SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission file number 1-9210

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

DELAWARE	95-4035997
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X]   No [ ]

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

Class	Outstanding at June 30, 2002
Common stock $.20 par value	376,390,779 shares

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
JUNE 30, 2002 and December 31, 2001
(Amounts in millions)

	2002	2001
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 430	$ 199
Receivables, net	886	687
Inventories	420	444
Prepaid expenses and other	148	153
Total current assets	1,884	1,483
LONG-TERM RECEIVABLES, net	264	2,186
INVESTMENTS IN UNCONSOLIDATED ENTITIES	1,103	993
PROPERTY, PLANT AND EQUIPMENT, at cost, net of accumulated depreciation, depletion and amortization of $6,148 at June 30, 2002 and $5,705 at December 31, 2001	12,937	12,858
OTHER ASSETS	293	330
	$ 16,481	$ 17,850

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
JUNE 30, 2002 and December 31, 2001
(Amounts in millions)

	2002	2001
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Notes payable	$ --	$ 54
Accounts payable	807	720
Accrued liabilities	1,370	1,089
Domestic and foreign income taxes	80	27
Total current liabilities	2,257	1,890
LONG-TERM DEBT, net of unamortized discount	4,090	4,065
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes	1,252	1,103
Obligation under natural gas delivery commitment	74	145
Other	2,258	2,326
	3,584	3,574
MINORITY INTEREST	259	2,224
OCCIDENTAL OBLIGATED MANDATORILY REDEEMABLE TRUST PREFERRED SECURITIES OF A SUBSIDIARY TRUST HOLDING SOLELY SUBORDINATED NOTES OF OCCIDENTAL	459	463
STOCKHOLDERS' EQUITY		
Common stock, at par value	75	75
Additional paid-in capital	3,916	3,857
Retained earnings	1,866	1,788
Accumulated other comprehensive income	(25)	(86)
	5,832	5,634
	$ 16,481	$ 17,850

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(Amounts in millions, except per-share amounts)

	Three Months Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
REVENUES				
Net sales	$ 3,141	$ 3,845	$ 5,666	$ 8,320
Interest, dividends and other income	26	53	51	134
Gains (losses) on disposition of assets, net	(1)	10	(1)	13
Income (loss) from equity investments	9	--	(26)	(35)
	3,175	3,908	5,690	8,432
COSTS AND OTHER DEDUCTIONS				
Cost of sales	2,398	2,750	4,388	6,039
Selling, general and administrative and other operating expenses	163	178	317	376
Exploration expense	59	18	86	39
Environmental remediation	--	--	--	49
Minority interest	16	44	41	76
Interest and debt expense, net	78	106	152	222
	2,714	3,096	4,984	6,801
Income before taxes	461	812	706	1,631
Provision for domestic and foreign income and other taxes	221	339	346	647
Income before extraordinary item and effect of changes in accounting principles	240	473	360	984
Extraordinary loss, net	--	--	--	(3)
Cumulative effect of changes in accounting principles, net	--	--	(95)	(24)
NET INCOME AND EARNINGS APPLICABLE TO COMMON STOCK	$ 240	$ 473	$ 265	$ 957
BASIC EARNINGS PER COMMON SHARE				
Income before extraordinary item and effect of changes in accounting principles	$ .64	$ 1.27	$ .96	$ 2.65
Extraordinary loss, net	--	--	--	(.01)
Cumulative effect of changes in accounting principles, net	--	--	(.25)	(.06)
Basic earnings per common share	$ .64	$ 1.27	$ .71	$ 2.58
DILUTED EARNINGS PER COMMON SHARE				
Income before extraordinary item and effect of changes in accounting principles	$ .63	$ 1.26	$ .95	$ 2.64
Extraordinary loss, net	--	--	--	(.01)
Cumulative effect of changes in accounting principles, net	--	--	(.25)	(.06)
Diluted earnings per common share	$ .63	$ 1.26	$ .70	$ 2.57
DIVIDENDS PER COMMON SHARE	$ .25	$ .25	$ .50	$ .50
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	375.8	372.0	375.1	371.1
DILUTIVE SHARES	381.5	374.7	380.3	372.8

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(Amounts in millions)

	2002	2001
CASH FLOW FROM OPERATING ACTIVITIES		
Income before extraordinary item and effect of changes in accounting principles	$ 360	$ 984
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation, depletion and amortization of assets	515	482
Deferred income tax provision	114	66
Other noncash charges to income	18	47
Losses (gains) on disposition of assets, net	1	(13)
Loss from equity investments	26	35
Exploration expense	86	39
Changes in operating assets and liabilities	(78)	(254)
Other operating, net	(93)	(77)
Net cash provided by operating activities	949	1,309
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(600)	(547)
Sales of businesses and disposal of property, plant and equipment, net	1	10
Purchase of businesses, net	(77)	(38)
Equity investments and other investing, net	169	(75)
Net cash used by investing activities	(507)	(650)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	--	42
Repurchase of trust preferred securities	(4)	(5)
Purchases for natural gas delivery commitment	(63)	(59)
Payments on long-term debt, non-recourse debt and capital lease liabilities	(3)	(459)
Proceeds from issuance of common stock	7	9
Payments of notes payable, net	--	(2)
Cash dividends paid	(187)	(186)
Stock options exercised	40	67
Other financing, net	(1)	--
Net cash used by financing activities	(211)	(593)
Increase in cash and cash equivalents	231	66
Cash and cash equivalents--beginning of period	199	97
Cash and cash equivalents--end of period	$ 430	$ 163

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

June 30, 2002

1. General

The accompanying unaudited consolidated condensed financial statements have been prepared by Occidental Petroleum Corporation (Occidental) pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in notes to consolidated financial statements have been condensed or omitted pursuant to such rules and regulations, but resultant disclosures are in accordance with accounting principles generally accepted in the United States of America as they apply to interim reporting. Subsequent to the appointment of Occidental's new independent auditors, at Occidental's request, the new independent auditors conducted a re-audit of the consolidated financial statements for the fiscal years ended December 31, 2001, 2000 and 1999. There were no changes in Occidental's balance sheets, income statements, cash flow statements or earnings per share as a result of the re-audit. The consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in Occidental's Annual Report on Form 10-K for the year ended December 31, 2001, as amended by Amendment No. 1 on Form 10-K/A, filed July 19, 2002 (2001 Form 10-K).

In the opinion of Occidental's management, the accompanying consolidated condensed financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly Occidental's consolidated financial position as of June 30, 2002 and the consolidated statements of income for the three and six months then ended and the consolidated cash flows for the six months then ended. The income and cash flows for the periods ended June 30, 2002 are not necessarily indicative of the income or cash flows to be expected for the full year.

Certain financial statements and notes for the prior year have been changed to conform to the 2002 presentation.

Reference is made to Note 1 to the consolidated financial statements in the 2001 Form 10-K for a summary of significant accounting policies including critical accounting policies.

