UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X]ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998
OR

[_]TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO
COMMISSION FILE NUMBER 1-9210

OCCIDENTAL PETROLEUM CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	95-4035997
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

10889 WILSHIRE BOULEVARD LOS ANGELES, CALIFORNIA	90024
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (310) 208-8800

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
10 1/8% Senior Notes due 2001	New York Stock Exchange
10 1/8% Senior Debentures due 2009	New York Stock Exchange
11 1/8% Senior Debentures due 2019	New York Stock Exchange
9 1/4% Senior Debentures due 2019	New York Stock Exchange
Oxy Capital Trust I 8.16% Trust Originated Preferred Securities	New York Stock Exchange
$3.00 Cumulative CXY-Indexed Convertible Preferred Stock	New York Stock Exchange
Common Stock	New York Stock Exchange

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

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

YES X NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by nonaffiliates of the registrant on February 8, 1999 was approximately $5.6 billion, based on the closing price on the New York Stock Exchange composite tape of $16.125 per share of Common Stock on February 8, 1999. Shares of Common Stock held by each officer and director have been excluded from this computation in that such persons may be deemed to be affiliates. This determination of affiliate status is not a conclusive determination for other purposes.

At February 8, 1999, there were 347,771,225 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement filed in connection with its April 30, 1999, Annual Meeting of Stockholders are incorporated by reference into Part III.

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PART I

ITEMS 1 AND 2 BUSINESS AND PROPERTIES

GENERAL

Occidental Petroleum Corporation, a Delaware corporation ("Occidental"), explores for, develops, produces and markets crude oil and natural gas and manufactures and markets a variety of basic chemicals, including chlorine, caustic soda, polyvinyl chloride ("PVC"), vinyl chloride monomer ("VCM") and ethylene dichloride ("EDC"), as well as specialty chemicals. Occidental conducts its principal operations through two subsidiaries, Occidental Oil and Gas Corporation and Occidental Chemical Corporation. Occidental also has an interest in petrochemicals through its 29.5 percent ownership in the Equistar Chemicals, LP petrochemical limited partnership ("Equistar"). Occidental's executive offices are located at 10889 Wilshire Boulevard, Los Angeles, California 90024; telephone (310) 208-8800.

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

During 1998, Occidental was involved in a major program to redeploy assets, including:

- Acquiring the U.S. government's approximate 78 percent interest in the Elk Hills Naval Petroleum Reserve in California ("Elk Hills") for approximately $3.5 billion. Elk Hills is one of the 11 largest oil and gas fields in the lower 48 states.
- Selling its MidCon Corp. natural gas transmission and marketing subsidiary to K N Energy, Inc.
- Selling nonstrategic oil and gas assets in the United States, Venezuela and the Netherlands for net proceeds of approximately $1.1 billion.
- Exchanging its interests in undeveloped gas discoveries in Malaysia and the Philippines for current oil-producing properties in Colombia and Yemen.
- Arranging alliances to enhance its vinyls and petrochemicals businesses.

SEGMENT INFORMATION

Occidental's principal businesses constitute two industry segments, the operations of which are described below. For information with respect to the revenues, net income and assets of Occidental's industry segments and of its operations in various geographic areas for each of the three years in the period ended December 31, 1998, see Note 17 to the Consolidated Financial Statements of Occidental ("Consolidated Financial Statements"), which are included in this report, and the information appearing under the caption "Management's Discussion and Analysis" in this report.

OIL AND GAS OPERATIONS

EXPLORATION AND PRODUCTION

GENERAL Through its subsidiaries, including Occidental Oil and Gas Corporation, and its approximate 29 percent equity interest in Canadian Occidental Petroleum Ltd. ("CanadianOxy"), Occidental produces or participates in the production of crude oil, condensate and natural gas in the United States, Bangladesh, Canada, Colombia, Ecuador, Oman, Pakistan, Peru, Qatar, Russia and Yemen. Occidental is continuing its development programs for certain existing fields in certain of these countries. Occidental is also conducting exploration activities in several of these countries.

RECENT DEVELOPMENTS The acquisition of Elk Hills significantly increased the quantity and quality of Occidental's domestic reserves. At December 31, 1998, Occidental booked initial proved reserves from Elk Hills of approximately 307 million barrels of oil and 708 billion cubic feet ("Bcf") of natural gas. Through the application of improved drilling and field management techniques to develop the field fully, Elk Hills reserves net to Occidental are expected to exceed 1 billion oil equivalent barrels. Production is expected to increase as the field is developed. Gross crude oil production averaged approximately 65,000 barrels of oil per day in 1998, including natural gas liquids production of 8,300 barrels per day, with gas sales averaging approximately 227 million cubic feet of gas per day. Occidental recognized oil and gas production from Elk Hills from the date of acquisition, February 5, 1998. Occidental is the operator of Elk Hills. Chevron USA is the other unit interest holder.

Occidental exchanged its interests in undeveloped gas discoveries in Malaysia and the Philippines, together with approximately $89 million in cash, for Royal Dutch Shell's interests in oil-producing properties in Colombia and Yemen complementary to Occidental's existing properties (collectively, the "Shell Exchange"). The Shell Exchange, which closed in September 1998, increased Occidental's net oil production by approximately 46,000 barrels per day.

COMPARATIVE OIL AND GAS RESERVES AND PRODUCTION

Oil in millions of barrels; natural gas in billions of cubic feet

	1998			1997			1996		
	OIL	GAS	TOTAL(a)	Oil	Gas	Total(a)	Oil	Gas	Total(a)
U.S. Reserves...........	445	1,898	761	197	1,635	470	203	1,744	494
International Reserves..	621	251	663	703	823	840	694	840	834
Total.................	1,066	2,149	1,424	900	2,458	1,310	897	2,584	1,328
U.S. Production.........	29	224	66	21	218	57	21	220	58
International Production.............	88	32	94	80	40	87	84	42	91
Total.................	117	256	160	101	258	144	105	262	149

(a) Natural gas volumes have been converted to equivalent barrels based on energy content of 6,000 cubic feet ("Mcf") of gas to one barrel of oil. Estimated average 1998 production attributable to the nonstrategic assets sold and described above was approximately 46,000 barrels of oil per day (including approximately 25,000 barrels per day attributable to the sale of Occidental's Venezuela interest) and 230 million cubic feet ("MMcf") of gas per day. Following these nonstrategic asset sales and the acquisition of Elk Hills, Occidental's oil and gas production in the United States increased significantly.

At December 31, 1998, Occidental's oil and gas reserve base, on an energy equivalent barrel basis, was 1.42 billion equivalent barrels, compared with 1.31 billion barrels equivalent at December 31, 1997. In 1998 and 1997, Occidental added more oil to its reserves than it produced. Occidental's consolidated worldwide net proved developed and undeveloped reserves of crude oil (not including those of CanadianOxy) were 1.066 billion barrels at year-end 1998, compared with 900 million barrels at year-end 1997. Domestic reserves of crude oil were 445 million barrels at year-end 1998, compared with 197 million barrels at year-end 1997, while international crude oil reserves decreased to 621 million barrels from 703 million barrels at year-end 1997. Worldwide net crude oil reserve additions of 453 million barrels more than replaced its worldwide production of 117 million barrels. Elk Hills constituted the single largest reserve addition. The calculation of reserve additions does not take into account sales of approximately 330 million oil equivalent barrels of proved reserves during 1998. Worldwide net proved developed and undeveloped reserves of natural gas were approximately 2.1 trillion cubic feet ("Tcf") at year-end 1998, with 1.9 Tcf attributable to domestic operations. Worldwide net proved developed and undeveloped natural gas reserves were about 2.5 Tcf in the previous year.

Net daily worldwide oil production in 1998 averaged 321,000 barrels per day, compared with 277,000 barrels per day in 1997, and net worldwide natural gas production averaged 703 MMcf per day, compared with 706 MMcf per day in 1997. International operations accounted for approximately 75 percent of Occidental's oil production, while approximately 87 percent of gas production came from the United States. On an oil equivalent basis, Occidental produced 438,200 net barrels per day in 1998 from operations in 11 countries, including the United States (not including CanadianOxy).

As a producer of crude oil and natural gas, Occidental competes with numerous other producers, as well as with nonpetroleum energy producers. Crude oil and natural gas are commodities that are sensitive to prevailing conditions of supply and demand and generally are sold at posted or contract prices. Among the methods that Occidental uses to compete are the acquisition of contract exploration blocks in areas with known oil and gas deposits and the cost-efficient development and production of its worldwide oil and gas reserves. Specific strategies include the buying or selling of proved reserves and flexible and responsive marketing techniques, particularly for natural gas. Occidental is also pursuing opportunities to increase production through enhanced oil recovery projects, similar to those in Elk Hills and Qatar, oil and gas exploration and strategic acquisitions. Occidental's domestic oil and gas operations are affected by federal, state and local laws and regulations relating to, among other things, increases in taxes and royalties, production limits and environmental matters.

Portions of Occidental's oil and gas assets are located in countries outside North America, some of which may be considered politically and economically unstable. Occidental attempts to conduct its financial affairs so as to mitigate its exposure against such risks and would expect to receive compensation in the event of nationalization. At December 31, 1998, the carrying value of Occidental's oil and gas assets in countries outside North America aggregated approximately $1.973 billion, or approximately 13 percent of Occidental's total assets at that date. Approximately $1.175 billion of such assets were located in the Middle East, and approximately $480 million of such assets were located in Latin America. Substantially all of the remainder was located in Bangladesh, Russia and Pakistan.

Set forth below in descending order of magnitude of balance sheet assets are descriptions of the important production areas for Occidental. These producing countries, representing approximately 90 percent of Occidental's oil and gas assets, are the United States, Qatar, Yemen, Colombia and Peru. Following this discussion is a description of other international operations. At the end of the property description is a discussion of Occidental's interests in Canada and elsewhere through its CanadianOxy investment.

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

Oil Production and Marketing   Net daily domestic total liquids production averaged approximately 81,000 barrels in 1998, compared with 57,000 barrels in 1997. The 1998 production is net of approximately 10,400 barrels per day assigned pursuant to a pre-sale agreement. Net daily domestic production of natural gas averaged 614 MMcf in 1998, compared with 596 MMcf in 1997.

Occidental's average sales price for domestic crude oil was $12.06 per barrel in 1998, compared with $18.72 in the previous year. The average domestic natural gas sales price in 1998 was $2.05 per Mcf, compared with $2.39 per Mcf during 1997.

In February 1998, Occidental entered into a fifteen-year contract with Tosco Corporation ("Tosco") through which Tosco will purchase the majority of Occidental's interest in the current gross oil production of Elk Hills at market-related prices. Tosco will also purchase additional production as it increases.

Gas Production and Marketing   Occidental owns a large concentration of gas reserves and production in the Hugoton area encompassing portions of Kansas, Oklahoma and Texas. Production from these fields averaged more than 184 MMcf of gas per day or approximately one-third of the domestic total. Occidental has approximately 775 Bcf of gas reserves and 4.2 million barrels of oil reserves in the Hugoton area. Occidental continued exploration in the Chase formation of the Hugoton field in 1998.

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

Occidental has various agreements to supply certain gas marketing companies with volumes ranging from 69,400 MMBtu down to 1,900 MMBtu per day from 1999 through 2003. Prices under the different agreements are based on energy equivalent crude oil prices, market-sensitive prices or contract prices, some with a yearly escalation provision. Occidental also has agreements with various public utility companies to provide approximately 19,100 MMBtu of natural gas per day in 1999. The public utility agreements provide for market-sensitive prices.

QATAR In October 1994, a unified agreement was approved authorizing Occidental to implement a development plan to increase production and reserves from the Idd el Shargi North Dome field ("ISND"). Under a production-sharing agreement, Occidental is the operator of the field and will complete development of the field's three main reservoirs. Average gross production increased from approximately 89,900 net barrels per day for 1997 to approximately 118,100 net barrels per day for 1998. Average net interest production from the field in 1998 totaled approximately 75,000 barrels per day. Proved developed and undeveloped project reserves are presently estimated by Occidental to be approximately 227 million barrels, compared with 206 million barrels at December 31, 1997, an increase of 10 percent. In December 1997, Occidental entered a production-sharing agreement to develop and operate as a satellite the Idd el Shargi South Dome field, 15 miles south of the ISND field.

YEMEN Occidental owns a 38 percent working interest (after completion of the Shell Exchange) in the 310,000-acre Masila Block. CanadianOxy is the operator, with a 52 percent working interest. Occidental's net share under a production-sharing contract was 24,700 barrels per day in 1998 compared to 14,100 barrels per day in 1997. The increase in production in 1998 reflects the Shell Exchange effective September 1998.

COLOMBIA Occidental conducts exploration and production operations in Colombia under five contracts with Ecopetrol, the Colombian national oil company. These contracts cover the producing Cano Limon area in the Llanos region of northeastern Colombia, one exploration area in the Llanos fold belt and one exploration area in the Bogota basin. Occidental's interest in these contracts is through its 75 percent ownership of the stock of a subsidiary that owns the company conducting operations in Colombia and Shell's 20 percent net interest through the Shell Exchange. After giving effect to a government royalty, Occidental's net share of existing production is 35 percent. All of Occidental's share of production is exported through a trans-Andean pipeline system operated by Ecopetrol that carries crude oil to an export terminal at Covenas. Occidental has an ownership interest in the pipeline and marine terminal. The pipeline is periodically subject to attacks by insurgent groups, which, from time to time, disrupt the flow of oil. Gross production from Occidental's Cano Limon area declined to approximately 135,000 barrels per day in 1998, compared with 160,000 barrels per day in 1997. The reduction is due to a natural decline and terrorist activity. Occidental's net share of production increased to 27,100 barrels per day in 1998, compared with 24,300 barrels per day in 1997, reflecting the Shell Exchange, effective September 1998.

As a result of concerns raised by a tribe of indigenous people called the U'wa, Occidental is in the process of voluntarily relinquishing 75 percent of the southern Samore exploration block (subject to government approval), but is proceeding with plans to explore in the northern 25 percent. The Samore block is in the Llanos fold belt along the edge of the Llanos basin. The U'wa situation has no impact on Occidental's existing production at Cano Limon.

PERU Occidental conducts exploration and production activities under three separate service contracts with the Peruvian government. One contract, in which Occidental has all the interest, covers continuing production operations in the northern jungle and provides for Occidental to receive, as compensation for its services, fees based on barrels of production that vary with the value of a "basket" of international oils. All production is delivered to Perupetro, the Peruvian national oil company. Net production from the northern jungle block averaged approximately 48,200 barrels per day in 1998, compared to 49,500 barrels per day in 1997.

Occidental also owns a 50 percent interest in the northern jungle exploration Block 64 totaling 4.4 million acres and a 100 percent interest in the 859,000-acre offshore Block Z-3 along the northern coast of Peru. The northern jungle Block 64, operated by another company, has ceased operations due to a force majeure condition pending resolution of problems with indigenous people.

OTHER INTERNATIONAL OPERATIONS

Producing Properties Occidental also has important oil and gas production assets in other areas of the world. Set forth below are descriptions of Occidental's producing properties in Bangladesh, Ecuador, Oman, Pakistan and Russia. Occidental also has a number of exploration areas under review, as discussed below, including a potentially important gas discovery in Indonesia.

In early 1995, Occidental signed production-sharing contracts to explore three contiguous blocks in Bangladesh comprising a 3.4-million-acre area in the gas-producing northeastern region. Three wells were drilled in the Jalalabad field and a production facility and pipeline constructed to deliver a contractual rate of 100 MMcf per day. Production began in February 1999. Occidental owns a 50 percent working interest in the Jalalabad field. During 1998, Occidental negotiated an extension of the exploration period for the three exploration blocks and drilled one exploration well which discovered a very large gas accumulation.

In Ecuador, Occidental operates the 494,000-acre Block 15, in the Oriente Basin, under a risk-service contract. Six oil fields were discovered from 1985 to 1992. Due to pipeline restrictions, gross production declined to approximately 12,100 barrels per day in 1998, compared with gross production of approximately 14,600 barrels per day in 1997. Future development of the fields is contingent on expansion of the government-owned pipeline system.

In Oman, Occidental is the operator, with a 65 percent working interest, of Block 9, which contains the Safah field and six small fields along the southern border of the block. Occidental's net share of production from the block in 1998 averaged approximately 16,900 barrels per day of crude oil, compared with 14,400 barrels per day in 1997.

In southern Pakistan, Occidental has a 30 percent working interest in the three Badin Blocks, which in 1998 produced a net share of 5,308 barrels of oil per day and 39 MMcf of gas per day, compared to 6,600 barrels of oil per day and 38 MMcf of gas per day in 1997. Recent exploration resulted in four oil and gas discoveries that will help maintain production at current rates. In addition, Occidental holds exploration rights on contiguous blocks in the Central Indus Gas Basin totaling 2.9 million acres. The Central Indus Gas Basin blocks have ceased operations as a result of a declaration of force majeure due to tribal unrest.

In Russia, Occidental owns a 50 percent interest in a joint venture company, Vanyoganneft, in the western Siberian oil basin. During 1998, gross production averaged 57,700 barrels per day, compared with 54,000 barrels per day in 1997. Approximately 48 percent of such oil was exported in 1998.

Exploration Properties In Indonesia, Occidental has a 22.9 percent interest in the Berau Block, offshore Irian Jaya, where five major natural gas discoveries have been made by Occidental and ARCO, the operator. The Berau Block discoveries, together with ARCO's Wiriagar Block discovery, are expected to contain enough natural gas to justify construction of a multi-train liquid natural gas ("LNG") project slated for start-up in the next several years. Certain fields in the Berau and Wiriagar Blocks, together with the Muturi Block operated by British Gas, are expected to be unitized before project approval, and Occidental expects to own an approximate 16 percent interest in the overall project. The partners in this project, led by Pertimina, the Indonesian national oil company, have already begun marketing the LNG. This project will involve significant expenditures and several years will be required to complete project development.

In addition, during 1998 Occidental acquired new exploration blocks in the United States Gulf of Mexico, Colombia and Oman. During 1999, exploration expenditures are planned for these areas as well as for previously acquired blocks in Bangladesh, Pakistan, Peru and Elk Hills in the United States.

CANADA Occidental owns an approximate 29 percent interest in CanadianOxy, which is accounted for as an equity investment. See Note 15 to the Consolidated Financial Statements. In the normal course of operations, CanadianOxy sells and purchases products and services to or from Occidental, all of which are at market prices. During 1997 and 1998, such transactions were not material and at December 31, 1998 and 1997, there were no material amounts owing to or due from Occidental.

CanadianOxy produces crude oil, natural gas, natural gas liquids and sulfur in Canada; owns a 7.23 percent interest in Syncrude Canada Ltd., which produces synthetic crude oil from the tar sands of Northern Alberta; has interests in producing oil and gas leases onshore and offshore in the United States and Yemen (where CanadianOxy is operator); engages in exploration activities in Canada, the United States, Indonesia, Australia, Nigeria and Colombia; and participates with Occidental in its operations in Ecuador. CanadianOxy also conducts chemical operations in Canada and the United States. At December 31, 1998, Occidental's proportional interest in CanadianOxy's worldwide net proved developed and undeveloped reserves aggregated approximately 83 million barrels of crude oil, condensate and natural gas liquids, 187 Bcf of natural gas and 50 million barrels of synthetic crude oil recoverable from tar sands.

RESERVES, PRODUCTION AND RELATED INFORMATION See Note 18 to the Consolidated Financial Statements and the information under the caption "Supplemental Oil and Gas Information" in Item 8 of this report for information with respect to Occidental's oil and gas reserves, the production from and other changes in such reserves, the discounted present value of estimated future net cash flows therefrom, certain costs and other financial and statistical information regarding Occidental's oil and gas exploration and production operations. Estimates of reserves have been made by Occidental engineers and include reserves under which Occidental holds an economic interest under service contracts and other arrangements. Occidental's crude oil reserves include natural gas liquids and condensate. The reserves are stated after applicable royalties. The definitions used are in accordance with applicable Securities and Exchange Commission ("SEC") regulations. Accordingly, proved oil and gas reserves are those estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty will be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Unless otherwise stated, all references to reserves are made on a net basis. On June 1, 1998, Occidental reported to the U.S. Department of Energy on Form EIA-28 the same proved oil and gas reserves at December 31, 1997.

CHEMICAL OPERATIONS

GENERAL Occidental conducts its chemical operations through Occidental Chemical Corporation and its various subsidiaries and affiliates (collectively, "OxyChem"). OxyChem manufactures and markets a variety of basic chemicals, including chlorine, caustic soda, PVC, VCM and EDC, as well as specialty chemicals. OxyChem also owns an interest in petrochemicals through its Equistar investment. OxyChem's operations are affected by cyclical factors in the general economic environment and by specific chemical industry conditions. OxyChem businesses are highly integrated, both vertically and horizontally. Chemicals from the chlorovinyls business are used by OxyChem's specialty businesses, and OxyChem's chlorine is an important feedstock for PVC and VCM production. OxyChem's operations also have been affected by environmental regulation and associated costs. See the information appearing under the caption "Environmental Regulation" in this report.

RECENT DEVELOPMENTS AND STRATEGIC ALLIANCES On May 15, 1998, OxyChem or its affiliates contributed interests in its ethylene, propylene, ethylene oxide ("EO"), and ethylene glycol ("EG") and EO derivatives businesses (collectively, the "petrochemicals business") to Equistar, in return for a 29.5 percent equity interest, receipt of approximately $420 million in cash, and the assumption by Equistar of approximately $205 million of Occidental capital lease obligations and other liabilities. Lyondell Petrochemical Company ("Lyondell") and Millennium Chemicals, Inc. ("Millennium"), through their respective subsidiaries, were the original partners of Equistar. Lyondell owns 41 percent of Equistar and Occidental and Millennium each own 29.5 percent.

The contributed assets included the following: olefins plants at Corpus Christi and Chocolate Bayou, Texas, and a leasehold interest in an olefins plant at Lake Charles, Louisiana, collectively having a capacity of 3.65 billion pounds of ethylene per year; EO, EG and EO derivatives plant located at Bayport, Texas, together with Occidental's 50 percent ownership of PD Glycol, a limited partnership which operates an EO/EG plant at Beaumont, Texas (PD Glycol is a 50/50 joint venture with Du Pont); and a distribution system consisting of more than 950 miles of ethylene/propylene pipelines in the U.S. Gulf Coast and three storage wells in south Texas. The addition of the petrochemicals business made Equistar the second-largest producer of ethylene in the world, with more than 11.4 billion pounds of annual capacity. The transaction also includes a long-term agreement for Equistar to supply the ethylene requirements (up to 2.55 billion pounds per year) for OxyChem's chlorovinyls business.

In December 1998, to strengthen further its PVC and VCM position, OxyChem signed a definitive agreement with The Geon Company ("Geon"), which provided, among other things, for the formation of two limited partnerships. One partnership, named "Oxy Vinyls, LP," will produce and market PVC suspension and mass resins, along with VCM. In addition, Oxy Vinyls, LP, will produce chlor-alkali products and will be North America's largest PVC and VCM producer. OxyChem and Geon plan to contribute to Oxy Vinyls, LP certain PVC resin and VCM plants and a certain chlor-alkali facility. Oxy Vinyls, LP will also enter into long-term VCM and PVC supply agreements with Geon. OxyChem will own 76 percent of Oxy Vinyls, LP. OxyChem and Geon also agreed to form a PVC compounding partnership that will be named "PVC Powder Blends, LP." OxyChem will own 10 percent of this partnership. This joint venture transaction is expected to close in the second quarter of 1999, following receipt of approvals from Occidental's Board of Directors and Geon's shareholders and satisfaction of other customary closing conditions.

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

In January 1998, OxyChem completed the 450-million-pound-per-year PVC expansion at Pasadena, Texas, permitting continued growth in the major PVC markets, including pipe, vinyl siding and building profiles, and flooring. This plant is one of the assets that will be contributed to Oxy Vinyls, LP in connection with the closing of the Geon joint venture transaction.

SPECIALTY CHEMICALS The Specialty Business Group focuses on smaller-volume specialty and intermediate chemical markets. OxyChem's specialty businesses produce organic and inorganic compounds, sophisticated intermediate chemicals and chlorinated isocyanurates. Numerous specialty performance chemicals are produced for the plastics, metal-plating, aerospace and food-service industries. Intermediates are used primarily in agricultural applications, such as herbicides and pesticides, and also in pharmaceuticals. During 1998, some of these businesses were negatively affected by the economic situation in the Far East, but markets for these specialty products are generally less cyclical than the markets for large-volume commodity chemicals. As part of a strategic evaluation of these businesses, in early 1999 OxyChem divided its specialty businesses into two categories, industrial-specialty and performance-based products, to manage the specialty businesses more effectively and to develop them consistent with the nature and requirements of the markets they serve.

PRINCIPAL PRODUCTS OxyChem produces the following chemical products:

	Principal Products	Major Uses
Chlorovinyls	Chlor-alkali chemicals	
	Chlorine	Raw material for polyvinyl chloride, chemical manufacturing, pulp and paper production, water treatment
	Caustic soda	Chemical manufacturing, pulp and paper production, cleaning products
	Potassium chemicals (including potassium hydroxide)	Glass, fertilizers, cleaning products, rubber
	Ethylene dichloride	Raw material for vinyl chloride monomer
	Vinyl chloride monomer	Raw material for polyvinyl chloride
	Polyvinyl chloride	Calendering and film, pipe, wire insulation, flooring, footwear, bottles, siding, windows, door frames and other home construction products
Specialty Businesses	Sodium silicates	Soaps and detergents, catalysts, paint pigments
	Chrome chemicals	Metal and wood treatments, leather tanning pool chemicals (chlorinated isocyanurates)
		Swimming pool sanitation, household and industrial disinfecting and sanitizing products
	Proprietary chemicals (chemical intermediates derived principally from fluorine, chlorine and sulfur)	Agricultural, pharmaceutical, plastics, metal plating, aerospace and food-service applications
	Phenolic resins/molding compounds	Automotive brake pistons, adhesives, carbonless copy paper, electrical appliances, electrical wire insulation, and bonded/coated abrasives
	Mercaptans	Warning agents for natural gas and propane and agricultural chemicals
	Antimony oxide	Flame retardant synergist and catalysts
	Resorcinol	Tire manufacture, wood adhesives and flame retardant synergist
Petrochemicals (through its 29.5 percent interest in Equistar)	Ethylene	Raw material for production of polyethylene, vinyl chloride monomer, ethylene glycols, ethylene oxide and ethylene oxide derivatives
	Benzene	Raw material for production of styrene, phenolic polymers and nylon
	Propylene	Raw material for production of polypropylene and acrylonitrile
	Ethylene glycols, ethylene oxide and ethylene oxide derivatives	Polyester products, antifreeze, brake fluids

Based on statistics in chemical industry publications, Occidental believes that, during 1998: it was the largest U.S. merchant marketer of chlorine and caustic soda; the third-largest producer of PVC resins in the U.S.; the largest North American producer of chrome chemicals, potassium hydroxide, chlorinated isocyanurate products, EDC and antimony oxide, and, through its interest in INDSPEC, resorcinol; and the second-largest U.S. producer of VCM (including production of its OxyMar affiliate), phenolic molding compounds, sodium silicates and mercaptan warning agents. OxyChem maintains an interest in petrochemicals through its 29.5 percent ownership of Equistar, the largest North American producer of ethylene.

RAW MATERIALS Nearly all raw materials utilized in OxyChem's operations are readily available from a variety of sources. Most of OxyChem's key raw materials purchases are made through short- and long-term contracts. OxyChem is not dependent on any single nonaffiliated supplier for a material amount of its raw material or energy requirements.

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

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

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

PROPERTIES As of December 31, 1998, OxyChem, which is headquartered in Dallas, Texas, operated 28 chemical product manufacturing facilities in the United States. Many of the larger facilities are located in the Gulf Coast areas of Texas and Louisiana. In addition, OxyChem operates 10 chemical product manufacturing facilities in six foreign countries, with the largest investment in Brazil. A number of additional facilities process, blend and store the chemical products. OxyChem owns or leases an extensive fleet of railroad cars.

All of OxyChem's manufacturing facilities are owned or leased on a long-term basis. The charts below list the principal facilities and plant capacities of each of the Chlorovinyls Group, the Specialty Business Group and OxyChem's international operations.

CHLOROVINYLS
Principal Products and Production Capacities(a)

Plants	Chlorine (Tons)	Caustic Soda (Tons)	Caustic Potash (Tons)	EDC (millions of pounds)	VCM (millions of pounds)	PVC Resins (millions of pounds)	PVC Compounds (millions of pounds)
Mobile, Alabama.........	46,000		72,000				
Muscle Shoals, Alabama..	146,000		228,000				
Delaware City, Delaware...............	146,000	87,000	105,000				
Convent, Louisiana......	378,000	423,000		1,500			
Taft, Louisiana.........	715,000	819,000					
Burlington North, New Jersey(c)..........							120
Niagara Falls, New York...............	335,000	370,000					
Pottstown, Pennsylvania...........						213	
Deer Park, Texas(c).....	397,000	388,000			1,200		
Ingleside, Texas(c).....	602,000	668,000		1,500	2,100(b)		
LaPorte, Texas(c).......	527,000	648,000					
Pasadena, Texas(c)......						1,800	
Total	3,292,000	3,403,000	405,000	3,000	3,300	2,013	120

(a) All of the volumes listed in the table above are based on estimated capacities only. Actual results of production may differ materially from capacities listed.
(b) OxyMar, 50% with Marubeni
(c) These facilities will be contributed to Oxy Vinyls, LP or Geon, upon closing of the Geon joint venture transactions.

