SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2007

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 ☐ No

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

Large Accelerated Filer ☑ Accelerated Filer ☐ Non-Accelerated Filer ☐

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

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

Class	Outstanding at June 30, 2007
Common stock $.20 par value	830,744,346 shares

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
JUNE 30, 2007 AND DECEMBER 31, 2006
(Amounts in millions)

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,505	$ 1,339
Short-term investments	—	240
Receivables, net	3,942	3,324
Inventories	871	825
Prepaid expenses and other	500	257
Assets of discontinued operations	22	184
Total current assets	6,840	6,169
LONG-TERM RECEIVABLES, net	221	231
INVESTMENTS IN UNCONSOLIDATED ENTITIES	850	1,344
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation, depletion and amortization of $12,242 at June 30, 2007 and $11,342 at December 31, 2006	25,081	24,138
OTHER ASSETS	680	549
	$ 33,672	$ 32,431

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
JUNE 30, 2007 AND DECEMBER 31, 2006
(Amounts in millions)

	2007	2006
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt and capital lease liabilities	$ 163	$ 171
Accounts payable	2,837	2,263
Accrued liabilities	1,496	1,720
Domestic and foreign income taxes	525	396
Liabilities of discontinued operations	128	145
Total current liabilities	5,149	4,695
LONG-TERM DEBT, net of current maturities and unamortized discount/premium	1,717	2,619
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes	2,253	2,366
Long-term liabilities of discontinued operations	187	195
Other	2,877	2,952
	5,317	5,513
MINORITY INTEREST	378	352
STOCKHOLDERS' EQUITY		
Common stock, at par value	175	174
Treasury stock	(2,038)	(1,481)
Additional paid-in capital	7,002	6,905
Retained earnings	16,459	13,987
Accumulated other comprehensive loss	(487)	(333)
	21,111	19,252
	$ 33,672	$ 32,431

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006
(Amounts in millions, except per-share amounts)

	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
REVENUES				
Net sales	$ 4,411	$ 4,470	$ 8,426	$ 8,735
Interest, dividends and other income	57	74	241	128
Gains on disposition of assets, net	308	16	720	19
	4,776	4,560	9,387	8,882
COSTS AND OTHER DEDUCTIONS				
Cost of sales	2,205	2,102	4,256	4,010
Selling, general and administrative and other operating expenses	388	343	724	682
Environmental remediation	6	9	61	16
Exploration expense	93	50	195	121
Interest and debt expense, net	32	72	249	140
	2,724	2,576	5,485	4,969
Income before taxes and other items	2,052	1,984	3,902	3,913
Provision for domestic and foreign income and other taxes	904	851	1,588	1,725
Minority interest	21	34	28	71
Income from equity investments	(18)	(43)	(28)	(112)
Income from continuing operations	1,145	1,142	2,314	2,229
Discontinued operations, net	267	(282)	310	(138)
NET INCOME	$ 1,412	$ 860	$ 2,624	$ 2,091
BASIC EARNINGS PER COMMON SHARE				
Income from continuing operations	$ 1.36	$ 1.33	$ 2.76	$ 2.61
Discontinued operations, net	0.32	(0.33)	0.37	(0.16)
Basic earnings per common share	$ 1.68	$ 1.00	$ 3.13	$ 2.45
DILUTED EARNINGS PER COMMON SHARE				
Income from continuing operations	$ 1.36	$ 1.32	$ 2.74	$ 2.58
Discontinued operations, net	0.32	(0.33)	0.37	(0.16)
Diluted earnings per common share	$ 1.68	$ 0.99	$ 3.11	$ 2.42
DIVIDENDS PER COMMON SHARE	$ 0.22	$ 0.18	$ 0.44	$ 0.36
WEIGHTED AVERAGE BASIC SHARES	837.7	860.2	839.3	854.5
WEIGHTED AVERAGE DILUTED SHARES	841.8	867.7	843.2	864.3

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, 2007 AND 2006
(Amounts in millions)

	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	$ 2,624	$ 2,091
Adjustments to reconcile net income to net cash provided by operating activities:		
Discontinued operations, net	(310)	138
Depreciation, depletion and amortization of assets	1,138	930
Deferred income tax benefit	(57)	(68)
Other non-cash charges to income	482	301
Gains on disposition of assets, net	(720)	(19)
Income from equity investments	(28)	(112)
Dry hole and impairment expense	90	40
Changes in operating assets and liabilities	(348)	(438)
Other operating, net	(64)	(103)
Operating cash flow from continuing operations	2,807	2,760
Operating cash flow from discontinued operations	141	340
Net cash provided by operating activities	2,948	3,100
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(1,630)	(1,230)
Purchase of businesses and assets, net	(513)	(1,511)
Sales of businesses and disposal of property, plant, and equipment, net	63	674
Short term investments - purchases	(10)	(90)
Short term investments - sales	250	115
Sales of equity investments and available-for-sale investments	1,083	—
Equity investments and other investing, net	(67)	(74)
Investing cash flow from continuing operations	(824)	(2,116)
Investing cash flow from discontinued operations	(9)	(45)
Net cash used by investing activities	(833)	(2,161)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	66	118
Payments of long-term debt and capital lease liabilities	(1,138)	(736)
Proceeds from issuance of common stock	4	3
Purchases of treasury stock	(552)	(970)
Excess tax benefits related to share-based payments	24	92
Cash dividends paid	(371)	(303)
Stock options exercised	18	24
Other financing, net	—	1
Net cash used by financing activities	(1,949)	(1,771)
Increase (decrease) in cash and cash equivalents	166	(832)
Cash and cash equivalents—beginning of period	1,339	2,188
Cash and cash equivalents—end of period	$ 1,505	$ 1,356

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

1. General

In these unaudited consolidated condensed financial statements, "Occidental" means Occidental Petroleum Corporation (OPC) and/or one or more entities in which it owns a majority voting interest (subsidiaries). Certain information and disclosures normally included in notes to consolidated financial statements have been condensed or omitted pursuant to the Securities and Exchange Commission's 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. 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, 2006 (2006 Form 10-K).

In the opinion of Occidental's management, the accompanying consolidated condensed financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to fairly present Occidental's consolidated financial position as of June 30, 2007, and the consolidated statements of income and cash flows for the three and six months then ended, as applicable. The income and cash flows for the periods ended June 30, 2007 and 2006 are not necessarily indicative of the income or cash flows to be expected for the full year.

Certain financial statement elements and notes for the prior year have been reclassified to conform to the 2007 presentation.

2. Asset Acquisitions, Dispositions and Other Transactions

In June 2007, Occidental completed an exchange of assets with BP p.l.c. (BP). Occidental received certain BP oil and gas interests in the Permian Basin and a gas processing plant in Texas at their fair values. In exchange, BP received Occidental's oil and gas interests in Horn Mountain, which are operated by BP, and a net cash payment of approximately $75 million. Occidental recorded an after-tax gain of approximately $107 million on the swap of Horn Mountain since the transaction was recorded at fair value. As a result of this transaction, the Horn Mountain operations were classified as discontinued operations for all periods presented. Net revenues and pre-tax income for discontinued operations related to Horn Mountain were $53 million and $45 million, respectively, for the three months ended June 30, 2007, and $104 million and $87 million, respectively, for the six months ended June 30, 2007. Net revenues and pre-tax income for discontinued operations related to Horn Mountain were $76 million and $67 million, respectively, for the three months ended June 30, 2006, and $162 million and $143 million, respectively, for the six months ended June 30, 2006.

In June 2007, Occidental purchased for cash BP's West Texas Pipeline System. In a separate transaction, Occidental sold its oil and gas interests in Pakistan to BP, which currently operates these interests. Occidental recorded an after-tax gain of approximately $116 million on the sale. As a result of this transaction, the Pakistan operations were classified as discontinued operations for all periods presented. Net revenues and pre-tax income for discontinued operations related to Pakistan were $44 million and $21 million, respectively, for the three months ended June 30, 2007, and $86 million and $41 million, respectively, for the six months ended June 30, 2007. Net revenues and pre-tax income for discontinued operations related to Pakistan were $53 million and $29 million, respectively, for the three months ended June 30, 2006 and $98 million and $52 million, respectively, for the six months ended June 30, 2006.

In May 2007, Occidental redeemed all $276 million of the outstanding principal amount of its 8.25-percent Vintage Petroleum, LLC (Vintage) senior notes due 2012. The repurchases were funded with Occidental's cash on hand and resulted in a debt repurchase pre-tax interest expense of $11 million.

In January 2007, Occidental sold its interest in the Russian Vanyoganneft joint venture to TNK-BP for approximately $485 million and recorded an after-tax gain of $412 million.

