63,360)
Increase in other current liabilities	18,077
Net change in other working capital accounts	3,384
Other	(6,453)
Net cash provided by operating activities	208,633
Cash flows from investing activities:	
Additions to property, plant and equipment	(20,999)
Net cash used in investing activities	(20,999)
Cash flows from financing activities:	
Borrowings of long-term debt	200,013
Repayments of long-term debt	(4,245)
Distributions to owners	(418,491)
Net cash used in financing activities:	(222,723)
Decrease in cash and cash equivalents	(35,089)
Cash and cash equivalents at beginning of period	41,425
Cash and cash equivalents at end of period	$ 6,336

SUPPLEMENTAL CASH FLOW INFORMATION:

Noncash investing and financing activities:	
Increase in net property, plant & equipment through contribution of assets from owner	$ 7,156

EQUISTAR CHEMICALS, LP

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PREPARATION

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting only of normal, recurring adjustments considered necessary for a fair presentation, have been included.

In the first quarter of 1998, Equistar Chemicals, LP (the "Partnership" or "Equistar") adopted Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures about Segments of an Enterprise and Related Information," which establishes standards for the way that public business enterprises report information about operating segments in annual financial statements. SFAS No. 131 requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders and establishes standards for related disclosures about products and services, geographic areas, and major customers.

2. COMPANY OPERATIONS

Pursuant to a partnership agreement (the "Partnership Agreement") Lyondell Petrochemical Company ("Lyondell") and Millennium Chemicals, Inc. ("Millennium") formed Equistar Chemicals, LP, a Delaware limited partnership, which commenced operations on December 1, 1997. The Partnership is owned 57 percent by Lyondell and 43 percent by Millennium. Lyondell owns its interest in the Partnership through two wholly-owned subsidiaries, Lyondell Petrochemical G.P. Inc. ("Lyondell GP") and Lyondell Petrochemical L.P. Inc. ("Lyondell LP"). Millennium also owns its interest in the Partnership through two wholly-owned subsidiaries, Millennium Petrochemicals GP LLC ("Millennium GP") and Millennium Petrochemicals LP LLC ("Millennium LP").

The Partnership owns and operates the petrochemicals and polymers businesses contributed by Lyondell and Millennium (the "Contributed Businesses") which consist of 15 manufacturing facilities on the US Gulf Coast and in the US Midwest. The petrochemicals segment produces products including ethylene, propylene, ethyl alcohol, butadiene, aromatics and methyl tertiary butyl ether ("MTBE"). These products are used primarily in the production of other chemicals and products, including polymers. The petrochemicals segment also includes sales of methanol produced by Lyondell Methanol LP ("Lyondell Methanol"), which is owned 75 percent by Lyondell. The Partnership operates the Lyondell Methanol facility. The polymers segment produces products that include polyethylene (high-density, low-density and linear low-density) and polypropylene, which are used in the production of a wide variety of consumer and industrial products.

The Partnership Agreement provides that Equistar is governed by a Partnership Governance Committee consisting of six representatives, three appointed by each partner. Most of the significant decisions of the Partnership Governance Committee require unanimous consent, including approval of the Partnership's Strategic Plan and annual updates thereof.

Pursuant to the Partnership Agreement, net income is allocated among the partners on a pro rata basis based on their percentage ownership of the Partnership. Distributions are made to the partners based on their percentage ownership of the Partnership. Additional contributions required by the Partnership will also be based on the partners' percentage ownership of the Partnership.

3. INVENTORIES

The categories of inventory and their book values at March 31, 1998 and December 31, 1997 were as follows:

MILLIONS OF DOLLARS	1998	1997
Petrochemicals	$ 156	$ 183
Polymers	304	264
Materials and supplies	67	66
Total inventories	$ 527	$ 513

4. COMMITMENTS AND CONTINGENCIES

The Partnership has various purchase commitments for materials, supplies and services incident to the ordinary conduct of business. In the aggregate, such commitments are not at prices in excess of current market.