SPECIALTY BUSINESS
Principal Products and Production Capacities(a)

Plants	Product	Capacity(a) Volumes
ACL; Missouri and Louisiana	Chlorinated Isocyanurates	14 mm lbs
Ashtabula; Ohio/New York	Agricultural Chemicals	Various
	Chlorinated Toluenes	Various
Chrome; North Carolina	Chromic Acid	47,000 tons
	Bichromate	114,000 tons
Durez; Ohio and New York	Phenolic Resins and Compounds	174 mm lbs
INDSPEC; Pennsylvania	Resorcinol	50 mm lbs
Laurel Industries; Texas	Antimony Oxide	40 mm lbs
Natural Gas Odorizing; Texas	Mercaptan	20 mm lbs
Silicates; Georgia	Sodium Silicates	695,000 tons

(a) All of the volumes listed in the table above are based on estimated capacities only. Actual results of production may differ materially from capacities listed.

INTERNATIONAL
Principal Products (in metric tons) and Production Capacities(a)

Country	Location	% Oxy Ownership	Chlorine	Caustic Soda	Vinyl Film	EDC	Basic Chrome Sulfate	PVC Resins	Phenolic Resins	Phenolic Compounds
Brazil	Cubatao	50%	245,000	275,300		140,000				
Brazil	Rio de Janeiro	100%			29,000					
Chile	Talcahuano	100%	51,000	57,000						
Thailand	Bangkok	49%	44,000	48,000			12,000	22,500		
Belgium	Genk	100%							20,000	
Singapore		50%								17,400
Canada	Ft. Erie, Ontario	100%							18,400	7,700
Total			340,000	380,300	29,000	140,000	12,000	22,500	38,400	25,100

(a) All of the volumes listed in the table above are based on estimated capacities only. Actual results of production may differ materially from capacities listed.

CAPITAL EXPENDITURES

Occidental's oil and gas operations, based on depletable resources, are capital intensive, involving large-scale expenditures. In particular, in the search for and development of new reserves, long lead times are often required. In addition, Occidental's chemical business requires capital expenditures to remain competitive and to comply with safety and environmental laws. Occidental's capital expenditures for its ongoing businesses totaled approximately $1.074 billion in 1998, $1.549 billion in 1997 and $1.038 billion in 1996, exclusive of the acquisition cost of Elk Hills and the noncash consideration for other acquisitions. The 1998 amount included capital expenditures aggregating $751 million for oil and gas, $321 million for chemical and $2 million for corporate and other. Occidental's total capital expenditures, exclusive of acquisitions, if any, for 1999 are expected to approximate $350 million, with $275 million of the expenditures allocated to oil and gas operations.

EMPLOYEES

Occidental and its subsidiaries employed a total of 9,190 persons at December 31, 1998, of whom 6,370 were located in the United States. 2,600 were employed in oil and gas operations and 5,850 in chemical operations. An additional 290 persons were employed at corporate headquarters. In addition, 450 persons were employed by Oxy Services, Inc., Occidental's newly created shared services subsidiary, and are currently based primarily in Dallas and Los Angeles. Approximately 1,051 U.S.-based employees are represented by labor unions.

Occidental has a long-standing policy to ensure that fair and equal employment opportunities are extended to all persons without regard to race, color, religion, ethnicity, gender, national origin, disability, age, sexual orientation, veteran status or any other legally impermissible factor. Occidental maintains diversity and outreach programs.

ENVIRONMENTAL REGULATION

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

Occidental has accrued reserves for its environmental liabilities. As of December 31, 1998 and 1997, Occidental had environmental reserves of approximately $499 million and $567 million, respectively. Occidental provided additional reserves of approximately $136 million in 1997 and $100 million in 1996 for costs associated with expected remediation efforts at a number of sites. Occidental made no provision for additional environmental reserves in 1998. The 1997 amount related to both the oil and gas and the chemical divisions. The 1996 amount related primarily to the chemical division.

Occidental's estimated operating expenses in 1998 relating to compliance with environmental laws and regulations governing ongoing operations were approximately $70 million, compared with $93 million in 1997 and $100 million in 1996. The 1998 amount included $55 million in the chemical division and $15 million in the oil and gas division. In addition, capital expenditures for environmental compliance were $56 million in 1998, compared with $116 million in 1997 and $81 million in 1996. The 1998 amount included $31 million in the oil and gas division and $25 million in the chemical division. Occidental presently estimates that divisional capital expenditures for environmental compliance (including environmental control facilities) will be in the range of $40 million for 1999 and in the range of $65 million for 2000.

ITEM 3 LEGAL PROCEEDINGS

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

In 1996, a judgment of $742 million was entered in favor of Occidental's OXY USA Inc. subsidiary against Chevron USA by the state district court in Tulsa, Oklahoma. The unanimous verdict was for approximately $229 million in compensatory damages for breach of a 1982 merger agreement and interest on these damages from 1982 to the date of judgment. Chevron appealed the decision to the Oklahoma Supreme Court, and, in connection with that appeal, obtained an appeal bond in the amount of $890 million to secure payment of the judgment and interest thereon as required by Oklahoma law. On March 2, 1999, the Oklahoma Supreme Court affirmed the trial court judgement in all respects. As of March 2, 1999, the total amount of the award had increased to approximately $935 million.

In 1997, Occidental was informed that the SEC would conduct a private, formal investigation as a result of certain matters described in a May 12, 1997, The Wall Street Journal article concerning Occidental's business dealings with several foreign consultants. According to the SEC, the purpose of its investigation is to determine whether Occidental may have violated the federal securities laws, including the Foreign Corrupt Practices Act and the reporting requirements of the Securities Exchange Act of 1934, as amended. That investigation is ongoing. Occidental has cooperated with the SEC and has produced documents in response to an SEC subpoena. In November 1998, Occidental also made those documents available to the Internal Revenue Service in connection with an audit covering the 1993-1995 tax years.

On January 28 and 29, 1998, two shareholder derivative actions were filed (and subsequently consolidated) in Los Angeles Superior Court by The Teachers' Retirement System of Louisiana and by Rita Edelson, Paul Klingenstein and Clayton J. Steenson against the Board of Directors of Occidental and Occidental, as a nominal defendant, with respect to the payments made in 1997 to Occidental's Chairman and its President in connection with the restructuring of their respective employment agreements. The complaints alleged, among other things, corporate waste, breach of fiduciary duty and unjust enrichment. The plaintiffs sought, among other things, compensatory damages and equitable and declaratory relief and to impose a constructive trust on the 1997 payments. On February 5, 1999, the Superior Court approved a settlement of the action under which the Board of Directors adopted certain corporate governance policies.

ENVIRONMENTAL PROCEEDINGS

In April 1998, a civil action was filed on behalf of the U.S. Environmental Protection Agency ("EPA") against OxyChem relating to the Centre County Kepone Superfund Site at State College, Pennsylvania. The lawsuit seeks approximately $12 million in penalties and governmental response costs, a declaratory judgment that OxyChem is a liable party under CERCLA, and an order requiring OxyChem to carry out the remedy that is being performed by the site owner. In October 1998, the U.S. District Court for the Middle District of Pennsylvania granted OxyChem's motion to dismiss the United States' case. The court denied the government's motion for partial reconsideration of the dismissal in November 1998. In February 1999, the United States filed an appeal to the United States Court of Appeals for the Third Circuit.

In October 1998, OxyChem received an administrative complaint filed by Region III of the EPA with respect to OxyChem's former manufacturing plant at Belle, West Virginia. The complaint alleges that OxyChem violated various hazardous waste management rules in 1994 and 1995 and demands civil penalties of approximately $245,000. OxyChem intends to contest vigorously the alleged violations and the proposed penalties. The EPA has reduced its penalty demand to approximately $97,000.

In 1997, OxyChem received a proposed "Order on Consent" from the New York State Department of Environmental Conservation ("NYDEC") involving its chlor-alkali facility in Niagara Falls, New York. The NYDEC alleges a violation of statutory reporting requirements regarding a chemical spill at the facility that allegedly caused a further violation of water quality standards, and seeks an administrative penalty of $100,000. OxyChem is vigorously contesting the alleged violations and the proposed administrative penalty. The NYDEC has reduced its penalty demand to $66,000 and has instituted a formal hearing process.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of Occidental's security holders during the fourth quarter of 1998.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age at February 28, 1999	Positions with Occidental and Subsidiaries and Five-Year Employment History
Dr. Ray R. Irani	64	Chairman of the Board of Directors and Chief Executive Officer since 1990; President from 1984 to 1996; 1984-1990, Chief Operating Officer; Director since 1984; 1983-January 1991, Chief Executive Officer of Occidental Chemical Corporation ("Occidental Chemical"); Chairman of the Board of CanadianOxy since 1987; member of Executive Committee.
Dr. Dale R. Laurance	53	President and Senior Operating Officer since 1996; Chairman and Chief Executive Officer of Occidental Oil and Gas Corporation since 1999; 1990-1996, Executive Vice President and Senior Operating Officer; 1984-1990, Executive Vice President -- Operations; Director since 1990; member of Executive Committee.

Name	Age at February 28, 1999	Positions with Occidental and Subsidiaries and Five-Year Employment History
Stephen I. Chazen	52	Chief Financial Officer and Executive Vice President Corporate Development since 1999; 1994-1999, Executive Vice President -- Corporate Development; 1990-1994, Managing Director, Merrill Lynch & Co. Incorporated.
Donald P. de Brier	58	Executive Vice President, General Counsel and Secretary since 1993; 1989-1993, General Counsel and member of the Management Committee of BP Exploration and Production Company.
Richard W. Hallock	54	Executive Vice President -- Human Resources since 1994; 1993-1994, Director, Worldwide Total Compensation of IBM; 1990-1993, various other human resources positions with IBM.
David A. Hentschel	65	Executive Vice President since 1997; 1998-1999, Chairman and Chief Executive Officer of Occidental Oil and Gas Corporation; 1995-1997, President and Chief Executive Officer of Canadian Occidental Petroleum Corporation; 1986-1993, Chairman and Chief Executive Officer of Occidental Oil and Gas Corporation; 1986-1993, Executive Vice President.
J. Roger Hirl	67	Executive Vice President since 1984; Director since 1988; President and Chief Executive Officer of Occidental Chemical since 1991; 1983-1991, President and Chief Operating Officer of Occidental Chemical.
John W. Morgan	45	Executive Vice President Operations since 1998; 1991-1998, Vice President -- Operations; 1984-1991, Director -- Operations.
Howard Collins	55	Vice President -- Public Relations since 1993; 1986-1993, Director -- Public Relations.
Samuel P. Dominick, Jr.	58	Vice President and Controller since 1991; 1990-1991, Assistant Controller -- Internal Audit; 1985-1990, Director of Internal Audit.
James R. Havert	57	Vice President Treasurer since 1998; 1992-1998, Senior Assistant Treasurer.
Kenneth J. Huffman	54	Vice President -- Investor Relations since 1991; 1989-1991, Vice President -- Finance, American Exploration Company.
Anthony R. Leach	59	Vice President Finance since 1999; 1991-1999, Executive Vice President and Chief Financial Officer since 1991; 1984-1991, Vice President and Controller.
Robert M. McGee	52	Vice President since 1994; President of Occidental International Corporation since 1991; 1981-1991, Senior Executive Vice President of Occidental International Corporation.
Richard A. Swan	51	Vice President -- Health, Environment and Safety since 1995; 1991-1995, Director -- Investor Relations.
Aurmond A. Watkins, Jr.	56	Vice President -- Tax since 1991; 1986-1991, Director-- Taxes.

The current term of office of each Executive Officer will expire at the April 29, 1999, organizational meeting of the Occidental Board of Directors or at such time as his successor shall be elected.

PART II

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

RECENT PREFERRED STOCK CONVERSION Occidental gave notice to redeem all 15,106,444 outstanding shares of its $3.875 voting and nonvoting Cumulative Convertible Preferred Stock by March 13, 1998. Before such time all holders elected to convert all of the preferred stock, causing the issuance of approximately 33.2 million shares of common stock. Assuming dividends on the preferred shares of approximately $58 million per annum, the conversion resulted in annual dividend savings to Occidental of approximately $25 million.

COMMON STOCK REPURCHASE PROGRAM In September 1998, Occidental completed its stock purchase program through the repurchase of 39.3 million shares of Occidental's common stock for a total cost of approximately $1.06 billion.

TRADING PRICE RANGE AND DIVIDENDS There is hereby incorporated by reference the quarterly financial data appearing under the caption "Quarterly Financial Data" and the information appearing under the caption "Management's Discussion and Analysis -- Liquidity and Capital Resources" in this report. Occidental's common stock was held by approximately 88,896 stockholders of record at December 31, 1998, with an estimated 135,000 additional stockholders whose shares were held for them in street name or nominee accounts. The common stock is listed and traded principally on the New York Stock Exchange and also is listed on various foreign exchanges identified in this report. The quarterly financial data on pages 72 and 73 of this report sets forth the range of trading prices for the common stock as reported on the composite tape and quarterly dividend information of the New York Stock Exchange.

The quarterly dividend rate for the common stock is $.25 per share. On February 18, 1999, a dividend of $.25 per share was declared on the common stock, payable on April 15, 1999 to stockholders of record on March 10, 1999. The declaration of future cash dividends is a business decision made by the Board of Directors from time to time, and will depend on Occidental's financial condition and other factors deemed relevant by the Board.

RECENT SALES OF UNREGISTERED SECURITIES During the previous three years commencing January 1, 1996, Occidental sold the following securities which were not initially registered under the Securities Act of 1933, as amended (the "Act"). In August 1996, Occidental issued approximately 5,512,355 shares of Occidental common stock to acquire Laurel Industries, Inc. ("Laurel") and Natural Gas Odorizing, Inc. ("NGO"), two specialty chemical companies. The shares of common stock were issued in reliance on the exemption from registration under Section 4(2) of the Act, and the rules promulgated under the Act, as transactions not involving a public offering. Each purchaser stated that it was its intent to acquire the securities for investment purposes. In each case, the purchaser had access to Occidental's public financial information. Appropriate restrictive legends were, in each case, affixed to the stock certificates issued in each transaction. The shares of common stock issued in the Laurel and NGO transactions were subsequently registered for resale in secondary offering Registration Statements on Form S-3 filed with the SEC.

ITEM 6 SELECTED FINANCIAL DATA

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA
Dollar amounts in millions, except per-share amounts

For the years ended December 31,	1998	1997	1996	1995	1994
RESULTS OF OPERATIONS(a)					
Net sales and operating revenues	$ 6,596	$ 8,016	$ 7,987	$ 8,389	$ 7,128
Income(loss) from continuing operations	$ 325	$ 217	$ 514	$ 358	$ (223)
Net income(loss)	$ 363	$ (390)	$ 668	$ 511	$ (36)
Preferred dividend requirements	$ 17	$ 88	$ 93	$ 93	$ 76
Earnings(loss) applicable to common stock	$ 346	$ (478)	$ 575	$ 418	$ (112)
Basic earnings(loss) per common share from continuing operations	$ .88	$ .39	$ 1.30	$ .83	$ (.96)
Basic earnings(loss) per common share	$ .99	$ (1.43)	$ 1.77	$ 1.31	$ (.36)
Diluted earnings(loss) per common share	$ .99	$ (1.43)	$ 1.73	$ 1.31	$ (.36)
Earnings before special items(b)	$ 104	$ 691	$ 643	$ 603	$ 52
FINANCIAL POSITION(a)					
Total assets	$ 15,252	$ 15,291	$ 14,981	$ 15,342	$ 15,376
Long-term debt, net	$ 5,367	$ 4,925	$ 4,511	$ 4,819	$ 5,816
Capital lease liabilities, net	$ 29	$ 235	$ 237	$ 259	$ 291
Stockholders' equity	$ 3,363	$ 4,286	$ 5,140	$ 4,630	$ 4,457
Dividends per common share	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
AVERAGE SHARES OUTSTANDING (thousands)	350,173	334,341	323,782	318,073	310,806

(a) See Management's Discussion and Analysis and the Notes to Consolidated Financial Statements for information regarding accounting changes, asset acquisitions and dispositions, discontinued operations, and charges for asset write-downs, litigation matters, environmental remediation and other costs and other special items affecting comparability.

(b) Earnings before special items reflect adjustments to net income(loss) to exclude the after-tax effect of certain infrequent transactions that may affect comparability between years. See the Special Items table for the specific nature of these items in 1998, 1997 and 1996. For the years ended December 31, 1998, 1997, 1996, 1995 and 1994, these special items aggregated charges (benefits) of ($259) million, $1.081 billion, which includes the $750 million charge on the MidCon sale reported in discontinued operations, ($25) million, $92 million and $88 million, respectively. Management believes the presentation of earnings before special items provides a meaningful comparison of earnings between years to the readers of the consolidated financial statements. Earnings before special items is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (INCORPORATING ITEM 7A)

1998 BUSINESS ENVIRONMENT

OIL AND NATURAL GAS INDUSTRY During 1998, worldwide crude oil supply continued to exceed demand, resulting in a decrease in worldwide crude oil prices to their lowest level in at least 40 years, adjusted for inflation. Among the causal factors were a sustained drop in demand from economically depressed Far East countries, mild weather throughout the Northern Hemisphere and continued high levels of crude oil production from petroleum exporting countries. Without production restraint by major exporting nations, supply may continue to exceed demand and contribute to continued low oil prices.

During 1998, several large oil companies announced mergers, designed in part to reduce operating costs and enhance their ability to invest in world-scale exploration and development projects. Additional consolidation within the industry appears possible. In response to historically low oil prices, the industry in general is adjusting by cutting back exploration and project development, reducing personnel, liquidating marginal properties and shutting-in uneconomic properties. Occidental has reduced its 1999 capital expenditures and taken steps to reduce operating costs.

The generally mild winter of 1997-1998 reduced demand and as a result gas storage inventory increased to record levels entering the 1998-1999 heating season. Domestic natural gas price averages trended lower in 1998 as a result. Continued mild weather late in 1998 has kept downward pressure on prices. The average NYMEX closing price of natural gas in 1998 was $2.11 per million British thermal units (BTU) and the current estimate for 1999 is under $2.00 per million BTU.

CHEMICAL INDUSTRY The chemical industry experienced excess production capacity and a slowdown in product demand, causing prices to fall for most commodities throughout 1998. International sales and demand were weakened by continued economic troubles in the Far East, the strong U.S. dollar and increased intra-region supply and trade.

Chlorine demand was lower in 1998 than 1997 and prices for chlorine continued to fall throughout most of the year. In 1998, caustic soda prices generally increased into the second quarter, but then declined as domestic and international supply grew too large to sustain them. Average caustic soda prices were higher in 1998, compared with 1997. North American polyvinyl chloride (PVC) demand continued to grow from 1997 levels, with domestic growth rates exceeding five percent. Continued growth was driven by a strong U.S. economy, high consumer confidence and a robust housing market. However, substantial declines in PVC usage throughout much of Asia contributed to global demand growth rate of less than 1 percent. PVC resin prices declined in 1998 as global capacity additions exceeded demand.

1998 SIGNIFICANT EVENTS

ELK HILLS FIELD ACQUISITION On February 5, 1998, Occidental acquired the U.S. government's approximate 78 percent interest in the Elk Hills Naval Petroleum Reserve oil and gas fields (Elk Hills field) for approximately $3.5 billion. Occidental's results of operations include the operations of the Elk Hills field from the date of acquisition. This field is one of the 11 largest in the lower 48 states and significantly increases the size and quality of Occidental's domestic reserves. Occidental believes it will be able to increase the field's recoverable reserves and add annual production of oil and gas through the application of improved drilling and field management techniques. Concurrently, operating costs have been reduced significantly to enhance the field's high profit margin potential.

In February 1998, Occidental entered into a 15-year contract with Tosco Corporation (Tosco) pursuant to which Tosco will purchase the majority of Occidental's oil production from the Elk Hills field at market related prices.

EQUISTAR PARTNERSHIP In May 1998, Occidental contributed its ethylene, propylene, ethylene oxide (EO), ethylene glycol and EO derivatives businesses to a partnership called Equistar Chemicals, LP (Equistar), in return for a 29.5 percent interest in the partnership, receipt of approximately $420 million in cash and the assumption by Equistar of approximately $205 million of Occidental capital lease liabilities. Occidental guaranteed $625 million of Equistar's debt related to the amounts. Lyondell Petrochemical Company (Lyondell) and Millennium Chemicals, Inc. (Millennium), through their respective subsidiaries, were the original partners of Equistar. Lyondell owns 41 percent of Equistar, and Occidental and Millennium each own 29.5 percent. Following the closing of the transaction, the assets and liabilities transferred to the partnership (primarily property, plant and equipment, inventories and capital lease liabilities) were removed from the balance sheet and an equity investment was recorded. Thereafter, revenues and costs associated with the assets contributed are not reflected in the income statement, but Occidental records its proportionate share of the partnership's results through equity income. Occidental did not record a gain or loss on the transaction.

SALE AND EXCHANGE OF ASSETS In 1998, Occidental completed a number of international and domestic asset sales as part of an asset redeployment program. Net proceeds from all major nonstrategic oil and gas asset sales were $1.1 billion, and the total net pretax gain was $532 million which is included in the total gains from disposition of assets of $546 million.

Additionally in 1998, Occidental and the Royal Dutch/Shell Group (Shell) exchanged Occidental's oil and gas interests in the Philippines and Malaysia for Shell's oil and gas interests in Yemen and Colombia. Shell also received a cash payment of approximately $89 million. No gain or loss was recorded on the transaction. The transaction gives Occidental developed reserves and current production in exchange for discoveries that would have required long lead time and significant capital for development.

MIDCON SALE Occidental completed the sale of all of the issued and outstanding shares of common stock of MidCon Corp. (MidCon), its natural gas transmission and marketing business, to K N Energy, Inc. (K N Energy), on January 31, 1998.

Occidental sold the shares to K N Energy in return for a cash payment of $2.1 billion. The estimated net cash proceeds from the transaction were approximately $1.7 billion. Additionally, K N Energy issued a fixed-rate interest bearing note, payable January 4, 1999, to Occidental in the amount of $1.4 billion (the $1.4 billion note receivable), in exchange for a note previously issued to Occidental by the MidCon Corp. ESOP Trust. The note was repaid on January 4, 1999. MidCon retained responsibility for certain Texas intrastate gas pipeline lease obligations to an Occidental subsidiary. In connection with the sale, the Cumulative MidCon-Indexed Convertible Preferred Stock was redeemed.

In the fourth quarter of 1997, Occidental classified MidCon and its subsidiaries as a discontinued operation and recorded an estimated after-tax charge against earnings of $750 million.

COMMON STOCK REPURCHASE In 1998, Occidental completed the common stock repurchase program announced in October 1997. Under the program, 39.3 million shares were repurchased and retired for a total cost of $1.06 billion.

CONVERSION OF PREFERRED STOCK The holders of the $3.875 preferred stock converted all of the 15.1 million shares into 33.2 million shares of Occidental common stock in March 1998.

INCOME SUMMARY

Occidental reported net income of $363 million ($.99 per share) in 1998, on net sales and operating revenues of $6.6 billion, compared with a net loss of $390 million ($1.43 per share) in 1997, on net sales and operating revenues of $8.0 billion. Earnings before special items were $104 million in 1998 and $691 million in 1997.

DIVISIONAL OPERATIONS

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

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

Foreign income and other taxes and certain state taxes are included in divisional earnings on the basis of operating results. U.S. federal income taxes are not allocated to divisions except for amounts in lieu thereof that represent the tax effect of operating charges resulting from purchase accounting adjustments. Divisional earnings in 1998 benefited by $38 million from credits allocated of $12 million and $26 million in oil and gas and chemical, respectively. Divisional earnings in 1997 benefited by $39 million from credits allocated of $13 million and $26 million in oil and gas and chemical, respectively. Divisional earnings in 1996 benefited by $41 million from net credits allocated of $15 million and $26 million in oil and gas and chemical, respectively.

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

DIVISIONAL OPERATIONS
In millions

For the years ended December 31,	1998	1997	1996
SALES			
Oil and Gas	$3,621	$3,667	$3,680
Chemical	2,975	4,349	4,307
	$6,596	$8,016	$7,987
EARNINGS(LOSS)			
Oil and Gas	$ 804	$ 484	$ 536
Chemical	266	525	783
	1,070	1,009	1,319
Unallocated corporate items			
Interest expense, net	(451)	(407)	(454)
Income taxes	(228)	(60)	(109)
Other	(66)	(325)	(242)
Income from continuing operations	325	217	514
Discontinued operations, net	38	(607)	184
Extraordinary loss, net	--	--	(30)
Net income(loss)	$ 363	$ (390)	$ 668

OIL AND GAS
In millions, except as indicated

	1998	1997	1996
DIVISIONAL SALES	$3,621	$3,667	$3,680
DIVISIONAL EARNINGS	$ 804	$ 484	$ 536
EARNINGS BEFORE SPECIAL ITEMS(a)	$ 314	$ 694	$ 641
AVERAGE SALES PRICES			
CRUDE OIL PRICES (per barrel)			
U.S.	$12.06	$18.72	$18.98
Other Western Hemisphere	$ 8.78	$11.88	$12.66
Eastern Hemisphere	$11.12	$17.21	$17.66
GAS PRICES (per thousand cubic feet)			
U.S.	$ 2.05	$ 2.39	$ 2.11
Eastern Hemisphere	$ 2.03	$ 2.40	$ 2.23
EXPENSED EXPLORATION(b)	$ 128	$ 119	$ 120
CAPITAL EXPENDITURES			
Development	$ 545	$ 815	$ 540
Exploration	$ 140	$ 178	$ 165
Acquisitions and other(c)	$ 66	$ 157	$ 57

(a) Earnings before special items represents divisional earnings adjusted for the effect of certain infrequent transactions that may affect comparability between years. Earnings before special items is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.
(b) Includes amounts previously shown in exploration capital expenditures.
(c) Excludes the $3.5 billion acquisition of the Elk Hills field in 1998.

Occidental explores for and produces oil and natural gas, domestically and internationally. Occidental seeks long-term growth and improvement in profitability and cash flow through a combination of improved operations in existing fields, enhanced oil recovery (EOR) projects, selected exploration opportunities and complementary property acquisitions.

Earnings before special items in 1998 were $314 million, compared with earnings before special items of $694 million in 1997. The decrease primarily reflected significantly lower worldwide crude oil prices and lower natural gas prices, partially offset by increased crude oil production in the United States and the Eastern Hemisphere.

Approximately 44 percent of oil and gas sales for 1998 were attributable to oil and gas trading activity, compared with approximately one-third for 1997 and 1996. Occidental participates in oil and gas trading to enhance its knowledge of the dynamics affecting price and supply/demand fundamentals in order to optimize its long-term global marketing efforts.

The 1998 results included net pretax gains on the sale of major nonstrategic assets of $532 million, as well as a $30 million charge for the write-off of certain exploration projects and a $12 million reorganization charge.

The 1997 results included pretax charges of $210 million for the write-down of various assets and other reserves. For additional information see Note 3 to the Consolidated Financial Statements.

The 1996 results included a $105 million charge for the write-down of Occidental's investment in an oil and gas project in the Republic of Komi in the former Soviet Union.

CHEMICAL
In millions, except as indicated

	1998	1997	1996
DIVISIONAL SALES	$2,975	$4,349	$4,307
DIVISIONAL EARNINGS	$ 266	$ 525	$ 783
EARNINGS BEFORE SPECIAL ITEMS(a)	$ 296	$ 619	$ 618
KEY PRODUCT INDEXES (1987 through 1990 average price = 1.0)			
Chlorine	1.13	1.79	1.36
Caustic soda	1.02	.77	1.16
PVC commodity resins	.60	.83	.80
KEY PRODUCT VOLUMES			
Chlorine (thousands of tons)	2,983	3,201	3,254
Caustic soda (thousands of tons)	3,208	3,436	3,401
PVC commodity resins (millions of pounds)	1,755	1,441	1,279
CAPITAL EXPENDITURES			
Basic chemicals	$ 126	$ 156	$ 102
Vinyls	34	86	75
Chlorovinyls	$ 160	$ 242	$ 177
Petrochemicals	$ 10	$ 40	$ 41
Specialty businesses	$ 148	$ 106	$ 39
Other	$ 3	$ 8	$ 5

(a) Earnings before special items represents divisional earnings adjusted for the effect of certain infrequent transactions that may affect comparability between years. Earnings before special items is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

Occidental's chemical division (OxyChem) is highly integrated, both vertically and horizontally. Chemicals from the chlorovinyls business are used in the specialty business and chlorine from chlorovinyls is combined with ethylene from the Equistar petrochemical partnership to produce PVC. In December 1998, Occidental signed a definitive agreement to form a strategic alliance with The Geon Company (Geon) in an effort to create synergies for its chlorovinyls business. The agreement is discussed further in the section titled 1999 Outlook.

Earnings before special items were $296 million in 1998, compared with $619 million in 1997. The decrease reflected lower margins for most of OxyChem's key products, primarily due to lower sales prices. The 1998 earnings included pretax charges of $30 million related to reorganization and other charges.

OxyChem expects to reduce costs through operating and supply-chain efficiencies and benefits from consolidation of some administrative functions as a result of the Equistar partnership. OxyChem also expects to achieve similar synergies as a result of the alliance planned with Geon in 1999. In addition, OxyChem continues to aggressively reduce operating and administrative costs in each of its businesses.

The decrease in sales in 1998, compared with 1997, primarily reflected the absence of sales related to the assets contributed to Equistar in May 1998, as well as lower sales prices for most chemical products.

The 1997 earnings included pretax charges of $94 million related to the write-down of various assets. Included in the 1996 results was a $170 million pretax gain related to favorable litigation settlements and the related state tax effects.

CORPORATE Unallocated corporate other items in 1998 included an insurance dividend of $9 million. Unallocated corporate other items in 1997 included a charge to extinguish existing liabilities and open-ended financial commitments under employment agreements with two senior executives. Unallocated corporate other items in 1997 and 1996 also included charges of $136 million and $100 million, respectively, for environmental matters.

The increase in income taxes in 1998, compared with 1997, was primarily due to asset sales. The 1996 income tax amount included a benefit of approximately $100 million primarily from a reduction in the deferred tax asset valuation allowance due to the realization of benefits from operating loss and credit carryforwards in the United States and Peru.