2. Acquisitions, Dispositions and Commitments

On June 2, 2002, Occidental signed a definitive agreement with the United Arab Emirates (UAE) Offsets Group to acquire a 24.5 percent interest in the Dolphin Project and Dolphin Energy Limited (DEL) for $310 million, plus a payment of $12 million to account for historical costs through May 31, 2002. DEL is a company that also includes the UAE Offsets Group (51 percent interest) and TotalFinaElf (24.5 percent interest). The total payment, which is expected to be made in the third quarter, has been accrued and the amount has been allocated, on a preliminary basis, primarily to investment in unconsolidated entities. Occidental will also be responsible for its 24.5 percent share of costs on an ongoing basis. The Dolphin participants will collaborate on the $3.5 billion Dolphin Project, which consists of two parts: (1) a development and production sharing agreement with Qatar to develop and produce natural gas and condensate in Qatar's North Field and (2) the rights for DEL to build, own and operate a 260-mile-long, 48-inch export pipeline to transport 2 billion cubic feet per day of dry natural gas from Qatar to markets in the UAE for a period of 25 years. Construction on the upstream production and processing facilities and the pipeline is expected to begin in 2003. Production is scheduled to begin in late 2005. The partners anticipate securing project financing.

In connection with the acquisition of Altura Energy Ltd. in April 2000, the sellers retained a preferred limited partnership interest of approximately $2.0 billion, which was recorded as minority interest. Altura also loaned approximately $2.0 billion to affiliates of the sellers, evidenced by two notes recorded as long-term receivables. The partnership exercised an option in May 2002 to redeem the sellers' remaining partnership interests in exchange for the outstanding balance on the two notes. Both minority interest and long-term receivables were reduced by $2.0 billion to reflect this transaction on the balance sheet.

3. Accounting Changes

In July 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 requires that a liability be recognized for exit and disposal costs only when the liability has been incurred and when it can be measured at fair value. The statement is effective for exit and disposal activities that are initiated after December 31, 2002. Occidental does not expect that the adoption of SFAS No. 146 will have a material impact on its financial statements.

In June 2002, the Emerging Issues Task Force (EITF) reached consensus on certain issues in EITF Issue No. 02-3, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities." Consensus was reached on two issues: 1) that gains and losses on energy trading contracts (whether realized or unrealized) should be shown net in the income statement, and 2) that entities should disclose the types of contracts that are accounted for as energy trading contracts along with a variety of other data regarding values, sensitivity to changes in estimates, maturity dates and other factors. Occidental is required to implement this consensus in the third quarter 2002 and all comparative financial statements will be reclassified to conform to the consensus on the first issue. Occidental has concluded the impact of this recent consensus will not have any effect on net income, cash flow or earnings per share. However, Occidental expects the consensus will require significant reductions in sales and cost of sales by equal amounts.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." In addition to amending or rescinding other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions, SFAS No. 145 precludes companies from recording gains and losses from the extinguishment of debt as an extraordinary item. Occidental must implement SFAS No. 145 in the first quarter of 2003 and all comparative financial statements will be reclassified to conform to the 2003 presentation. The anticipated effect of the statement includes the reclassification of an extraordinary loss to net income from continuing operations of $3 million ($0.01 per share) in the six months ended June 30, 2001. There will be no effect on net income or basic earnings per common share.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets and broadens the presentation of discontinued operations for long-lived assets. The provisions of this statement are effective for financial statements issued for fiscal years beginning after December 15, 2001. Occidental adopted this statement in the first quarter of 2002 and it did not have an impact on the financial statements.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The provisions of this statement are effective for financial statements issued for fiscal years beginning after June 15, 2002. Occidental must implement SFAS No. 143 in the first quarter of 2003 and has not yet determined its impact on the financial statements.

In June 2001, the FASB issued SFAS No, 142, "Goodwill and Other Intangible Assets." SFAS No. 142 changes the accounting and reporting requirements for acquired goodwill and intangible assets. The provisions of this statement must be applied starting with fiscal years beginning after December 15, 2001. At December 31, 2001, the balance sheet included approximately $108 million of goodwill and intangible assets with annual amortization expense of approximately $6 million recorded in each of the years' income statements for the three-year period ended December 31, 2001. As a result, elimination of goodwill amortization would not have had a material impact on net income or earnings per share of any of the years presented and, as a result, the transitional disclosures of adjusted net income excluding goodwill amortization described by SFAS No. 142 have not been presented. Occidental implemented SFAS No. 142 in the first quarter of 2002. The adoption of this accounting standard resulted in a cumulative effect of changes in accounting principles after-tax reduction in net income of approximately $95 million due to the impairment of the goodwill. Occidental now has no remaining goodwill on its financial statements.

4. Comprehensive Income

The following table presents Occidental's comprehensive income items (in millions):

	Periods Ended June 30			
	Three Months		Six Months	
	2002	2001	2002	2001
Net income	$ 240	$ 473	$ 265	$ 957
Other comprehensive income items				
Foreign currency translation adjustments	(12)	(4)	(12)	(12)
Derivative mark-to-market adjustments	(7)	9	(9)	9
Cumulative effect of change in accounting principles	--	--	--	(27)
Unrealized gains on securities	82 (a)	--	82 (a)	2
Other comprehensive income, net of tax	63	5	61	(28)
Comprehensive income	$ 303	$ 478	$ 326	$ 929

(a) See Note 10 for further information.

5. Supplemental Cash Flow Information

During the six months ended June 30, 2002 and 2001, net cash (refunds) payments for federal, foreign and state income taxes were approximately $(18) million and $310 million, respectively. Interest paid (net of interest capitalized) totaled approximately $120 million and $223 million for the six months ended June 30, 2002 and 2001, respectively.

6. Inventories

A portion of inventories is valued under the LIFO method. The valuation of LIFO inventory for interim periods is based on management's estimates of year-end inventory levels and costs. Inventories consist of the following (in millions):

Balance at	June 30, 2002	December 31, 2001
Raw materials	$ 51	$ 62
Materials and supplies	129	123
Work in process	2	2
Finished goods	240	268
	422	455
LIFO adjustment	(2)	(11)
Total	$ 420	$ 444

7. Derivative Activities

Occidental's market-risk exposures relate primarily to commodity prices, and, to a lesser extent, interest rates and foreign currency exchange rates. Occidental's results are sensitive mainly to fluctuations in crude oil and natural gas prices. Occidental may periodically use different types of derivative instruments to achieve the best prices for oil and gas and to reduce its exposure to price volatility, thus mitigating fluctuations in commodity-related cash flows. Usually, Occidental does not hedge against fluctuations in long-term oil and gas prices. Overall, Occidental's use of derivatives in commodity hedging activity remains at a relatively low dollar level. Changes in a derivative instrument's fair value must be recognized in earnings unless specific hedge accounting criteria are met. Changes in the fair value of derivative instruments that meet specific cash-flow hedge accounting criteria are reported in other comprehensive income (OCI). The gains and losses on cash-flow hedge transactions that are reported in OCI are reclassified to earnings in the periods in which earnings are affected by the variability of the hedged item's cash flows. Mark-to-market gains and losses from derivatives that qualify for fair-value hedge accounting are recorded in earnings throughout the life of the hedge and are generally offset by the change in fair-value of the hedged item. The ineffective portions of all hedges are recognized in current period earnings.