In January 2007, Occidental completed cash tender offers for its 10.125-percent senior debentures due 2009, 9.25-percent senior debentures due 2019, 8.75-percent senior notes due 2023, 7.2-percent senior debentures due 2028 and 8.45-percent senior notes due 2029, resulting in the repurchase of a portion of these debt instruments totaling $659 million in principal amount. The repurchases were funded with Occidental's cash on hand and resulted in a debt repurchase pre-tax interest expense of $172 million.

3. Accounting Changes

In February 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This Statement provides companies an option to measure certain financial instruments at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Occidental is currently assessing the effect of SFAS No. 159 on its financial statements.

In September 2006, the FASB issued FASB Staff Position (FSP) AUG AIR-1, "Accounting for Planned Major Maintenance Activities," which is effective for the first fiscal year beginning after December 15, 2006. This FSP prohibits the use of the accrue-in-advance method of accounting for planned major maintenance activities, which was used by certain operations of Occidental. When Occidental adopted FSP AUG AIR-1 on January 1, 2007, those operations changed to the deferral method of accounting for planned major maintenance activities. The adoption of FSP AUG AIR-1 was retrospectively applied to all periods presented and the impact to the income statements for the three and six months ended June 30, 2006 was immaterial.

The following table shows the effects of adopting FSP AUG AIR-1 on the consolidated balance sheet at January 1, 2007 (in millions):

	Debit/(Credit)
Prepaid expenses and other	$ 1
Property, plant and equipment, net	$ (16)
Other assets	$ 91
Accrued liabilities	$ 43
Deferred and other domestic and foreign income taxes	$ (40)
Minority interest	$ (11)
Retained earnings	$ (68)

In June 2006, the FASB issued FASB Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109." This interpretation specifies that benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority having full knowledge of all relevant information. A tax position meeting the more-likely-than-not recognition threshold should be measured at the largest amount of benefit for which the likelihood of realization upon ultimate settlement exceeds 50 percent. Occidental adopted FIN No. 48 on January 1, 2007. See Note 10 for further information.

4. Comprehensive Income

The following table presents Occidental's comprehensive income items for the three and six months ended June 30, 2007 and 2006 (in millions):

	Periods Ended June 30			
	Three months		Six months	
	2007	2006	2007	2006
Net income	$ 1,412	$ 860	$ 2,624	$ 2,091
Other comprehensive income items				
Foreign currency translation adjustments	4	2	7	5
Derivative mark-to-market adjustments	(6)	(51)	(67)	(98)
Pension and post-retirement adjustments	4	(3)	4	(3)
Reclassification of realized gains (a)	(191)	—	(191)	—
Unrealized gain on securities	38	125	93	125
Other comprehensive income (loss), net of tax	(151)	73	(154)	29
Comprehensive income	$ 1,261	$ 933	$ 2,470	$ 2,120

(a) Amounts include the recognition of the after-tax gain on the sale of approximately 18.6 million shares of Lyondell Chemical Company (Lyondell) stock in the second quarter of 2007.

5. Supplemental Cash Flow Information

During the six months ended June 30, 2007 and 2006, net cash payments for federal, foreign and state income taxes paid by continuing operations were approximately $847 million and $1.3 billion, respectively. Interest paid (net of interest capitalized of $38 million and $23 million, respectively) totaled approximately $222 million and $126 million for the six months ended June 30, 2007 and 2006, respectively. The 2007 amount includes $167 million and $11 million of interest paid for the repurchase of a portion of various debt issues totaling $659 million in principal amount in cash tender offers and the redemption of the Vintage senior notes due 2012, respectively. Net cash payments for federal, foreign and state income taxes paid by discontinued operations for the six months ended June 30, 2007 and 2006 were approximately $14 million and $69 million, respectively.

6. Inventories

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

Balance at	June 30, 2007	December 31, 2006
Raw materials	$ 82	$ 70
Materials and supplies	362	304
Finished goods	501	525
	945	899
LIFO reserve	(74)	(74)
Total	$ 871	$ 825

7. Asset Retirement Obligations

The asset retirement obligations at June 30, 2007 and 2006, were $374 million and $293 million, respectively, of which $361 million and $284 million are included in deferred credits and other liabilities-other at June 30, 2007 and 2006, respectively, and the remaining balance is included in accrued liabilities. The following summarizes the activity of the asset retirement obligations for the six months ended June 30, 2007 and 2006 (in millions):

Six months ended June 30	2007	2006
Beginning balance	$ 362	$ 222
Liabilities incurred in the period	2	3
Liabilities settled in the period	(8)	(13)
Acquisition and other	7	71
Accretion expense	11	10
Ending balance	$ 374	$ 293

8. Environmental Liabilities and Expenditures

Occidental's operations are subject to stringent federal, state, local and foreign laws and regulations relating to improving or maintaining environmental quality. The laws that require or address environmental remediation may apply retroactively to past waste disposal practices and releases of substances to the environment. In many cases, the laws apply regardless of fault, legality of the original activities or current ownership or control of sites. OPC or certain of its subsidiaries are currently participating in environmental assessments and cleanups under these laws at federal Superfund sites, comparable state sites and other domestic and foreign remediation sites, including currently-owned facilities and previously-owned sites.

The following table presents Occidental's environmental remediation reserves at June 30, 2007, the current portion of which ($79 million) is included in accrued liabilities. The remaining amount of $368 million is included in deferred credits and other liabilities-other. The reserves are grouped by three categories of environmental remediation sites ($ amounts in millions):

	Number of Sites	Reserve Balance
CERCLA & equivalent sites	103	$ 209
Active facilities	22	159
Closed or sold facilities	40	79
Total	165	$ 447

In determining the environmental remediation reserves and the reasonably possible range of loss, Occidental refers to currently available information, including relevant past experience, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. Occidental believes it is reasonably possible that it will continue to incur additional liabilities beyond those recorded for environmental remediation at these sites. The range of reasonably possible loss for existing environmental remediation matters could be up to $410 million beyond the amount accrued.

The following table shows additional detail regarding reserves for Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) or CERCLA-equivalent proceedings in which OPC or certain of its subsidiaries were involved at June 30, 2007:

Description	Number of Sites	Reserve Balance (in millions)
Minimal/No Exposure (a)	83	$ 5
Reserves between $1-10 million	13	40
Reserves over $10 million	7	164
Total	103	$ 209

(a) Includes 32 sites for which Maxus Energy Corporation has retained the liability and indemnified Occidental, 4 sites where Occidental has denied liability without challenge, 35 sites where Occidental's reserves are less than $50,000 each, and 12 sites where reserves are between $50,000 and $1 million each.

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

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

Since 2004, Occidental Chemical Corporation (OCC) has been served with eleven lawsuits filed in Nicaragua by approximately 2,600 individual plaintiffs. These individuals allege that they have sustained several billion dollars of personal injury damages as a result of their alleged exposure to a pesticide. OCC is aware of, but has not been served in, 23 additional cases in Nicaragua, which Occidental understands make similar allegations. In the opinion of management, the claims against OCC are without merit because, among other things, OCC believes that none of the pesticide it manufactured was ever sold or used in Nicaragua. Under the applicable Nicaraguan statute, defendants are required to pay pre-trial deposits so large as to effectively prohibit defendants from participating fully in their defense. OCC filed a response to the complaints contesting jurisdiction without posting such pre-trial deposit. In 2004, the judge in one of the cases (Osorio Case), ruled the court had jurisdiction over the defendants, including OCC, and that the plaintiffs had waived the requirement of the pre-trial deposit. In order to preserve its jurisdictional defense, OCC elected not to make a substantive appearance in the Osorio Case. In 2005, the judge in the Osorio Case entered judgment against several defendants, including OCC, for damages totaling approximately $97 million. In December 2006, the court in a second case in Nicaragua (Rios Case) entered a judgment against several defendants, including OCC, for damages totaling approximately $800 million. While preserving its jurisdictional defenses, OCC has appealed the judgments in the Osorio and Rios Cases. OCC has no assets in Nicaragua and, in the opinion of management, any judgment rendered under the statute, including in the Osorio and Rios Cases, would be unenforceable in the United States.

Occidental has entered into various guarantees including performance bonds, letters of credit, indemnities, commitments and other forms of guarantees provided by Occidental to third parties, mainly to provide assurance that OPC or its subsidiaries and affiliates will meet their various obligations (guarantees). At June 30, 2007, the notional amount of the guarantees that are subject to the reporting requirements of FIN No. 45, “Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others—an interpretation of FASB Statements No. 5, 57, and 107 and rescission of FASB Interpretation No. 34,” was approximately $235 million, which consists of Occidental’s guarantees of equity investees’ debt, primarily from the Dolphin Project equity investment, and other commitments.

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

In February 2007, Occidental resolved certain legal disputes that resulted in an after-tax gain of $109 million.