The Partnership is also subject to various lawsuits and proceedings. Subject to the uncertainty inherent in all litigation, management believes the resolution of these proceedings will not have a material adverse effect upon the financial statements or liquidity of the Partnership.

Equistar has agreed to indemnify and defend Lyondell and Millennium, individually, against certain uninsured claims and liabilities which Equistar may incur relating to the operation of the Contributed Business prior to December 1, 1997 up to $7 million each within the first seven years of the partnership, subject to certain terms of the Asset Contribution Agreements.

The Partnership's policy is to be in compliance with all applicable environmental laws. The Partnership is subject to extensive environmental laws and regulations concerning emissions to the air, discharges to surface and subsurface waters and the generation, handling, storage, transportation, treatment and disposal of waste materials. Some of these laws and regulations are subject to varying and conflicting interpretations. In addition, the Partnership cannot accurately predict future developments, such as increasingly strict requirements of environmental laws, inspection and enforcement policies and compliance costs therefrom which might affect the handling, manufacture, use, emission or disposal of products, other materials or hazardous and non-hazardous waste.

In the opinion of management, any liability arising from the matters discussed in this Note is not expected to have a material adverse effect on the financial statements or liquidity of the Partnership. However, the adverse resolution in any reporting period of one or more of these matters discussed in this Note could have a material impact on the Partnership's results of operations for that period without giving effect to contribution or indemnification obligations of co-defendants or others, or to the effect of any insurance coverage that may be available to offset the effects of any such award.

5. SUBSEQUENT EVENT

On May 15, 1998, the Partnership was expanded with the contribution of certain assets from Occidental Petroleum Corporation ("Occidental"). These assets include the ethylene, propylene and ethylene oxide ("EO") and derivatives businesses and certain pipeline assets held by Oxy Petrochemicals Inc. ("Oxy Petrochemicals"), a 50% interest in a joint venture between PDG Chemical Inc. (" PDG Chemical") and du Pont de Nemours and Company, and a lease to the Partnership of the Lake Charles, Louisiana olefins plant and related pipelines held by Occidental Chemical Corporation ("Occidental Chemical") (collectively, the "Occidental Contributed Business"). Occidental Chemical, Oxy Petrochemicals and PDG Chemical are all wholly owned, indirect subsidiaries of Occidental. The

Occidental Contributed Business included olefins plants at Corpus Christi and Chocolate Bayou, Texas; EO/ethylene glycol ("EG") and EG derivatives businesses located at Bayport, Texas, Occidental's 50% ownership of PD Glycol, which operates EO/EG plants at Beaumont, Texas, 950 miles of owned and leased ethylene/propylene pipelines and the lease to the Partnership of the Lake Charles, Louisiana olefins plant and related pipelines.

In exchange for the Occidental Contributed Business, two subsidiaries of Occidental were admitted as limited partners and a third subsidiary was admitted as a general partner in the Partnership for an aggregate partnership interest of 29.5%. In addition, the Partnership assumed approximately $205 million of Occidental indebtedness and the Partnership issued a promissory note to an Occidental subsidiary in the amount of $419.7 million. In connection with the contribution of the Occidental Contributed Business and the reduction of Millennium's and Lyondell's ownership interests in the Partnership, the Partnership also issued a promissory note to Millennium LP in the amount of $75 million. The consideration paid for the Occidental Contributed Business was determined based upon arms-length negotiations between Lyondell, Millennium and Occidental. In connection with the transaction, the Partnership and Occidental also entered into a long-term agreement for the Partnership to supply the ethylene requirements for Occidental Chemical's U.S. manufacturing plants

Upon completion of this transaction, the Partnership will be owned 41% by Lyondell, 29.5% by Millennium and 29.5% by Occidental, through its wholly-owned subsidiaries PDG Chemical Inc. ("Occidental GP"), Occidental Petrochem Partner 1, Inc. ("Occidental LP1") and Occidental Petrochem Partner 2, Inc. ("Occidental LP2").