SPECIAL ITEMS

Special items are infrequent transactions that may affect comparability between years. The special items included in the 1998, 1997 and 1996 results are detailed below. For further information, see Note 3 and Note 17 to the Consolidated Financial Statements and the discussion above.

SPECIAL ITEMS
Benefit (Charge) in millions

	1998	1997	1996
OIL AND GAS			
Gains on sales of major nonstrategic assets	$ 532	$ --	$ --
Write-down of various assets	(30)	(140)	(105)
Litigation, reorganization and other	(12)	(70)	--
CHEMICAL			
Reorganization and other	(30)	--	--
Write-down of various assets	--	(94)	--
Favorable litigation settlements	--	--	170
CORPORATE			
Insurance dividend	9	--	--
Discontinued operations	38	143	184
Charge on MidCon sale(a)	--	(750)	--
Environmental reserves	--	(111)	(75)
Employment agreements	--	(75)	--
Tax reserve reversal	--	--	100
Extraordinary loss on debt redemption(a)	--	--	(30)

(a) These amounts are shown after-tax.

CONSOLIDATED OPERATIONS--REVENUES

SELECTED REVENUE ITEMS
In millions

	1998	1997	1996
Net sales and operating revenues	$6,596	$8,016	$7,987
Interest, dividends and other income	$ 261	$ 88	$ 244
Gains(losses) on disposition of assets, net	$ 546	$ (4)	$ 11
Income(loss) from equity investments	$ (22)	$ 1	$ 70

The decrease in net sales in 1998, compared with 1997, reflected lower worldwide crude oil prices in the oil and gas division and lower prices and volumes for most chemical products and also reflected the absence of revenues related to the assets contributed to Equistar offset, in part, by higher oil and gas trading activity and higher oil volumes. Net sales and operating revenues remained about the same in 1997, compared with 1996, for both operating divisions.

Interest, dividends and other income in 1998 included, among other things, interest earned on the $1.4 billion note receivable. In 1996, interest, dividends and other income included the gain of $170 million related to favorable litigation settlements.

The pretax gains on disposition of assets in 1998 of $546 million, reflected the net pretax gains of $532 million on major nonstrategic assets sold as part of an asset redeployment program.

The decrease in income from equity investments in 1998, compared with 1997, reflected the impact of lower oil and gas prices as well as lower chemical margins. The decrease in income from equity investments in 1997, compared with 1996, reflected lower income primarily from chemical investments and the effect of currency devaluations in chemical joint ventures in Thailand.

CONSOLIDATED OPERATIONS--EXPENSES

SELECTED EXPENSE ITEMS
In millions

	1998	1997	1996
Cost of sales	$4,462	$5,060	$5,060
Selling, general and administrative and other operating expenses	$ 709	$1,002	$ 933
Environmental remediation	$ --	$ 136	$ 100
Interest and debt expense, net	$ 559	$ 434	$ 482

The decrease in cost of sales in 1998, compared with 1997, primarily reflected lower energy and raw material costs in the chemical division as well as the absence of costs related to the assets contributed to Equistar.

Selling, general and administrative and other operating expenses in 1997 reflected a portion of the asset write-downs and the charge to amend certain employment agreements. Selling, general and administrative and other operating expenses in 1996 included the charge for the write-down of the oil and gas project in the Republic of Komi.

Environmental remediation included charges of $111 million in 1997 and $75 million in 1996 for additional environmental reserves related to various existing sites.

Interest and debt expense increased to $559 million in 1998 from $434 million in 1997 which primarily reflected the impact of higher debt levels. However, overall net interest expense, which reflected interest income, was $451 million in 1998. Most of the interest income resulted from the $1.4 billion note receivable. The decrease in interest and debt expense from 1996 to 1997 primarily reflected lower outstanding average debt levels and lower average interest rates.

LIQUIDITY AND CAPITAL RESOURCES

OPERATING ACTIVITIES
In millions

	1998	1997	1996
Net cash provided	$ 80	$1,397	$1,987

The lower operating cash flow in 1998, compared with 1997, resulted from lower earnings before special items, such as gains on sales of assets. The lower earnings primarily reflected the impact of significantly lower worldwide crude oil and chemical prices. Excluding the effect of income taxes, the impact of changes in operating assets and liabilities on cash was slightly worse in 1998 compared with 1997. Other operating items reflected higher payments in 1998 for litigation and other related settlements. In addition, included in operating activities was net cash used by operating activities of discontinued operations of $244 million in 1998 compared with net cash provided by operating activities of discontinued operations of $266 million in 1997 and $398 million in 1996. The 1998 cash used by discontinued operations included the negative effect of $250 million of receivables repurchased in connection with the sale of MidCon.

Other noncash charges in 1998 included a charge for the write-off of an investment in certain exploration properties, previously announced reorganization expense accruals and other miscellaneous items. Other noncash charges in 1997 mainly reflected the special charges taken in the fourth quarter. See the Special Items table above. Other noncash charges of $298 million in 1996 primarily reflected the $105 million charge for the write-down of Occidental's investment in Komi, additional environmental reserves and various miscellaneous items. Each of the three years also included charges for employee benefit plans and other items.

The lower operating cash flow in 1997, compared with 1996, reflects lower income from continuing operations, higher working capital usage and lower cash flow from discontinued operations.

Operating assets and liabilities reflect generally higher working capital usage in 1997, compared with 1996, and the absence of items that were of benefit in 1996 including the sale of $100 million of accounts receivable and proceeds from litigation settlements.

INVESTING ACTIVITIES
In millions

	1998	1997	1996
Net cash used	$(1,216)	$(1,505)	$ (979)

Included in investing activities was net cash used by investing activities of discontinued operations of $6 million, $79 million and $223 million in 1998, 1997 and 1996, respectively. The decrease in net cash used in investing activities in 1998, compared with 1997, reflected lower capital expenditures. The 1998 amount also reflected cash used of $3.5 billion for the purchase of the Elk Hills field. The 1998 amount also included the proceeds of $3.4 billion, primarily from the sale of MidCon and nonstrategic oil and gas properties.

The increase in net cash used in investing activities in 1997, compared with 1996, primarily reflects the increase in capital expenditures and lower proceeds from disposals of property, plant and equipment.

Net cash used in investing activities included Occidental's capital expenditure program as discussed below.

CAPITAL EXPENDITURES
In millions

	1998	1997	1996
Oil and Gas	$ 751	$1,150	$ 762
Chemical	321	396	262
Corporate and other	2	3	14
	$1,074	$1,549	$1,038

The spending in the oil and gas business continues to be the major part of Occidental's capital expenditure program. However, total spending decreased in 1998, compared with 1997, due to lower development spending, completion of certain projects offset, in part, by spending at Elk Hills. The 1998 capital expenditure amount does not include the cost of the acquisition of the Elk Hills field for $3.5 billion.

In response to low oil and chemical prices, Occidental has reduced its capital spending budget to $350 million for 1999. Of the total, approximately $275 million will be allocated to oil and gas, with Elk Hills and Qatar receiving the highest priority, and the remainder will be allocated to chemicals. Notwithstanding the reduced spending, oil production is expected to remain at approximately the same level in 1999 as in 1998. However, gas production is expected to increase in 1999, compared with 1998.

As part of the asset redeployment program, Occidental completed the sale in 1998 of various international and domestic nonstrategic oil and gas properties. Occidental sold its entire interest in an oilfield development project in Venezuela, the stock of the subsidiary which owned its oil and gas assets in the Netherlands and the North Sea, as well as various domestic properties. Net proceeds from all major nonstrategic oil and gas asset sales were $1.1 billion, and the total net pretax gain was $532 million which is included in the total gain from disposition of assets of $546 million. Additionally, Occidental made a cash payment of $89 million to Shell in connection with the exchange of certain oil and gas interests.

The 1997 proceeds from the sale of businesses and disposals of property, plant and equipment included the proceeds from the sale of a chlor-alkali chemical plant located in Tacoma, Washington for approximately $102 million, which included $97 million in cash and the balance in the buyer's convertible preferred stock. Also in 1997, Occidental purchased 28,000 shares of preferred stock of Leslie's Poolmart, Inc. (Leslie's), a customer of OxyChem, for total consideration of $28 million, which consisted of cash and the exchange of $10 million of Leslie's subordinated debentures held by Occidental.

The 1996 proceeds from the sale of businesses and disposals of property, plant and equipment included the sale of a subsidiary which engaged in onshore drilling and servicing of oil and gas wells and the sale of Occidental's royalty interest in the Congo.

FINANCING ACTIVITIES
In millions

	1998	1997	1996
Net cash provided (used)	$ 1,119	$ (37)	$(1,330)

The 1998 amount reflected net cash provided of $1.9 billion, primarily from proceeds from borrowings, to fund a portion of the acquisition of the Elk Hills field in February 1998. Included in financing activities was net cash provided by financing activities of discontinued operations of $53 million in 1997 and net cash used of $88 million in 1996.

Cash used for financing activities in 1998 and 1997 included $937 million and $119 million used for the common stock repurchase program, respectively. Under the program, Occidental repurchased a total of 39.3 million shares, of which, 35.1 million shares were repurchased in 1998. In 1997, net proceeds from the issuance of long-term debt and other borrowings and payments of capital lease liabilities totaled $400 million.

In 1996, payments of long-term debt and capital lease liabilities and net proceeds from borrowings totaled $860 million.

Occidental paid preferred and common stock dividends of $387 million in 1998, $422 million in 1997 and $415 million in 1996. The 1998 amount primarily reflected lower preferred stock dividends as a result of preferred stock that was converted into common stock in March 1998.

Occidental has determined that it exhausted its accumulated earnings and profits for tax purposes during 1998 and that common stock dividends received by shareholders in 1998, with the exception of those received in the first quarter of 1998, were returns of capital. It is likely that common and preferred stock dividends to be received in 1999 may also be returns of capital.

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

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

SELECTED BALANCE SHEET COMPONENTS
In millions

	1998	1997
Trade receivables, net	$ 340	$ 603
Receivables from joint ventures, partnerships and other	$1,586	$ 210
Prepaid expenses and other assets	$ 181	$ 386
Equity investments	$1,959	$ 921
Property, plant and equipment, net	$9,905	$8,590
Current maturities of long-term debt and capital lease liabilities	$1,400	$ 6
Long-term debt, net	$5,367	$4,925
Obligation under natural gas delivery commitment	$ 503	$ --
Other deferred credits and other liabilities	$2,263	$3,173
Stockholders' equity	$3,363	$4,286

Trade receivables decreased due to an additional $110 million in receivables sold in 1998 as part of the accounts receivable sale program. In addition, receivables decreased as a result of asset sales. Receivables from joint ventures, partnerships and other includes the $1.4 billion note receivable at December 31, 1998. The decrease in prepaid expenses and other assets reflected a reduction in the current portion of deferred tax assets. The increase in the balance in equity investments at December 31, 1998 reflects the recording of Occidental's interest in Equistar. The increase in the balance of net property, plant and equipment reflected the acquisition of the Elk Hills field offset, in part, by property, plant and equipment contributed to Equistar and the sale of various nonstrategic oil and gas properties.

Current maturities of long-term debt and capital lease liabilities increased reflecting the current portion of long-term debt that was paid in the first quarter of 1999 using the proceeds of the $1.4 billion note receivable. The increase in long-term debt reflected increased commercial paper borrowings to fund a portion of the acquisition of the Elk Hills field. The table below presents principal amounts by currency, including any sinking fund requirements, by year of maturity for Occidental's long-term debt obligations, excluding $141 million in unamortized discount, at December 31, 1998:

DEBT CURRENCY DENOMINATIONS AND INTEREST RATES
In millions of U.S. dollars, except rates

Year of Maturity	U.S. Dollar Fixed Rate	U.S. Dollar Variable Rate	Canadian Dollar Variable Rate	Grand Total
2000	$ 188	$ 96	$ 35	$ 319
2001	412	104	--	516
2002	506	734	5	1,245
2003	64	--	--	64
2004	580	--	--	580
Thereafter	2,399	385	--	2,784
Total	$4,149	$1,319	$ 40	$5,508
Average interest rate	8.91%	5.69%	5.60%	8.10%

The estimated fair value of Occidental's long-term debt at December 31, 1998 was $5.7 billion. Occidental has the option to call certain issues of long-term debt prior to their maturity dates.

In April 1998, Occidental issued $250 million of 6.5 percent of senior notes due 2005, $200 million of 7.2 percent senior debentures due 2028 and $450 million of 6.4 percent senior notes due 2013. The 6.4 percent senior notes will be mandatorily tendered in 2003 and then may be remarketed at the option of the remarketing dealer. In October 1998, Occidental issued $270 million of extendible notes with a 10 year final maturity and an initial coupon period expiring in April 2000. At the end of such initial period, the notes will either be automatically tendered, subject to the right of the holder not to tender, to a remarketing agent for resale to the public, or repurchased by Occidental if a mutual agreement is not reached with the remarketing agent on the remarketing spread. In November 1998, Occidental issued $200 million of 6.75 percent senior notes due 2002 and $400 million of 7.375 percent senior notes due 2008. The net proceeds were used to repay commercial paper.

In January 1999, a subsidiary trust of Occidental issued $525 million of 8.16 percent Trust Preferred Securities due in 2039, and callable in 2004, for net proceeds of $507 million. The net proceeds were used to repay commercial paper.

In February 1999, Occidental issued $450 million of 7.65 percent senior notes due 2006 and $350 million of 8.45 percent senior notes due 2029 for net proceeds of approximately $792 million. The net proceeds will be used for general corporate purposes which may include, but are not limited to, the repayment of commercial paper and the redemption of other debt.

Based on the above financings, Occidental's average interest rates are expected to trend upward as commercial paper has been largely replaced with fixed-rate long-term debt at slightly higher rates.

At December 31, 1998, Occidental had available approximately $1.5 billion of committed credit lines, which are utilized, as needed, for daily operating and other purposes. These lines of credit are primarily used to back up the issuance of commercial paper. Following the receipt of the proceeds from the $1.4 billion note receivable and the issuance of the Trust Preferred Securities, available committed credit lines increased to $2.3 billion at January 31, 1999.

Occidental expects to have sufficient cash in 1999 for its operating needs, capital expenditure requirements, dividend payments and debt repayments. Assuming that oil and gas and chemical prices would remain at current levels, Occidental has taken specific actions to mitigate the impact of lower prices on cash flow. In January, Occidental increased its borrowing capacity to $3.6 billion by issuing Trust Preferred Securities. Additionally, Occidental has replaced variable rate commercial paper with fixed-rate long-term debt. Finally, Occidental has made significant targeted reductions in its 1999 planned capital expenditure program to $350 million, more than a 65 percent reduction from 1998 levels, without any expectation of reduced oil and gas production in the near term. Taken together, these actions have considerably improved Occidental's borrowing capacity and provided additional financial flexibility to deal with unexpected economic events.

The obligation under the natural gas delivery commitment amount relates to a transaction in November 1998 discussed below.

Other deferred credits and other liabilities decreased, reflecting the payment of amounts associated with the sale of MidCon and the assumption by Equistar of approximately $205 million of capital lease liabilities. The decrease in stockholders' equity primarily reflected amounts paid to repurchase common stock and dividends on common and preferred stock offset, in part, by net income for the year.

ACQUISITIONS AND COMMITMENTS

In February 1998, Occidental acquired the Elk Hills field for approximately $3.5 billion as discussed earlier.

In November 1998, Occidental entered into a natural gas delivery commitment for proceeds of $500 million which obligates Occidental to deliver 263 billion cubic feet of natural gas over a four-year period beginning in 2000. The imputed interest rate in the transaction is approximately 6 percent. In connection with this transaction, Occidental simultaneously entered into a natural gas price swap with a third party based on identical volumes of natural gas and a delivery schedule that corresponds to the natural gas delivery commitment. Under the terms of the swap, Occidental will pay an average fixed price of $2.27 per thousand cubic feet of gas and will receive a floating price that will approximate market which mitigates Occidental's price exposure. Occidental has the ability to satisfy the delivery commitment with open market purchases and has not reduced its natural gas reserves for the commitment.

In 1997, Occidental acquired certain oil and gas production and exploration assets from Suemaur Exploration for approximately $50 million. These assets were located onshore in south Texas adjacent to other Occidental properties.

In 1996, Occidental acquired three specialty chemical producers in separate transactions for approximately $149 million through the issuance of approximately 5.5 million shares of Occidental common stock, with a value of approximately $130 million, and the balance paid in cash. The acquisitions included a producer of antimony oxide, a producer of mercaptan-based warning agents for use in natural gas and propane and a producer of sodium silicates. These acquisitions have been accounted for by the purchase method. Accordingly, the cost of each acquisition was allocated to the assets acquired, goodwill and liabilities assumed based upon their estimated respective fair values.

In 1996, Occidental completed its acquisition of a 64 percent equity interest (on a fully-diluted basis) in INDSPEC Chemical Corporation (INDSPEC) for approximately $92 million through the issuance of approximately 3.3 million shares of Occidental common stock, with a value of approximately $87 million, and the balance paid in cash. INDSPEC is the world's largest producer of resorcinol, which is used to manufacture rubber tires, engineered wood products, agricultural chemicals and fire-retardant plastic additives. Under the terms of the acquisition agreement, INDSPEC's management and employees have retained voting control of INDSPEC.

In December 1995, Occidental entered into a transaction with Clark USA, Inc. (Clark) under which Occidental agreed to deliver approximately 17.7 million barrels of West Texas Intermediate-equivalent (WTI) oil over a six-year period. Occidental has accounted for the consideration received in the transaction as deferred revenue which is being amortized into revenue as WTI-equivalent oil is produced and delivered during the term of the agreement. At December 31, 1998, approximately 8.8 million barrels remain to be delivered.

Commitments at December 31, 1998 for major capital expenditures during 1999 and thereafter were approximately $332 million. Total capital expenditures for 1999 are estimated to be approximately $350 million.

HEDGING ACTIVITIES

Occidental's market risk exposures relate primarily to commodity prices, interest rates and foreign currency. Therefore, Occidental periodically uses commodity futures contracts, options and swaps to hedge the impact of oil and natural gas price fluctuations; uses interest rate swaps and futures contracts to hedge interest rates on debt; and uses forward exchange contracts to hedge the risk associated with fluctuations in foreign currency exchange rates. Occidental does not engage in activities using complex or highly leveraged instruments. Gains and losses on commodity futures contracts are deferred until recognized as an adjustment to sales revenue or purchase costs when the related transaction being hedged is finalized. Gains and losses on foreign currency forward exchange contracts that hedge identifiable future commitments are deferred until recognized when the related item being hedged is settled. All other contracts are recognized in periodic income. In addition, the oil and gas division engages in oil and gas trading activity, the results of which are included in periodic income.

At December 31, 1998, Occidental was a party to exchange trades and over-the-counter forward obligations, most of which expire in 1999, related to the selling price of natural gas. The obligations cover 20.1 billion cubic feet of natural gas. The fair market value of the obligations was approximately $2 million.

Interest rate swaps are entered into as part of Occidental's overall strategy to maintain part of its debt on a floating-rate basis. Occidental has outstanding interest rate swaps as of December 31, 1998 on fixed-rate debt for notional amounts totaling $200 million, converting fixed-rate debt to floating-rate debt. During 1998, an interest rate swap for a notional amount of $330 million expired. The swap rate difference resulted in approximately $2 million, $2 million and $1 million of additional interest expense in 1998, 1997 and 1996, respectively, compared to what interest expense would have been had the debt remained at fixed rates. The impact of the swaps on the weighted average interest rates for all debt in 1998, 1997 and 1996 was not significant. Occidental will continue its strategy of maintaining part of its debt on a floating-rate basis.

The following table provides information on the interest rate swaps at December 31, 1998:

INTEREST RATE SWAPS
In millions, except rates

	Year of Maturity 1999	Year of Maturity 2000	Fair Value(a)
Interest rate swaps			
Fixed to variable	$ 96	$ 104	$ 1
Average receive rate(b)	5.56%	5.75%	

(a) Represents estimated settlement value.
(b) Current variable pay rate at December 31, 1998 is 6.40 percent.

In December 1997, Occidental entered into two fixed-rate interest rate locks for a total notional amount of $400 million with a settlement date of March 1998. The interest rate locks were entered into to fix the interest rate on the expected issuance of long-term debt in 1998. The fixed reference rate was between 5.84 percent and 5.87 percent. The interest rate locks were settled in March 1998 for a payment by Occidental of $5.8 million.

Many of Occidental's foreign oil and gas operations and foreign chemical operations are located in countries whose currencies generally depreciate against the U.S. dollar on a continuing basis. Generally, an effective currency forward market does not exist for these countries; therefore, Occidental attempts to manage its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions only at levels necessary for operating purposes. Additionally, almost all of Occidental's oil and gas foreign entities have the U.S. dollar as the functional currency since the cash flows are mainly denominated in U.S. dollars. The effect of exchange rate transactions in foreign currencies is included in periodic income. Foreign currencies that are in a net liability position are thus protected from the unfavorable effects of devaluation. However, in certain foreign chemical subsidiaries and equity basis joint ventures where the local currency is the functional currency, Occidental has exposure on joint-venture debt that is denominated in U.S. dollars. Most of Occidental's 1997 foreign exchange devaluation was related to its Thailand chemical joint ventures. For entities that have a net foreign currency asset position, Occidental strives to maintain those positions at low levels to mitigate exposure to currency devaluation. Brazil devalued its currency, the real, in January 1999. Through February 15, 1999, the devaluation had an unfavorable pretax income effect on Occidental of approximately $9 million.

At December 31, 1998, Occidental had one foreign currency forward exchange contract that matures in 2000, hedging Canadian dollar denominated debt as shown below:

FOREIGN CURRENCY RISK
In millions, except contract rate

	Notional Amount	Contract Rate	Fair Value(a)
Canadian dollar forward exchange contracts	$ 38	1.4282	$ (2.5)

(a)Equivalent to the unrealized net gain(loss) on existing contracts.

TAXES

Deferred tax liabilities were $715 million at December 31, 1998, net of deferred tax assets of $1.0 billion. The current portion of the deferred tax assets of $110 million is included in prepaid expenses and other. The net deferred tax assets are expected to be realized through future operating income and reversal of taxable temporary differences.

LAWSUITS, CLAIMS, COMMITMENTS, CONTINGENCIES AND RELATED MATTERS

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

In December 1998, David Croucher and others filed a purported class action suit in the Federal District Court in Houston, Texas on behalf of persons claiming to have been beneficiaries of the MidCon Employee Stock Ownership Plan (ESOP). The plaintiffs allege that each of the U.S. Trust Company of California (the ESOP Trustee) and the MidCon ESOP Administrative Committee breached its fiduciary duty to the plaintiffs by failing to properly value the securities held by the ESOP, and allege that Occidental actively participated in such conduct. The plaintiffs claim that, as a result of this alleged breach, the ESOP participants are entitled to an additional aggregate distribution of at least $200 million and that Occidental has been unjustly enriched and is liable for failing to make that distribution.

During the course of its operations, Occidental is subject to audit by taxing authorities for varying periods in various tax jurisdictions. It is impossible at this time to determine the ultimate liabilities that Occidental and its subsidiaries may incur resulting from the foregoing lawsuits, claims and proceedings, audits, commitments, contingencies and related matters. Several of these matters may involve substantial amounts, and if these were to be ultimately resolved unfavorably to the full amount of their maximum potential exposure, an event not currently anticipated, it is possible that such event could have a material adverse effect upon Occidental's consolidated financial position or results of operations. However, in management's opinion, after taking into account reserves, it is unlikely that any of the foregoing matters will have a material adverse effect upon Occidental's consolidated financial position or results of operations. See Note 10 to the Consolidated Financial Statements.

ENVIRONMENTAL EXPENDITURES

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

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

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

As of December 31, 1998, Occidental had been notified by the EPA or equivalent state agencies or otherwise had become aware that it had been identified as being involved at 169 Superfund or comparable state sites. (This number does not include those sites where Occidental has been successful in resolving its involvement.) The 169 sites include 63 former Diamond Shamrock Chemical sites as to which Maxus Energy Corporation has retained all liability, and 2 sites at which the extent of such retained liability is disputed. Of the remaining 104 sites, Occidental has denied involvement at 15 sites and has yet to determine involvement in 17 sites. With respect to the remaining 72 of these sites, Occidental is in various stages of evaluation. For 64 of these sites, where environmental remediation efforts are probable and the costs can be reasonably estimated, Occidental has accrued reserves at the most likely cost to be incurred. The 64 sites include 14 sites as to which present information indicates that it is probable that Occidental's aggregate exposure is immaterial. In determining the reserves, Occidental uses the most current information available, including similar past experiences, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. For the remaining 8 of the 72 sites being evaluated, Occidental does not have sufficient information to determine a range of liability, but Occidental does have sufficient information on which to base the opinion expressed above in the "Lawsuits, Claims, Commitments, Contingencies and Related Matters" section of this Management's Discussion and Analysis. For management's opinion on lawsuits and proceedings and on other environmental loss contingencies, see the above noted section.

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

In millions	1998	1997	1996
OPERATING EXPENSES			
Oil and Gas	$ 15	$ 33	$ 41
Chemical	55	60	59
	$ 70	$ 93	$100
REMEDIATION EXPENSES			
Corporate	$ --	$136	$100
	$ --	$136	$100
CAPITAL EXPENDITURES			
Oil and Gas	$ 31	$ 85	$ 54
Chemical	25	31	27
	$ 56	$116	$ 81

Operating expenses are incurred on a continual basis. Remediation expenses relate to existing conditions caused by past operations and do not contribute to current or future revenue generation. Capital expenditures relate to longer lived improvements in facilities. Although total costs may vary in any one year, over the long term, divisional operating and capital expenditures for environmental compliance generally are expected to increase. As of December 31, 1998 and 1997, Occidental had environmental reserves of approximately $499 million and $567 million, respectively. The net decrease reflects payments for remediation programs and settlement agreements.

Occidental manages its environmental remediation efforts through a wholly owned subsidiary, Glenn Springs Holdings, Inc. (GSH). In 1998, GSH was given full management authority over all environmental sites and reports directly to Occidental's corporate management.

During the year, GSH made an overall assessment of all environmental sites. With respect to certain sites, GSH concluded that a different strategy could be pursued which could result in more effective management of the remediation effort. As a result, GSH transferred the responsibility for these sites to a subsidiary, in which a remediation consulting firm has an equity interest. The consulting firm's equity interest in the subsidiary is designed to motivate the consulting firm to manage the remediation efforts more effectively.

FOREIGN INVESTMENTS

Portions of Occidental's assets are located in countries outside North America, some of which may be considered politically and economically unstable. These assets and the related operations are subject to the risk of actions by governmental authorities and insurgent groups. Occidental attempts to conduct its financial affairs so as to mitigate its exposure against such risks and would expect to receive compensation in the event of nationalization. At December 31, 1998, the carrying value of Occidental's assets in countries outside North America aggregated approximately $2.2 billion, or approximately 14 percent of Occidental's total assets at that date. Of such assets, approximately $1.2 billion was located in the Middle East, approximately $682 million was located in Latin America, and substantially all of the remainder were located in Bangladesh, Russia and Pakistan.

1999 OUTLOOK

OIL AND NATURAL GAS

The petroleum industry is a highly competitive business subject to significant volatility due to numerous external market forces. Crude oil and natural gas prices are affected by market fundamentals such as weather, inventory levels, competing fuel prices, overall demand and the availability of supply. While fundamentals are a decisive factor affecting crude oil prices over the long term, day-to-day prices may be more volatile due to futures trading on the NYMEX and other exchanges. As a result, Occidental is unable to accurately predict oil and natural gas prices.

However, in response to current depressed prices, the oil and gas capital budget for 1999 will be substantially less than the 1998 level and directed primarily at production maintenance and low-cost, high-margin development projects and selected exploration opportunities and obligations.

With the integration of the Elk Hills field into domestic operations, completion of the exchange of assets with Shell and the sale of major nonstrategic assets in 1998, Occidental will focus on growing its core operations in the United States, Latin America and the Middle East. Occidental also will pursue selected growth opportunities through focused exploration, EOR projects and high-return acquisitions.

CHEMICAL

CHLOROVINYLS Due to reduced demand, the domestic chlor-alkali industry operated at only 95 percent of capacity in 1998. The industry added 400,000 tons, or 2.9 percent of new capacity in 1998, and is expected to add another 660,000 tons, or 4.6 percent in 1999.

Chlorine markets will continue to experience pressure from various environmental groups and regulatory authorities seeking alternatives to, or substitutes for, compounds containing chlorine. While there has been less demand for chlorine in some market segments, such as pulp and paper, demand from the PVC industry has generally more than offset those reductions.

Overall, chlorine prices in 1998 were significantly lower than average 1997 prices. Prices for caustic soda increased in 1998 compared with 1997. Chlorine prices are expected to remain soft in 1999, and caustic prices are expected to weaken due to the increased supply.

A 450-million-pound-per-year PVC expansion at Pasadena, Texas was brought on line in 1998 as a result of OxyChem's strategy to maximize the benefits of the vertical integration of its chlorovinyl business. The business is well positioned to continue to expand and grow, with long standing relationships with key industry leaders in the major PVC markets including pipe, vinyl siding and building profiles and flooring.

To further strengthen its PVC and vinyl chloride monomer (VCM) position, OxyChem, in December 1998, signed a definitive agreement with Geon providing, among other things, for the formation of two partnerships. OxyChem expects that the Geon alliance will create synergies for its chlorovinyls business. OxyChem will have a 76 percent controlling interest in a PVC partnership which is the larger of the partnerships and a 10 percent interest in a compound partnership. OxyChem's interest represents an increase in its chlorovinyls capacity compared to its existing contributed PVC/VCM assets. The PVC partnership will also enter into long-term agreements to supply PVC and VCM to Geon's compounding operations. The transaction is consistent with Occidental's overall asset redeployment strategy to increase its return on assets. The transaction is expected to close in the second quarter of 1999, following satisfaction of closing conditions, including approval from Occidental's Board of Directors and Geon shareholders. Occidental does not expect to record a gain or loss on the transaction.