10. Income Taxes

Occidental adopted the provisions of FIN No. 48 on January 1, 2007. The following table shows the effect of adopting FIN No. 48 on the consolidated balance sheet at January 1, 2007 (in millions):

	Debit/(Credit)	
Domestic and foreign income taxes – Current	$	140
Deferred and other domestic and foreign income taxes	$	(8)
Deferred credits and other liabilities – Other	$	100
Minority interest	$	(13)
Retained earnings	$	(219)

As of the January 1, 2007 adoption, Occidental had liabilities for unrecognized tax benefits of approximately $77 million included in deferred credits and other liabilities – other, which included approximately $61 million that, if subsequently recognized, would have affected Occidental’s effective tax rate.

Occidental continues to recognize an estimate of potential interest and penalties related to liabilities for unrecognized tax benefits in the provisions for domestic and foreign income and other taxes. The net interest and penalties incurred were immaterial for the three and six months ended June 30, 2007 and 2006. Occidental’s accrued interest and penalties were $9 million as of January 1, 2007.

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. Taxable years prior to 2001 are generally closed for U.S. federal and state corporate income tax purposes. Taxable years 2001 through the current year are in various stages of audit by the U.S. Internal Revenue Service. Foreign government tax authorities are in various stages of auditing Occidental, and income tax for taxable years from 2002 through 2006 remains subject to examination. Disputes may arise during the course of such audits as to facts and matters of law.

It is reasonably possible that Occidental’s existing liabilities for unrecognized tax benefits may increase or decrease within the next twelve months primarily due to the progression of audits in process or the expiration of statutes of limitation. Occidental cannot reasonably estimate a range of potential changes in such benefits due to the unresolved nature of the various audits.

11. Retirement Plans and Postretirement Benefits

The following table sets forth the components of the net periodic benefit costs for Occidental's defined benefit pension and postretirement benefit plans for the three and six months ended June 30, 2007 and 2006 (in millions):

Three months ended June 30	2007		2006	
Net Periodic Benefit Costs	Pension Benefit	Postretirement Benefit	Pension Benefit	Postretirement Benefit
Service cost	$ 3	$ 3	$ 3	$ 2
Interest cost	8	10	7	9
Expected return on plan assets	(8)	—	(8)	—
Recognized actuarial loss	—	3	2	4
Total	$ 3	$ 16	$ 4	$ 15

Six months ended June 30	2007		2006	
Net Periodic Benefit Costs	Pension Benefit	Postretirement Benefit	Pension Benefit	Postretirement Benefit
Service cost	$ 6	$ 6	$ 6	$ 5
Interest cost	15	19	13	17
Expected return on plan assets	(16)	—	(16)	—
Amortization of prior service cost	—	—	1	—
Recognized actuarial loss	—	6	2	9
Total	$ 5	$ 31	$ 6	$ 31

Occidental contributed $1 million and $2 million to its defined benefit pension plans for the three and six months ended June 30, 2007, respectively, and expects to contribute an additional $1 million in the remainder of 2007. Occidental contributed $1 million and $2 million to its defined benefit pension plans for the three and six months ended June 30, 2006, respectively.

12. Investments in Unconsolidated Entities

In February 2007, Occidental exercised all its outstanding warrants and received approximately 700,000 additional shares of Lyondell common stock in lieu of cash settlement, which increased the number of shares owned by Occidental to approximately 21 million shares.

In May 2007, Occidental sold approximately 7 million shares of Lyondell common stock to a single purchaser in a private transaction for a price of approximately $32 per share. Occidental also entered into a swap agreement with respect to its remaining 14 million shares of Lyondell common stock that would enable Occidental to realize a price of approximately $32 per share on its future sales. As of the end of the second quarter of 2007, Occidental had sold 18.6 million shares and recorded an after-tax gain of approximately $181 million. Occidental sold the remaining 2.4 million shares in July 2007.

13. Industry Segments

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

	Oil and Gas	Chemical	Corporate and Other	Total
Six months ended June 30, 2007				
Net sales	$ 6,061	$ 2,289	$ 76	$ 8,426
Pretax operating profit (loss)	$ 3,690 (c)	$ 295	$ (83)(a)(d)	$ 3,902
Income taxes	—	—	(1,588)(b)	(1,588)
Discontinued operations, net	—	—	310 (e)	310
Net income (loss)	$ 3,690	$ 295	$ (1,361)	$ 2,624
Six months ended June 30, 2006				
Net sales	$ 6,157	$ 2,514	$ 64	$ 8,735
Pretax operating profit (loss)	$ 3,668	$ 501	$ (215)(a)	$ 3,954
Income taxes	—	—	(1,725)(b)	(1,725)
Discontinued operations, net	—	—	(138)(e)	(138)
Net income (loss)	$ 3,668	$ 501	$ (2,078)	$ 2,091

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

(b) Includes all foreign and domestic income taxes.

(c) Includes an after-tax gain of $412 million from the sale of Occidental's interest in the Russian Vanyoganneft joint venture, $112 million of after-tax gains from certain litigation settlements and a $23 million pre-tax gain from the sale of miscellaneous domestic oil and gas interests.

(d) Includes a $284 million pre-tax gain from the sale of 18.6 million shares of Lyondell, a $172 million pre-tax charge for the partial repurchase of various debt issues totaling $659 million in principal amount in cash tender offers and a $47 million pre-tax provision for a plant closure related to environmental remediation.

(e) The 2007 discontinued operations amount includes a $116 million after-tax gain from the sale of Pakistan operations to BP, a $107 million after-tax gain from the swap of the Horn Mountain operations to BP and the after-tax results of the operations of Pakistan and Horn Mountain. The 2006 discontinued operations amount includes a $415 million after-tax loss for the write-off of assets and the after-tax results of the operations of Pakistan, Horn Mountain, Ecuador Block 15 and the Vintage properties held for sale.

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

Consolidated Results of Operations

Occidental (which means Occidental Petroleum Corporation (OPC) and/or one or more entities in which it owns a majority voting interest) reported net income for the first six months of 2007 of $2.6 billion, on net sales of $8.4 billion, compared with net income of $2.1 billion, on net sales of $8.7 billion for the same period of 2006. Diluted earnings per common share were $3.11 and $2.42 for the first six months of 2007 and 2006. Occidental reported net income for the second quarter of 2007 of $1.4 billion, on net sales of $4.4 billion, compared with net income of $860 million, on net sales of $4.5 billion for the same period of 2006. Diluted earnings per common share were $1.68 for the second quarter of 2007, compared with diluted earnings per share of $0.99 for the same period of 2006.

Net income for the three and six months ended June 30, 2007 included the following after-tax amounts: a $181 million gain from the sale of 18.6 million shares of Lyondell Chemical Company (Lyondell) common stock, a $116 million gain from the sale of Pakistan operations to BP p.l.c. (BP), a $107 million gain from the swap of the Horn Mountain operations to BP, a $15 million gain from the sale of miscellaneous domestic oil and gas interests and a $3 million gain from the resolution of certain legal disputes. Net income for the first six months of 2007 also included a $172 million pre-tax interest charge for the partial repurchase of various debt issues totaling $659 million in principal amount in cash tender offers and the following after-tax amounts: a $412 million gain from the sale of Occidental's interest in the Russian Vanyoganneft joint venture, a $109 million gain from certain litigation settlements, and a $30 million provision for a plant closure related to environmental remediation. Net income for the three and six months ended June 30, 2006 included a $415 million after-tax loss for the write-off of assets.

Net income for the three and six months ended June 30, 2007, compared to the same periods of 2006, also was impacted by lower crude oil prices, increased depreciation, depletion and amortization (DD&A) rates, higher exploration and operating expenses and lower margins for chloro-vinyl products, partially offset by higher crude oil and natural gas production. Natural gas prices were higher in the three months ended June 30, 2007 but were lower for the six months ended June 30, 2007.

Selected Income Statement Items

The decrease in net sales of $309 million for the six months ended June 30, 2007, compared with the same period of 2006, reflected lower crude oil, natural gas and chemical prices, partially offset by higher crude oil and natural gas production. The increase in interest, dividends and other income of $113 million for the six months ended June 30, 2007, compared with the same period of 2006, reflected $112 million of after-tax gains from certain litigation settlements in 2007. The gains on disposition of assets for the three and six months ended June 30, 2007 included a $181 million after-tax gain from the sale of 18.6 million shares of Lyondell and a $15 million after-tax gain from the sale of miscellaneous domestic oil and gas interests. The gains on disposition of assets for the six months ended June 30, 2007 also reflected an after-tax gain of $412 million from the sale of Occidental's interest in the Russian Vanyoganneft joint venture.