For the three and six months ended June 30, 2002, the results of operations included a net pre-tax (loss) gain of $(5) million and $4 million, respectively, related to derivative mark-to-market adjustments. For the three and six months ended June 30, 2001, the results of operations included a net pre-tax gain of $26 million and $40 million, respectively, related to derivative mark-to-market adjustments. The amount of interest expense recorded in the income statement was lower by approximately $11 million and $22 million for the three and six months ended June 30, 2002, respectively, to reflect net pre-tax gains from fair-value hedges. At June 30, 2002, approximately $8 million of the $22 million had been received in cash. During both the three and six months ended June 30, 2002, a $3 million after-tax loss was reclassified from OCI to income resulting from the expiration of cash-flow hedges. During the three and six months ended June 30, 2001, a $2 million after-tax loss and a $8 million after-tax loss, respectively, were reclassified from OCI to income resulting from the expiration of cash-flow hedges. During the three and six months ended June 30, 2002, net unrealized after-tax losses of $10 million and $12 million, respectively, were recorded to OCI relating to changes in current cash-flow hedges. During the three and six months ended June 30, 2001, net unrealized after-tax gains of $7 million and $1 million, respectively, were recorded to OCI relating to changes in current cash-flow hedges. During the next twelve months, Occidental expects that $7 million of net derivative after-tax losses included in OCI, based on their valuation at June 30, 2002, will be reclassified into earnings. Hedge ineffectiveness did not have a significant impact on earnings for the three and six months ended June 30, 2002 and 2001.

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

Occidental and certain of its subsidiaries have been named as defendants in a substantial number of lawsuits, claims and proceedings. They have also been named as potentially responsible parties in governmental proceedings under the Comprehensive Environmental Response, Compensation and Liability Act and similar state acts. These governmental proceedings seek funding, remediation and, in some cases, compensation for alleged property damage, punitive damages and civil penalties, aggregating substantial amounts. Occidental is usually one of many companies in these proceedings, and has to date been successful in sharing response costs with other financially sound companies. Occidental has accrued reserves at the most likely cost to be incurred in those proceedings where it is probable that Occidental will incur remediation costs which can be reasonably estimated.

During the course of its operations, Occidental is subject to audit by taxing authorities for varying periods in various tax jurisdictions. Occidental has certain other commitments under contracts, guarantees and joint ventures, and certain other contingent liabilities.

It is impossible at this time to determine the ultimate liabilities that Occidental and its subsidiaries may incur resulting from the foregoing lawsuits, claims and proceedings, audits, commitments, contingencies and related matters. Several of these matters may involve substantial amounts, and if these were to be ultimately resolved unfavorably to the full amount of their maximum potential exposure, an event not currently anticipated, it is possible that such event could have a material adverse effect upon Occidental's consolidated financial position or results of operations. However, in management's opinion, after taking into account reserves, it is unlikely that any of the foregoing matters will have a material adverse effect upon Occidental's consolidated financial position or results of operations.

9. Income Taxes

The provision for taxes based on income for the 2002 and 2001 interim periods was computed in accordance with Interpretation No. 18 of APB Opinion No. 28 on reporting taxes for interim periods and was based on projections of total year pre-tax income excluding significant unusual items. The provision for taxes for the six months ended June 30, 2001, includes an after-tax benefit of $45 million (pre-federal tax benefit of $70 million) related to a settlement of a state tax issue.

10. Investments in Unconsolidated Entities

At June 30, 2002, Occidental's equity investments consisted primarily of a 29.5 percent interest in Equistar Chemical, LP (Equistar), an interest in the Dolphin Project (See Note 2) and interests in various chemical partnerships and joint ventures. The following table presents Occidental's proportionate interest in the summarized financial information of its equity method investments (in millions):

	Periods Ended June 30			
	Three Months		Six Months	
	2002	2001	2002	2001
Revenues	$ 557	$ 614	$ 989	$ 1,276
Costs and expenses	548	614	1,015	1,311
Net income	$ 9	$ --	$ (26)	$ (35)

In July 2002, Occidental and Lyondell Chemical Company (Lyondell) signed definitive agreements for Occidental to sell its share of Equistar to Lyondell and to purchase an equity interest of approximately 21 percent in Lyondell. These transactions are subject to corporate and regulatory approvals. In connection with the agreement in principle that preceded the definitive agreements, Occidental wrote down its investment in the Equistar partnership by $240 million, after tax, in December 2001. The transactions are expected to close in the third quarter of 2002.

In January 2002, Equistar recorded a $1.1 billion cumulative effect of a change in accounting principles to reflect the impairment of its entire balance of goodwill. This write-down did not affect Occidental's investment in Equistar because there was no significant difference between Occidental's basis in the Equistar investment and the underlying equity in net assets of Equistar subsequent to the write-down.

At June 30, 2002, investments in unconsolidated entities also included an interest in Premcor, Inc., which became a publicly-traded company in April 2002. In accordance with the provisions of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities", this investment is being accounted for as an available-for-sale security and was adjusted to fair value with an unrealized gain of $82 million, net of tax, recorded to OCI in stockholders' equity.

11. Industry Segments

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

	Oil and Gas	Chemical	Corporate	Total
Six months ended June 30, 2002				
Net sales	$ 4,347	$ 1,319	$ --	$ 5,666
Pre-tax operating profit (loss)	$ 932	$ 4 (c)	$ (230)(a)	$ 706
Income taxes	(205)	(6)	(135)(b)	(346)
Cumulative effect of changes in accounting principles, net	--	--	(95)	(95)
Net income (loss)	$ 727	$ (2)	$ (460)	$ 265
Six months ended June 30, 2001				
Net sales	$ 6,576	$ 1,744	$ --	$ 8,320
Pre-tax operating profit	$ 1,996 (d)	$ (16)(e)	$ (349)(a)(f)	$ 1,631
Income taxes	(244)	(5)	(398)(b)(g)	(647)
Extraordinary loss, net	--	--	(3)	(3)
Cumulative effect of changes in accounting principles, net	--	--	(24)	(24)
Net income (loss)	$ 1,752	$ (21)	$ (774)	$ 957

(a) Includes unallocated net interest expense, administration expense and other items.
(b) Includes unallocated income taxes.
(c) Includes a pre-tax charge of $14 million related to severance costs.
(d) Includes an after-tax gain of $7 million related to the sale of additional interests in Gulf of Mexico assets.
(e) Includes a pre-tax charge of $26 million related to severance and plant shut-down costs.
(f) Includes a pre-tax charge of $49 million related to environmental remediation costs and an insurance dividend of $6 million.
(g) Includes an after-tax benefit of $45 million (pre-federal tax benefit of $70 million) related to settlement of a state tax issue.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CONSOLIDATED RESULTS OF OPERATIONS

Occidental Petroleum Corporation (Occidental) reported net income for the first six months of 2002 of $265 million, on net sales of $5.7 billion, compared with net income of $957 million, on net sales of $8.3 billion, for the same period of 2001. Occidental's net income for the second quarter of 2002 was $240 million, on net sales of $3.1 billion, compared with net income of $473 million, on net sales of $3.8 billion, for the same period of 2001. Basic earnings per common share were $0.71 for the first six months of 2002, compared with $2.58 per share for the same period of 2001. Basic earnings per common share were $0.64 for the second quarter of 2002, compared with $1.27 per share for the same period of 2001.

Earnings before special items were $369 million for the first six months of 2002, compared with earnings before special items of $976 million, for the same period of 2001. Earnings before special items were $240 million for the second quarter of 2002, compared with earnings before special items of $466 million for the second quarter of 2001. See the Special Item table below for a description of special items. The decrease in earnings before special items for the three and six months ended June 30, 2002, compared with the same periods in 2001, reflected lower natural gas and chemical prices and higher exploration expense, partially offset by higher oil production and lower energy costs. Additionally, the six months ended June 30, 2002 reflected lower net sales due to lower crude oil prices and higher Equistar Chemical, LP (Equistar) petrochemical joint venture losses than the same period in 2001.