For 1999, global PVC operating rates are expected to decline further as additional capacity is added in the Asia-Pacific and Latin American regions. North American operating rates are anticipated to mirror 1998 levels, with North American demand growth being offset by reduced exports into Latin America as a result of slower economic growth and new capacity in that region.

PETROCHEMICALS In May 1998, Occidental joined the Equistar partnership. Equistar is the largest North American producer of ethylene and polyethylene and is also one of the world's leading producers of ethylene co-products and derivatives. The transaction is consistent with Occidental's overall asset redeployment strategy to increase its return on assets. Occidental remains in the petrochemical business through its partnership interest.

SPECIALTY BUSINESSES OxyChem's specialty businesses produce organic and inorganic compounds, sophisticated intermediate chemicals and chlorinated isocyanurates. Numerous specialty performance chemicals are produced for the plastics, metal-plating, aerospace and food-service industries. Sophisticated intermediates are used primarily in agricultural applications, such as herbicides and pesticides, and also in pharmaceuticals. During 1998, some of them were negatively affected by the economic situation in the Far East, but markets for these specialty products are generally less cyclical than the markets for large-volume commodity chemicals. As part of a strategic evaluation of these businesses in early 1999, OxyChem divided them into two categories: industrial-specialty and performance-based products in order to manage them more effectively and to develop these businesses consistent with the nature and requirements of the markets they serve.

ACCOUNTING CHANGES

EITF NO. 98-10 In November 1998, the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board (FASB) reached a consensus on EITF issue No. 98-10--"Accounting for Contracts Involved in Energy Trading and Risk Management Activities," which establishes accounting and reporting standards for certain energy trading contracts. The consensus requires that energy trading contracts be marked to market with gains and losses included in earnings and separately disclosed in the financial statements or footnotes thereto. Occidental will implement EITF No. 98-10 in the first quarter of 1999 and has not yet made a final determination of its impact on the financial statements.

SOP NO. 98-5 In April 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position No. 98-5--"Reporting on the Costs of Start-Up Activities" (SOP 98-5), which would require that costs of start-up activities be expensed as incurred. In addition, start-up costs that are currently capitalized must be written off when SOP 98-5 is adopted. Occidental will implement SOP 98-5 effective January 1, 1999, and expects to record a charge of $14 million, which is net of a $8 million income tax benefit to reflect the cumulative effect of this change in accounting principle.

SFAS NO. 133 In June 1998, the FASB issued Statement of Financial Accounting Standard (SFAS) No. 133--"Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives in the statement of financial position and measure those instruments at fair value. Occidental must implement SFAS No. 133 by the first quarter of 2000 and has not yet made a final determination of its impact on the financial statements.

SFAS NO. 132 Effective January 1, 1998, Occidental adopted the provisions of SFAS No. 132--"Employers' Disclosures about Pensions and Other Postretirement Benefits." This statement standardized the disclosure requirements for pensions and other postretirement benefits and amends SFAS No. 87--"Employers' Accounting for Pensions," SFAS No. 88--"Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans" and SFAS 106--"Employers' Accounting for Postretirement Benefits Other Than Pensions." The provisions of SFAS 132 are disclosure oriented and do not change the measurement or recognition of the plans. Accordingly, the implementation of SFAS No. 132 did not have an impact on Occidental's consolidated financial position or results of operations. The prior disclosures for 1997 and 1996 have been changed to conform to the new disclosure requirements.

SFAS NO. 131 Effective January 1, 1998, Occidental adopted the provisions of SFAS No. 131--"Disclosures about Segments of an Enterprise and Related Information." This statement establishes standards for reporting and display of information about operating segments. It supersedes or amends several FASB statements, most notably, SFAS No. 14--"Financial Reporting for Segments of a Business Enterprise." The implementation of SFAS No. 131 did not have an impact on Occidental's consolidated financial position or results of operations. However, 1997 and 1996 segment results have been restated to classify equity income into the business segments and environmental remediation expenses to unallocated corporate items.

SFAS NO. 130 Effective January 1, 1998, Occidental adopted the provisions of SFAS No. 130--"Reporting Comprehensive Income." This statement establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. The implementation of SFAS No. 130 did not have an impact on Occidental's results of operations. The prior year financial statements have been restated to conform to the new presentation. Occidental's comprehensive income is primarily composed of net income or loss, foreign currency translation adjustments and minimum pension liability adjustments. Occidental's comprehensive income was $345 million for 1998, a loss of $389 million for 1997 and income of $670 million for 1996.

YEAR 2000 COMPLIANCE

Most existing computer systems use only the last two digits to identify a year. Consequently, as the year 2000 approaches, many systems do not yet recognize the difference in a year that begins with "20" instead of "19". This, as well as other date related processing issues, may cause systems to fail or malfunction unless corrected.

Occidental's program to address Year 2000 (Y2K) issues began in 1997. In addressing the issues Occidental has employed a five-step process consisting of: 1) conducting a company-wide inventory; 2) assessing Y2K compliance; 3) remediating non-compliant software and hardware, particularly hardware that employs embedded chips such as process controls; 4) testing remediated hardware and software; and 5) certifying Y2K compliance.

Personnel from operations and from functional disciplines, as well as information technology professionals, are involved in the process. Outside consultants have also been retained to participate in the inventory and assessment process. A Y2K corporate-level manager was appointed to oversee and provide consistency to the overall process, provide support resources on a company-wide basis and minimize duplication of efforts. In addition, a committee of senior corporate executives provides oversight through an extensive monthly status review of project elements. Additionally, a report is made to Occidental's Board of Directors on Y2K status at each board meeting.

Inventory and assessment activities are virtually complete. This data is continuously updated as new information becomes available and Occidental expects this to continue throughout the Y2K effort. Overall remediation efforts are estimated at approximately 70 percent complete. The coincidental replacement of several major existing systems is on schedule to be completed prior to January 1, 2000; these efforts began before the Y2K efforts were initiated and the timing for completion of these projects has not been accelerated as a result of Y2K issues.

Costs for Y2K efforts are not being accumulated separately. Much of the cost is being accounted for as part of normal operating budgets. Overall, the costs are estimated to be approximately $50 million including amounts incurred to date. Most of the cost is associated with the remediation of various process control and field systems (systems that utilize embedded computer chip technology). Overall, the costs are not expected to have a significant effect on Occidental's consolidated financial position or results of operations.

The risks associated with the Y2K issue can be substantial from the standpoint of reliance on third parties. Communication with customers, suppliers and equity partners to determine the extent of their Y2K efforts, including selected site visits, is an integral part of the program. Occidental, like most companies, is reliant on third parties for a wide variety of goods and services from raw materials to electricity. Occidental's efforts include addressing the "supply chain" issues to minimize the potential impact of a major supplier (or customer) experiencing a Y2K problem that would adversely affect Occidental.

Because of these company-wide efforts, Occidental believes that appropriate actions are being taken to minimize the risk to its operations and financial condition.

Contingency plans that address a reasonably likely worst case scenario are approximately 10 percent complete. These plans will address key systems and third parties that present potential significant risk and will analyze the strategies and resources necessary to restore operations in the unlikely event that an interruption does occur. The plans will also outline a recovery program detailing the necessary participants, processes and equipment needed to restore operations. Contingency plans are expected to be finalized during the third quarter of 1999.

SAFE HARBOR STATEMENT REGARDING OUTLOOK AND OTHER FORWARD-LOOKING DATA

Portions of this report, including Items 1 and 2 and the information appearing under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations", contain forward-looking statements and involve risks and uncertainties that could significantly affect expected results of operations, liquidity and cash flows. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; competitive pricing pressures; higher than expected costs including feedstocks; the supply/demand considerations for Occidental's products; any general economic recession domestically or internationally; regulatory uncertainties; and not successfully completing any development of new fields, expansion, capital expenditure, efficiency improvement, acquisition or disposition. Forward-looking statements are generally accompanied by words such as "estimate", "project", "predict", "believes" or "expect", that convey the uncertainty of future events or outcomes. Occidental undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed might not occur.

REPORT OF MANAGEMENT

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

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS AND RELATED INFORMATION

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of OCCIDENTAL PETROLEUM CORPORATION (a Delaware corporation) and consolidated subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of operations, stockholders' equity, comprehensive income and cash flows for each of the three years in the period ended December 31, 1998 (included on pages 39 through 71). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Occidental Petroleum Corporation and consolidated subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index of financial statements is presented for purposes of complying with the Securities and Exchange Commissions rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP
Los Angeles, California
February 19, 1999
(except with respect
to the matter
discussed in Note 19,
as to which the date
is March 2, 1999)

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

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

For the years ended December 31,	1998	1997	1996
REVENUES			
Net sales and operating revenues			
Oil and gas operations	$3,621	$3,667	$3,680
Chemical operations	2,975	4,349	4,307
	6,596	8,016	7,987
Interest, dividends and other income	261	88	244
Gains (losses) on disposition of assets, net	546	(4)	11
Income (loss) from equity investments	(22)	1	70
	7,381	8,101	8,312
COSTS AND OTHER DEDUCTIONS			
Cost of sales	4,462	5,060	5,060
Selling, general and administrative and other operating expenses	709	1,002	933
Depreciation, depletion and amortization of assets	835	822	761
Environmental remediation	--	136	100
Exploration expense	128	119	120
Interest and debt expense, net	559	434	482
	6,693	7,573	7,456
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES	688	528	856
Provision for domestic and foreign income and other taxes	363	311	342
INCOME FROM CONTINUING OPERATIONS	325	217	514
Discontinued operations, net	38	(607)	184
Extraordinary loss, net	--	--	(30)
NET INCOME(LOSS)	$ 363	$ (390)	$ 668
EARNINGS(LOSS) APPLICABLE TO COMMON STOCK	$ 346	$ (478)	$ 575
BASIC EARNINGS PER COMMON SHARE			
Income from continuing operations	$ .88	$ .39	$ 1.30
Discontinued operations, net	.11	(1.82)	.56
Extraordinary loss, net	--	--	(.09)
BASIC EARNINGS(LOSS) PER COMMON SHARE	$ .99	$(1.43)	$ 1.77
DILUTED EARNINGS(LOSS) PER COMMON SHARE	$ .99	$(1.43)	$ 1.73

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

In millions, except share amounts

Assets at December 31,	1998	1997
CURRENT ASSETS		
Cash and cash equivalents	$ 96	$ 113
Trade receivables, net of reserves of $23 in 1998 and $24 in 1997	340	603
Receivables from joint ventures, partnerships and other	1,586	210
Inventories	500	604
Prepaid expenses and other	181	386
Federal income taxes receivable	92	9
TOTAL CURRENT ASSETS	2,795	1,925
LONG-TERM RECEIVABLES, NET	121	153
EQUITY INVESTMENTS	1,959	921
PROPERTY, PLANT AND EQUIPMENT, AT COST		
Oil and gas operations	11,690	9,039
Chemical operations	3,549	6,077
Corporate and other	1,440	1,441
	16,679	16,557
Accumulated depreciation, depletion and amortization	(6,774)	(7,967)
	9,905	8,590
OTHER ASSETS	472	470
NET ASSETS OF DISCONTINUED OPERATIONS	--	3,232
	$15,252	$15,291

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
In millions, except share amounts

Liabilities and Equity at December 31,	1998	1997
CURRENT LIABILITIES		
Current maturities of long-term debt and capital lease liabilities	$ 1,400	$ 6
Notes payable	30	35
Accounts payable	613	717
Accrued liabilities	774	957
Dividends payable	91	106
Domestic and foreign income taxes	23	58
TOTAL CURRENT LIABILITIES	2,931	1,879
LONG-TERM DEBT, NET OF CURRENT MATURITIES AND UNAMORTIZED DISCOUNT	5,367	4,925
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes	825	1,028
Obligation under natural gas delivery commitment	503	--
Other	2,263	3,173
	3,591	4,201
CONTINGENT LIABILITIES AND COMMITMENTS		
STOCKHOLDERS' EQUITY		
Nonredeemable preferred stock, $1.00 par value; authorized 50 million shares; outstanding shares: 1998--4,852,294 and 1997--22,491,478; stated at liquidation value of $50 per share	243	1,125
ESOP preferred stock, $1.00 par value; authorized and outstanding shares: 1997--1,400,000	--	1,400
Unearned ESOP shares	--	(1,348)
Common stock, $.20 par value; authorized 500 million shares; outstanding shares: 1998--347,721,914 and 1997--341,126,546	69	68
Additional paid-in capital	3,814	4,149
Retained earnings(deficit)	(734)	(1,097)
Accumulated other comprehensive income	(29)	(11)
	3,363	4,286
	$15,252	$15,291

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
In millions

	Non-Redeemable Preferred Stock	ESOP Preferred Stock	Unearned ESOP Shares	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings (Deficit)
Balance, December 31, 1995	$ 1,325	$ --	$ --	$ 64	$ 4,631	$ (14)	$(1,376)
Net income	--	--	--	--	--	--	668
Other comprehensive income, net of tax	--	--	--	--	--	2	--
Dividends on common stock	--	--	--	--	(325)	--	--
Dividends on preferred stock	--	--	--	--	(93)	--	--
Issuance of common stock	--	--	--	2	240	--	--
Issuance of preferred stock	--	1,400	(1,394)	--	(6)	--	--
Exercises of options and other, net	--	--	--	--	16	--	--
Balance, December 31, 1996	$ 1,325	$ 1,400	$(1,394)	$ 66	$ 4,463	$ (12)	$ (708)
Net income (loss)	--	--	--	--	--	--	(390)
Other comprehensive income, net of tax	--	--	--	--	--	1	--
Dividends on common stock	--	--	--	--	(335)	--	--
Dividends on preferred stock	--	--	--	--	(88)	--	--
Issuance of common stock	--	--	--	--	23	--	--
Release of ESOP shares	--	--	46	--	(29)	--	--
Repurchase and retirement of common stock	--	--	--	(1)	(118)	--	--
Preferred stock conversions	(200)	--	--	3	197	--	--
Exercises of options and other, net	--	--	--	--	36	--	1
Balance, December 31, 1997	$ 1,125	$ 1,400	$(1,348)	$ 68	$ 4,149	$ (11)	$(1,097)
Net income	--	--	--	--	--	--	363
Other comprehensive income, net of tax	--	--	--	--	--	(18)	--
Dividends on common stock	--	--	--	--	(354)	--	--
Dividends on preferred stock	--	--	--	--	(17)	--	--
Issuance of common stock	--	--	--	--	28	--	--
Release/Retirement of ESOP shares	--	(1,400)	1,348	--	52	--	--
Repurchase and retirement of common stock	--	--	--	(7)	(930)	--	--
Preferred stock conversions	(882)	--	--	8	874	--	--
Exercises of options and other, net	--	--	--	--	12	--	--
Balance, December 31, 1998	$ 243	$ --	$ --	$ 69	$ 3,814	$ (29)	$ (734)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
In millions

For the years ended December 31,	1998	1997	1996
Net income(loss)	$ 363	$(390)	$ 668
Other comprehensive income items:			

Foreign currency translation adjustments	(14)	(20)	(6)
Minimum pension liability adjustment	--	17	8
Other	(4)	4	--
Other comprehensive income, net of tax	(18)	1	2
Comprehensive income	$ 345	$(389)	$ 670

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
In millions

For the years ended December 31,	1998	1997	1996
CASH FLOW FROM OPERATING ACTIVITIES			
Income from continuing operations, after extraordinary loss, net	$ 325	$ 217	$ 484
Adjustments to reconcile income to net cash provided by operating activities:			
Extraordinary loss, net	--	--	30
Depreciation, depletion and amortization of assets	835	822	761
Amortization of debt discount and deferred financing costs	22	11	7
Deferred income tax provision	275	(9)	(3)
Other noncash charges to income	10	426	298
(Gains) losses on disposition of assets, net	(546)	4	(11)
(Income) loss from equity investments	22	(1)	(70)
Exploration expense	128	119	120
Changes in operating assets and liabilities:			
Decrease(increase) in accounts and notes receivable	54	(125)	201
Decrease(increase) in inventories	(43)	(20)	(32)
Increase in prepaid expenses and other assets	(65)	(75)	(6)
Increase(decrease) in accounts payable and accrued liabilities	(176)	13	(65)
Increase(decrease) in current domestic and foreign income taxes	(242)	(66)	39
Other operating, net	(275)	(185)	(164)
	324	1,131	1,589
Operating cash flow from discontinued operations	(244)	266	398
NET CASH PROVIDED BY OPERATING ACTIVITIES	80	1,397	1,987
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditures	(1,074)	(1,549)	(1,038)
Sale of businesses and disposal of property, plant and equipment, net	3,378	120	260
Buyout of operating leases	(41)	(21)	--
Purchase of businesses, net	(3,528)	(22)	(18)
Dividends from equity investments and other, net	55	46	40
	(1,210)	(1,426)	(756)
Investing cash flow from discontinued operations	(6)	(79)	(223)
NET CASH USED BY INVESTING ACTIVITIES	(1,216)	(1,505)	(979)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term debt	1,783	107	65
Net proceeds from commercial paper and revolving credit agreements	811	667	645
Payments of long-term debt and capital lease liabilities	(679)	(374)	(1,570)
Proceeds from issuance of common stock	29	21	25
Proceeds from gas sale commitment	500	--	--
Proceeds (payments) of notes payable, net	(4)	17	(1)
Repurchase of common stock	(937)	(119)	--
Cash dividends paid	(387)	(422)	(415)
Other financing, net	3	13	9
	1,119	(90)	(1,242)
Financing cash flow from discontinued operations	--	53	(88)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	1,119	(37)	(1,330)
DECREASE IN CASH AND CASH EQUIVALENTS	(17)	(145)	(322)
CASH AND CASH EQUIVALENTS--BEGINNING OF YEAR	113	258	580
CASH AND CASH EQUIVALENTS--END OF YEAR	$ 96	$ 113	$ 258

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS Occidental is a multinational organization whose principal lines of business are oil and gas exploration and production and chemicals. Internationally, Occidental has oil and gas production in 9 countries and exploration projects in 11 countries. Additionally, Occidental has oil and gas exploration and production in the United States, including the Gulf of Mexico. Occidental also is a large chemical producer, with interests in chlorovinyls (basic chemicals and polymers and plastics), specialty chemicals and a petrochemical partnership.

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

The consolidated financial statements have been restated to reflect the natural gas transmission and marketing business as a discontinued operation as further discussed in Note 4. Unless indicated otherwise, all financial information in the Notes to Consolidated Financial Statements excludes discontinued operations.

In addition, certain financial statements, notes and supplementary data for prior years have been changed to conform to the 1998 presentation.

RISKS AND UNCERTAINTIES The process of preparing consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts, generally not by material amounts. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of Occidental's financial position and results of operations.

Included in the accompanying balance sheet is net property, plant and equipment at a carrying value of approximately $9.9 billion as of December 31, 1998. These carrying values are based on Occidental's plans and intentions to continue to operate, maintain and, where it is economically desirable, to expand its businesses. If future economic conditions result in changes in management's plans or intentions, the carrying values of the affected assets will be reviewed again and any appropriate adjustments made.

Included in the accompanying consolidated balance sheet are deferred tax assets of $1.0 billion as of December 31, 1998, the noncurrent portion of which is netted against deferred income tax liabilities. Realization of these assets is dependent upon Occidental generating sufficient future taxable income. Occidental expects to realize the recorded deferred tax assets through future operating income and reversal of taxable temporary differences.

The accompanying consolidated balance sheet includes assets of approximately $2.2 billion as of December 31, 1998 relating to Occidental's operations in countries outside North America. Some of these countries may be considered politically and economically unstable. These assets and the related operations are subject to the risk of actions by governmental authorities and insurgent groups. Occidental attempts to conduct its financial affairs so as to mitigate its exposure against such risks and would expect to receive compensation in the event of nationalization.

Since Occidental's major products are commodities, significant changes in the prices of oil and gas and chemical products could have a significant impact on Occidental's results of operations for any particular year.

FOREIGN CURRENCY TRANSLATION The functional currency applicable to Occidental's foreign oil and gas operations is the U.S. dollar since cash flows are denominated principally in U.S. dollars. Occidental's chemical operations in Brazil use the real as the functional currency. Brazil devalued the real in January 1999. Through February 15, 1999, the devaluation had an unfavorable pretax income effect on Occidental of approximately $9 million. The effect of exchange-rate changes on transactions denominated in nonfunctional currencies generated a loss of $17 million in 1998, a gain of approximately $7 million in 1997 and a loss of approximately $3 million in 1996. The 1998 loss was primarily due to the currency devaluation in Russia. The strength of the U.S. dollar relative to the Canadian dollar negatively affected the foreign currency translation adjustment in 1998. The currency devaluation in Thailand and the strength of the U.S. dollar relative to other currencies negatively affected the foreign currency translation adjustment and income from equity investments in 1997.

CASH AND CASH EQUIVALENTS Cash equivalents consist of highly liquid money-market mutual funds and bank deposits with initial maturities of three months or less. Cash equivalents totaled approximately $58 million and $50 million at December 31, 1998 and 1997, respectively.

TRADE RECEIVABLES In 1992, Occidental entered into an agreement to sell, under a revolving sale program, an undivided percentage ownership interest in a designated pool of trade receivables, with limited recourse. Under this program, Occidental serves as the collection agent with respect to the receivables sold. An interest in new receivables is sold as collections are made from customers. As of December 31, 1998 and 1997, Occidental had received net cash proceeds totaling $360 million and $600 million, respectively. The reduction from 1997, reflected the cash repaid of $350 million as a consequence of receivables removed from the program related to the MidCon and Equistar Chemicals, LP (Equistar) transactions, offset by cash received of $110 million related to receivables added to the program. Fees and expenses under this program are included in selling, general and administrative and other operating expenses. During the years ended December 31, 1998, 1997 and 1996, the cost of this program amounted to approximately 5.9 percent, 5.9 percent and 5.8 percent, respectively, of the weighted average amount of proceeds received.

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

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

Oil and gas properties are accounted for using the successful-efforts method. Costs of acquiring nonproducing acreage, costs of drilling successful exploration wells and development costs are capitalized. Producing and nonproducing properties are evaluated periodically and, if conditions warrant, an impairment reserve is provided. Annually, a determination is made whether it is probable that significant impairment of the carrying cost for individual fields or groups of fields has occurred, considering a number of factors, including profitability, political risk and Occidental's estimate of future oil and gas prices. If impairment is believed probable, a further analysis is performed using Occidental's estimate of future oil and gas prices to determine any impairment to be recorded for specific properties. Annual lease rentals and exploration costs, including geologic and geophysical costs and exploratory dry-hole costs, are expensed as incurred.

At December 31, 1998 and 1997 corporate property, plant and equipment included $1.2 billion for an intrastate gas pipeline owned by Occidental. Accumulated depreciation, depletion and amortization included $377 million and $353 million at December 31, 1998 and 1997, respectively, for such pipeline.

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

NOTES PAYABLE Notes payable at December 31, 1998 and 1997 consisted of short-term notes due to financial institutions and other corporations. The weighted average interest rate on short-term borrowings outstanding as of December 31, 1998 and 1997 was 11.1 percent and 10.2 percent, respectively. The notes payable balance at December 31, 1998 and 1997 included high-rate notes denominated in Brazilian reals.

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

Balance at December 31,	1998	1997
Accrued payroll, commissions and related expenses	$103	$116
Accrued interest expense	$106	$ 90

ENVIRONMENTAL COSTS Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Reserves for estimated costs that relate to existing conditions caused by past operations and that do not contribute to current or future revenue generation are recorded when environmental remedial efforts are probable and the costs can be reasonably estimated. In determining the reserves, Occidental uses the most current information available, including similar past experiences, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. The environmental reserves are based on management's estimate of the most likely cost to be incurred and are reviewed periodically and adjusted as additional or new information becomes available. Probable recoveries or reimbursements are recorded as an asset. The environmental reserves are included in accrued liabilities and other noncurrent liabilities and amounted to $120 million and $379 million, respectively, at December 31, 1998 and $117 million and $450 million, respectively, at December 31, 1997.

Environmental reserves are discounted only when the aggregate amount of the estimated costs for a specific site and the timing of cash payments are reliably determinable. As of December 31, 1998 and 1997, reserves that were recorded on a discounted basis were not material.

Occidental manages its environmental remediation efforts through a wholly owned subsidiary, Glenn Springs Holdings, Inc. (GSH). In 1998, GSH was given full management authority over all environmental sites and reports directly to Occidental's corporate management.

DISMANTLEMENT, RESTORATION AND RECLAMATION COSTS The estimated future abandonment costs of oil and gas properties and removal costs for offshore production platforms, net of salvage value, are accrued over their operating lives. Such costs are calculated at unit-of-production rates based upon estimated proved recoverable reserves and are taken into account in determining depreciation, depletion and amortization. For all other operations, appropriate reserves are provided when a decision is made to dispose of a property, since Occidental makes capital renewal expenditures on a continual basis while an asset is in operation. Reserves for dismantlement, restoration and reclamation costs are included in accrued liabilities and in other noncurrent liabilities and amounted to $9 million and $132 million, respectively, at December 31, 1998 and $11 million and $202 million, respectively, at December 31, 1997.

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

Interest rate swaps and futures are entered into, from time to time, on specific debt as part of Occidental's overall strategy to maintain part of its debt on a floating-rate basis and to fix interest rates on anticipated future debt issuances.

SUPPLEMENTAL CASH FLOW INFORMATION Cash payments during the years 1998, 1997 and 1996 included federal, foreign and state income taxes of approximately $212 million, $182 million and $216 million, respectively. Interest paid (net of interest capitalized) totaled approximately $491 million, $404 million and $486 million for the years 1998, 1997 and 1996, respectively. See Note 4 for detail of noncash investing and financing activities regarding certain acquisitions.

NOTE 2 FINANCIAL INSTRUMENTS

COMMODITY FUTURES AND FORWARD CONTRACTS Occidental's oil and gas segment has, from time to time, engaged in some form of commodity derivative activity, generally limited to hedging arrangements. The oil and gas division engages in oil and gas trading activity the results of which are included in periodic income.

FORWARD EXCHANGE AND INTEREST RATE CONTRACTS Occidental is engaged in both oil and gas and chemical activities internationally. International oil and gas transactions are mainly denominated in U.S. dollars; consequently, foreign currency exposure is not deemed material. Many of Occidental's foreign oil and gas operations and foreign chemical operations are located in countries whose currencies generally depreciate against the U.S. dollar on a continuing basis. An effective currency forward market does not exist for these countries; therefore, Occidental attempts to manage its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions only at levels necessary for operating purposes. Additionally, almost all of Occidental's oil and gas foreign entities have the U.S. dollar as the functional currency since the cash flows are mainly denominated in U.S. dollars. The effect of exchange rate transactions in foreign currencies is included in periodic income. Foreign currencies which are in a net liability position are thus protected from the unfavorable effects of devaluation. For entities that have a net foreign currency asset position, Occidental attempts to maintain those positions at low levels to mitigate exposure to currency devaluation. At December 31, 1998, Occidental had one foreign currency forward purchase exchange contract totaling $38 million which hedged foreign currency denominated debt. This contract matures in 2000.

From time to time, Occidental enters into interest rate swaps and futures contracts to hedge interest rates on debt. In November 1993, Occidental entered into interest rate swaps on newly issued fixed-rate debt for notional amounts totaling $530 million. This converted fixed-rate debt into variable-rate debt, based on the London Interbank Offered Rate (LIBOR), with interest rates ranging from 6.35 percent to 6.43 percent at December 31, 1998. At December 31, 1998, $200 million notional amount remains outstanding. The remaining agreements mature at various dates through 2000. Notional amounts do not represent cash flow. Credit risk exposure, which is not material, is limited to the net interest differentials. The swap rate difference resulted in approximately $2 million, $2 million and $1 million of additional interest expense in 1998, 1997 and 1996, respectively, compared to what interest expense would have been had the debt remained at fixed rates. The impact of the swaps on the weighted average interest rates for all debt in 1998, 1997 and 1996 was not significant.

In December 1997, Occidental entered into two fixed-rate interest rate locks for a total notional amount of $400 million with a settlement date of March 1998. The interest rate locks were entered into to fix the interest rate on the expected issuance of long-term debt in 1998. The fixed reference rate was between 5.84 percent and 5.87 percent. The interest rate locks were settled in March 1998 for a payment by Occidental of $5.8 million.

FAIR VALUE OF FINANCIAL INSTRUMENTS Occidental values financial instruments as required by Statement of Financial Accounting Standards (SFAS) No. 107, "Disclosures about Fair Value of Financial Instruments." The carrying amounts of cash and cash equivalents and short-term notes payable approximate fair value because of the short maturity of those instruments. Occidental estimates the fair value of its long-term debt based on the quoted market prices for the same or similar issues or on the yields offered to Occidental for debt of similar rating and similar remaining maturities. The estimated fair value of Occidental's long-term debt at December 31, 1998 and 1997 was approximately $5.7 billion and approximately $5.4 billion, respectively, compared with a carrying value of approximately $5.4 billion and approximately $4.9 billion, respectively. The fair value of interest rate swaps and futures is the amount at which they could be settled, based on estimates obtained from dealers. Based on these estimates at December 31, 1998 and 1997, Occidental would receive approximately

$1 million and would be required to pay approximately $9 million, respectively, to terminate its interest rate swap and futures agreements. Occidental will continue its strategy of maintaining part of its debt on a floating-rate basis.