The increases in cost of sales of $103 million and $246 million for the three and six months ended June 30, 2007, respectively, compared with the same periods of 2006, reflected higher DD&A rates and higher oil and gas production and maintenance costs. The increases in selling, general and administrative and other operating expenses of $45 million and $42 million for the three and six months ended June, 30, 2007, respectively, compared to the same periods in 2006, included foreign exchange losses in Colombia. Plant closure after-tax charges of $30 million are included in environmental remediation expenses for the six months ended June 30, 2007. The increase in exploration expense of $43 million for the three months ended June 30, 2007, compared to the same period of 2006, was due to an increase in the Middle East/North Africa exploration program. The increase in exploration expense of $74 million for the six months ended June 30, 2007, compared to the same period of 2006, was due to increases in the Colombia and Middle East/North Africa exploration programs. Interest and debt expense for the six months ended June 30, 2007 included a first quarter $172 million pre-tax charge for the partial repurchase of various debt issues totaling $659 million in principal amount in cash tender offers.

Otherwise, interest and debt expense for the three and six months ended June 30, 2007, compared to the same periods in 2006, reflected lower debt levels in 2007. Discontinued operations for the three and six months ended June 30, 2007, included an after-tax gain of $116 million from the sale of Pakistan operations to BP and an after-tax gain of $107 million from the swap of the Horn Mountain operations to BP, as well as the results of operations of these assets before the sale. Discontinued operations for the three and six months ended June 30, 2006 included a $415 million after-tax loss for the write-off of assets and the after-tax results of the operations of Pakistan, Horn Mountain, Ecuador Block 15 and the Vintage properties held for sale.

Selected Analysis of Financial Position

The decrease in short-term investments of $240 million at June 30, 2007, compared with December 31, 2006, was due to the sale of Occidental's investments in auction rate securities. The increase in receivables, net of $618 million at June 30, 2007, compared with December 31, 2006, was due to higher crude oil and natural gas production and higher natural gas, power and NGL volumes in the marketing and trading operations. The increase of $243 million in prepaid expenses and other at June 30, 2007, compared to December 31, 2006, reflects the proceeds from the sale of Pakistan operations to BP which was in escrow at June 30, 2007. The decrease in assets of discontinued operations of $162 million at June 30, 2007, compared with December 31, 2006, was due to the sale of Pakistan operations to BP and swap of Horn Mountain operations to BP during the second quarter of 2007. The decrease in investments in unconsolidated entities of $494 million at June 30, 2007, compared to December 31, 2006, was due to the sale of 18.6 million shares of Lyondell common stock and the sale of an interest in the Russian Vanyoganneft joint venture. The increase in property, plant and equipment of $943 million at June 30, 2007, compared with December 31, 2006, was due to capital expenditures in 2007 and the acquisition of the West Texas Pipeline System from BP, the swap of Permian Basin assets from BP and the acquisition of oil and gas interests in California, partially offset by 2007 DD&A. The increase in other assets of $131 million at June 30, 2007, compared with December 31, 2006, reflected additional line-fill acquired from BP as part of the West Texas Pipeline System.

The increase of $574 million in accounts payable at June 30, 2007, compared to December 31, 2006, was mainly due to higher natural gas and power volumes offset by lower crude oil volumes in the marketing and trading operations. The decrease in accrued liabilities of $224 million at June 30, 2007, compared to December 31, 2006, was due to 2007 payments for ad valorem taxes, incentive compensation and accrued interest and lower mark-to-market adjustments on derivative instruments. The increase in domestic and foreign income taxes of $129 million at June 30, 2007, compared to December 31, 2006, was due to taxes owed from the sale of Lyondell common stock. The decrease in long-term debt of $902 million at June 30, 2007, compared to December 31, 2006, was due to the January 2007 debt repurchases under the cash tender offers and the May 2007 redemption of the Vintage Petroleum, LLC (Vintage) senior notes due 2012. The decrease in deferred credits and other liabilities – deferred and other domestic and foreign income taxes of $113 million was due to the realization of deferred taxes from the sale of Lyondell common stock. The increase in the contra-equity treasury stock account of $557 million at June 30, 2007, compared with December 31, 2006, was due to the repurchase of approximately 11.2 million shares of stock in the six months ended June 30, 2007.

Segment Operations

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

	Periods Ended June 30			
	Three Months Ended		Six Months Ended	
	2007	2006	2007	2006
Net Sales				
Oil and gas	$ 3,145	$ 3,163	$ 6,061	$ 6,157
Chemical	1,229	1,273	2,289	2,514
Other	37	34	76	64
Net Sales	$ 4,411	$ 4,470	$ 8,426	$ 8,735
Segment Earnings				
Oil and gas	$ 1,682	$ 1,857	$ 3,690	$ 3,668
Chemical	158	251	295	501
	1,840	2,108	3,985	4,169
Unallocated Corporate Items				
Interest expense, net	6	(33)	(175)	(62)
Income taxes	(904)	(851)	(1,588)	(1,725)
Other	203	(82)	92	(153)
Income from Continuing Operations	1,145	1,142	2,314	2,229
Discontinued operations, net of tax (a)	267	(282)	310	(138)
Net Income	$ 1,412	$ 860	$ 2,624	$ 2,091

(a) The second quarter of 2007 includes a $116 million after-tax gain from the sale of Pakistan operations to BP, $107 million after-tax gain from the swap of the Horn Mountain operations to BP and $44 million after-tax income for the operations of Horn Mountain and Pakistan. The six months ended June 30, 2007 also includes an additional $43 million after-tax income for the operations of Horn Mountain and Pakistan. The second quarter of 2006 includes a $415 million after-tax loss for the write-off of assets, $45 million after-tax income of the Ecuador Block 15 assets, $23 million after-tax income for the Vintage properties held for sale and $65 million after-tax income for the operations of Horn Mountain and Pakistan. The six months ended June 30, 2006 also includes additional after-tax income of $65 million for the Ecuador Block 15 operations, $13 million for the Vintage properties held for sale and $66 million for the operations of Horn Mountain and Pakistan.

Significant Items Affecting Earnings

The following table sets forth the after-tax effects of significant transactions and events affecting Occidental's earnings that vary widely and unpredictably in nature, timing and amount for the three and six months ended June 30, 2007 and 2006 (in millions):

	Periods Ended June 30			
	Three Months		Six Months	
	2007	2006	2007	2006
Oil & Gas				
Gain on sale of Russia – Vanyoganneft	$ —	$ —	$ 412	$ —
Legal settlements	3	—	112	—
Gain on sale of oil and gas interests	15	—	15	—
Total Oil and Gas	$ 18	$ —	$ 539	$ —
Chemical				
No Significant Items Affecting Earnings	$ —	$ —	$ —	$ —
Total Chemical	$ —	$ —	$ —	$ —
Corporate and Other				
Debt purchase income (expense)	$ 3	$ —	$ (107)	$ —
Gain on sale of Lyondell shares	181	—	181	—
Facility closure	—	—	(30)	—
Discontinued operations, net	267	(282)	310	(138)
Total Corporate and other	$ 451	$ (282)	$ 354	$ (138)
Total	$ 469	$ (282)	$ 893	$ (138)

Worldwide Effective Tax Rate

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

	Periods Ended June 30			
	Three Months		Six Months	
	2007	2006	2007	2006
Oil & Gas earnings (a)	$ 1,682	$ 1,857	$ 3,690	$ 3,668
Chemicals earnings	158	251	295	501
Unallocated corporate & other items	209	(115)	(83)	(215)
Pre-tax income	2,049	1,993	3,902	3,954
Income tax expense				
Federal and state	456	402	722	835
Foreign (a)	448	449	866	890
Total	904	851	1,588	1,725
Income from continuing operations	$ 1,145	$ 1,142	$ 2,314	$ 2,229
Worldwide effective tax rate	44%	43%	41%	44%

(a) Revenues and income tax expense include taxes owed by Occidental but paid by governmental entities on its behalf. Oil and gas pre-tax income includes revenue amounts by period (in millions): second quarter 2007—$300 and second quarter 2006—$282, first six months 2007—$588 and first six months 2006—$572.