The decrease in net sales of $704 million and $2.7 billion for the three and six months ended June 30, 2002, compared with the same periods in 2001, primarily reflected lower natural gas and chemical prices and lower oil and gas trading revenues, partially offset by higher oil production. Additionally, for the six months ended June 30, 2002, net sales decreased due to lower crude oil prices compared with the same period in 2001. The lower trading revenues resulted from lower oil and gas prices partially offset by higher gas volumes. Interest, dividends and other income for the three and six months ended June 30, 2002 includes $8 million and $22 million, respectively, of interest income on notes receivable from Altura partners, compared to $28 million and $61 million, respectively, for the three and six months ended June 30, 2001.

The decrease in cost of sales of $352 million and $1.7 billion for the three and six months ended June 30, 2002, compared with the same periods in 2001, primarily reflected lower oil and gas trading costs and lower energy costs in the chemical segment. The lower trading costs resulted from lower oil and gas prices partially offset by higher gas volumes. The decrease of $15 million and $59 million in selling, general and administrative and other operating expenses for the three and six months ended June 30, 2002, respectively, compared with the same periods in 2001, primarily reflected lower oil and gas production taxes. Additionally, for the six months ended June 30, 2002, severance costs for the chemical segment were lower than severance and plant shutdown costs for the six months ended June 30, 2001. The increase in exploration expense of $41 million and $47 million for the three and six months ended June 30, 2002, respectively, compared with the same periods in 2001, reflected the write-off of leases in the San Joaquin Valley. The decrease in minority interest of $28 million and $35 million for the three and six months ended June 30, 2002, respectively, compared with the same periods in 2001, was primarily the result of the redemption of the remaining minority interests held by BP plc and Royal Dutch/Shell relating to the Altura acquisition. The decrease in interest and debt expense, net of $28 million and $70 million for the three and six months ended June 30, 2002, respectively, compared to the same periods in 2001, was primarily due to lower outstanding debt and lower interest rates. The provision for income taxes for the six months ended June 30, 2001 included a $45 million after-tax benefit ($70 million pre-federal tax benefit) for the settlement of a state tax issue.

SEGMENT OPERATIONS

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

	Periods Ended June 30			
	Three Months		Six Months	
	2002	2001	2002	2001
SEGMENT NET SALES				
Oil and Gas	$ 2,410	$ 2,964	$ 4,347	$ 6,576
Chemical	731	881	1,319	1,744
NET SALES	$ 3,141	$ 3,845	$ 5,666	$ 8,320
SEGMENT EARNINGS (LOSS)				
Oil and Gas	$ 421	$ 806	$ 727	$ 1,752
Chemical	33	58	(2)	(21)
	454	864	725	1,731
UNALLOCATED CORPORATE ITEMS				
Interest expense, net	(66)	(71)	(122)	(147)
Income taxes	(101)	(249)	(144)	(424)
Trust preferred distributions and others	(12)	(14)	(23)	(30)
Other	(35)	(57)	(76)	(146)
INCOME BEFORE EXTRAORDINARY ITEMS AND EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	240	473	360	984
Extraordinary loss, net	--	--	--	(3)
Cumulative effect of changes in accounting principles, net	--	--	(95)	(24)
NET INCOME	$ 240	$ 473	$ 265	$ 957
EARNINGS BEFORE SPECIAL ITEMS (a)	$ 240	$ 466	$ 369	$ 976

(a) Earnings before special items reflect adjustments to net income to exclude the after-tax effect of certain infrequent transactions that may affect comparability between periods. These transactions are shown in the table below. Management believes the presentation of earnings before special items provides a meaningful comparison of earnings between periods to the readers of the consolidated financial statements. Earnings before special items is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

SPECIAL ITEMS

The following table sets forth the special items for each operating segment and corporate:

Benefit (Charge) (in millions)	Periods Ended June 30 Three Months 2002	2001	Six Months 2002	2001
OIL AND GAS				
Sale of additional interests in Gulf of Mexico assets *	$ --	$ 7	$ --	$ 7
CHEMICAL				
Severance, plant shutdown and plant writedown costs	$ --	$ --	$ (14)	$ (26)
CORPORATE				
Settlement of state tax issue	$ --	$ --	$ --	$ 70
Environmental remediation	--	--	--	(49)
Insurance dividend	--	--	--	6
Changes in accounting principles, net *	--	--	(95)	(24)
Extraordinary loss on debt redemption, net *	--	--	--	(3)
Tax effect of pre-tax adjustments	--	--	5	--

* These amounts are shown after-tax.

OIL AND GAS SEGMENT

Summary of Operating Statistics	Periods Ended June 30 Three Months 2002	2001	Six Months 2002	2001
NET PRODUCTION PER DAY:				
CRUDE OIL AND NATURAL GAS LIQUIDS (MBL)				
United States	232	209	232	208
Latin America	49	14	47	23
Eastern Hemisphere	128	118	134	121
NATURAL GAS (MMCF)				
United States	565	607	579	619
Eastern Hemisphere	50	47	50	48
BARRELS OF OIL EQUIVALENT - THOUSANDS (MBOE)	512	450	518	463
AVERAGE SALES PRICE:				
CRUDE OIL ($/BBL)				
United States	23.88	23.11	21.35	23.71
Latin America	22.77	18.90	20.65	21.69
Eastern Hemisphere	22.16	23.36	20.24	22.69
NATURAL GAS ($/MCF)				
United States	2.92	8.55	2.64	9.30
Eastern Hemisphere	2.04	2.41	2.28	2.30

Oil and gas earnings for the first six months of 2002 were $727 million, compared with $1.752 billion for the same period of 2001. Oil and gas earnings for the second quarter of 2002 were $421 million, compared with $806 million for the same period of 2001. The oil and gas segment had no special items in 2002. The oil and gas segment had earnings before special items of $799 million and $1.745 billion for the three and six months ended June 30, 2001. See Special Items table for a description of special items. The decline in earnings for the three and six months ended June 30, 2002 compared with the same periods in 2001, reflected the effect of lower gas prices and higher exploration expense, partially offset by higher oil production volumes. Additionally, for the six months ended June 30, 2002, earnings decreased due to lower crude oil prices compared with the same period in 2001.

The decrease in net sales of $554 million and $2.2 billion for the three and six months ended June 30, 2002, respectively, compared with the same periods in 2001, primarily reflected lower natural gas prices and lower oil and gas trading revenues, partially offset by higher oil production. Additionally, for the six months ended June 30, 2002, net sales decreased due to lower crude oil prices compared with the same period in 2001. The lower trading revenues resulted from lower oil and gas prices partially offset by higher gas volumes. Approximately 52 percent and 54 percent of oil and gas net sales were attributable to oil and gas trading activities in the first six months of 2002 and 2001, respectively. These trading activities focus primarily on obtaining the highest sales price available. Other than the positive effect on oil and gas realized prices, the results of oil and gas trading activities were not significant.

Occidental's sensitivity to changes in oil and gas prices is similar to prior quarters. The average West Texas Intermediate price in the second quarter of 2002 was $26.25 per barrel and Occidental's average price realization for natural gas was $2.92 per thousand cubic feet. A swing of 25-cents per million BTU's in New York Mercantile Exchange gas prices impacts quarterly oil and gas segment earnings by $13.5 million while a $1.00 per barrel change in oil prices has a quarterly impact of $28 million.