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

NOTE 3 1997 SPECIAL CHARGES

In the fourth quarter of 1997, Occidental announced its intent to sell nonstrategic oil and gas and chemical assets. Also, a decision was made to idle certain facilities. In connection with these decisions, and the impairment of certain properties, certain oil and gas and chemical assets were written down. The related charges for these write-downs amounting to $222 million are included in cost of sales and selling, general and administrative and other operating expenses in the accompanying consolidated statement of operations. The asset write-downs included the Austin Chalk oil and gas property for $88 million and the Garden Banks oil and gas property for $44 million. The operating results from these properties were not significant.

The total year 1997 special charges were $490 million, which included the write-downs mentioned above as well as additional environmental and other reserves and a charge to amend certain employment agreements with two senior executives.

NOTE 4 BUSINESS COMBINATIONS, ASSET ACQUISITIONS AND DISPOSITIONS, AND DISCONTINUED OPERATIONS

On February 5, 1998, Occidental acquired the U.S. government's approximate 78 percent interest in the Elk Hills Naval Petroleum Reserve oil and gas fields (Elk Hills field) for approximately $3.5 billion. Occidental's results of operations include the operations of the Elk Hills field from the date of acquisition. Pro forma net income for the year ended December 31, 1998, including historical Elk Hills results as if the acquisition had occurred at January 1, 1998, would not have been materially different. Pro forma net income for the year ended December 31, 1997, including historical Elk Hills results as if the acquisition had occurred at January 1, 1997, would have been a loss of $416 million (a loss of $1.51 per share). Pro forma revenues would have been $7.4 billion and $8.6 billion for the years ended December 31, 1998 and 1997, respectively. The pro forma calculations were made with historical operating results for the Elk Hills field prior to ownership by Occidental and give effect to certain adjustments including increased depreciation, depletion and amortization to reflect the value assigned to Elk Hills property, plant and equipment, increased interest expense assuming the acquisition was completely financed, and income and property tax effects, but did not reflect anticipated future production enhancements in the Elk Hills field and operational cost improvements expected to be realized.

In 1998, Occidental completed a number of asset sales as part of an asset redeployment program. The sale of major nonstrategic oil and gas properties included Occidental's entire interest in an oilfield development project in Venezuela, the stock of the subsidiary which owned its oil and gas assets in the Netherlands and the North Sea, as well as various domestic properties. Net proceeds from all major nonstrategic oil and gas asset sales were $1.1 billion, and the total net pretax gain was $532 million which is included in the total gain from disposition of assets of $546 million.

Additionally, Occidental and the Royal Dutch/Shell Group (Shell) exchanged Occidental's oil and gas interests in the Philippines and Malaysia for Shell's oil and gas interests in Yemen and Colombia. Shell also received a cash payment of approximately $89 million. No gain or loss was recorded on the transaction.

In May 1998, Occidental contributed its ethylene, propylene, ethylene oxide and ethylene glycol derivatives businesses (collectively, the petrochemicals business) to the Equistar partnership, in return for a 29.5 percent interest in such partnership, receipt of approximately $420 million in cash and the assumption by Equistar of approximately $205 million of Occidental capital lease obligations and other liabilities. Occidental guaranteed

$625 million of Equistar's debt related to the amounts. Lyondell Petrochemical Company (Lyondell) and Millennium Chemicals, Inc. (Millennium), through their respective subsidiaries, were the original partners of Equistar. Lyondell owns 41 percent of Equistar and Occidental and Millennium each own 29.5 percent. Following the closing of the transaction, the assets and liabilities transferred to the partnership (primarily property, plant and equipment, inventories and capital lease liabilities) were removed from the balance sheet and an equity investment was recorded. Thereafter, revenues and costs associated with the assets contributed are not reflected in the income statement, but Occidental records its proportionate share of the partnership's results through equity income. Occidental did not record a gain or loss on the transaction.

To further strengthen its polyvinyl chloride (PVC) and vinyl chloride (VCM) position, Occidental, in December 1998, signed a definitive agreement with Geon providing, among other things, for the formation of two partnerships. Occidental will have a 76 percent controlling interest in a PVC partnership which is the larger of the partnerships and a 10 percent interest in a compound partnership. Its interest represents an increase in its chlorovinyls capacity compared to its existing contributed PVC/VCM assets. The PVC partnership will also enter into long-term agreements to supply PVC and VCM to Geon's compounding operations. The transaction is expected to close in the second quarter of 1999, following satisfaction of closing conditions, including approval from Occidental's Board of Directors and Geon shareholders. Occidental does not expect to record a gain or loss on the transaction.

Occidental completed the sale of all of the issued and outstanding shares of common stock of MidCon, its natural gas transmission and marketing business, to K N Energy, Inc. (K N Energy), on January 31, 1998 in return for a cash payment of $2.1 billion. The estimated net cash proceeds from the transaction were approximately $1.7 billion. Additionally, K N Energy issued a fixed-rate interest bearing note, payable January 4, 1999, to Occidental in the amount of $1.4 billion, in exchange for a note previously issued to Occidental by the MidCon Corp. ESOP Trust (the Trust). The $1.4 billion note was repaid on January 4, 1999. MidCon also retained responsibility for certain Texas intrastate pipeline lease obligations to an Occidental subsidiary. In connection with the sale, the Cumulative MidCon-Indexed Convertible Preferred Stock (CMIC Preferred Stock) was redeemed.

In the fourth quarter of 1997 Occidental classified MidCon and its subsidiaries as a discontinued operation and recorded an estimated after-tax charge against earnings of $750 million. The $607 million net loss in 1997 from discontinued operations included the charge on the sale and $143 million in net income from the operation for the year. As of December 31, 1997, the operating assets and liabilities of MidCon were reclassified as net assets of discontinued operations on the balance sheet and consisted of current assets of $428 million; net property, plant and equipment of $5.5 billion; other assets of $64 million; current liabilities of $442 million and long-term liabilities of $2.4 billion.

In 1997, Occidental sold a chlor-alkali chemical plant located in Tacoma, Washington for approximately $102 million, which included $97 million in cash and the balance in the buyer's convertible preferred stock. Also in 1997, Occidental purchased 28,000 shares of preferred stock of Leslie's Poolmart, Inc. (Leslie's), a customer of Occidental, for total consideration of $28 million, which consisted of cash and the exchange of $10 million of Leslie's subordinated debentures held by Occidental.

In addition, in the second quarter of 1997, Occidental acquired certain oil and gas production and exploration assets from Suemaur Exploration for approximately $50 million. These assets were located onshore in south Texas adjacent to other Occidental properties.

In 1996, Occidental acquired three specialty chemical producers in separate transactions for approximately $149 million through the issuance of approximately 5.5 million shares of Occidental common stock, with a value of approximately $130 million, and the balance paid in cash. The acquisitions included a producer of antimony oxide, a producer of mercaptan-based warning agents for use in natural gas and a producer of sodium silicates. These acquisitions have been accounted for by the purchase method. Accordingly, the cost of each acquisition was allocated to the assets acquired, goodwill and liabilities assumed based upon their estimated respective fair values.

In 1996, Occidental completed its acquisition of a 64 percent equity interest (on a fully-diluted basis) in INDSPEC Chemical Corporation (INDSPEC) for approximately $92 million through the issuance of approximately 3.3 million shares of Occidental common stock, with a value of approximately $87 million, and the balance paid in cash. INDSPEC is the world's largest producer of resorcinol, which is used to manufacture rubber tires, engineered wood products, agricultural chemicals and fire-retardant plastic additives. Under the terms of the agreement, INDSPEC's management and employees have retained voting control of INDSPEC.

In 1996, Occidental completed the sale of its subsidiary which engaged in onshore drilling and servicing of oil and gas wells for approximately $32 million. Also in 1996, certain assets of an international phosphate fertilizer trading operation were sold for approximately $20 million in interest-bearing notes and sold its royalty interest in the Congo for $215 million to the Republic of the Congo.

NOTE 5 EXTRAORDINARY LOSS AND ACCOUNTING CHANGES

The 1996 results included a net extraordinary loss of $30 million, which resulted from the early extinguishment of debt.

Effective January 1, 1998, Occidental adopted the provisions of SFAS No. 130--"Reporting Comprehensive Income." This statement establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. The implementation of SFAS No. 130 did not have an impact on Occidental's results of operations. The prior year financial statements have been restated to conform to the new presentation. Occidental's comprehensive income is composed primarily of net income or loss, foreign currency translation adjustments and minimum pension liability adjustments. Occidental's comprehensive income was $345 million in 1998, a loss of $389 million in 1997 and income of $670 million in 1996.

Effective January 1, 1998, Occidental adopted the provisions of SFAS No. 131--"Disclosures about Segments of an Enterprise and Related Information." This statement establishes standards for reporting and display of information about operating segments. It supersedes or amends several Financial Accounting Standards Board (FASB) statements, most notably, SFAS No. 14--"Financial Reporting for Segments of a Business Enterprise." The implementation of SFAS No. 131 did not have an impact on Occidental's consolidated financial position or results of operations. Accordingly, 1997 and 1996 segment disclosures have been restated. See Note 17 for the required disclosures.

In November 1998, the Emerging Issues Task Force (EITF) of the FASB reached a consensus on EITF issue No. 98-10--"Accounting for Contracts Involved in Energy Trading and Risk Management Activities," which establishes accounting and reporting standards for certain energy trading contracts. The consensus requires that energy trading contracts be marked to market with gains and losses included in earnings and separately disclosed in the financial statements or footnotes thereto. Occidental will implement EITF No. 98-10 in the first quarter of 1999.

In April 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position No. 98-5--"Reporting on the Costs of Start-Up Activities" (SOP 98-5), which would require that costs of start-up activities be expensed as incurred. In addition, start-up costs that are currently capitalized must be written off when SOP 98-5 is adopted. Occidental will implement SOP 98-5 effective January 1, 1999, and expects to record a charge of $14 million, which is net of a $8 million income tax benefit to reflect the cumulative effect of this change in accounting principle.

NOTE 6 INVENTORIES

Inventories of approximately $253 million and $243 million were valued under the LIFO method at December 31, 1998 and 1997, respectively. Inventories consisted of the following (in millions):

Balance at December 31,	1998	1997
Raw materials	$ 38	$102
Materials and supplies	184	189
Work in process	5	22
Finished goods	278	342
	505 (a)	655
LIFO reserve	(5)(b)	(51)
TOTAL	$500	$604

(a) The 1998 amount excludes inventory transferred to Equistar in 1998.
(b) The 1998 LIFO reserve decreased due to the impact of lower ethylene costs. In 1998, the total year LIFO liquidation credited to income was approximately $4 million.

NOTE 7 LONG-TERM DEBT

Long-term debt consisted of the following (in millions):

Balance at December 31,	1998	1997
OCCIDENTAL PETROLEUM CORPORATION		
5.4695% to 6.3702% commercial paper	$2,023	$1,079
6.02% to 11% medium-term notes due 1999 through 2008	640	1,096
6.4% senior notes due 2013, subject to remarketing on April 1, 2003	450	--
7.375% senior notes due 2008	400	--
10.125% senior notes due 2001	330	330
9.25% senior debentures due 2019, putable August 1, 2004 at par	300	300
10.125% senior debentures due 2009	276	276
6.0125% floating rate extendible notes due 2008	270	--
8.5% medium-term notes due 2004, callable September 15, 1999 at par	250	250
6.5% senior notes due 2005	250	--
6.75% senior notes due 2002	200	--
7.2% senior debentures due 2028	200	--
8.5% senior notes due 2001	150	150
11.125% senior notes due 2010	150	150
11.125% senior debentures due 2019, callable June 1, 1999 at 105.563	144	144
5.6351% to 6.269% revolving credits	105	235
8.75% medium-term notes due 2023	100	100
10.42% senior notes due 2003, called December 1998 at par	--	50
	6,238	4,160
OXY USA INC.		
7% debentures due 2011, callable anytime at par	274	274
6.625% debentures due 1999, callable anytime at par (Note 16)	54	55
5.7% to 7.8% unsecured notes due 1999 through 2007	50	53
7.2% unsecured notes due 2020 (Note 16)	7	7
	385	389
OTHER SUBSIDIARY DEBT		
3.3% to 7.67% unsecured notes due 1999 through 2030	275	513
6% secured notes due 1999 through 2007	8	8
	283	521
	6,906	5,070
Less:		
Unamortized discount, net	(141)	(140)
Current maturities	(1,398)	(5)
TOTAL	$5,367	$4,925

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At December 31, 1998, $995 million of notes and commercial paper due in 1999 were classified as non-current since it is management's intention to refinance this amount on a long-term basis, utilizing the net proceeds from the financings completed in January and February 1999 as described in Note 19.

At December 31, 1998, minimum principal payments on long-term debt, including sinking fund requirements, subsequent to December 31, 1999 aggregated $5.508 billion, of which $319 million is due in 2000, $516 million in 2001, $1.245 billion in 2002, $64 million in 2003, $580 million in 2004 and $2.784 billion thereafter. Unamortized discount is generally being amortized to interest expense on the effective interest method over the lives of the related issues.

At December 31, 1998, under the most restrictive covenants of certain financing agreements, the capacity for the payment of cash dividends and other distributions on, and for acquisitions of, Occidental's capital stock was approximately $635 million, assuming that such dividends, distributions and acquisitions were made without incurring additional borrowings. The issuance, in January 1999, of the $525 million of 8.16 percent Trust Preferred Securities increased dividend capacity to approximately $1.1 billion.

At December 31, 1998, Occidental had available lines of committed bank credit of approximately $1.5 billion. Following the receipt of the proceeds from the $1.4 billion note receivable and the issuance of the Trust Preferred Securities, available credit increased to approximately $2.3 billion at January 31, 1999. Bank fees on these committed lines of credit ranged from 0.075 percent to 0.125 percent.

NOTE 8 ADVANCE SALE OF CRUDE OIL AND NATURAL GAS DELIVERY COMMITMENT

In December 1995, Occidental entered into a transaction with Clark USA, Inc. (Clark) under which Occidental agreed to deliver approximately 17.7 million barrels of West Texas Intermediate (WTI)-equivalent oil over a six-year period. In exchange, Occidental received $100 million in cash and approximately 5.5 million shares of Clark common stock. Occidental has accounted for the consideration received in the transaction as deferred revenue, which is being amortized into revenue as WTI-equivalent oil is produced and delivered during the term of the agreement. Reserves dedicated to the transaction are excluded from the estimate of proved oil and gas reserves (see Supplemental Oil and Gas Information). At December 31, 1998, 8.8 million barrels remain to be delivered.

In November 1998, Occidental entered into a natural gas delivery commitment for proceeds of $500 million which obligates Occidental to deliver 263 billion cubic feet of natural gas over a four-year period beginning in 2000. The imputed interest rate in the transaction is approximately 6 percent. In connection with this transaction, Occidental simultaneously entered into a natural gas price swap based on identical volumes of natural gas and a delivery schedule that corresponds to the natural gas delivery commitment. Under the terms of the swap, Occidental will pay an average fixed price of $2.27 per thousand cubic feet of gas and will receive a floating price that will approximate market which mitigates Occidental's price exposure. Occidental has the ability to satisfy the delivery commitment with open market purchases and has not reduced its natural gas reserves for the commitment. At December 31, 1998, the future minimum delivery commitment under the contract expressed in dollars and in volumes is as follows (dollars in millions, volumes in billions of cubic feet):

	VALUE	VOLUMES
2000	$150	66
2001	150	66
2002	150	66
2003	147	65
TOTAL	597	263
Less:		
Imputed interest	(94)	
Current portion	--	
PRESENT VALUE OF NATURAL GAS DELIVERY COMMITMENT, NET OF CURRENT PORTION	$503	

NOTE 9 LEASE COMMITMENTS

The present value of net minimum capital lease payments, net of the current portion, totaled $29 million and $235 million at December 31, 1998 and 1997, respectively. These amounts are included in other liabilities. The lower 1998 amount, primarily reflected capital lease liabilities transferred to Equistar.

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

At December 31, 1998, future net minimum lease payments for capital and operating leases (excluding oil and gas and other mineral leases) were the following (in millions):

	CAPITAL	OPERATING
1999	$ 4	$ 65
2000	4	55
2001	2	52
2002	1	33
2003	1	25
Thereafter	41	186
TOTAL MINIMUM LEASE PAYMENTS	53	$416
Less:		
Executory costs	(2)	
Imputed interest	(21)	
Current portion	(1)	
PRESENT VALUE OF NET MINIMUM CAPITAL LEASE PAYMENTS, NET OF CURRENT PORTION	$ 29	

Rental expense for operating leases, net of sublease rental income, was $106 million in 1998, $113 million in 1997 and $114 million in 1996. Rental expense was net of sublease income of $10 million in 1998, $10 million in 1997 and $7 million in 1996. At December 31, 1998, sublease rental amounts included in the future operating lease payments totaled $117 million, as follows (in millions): 1999--$11, 2000--$8, 2001--$8, 2002--$7, 2003--$7 and 2004 and thereafter--$76.

Included in the 1998 and 1997 property, plant and equipment accounts were $60 million and $410 million, respectively, of property leased under capital leases and $49 million and $156 million, respectively, of related accumulated amortization.

NOTE 10 LAWSUITS, CLAIMS, COMMITMENTS, CONTINGENCIES AND RELATED MATTERS

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

In December 1998, David Croucher and others filed a purported class action suit in the Federal District Court in Houston, Texas on behalf of persons claiming to have been beneficiaries of the MidCon Employee Stock Ownership Plan (ESOP). The plaintiffs allege that each of the U.S. Trust Company of California (the ESOP Trustee) and the MidCon ESOP Administrative Committee breached its fiduciary duty to the plaintiffs by failing to properly value the securities held by the ESOP, and allege that Occidental actively participated in such conduct. The plaintiffs claim that, as a result of this alleged breach, the ESOP participants are entitled to an additional aggregate distribution of at least $200 million and that Occidental has been unjustly enriched and is liable for failing to make that distribution.

During the course of its operations, Occidental is subject to audit by taxing authorities for varying periods in various tax jurisdictions.

At December 31, 1998, commitments for major capital expenditures during 1999 and thereafter were approximately $332 million.

Occidental has entered into agreements providing for future payments to secure terminal and pipeline capacity, drilling services, electrical power, steam and certain chemical raw materials. At December 31, 1998, the net present value of the fixed and determinable portion of the obligations under these agreements aggregated $76 million, which was payable as follows (in millions): 1999--$12, 2000--$9, 2001--$9, 2002--$8, 2003--$8 and 2004 through 2014--$30. Payments under these agreements, including any variable component, were $19 million in 1998, $16 million in 1997 and $18 million in 1996.

Occidental has certain other commitments under contracts, guarantees and joint ventures, and certain other contingent liabilities.

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

NOTE 11 DOMESTIC AND FOREIGN INCOME AND OTHER TAXES

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

For the years ended December 31,	Domestic	Foreign	Total
1998	$ 388	$ 300	$ 688
1997	$(184)	$ 712	$ 528
1996	$ 254	$ 602	$ 856

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

For the years ended December 31,	U.S. Federal	State and Local	Foreign	Total
1998				
Current	$(113)	$ 23	$ 178	$ 88
Deferred	249	29	(3)	275
	$ 136	$ 52	$ 175	$ 363
1997				
Current	$ 52	$ 28	$ 240	$ 320
Deferred	(12)	(23)	26	(9)
	$ 40	$ 5	$ 266	$ 311
1996				
Current	$ 67	$ 21	$ 257	$ 345
Deferred	(6)	2	1	(3)
	$ 61	$ 23	$ 258	$ 342

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

For the years ended December 31,	1998	1997	1996
U.S. federal statutory tax rate	35%	35%	35%
Operations outside the United States(a)	15	22	16
State taxes, net of federal benefit	5	1	2
Capital loss benefit	(5)	--	--
Nondeductible depreciation and other expenses	--	2	2
Reduction in deferred tax asset valuation allowance	--	--	(12)
Other	3	(1)	(3)
Tax rate provided by Occidental	53%	59%	40%

(a) Included in these figures is the impact of not providing U.S. taxes on the unremitted earnings of certain foreign subsidiaries. The effect of this is to reduce the U.S. federal tax rate by approximately 6 percent in 1998, 13 percent in 1997 and 6 percent in 1996.

The tax effects of temporary differences and carryforwards resulting in deferred income taxes at December 31, 1998 and 1997 were as follows (in millions):

	1998		1997	
Items resulting in temporary differences and carryforwards	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	Deferred Tax Assets	Deferred Tax Liabilities
Property, plant and equipment differences	$ 215	$ 938	$ 172	$1,542
Discontinued operations--loss accruals and sale	--	--	147	165
Equity investments including partnerships	--	698	--	118
Environmental reserves	194	--	255	--
Postretirement benefit accruals	147	--	154	--
State income taxes	82	--	74	--
Tax credit carryforwards	85	--	165	--
All other	364	103	425	208
Subtotal	1,087	1,739	1,392	2,033
Valuation allowance	(63)	--	(82)	--
Total deferred taxes	$1,024	$1,739	$1,310	$2,033

Included in total deferred tax assets was a current portion aggregating $110 million and $305 million as of December 31, 1998 and 1997, respectively, that was reported in prepaid expenses and other.

A deferred tax liability of approximately $80 million at December 31, 1998 has not been recognized for temporary differences related to Occidental's investment in certain foreign subsidiaries primarily as a result of unremitted earnings of consolidated subsidiaries, as it is Occidental's intention, generally, to reinvest such earnings permanently.

The pension liability adjustments recorded directly to accumulated other comprehensive income were net of an income tax charge of less than $1 million in 1998, $10 million in 1997 and $6 million in 1996.

The foreign currency translation adjustment credited directly to accumulated other comprehensive income was net of an income tax benefit of $6 million in both 1998 and 1997 and $2 million in 1996.

The extraordinary loss that resulted from the early extinguishment of debt was reduced by an income tax benefit of $16 million in 1996.

Discontinued operations included income tax charges of $21 million in 1998, $240 million in 1997 and $112 million in 1996.

At December 31, 1998, Occidental had, for U.S. federal income tax return purposes, an alternative minimum tax credit carryforward of $85 million available to reduce future income taxes. The alternative minimum tax credit carryforward does not expire.

NOTE 12 NONREDEEMABLE PREFERRED STOCK, ESOP PREFERRED STOCK AND COMMON STOCK

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

	Nonredeemable Preferred Stock	Common Stock
BALANCE, DECEMBER 31, 1995	26,495	318,711
Issued	--	10,145
Options exercised and other, net	(2)	372
BALANCE, DECEMBER 31, 1996	26,493	329,228
Issued	--	1,079
Preferred stock conversions	(4,002)	14,276
Repurchase program	--	(4,148)
Options exercised and other, net	--	692
BALANCE, DECEMBER 31, 1997	22,491	341,127
Issued	--	1,246
Preferred stock conversions	(17,639)	40,098
Repurchase program	--	(35,142)
Options exercised and other, net	--	393
BALANCE, DECEMBER 31, 1998	4,852	347,722

NONREDEEMABLE PREFERRED STOCK Occidental has authorized 50,000,000 shares of preferred stock with a par value of $1.00 per share. In February 1994, Occidental issued 11,388,340 shares of $3.00 cumulative CXY-indexed convertible preferred stock in a public offering for net proceeds of approximately $557 million. The shares are convertible into Occidental common stock in accordance with a conversion formula that is indexed to the market price of the common shares of CanadianOxy. The shares of CXY-indexed convertible preferred stock are redeemable on or after January 1, 1999, in whole or in part, at the option of Occidental, at a redemption price of $51.50 per share declining ratably to $50.00 per share on or after January 1, 2004, in each case plus accumulated and unpaid dividends to the redemption date. In 1998, and 1997, 2,532,740 shares and 4,001,691 shares of CXY-indexed convertible preferred stock were converted by the holders into 6,911,913 shares and 14,275,974 shares of Occidental's common stock. As of December 31, 1998, the aggregate number of shares of Occidental common stock issuable upon conversion of all of the remaining outstanding shares of the CXY-indexed convertible preferred stock was 10,471,250, based on the conversion ratio then in effect of 2.16.

In February 1993, Occidental issued 11,500,000 shares of $3.875 cumulative convertible preferred stock. In December 1994, Occidental issued 3,606,484 shares of $3.875 cumulative convertible voting preferred stock in connection with the Placid acquisition. In February 1998, Occidental announced its intention to redeem in March 1998, all of the 15.1 million shares of its $3.875 preferred stock. Prior to the redemption date the holders of the $3.875 preferred stock converted the 15.1 million shares into 33.2 million shares of Occidental common stock.

ESOP PREFERRED STOCK In November 1996, Occidental established the MidCon Corp. Employee Stock Ownership Plan (MidCon ESOP) for the benefit of employees of MidCon. Pursuant to the MidCon ESOP, Occidental issued 1.4 million shares of its CMIC Preferred Stock to the MidCon Corp. ESOP Trust. In conjunction with the sale of MidCon the CMIC Preferred Stock was redeemed.

COMMON STOCK REPURCHASE PROGRAM In 1998, Occidental completed the common stock repurchase program announced in October 1997. Under the program, 39.3 million shares were repurchased and retired for a total cost of $1.06 billion of which 35.1 million shares were repurchased and retired in 1998 at a cost of $937 million.

STOCK INCENTIVE PLANS

STOCK OPTIONS AND STOCK APPRECIATION RIGHTS Options to purchase common stock of Occidental have been granted to officers and employees under stock option plans adopted in 1987 and 1995. During 1998, options for 1,198,199 shares became exercisable, and options for 4,400,382 shares were exercisable at December 31, 1998 at a weighted-average exercise price of $24.07. Generally, these options vest over three years with a maximum term of ten years and one month. At December 31, 1998, options with stock appreciation rights (SAR) for 668,000 shares were outstanding, all of which options were exercisable.

The following is a summary of stock option transactions during 1998, 1997 and 1996 (shares in thousands):

	1998		1997		1996	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
BEGINNING BALANCE	6,769	$23.274	5,952	$22.637	5,481	$22.263
Granted or issued	2,443	$26.032	1,789	$25.058	1,335	$24.375
Exercised	(605)	$22.310	(845)	$22.219	(483)	$21.276
Canceled or expired	(438)	$25.222	(127)	$25.582	(381)	$24.958
ENDING BALANCE	8,169	$24.065	6,769	$23.274	5,952	$22.637
OPTIONS EXERCISABLE AT YEAR-END	4,400		4,005		3,589	

For options outstanding at December 31, 1998 the exercise prices were between $17.75 and $29.625 and the weighted-average remaining contractual life was approximately 7 years.

RESTRICTED STOCK AWARDS Pursuant to the 1995 Incentive Stock Plan, employees may be awarded Occidental restricted common stock at the par value of $.20 per share, with such shares vesting after four years (five years for awards issued prior to December 1995) or earlier under certain conditions. The related expense is amortized over the vesting period. In 1998, 85,451 shares were awarded at a weighted-average grant-date value of $28.519 per share; 149,885 shares were awarded in 1997 at a weighted-average grant-date value of $23.375 per share; 171,649 shares were awarded in 1996 at a weighted-average grant-date value of $21.431 per share; and 21,339 shares were awarded in 1995 at a weighted-average grant-date value of $20.875 per share.

PERFORMANCE STOCK AWARDS AND OPTIONS Performance stock awards were made to various executive officers in January 1997 pursuant to the 1995 Incentive Stock Plan. The number of shares of common stock to be received, under these awards, by such officers at the end of the performance period will depend on the attainment of performance objectives based on a peer company comparison of total stockholder return for such period. Based on Occidental's ranking among its peers, the grantees will receive shares of common stock in an amount ranging from zero to 175 percent of the Target Share Award (as such amount is defined in the grant). The shares vest or fail to vest by the end of the four-year performance term. In 1998, 134,705 shares were awarded at a weighted-average grant-date value of $29.3125 per share; 97,832 shares were awarded in 1997 at a weighted-average grant-date value of $23.375 per share; and 101,630 shares were awarded in 1996 at a weighted-average grant-date value of $21.375 per share.

In 1997, 4,655,000 Performance Stock Options were granted to certain executive officers at an exercise price of $25.375. These options expire 10 years from the grant date and have no value unless and until one of the following events occur, at which time the grants become fully vested and exercisable: for twenty consecutive trading days, the New York Stock Exchange closing price of the common stock must be a) $30 or more per share within the first three years after grant date; b) $35 or more per share after the third year and through the fifth year; or c) $40 or more per share from the sixth year until expiration. None of the options were exercisable in 1997 or 1998. Any income effect will be recognized at the time the options are exercisable.

Under the 1995 Stock Incentive Plan, a total of approximately 15,000,000 shares may be awarded. At December 31, 1998, 4,250,861 shares were available for the granting of all future awards under these plans, all of which were available to issue stock options, SARs, restricted stocks and performance stock awards.

Occidental accounts for these plans under Accounting Principles Board Opinion No. 25. Had the compensation expense for these plans been determined in accordance with SFAS No. 123--"Accounting for Stock Based Compensation" (SFAS No. 123), Occidental's pro forma net income would have been $354 million in 1998, a loss of $396 million in 1997, and net income of $666 million in 1996. Basic and diluted earnings per share would have been $.96 for 1998, a loss of $1.44 for 1997 and would not have changed for 1996. The method of accounting under SFAS No. 123 has not been applied to options granted prior to January 1, 1995; therefore, the resulting pro forma compensation expense may not be representative of that to be expected in future years. The fair value of each option grant, for pro forma calculation purposes, is estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1998, 1997 and 1996, respectively: dividend yield of 3.84, 3.94 and 4.20 percent; expected volatility of 22.91, 22.36 and 23.92 percent; risk-free rate of return 5.45, 6.27 and 6.79 percent; and expected lives of 5 years.

1996 RESTRICTED STOCK PLAN FOR NON-EMPLOYEE DIRECTORS Under the 1996 Restricted Stock Plan for Non-Employee Directors, each non-employee Director of the Company will receive awards of restricted common stock each year as additional compensation for their services as a member of the Board of Directors. A maximum of 50,000 shares of common stock may be awarded under the Directors Plan and 3,500, 3,500, and 3,250 shares of common stock were awarded during 1998, 1997 and 1996, respectively. At December 31, 1998, 39,750 shares of common stock were available for the granting of future awards.