Oil and Gas Segment

Summary of Operating Statistics	Periods Ended June 30 Three Months 2007	2006	Six Months 2007	2006
Net Production per Day:				
Crude Oil and Natural Gas Liquids (MBL)				
United States	259	253	257	253
Latin America	78	72	76	67
Middle East/North Africa	110	118	118	117
Natural Gas (MMCF)				
United States	609	593	594	583
Latin America	46	41	41	34
Middle East	32	35	29	30
Barrels of Oil Equivalent (MBOE) per day (a)				
Consolidated subsidiaries	561	555	562	545
Other interests	(3)	(4)	(3)	(3)
Worldwide production – continuing operations	558	551	559	542
Sold operations (b)	25	58	28	59
Total worldwide production	583	609	587	601
Average Sales Price:				
Crude Oil ($/BBL)				
United States	$ 58.19	$ 61.78	$ 55.09	$ 58.40
Latin America	$ 52.57	$ 56.47	$ 49.19	$ 54.28
Middle East/North Africa	$ 66.21	$ 65.08	$ 60.42	$ 61.57
Total consolidated subsidiaries	$ 59.14	$ 61.70	$ 55.38	$ 58.54
Other interests	$ 69.51	$ 68.15	$ 62.40	$ 63.87
Worldwide production – continuing operations	$ 59.11	$ 61.66	$ 55.34	$ 58.53
Natural Gas ($/MCF)				
United States	$ 7.07	$ 6.23	$ 6.74	$ 7.25
Latin America	$ 2.26	$ 1.87	$ 2.12	$ 1.82
Middle East	$ 0.97	$ 0.97	$ 0.96	$ 0.96
Worldwide production – continuing operations	$ 6.46	$ 5.69	$ 6.20	$ 6.68

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

(b) Occidental sold its interest in the Russian Vanyoganneft joint venture in January 2007. In June 2007, Occidental sold its Pakistan operations to BP and swapped its Horn Mountain operations to BP. Horn Mountain, Pakistan and Vanyoganneft production have been treated as sold operations for all periods for comparability.

Oil and gas segment earnings for the three and six months ended June 30, 2007 were $1.68 billion and $3.69 billion, respectively, compared with $1.86 billion and $3.67 billion of segment earnings for the same periods of 2006. Oil and gas segment earnings for the three and six months ended June 30, 2007 included a $23 million pre-tax gain from the sale of miscellaneous domestic oil and gas interests and an after-tax gain of $3 million from certain litigation settlements. Oil and gas earnings for the six months ended June 30, 2007 also included an after-tax gain of $412 million from the sale of Occidental's interest in the Russian Vanyoganneft joint venture and an after-tax gain of $109 million from certain litigation settlements. Oil and gas segment earnings for the six months ended June 30, 2007, compared to the same period in 2006, also reflected lower crude oil and natural gas prices, increased DD&A rates and higher exploration and operating expenses, partially offset by higher crude oil and natural gas production. The decrease in oil and gas segment earnings for the second quarter of 2007, compared to the same period of 2006, reflected lower crude oil prices, increased DD&A rates and higher exploration and operating expenses, partially offset by higher crude oil and natural gas production and higher natural gas prices.

The average West Texas Intermediate (WTI) price in the second quarter of 2007 was $65.05 per barrel and the average New York Mercantile Exchange (NYMEX) price for natural gas was $7.56 per million BTUs, compared to $70.70 per barrel and $7.26 per million BTUs, respectively, for the second quarter of 2006. Occidental's realized oil price for the second quarter of 2007 was $59.11 per barrel compared to $61.66 per barrel for the second quarter of 2006. Occidental's realized price differential to WTI improved in the second quarter of 2007 with realized prices increasing to 91-percent of WTI as compared to 87-percent of WTI in the second quarter of 2006. A change of 50 cents per million BTUs in NYMEX gas prices impacts quarterly oil and gas segment earnings by approximately $24 million, while a $1.00 per-barrel change in oil prices has a quarterly pre-tax impact of approximately $40 million.

The increase in production for the three and six months ended June 30, 2007, compared to the same periods of 2006, was due to the 2006 acquisitions of Vintage and oil and gas assets from Plains Exploration and Production Co. and higher production in Colombia partially offset by lower Middle East/North Africa production.

Average production cost for the first six months of 2007 was $12.30 per BOE compared to the average annual 2006 production cost of $11.70 per BOE. The increase was a result of higher field operating and maintenance expenses.

In June 2007, Occidental completed an exchange of assets with BP. Occidental received certain BP oil and gas interests in the Permian Basin and a gas processing plant in Texas at their fair values. In exchange, BP received Occidental's oil and gas interests in Horn Mountain, which are operated by BP, and a net cash payment of approximately $75 million. Occidental recorded an after-tax gain of approximately $107 million on the swap of Horn Mountain since the transaction was recorded at fair value. As a result of this transaction, the Horn Mountain operations were classified as discontinued operations for all periods presented.

In June 2007, Occidental purchased for cash BP's West Texas Pipeline System. In a separate transaction, Occidental sold its oil and gas interests in Pakistan to BP, which currently operates these interests. Occidental recorded an after-tax gain of approximately $116 million on the sale. As a result of this transaction, the Pakistan operations were classified as discontinued operations for all periods presented.

In January 2007, Occidental sold its interest in the Russian Vanyoganneft joint venture to TNK-BP for approximately $485 million and recorded an after-tax gain of $412 million.

Chemical Segment

Chemical segment earnings for the three and six months ended June 30, 2007 were $158 million and $295 million, respectively, compared with $251 million and $501 million for the same periods of 2006. The decrease in chemical segment earnings for the three and six months ended June 30, 2007, compared with the same periods of 2006, was due to lower margins on chloro-vinyl products due to lower industry demand.

Corporate and Other

In February 2007, Occidental exercised all its outstanding warrants and received approximately 700,000 additional shares of Lyondell common stock in lieu of cash settlement, which increased the number of shares owned by Occidental to approximately 21 million shares.

In May 2007, Occidental sold approximately 7 million shares of Lyondell common stock to a single purchaser in a private transaction for a price of approximately $32 per share. Occidental also entered into a swap agreement with respect to its remaining 14 million shares of Lyondell common stock that would enable Occidental to realize a price of approximately $32 per share on its future sales. As of the end of the second quarter of 2007, Occidental had sold 18.6 million shares and recorded an after-tax gain of approximately $181 million. Occidental sold the remaining 2.4 million shares in July 2007.

In January 2007, Occidental completed cash tender offers for its 10.125-percent senior debentures due 2009, 9.25-percent senior debentures due 2019, 8.75-percent senior notes due 2023, 7.2-percent senior debentures due 2028 and 8.45-percent senior notes due 2029, resulting in the repurchase of a portion of these debt instruments totaling $659 million in principal amount. The repurchases were funded with Occidental's cash on hand and resulted in a debt repurchase pre-tax interest expense of $172 million.

In May 2007, Occidental redeemed all $276 million of the outstanding principal amount of its 8.25-percent Vintage senior notes due 2012. The repurchases were funded with Occidental's cash on hand and resulted in a debt repurchase pre-tax interest expense of $11 million.

Liquidity and Capital Resources

Occidental's net cash provided by operating activities was $2.9 billion for the first six months of 2007, compared with $3.1 billion for the same period of 2006. The decrease in operating cash flow in 2007, compared to 2006, resulted from several factors. The most important drivers were lower crude oil and natural gas prices and, to a lesser extent, lower chemical margins. In the first six months of 2007, compared to the same period of 2006, Occidental's realized oil price was lower by 5 percent and Occidental's realized natural gas price decreased 7 percent in the U.S., where over 89 percent of Occidental's natural gas was produced. Chemical margin decreases had a less significant effect on cash flow because chemical segment earnings and cash flow are significantly smaller than those of the oil and gas segment. The decreases in operating cash flow were partially offset by increases in crude oil and natural gas production and lower 2007 domestic cash tax payments.

Occidental's net cash used by investing activities was $833 million for the first six months of 2007, compared with $2.2 billion for the same period of 2006. The 2007 amount included cash proceeds of $485 million received from the sale of Occidental's interest in the Russian Vanyoganneft joint venture, $598 million from the sale of 18.6 million shares of Lyondell and $250 million from the sale of auction rate securities. The 2007 amount also included the cash paid for the acquisitions of the West Texas Pipeline System, a gas processing plant in Texas and oil and gas interests in California totaling $445 million. The 2006 amount included $1.3 billion in cash consideration paid as part of the Vintage acquisition. Capital expenditures for the first six months of 2007 were $1.6 billion, including $1.5 billion for oil and gas. Capital expenditures for the first six months of 2006 were $1.2 billion, including $1.1 billion for oil and gas.

Occidental's net cash used by financing activities was $1.9 billion in the first six months of 2007, compared with $1.8 billion for the same period of 2006. The 2007 amount included net debt payments of $1.1 billion which included the repurchase of various debt issues under cash tender offers and the redemption of the Vintage senior notes due 2012. The 2007 amount also included $552 million of cash paid for repurchases of 11.1 million shares of Occidental's common stock at an average price of $49.79 per share through June 30, 2007. Occidental repurchased an additional 85,000 shares in June which settled at the beginning of July. The weighted average basic shares for the six months of 2007 totaled 839.3 million and the weighted average diluted shares totaled 843.2 million. At June 30, 2007, there were 835.1 million basic shares outstanding and 839.0 million shares outstanding on a fully-diluted basis. The share repurchases will continue to be funded solely from available cash from operations. The 2006 amount included $970 million of cash paid for repurchases of Occidental's common stock.