For the first six months of 2002, production volumes increased approximately 12 percent to 518,000 barrels of oil equivalent (BOE) per day compared with 463,000 BOE per day for the same period of 2001. For the second quarter of 2002, production volumes increased approximately 14 percent to 512,000 BOE per day compared with 450,000 BOE per day for the same period in 2001. The increase reflects higher worldwide crude oil and liquids production, particularly in California, Colombia and the Middle East. Occidental expects third quarter 2002 oil and gas production to remain at approximately the same level as the second quarter 2002.

CHEMICAL SEGMENT

	Three Months Ended June 30		Six Months Ended June 30	
Summary of Operating Statistics	2002	2001	2002	2001
MAJOR PRODUCT VOLUMES				
Chlorine (M Tons)	735	786	1,436	1,491
Caustic (M Tons)	743	750	1,317	1,419
Ethylene Dichloride (M Tons)	140	154	292	376
PVC Resins (MM Lbs.)	1,151	1,050	2,193	2,113
MAJOR PRODUCT PRICE INDEX (BASE 1987-1990 = 1.0)				
Chlorine	0.77	0.76	0.64	0.82
Caustic	0.66	1.42	0.79	1.37
Ethylene Dichloride	1.29	0.74	0.94	0.78
PVC Resins	0.70	0.77	0.62	0.75

Chemical results for the first six months of 2002 were a loss of $2 million, compared with a loss of $21 million for the same period of 2001. Chemical earnings for the second quarter of 2002 were $33 million, compared with $58 million for the same period of 2001. Chemical earnings before special items were $12 million for the first six months of 2002, compared with $5 million for the first six months of 2001. There were no special items for the second quarter of 2002 or 2001. See Special Items table for a description of special items. The decrease in second quarter 2002 earnings was the result of lower sales prices, mainly for caustic soda and polyvinyl chloride resins (PVC), partially offset by higher ethylene dichloride (EDC) prices and lower energy and raw material costs, compared to the same period in 2001. The increase in six months 2002 earnings before special items was the result of lower energy and raw material costs and higher EDC prices, partially offset by lower sales prices mainly for caustic soda and PVC and higher Equistar petrochemical joint venture losses, compared with the same period in 2001.

The decrease in net sales of $150 million and $425 million for the three and six months ended June 30, 2002, compared with the same periods in 2001, primarily reflected lower sales prices, mainly for caustic soda and PVC, and lower chemical sales volumes, partially offset by higher prices for EDC.

The sale of Occidental's interest in Equistar to Lyondell Chemical Company (Lyondell) is anticipated to close in the third quarter 2002. It is currently expected that an after-tax gain will be recognized at that time. The chrome business is expected to be adversely affected by the phase-out of a wood-treatment product that uses chromic acid. The chrome business is an immaterial portion of Occidental's earnings. Occidental anticipates that the chemical business, as a whole, will improve in the third quarter 2002, compared to the second quarter 2002, because of continued strengthening in chemical prices.

CORPORATE AND OTHER

Segment earnings include credits/(charges) in lieu of U.S. federal income taxes. In the first six months of 2002 and 2001, segment earnings benefited by $9 million and $20 million, respectively, from credits allocated. This includes a credit of $1 million to oil and gas and $8 million to chemical results in the first six months of 2002 and a charge of $(2) million to oil and gas and a credit of $22 million to chemical results in the first six months of 2001.

Occidental and certain of its subsidiaries have been named as defendants or as potentially responsible parties (PRPs) in a substantial number of lawsuits, claims and proceedings, including governmental proceedings under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and corresponding state acts. These governmental proceedings seek funding, remediation and, in some cases, compensation for alleged property damage, punitive damages and civil penalties, aggregating substantial amounts. Occidental is usually one of many companies in these proceedings, and has to date been successful in sharing response costs with other financially sound companies. Occidental has accrued reserves at the most likely cost to be incurred in those proceedings where it is probable that Occidental will incur remediation costs which can be reasonably estimated.

During the course of its operations, Occidental is subject to audit by taxing authorities for varying periods in various tax jurisdictions. Occidental has certain other commitments under contracts, guarantees and joint ventures, and certain other contingent liabilities.

It is impossible at this time to determine the ultimate liabilities that Occidental and its subsidiaries may incur resulting from the foregoing lawsuits, claims and proceedings, audits, commitments, contingencies and related matters. Several of these matters may involve substantial amounts, and if these were to be ultimately resolved unfavorably to the full amount of their maximum potential exposure, an event not currently anticipated, it is possible that such event could have a material adverse effect upon Occidental's consolidated financial position or results of operations. However, in management's opinion, after taking into account reserves, it is unlikely that any of the foregoing matters will have a material adverse effect upon Occidental's consolidated financial position or results of operations.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Occidental's net cash provided by operating activities from continuing operations was $949 million for the first six months of 2002, compared with net cash provided of $1.3 billion for the same period of 2001. The decrease of approximately $360 million from 2001 to 2002 is primarily attributed to lower earnings before special items partially offset by lower working capital usage compared with the first six months of the prior year.

Occidental's net cash used by investing activities was $507 million for the first six months of 2002, compared with net cash used of $650 million for the same period of 2001. The 2002 amount includes the receipt of partial repayments of amounts that were advanced to equity affiliates in 2001. Capital expenditures for the first six months of 2002 were $600 million, including $537 million in oil and gas. Capital expenditures for the first six months of 2001 were $547 million, including $498 million in oil and gas.

Financing activities used net cash of $211 million in the first six months of 2002, compared with cash used of $593 million for the same period of 2001. The 2001 amount included net debt payments of approximately $417 million.

Available but unused lines of committed bank credit totaled approximately $2.1 billion at June 30, 2002 and December 31, 2001. Occidental currently expects to spend approximately $1.2 billion on its 2002 capital spending program with about $1.1 billion for oil and gas, excluding the capital for the Dolphin Project which is discussed below. Occidental expects to have sufficient cash in 2002 from operations, and from proceeds from existing credit facilities, as necessary, to fund its operating needs, capital expenditure requirements (including the Dolphin Project), dividend payments and mandatory debt repayments.

ACQUISITIONS, DISPOSITIONS AND COMMITMENTS

In July 2002, Occidental and Lyondell signed definitive agreements for Occidental to sell its share of Equistar to Lyondell and to purchase an equity interest of approximately 21 percent in Lyondell. These transactions are subject to corporate and regulatory approvals. In connection with the agreement in principle that preceded the definitive agreements, Occidental wrote down its investment in the Equistar partnership by $240 million, after tax, in December 2001. The transactions are expected to close in the third quarter of 2002, and Occidental expects to recognize an after-tax gain at that time.