NOTE 13 EARNINGS PER SHARE

In 1997, Occidental adopted SFAS No. 128, "Earnings per Share," which establishes standards for computing and presenting earnings per share. As a result, earnings per share for 1996 were restated as indicated below. Basic earnings per share was computed by dividing net income, less preferred dividend requirements, by the weighted average number of common shares outstanding during each year. The computation of diluted earnings per share further assumes the dilutive effect of stock options and the conversion of preferred stocks. The adoption of SFAS No. 128 did not change the previously reported fully diluted earnings per share for 1996.

The following is a calculation of earnings per share for the years ended December 31 (in thousands, except per-share amounts):

	1998			1997			1996		
	INCOME	SHARES	PER-SHARE AMOUNT	Income	Shares	Per-Share Amount	Income	Shares	Per-Share Amount
BASIC EARNINGS PER SHARE:									
Income from continuing operations	$ 324,588			$ 216,970			$ 514,088		
Preferred stock dividends	(16,516)			(87,736)			(92,701)		
Earnings from continuing operations applicable to common stock	308,072	350,173	$ .88	129,234	334,341	$ .39	421,387	323,782	$ 1.30
Discontinued operations, net	38,400		.11	(606,625)		(1.82)	183,733		.56
Extraordinary loss, net	--		--	--		--	(29,836)		(0.09)
Earnings(loss) applicable to common stock	$ 346,472		$ .99	$(477,391)		$ (1.43)	$ 575,284		$ 1.77
DILUTED EARNINGS PER SHARE:									
Earnings from continuing operations applicable to common stock	$ 308,072	350,173		$ 129,234	334,341		$ 421,387	323,782	
Dilutive effect of exercise of options outstanding	--	428		--	575		--	363	
Dilutive effect of convertible preferred stock	--	--		--	--		34,164	28,068	
Earnings from continuing operations applicable to common stock	308,072	350,601	$ .88	129,234	334,916	$ .39	455,551	352,213	$ 1.29
Discontinued operations, net	38,400		.11	(606,625)		(1.82)	183,733		.52
Extraordinary loss, net	--		--	--		--	(29,836)		(0.08)
Earnings(loss) applicable to common stock	$ 346,472		$ .99	$(477,391)		$ (1.43)	$ 609,448		$ 1.73

The following items were not included in the computation of diluted earnings per share because their effect was anti-dilutive for the years ended December 31:

	1998	1997	1996
Stock Options			
Number of shares	1,661	508	1,188
Price range	$24.375-$29.625	$26.000-$29.625	$24.875-$29.625
Expiration range	8/20/99-12/1/07	8/21/98-12/1/07	3/31/97-8/18/00
Convertible Preferred Stock $3.875			
Number of shares	--	33,186	33,186
Dividends paid	$ --	$ 58,538	$ 58,538
Convertible Preferred Stock $3.00			
Number of shares	10,471	19,954	--
Dividends paid	$ 16,516	$ 29,199	$ --

NOTE 14 RETIREMENT PLANS AND POSTRETIREMENT BENEFITS

Occidental has various defined contribution retirement plans for its salaried, domestic union and nonunion hourly, and certain foreign national employees that provide for periodic contributions by Occidental based on plan-specific criteria, such as base pay, age level and/or employee contributions. Occidental contributed and expensed $49 million in 1998 and $53 million in both 1997 and 1996 under the provisions of these plans.

Occidental provides medical and dental benefits and life insurance coverage for certain active, retired and disabled employees and their eligible dependents. The benefits generally are funded by Occidental as the benefits are paid during the year. The cost of providing these benefits is based on claims filed and insurance premiums paid for the period. The total benefit costs including the postretirement costs were approximately $75 million in 1998, $79 million in 1997 and $89 million in 1996.

Pension costs for Occidental's defined benefit pension plans, determined by independent actuarial valuations, are generally funded by payments to trust funds, which are administered by independent trustees.

The following table sets forth the components of the net periodic benefit costs for Occidental's defined benefit pension and postretirement benefit plans for 1998, 1997 and 1996 (in millions):

	Pension Benefits			Postretirement Benefits		
For the years ended December 31,	1998	1997	1996	1998	1997	1996
Service cost--benefits earned during the period	$ 5	$ 8	$ 9	$ 5	$ 6	$ 6
Interest cost on benefit obligation	22	25	23	25	27	29
Expected return on plan assets	(17)	(20)	(18)	--	--	--
Amortization of net transition obligation	1	1	1	--	--	--
Amortization of prior service cost	3	3	1	1	1	2
Recognized actuarial (gain) loss	(5)	(4)	7	(2)	--	--
Curtailment and settlement costs	4	(1)	--	--	(3)	--
Net periodic benefit cost	$ 13	$ 12	$ 23	$ 29	$ 31	$ 37

In 1998, 1997 and 1996, Occidental recorded adjustments to accumulated other comprehensive income of credits of less than $1 million, $17 million and $8 million, respectively, to reflect the net-of-tax difference between the additional liability required under pension accounting provisions and the corresponding intangible asset.

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

The following table sets forth the reconciliation of the beginning and ending balances of the benefit obligation for Occidental's defined benefit pension and postretirement benefit plans (in millions):

	Pension Benefits		Postretirement Benefits	
	1998	1997	1998	1997
CHANGES IN BENEFIT OBLIGATION:				
Benefit obligation -- beginning of year............................	$ 311	$ 321	$ 337	$ 377
Service cost--benefits earned during the period.............	5	8	5	6
Interest cost on projected benefit obligation............	22	25	25	27
Actuarial (gain) loss...........	14	4	26	(36)
Foreign currency exchange rate changes........................	(4)	(8)	--	--
Benefits paid...................	(48)	(27)	(35)	(34)
Businesses acquired............	--	3	--	--
Divestitures....................	(59)(a)	(10)	(14)	--
Curtailments and settlements....	--	(5)	--	(3)
Benefit obligation -- end of year............................	$ 241	$ 311	$ 344	$ 337

(a) Primarily relates to Equistar.

The following table sets forth the reconciliation of the beginning and ending balances of the fair value of plan assets for Occidental's defined benefit pension plans (in millions):

	Pension Benefits	
	1998	1997
CHANGES IN PLAN ASSETS:		
Fair value of plan assets -- beginning of year.....	$296	$264
Actual return on plan assets.................	35	42
Foreign currency exchange rate changes..	(1)	(4)
Employer contribution...	21	34
Benefits paid...........	(48)	(27)
Divestitures............	(69)(a)	(10)
Settlements.............	--	(3)
Fair value of plan assets -- end of year...........	$234	$296

(a) Primarily relates to Equistar.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for defined benefit pension plans with accumulated benefit obligations in excess of plan assets were $60 million, $54 million and $30 million, respectively, as of December 31, 1998 and $99 million, $93 million and $65 million, respectively, as of December 31, 1997.

The weighted average discount rate used in determining the benefit obligations was 7.0 percent as of December 31, 1998 and 7.5 percent as of December 31, 1997. The weighted average rate of increase in future compensation levels used in determining the benefit obligations was approximately 5 percent in both 1998 and 1997. The expected weighted average long-term rate of return on assets was 8 percent in both 1998 and 1997.

The postretirement benefit obligation was determined by application of the terms of medical and dental benefits and life insurance coverage, including the effect of established maximums on covered costs, together with relevant actuarial assumptions and health care cost trend rates projected at a Consumer Price Index (CPI) increase of 2.5 percent and 3 percent as of December 31, 1998 and 1997, respectively (beginning in 1993, participants other than certain union employees pay for all medical cost increases in excess of increases in the

CPI). For certain union employees, the health care cost trend rates were projected at annual rates ranging ratably from 8 percent in 1998 to 5 percent through the year 2004 and level thereafter. A 1 percent increase or a 1 percent decrease in these assumed health care cost trend rates would result in an increase of $11 million or a reduction of $9 million, respectively, in the postretirement benefit obligation as of December 31, 1998. The annual service and interest costs would not be materially affected by these changes.

The following table sets forth the funded status and amounts recognized in Occidental's consolidated balance sheets for the defined benefit pension and postretirement benefit plans at December 31, 1998 and 1997 (in millions):

	Pension Benefits		Postretirement Benefits	
Balance at December 31,	1998	1997	1998	1997
Funded status	$ (7)	$ (14)	$ (344)	$ (337)
Unrecognized net transition obligation	4	5	--	--
Unrecognized prior service cost	5	7	1	2
Unrecognized net (gain) loss	3	7	(45)	(73)
Net amount recognized	$ 5	$ 5	$ (388)	$ (408)
Prepaid benefit cost	$ 34	$ 37	$ --	$ --
Accrued benefit liability	(31)	(36)	(388)	(408)
Intangible asset	2	3	--	--
Accumulated other comprehensive income	--	1	--	--
Net amount recognized	$ 5	$ 5	$ (388)	$ (408)

During 1998, certain defined benefit pension plans were transferred to the acquirers of various businesses, including Equistar, and one defined benefit pension plan was terminated resulting in reductions of $87 million in the benefit obligation and $96 million in the fair value of plan assets.

NOTE 15 INVESTMENTS

Investments in entities, other than oil and gas exploration and production companies, in which Occidental has a voting stock interest of at least 20 percent, but not more than 50 percent, and certain partnerships are accounted for on the equity method. At December 31, 1998, Occidental's equity investments consisted of a 29.5 percent interest in Equistar acquired in May 1998, an investment of approximately 29 percent in the common shares of CanadianOxy and various chemical partnerships and joint ventures. Equity investments paid dividends of $69 million, $50 million and $48 million to Occidental in 1998, 1997 and 1996, respectively. Cumulative undistributed earnings since acquisition, in the amount of $203 million, of 50-percent-or-less-owned companies have been accounted for by Occidental under the equity method. At December 31, 1998 and 1997, Occidental's investment in equity investees exceeded the historical underlying equity in net assets by approximately $212 million and $226 million, respectively, which is being amortized into income over periods not exceeding 40 years. The aggregate market value of the investment in CanadianOxy, based on the quoted market price for CanadianOxy common shares, was $420 million at December 31, 1998, compared with an aggregate book value of $217 million.

Occidental and its subsidiaries' purchases from certain chemical partnerships were $350 million, $232 million and $183 million in 1998, 1997 and 1996, respectively. Occidental and its subsidiaries' sales to certain chemical partnerships were $266 million, $328 million and $245 million, in 1998, 1997 and 1996, respectively.

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

For the years ended December 31,	1998	1997	1996
Revenues	$2,118	$ 959	$ 849
Costs and expenses	2,140	958	779
Net income (loss)	$ (22)	$ 1	$ 70

Balance at December 31,	1998	1997
Current assets	$ 602	$ 297
Noncurrent assets	$3,075	$1,564
Current liabilities	$ 449	$ 252
Noncurrent liabilities	$1,679	$1,113
Stockholders' equity	$1,549	$ 496

Investments also include certain cost method investments, in which Occidental owns less than 20 percent of the voting stock. At December 31, 1998, these investments consisted primarily of the shares in Clark (see Note 8).

NOTE 16 SUMMARIZED FINANCIAL INFORMATION OF WHOLLY-OWNED SUBSIDIARY

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

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

For the years ended December 31,	1998	1997	1996
Revenues	$1,120	$1,004	$ 982
Costs and expenses	927	1,004	882
Net income	$ 193	$ --	$ 100

Balance at December 31,	1998	1997
Current assets	$ 67	$ 150
Intercompany receivable	$ 170	$ 29
Noncurrent assets	$1,673	$2,024
Current liabilities	$ 237	$ 259
Interest bearing note to parent	$ 73	$ 89
Noncurrent liabilities	$ 909	$1,106
Stockholders' equity	$ 691(a)	$ 749

(a) Reflects a dividend of $268 million and a capital contribution of $17 million in 1998.

NOTE 17 INDUSTRY SEGMENTS AND GEOGRAPHIC AREAS

Effective January 1, 1998, Occidental adopted the provisions of SFAS No. 131--"Disclosures about Segments of an Enterprise and Related Information." Occidental has identified two reportable segments through which it conducts its continuing operations: oil and gas and chemical. The factors for determining the reportable segments were based on the distinct nature of their operations. They are managed as separate business units because each requires and is responsible for executing a unique business strategy. The oil and gas segment explores for, develops, produces and markets crude oil and natural gas domestically and internationally. The chemical segment is a highly integrated business that manufactures and markets, domestically and internationally, a variety of chlorovinyls (basic chemicals and polymers and plastics), specialty chemicals and participates in a petrochemical partnership.

Earnings of industry segments and geographic areas exclude interest income, interest expense, environmental remediation expenses, unallocated corporate expenses, discontinued operations and extraordinary items, but include income from equity investments and gains from dispositions of segment and geographic area assets. Intersegment sales and transfers between geographic areas are made at prices approximating current market values.

Foreign income and other taxes and certain state taxes are included in segment earnings on the basis of operating results. U.S. federal income taxes are not allocated to segments except for amounts in lieu thereof that represent the tax effect of operating charges resulting from purchase accounting adjustments.

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

INDUSTRY SEGMENTS
In millions

	Oil and Gas	Chemical	Corporate	Total
YEAR ENDED DECEMBER 31, 1998				
Net sales	$ 3,621 (a)	$ 2,975 (b)	$ --	$ 6,596
Pretax operating profit(loss)(c,d)	$ 980	$ 262	$ (554)(e)	$ 688
Income taxes	(176)	4	(191)(f)	(363)
Discontinued operations, net	--	--	38	38
Net income(loss)	$ 804 (g)	$ 266 (h)	$ (707)(i)	$ 363
Investment in unconsolidated subsidiaries	$ 120	$ 1,586	$ 253	$ 1,959
Property, plant and equipment additions, net(j)	$ 751	$ 321	$ 2	$ 1,074
Depreciation, depletion and amortization	$ 603	$ 199	$ 33	$ 835
Total assets	$ 7,570	$ 4,799	$ 2,883 (k)	$15,252
YEAR ENDED DECEMBER 31, 1997				
Net sales	$ 3,667 (a)	$ 4,349 (l)	$ --	$ 8,016
Pretax operating profit(loss)(c,d)	$ 747	$ 551	$ (770)(e)	$ 528
Income taxes	(263)	(26)	(22)(f)	(311)
Discontinued operations, net	--	--	(607)	(607)
Net income(loss)	$ 484 (m)	$ 525 (n)	$(1,399)(o)	$ (390)
Investment in unconsolidated subsidiaries	$ 222	$ 383	$ 316	$ 921
Property, plant and equipment additions, net(j)	$ 1,150	$ 396	$ 3	$ 1,549
Depreciation, depletion and amortization	$ 528	$ 261	$ 33	$ 822
Total assets	$ 4,789	$ 5,486	$ 5,016 (k)	$15,291
YEAR ENDED DECEMBER 31, 1996				
Net sales	$ 3,680 (a)	$ 4,307 (p)	$ --	$ 7,987
Pretax operating profit(loss)(c,d)	$ 795	$ 798	$ (737)(e)	$ 856
Income taxes	(259)	(15)	(68)(f)	(342)
Discontinued operations, net	--	--	184	184
Extraordinary loss	--	--	(30)	(30)
Net income(loss)	$ 536 (q)	$ 783 (r)	$ (651)(s)	$ 668
Investment in unconsolidated subsidiaries	$ 272	$ 437	$ 276	$ 985
Property, plant and equipment additions, net(j)	$ 762	$ 262	$ 14	$ 1,038
Depreciation, depletion and amortization	$ 493	$ 236	$ 32	$ 761
Total assets	$ 4,496	$ 5,429	$ 5,056 (k)	$14,981

(footnotes on following page)

(a) Oil sales represented approximately 76 percent, 79 percent and 78 percent of net sales for the periods ending December 31, 1998, 1997 and 1996, respectively. Gas sales accounted for the remainder. Additionally, oil and gas trading activities accounted for approximately 44 percent of net sales in 1998 and approximately one-third in both 1997 and 1996.
(b) Product sales were approximately 63 percent in chlorovinyls, 17 percent in petrochemicals and 20 percent in specialty chemicals.
(c) Research and development costs were $18 million in 1998 and $16 million in both 1997 and 1996.
(d) Divisional earnings include charges and credits in lieu of U.S. federal income taxes. In 1998, the amounts allocated to the divisions were credits of $12 million and $26 million in oil and gas and chemical, respectively. In 1997, the amounts allocated to the divisions were credits of $13 million and $26 million in oil and gas and chemical, respectively. In 1996, the amounts allocated to the divisions were credits of $15 million and $26 million in oil and gas and chemical, respectively.
(e) Includes unallocated net interest expense, administration expense, environmental remediation expense, pipeline lease income, pipeline depreciation expense and other items.
(f) Includes unallocated income taxes.
(g) Includes net pretax gains of approximately $532 million from the sale of major nonstrategic oil and gas properties, as part of an asset redeployment program, a $30 million charge for the write-off of certain exploration projects and a $12 million reorganization charge.
(h) Includes $30 million for reorganization and other charges.
(i) Includes an after-tax $38 million benefit which reflects the closing of the sale of MidCon and the finalization of the discontinued operations reserve.
(j) Excludes acquisitions of other businesses of $3.5 billion in oil and gas in 1998, $29 million in chemical in 1997 and $58 million in chemical in 1996. Includes capitalized interest of $16 million in 1998, $14 million in 1997 and $5 million in 1996.
(k) Includes the net assets of an intrastate pipeline. At December 31, 1998, this amount also includes a note receivable of approximately $1.4 billion. At December 31, 1997 and 1996, this amount also includes the net assets of discontinued operations of approximately $3.2 billion and $3.3 billion, respectively.
(l) Product sales were approximately 51 percent in chlorovinyls, 41 percent in petrochemicals and 14 percent in specialty chemicals.
(m) Includes pretax charges of $210 million for the write-down of various nonstrategic and impaired assets and related costs and other reserves.
(n) Includes pretax charges of $94 million related to the write-down of various idled assets.
(o) Includes a pretax charge of $75 million for the extinguishment of existing liabilities and open-ended financial commitments under employment agreements with two senior executives, $111 million for environmental accruals, and an after-tax charge of $750 million for the discontinued natural gas transmission business.
(p) Product sales were approximately 50 percent in chlorovinyls, 39 percent in petrochemicals and 13 percent in specialty chemicals, prior to intercompany elimination.
(q) Includes a charge of $105 million for the write-down of an investment in the Republic of Komi.
(r) Includes a pretax gain of $170 million related to favorable litigation settlements and the related state tax effects.
(s) Includes a $100 million reduction in the deferred tax asset valuation allowance and a pretax charge of $75 million for additional environmental matters.

GEOGRAPHIC AREAS
In millions

	Net sales(a)			Property, plant and equipment, net		
For the years ended December 31,	1998	1997	1996	1998	1997	1996
United States	$5,244	$6,245	$6,196	$8,162	$6,711	$6,706
Qatar	426	464	386	790	657	390
Yemen	123	126	128	183	102	121
Peru	112	176	201	110	128	100
Colombia	142	200	276	89	101	114
Other Foreign	549	805	800	571	891	765
Total	$6,596	$8,016	$7,987	$9,905	$8,590	$8,196

(a) Sales are shown by individual country based on the location of the entity making the sale.

NOTE 18 COSTS AND RESULTS OF OIL AND GAS PRODUCING ACTIVITIES

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

	United States	Other Western Hemisphere	Eastern Hemisphere	Total Worldwide
DECEMBER 31, 1998				
Proved properties	$ 5,821	$ 1,571	$ 2,015	$ 9,407
Unproved properties	1,749	9	58	1,816
TOTAL PROPERTY COSTS(a)	7,570	1,580	2,073	11,223
Support facilities	16	141	69	226
TOTAL CAPITALIZED COSTS	7,586	1,721	2,142	11,449
Accumulated depreciation, depletion and amortization	(2,561)	(1,401)	(812)	(4,774)
NET CAPITALIZED COSTS	$ 5,025	$ 320	$ 1,330	$ 6,675
Share of equity investees' net capitalized costs(b)	$ 50	$ 150	$ 112	$ 312
DECEMBER 31, 1997				
Proved properties	$ 4,806	$ 1,765	$ 1,801	$ 8,372
Unproved properties	71	12	80	163
TOTAL PROPERTY COSTS(a)	4,877	1,777	1,881	8,535
Support facilities	13	143	60	216
TOTAL CAPITALIZED COSTS	4,890	1,920	1,941	8,751
Accumulated depreciation, depletion and amortization	(2,916)	(1,390)	(685)	(4,991)
NET CAPITALIZED COSTS	$ 1,974	$ 530	$ 1,256	$ 3,760
Share of equity investees' net capitalized costs(b)	$ 84	$ 432	$ 133	$ 649
DECEMBER 31, 1996				
Proved properties	$ 4,695	$ 1,891	$ 1,274	$ 7,860
Unproved properties	64	33	97	194
TOTAL PROPERTY COSTS(a)	4,759	1,924	1,371	8,054
Support facilities	11	125	54	190
TOTAL CAPITALIZED COSTS	4,770	2,049	1,425	8,244
Accumulated depreciation, depletion and amortization	(2,760)	(1,554)	(522)	(4,836)
NET CAPITALIZED COSTS	$ 2,010	$ 495	$ 903	$ 3,408
Share of equity investees' net capitalized costs(b)	$ 76	$ 80	$ 152	$ 308

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

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

	United States	Other Western Hemisphere	Eastern Hemisphere	Total Worldwide
DECEMBER 31, 1998				
Acquisition of properties				
Proved	$1,834	$ --	$ 26	$1,860
Unproved	1,709	--	2	1,711
Exploration costs	32	24	84	140
Development costs	169	35	341	545
	$3,744	$ 59	$ 453	$4,256
Share of equity investees' costs	$ 46	$ 62	$ 66	$ 174
DECEMBER 31, 1997				
Acquisition of properties				
Proved	$ 50	$ --	$ 50	$ 100
Unproved	41	--	--	41
Exploration costs	19	37	122	178
Development costs	270	102	443	815
	$ 380	$ 139	$ 615	$1,134
Share of equity investees' costs	$ 35	$ 514	$ 51	$ 600
DECEMBER 31, 1996				
Acquisition of properties				
Proved	$ 8	$ --	$ 28	$ 36
Unproved	9	--	--	9
Exploration costs	30	55	80	165
Development costs	212	118	244	574
	$ 259	$ 173	$ 352	$ 784
Share of equity investees' costs	$ 35	$ 36	$ 54	$ 125

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

	United States	Other Western Hemisphere(a)	Eastern Hemisphere	Total Worldwide
FOR THE YEAR ENDED DECEMBER 31, 1998				
Revenues	$ 860	$ 280	$ 818(b)	$1,958
Production costs	242	106	168	516
Exploration expenses	43	26	59	128
Other operating expenses	79	36	98	213
Other expense--asset write-downs	--	--	30	30
Depreciation, depletion and amortization	285(c)	68	239	592
PRETAX INCOME	211	44	224	479
Income tax expense(d)	--	25	145(b)	170
RESULTS OF OPERATIONS	$ 211	$ 19	$ 79	$ 309
Share of equity investees' results of operations	$ --	$ (28)	$ 18	$ (10)
FOR THE YEAR ENDED DECEMBER 31, 1997				
Revenues	$ 920	$ 478	$ 969(b)	$2,367
Production costs	246	154	172	572
Exploration expenses	17	19	83	119
Other operating expenses	50	49	105	204
Other expense--asset write-downs	132	--	--	132
Depreciation, depletion and amortization	246(c)	85	178	509
PRETAX INCOME	229	171	431	831
Income tax expense(d)	46	56	206(b)	308
RESULTS OF OPERATIONS	$ 183	$ 115	$ 225	$ 523
Share of equity investees' results of operations	$ 8	$ (4)	$ 25	$ 29
FOR THE YEAR ENDED DECEMBER 31, 1996				
Revenues	$ 906	$ 571	$ 912(b)	$2,389
Production costs	241	157	184	582
Exploration expenses	25	28	67	120
Other operating expenses	49	51	124	224
Other expense--write-down of investment in Komi	--	--	105	105
Depreciation, depletion and amortization	234(c)	83	164	481
PRETAX INCOME	357	252	268	877
Income tax expense(d)	81	89	169(b)	339
RESULTS OF OPERATIONS	$ 276	$ 163	$ 99	$ 538
Share of equity investees' results of operations	$ 8	$ 3	$ 25	$ 36

(a) Includes amounts applicable to operating interests in which Occidental receives an agreed-upon fee per barrel of crude oil produced.
(b) Revenues and income tax expense include taxes owed by Occidental but paid by governmental entities on its behalf.
(c) Includes a credit of $12 million, $13 million and $15 million in 1998, 1997 and 1996, respectively, under the method of allocating amounts in lieu of taxes.
(d) U.S. federal income taxes reflect expense allocations related to oil and gas activities, including allocated interest and corporate overhead. Foreign income taxes were included in geographic areas on the basis of operating results.

RESULTS PER UNIT OF PRODUCTION (Unaudited)

	United States	Other Western Hemisphere	Eastern Hemisphere	Total Worldwide
FOR THE YEAR ENDED DECEMBER 31, 1998				
Revenues from net production				
Oil ($/bbl.)	$11.79	$ 8.48	$13.43(a)	$11.65
Natural gas ($/Mcf)	$ 2.05	$ --	$ 2.03	$ 2.04
Barrel of oil equivalent ($/bbl.)(b,c)	$12.11	$ 8.48	$13.41(a)	$11.87
Production costs	3.41	3.21	2.75	3.13
Exploration expenses	.61	.79	.98	.78
Other operating expenses	1.11	1.09	1.61	1.29
Other expense--asset write-downs	--	--	.49	.18
Depreciation, depletion and amortization	4.01	2.06	3.91	3.59
PRETAX INCOME	2.97	1.33	3.67	2.90
Income tax expense	--	.75	2.37(a)	1.03
RESULTS OF OPERATIONS	$ 2.97	$ .58	$ 1.30	$ 1.87
FOR THE YEAR ENDED DECEMBER 31, 1997				
Revenues from net production				
Oil ($/bbl.)	$18.72	$11.88	$17.21(a)	$15.37
Natural gas ($/Mcf)	$ 2.39	$ --	$ 2.40	$ 2.39
Barrel of oil equivalent ($/bbl.)(b,c)	$15.59	$11.57	$20.45(a)	$16.02
Production costs	4.17	3.73	3.63	3.87
Exploration expenses	.29	.47	1.74	.80
Other operating expenses	.84	1.18	2.22	1.38
Other expense--asset write-downs	2.24	--	--	.89
Depreciation, depletion and amortization	4.17	2.07	3.75	3.45
PRETAX INCOME	3.88	4.12	9.11	5.63
Income tax expense	.77	1.35	4.36(a)	2.09
RESULTS OF OPERATIONS	$ 3.11	$ 2.77	$ 4.75	$ 3.54
FOR THE YEAR ENDED DECEMBER 31, 1996				
Revenues from net production				
Oil ($/bbl.)	$18.98	$12.66	$17.66(a)	$15.70
Natural gas ($/Mcf)	$ 2.11	$ --	$ 2.23	$ 2.13
Barrel of oil equivalent ($/bbl.)(b,c)	$15.20	$12.23	$20.31(a)	$15.80
Production costs	4.05	3.37	4.09	3.85
Exploration expenses	.42	.59	1.49	.79
Other operating expenses	.82	1.10	2.76	1.48
Other expense--write-down of investment in Komi	--	--	2.35	.70
Depreciation, depletion and amortization	3.93	1.78	3.65	3.19
PRETAX INCOME	5.98	5.39	5.97	5.79
Income tax expense	1.36	1.91	3.76(a)	2.24
RESULTS OF OPERATIONS	$ 4.62	$ 3.48	$ 2.21	$ 3.55

(a) Revenues and income tax expense include taxes owed by Occidental but paid by governmental entities on its behalf; however, oil revenues from net production per barrel excludes these taxes.
(b) Natural gas volumes have been converted to equivalent barrels based on energy content of six Mcf of gas to one barrel of oil.
(c) Revenues from net production exclude royalty payments and other adjustments.

NOTE 19 SUBSEQUENT EVENTS

In January 1999, Occidental issued $525 million of 8.16 percent Trust Preferred Securities due in 2039, and callable in 2004, for net proceeds of $507 million. The securities will be recorded outside of equity and other liabilities as a separate line on the balance sheet. The proceeds were used to repay commercial paper.

In February 1999, Occidental issued $450 million of 7.65 percent senior notes due 2006 and $350 million of 8.45 percent senior notes due 2029 for net proceeds of approximately $792 million. The net proceeds will be used for general corporate purposes, which may include, but is not limited to, the repayment of maturing commercial paper and the redemption of other debt.

On March 2, 1999, the Oklahoma Supreme Court upheld a $742 million lower-court judgment in favor of Occidental against a unit of Chevron Corporation (Chevron) involving a breach of a 1982 merger agreement between Gulf Oil Corp., which was purchased by Chevron, and Cities Service Co., now OXY USA, which was purchased by Occidental. With interest accrued since the date of the lower-court award, the amount of the judgment is approximately $935 million at March 2, 1999. Chevron stated they would seek further review of the case in the courts.