Available but unused lines of committed bank credit totaled approximately $1.5 billion at June 30, 2007, and cash and cash equivalents totaled $1.5 billion on the June 30, 2007 balance sheet.

At June 30, 2007, under the most restrictive covenants of certain financing agreements, Occidental's capacity for additional unsecured borrowing was approximately $50 billion, and the capacity for the payment of cash dividends and other distributions on, and for acquisitions of, Occidental's capital stock was approximately $19 billion, assuming that such dividends, distributions and acquisitions were made without incurring additional borrowing.

Occidental currently expects to spend approximately $3.4 to $3.5 billion on its 2007 capital spending program. Although its income and cash flows are largely dependent on oil and gas prices and production, Occidental believes that cash on hand and cash generated from operations will be sufficient to fund its operating needs, capital expenditure requirements, dividend payments and potential acquisitions.

In July 2007, Occidental's Board of Directors authorized an increase in the quarterly dividend to $0.25 per share of common stock compared to the previous quarterly rate of $0.22 per share.

Environmental Liabilities and Expenditures

Occidental's operations are subject to stringent federal, state, local and foreign laws and regulations relating to improving or maintaining environmental quality. The laws that require or address environmental remediation may apply retroactively to past waste disposal practices and releases of substances to the environment. In many cases, the laws apply regardless of fault, legality of the original activities or current ownership or control of sites. OPC or certain of its subsidiaries are currently participating in environmental assessments and cleanups under these laws at federal Superfund sites, comparable state sites and other domestic and foreign remediation sites, including currently-owned facilities and previously-owned sites.

The following table presents Occidental's environmental remediation reserves at June 30, 2007, the current portion of which ($79 million) is included in accrued liabilities. The remaining amount of $368 million is included in deferred credits and other liabilities-other. The reserves are grouped by three categories of environmental remediation sites:

	Number of Sites	Reserve Balance (in millions)
CERCLA & equivalent sites	103	$ 209
Active facilities	22	159
Closed or sold facilities	40	79
Total	165	$ 447

In determining the environmental remediation reserves and the reasonably possible range of loss, Occidental refers to currently available information, including relevant past experience, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. Occidental believes it is reasonably possible that it will continue to incur additional liabilities beyond those recorded for environmental remediation at these sites. The range of reasonably possible loss for existing environmental remediation matters could be up to $410 million beyond the amount accrued.

The following table shows additional detail regarding reserves for Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) or CERCLA-equivalent proceedings in which OPC or certain of its subsidiaries were involved at June 30, 2007:

Description	Number of Sites	Reserve Balance (in millions)
Minimal/No Exposure (a)	83	$ 5
Reserves between $1-10 million	13	40
Reserves over $10 million	7	164
Total	103	$ 209

(a) Includes 32 sites for which Maxus Energy Corporation has retained the liability and indemnified Occidental, 4 sites where Occidental has denied liability without challenge, 35 sites where Occidental's reserves are less than $50,000 each, and 12 sites where reserves are between $50,000 and $1 million each.

Refer to the "Environmental Liabilities and Expenditures" section of Management's Discussion and Analysis of Financial Condition and Results of Operations in Occidental's Annual Report on Form 10-K for the year ended December 31, 2006 (2006 Form 10-K) for additional information regarding Occidental's environmental expenditures.

Lawsuits, Claims, Commitments, Contingencies and Related Matters

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

Occidental has entered into various guarantees including performance bonds, letters of credit, indemnities, commitments and other forms of guarantees provided by Occidental to third parties, mainly to provide assurance that OPC or its subsidiaries and affiliates will meet their various obligations (guarantees). At June 30, 2007, the notional amount of the guarantees that are subject to the reporting requirements of FIN No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others—an interpretation of FASB Statements No. 5, 57, and 107 and rescission of FASB Interpretation No. 34," was approximately $235 million, which mostly consists of Occidental's guarantees of equity investees' debt, primarily from the Dolphin Project equity investment, and other commitments.

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

Accounting Changes

In February 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This Statement provides companies an option to measure certain financial instruments at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Occidental is currently assessing the effect of SFAS No. 159 on its financial statements.

In September 2006, the FASB issued FASB Staff Position (FSP) AUG AIR-1, "Accounting for Planned Major Maintenance Activities," which is effective for the first fiscal year beginning after December 15, 2006. This FSP prohibits the use of the accrue-in-advance method of accounting for planned major maintenance activities, which was used by certain operations of Occidental. When Occidental adopted FSP AUG AIR-1 on January 1, 2007, those operations changed to the deferral method of accounting for planned major maintenance activities. The adoption of FSP AUG AIR-1 was retrospectively applied to all periods presented and the impact to the income statements for the three and six months ended June 30, 2006 was immaterial.

The following table shows the effects of adopting FSP AUG AIR-1 on the consolidated balance sheet at January 1, 2007 (in millions):

	Debit/(Credit)
Prepaid expenses and other	$ 1
Property, plant and equipment, net	$ (16)
Other assets	$ 91
Accrued liabilities	$ 43
Deferred and other domestic and foreign income taxes	$ (40)
Minority interest	$ (11)
Retained earnings	$ (68)

In June 2006, the FASB issued FASB Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109." This interpretation specifies that benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority having full knowledge of all relevant information. A tax position meeting the more-likely-than-not recognition threshold should be measured at the largest amount of benefit for which the likelihood of realization upon ultimate settlement exceeds 50 percent. Occidental adopted FIN No. 48 on January 1, 2007.

The following table shows the effect of adopting FIN No. 48 on the consolidated balance sheet at January 1, 2007 (in millions):

	Debit/(Credit)
Domestic and foreign income taxes – Current	$ 140
Deferred and other domestic and foreign income taxes	$ (8)
Deferred credits and other liabilities – Other	$ 100
Minority interest	$ (13)
Retained earnings	$ (219)

Safe Harbor Statement Regarding Outlook and Forward-Looking Information

Portions of this report contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Factors that could cause results to differ materially include, but are not limited to: exploration risks such as drilling unsuccessful wells; global commodity pricing fluctuations; higher-than-expected costs; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; general domestic and international political conditions; potential disruption or interruption of Occidental's production or manufacturing facilities due to accidents, political events or insurgent activity; potential failure to achieve expected production from existing and future oil and gas development projects; the supply/demand considerations for Occidental's products; any general economic recession or slowdown domestically or internationally; regulatory uncertainties; changes in tax rates; and not successfully completing, or any material delay of, any development of new fields, expansion, capital expenditure, efficiency-improvement project, acquisition or disposition. Forward-looking statements are generally accompanied by words such as "estimate", "project", "predict", "could", "will", "anticipate", "plan", "intend", "believe", "expect" or similar expressions that convey the uncertainty of future events or outcomes. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements, as a result of new information, future events or otherwise. Certain risks that may affect Occidental's results of operations and financial position appear in Part 1, Item 1A "Risk Factors" of the 2006 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For the three and six months ended June 30, 2007, there were no material changes in the information required to be provided under Item 305 of Regulation S-K included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations (Incorporating Item 7A) – Derivative Activities and Market Risk" in the 2006 Form 10-K.

Item 4. Controls and Procedures

Occidental's Chief Executive Officer and Chief Financial Officer supervised and participated in Occidental's evaluation of its disclosure controls and procedures as of the end of the period covered by this report. Disclosure controls and procedures are controls and procedures designed to ensure that information required to be disclosed in Occidental's periodic reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Based upon that evaluation, Occidental's Chief Executive Officer and Chief Financial Officer concluded that Occidental's disclosure controls and procedures were effective as of June 30, 2007.

There has been no change in Occidental's internal control over financial reporting during the second quarter of 2007 that has materially affected, or is reasonably likely to materially affect, Occidental's internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

This item incorporates by reference the information regarding lawsuits, claims, commitments, contingencies and related matters in Note 9 to the consolidated condensed financial statements in Part I of this Form 10-Q.

Item 2. Share Repurchase Activities

Occidental's share repurchase activities as of June 30, 2007, were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs (a)
First Quarter 2007	6,991,271	$45.89	6,989,956	
April 1 – 30, 2007	148,485 (b)	$50.34	—	
May 1 – 31, 2007	1,105,529 (b)	$54.16	943,400	
June 1 – 30, 2007	2,934,467 (b)	$57.58	2,773,100	
Second Quarter 2007	4,188,481	$56.42	3,716,500	
Total 2007	11,179,752	$49.84	10,706,456	14,969,744 (a)

(a) In February 2007, Occidental increased the number of shares authorized for its share repurchase program previously announced in 2005, from 40 million to 55 million.