On June 2, 2002, Occidental signed a definitive agreement with the United Arab Emirates (UAE) Offsets Group to acquire a 24.5 percent interest in the Dolphin Project and Dolphin Energy Limited (DEL) for $310 million, plus a payment of $12 million to account for historical costs through May 31, 2002. DEL is a company that also includes the UAE Offsets Group (51 percent interest) and TotalFinaElf (24.5 percent interest). The total payment, which is expected to be made in the third quarter, has been accrued and the amount has been allocated, on a preliminary basis, primarily to investment in unconsolidated entities. Occidental will also be responsible for its 24.5 percent share of costs on an ongoing basis. The Dolphin participants will collaborate on the $3.5 billion Dolphin Project, which consists of two parts: (1) a development and production sharing agreement with Qatar to develop and produce natural gas and condensate in Qatar's North Field and (2) the rights for DEL to build, own and operate a 260-mile-long, 48-inch export pipeline to transport 2 billion cubic feet per day of dry natural gas from Qatar to markets in the UAE for a period of 25 years. When fully operational, the Dolphin Project is expected to add incremental production of about 125 million cubic feet of gas and 9,000 barrels of liquids, net to Oxy, which is approximately 30,000 barrels of oil equivalent (BOE) per day. The project is also expected to add approximately 900 billion cubic feet of gas equivalent, which is equivalent to 150 million BOE, to Occidental's proved reserves. Construction on the upstream production and processing facilities and the pipeline is expected to begin in 2003. Production is scheduled to begin in late 2005. The partners anticipate securing project financing.

In connection with the acquisition of Altura Energy Ltd. in April 2000, the sellers retained a preferred limited partnership interest of approximately $2.0 billion, which was recorded as minority interest. Altura also loaned approximately $2.0 billion to affiliates of the sellers, evidenced by two notes recorded as long-term receivables. The partnership exercised an option in May 2002 to redeem the sellers' remaining partnership interests in exchange for the outstanding balance on the two notes. Both minority interest and long-term receivables were reduced by $2.0 billion to reflect this transaction on the balance sheet.

DERIVATIVE ACTIVITIES

Occidental's market-risk exposures relate primarily to commodity prices, and, to a lesser extent, interest rates and foreign currency exchange rates. Occidental's results are sensitive mainly to fluctuations in crude oil and natural gas prices. Occidental may periodically use different types of derivative instruments to achieve the best prices for oil and gas and to reduce its exposure to price volatility, thus mitigating fluctuations in commodity-related cash flows. Usually, Occidental does not hedge against fluctuations in long-term oil and gas prices. Overall, Occidental's use of derivatives in commodity hedging activity remains at a relatively low dollar level. Changes in a derivative instrument's fair value must be recognized in earnings unless specific hedge accounting criteria are met. Changes in the fair value of derivative instruments that meet specific cash-flow hedge accounting criteria are reported in other comprehensive income (OCI). The gains and losses on cash-flow hedge transactions that are reported in OCI are reclassified to earnings in the periods in which earnings are affected by the variability of the hedged item's cash flows. Mark-to-market gains and losses from derivatives that qualify for fair-value hedge accounting are recorded in earnings throughout the life of the hedge and are generally offset by the change in fair-value of the hedged item. The ineffective portions of all hedges are recognized in current period earnings.

For the three and six months ended June 30, 2002, the results of operations included a net pre-tax (loss) gain of $(5) million and $4 million, respectively, related to derivative mark-to-market adjustments. For the three and six months ended June 30, 2001, the results of operations included a net pre-tax gain of $26 million and $40 million, respectively, related to derivative mark-to-market adjustments. The amount of interest expense recorded in the income statement was lower by approximately $11 million and $22 million for the three and six months ended June 30, 2002, respectively, to reflect net pre-tax gains from fair-value hedges. At June 30, 2002, approximately $8 million of the $22 million had been received in cash. During both the three and six months ended June 30, 2002, a $3 million after-tax loss was reclassified from OCI to income resulting from the expiration of cash-flow hedges. During the three and six months ended June 30, 2001, a $2 million after-tax loss and a $8 million after-tax loss, respectively, were reclassified from OCI to income resulting from the expiration of cash-flow hedges. During the three and six months ended June 30, 2002, net unrealized after-tax losses of $10 million and $12 million, respectively, were recorded to OCI relating to changes in current cash-flow hedges. During the three and six months ended June 30, 2001, net unrealized after-tax gains of $7 million and $1 million, respectively, were recorded to OCI relating to changes in current cash-flow hedges. During the next twelve months, Occidental expects that $7 million of net derivative after-tax losses included in OCI, based on their valuation at June 30, 2002, will be reclassified into earnings. Hedge ineffectiveness did not have a significant impact on earnings for the three and six months ended June 30, 2002 and 2001.

ENVIRONMENTAL MATTERS

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

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

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

As of June 30, 2002, Occidental had been notified by the EPA or equivalent state agencies or otherwise had become aware that it had been identified as being involved at 124 Superfund or comparable state sites. (This number does not include those sites where Occidental has been successful in resolving its involvement.) The 124 sites include 34 former Diamond Shamrock Chemical sites as to which Maxus Energy Corporation has retained all liability. Of the remaining 90 sites, Occidental has denied involvement at 9 sites and has yet to determine involvement in 19 sites. With respect to the remaining 62 of these sites, Occidental is in various stages of evaluation, and the extent of liability retained by Maxus Energy Corporation is disputed at 2 of these sites. For 53 of these sites, where environmental remediation efforts are probable and the costs can be reasonably estimated, Occidental has accrued reserves at the most likely cost to be incurred. The 53 sites include 10 sites as to which present information indicates that it is probable that Occidental's aggregate exposure is insignificant. In determining the reserves, Occidental uses the most current information available, including similar past experiences, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. For the remaining 9 of the 62 sites being evaluated, Occidental does not have sufficient information to determine a range of liability, but Occidental does have sufficient information on which to base the opinion expressed above under the caption "Results of Operations."

ACCOUNTING CHANGES

In July 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 requires that a liability be recognized for exit and disposal costs only when the liability has been incurred and when it can be measured at fair value. The statement is effective for exit and disposal activities that are initiated after December 31, 2002. Occidental does not expect that the adoption of SFAS No. 146 will have a material impact on its financial statements.

In June 2002, the Emerging Issues Task Force (EITF) reached consensus on certain issues in EITF Issue No. 02-3, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities." Consensus was reached on two issues: 1) that gains and losses on energy trading contracts (whether realized or unrealized) should be shown net in the income statement, and 2) that entities should disclose the types of contracts that are accounted for as energy trading contracts along with a variety of other data regarding values, sensitivity to changes in estimates, maturity dates and other factors. Occidental is required to implement this consensus in the third quarter 2002 and all comparative financial statements will be reclassified to conform to the consensus on the first issue. Occidental has concluded the impact of this recent consensus will not have any effect on net income, cash flow or earnings per share. However, Occidental expects the consensus will require significant reductions in sales and cost of sales by equal amounts.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." In addition to amending or rescinding other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions, SFAS No. 145 precludes companies from recording gains and losses from the extinguishment of debt as an extraordinary item. Occidental must implement SFAS No. 145 in the first quarter of 2003 and all comparative financial statements will be reclassified to conform to the 2003 presentation. The anticipated effect of the statement includes the reclassification of an extraordinary loss to net income from continuing operations of $3 million ($0.01 per share) in the six months ended June 30, 2001. There will be no effect on net income or basic earnings per common share.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets and broadens the presentation of discontinued operations for long-lived assets. The provisions of this statement are effective for financial statements issued for fiscal years beginning after December 15, 2001. Occidental adopted this statement in the first quarter of 2002 and it did not have an impact on the financial statements.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The provisions of this statement are effective for financial statements issued for fiscal years beginning after June 15, 2002. Occidental must implement SFAS No. 143 in the first quarter of 2003 and has not yet determined its impact on the financial statements.