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

1998 QUARTERLY FINANCIAL DATA (Unaudited)
In millions, except per-share amounts

Three months ended	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
Divisional net sales				
Oil and Gas	$ 740	$ 739	$ 1,030	$ 1,112
Chemical	960	804	631	580
Net sales	$ 1,700	$ 1,543	$ 1,661	$ 1,692
Gross profit	$ 434	$ 343	$ 289	$ 261
Divisional earnings(loss)				
Oil and Gas	$ 232	$ 380	$ 156	$ 36
Chemical	158	60	62	(14)
	390	440	218	22
Unallocated corporate items				
Interest expense, net	(112)	(118)	(106)	(115)
Income taxes	(126)	(116)	(49)	63
Other	(13)	(20)	(25)	(8)
Income(loss) from continuing operations	139	186	38	(38)
Discontinued operations, net	38	--	--	--
Net income(loss)(a)	$ 177(b)	$ 186(c)	$ 38(d)	$ (38)
Basic earnings per common share				
Income(loss) from continuing operations	$ .39	$ .51	$ .10	$ (.12)
Discontinued operations, net	.11	--	--	--
Basic earnings(loss) per common share	$ .50	$ .51	$ .10	$ (.12)
Diluted earnings per common share				
Income(loss) from continuing operations	$ .38	$ .49	$ .10	$ (.12)
Discontinued operations, net	.11	--	--	--
Diluted earnings(loss) per common share	$ .49	$ .49	$ .10	$ (.12)
Dividends per common share	$ .25	$ .25	$ .25	$ .25
Market price per common share				
High	$ 30 7/16	$30	$ 27 3/8	$ 22 3/8
Low	$ 24 5/8	$24 13/16	$ 17 9/16	$ 16 5/8

(a) Includes net pretax gains of approximately $105 million, $290 million and $137 million for the first, second and third quarters of 1998, respectively, from the sale of major nonstrategic oil and gas properties, as part of an asset redeployment program.
(b) Includes an after-tax $38 million benefit which reflects the closing of the sale of MidCon and the finalization of the discontinued operations reserve.
(c) Includes $30 million for reorganization and other charges in the chemical division.
(d) Includes a $30 million charge for the write-off of certain exploration projects and a $12 million reorganization charge for the oil and gas division.

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

1997 QUARTERLY FINANCIAL DATA (Unaudited)
In millions, except per-share amounts

Three months ended	March 31	June 30	September 30	December 31
Divisional net sales				
Oil and Gas	$ 842	$ 1,055	$ 883	$ 887
Chemical	1,075	1,103	1,124	1,047
Net sales	$ 1,917	$ 2,158	$ 2,007	$ 1,934
Gross profit	$ 589	$ 554	$ 560	$ 469
Divisional earnings(loss)				
Oil and Gas	$ 247	$ 144	$ 144	$ (51)
Chemical	98	196	215	16
	345	340	359	(35)
Unallocated corporate items				
Interest expense, net	(101)	(101)	(100)	(105)
Income taxes	(85)	(62)	(17)	104
Other	(32)	(39)	(112)	(142)
Income(loss) from continuing operations	127	138	130	(178)
Discontinued operations, net	52	20	27	(706)
Net income(loss)	$ 179	$ 158	$ 157 (a)	$ (884)(b)
Basic earnings per common share				
Income(loss) from continuing operations	$ .32	$ .35	$ .32	$ (.58)
Discontinued operations, net	.16	.06	.08	(2.07)
Basic earnings(loss) per common share	$ .48	$ .41	$ .40	$ (2.65)
Diluted earnings per common share				
Income(loss) from continuing operations	$ .31	$ .34	$ .31	$ (.58)
Discontinued operations, net	.15	.05	.07	(2.07)
Diluted earnings(loss) per common share	$ .46	$ .39	$ .38	$ (2.65)
Dividends per common share	$ .25	$ .25	$ .25	$ .25
Market price per common share				
High	$26 3/4	$25 7/8	$26 1/4	$30 3/4
Low	$23 1/8	$21 3/4	$23 3/8	$25 7/8

(a) Includes a pretax charge of $75 million for the extinguishment of existing liabilities and open-ended financial commitments under employment agreements with two senior executives.

(b) Includes pretax charges of $210 million for the write-down of various nonstrategic and impaired assets including assets expected to be sold and related costs in the oil and gas division, $94 million related to the write-down of various idled assets in the chemical division, $111 million for additional environmental matters in unallocated corporate other items and an after-tax charge of $750 million for the discontinued natural gas transmission business.

SUPPLEMENTAL OIL AND GAS INFORMATION (Unaudited)

The following tables set forth Occidental's net interests in quantities of proved developed and undeveloped reserves of crude oil, condensate and natural gas and changes in such quantities. Crude oil reserves (in millions of barrels) include condensate. The reserves are stated after applicable royalties. Estimates of reserves have been made by Occidental engineers. These estimates include reserves in which Occidental holds an economic interest under service contracts and other arrangements.

RESERVES

Oil in millions of barrels, natural gas in billions of cubic feet

	United States		Other Western Hemisphere		Eastern Hemisphere		Total Worldwide	
	Oil	Gas	Oil(a)	Gas	Oil	Gas	Oil	Gas
PROVED DEVELOPED AND UNDEVELOPED RESERVES								
BALANCE AT DECEMBER 31, 1995..................	196	1,821	417	--	317	639	930	2,460
Revisions of previous estimates...........	11	26	(19)	--	77	200	69	226
Improved recovery.....	1	--	--	--	18	--	19	--
Extensions and discoveries..........	16	105	3	--	11	40	30	145
Purchases of proved reserves............	1	18	--	--	--	3	1	21
Sales of proved reserves............	(1)	(6)	--	--	(46)	--	(47)	(6)
Production...........	(21)	(220)	(47)	--	(37)	(42)	(105)	(262)
BALANCE AT DECEMBER 31, 1996..................	203	1,744	354	--	340	840	897	2,584
Revisions of previous estimates...........	(1)	23	3	--	14	(2)	16	21
Improved recovery.....	11	--	--	--	2	--	13	--
Extensions and discoveries..........	6	58	--	--	34	22	40	80
Purchases of proved reserves............	1	38	--	--	36	10	37	48
Sales of proved reserves............	(2)	(10)	--	--	--	(7)	(2)	(17)
Production...........	(21)	(218)	(41)	--	(39)	(40)	(101)	(258)
BALANCE AT DECEMBER 31, 1997..................	197	1,635	316	--	387	823	900	2,458
Revisions of previous estimates...........	(6)	40	(21)	--	(5)	20	(32)	60
Improved recovery.....	10	6	--	--	49	--	59	6
Extensions and discoveries..........	1	48	--	--	27	81	28	129
Purchases of proved reserves............	318	710	45	--	35	--	398	710
Sales of proved reserves............	(46)	(317)	(113)	--	(11)	(641)	(170)	(958)
Production...........	(29)	(224)	(33)	--	(55)	(32)	(117)	(256)
BALANCE AT DECEMBER 31, 1998..................	445	1,898	194	--	427	251	1,066	2,149
PROPORTIONAL INTEREST IN EQUITY INVESTEES' RESERVES				--				
December 31, 1995.....	5	36	12	81	21	39	38	156
December 31, 1996.....	5	47	14	77	20	30	39	154
December 31, 1997.....	5	45	45	168	27	25	77	238
DECEMBER 31, 1998.....	5	49	44	138	34	--	83	187

RESERVES continued

Oil in millions of barrels, natural gas in billions of cubic feet

	United States		Other Western Hemisphere		Eastern Hemisphere		Total Worldwide	
	Oil	Gas	Oil(a)	Gas	Oil	Gas	Oil	Gas
PROVED DEVELOPED RESERVES								
December 31, 1995..........	149	1,747	283	--	195	235	627	1,982
December 31, 1996..........	153	1,677	260	--	213	205	626	1,882
December 31, 1997..........	151	1,571	235	--	251	207	637	1,778
DECEMBER 31, 1998..........	367	1,836	171	--	306	190	844	2,026
PROPORTIONAL INTEREST IN EQUITY INVESTEES' RESERVES								
December 31, 1995..........	5	30	10	75	16	31	31	136
December 31, 1996..........	4	41	13	69	15	25	32	135
December 31, 1997..........	4	31	38	140	21	20	63	191
DECEMBER 31, 1998..........	5	48	35	127	24	--	64	175

(a) Portions of these reserves are being produced pursuant to exclusive service contracts.

STANDARDIZED MEASURE, INCLUDING YEAR-TO-YEAR CHANGES THEREIN, OF DISCOUNTED FUTURE NET CASH FLOWS For purposes of the following disclosures, estimates were made of quantities of proved reserves and the periods during which they are expected to be produced. Future cash flows were computed by applying year-end prices to Occidental's share of estimated annual future production from proved oil and gas reserves, net of royalties. The year end West Texas Intermediate oil price was $12.05, $17.64 and $25.92 per barrel at December 31, 1998, 1997 and 1996, respectively. Although the year end prices used to calculate future cash flows could vary by producing area, a similar pattern of decline was experienced on a worldwide basis. Future development and production costs were computed by applying year-end costs to be incurred in producing and further developing the proved reserves. Future income tax expenses were computed by applying, generally, year-end statutory tax rates (adjusted for permanent differences, tax credits, allowances and foreign income repatriation considerations) to the estimated net future pretax cash flows. The discount was computed by application of a 10 percent discount factor. The calculations assumed the continuation of existing economic, operating and contractual conditions at each of December 31, 1998, 1997 and 1996. However, such arbitrary assumptions have not necessarily proven to be the case in the past. Other assumptions of equal validity would give rise to substantially different results.

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS
In millions

	United States	Other Western Hemisphere(a)	Eastern Hemisphere	Total Worldwide
AT DECEMBER 31, 1998				
Future cash flows	$ 7,898	$ 1,437	$ 4,346	$13,681
Future costs				
Production costs and other operating expenses	(3,199)	(908)	(1,788)	(5,895)
Development costs(b)	(652)	(75)	(718)	(1,445)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	4,047	454	1,840	6,341
Future income tax expense	(24)	(159)	(54)	(237)
FUTURE NET CASH FLOWS	4,023	295	1,786	6,104
Ten percent discount factor	(1,900)	(75)	(760)	(2,735)
STANDARDIZED MEASURE	2,123	220	1,026	3,369
Share of equity investees' standardized measure	50	150	112	312
	$ 2,173	$ 370	$ 1,138	$ 3,681
AT DECEMBER 31, 1997				
Future cash flows	$ 7,462	$ 3,335	$ 7,197	$17,994
Future costs				
Production costs and other operating expenses	(2,863)	(1,661)	(3,172)	(7,696)
Development costs(b)	(456)	(230)	(1,485)	(2,171)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	4,143	1,444	2,540	8,127
Future income tax expense	(1,246)	(458)	(249)	(1,953)
FUTURE NET CASH FLOWS	2,897	986	2,291	6,174
Ten percent discount factor	(1,215)	(352)	(917)	(2,484)
STANDARDIZED MEASURE	1,682	634	1,374	3,690
Share of equity investees' standardized measure	89	202	179	470
	$ 1,771	$ 836	$ 1,553	$ 4,160
AT DECEMBER 31, 1996				
Future cash flows	$ 8,887	$ 4,642	$ 8,399	$21,928
Future costs				
Production costs and other operating expenses	(3,296)	(1,853)	(3,139)	(8,288)
Development costs(b)	(514)	(289)	(1,184)	(1,987)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	5,077	2,500	4,076	11,653
Future income tax expense	(1,646)	(875)	(457)	(2,978)
FUTURE NET CASH FLOWS	3,431	1,625	3,619	8,675
Ten percent discount factor	(1,462)	(555)	(1,418)	(3,435)
STANDARDIZED MEASURE	1,969	1,070	2,201	5,240
Share of equity investees' standardized measure	117	104	234	455
	$ 2,086	$ 1,174	$ 2,435	$ 5,695

(a) Includes amounts applicable to operating interests in which Occidental receives an agreed-upon fee per barrel of crude oil produced.
(b) Includes dismantlement and abandonment costs.

CHANGES IN THE STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS FROM PROVED RESERVE QUANTITIES
In millions

For the years ended December 31,	1998	1997	1996
BEGINNING OF YEAR	$ 3,690	$ 5,240	$ 3,590
Sales and transfers of oil and gas produced, net of production costs and other operating expenses	(925)	(1,561)	(1,640)
Net change in prices received per barrel, net of production costs and other operating expenses	(2,661)	(2,071)	2,604
Extensions, discoveries and improved recovery, net of future production and development costs	236	379	576
Change in estimated future development costs	330	(455)	(620)
Revisions of quantity estimates	390	132	863
Development costs incurred during the period	535	798	573
Accretion of discount	307	498	305
Net change in income taxes	881	795	(655)
Purchases and sales of reserves in place, net	625	92	(403)
Changes in production rates and other	(39)	(157)	47
NET CHANGE	(321)	(1,550)	1,650
END OF YEAR	$ 3,369	$ 3,690	$ 5,240

The information set forth below does not include information with respect to operations of equity investees.

The following table sets forth, for each of the three years in the period ended December 31, 1998, Occidental's approximate average sales prices and average production costs of oil and gas. Production costs are the costs incurred in lifting the oil and gas to the surface and include gathering, treating, primary processing, field storage, property taxes and insurance on proved properties, but do not include depreciation, depletion and amortization, royalties, income taxes, interest, general and administrative and other expenses.

AVERAGE SALES PRICES AND AVERAGE PRODUCTION COSTS OF OIL AND GAS

For the years ended December 31,	United States	Other Western Hemisphere(a,b)	Eastern Hemisphere(a)
1998			
Oil--Average sales price ($/bbl.)	$12.06	$ 8.78	$11.12
NGL--Average sales price ($/Mcf)	$13.14	$ --	$ --
Gas--Average sales price ($/Mcf)	$ 2.05	$ --	$ 2.03
Average oil and gas production cost ($/bbl.)(c)	$ 3.41	$ 3.21	$ 2.75
1997			
Oil--Average sales price ($/bbl.)	$18.72	$11.88	$17.21
Gas--Average sales price ($/Mcf)	$ 2.39	$ --	$ 2.40
Average oil and gas production cost ($/bbl.)(c)	$ 4.17	$ 3.73	$ 3.63
1996			
Oil--Average sales price ($/bbl.)	$18.98	$12.66	$17.66
Gas--Average sales price ($/Mcf)	$ 2.11	$ --	$ 2.23
Average oil and gas production cost ($/bbl.)(c)	$ 4.05	$ 3.73	$ 4.09

(a) Sales prices include royalties with respect to certain of Occidental's interests.
(b) Sales prices include fees received under service contracts.
(c) Natural gas volumes have been converted to equivalent barrels based on energy content of six Mcf of gas to one barrel of oil.

The following table sets forth, for each of the three years in the period ended December 31, 1998, Occidental's net productive and dry exploratory and development wells drilled.

NET PRODUCTIVE AND DRY--EXPLORATORY AND DEVELOPMENT WELLS DRILLED

For the years ended December 31,	United States	Other Western Hemisphere	Eastern Hemisphere	Total Worldwide
1998				
Oil-- Exploratory	--	0.2	1.1	1.3
Development	109.7	9.8	114.3	233.8
Gas-- Exploratory	--	--	1.8	1.8
Development	32.4	--	2.3	34.7
Dry-- Exploratory	.5	1.8	5.9	8.2
Development	14.5	--	1.8	16.3
1997				
Oil-- Exploratory	--	2.3	1.0	3.3
Development	98.8	15.6	43.6	158.0
Gas-- Exploratory	1.2	--	1.4	2.6
Development	76.0	--	2.1	78.1
Dry-- Exploratory	5.6	--	10.2	15.8
Development	18.1	1.0	1.1	20.2
1996				
Oil-- Exploratory	--	2.8	3.6	6.4
Development	61.6	23.2	18.4	103.2
Gas-- Exploratory	2.6	--	2.0	4.6
Development	103.2	--	1.7	104.9
Dry-- Exploratory	5.5	2.5	6.2	14.2
Development	15.6	0.5	2.1	18.2

The following table sets forth, as of December 31, 1998, Occidental's productive oil and gas wells (both producing wells and wells capable of production). The numbers in parentheses indicate the number of wells with multiple completions.

PRODUCTIVE OIL AND GAS WELLS

Wells at December 31, 1998	United States		Other Western Hemisphere		Eastern Hemisphere		Total Worldwide	
Oil-- Gross(a)	7,361	(126)	373	(--)	764	(76)	8,498	(202)
Net(b)	4,296	(52)	274	(--)	426	(48)	4,996	(100)
Gas-- Gross(a)	2,747	(74)	--	(--)	40	(1)	2,787	(75)
Net(b)	2,003	(31)	--	(--)	16	(1)	2,019	(32)

(a) The total number of wells in which interests are owned or which are operated under service contracts.
(b) The sum of fractional interests.

The following table sets forth, as of December 31, 1998, Occidental's participation in exploratory and development wells being drilled.

PARTICIPATION IN EXPLORATORY AND DEVELOPMENT WELLS BEING DRILLED

Wells at December 31, 1998	United States	Other Western Hemisphere	Eastern Hemisphere	Total Worldwide
Exploratory and development wells--				
Gross	12	--	34	46
Net	8	--	16	24

At December 31, 1998, Occidental was participating in 52 pressure maintenance and waterflood projects in the United States, 3 in Latin America, 11 in the Middle East and 2 in Russia.

The following table sets forth, as of December 31, 1998, Occidental's holdings of developed and undeveloped oil and gas acreage.

OIL AND GAS ACREAGE

Thousands of acres		United States	Other Western Hemisphere	Eastern Hemisphere	Total Worldwide
Developed(a)--	Gross(b)	1,522	110	10,945	12,577
	Net(c)	1,030	103	5,326	6,459
Undeveloped(d)--	Gross(b)	1,232	10,151	16,362	27,745
	Net(c)	766	7,117	8,003	15,886

(a) Acres spaced or assigned to productive wells.
(b) Total acres in which interests are held.
(c) Sum of the fractional interests owned based on working interests, or shares of production if under production-sharing agreements.
(d) Acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas, regardless of whether the acreage contains proved reserves.

The following table sets forth, for each of the three years in the period ended December 31, 1998, Occidental's domestic oil and natural gas production.

OIL AND NATURAL GAS PRODUCTION--DOMESTIC

	Oil Production Thousands of barrels per day			Natural Gas Production Millions of cubic feet per day		
	1998	1997	1996	1998	1997	1996
California	41	1	2	149	--	--
Gulf of Mexico	11	12	10	122	138	154
Kansas	3	6	6	164	190	186
Louisiana	2	5	6	17	39	43
Mississippi	--	--	1	1	5	3
New Mexico	2	2	3	35	28	24
Oklahoma	1	4	4	36	50	52
Texas	17	22	21	83	123	126
Wyoming	--	--	--	4	9	9
Other States	4	5	4	3	14	4
TOTAL	81	57	57	614	596	601

The following table sets forth, for each of the three years in the period ended December 31, 1998, Occidental's international oil and natural gas production.

OIL AND NATURAL GAS PRODUCTION--INTERNATIONAL

	Oil Production Thousands of barrels per day			Natural Gas Production Millions of cubic feet per day		
	1998	1997	1996	1998	1997	1996
Colombia	27	24	29	--	--	--
Congo	--	--	4	--	--	--
Ecuador	12	15	18	--	--	--
Netherlands	--	--	--	50	72	72
Oman	17	14	13	--	--	--
Pakistan	5	7	6	39	38	43
Peru	48	50	54	--	--	--
Qatar	75	45	38	--	--	--
Russia	29	26	25	--	--	--
Venezuela	2	25	27	--	--	--
Yemen	25	14	15	--	--	--
TOTAL	240	220	229	89	110	115

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS
In millions

	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Deductions	Balance at End of Period
1998					
Allowance for doubtful accounts.............	$ 24	$ 4	$ --	$ (5)	$ 23
Environmental	$ 567	$ --	$ 9	$ (77)(A)	$ 499
Foreign and other taxes, litigation and other reserves.......	902	187	7	(239)	857
	$1,469	$ 187	$ 16	$ (316)	$1,356(B)
1997					
Allowance for doubtful accounts.............	$ 24	$ 3	$ --	$ (3)	$ 24
Environmental	$ 562	$ 136	$ 6	$ (137)(a)	$ 567
Foreign and other taxes, litigation and other reserves	935	94	16	(143)(a)	902
	$1,497	$ 230	$ 22	$ (280)	$1,469(a)
1996					
Allowance for doubtful accounts.............	$ 19	$ 12	$ --	$ (7)	$ 24
Environmental	$ 578	$ 100	$ 11	$ (127)(a)	$ 562
Foreign and other taxes, litigation and other reserves	931	65	24	(85)(a)	935
	$1,509	$ 165	$ 35	$ (212)	$1,497(b)

(a) Primarily represents payments.
(b) Of these amounts, $172 million, $170 million and $204 million in 1998, 1997 and 1996, respectively, is classified as current.

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

Not applicable.

PART III

ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

There is hereby incorporated by reference the information regarding Occidental's directors appearing under the caption "Election of Directors" in Occidental's definitive proxy statement filed in connection with its April 30, 1999, Annual Meeting of Stockholders (the "1999 Proxy Statement"). See also the list of Occidental's executive officers and related information under "Executive Officers of the Registrant" in Part I hereof.

ITEM 11 EXECUTIVE COMPENSATION

There is hereby incorporated by reference the information appearing under the captions "Executive Compensation" (excluding, however, the information appearing under the subcaptions "Report of the Compensation Committee" and "Performance Graphs") and "Election of Directors -- Information Regarding the Board of Directors and Its Committees" in the 1999 Proxy Statement.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

There is hereby incorporated by reference the information with respect to security ownership appearing under the caption "Security Ownership of Certain Beneficial Owners and Management" in the 1999 Proxy Statement.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There is hereby incorporated by reference the information appearing under the caption "Election of Directors -- Certain Relations and Related Transactions" in the 1999 Proxy Statement.

PART IV

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

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

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

(A) (3). EXHIBITS

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

(b)* Certificate of Amendment of Restated Certificate of Incorporation of Occidental dated April 25, 1997 (filed as Exhibit 3.(1)(b) to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1997, File No. 1-9210).

3.(ii)* Bylaws of Occidental, as amended through September 17, 1998 (filed as Exhibit 3.(ii) to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1998, File No. 1-9210).

4.1* Occidental Petroleum Corporation Credit Agreement, dated as of March 20, 1997 (filed as Exhibit 4.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1997, File No. 1-9210).

4.2* First Amendment dated as of August 31, 1998, amending that certain Credit Agreement dated as of March 20, 1997, among Occidental and the Banks named therein (filed as Exhibit 4.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1998, File No. 1-9210).

4.3 Instruments defining the rights of holders of other long-term debt of Occidental and its subsidiaries are not being filed since the total amount of securities authorized under each of such instruments does not exceed 10 percent of the total assets of Occidental and its subsidiaries on a consolidated basis. Occidental agrees to furnish a copy of any such instrument to the Commission upon request. All of the Exhibits numbered 10.1 to 10.51 are management contracts and compensatory plans required to be identified specifically as responsive to Item 601(b)(10)(iii)(A) of Regulation S-K pursuant to Item 14(c) of Form 10-K.

10.1* Employment Agreement, dated May 14, 1997, between Occidental and J. Roger Hirl (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1997, File No. 1-9210).

10.2* Employment Agreement, dated as of September 11, 1997, between Occidental and Dr. Ray R. Irani (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated October 6, 1997 (date of earliest event reported), File No. 1-9210).

10.3* Receipt and Acknowledgment, dated September 11, 1997, of Dr. Ray R. Irani and Ghada Irani (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental dated October 6, 1997 (date of earliest event reported), File No. 1-9210).

10.4* Employment Agreement, dated as of September 11, 1997, between Occidental and Dr. Dale R. Laurance (filed as Exhibit 10.3 to the Current Report on Form 8-K of Occidental dated October 6, 1997 (date of earliest event reported), File No. 1-9210).

10.5* Receipt and Acknowledgment, dated September 11, 1997, of Dr. Dale R. Laurance and Lynda E. Laurance (filed as Exhibit 10.4 to the Current Report on Form 8-K of Occidental dated October 6, 1997 (date of earliest event reported), File No. 1-9210).

10.6* Employment Agreement, dated as of April 4, 1994, between Occidental and Stephen I. Chazen (filed as Exhibit 10.9 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1997, File No. 1-9210).

10.7 Employment Agreement, dated as of May 13, 1997, between Occidental and David A. Hentschel, together with the letter agreement, dated February 25, 1999, between Occidental and Mr. Hentschel.

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*Incorporated herein by reference

10.8* Termination of Consulting Agreement and Release, dated November 11, 1993, between OXY USA Inc. and George O. Nolley (filed as Exhibit 10.9 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1993, File No. 1-9210).

10.9* Form of Indemnification Agreement between Occidental and each of its directors and certain executive officers (filed as Exhibit B to Occidental's Proxy Statement for its May 21, 1987, Annual Meeting of Stockholders, File No. 1-9210).

10.10* Occidental Petroleum Corporation Split Dollar Life Insurance Program and Related Documents (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1994, File No. 1-9210).

10.11* Occidental Petroleum Insured Medical Plan, as amended and restated effective April 29, 1994, amending and restating the Occidental Petroleum Corporation Executive Medical Plan (as amended and restated effective April 1, 1993) (filed as Exhibit 10 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ending March 31, 1994, File No. 1-9210).

10.12* Occidental Petroleum Corporation 1978 Stock Option Plan (as amended and restated effective May 21, 1987) (filed as Exhibit 28(a) to Occidental's Registration Statement on Form S-8, File No. 33-14662).

10.13* Form of Nonqualified Stock Option Grant under Occidental Petroleum Corporation 1978 Stock Option Plan (filed as Exhibit 10.19 to the Registration Statement on Form 8-B, dated June 26, 1986, of Occidental, File No. 1- 9210).

10.14* Form of Incentive Stock Option Grant under Occidental Petroleum Corporation 1978 Stock Option Plan (filed as Exhibit 10.20 to the Registration Statement on Form 8-B, dated June 26, 1986, of Occidental, File No. 1- 9210).

10.15* Occidental Petroleum Corporation 1987 Stock Option Plan, as amended through April 29, 1992 (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).

10.16* Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).

10.17* Form of Nonqualified Stock Option Agreement, with Stock Appreciation Right, under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).

10.18* Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).

10.19* Form of Incentive Stock Option Agreement, with Stock Appreciation Right, under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).

10.20* Occidental Petroleum Corporation 1977 Executive Long-term Incentive Stock Purchase Plan, as amended through December 10, 1992 (filed as Exhibit 10.20 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1992, File No. 1-9210).

10.21* Form of award letter utilized under Occidental Petroleum Corporation 1977 Executive Long-term Incentive Stock Purchase Plan (filed as Exhibit 10.21 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1992, File No. 1-9210).

10.22* Occidental Petroleum Corporation Incentive Compensation Plan, effective as of October 28, 1991 (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1991, File No. 1-9210).

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*Incorporated herein by reference

10.23* Occidental Petroleum Corporation 1988 Deferred Compensation Plan (as amended and restated effective as of January 1, 1994)(filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1994, File No. 1-9210).

10.24* Occidental Petroleum Corporation Senior Executive Deferred Compensation Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996)(filed as Exhibit 10.24 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).

10.25* Occidental Petroleum Corporation Senior Executive Supplemental Life Insurance Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996)(filed as Exhibit 10.25 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).

10.26* Occidental Petroleum Corporation Senior Executive Supplemental Retirement Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996) (filed as Exhibit 10.26 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).

10.27* Amendment to Occidental Petroleum Corporation Senior Executive Supplemental Retirement Plan (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1998, File No. 1-9210).

10.28* Occidental Petroleum Corporation Senior Executive Survivor Benefit Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996) (filed as Exhibit 10.27 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).

10.29* Occidental Petroleum Corporation 1995 Incentive Stock Plan, as amended (filed as Exhibit A to the Proxy Statement of Occidental for its May 1, 1998, Annual Meeting of Stockholders, File No. 1-9210).

10.30* Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.2 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).

10.31* Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.3 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).

10.32* Form of Stock Appreciation Rights Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.4 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).

10.33* Form of Restricted Stock Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.5 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).

10.34* Form of Performance Stock Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.6 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).

10.35* Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors, effective April 26, 1996 (filed as Exhibit 99.1 to the Registration Statement on Form S-8 of Occidental, File No. 333-02901).

10.36* Form of Restricted Stock Option Assignment under Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors (filed as Exhibit 99.2 to the Registration Statement on Form S-8 of Occidental, File No. 333-02901).

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*Incorporated herein by reference

10.37* Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental, dated January 6, 1999 (date of earliest event reported), filed January 6, 1999, File No. 1-9210, amends Form previously filed as Exhibit 10.1 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719 and incorporated by reference as Exhibit 10.39 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1997, File No. 1-9210).

10.38* Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.3 to the Current Report on Form 8-K of Occidental, dated January 6, 1999 (date of earliest event reported), filed January 6, 1999, File No. 1-9210, amends Form previously filed as Exhibit 10.2 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719 and incorporated by reference as Exhibit 10.40 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1997, File No. 1-9210).

10.39* Occidental Petroleum Corporation 1988 Deferred Compensation Plan (as amended and restated effective as of January 1, 1996)(filed as Exhibit 10.2 to Occidental's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 1996, File No. 1-9210).

10.40* Occidental Petroleum Corporation Supplemental Retirement Plan, Amended and Restated Effective as of January 1, 1999 (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental, dated January 6, 1999 (date of earliest event reported), filed January 6, 1999, File No. 1-9210).

10.41* Form of 1997 Performance Stock Option Agreement under the 1995 Incentive Stock Plan of Occidental Petroleum Corporation (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1997, File No. 1-9210).

10.42* Grant of option agreement, executed October 5, 1997, between the Department of Energy and Occidental related to the purchase of the U.S. Government's 78 percent interest in the Elk Hills field (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1997, File No. 1-9210).

10.43* Stock Purchase Agreement dated as of December 18, 1997, by and among Occidental, as seller, and KN Energy, Inc., as buyer, together with the exhibits thereto (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated January 31, 1998 (date of earliest event reported), filed February 10, 1998, File No. 1-9210).

10.44* Amendment No. 1 to Stock Purchase Agreement dated January 30, 1998, between Occidental, as seller, and KN Energy, Inc., as buyer, together with exhibit thereto (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental dated January 31, 1998 (date of earliest event reported), filed February 10, 1998, File No. 1-9210).

10.45* Supplemental Agreement dated as of January 20, 1998, by and between Occidental and KN Energy, Inc., together with the exhibits thereto (filed as Exhibit 10.3 to the Current Report on Form 8-K of Occidental dated January 31, 1998 (date of earliest event reported), filed February 10, 1998, File No. 1-9210).