(b) Occidental purchased 148,485 shares, 162,129 shares and 161,367 shares in April, May and June of 2007, respectively, from its defined contribution savings plan.

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

Occidental's 2007 Annual Meeting of Stockholders (the Annual Meeting) was held on May 4, 2007. The following actions were taken at the Annual Meeting, for which proxies were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended:

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

NOMINEE	VOTES FOR	VOTES AGAINST	ABSTENTIONS
Spencer Abraham	443,477,733	241,374,031	20,161,317
Ronald W. Burkle	665,713,916	32,769,055	6,530,110
John S. Chalsty	451,522,688	245,385,770	8,104,623
Edward P. Djerejian	654,281,602	44,218,236	6,513,243
R. Chad Dreier	457,316,138	240,359,810	7,337,133
John E. Feick	666,270,533	32,345,015	6,397,533
Ray R. Irani	657,036,025	41,482,962	6,494,084
Irvin W. Maloney	455,670,022	241,154,512	8,188,547
Rodolfo Segovia	454,000,666	243,049,501	7,962,914
Aziz D. Syriani	653,230,551	44,905,411	6,877,119
Rosemary Tomich	453,161,719	244,039,982	7,811,380
Walter L. Weisman	660,350,016	38,225,359	6,437,706

2. The ratification of the selection of KPMG as independent auditors was approved. The proposal received: 694,389,202 votes for, 4,880,907 votes against, and 5,742,972 abstentions.

3. The amendment of the 2005 Long-Term Incentive Plan to increase the shares available for grant was approved. The proposal received 358,079,148 votes for, 259,678,690 votes against and 7,582,054 abstentions.

4. A stockholder proposal requesting a scientific report on global warming was not approved.* The proposal received 32,400,336 votes for; 493,080,003 votes against; 99,859,559 abstentions and 79,673,183 broker non-votes.

5. A stockholder proposal requesting an advisory vote to ratify executive compensation was not approved.* The proposal received 289,263,838 votes for; 308,953,488 votes against; 27,122,564 abstentions and 79,673,191 broker non-votes.

6. A stockholder proposal requesting performance based stock options was not approved.* The proposal received 184,263,680 votes for; 433,632,975 votes against; 7,443,231 abstentions and 79,673,195 broker non-votes.

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* Occidental's By-laws provide that, unless otherwise required by law, any question brought before the Annual Meeting shall be decided by the affirmative vote of a majority of the shares present in person or by proxy at the meeting for the purposes of determining a quorum.

Item 6. Exhibits

10.1 Amended and Restated Employment Agreement, dated as of July 19, 2007, between Occidental and Dr. Ray R. Irani (filed as Exhibit 10.4 to Occidental's Current Report on Form 8-K dated July 18, 2007 (date of earliest event reported), File No. 1-9210).

10.2 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Return On Equity Incentive Award (Cash-based, Cash-settled Award) (filed as Exhibit 10.1 to Occidental's Current Report on Form 8-K dated July 18, 2007 (date of earliest event reported), File No. 1-9210).

10.3 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Total Shareholder Return Incentive Award Agreement (Equity-based, Equity and Cash-Settled Award) (filed as Exhibit 10.2 to Occidental's Current Report on Form 8-K dated July 18, 2007 (date of earliest event reported), File No. 1-9210).

10.4 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Long-Term Incentive Award Agreement (Equity-based, Cash-Settled Award) (filed as Exhibit 10.3 to Occidental's Current Report on Form 8-K dated July 18, 2007 (date of earliest event reported), File No. 1-9210).

10.5 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Oil And Gas Corporation Return On Assets Incentive Award Agreement (Cash-Based, Cash-Settled Award).

10.6 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Chemical Corporation Return On Assets Incentive Award Agreement (Cash-Based, Cash-Settled Award).

11 Statement regarding the computation of earnings per share for the three and six months ended June 30, 2007 and 2006.

12 Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the six months ended June 30, 2007 and 2006 and for each of the five years in the period ended December 31, 2006.

31.1 Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certifications of CEO and CFO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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 1, 2007

/s/ Jim A. Leonard

Jim A. Leonard, Vice President and Controller
(Principal Accounting and Duly Authorized Officer)

EXHIBIT INDEX

EXHIBITS

10.5	Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Oil And Gas Corporation Return On Assets Incentive Award Agreement (Cash-Based, Cash-Settled Award).
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EXHIBIT 10.5

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

GRANTEE:	**[Name]**
DATE OF GRANT/:	
TARGET INCENTIVE AMOUNT:	**$_____________**
PERFORMANCE PERIOD:	**January 1, 2008 through December 31, 2011**

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

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

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

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

4. **VESTING AND FORFEITURE OF RETURN ON ASSETS INCENTIVE AWARD.** (a) The Grantee must remain in the continuous employ of the Company through the last day of the Performance Period to receive payment of this award. The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the Grantee's employment among the Company and its affiliates or an approved leave of absence. However, if, prior to the end of the Performance Period, the Grantee dies or becomes permanently disabled while in the employ of the Company, retires with the consent of the Company, or terminates employment for the convenience of the Company (each of the foregoing, a "Forfeiture Event"), then the Target Incentive Amount upon which the Grantee's award is based will be reduced on a pro rata basis based upon the number of days remaining in the Performance Period following the date of the

Forfeiture Event. If the Grantee terminates employment voluntarily or is terminated for cause before the end of the Performance Period, then this Agreement will terminate automatically on the date of Grantee’s termination and Grantee shall forfeit the right to receive any cash hereunder.

(b) The Grantee's right to receive payment in cash of this award in an amount not to exceed 200% of the Target Incentive Award will be based and become nonforfeitable upon the Administrator’s certification of the attainment of the Performance Goals.

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

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

5. **PAYMENT OF AWARDS.** Up to and including 200% of the Target Incentive Amount, as adjusted pursuant to Sections 4 and 7 of this Agreement, will be settled in cash only. Payment will be made to the Grantee as promptly as practicable after the Administrator's certification of the attainment of the Performance Goal or the Change in Control Event, as the case may be, which, in the case of payment upon attainment of the Performance Goal, shall be made no later than the 15th day of the third month following the end of the first taxable year in which the award is no longer subject to a substantial risk of forfeiture.

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

7. **NO EMPLOYMENT CONTRACT.** Nothing in this Agreement confers upon the Grantee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Grantee.

8. **TAXES AND WITHHOLDING.** The Grantee is responsible for any federal, state, local or foreign tax, including income tax, social insurance, payroll tax, payment on account or other tax-related withholding with respect to this Return on Assets Incentive Award. If the Company must withhold any tax in connection with granting or vesting of this Return on Assets Incentive Award, the Grantee by acknowledging this Agreement agrees that, so long as the Grantee is an employee of the Company for tax purposes, all or any part of any such withholding obligation shall be deducted from the Grantee’s wages or other cash compensation (including amounts payable pursuant to this Return on Assets Incentive Award). The Grantee shall pay to the Company any amount that cannot be satisfied by the means previously described.

9. **COMPLIANCE WITH LAW.** The Company will make reasonable efforts to comply with all applicable federal, state and foreign laws.

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

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

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

13. **RELATION TO PLAN; INTERPRETATION.** This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between this Agreement and the Plan, the provisions of the Plan control. Capitalized terms used in this Agreement without definition have the meanings assigned to them in the Plan. References to Sections are to Sections of this Agreement unless otherwise noted.

14. **SUCCESSORS AND ASSIGNS.** Subject to Sections 2 and 4, the provisions of this Agreement shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

15. **GOVERNING LAW.** The laws of the State of Delaware govern the interpretation, performance, and enforcement of this Agreement.

16. **PRIVACY RIGHTS.** By accepting this award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee’s personal data as described in this Agreement by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee’s participation in the Plan. The Company holds, or may receive from any agent designated by the Company, certain personal information about the Grantee, including, but not limited to, the Grantee’s name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in Occidental, details of this Return on Assets Incentive Award or any other entitlement to cash or shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the

Grantee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting this Agreement, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Administrator in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

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

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

In consideration of the grant of this Return on Assets Incentive Award, no claim or entitlement to compensation or damages shall arise from termination of this Return on Assets Incentive Award or diminution in value of this Return on Assets Incentive Award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever and whether or not in breach of local labor laws) and the Grantee irrevocably releases the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Agreement, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

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

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

OCCIDENTAL PETROLEUM CORPORATION

By: ______________________________

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

____
Grantee

Date: ______________________________

EXHIBIT 1
2005 Long-Term Incentive Plan

2007 Occidental Oil and Gas Corporation Return on Assets Incentive Award

(Payment Percentage of Total Incentive Amount of Return on Assets Incentive Award that becomes Nonforfeitable
Based on Return on Assets for the Four-Year Period Ending December 31, 2011)

End of Period Return on Assets	Payment Percentage*
16%	200%
12%	100%
9%	0%

* Payment Percentages for Return on Assets for other values between 9% and 12% and between 12% and 16% will be interpolated in the Committee's discretion.