In June 2001, the FASB issued SFAS No, 142, "Goodwill and Other Intangible Assets." SFAS No. 142 changes the accounting and reporting requirements for acquired goodwill and intangible assets. The provisions of this statement must be applied starting with fiscal years beginning after December 15, 2001. At December 31, 2001, the balance sheet included approximately $108 million of goodwill and intangible assets with annual amortization expense of approximately $6 million recorded in each of the years' income statements for the three-year period ended December 31, 2001. As a result, elimination of goodwill amortization would not have had a material impact on net income or earnings per share of any of the years presented and, as a result, the transitional disclosures of adjusted net income excluding goodwill amortization described by SFAS No. 142 have not been presented. Occidental implemented SFAS No. 142 in the first quarter of 2002. The adoption of this accounting standard resulted in a cumulative effect of changes in accounting principles after-tax reduction in net income of approximately $95 million due to the impairment of the goodwill. Occidental now has no remaining goodwill on its financial statements.

SAFE HARBOR STATEMENT REGARDING OUTLOOK AND FORWARD-LOOKING INFORMATION

Portions of this report contain forward-looking statements and involve risks and uncertainties that could significantly affect expected results of operations, liquidity, cash flows and business prospects. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; competitive pricing pressures; higher-than-expected costs including feedstocks; crude oil and natural gas prices; chemical prices; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; general domestic and international political conditions; potential disruption or interruption of Occidental's production or manufacturing facilities due to accidents, political events or insurgent activity; potential failure to achieve expected production from existing and future oil and gas development projects; the supply/demand considerations for Occidental's products; any general economic recession or slowdown domestically or internationally; regulatory uncertainties; and not successfully completing, or any material delay of, any development of new fields, expansion, capital expenditure, efficiency improvement project, acquisition or disposition. Forward-looking statements are generally accompanied by words such as "estimate", "project", "predict", "will", "anticipate", "plan", "intend", "believe", "expect" or similar expressions that convey the uncertainty of future events or outcomes. Occidental undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed might not occur.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For the period ended June 30, 2002, there were no material changes in the information required to be provided under Item 305 of Regulation S-X included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations (Incorporating Item 7A) - Derivative Activities" in Occidental's 2001 Annual Report on Form 10-K.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

GENERAL

There is incorporated by reference herein the information regarding legal proceedings in Note 8 to the consolidated condensed financial statements in Part I hereof.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10.1 Amendment No. 1 to Occidental Petroleum Corporation Supplemental Retirement Plan (as amended and restated effective January 1, 1999)

11 Statement regarding the computation of earnings per share for the three and six months ended June 30, 2002 and 2001

12 Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the six months ended June 30, 2002 and 2001 and the five years ended December 31, 2001

(b) Reports on Form 8-K

During the quarter ended June 30, 2002, Occidental filed the following Current Reports on Form 8-K:

1. Current Report on Form 8-K dated April 10, 2002 (date of earliest event reported), filed on April 10, 2002, for the purpose of reporting, under Item 9, a presentation by Dr. Ray R. Irani, Chief Executive Officer, at the Howard Weil Energy Conference.

2. Current Report on Form 8-K dated April 25, 2002 (date of earliest event reported), filed on April 25, 2002, for the purpose of reporting, under Item 5, Occidental's results of operations for the first quarter ended March 31, 2002, and under Item 9, speeches and supplemental investor information relating to Occidental's first quarter 2002 earnings announcement.

3. Current Report on Form 8-K dated May 3, 2002 (date of earliest event reported), filed on May 3, 2002, for the purpose of reporting, under Item 9, a speech made by Dr. Ray R. Irani, Chief Executive Officer, at Occidental's 2002 Annual Meeting of Stockholders.

4. Current Report on Form 8-K of the Occidental Petroleum Corporation Savings Plan (including by merger the Occidental Chemical Corporation Savings and Investment Plan and the Oxy Vinyls, LP Savings Plan) dated June 10, 2002 (date of earliest event reported), filed on June 12, 2002, for the purpose of reporting, under Item 4, a change in the certifying public accountant, and under Item 7, the filing of certain exhibits related thereto.

5. Current Report on Form 8-K dated June 18, 2002 (date of earliest event reported), filed on June 19, 2002, for the purpose of reporting, under Item 9, a presentation by Stephen I. Chazen, Chief Financial Officer and Executive Vice President - Corporate Development, at the Bank of America Securities Energy & Power Conference

From June 30, 2002 to the date hereof, Occidental filed the following Current Reports on Form 8-K:

1. Current Report on Form 8-K dated July 22, 2002 (date of earliest event reported), filed on July 22, 2002, for the purpose of reporting, under Item 5, Occidental's results of operations.

for the second quarter ended June 30, 2002, and under Item 9, speeches and supplemental investor information relating to Occidental's second quarter 2002 earnings announcement.

SIGNATURES

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

OCCIDENTAL PETROLEUM CORPORATION

DATE: August 9, 2002

S. P. Dominick, Jr.

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

EXHIBIT INDEX

EXHIBITS	
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EXHIBIT 10.1

AMENDMENT NUMBER 1
TO THE
OCCIDENTAL PETROLEUM CORPORATION
SUPPLEMENTAL RETIREMENT PLAN
(As Amended and Restated Effective January 1, 1999)

The Occidental Petroleum Corporation Supplemental Retirement Plan ("Plan"), as amended and restated effective January 1, 1999, is hereby amended as of March 1, 2002 (unless a different effective date is specified), as follows:

1. Section 1.1, relating to "Establishment and Purpose" is amended by adding the following paragraph immediately after the existing last paragraph:

   It is the purpose of this Plan to provide eligible employees with benefits that will compensate them for maximums imposed by law upon contributions to qualified plans.

2. Section 1.2, relating to the applicability of the Plan, is amended by adding the following sentence to the end of the section effective as of February 28, 2002:

   Effective with the merger of the OxyVinyls, LP Retirement Plan into the Occidental Petroleum Corporation Retirement Plan and the merger of the Oxy Vinyls, LP Savings Plan into the Occidental Petroleum Corporation Savings Plan as of February 28, 2002, the Oxy Vinlys, LP Supplemental Retirement Plan is merged into this Plan.

3. Section 2.1(b), relating to the definition of "Affiliate", is amended in its entirety to read as follows:

   (c) "AFFILIATE" means:

   (1) Any corporation or other business organization while it is controlled by or under common control with the Company within the meaning of Code sections 414 and 1563, or

   (2) Any member of an affiliated service group (within the meaning of Code section 414(m) of which the Company or any Affiliate is a member;

   (3) Any entity which, pursuant to Code section 414(o) and related Treasury regulations, must be aggregated with the Company or any Affiliate for plan qualification purposes; and

   (4) Any corporation, trade or business which is more than 50 percent owned, directly or indirectly, by the Company and which is designated by the Board

or, if authorized by the Board, the Administrative Committee as an Affiliate.

4. Section 2.1(c), relating to the definition of "Beneficiary", is amended by adding the following paragraph thereto:

   Notwithstanding the foregoing, where an Employee becomes a Participant through merger another plan into this Plan, "Beneficiary" means the person or persons so designated under such other plan until a new Beneficiary designation is effected under the Retirement Plan or Appendix A, as applicable, by such Employee.

5. A new section 2.1(h), relating to the definition of Controlled Group, is added to read as follows:

   (h) "CONTROLLED GROUP" means each Employer and all entities that must be aggregated with that Employer pursuant to Code sections 414(b), (c), (m), or (o).