10.46* Master Transaction Agreement, dated May 15, 1998, by and among Equistar Chemicals, LP, Occidental, Lyondell Petrochemical Company and Millennium Chemicals Inc. (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated May 15, 1998 (date of earliest event reported), filed May 29, 1998, File No. 1-9210).

10.47* Amended and Restated Limited Partnership Agreement of Equistar Chemicals, LP, dated May 15, 1998, by and among the partners named therein (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental dated May 15, 1998 (date of earliest event reported), filed May 29, 1998, File No. 1-9210).

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10.48* Agreement and Plan of Merger and Asset Contribution, dated as of May 15, 1998, by and among Equistar Chemicals, LP, Occidental Petrochem Partner 1, Inc., Occidental Petrochem Partner 2, Inc., Oxy Petrochemicals Inc. and PDG Chemical Inc. (filed as Exhibit 10.3 to the Current Report on Form 8-K of Occidental dated May 15, 1998 (date of earliest event reported), filed May 29, 1998, File No. 1-9210).

10.49* Amended and Restated Parent Agreement, dated as of May 15, 1998, among Occidental Chemical Corporation, Oxy CH Corporation, Occidental, Lyondell Petrochemical Company, Millennium Chemicals Inc. and Equistar Chemicals, LP (filed as Exhibit 10.4 to the Current Report on Form 8-K of Occidental dated May 15, 1998 (date of earliest event reported), filed May 29, 1998, File No. 1-9210).

12 Statement regarding computation of total enterprise ratios of earnings to fixed charges for the five years ended December 31, 1998.

21 List of subsidiaries of Occidental at December 31, 1998.

23 Consent of Independent Public Accountants.

27 Financial data schedule of Occidental for the fiscal year ended December 31, 1998 (included only in the copy of this report filed electronically with the Securities and Exchange Commission).

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*Incorporated herein by reference

(B) REPORTS ON FORM 8-K

During the fourth quarter of 1998, Occidental filed the following Current Reports on Form 8-K:

1. Current Report on Form 8-K dated October 21, 1998 (date of earliest event reported), filed on October 22, 1997, for the purpose of reporting, under Item 5, Occidental's results of operations for the third quarter ended September 30, 1998.

2. Current Report on Form 8-K dated November 16, 1998 (date of earliest event reported), filed on November 20, 1998, for the purpose of reporting, under Items 5 and 7, the completion of a securities offering, the highlights of an analysts meeting and the filing of certain exhibits relating to the securities offering.

During the first quarter of 1999 to the date hereof, Occidental filed the following Current Reports on Form 8-K:

1. Current Report on Form 8-K dated January 6, 1999 (date of earliest event reported), filed on January 6, 1999, for the purpose of reporting, under Item 5, certain recent developments.

2. Current Report on Form 8-K dated January 13, 1999 (date of earliest event reported), filed on January 20, 1999, for the purpose of reporting, under Item 5 and 7, the completion of a Trust Preferred securities offering and the filing of certain exhibits to a registration statement relating thereto.

3. Current Report on Form 8-K/A dated January 20, 1999 (date of earliest event reported), filed on January 22, 1999, for the purpose of reporting, under Item 7, corrections to certain exhibits from the prior filing.

4. Current Report on Form 8-K dated January 26, 1999 (date of earliest event reported), filed on January 27, 1999, for the purpose of reporting, under Item 5, Occidental's results of operations for the fourth quarter and fiscal year ended December 31, 1998.

5. Current Report on Form 8-K dated February 5, 1999 (date of earliest event reported), filed on February 10, 1999, for the purpose of reporting, under Items 5 and 7, the completion of a debt offering and the filing of certain exhibits to a registration statement relating thereto.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ Ray R. Irani

Ray R. Irani
Chairman of the Board of Directors
and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Ray R. Irani Ray R. Irani	Chairman of the Board of Directors and Chief Executive Officer	March 12, 1999
/s/ Stephen I. Chazen Stephen I. Chazen	Executive Vice President-- Corporate Development and Chief Financial Officer	March 12, 1999
/s/ Samuel P. Dominick, Jr. Samuel P. Dominick, Jr.	Vice President and Controller (Chief Accounting Officer)	March 12, 1999
/s/ John S. Chalsty John S. Chalsty	Director	March 12, 1999
/s/ Edward P. Djerejian Edward P. Djerejian	Director	March 12, 1999
/s/ John E. Feick John E. Feick	Director	March 12, 1999
/s/ J. Roger Hirl J. Roger Hirl	Director	March 12, 1999

SIGNATURE	TITLE	DATE
/s/ John W. Kluge John W. Kluge	Director	March 12, 1999
/s/ Dale R. Laurance Dale R. Laurance	Director	March 12, 1999
/s/ Irvin W. Maloney Irvin W. Maloney	Director	March 12, 1999
/s/ George O. Nolley George O. Nolley	Director	March 12, 1999
/s/ Rodolfo Segovia Rodolfo Segovia	Director	March 12, 1999
/s/ Aziz D. Syriani Aziz D. Syriani	Director	March 12, 1999
/s/ Rosemary Tomich Rosemary Tomich	Director	March 12, 1999

INDEX TO EXHIBITS

EXHIBITS

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

(b)* Certificate of Amendment of Restated Certificate of Incorporation of Occidental dated April 25, 1997 (filed as Exhibit 3.(1)(b) to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1997, File No. 1-9210).

3.(ii)* Bylaws of Occidental, as amended through September 17, 1998 (filed as Exhibit 3.(ii) to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1998, File No. 1-9210).

4.1* Occidental Petroleum Corporation Credit Agreement, dated as of March 20, 1997 (filed as Exhibit 4.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1997, File No. 1-9210).

4.2* First Amendment dated as of August 31, 1998, amending that certain Credit Agreement dated as of March 20, 1997, among Occidental and the Banks named therein (filed as Exhibit 4.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1998, File No. 1-9210).

4.3 Instruments defining the rights of holders of other long-term debt of Occidental and its subsidiaries are not being filed since the total amount of securities authorized under each of such instruments does not exceed 10 percent of the total assets of Occidental and its subsidiaries on a consolidated basis. Occidental agrees to furnish a copy of any such instrument to the Commission upon request. All of the Exhibits numbered 10.1 to 10.51 are management contracts and compensatory plans required to be identified specifically as responsive to Item 601(b)(10)(iii)(A) of Regulation S-K pursuant to Item 14(c) of Form 10-K.

10.1* Employment Agreement, dated May 14, 1997, between Occidental and J. Roger Hirl (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1997, File No. 1-9210).

10.2* Employment Agreement, dated as of September 11, 1997, between Occidental and Dr. Ray R. Irani (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated October 6, 1997 (date of earliest event reported), File No. 1-9210).

10.3* Receipt and Acknowledgment, dated September 11, 1997, of Dr. Ray R. Irani and Ghada Irani (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental dated October 6, 1997 (date of earliest event reported), File No. 1-9210).

10.4* Employment Agreement, dated as of September 11, 1997, between Occidental and Dr. Dale R. Laurance (filed as Exhibit 10.3 to the Current Report on Form 8-K of Occidental dated October 6, 1997 (date of earliest event reported), File No. 1-9210).

10.5* Receipt and Acknowledgment, dated September 11, 1997, of Dr. Dale R. Laurance and Lynda E. Laurance (filed as Exhibit 10.4 to the Current Report on Form 8-K of Occidental dated October 6, 1997 (date of earliest event reported), File No. 1-9210).

10.6* Employment Agreement, dated as of April 4, 1994, between Occidental and Stephen I. Chazen (filed as Exhibit 10.9 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1997, File No. 1-9210).

10.7 Employment Agreement, dated as of May 13, 1997, between Occidental and David A. Hentschel, together with the letter agreement, dated February 25, 1999, between Occidental and Mr. Hentschel.

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*Incorporated herein by reference

10.8* Termination of Consulting Agreement and Release, dated November 11, 1993, between OXY USA Inc. and George O. Nolley (filed as Exhibit 10.9 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1993, File No. 1-9210).

10.9* Form of Indemnification Agreement between Occidental and each of its directors and certain executive officers (filed as Exhibit B to Occidental's Proxy Statement for its May 21, 1987, Annual Meeting of Stockholders, File No. 1-9210).

10.10* Occidental Petroleum Corporation Split Dollar Life Insurance Program and Related Documents (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1994, File No. 1-9210).

10.11* Occidental Petroleum Insured Medical Plan, as amended and restated effective April 29, 1994, amending and restating the Occidental Petroleum Corporation Executive Medical Plan (as amended and restated effective April 1, 1993) (filed as Exhibit 10 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ending March 31, 1994, File No. 1-9210).

10.12* Occidental Petroleum Corporation 1978 Stock Option Plan (as amended and restated effective May 21, 1987) (filed as Exhibit 28(a) to Occidental's Registration Statement on Form S-8, File No. 33-14662).

10.13* Form of Nonqualified Stock Option Grant under Occidental Petroleum Corporation 1978 Stock Option Plan (filed as Exhibit 10.19 to the Registration Statement on Form 8-B, dated June 26, 1986, of Occidental, File No. 1- 9210).

10.14* Form of Incentive Stock Option Grant under Occidental Petroleum Corporation 1978 Stock Option Plan (filed as Exhibit 10.20 to the Registration Statement on Form 8-B, dated June 26, 1986, of Occidental, File No. 1- 9210).

10.15* Occidental Petroleum Corporation 1987 Stock Option Plan, as amended through April 29, 1992 (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).

10.16* Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).

10.17* Form of Nonqualified Stock Option Agreement, with Stock Appreciation Right, under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).

10.18* Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).

10.19* Form of Incentive Stock Option Agreement, with Stock Appreciation Right, under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).

10.20* Occidental Petroleum Corporation 1977 Executive Long-term Incentive Stock Purchase Plan, as amended through December 10, 1992 (filed as Exhibit 10.20 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1992, File No. 1-9210).

10.21* Form of award letter utilized under Occidental Petroleum Corporation 1977 Executive Long-term Incentive Stock Purchase Plan (filed as Exhibit 10.21 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1992, File No. 1-9210).

10.22* Occidental Petroleum Corporation Incentive Compensation Plan, effective as of October 28, 1991 (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1991, File No. 1-9210).

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*Incorporated herein by reference

10.23* Occidental Petroleum Corporation 1988 Deferred Compensation Plan (as amended and restated effective as of January 1, 1994)(filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1994, File No. 1-9210).

10.24* Occidental Petroleum Corporation Senior Executive Deferred Compensation Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996)(filed as Exhibit 10.24 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).

10.25* Occidental Petroleum Corporation Senior Executive Supplemental Life Insurance Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996)(filed as Exhibit 10.25 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).

10.26* Occidental Petroleum Corporation Senior Executive Supplemental Retirement Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996) (filed as Exhibit 10.26 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).

10.27* Amendment to Occidental Petroleum Corporation Senior Executive Supplemental Retirement Plan (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1998, File No. 1-9210).

10.28* Occidental Petroleum Corporation Senior Executive Survivor Benefit Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996) (filed as Exhibit 10.27 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).

10.29* Occidental Petroleum Corporation 1995 Incentive Stock Plan, as amended (filed as Exhibit A to the Proxy Statement of Occidental for its May 1, 1998, Annual Meeting of Stockholders, File No. 1-9210).

10.30* Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.2 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).

10.31* Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.3 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).

10.32* Form of Stock Appreciation Rights Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.4 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).

10.33* Form of Restricted Stock Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.5 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).

10.34* Form of Performance Stock Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.6 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).

10.35* Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors, effective April 26, 1996 (filed as Exhibit 99.1 to the Registration Statement on Form S-8 of Occidental, File No. 333-02901).

10.36* Form of Restricted Stock Option Assignment under Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors (filed as Exhibit 99.2 to the Registration Statement on Form S-8 of Occidental, File No. 333-02901).

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*Incorporated herein by reference

10.37* Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental, dated January 6, 1999 (date of earliest event reported), filed January 6, 1999, File No. 1-9210, amends Form previously filed as Exhibit 10.1 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719 and incorporated by reference as Exhibit 10.39 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1997, File No. 1-9210).

10.38* Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.3 to the Current Report on Form 8-K of Occidental, dated January 6, 1999 (date of earliest event reported), filed January 6, 1999, File No. 1-9210, amends Form previously filed as Exhibit 10.2 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719 and incorporated by reference as Exhibit 10.40 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1997, File No. 1-9210).

10.39* Occidental Petroleum Corporation 1988 Deferred Compensation Plan (as amended and restated effective as of January 1, 1996)(filed as Exhibit 10.2 to Occidental's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 1996, File No. 1-9210).

10.40* Occidental Petroleum Corporation Supplemental Retirement Plan, Amended and Restated Effective as of January 1, 1999 (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental, dated January 6, 1999 (date of earliest event reported), filed January 6, 1999, File No. 1-9210).

10.41* Form of 1997 Performance Stock Option Agreement under the 1995 Incentive Stock Plan of Occidental Petroleum Corporation (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1997, File No. 1-9210).

10.42* Grant of option agreement, executed October 5, 1997, between the Department of Energy and Occidental related to the purchase of the U.S. Government's 78 percent interest in the Elk Hills field (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1997, File No. 1-9210).

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*Incorporated herein by reference

EXHIBIT 10.7

EMPLOYMENT AGREEMENT

This Agreement is made as of May 13, 1997, by and between Occidental Petroleum Corporation, a Delaware corporation (hereinafter referred to as "Employer"), and David A. Hentschel (hereinafter referred to as "Employee").

WITNESSETH

Employer hereby agrees to employ Employee, and Employee agrees to perform services and to work for Employer, upon the following terms and conditions:

1. Duties - Employee shall serve in the capacity of Executive Vice President, Occidental Petroleum Corporation, and Chairman and Chief Executive Officer, Occidental Oil and Gas Corporation, or shall serve in such other capacity and with such other duties for Employer or any of the subsidiaries of Employer or any corporation affiliated with Employer (any such subsidiary or affiliated corporation hereafter to be deemed Employer under this Agreement) as may be designated by Employer.

In performing his duties, Employee agrees to observe and follow the policies and procedures established by the Employer, which are subject to change by the Employer from time to time.

2. Term of Employment - The term of employment shall be at the discretion of the Employer, but for a minimum of two (2) years, unless terminated prior thereto in accordance with the provisions of this Agreement, commencing on June 1, 1997, and ending on May 31, 1999.

3. Compensation - In consideration for his services to be performed under this Agreement, Employee shall receive, in addition to all other benefits provided in this Agreement, an aggregate salary of six hundred fifty thousand dollars ($650,000) per year, or such higher amount as Employer may approve from time to time, payable by Employer in equal semimonthly installments or on such basis as is generally established for principal executives of Employer from time to time.

4. Participation in Benefit Programs - During the term of this Agreement, Employee shall be entitled to participate

in all benefit programs generally applicable to salaried employees of employer in force or adopted by Employer from time to time, excluding Employer's Retirement Plan (PRA), Savings Plan (PSA), Senior Executive Supplemental Retirement Plan, and Supplemental Retirement Plan. Employee will be eligible to participate in Employer's Senior Executive Survivor Benefit Plan. Employee will be required to participate in the tax preparation program conducted by Arthur Andersen LLP.

5. Compensation Plans - Employee shall be: i) eligible to participate in Employer's Executive Incentive Compensation Plan according to its terms, and shall receive a bonus under such Plan for the year 1997 of no less than three hundred twenty-five thousand dollars ($325,000) payable in the first quarter of 1998; (ii) eligible to receive annual stock option grants under Employer's 1995 Incentive Stock Plan and, at such time as this Agreement is executed on behalf of Employer, Employer's Compensation Committee shall have approved an option grant to Employee of one hundred thirty thousand (130,000) fully vested shares under such plan after Employee's execution of this Agreement and the commencement of services pursuant to this Agreement as full and final reimbursement to Employee for the loss of options held with his current employer, (iii) at such

time as this Agreement is executed on behalf of Employer, Employer's Compensation Committee shall have approved a grant of restricted ($117,000) and performance shares ($240,500) to Employee of an aggregate date of award value of three hundred fifty-seven thousand five hundred dollars ($357,500) in January, 1998, under such Plan, and (iv) a signing bonus of one hundred thousand dollars ($100,000) payable on or before Employee's first day of employment. Employee's participation in each of the foregoing Plans shall be in accordance with and subject to all of the terms and conditions of such Plans.

6. Supplemental Retirement Payments - The following supplemental retirement payment provisions are intended as full and final reimbursement to Employee for his loss of a pension entitlement with his present employer and in lieu of participation in Employer's qualified and unqualified retirement and savings plans. Employee will have the opportunity to earn supplemental lifetime retirement payments of $33,333 for each year of service completed (pro-rated by month for partial years) to a maximum annual payment of $100,000. Any payments earned will commence upon the retirement of Employee and, in the event payments have commenced and Employee dies, payments will continue

to his spouse, if then living, for the remainder of her life at 60% of the amount paid to Employee.

7. Exclusivity of Services - Employee agrees to devote his full-time, exclusive services to Employer hereunder, except for such time as Employee may require in connection with his personal investments, which shall be minimal.

8. Vacation - Employee shall be entitled to a total of six (6) weeks of paid vacation in each contract year. Employee agrees to follow Employer's relevant policies and procedures for scheduling and taking such vacations.

9. Termination -

a. Cause - Notwithstanding the term of this Agreement, Employer may discharge Employee and terminate this Agreement for cause, upon written notice, in the event that Employee (i) shall willfully breach this Agreement, or (ii) shall refuse to carry out any lawful order of Employer, or (iii) act in a disloyal manner inimical to Employer. In any such event, Employer shall give Employee notice of such cause and Employee shall have ten (10) days to cure such breach to the reasonable satisfaction of Employer. Failing such cure, Employee shall thereupon not be entitled to any further compensation from Employer other than any earned supplemental pension as defined in Section 6.

b. Incapacity Or Other Inability To Perform - If, during the term of this Agreement, Employee is prevented from fully performing his material duties pursuant to this Agreement by reason of illness, disability or other incapacity (unless incurred as a direct result of his assignments hereunder) or by reason of any statute, law, ordinance, regulation, order, judgment or decree, Employer may terminate this Agreement without liability (except as specified in Section 6) by written notice to Employee, but only in the event that such incapacity or inability to perform shall aggregate not less than one hundred eighty (180) days during any one contract year of the term of employment. Base salary will be continued during any period of disability or inability to perform up to and including one hundred eighty (180) days. Beyond one hundred eighty (180) days, if Employee is unable to perform his material duties by reason of illness or disability or other physical or mental incapacity, the Employee will be eligible for a disability payment of sixty percent (60%) of base pay minus one hundred twenty thousand dollars ($120,000) per year through the two-year minimum term of this Agreement.

c. Without Cause -

(1) Either party may terminate this Agreement without cause at any time, by giving the other party not less than three (3) months prior written notice of termination. Employer may terminate the employment of Employee without cause at any time (including a time during such notice period); and in such event, Employer shall compensate Employee (in lieu of said notice and continued employment and, except for benefits specified in Section 6 and Subsection (2) of this paragraph (c), in complete satisfaction of all of its obligations under this Agreement) at his then current base salary rate and in the manner provided in Section 3 for a period after termination equivalent to the lesser of twenty-four (24) months or the remaining term of this Agreement.

(2) During the period Employee is entitled to compensation pursuant to Subsection (1) of this paragraph (c),

Employee shall continue to be eligible to (i) participate in all employee benefit plans of Employer (except the short and long-term disability plans unless Employee has already become eligible under such plans) in which he is participating at the time of the notice, provided, however, Employee will not accrue any additional supplemental retirement payments pursuant to Section 6, and (ii) exercise all stock options previously granted to Employee under Employer's 1995 Incentive Stock Plan, which options are or become exercisable under the provisions of such Plan as though he were still a full time employee. During the period, any award(s) to Employee under the 1995 Incentive Stock Plan shall continue to vest in the same manner and in the same amounts as such award(s) would have vested if Employee had continued as a full-time employee. However, this employee benefits participation and stock plan vesting will immediately cease if Employee accepts a full-time position with another company. In the event any stock awards have not yet vested at the end of the period of compensation and if not employed in a full-time position with another company, then Employee will serve as a consultant at an annual compensation rate of $75,000 for a period of time not to exceed that necessary to allow all stock awards to vest. Employee understands and acknowledges that his receipt of stock under performance stock awards depends upon the company's attainment of specified performance objectives and not merely the passage of time.

10. Initial Relocation - Employee's relocation to Bakersfield, California, shall be covered by and subject to Employer's existing written relocation policy to the extent not already reimbursed by Employee's previous employer. This will include the movement of household goods, plus any additional relocation benefits as approved by the President and Senior Operating Officer. In the event Employee relocates from Bakersfield at the request of Employer and has a loss on the equity of his Bakersfield home, he will be reimbursed for any equity loss up to a maximum of two hundred thousand dollars ($200,000).

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

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

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

12. Entire Agreement; Modification - This Agreement constitutes the entire agreement of the parties relating to the subject matter hereof, and supersedes all previous agreements, arrangements, and understandings, whether express or implied, relating to the subject matter hereof. No other agreements, oral, implied or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or bind either of the parties hereto. This Agreement cannot be modified except by a writing signed by both parties.

13. Severability; Interpretation - If any provision of this Agreement is illegal and unenforceable in whole or in part,

the remainder of this Agreement shall remain enforceable to the extent permitted by law. All references in this Agreement to Sections are to the sections of this Agreement.

14. Governing Law - This Agreement shall be construed and enforced in accordance with the laws of the State of California.

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

16. Sole Contract - Employee represents and warrants to Employer that he is not barred by or subject to any contractual or other obligation that would be violated by the execution or performance of this Agreement.

17. No Waiver - The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver nor deprive that party of the right to insist upon adherence to that term or any other term of

this Agreement. Any waiver or amendment to this Agreement must be in writing.

18. Withholdings - All compensation provided by Employer under this Agreement is subject to any and all withholding by Employer as required by applicable law.

19. Arbitration - All disputes between Employee (and his attorneys, successors and assigns) and Employer (and its affiliates, stockholders, directors, officers, employees, agents, successors and assigns) relating in any manner whatsoever to the employment or termination of Employee, including all contract and tort claims, claims based on applicable federal, state or local law and claims under this Agreement other than claims under applicable workers' compensation law and unemployment insurance claims ("Arbitrable Claims"), shall be submitted to binding arbitration and judgment under the Commercial Arbitration Rules of the American Arbitration Association for resolution. Arbitration shall be final and binding upon the parties and shall be the exclusive remedy for all Arbitrable Claims, except, that Employer may seek injunctive relief and damages for any breach of Section 11. Should the arbitrator rule in Employee's favor on

any dispute, Employer's maximum liability for any breach of this Agreement, including, but not limited to, termination without cause and/or notice, shall be no more than twenty-four (24) months compensation plus the benefits specified in Section 6 and Subsection (2) of Section 9c at the rate set forth above. The judgment on the award may be entered in any court having jurisdiction. The parties to any arbitration under this paragraph shall bear the cost of the arbitration and the fee of the neutral arbitrator in such manner as determined by the arbitrator.

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

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ Dale R. Laurance

By: /s/ David A. Hentschel

David A. Hentschel

(LOGO) OCCIDENTAL PETROLEUM CORPORATION

10889 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90024
TELEPHONE (310) 443-6537
FACSIMILE (310) 443-6999

RICHARD W. HALLOCK
EXECUTIVE VICE PRESIDENT
HUMAN RESOURCES

February 25, 1999

Mr. David A. Hentschel
2121 South Yorktown, Unit 1204
Tulsa, OK 74114

Re: Employment Agreement, dated as of May 13, 1997, between David A. Hentschel and Occidental Petroleum Corporation

Dear Dave:

The purpose of this letter is to confirm certain matters concerning your employment by Occidental.

Pursuant to Paragraph 2 of your Employment Agreement, the term of your employment is at the discretion of Occidental, but, in any event, for a minimum term of two years, ending on May 31, 1999. In its discretion, Occidental has decided to extend the term of your Agreement through December 31, 1999. However, pursuant to Paragraph 9(c)(1) of your Agreement, you are hereby notified that your Agreement will terminate at the close of business on December 31, 1999.

Pursuant to Paragraph 1 of your Employment Agreement, your employer for the remaining term of your employment will be OXY USA Inc. in Tulsa, Oklahoma. It is anticipated that this assignment will require you to relocate to Tulsa. This relocation will be covered by the equity loss provision of Paragraph 10 of your Employment Agreement.

Following the termination of your employment on December 31, 1999, you will be eligible to begin collecting supplemental retirement payments in accordance with Paragraph 6 of your Employment Agreement. In addition, as provided in Paragraph 9(c)(2) of your Employment Agreement, you will serve as a consultant to the company from the date of your termination until any stock awards that have not vested as of December 31, 1998 vest. For your services as a consultant, you will receive $5,000 for each day you provide services; but, in any event, not less than $75,000 per year.

Please indicate your concurrence in the extension of the term of your Employment Agreement and acknowledge receipt of the termination notice contained in this letter by signing the enclosed duplicate original of this letter and returning it to me. Except as provided above all other terms and conditions of your Employment Agreement remain in full force and effect.

Best regards,

/s/ Richard W. Hallock

Richard W. Hallock

RWH:hpa
Enclosure

AGREED AND ACKNOWLEDGED

/s/ David A. Hentschel
- -----------------------
David A. Hentschel

Date: March 8, 1999

EXHIBIT 12

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

COMPUTATION OF TOTAL ENTERPRISE RATIOS OF EARNINGS TO FIXED CHARGES
FOR THE FIVE YEARS ENDED DECEMBER 31, 1998
Amounts in millions, except ratios

	1998	1997	1996	1995	1994
Income (loss) from continuing operations(a)	$ 400	$ 245	$ 486	$ 325	$ (236)
Add:					
Provision (credit) for taxes on income (other than foreign oil and gas taxes)	204	47	99	155	(59)
Interest and debt expense(b)	576	446	492	591	586
Portion of lease rentals representative of the interest factor	36	39	38	43	50
	816	532	629	789	577
Earnings before fixed charges	$1,216	$ 777	$1,115	$1,114	$ 341
Fixed charges					
Interest and debt expense including capitalized interest(b)	$ 594	$ 462	$ 499	$ 595	$ 589
Portion of lease rentals representative of the interest factor	36	39	38	43	50
Total fixed charges	$ 630	$ 501	$ 537	$ 638	$ 639
Ratio of earnings to fixed charges	1.93	1.55	2.08	1.75	n/a(c)

(a) Includes (1) minority interest in net income of majority-owned subsidiaries having fixed charges and (2) income from less-than-50-percent-owned equity investments adjusted to reflect only dividends received.
(b) Includes proportionate share of interest and debt expense of 50-percent-owned equity investments.
(c) Not computed due to less than one-to-one coverage. Earnings were inadequate to cover fixed charges by $298 million in 1994.

EXHIBIT 21

LIST OF SUBSIDIARIES

The following is a list of the Registrant's subsidiaries at December 31, 1998, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary.

Name	Jurisdiction of Formation
B & D Cogen Funding Corp	Delaware
Glenn Springs Holdings, Inc	Delaware
Laurel Industries, Inc	Ohio
MC Leasing, Inc	Delaware
Natural Gas Odorizing, Inc	Oklahoma
Occidental C.O.B. Partners	Delaware
Occidental Chemical Chile, S.A.I.	Chile
Occidental Chemical Corporation	New York
Occidental Chemical Europe, S.A.	Belgium
Occidental Chemical Holding Corporation	California
Occidental Chemical International, Inc	California
Occidental de Colombia, Inc	Delaware
Occidental Energy Marketing, Inc	Delaware
Occidental Exploration and Production Company	California
Occidental International Exploration and Production Company	California
Occidental International Holdings Ltd	Bermuda
Occidental of Bangladesh Ltd	Bermuda
Occidental of Elk Hills, Inc	Delaware
Occidental of Oman, Inc	Nevis
Occidental of Russia Ltd	Bermuda
Occidental Oil and Gas Corporation	California
Occidental Peninsula, Inc	Delaware
Occidental Peninsula II, Inc	Nevis
Occidental Peruana, Inc	California
Occidental Petroleum (Pakistan), Inc	Delaware
Occidental Petroleum (South America), Inc	Delaware
Occidental Petroleum Investment Co	California
Occidental Petroleum of Qatar Ltd	Bermuda
Occidental Quimica do Brasil Ltda	Brazil
Occidental Receivables, Inc	California
Occidental Texas Pipeline, L.P	Delaware
Occidental Tower Corporation	Delaware
Oxy CH Corporation	California
Oxy Chemical Corporation	California
Oxy Durez Holding Company Ltd	Canada
OXY USA Inc	Delaware
Oxy VCM Corporation	Delaware
Oxy Westwood Corporation	California
Oxychem (Canada), Inc	Canada
Occidental Petrochem Partner 2, Inc	Delaware
Repsol Occidental Corporation	Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report, dated February 19, 1999 (except with respect to the matter discussed in Note 19, as to which the date is March 2, 1999), appearing in Occidental Petroleum Corporation's Annual Report on Form 10-K for the year ended December 31, 1998, into Occidental Petroleum Corporation's previously filed Registration Statements Nos. 33-5487, 33-5490, 33-14662, 33-23798, 33-40054, 33-44791, 33-47636, 33-60492, 33-59395, 33-64719, 333-02901, 333-11897, 333-17879, 333-49207, 333-52053, 333-67385, 333-69303, 333-72719 and 333-72721.

ARTHUR ANDERSEN LLP

Los Angeles, California
March 12, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1998, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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12-MOS
DEC-31-1998
DEC-31-1998
96
0
363
23
500
2,795
16,679
6,774
15,252
2,931
5,396
0
243
69
3,051
15,252
6,596
7,381
5,269
5,269
128
0
559
710
363
325
38
0
0
363
.99
.99