EXHIBIT 10.6

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

GRANTEE: **[Name]**

DATE OF GRANT:

TARGET INCENTIVE AMOUNT: **$_____________**

PERFORMANCE PERIOD: **January 1, 2008 through December 31, 2011**

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

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

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

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

4. **VESTING AND FORFEITURE OF RETURN ON ASSETS INCENTIVE AWARD.** (a) The Grantee must remain in the continuous employ of the Company through the last day of the Performance Period to receive payment of this award. The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the Grantee's employment among the Company and its affiliates or an approved leave of absence. However, if, prior to the end of the Performance Period, the Grantee dies or becomes permanently disabled while in the employ of the Company, retires with the consent of the Company, or terminates employment for the convenience of the Company (each of the foregoing, a "Forfeiture Event"), then the Target Incentive Amount upon which the Grantee's award is based will be reduced on a pro rata basis based upon the number of days remaining in the Performance Period following the date of the

Forfeiture Event. If the Grantee terminates employment voluntarily or is terminated for cause before the end of the Performance Period, then this Agreement will terminate automatically on the date of Grantee’s termination and Grantee shall forfeit the right to receive any cash hereunder.

(b) The Grantee's right to receive payment in cash of this award in an amount not to exceed 200% of the Target Incentive Award will be based and become nonforfeitable upon the Administrator’s certification of the attainment of the Performance Goals.

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

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

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

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

7. **NO EMPLOYMENT CONTRACT.** Nothing in this Agreement confers upon the Grantee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Grantee.

8. **TAXES AND WITHHOLDING.** The Grantee is responsible for any federal, state, local or foreign tax, including income tax, social insurance, payroll tax, payment on account or other tax-related withholding with respect to this Return on Assets Incentive Award. If the Company must withhold any tax in connection with granting or vesting of this Return on Assets Incentive Award, the Grantee by acknowledging this Agreement agrees that, so long as the Grantee is an employee of the Company for tax purposes, all or any part of any such withholding obligation shall be deducted from the Grantee’s wages or other cash compensation (including amounts payable pursuant to this Return on Assets Incentive Award). The Grantee shall pay to the Company any amount that cannot be satisfied by the means previously described.

9. **COMPLIANCE WITH LAW.** The Company will make reasonable efforts to comply with all applicable federal, state and foreign laws.

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

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

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

13. **RELATION TO PLAN; INTERPRETATION.** This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between this Agreement and the Plan, the provisions of the Plan control. Capitalized terms used in this Agreement without definition have the meanings assigned to them in the Plan. References to Sections are to Sections of this Agreement unless otherwise noted.

14. **SUCCESSORS AND ASSIGNS.** Subject to Sections 2 and 4, the provisions of this Agreement shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

15. **GOVERNING LAW.** The laws of the State of Delaware govern the interpretation, performance, and enforcement of this Agreement.

16. **PRIVACY RIGHTS.** By accepting this award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee’s personal data as described in this Agreement by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee’s participation in the Plan. The Company holds, or may receive from any agent designated by the Company, certain personal information about the Grantee, including, but not limited to, the Grantee’s name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in Occidental, details of this Return on Assets Incentive Award or any other entitlement to cash or shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the

Grantee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting this Agreement, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Administrator in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

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

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

In consideration of the grant of this Return on Assets Incentive Award, no claim or entitlement to compensation or damages shall arise from termination of this Return on Assets Incentive Award or diminution in value of this Return on Assets Incentive Award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever and whether or not in breach of local labor laws) and the Grantee irrevocably releases the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Agreement, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

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

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

OCCIDENTAL PETROLEUM CORPORATION

By: ______________________________

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

____
Grantee

Date: ______________________________

EXHIBIT 1
2005 Long-Term Incentive Plan

2007 Occidental Chemical Corporation Return on Assets Incentive Award

(Payment Percentage of Total Incentive Amount of Return on Assets Incentive Award that becomes Nonforfeitable
Based on Return on Assets for the Four-Year Period Ending December 31, 2011)

End of Period Return on Assets	Payment Percentage*
12%	200%
9%	100%
7%	0%

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006
(Amounts in millions, except per-share amounts)

	Periods Ended June 30			
	Three Months		Six Months	
	2007	2006	2007	2006
BASIC EARNINGS PER SHARE				
Earnings applicable to common stock	$ 1,412	$ 860	$ 2,624	$ 2,091
Basic shares				
Weighted average common shares outstanding	872.1	864.2	871.6	853.3
Treasury stock	(38.9)	(11.8)	(36.6)	(6.6)
Vested, unissued shares	4.5	7.8	4.3	7.8
Basic shares	837.7	860.2	839.3	854.5
Basic earnings per share				
Income from continuing operations	$ 1.36	$ 1.33	$ 2.76	$ 2.61
Discontinued operations, net	0.32	(0.33)	0.37	(0.16)
Basic earnings per common share	$ 1.68	$ 1.00	$ 3.13	$ 2.45
DILUTED EARNINGS PER SHARE				
Earnings applicable to common stock	$ 1,412	$ 860	$ 2,624	$ 2,091
Diluted shares				
Basic shares	837.7	860.2	839.3	854.5
Dilutive effect of stock options and restricted share plans	4.1	7.5	3.9	9.8
Diluted shares	841.8	867.7	843.2	864.3
Diluted earnings per share				
Income from continuing operations	$ 1.36	$ 1.32	$ 2.74	$ 2.58
Discontinued operations, net	0.32	(0.33)	0.37	(0.16)
Diluted earnings per common share	$ 1.68	$ 0.99	$ 3.11	$ 2.42

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
	2007	2006	2006	2005	2004	2003	2002
Income from continuing operations	$ 2,314	$ 2,229	$ 4,202	$ 4,838	$ 2,197	$ 1,410	$ 1,131
Add:							
Minority interest(a)	28	71	111	74	76	62	77
Adjusted income from equity investments(b)	4	(38)	(35)	(50)	(6)	69	308
	2,346	2,262	4,278	4,862	2,267	1,541	1,516
Add:							
Provision (credit) for taxes on income (other than foreign oil and gas taxes)	729	859	1,545	632	891	593	(74)
Interest and debt expense(c)	249	143	292	300	266	335	310
Portion of lease rentals representative of the interest factor	17	25	52	47	40	8	6
	995	1,027	1,889	979	1,197	936	242
Earnings before fixed charges	$ 3,341	$ 3,289	$ 6,167	$ 5,841	$ 3,464	$ 2,477	$ 1,758
Fixed charges							
Interest and debt expense including capitalized interest(c)	$ 287	$ 166	$ 347	$ 326	$ 281	$ 341	$ 321
Portion of lease rentals representative of the interest factor	17	25	52	47	40	8	6
Total fixed charges	$ 304	$ 191	$ 399	$ 373	$ 321	$ 349	$ 327
Ratio of earnings to fixed charges	10.99	17.22	15.46	15.66	10.79	7.10	5.38

(a) Represents minority interests in net income of majority-owned subsidiaries and partnerships having fixed charges.

(b) Represents income from less-than-50-percent-owned equity investments adjusted to reflect only dividends received.

(c) Includes proportionate share of interest and debt expense of less-than-50-percent-owned equity investments. The six months ended June 30, 2007 amount includes a pre-tax interest charge of $172 million for the repurchase of a portion of various debt issues totaling $659 million in principal amount in cash tender offers.

EXHIBIT 31.1

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

I, Ray R. Irani, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Occidental Petroleum Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: August 1, 2007

/s/ Ray R. Irani
Ray R. Irani
Chairman of the Board of Directors, President and
Chief Executive Officer

EXHIBIT 31.2

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

I, Stephen I. Chazen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Occidental Petroleum Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: August 1, 2007

/s/ Stephen I. Chazen
Stephen I. Chazen
Senior Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q of Occidental Petroleum Corporation (the "Company") for the fiscal period ended June 30, 2007, as filed with the Securities and Exchange Commission on August 1, 2007 (the "Report"), Ray R. Irani, as Chief Executive Officer of the Company, and Stephen I. Chazen, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ray R. Irani
Name: Ray R. Irani
Title: Chairman of the Board of Directors, President and Chief Executive Officer
Date: August 1, 2007

/s/ Stephen I. Chazen
Name: Stephen I. Chazen
Title: Senior Executive Vice President and Chief Financial Officer
Date: August 1, 2007

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

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