6. Sections 2.1(h) through 2.1(p) shall be renumbered as Section 2.1(i) to Section (q), respectively.

7. Existing Section 2.1(i), relating to the definition of Employee, is amended in its entirety to read as follows:

   (i) "EMPLOYEE" means any person employed by the Employer or, where the context requires, a member of the relevant Controlled Group.

8. Existing Section 2.1(j), relating to the definition of "Employer", is amended in its entirety to read as follows:

   (j) "EMPLOYER" means the Company and any Affiliate which is designated by the Board or the Administrative Committee and which adopts the Plan.

   The Board or, if authorized by the Board, the Administrative Committee may designate any Affiliate as an Employer under this Plan.

The Affiliate shall become an Employer and a party to this Plan upon acceptance of such designation effective as of the date specified by the Board or Administrative Committee.

By accepting such designation or continuing as a party to the Plan and Trust, each Employer acknowledges that:

(a) It is bound by such terms and conditions relating to the Plan as the Company or the Administrative Committee may reasonably require;

(b) It hereby acknowledges the authority of the Company and the Administrative Committee to review the Affiliate's compliance procedures and to require changes in such procedures to protect the Plan;

(c) It has authorized the Company and the Administrative Committee to act on its behalf with respect to Employer matters pertaining to the Plan;

(d) It will cooperate fully with the Plan officials and their agents by providing such information and taking such other actions, as they deem appropriate for the efficient administration of the Plan; and

(e) Its status as an Employer under the Plan is expressly conditioned on its being and continuing to be an Affiliate of the Company.

Subject to the concurrence of the Board or Administrative Committee, any Affiliate may withdraw from the Plan, and end its status as an Employer hereunder, by communicating to the Administrative Committee its desire to withdraw. Upon withdrawal, which shall be effective as of the date agreed to by Board or Administrative Committee, as the case may be, and the Affiliate, the Plan shall be considered frozen as to Employees of such Affiliate.

9. Existing Section 2.1(k), relating to the definition of "Long-Term Disability Plan", is amended in its entirety to read as follows:

   (k) "LONG-TERM DISABILITY PLAN" means the Occidental Petroleum Corporation Long-Term Disability Plan or, effective March 1, 2002, as appropriate to the Participant or context, the Oxy Vinyls, LP Long-Term Disability Plan.

10. Existing Section 2.1(n), relating to the definition of "Retirement Plan", is amended in its entirety to read as follows:

   (n) "RETIREMENT PLAN" means the Occidental Petroleum Corporation Retirement Plan or, as appropriate to the Participant or context, the Oxy Vinyls, LP Retirement Plan before it was merged into the Occidental Petroleum Corporation Retirement Plan.

11. Existing Section 2.1(o), relating to the definition of "Savings Plan", is amended in its entirety to read as follows:

   (o) "SAVINGS PLAN" means the Occidental Petroleum Corporation Savings Plan or, where appropriate to the Participant or context, includes the Oxy Vinyls, LP Savings Plan before it was merged into the Occidental Petroleum Corporation Savings Plan.

12. Section 3.2, relating to "Participation after 1998" is amended by adding the following paragraph immediately after the existing last paragraph:

> Due to the merger of the OxyVinyls, LP Supplemental Retirement Plan on February 28, 2002 into the Plan, all Participants in the OxyVinyls, LP Supplemental Retirement Plan on that date became Participants under this Plan effective as of March 1, 2002.

13. Except as amended above, the Plan as in effect prior to this amendment shall continue unchanged.

* * * * * * * * * *

IN WITNESS WHEREOF, the Company has caused this amendment to be signed on its behalf by its duly authorized officer this 2nd day of May, 2002.

OCCIDENTAL PETROLEUM CORPORATION

By /s/ Richard W. Hallock

Its Executive Vice President -
Human Resources

EXHIBIT 11

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(Amounts in millions, except per-share amounts)

	Three Months Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
BASIC EARNINGS PER SHARE				
Income before extraordinary item and effect of changes in accounting principles	$ 240	$ 473	$ 360	$ 984
Effect of repurchase of Trust Preferred Securities	--	--	--	--
Earnings before extraordinary item and effect of changes in accounting principles	240	473	360	984
Extraordinary loss, net	--	--	--	(3)
Cumulative effect of changes in accounting principles, net	--	--	(95)	(24)
Earnings applicable to common stock	$ 240	$ 473	$ 265	$ 957
Weighted average common shares outstanding	375.8	372.0	375.1	371.1
Basic earnings per share				
Income before extraordinary item and effect of changes in accounting principles	$ .64	$ 1.27	$ .96	$ 2.65
Extraordinary loss, net	--	--	--	(.01)
Cumulative effect of changes in accounting principles, net	--	--	(.25)	(.06)
Basic earnings per common share	$ .64	$ 1.27	$ .71	$ 2.58
DILUTED EARNINGS PER SHARE				
Earnings before extraordinary item and effect of changes in accounting principles	$ 240	$ 473	$ 360	$ 984
Extraordinary loss, net	--	--	--	(3)
Cumulative effect of changes in accounting principles, net	--	--	(95)	(24)
Earnings applicable to common stock	$ 240	$ 473	$ 265	$ 957
Weighted average common shares outstanding	375.8	372.0	375.1	371.1
Dilutive effect of exercise of options outstanding	5.7	2.7	5.2	1.7
	381.5	374.7	380.3	372.8
Diluted earnings per share				
Income before extraordinary item and effect of changes in accounting principles	$ .63	$ 1.26	$ .95	$ 2.64
Extraordinary loss, net	--	--	--	(.01)
Cumulative effect of changes in accounting principles, net	--	--	(.25)	(.06)
Diluted earnings per common share	$ .63	$ 1.26	$ .70	$ 2.57

EXHIBIT 11 (CONTINUED)

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(Amounts in millions, except per-share amounts)

The following items were not included in the computation of diluted earnings per share because their effect was antidilutive:

	Three Months Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
STOCK OPTIONS				
Number of shares	.006	.021	.021	.021
Price range per share	$29.438	$29.063 -- $29.438	$29.063 -- $29.438	$29.063 -- $29.438
Expiration range	12/01/07	12/01/07 -- 04/29/08	12/01/07 -- 04/29/08	12/01/07 -- 04/29/08

EXHIBIT 12

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

	Six Months Ended June 30		Year Ended December 31				
	2002	2001	2001	2000	1999	1998	1997
Income from continuing operations (a)	$ 446	$ 1,095	$ 1,418	$ 1,785	$ 699	$ 400	$ 245
Add:							
Provision for taxes on income (other than foreign and gas taxes)	461	359	172	871	306	204	47
Interest and debt expense(b)	159	232	411	540	515	576	446
Portion of lease rentals representative of the interest factor	13	15	7	6	31	36	39
	633	606	590	1,417	852	816	532
Earnings before fixed charges	$ 1,079	$ 1,701	$ 2,008	$ 3,202	$ 1,551	$ 1,216	$ 777
Fixed charges							
Interest and debt expense including capitalized interest (b)	$ 163	$ 235	$ 417	$ 543	$ 522	$ 594	$ 462
Portion of lease rentals representative of the interest factor	13	15	7	6	31	36	39
Total fixed charges	$ 176	$ 250	$ 424	$ 549	$ 553	$ 630	$ 501
Ratio of earnings to fixed charges	6.13	6.80	4.74	5.83	2.80	1.93	1.55

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