SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2003

OR

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

For the transition period from ___________ to ___________

Commission file number 1-9210

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

DELAWARE	95-4035997
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
10889 WILSHIRE BOULEVARD LOS ANGELES, CALIFORNIA	90024
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No _____

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No _____

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

Class	Outstanding at September 30, 2003
Common stock $.20 par value	385,125,026 shares

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
SEPTEMBER 30, 2003 AND DECEMBER 31, 2002
(Amounts in millions)

	2003	2002
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 529	$ 146
Receivables, net	1,053	1,079
Inventories	530	491
Prepaid expenses and other	161	157
Total current assets	2,273	1,873
LONG-TERM RECEIVABLES, net	262	275
INVESTMENTS IN UNCONSOLIDATED ENTITIES	1,106	1,056
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation, depletion and amortization of $7,187 at September 30, 2003 and $6,395 at December 31, 2002	13,815	13,036
OTHER ASSETS	250	308
	$ 17,706	$ 16,548

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
SEPTEMBER 30, 2003 AND DECEMBER 31, 2002
(Amounts in millions)

	2003	2002
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt and capital lease liabilities	$ 28	$ 206
Accounts payable	884	785
Accrued liabilities	887	1,107
Domestic and foreign income taxes	162	137
Total current liabilities	1,961	2,235
LONG-TERM DEBT, net of current maturities and unamortized discount	4,051	3,997
OCCIDENTAL OBLIGATED MANDATORILY REDEEMABLE TRUST PREFERRED SECURITIES OF A SUBSIDIARY TRUST HOLDING SOLELY SUBORDINATED NOTES OF OCCIDENTAL	454	455
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes	1,071	982
Other	2,351	2,228
	3,422	3,210
MINORITY INTEREST	323	333
STOCKHOLDERS' EQUITY		
Common stock, at par value	77	75
Additional paid-in capital	4,160	3,967
Retained earnings	3,248	2,303
Accumulated other comprehensive income	10	(27)
	7,495	6,318
	$ 17,706	$ 16,548

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002
(Amounts in millions, except per-share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	2003	2002	2003	2002
REVENUES				
Net sales	$ 2,319	$ 1,963	$ 6,956	$ 5,353
Interest, dividends and other income	21	21	72	72
Gains on disposition of assets, net	9	11	31	10
	2,349	1,995	7,059	5,435
COSTS AND OTHER DEDUCTIONS				
Cost of sales	1,282	1,125	3,844	3,237
Selling, general and administrative and other operating expenses	216	207	653	519
Environmental remediation	--	8	13	8
Exploration expense	37	29	94	115
Interest and debt expense, net	72	79	262	231
	1,607	1,448	4,866	4,110
Income before taxes and other items	742	547	2,193	1,325
Provision (benefit) for domestic and foreign income and other taxes	300	(168)	923	179
Minority interest	11	22	49	63
(Income) loss from equity investments	(15)	217	8	243
Income from continuing operations	446	476	1,213	840
Discontinued operations, net	--	(74)	--	(78)
Cumulative effect of changes in accounting principles, net	--	--	(68)	(95)
NET INCOME AND EARNINGS APPLICABLE TO COMMON STOCK	$ 446	$ 402	$ 1,145	$ 667
BASIC EARNINGS PER COMMON SHARE				
Income from continuing operations	$ 1.16	$ 1.26	$ 3.17	$ 2.23
Discontinued operations, net	--	(.19)	--	(.21)
Cumulative effect of changes in accounting principles, net	--	--	(.18)	(.25)
Basic earnings per common share	$ 1.16	$ 1.07	$ 2.99	$ 1.77
DILUTED EARNINGS PER COMMON SHARE				
Income from continuing operations	$ 1.14	$ 1.25	$ 3.14	$ 2.22
Discontinued operations, net	--	(.19)	--	(.21)
Cumulative effect of changes in accounting principles, net	--	--	(.18)	(.25)
Diluted earnings per common share	$ 1.14	$ 1.06	$ 2.96	$ 1.76
DIVIDENDS PER COMMON SHARE	$ .26	$ .25	$ .78	$ .75
BASIC SHARES OUTSTANDING	385.5	376.8	382.6	375.7
DILUTED SHARES	391.1	380.4	387.0	378.8

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002
(Amounts in millions)

	2003	2002
CASH FLOW FROM OPERATING ACTIVITIES		
Income from continuing operations	$ 1,213	$ 840
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation, depletion and amortization of assets	866	759
Deferred income tax provision (benefit)	112	(265)
Other noncash charges to income	186	86
Gains on disposition of assets, net	(31)	(10)
Loss from equity investments	8	243
Dry hole and impairment expense	50	50
Changes in operating assets and liabilities	(13)	(26)
Other operating, net	(129)	(141)
Operating cash flow from continuing operations	2,262	1,536
Operating cash flow from discontinued operations	--	(6)
Net cash provided by operating activities	2,262	1,530
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(1,151)	(840)
Sale of businesses and disposal of property, plant and equipment, net	67	12
Purchases of businesses, net	(262)	(98)
Equity investments and other, net	(108)	32
Investing cash flow from continuing operations	(1,454)	(894)
Investing cash flow from discontinued operations	--	(4)
Net cash used by investing activities	(1,454)	(898)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	298	--
Repurchase of trust preferred securities	(1)	(7)
Purchases for natural gas delivery commitment	--	(95)
Buyout of natural gas delivery commitment, net	--	(179)
Payments of long-term debt and capital lease liabilities	(596)	(29)
Proceeds from issuance of common stock	8	14
Cash dividends paid	(292)	(281)
Stock options exercised	159	47
Other financing, net	(1)	(2)
Net cash used by financing activities	(425)	(532)
Increase in cash and cash equivalents	383	100
Cash and cash equivalents--beginning of period	146	198
Cash and cash equivalents--end of period	$ 529	$ 298

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

September 30, 2003

1. General

In these unaudited consolidated condensed financial statements, "Occidental" means Occidental Petroleum Corporation, entities where it owns a majority voting interest, its undivided interest in exploration and production ventures, and variable interest entities where it is the primary beneficiary. Certain information and disclosures normally included in notes to consolidated financial statements have been condensed or omitted pursuant to the Securities and Exchange Commission's rules and regulations, but resultant disclosures are in accordance with accounting principles generally accepted in the United States of America as they apply to interim reporting. The consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and the notes to those financial statements in Occidental's Annual Report on Form 10-K for the year ended December 31, 2002 (2002 Form 10-K).

In the opinion of Occidental's management, the accompanying consolidated condensed financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to fairly present Occidental's consolidated financial position as of September 30, 2003, the consolidated statements of operations for the three and nine months then ended and the consolidated cash flows for the nine months then ended. The income and cash flows for the period ended September 30, 2003, are not necessarily indicative of the income or cash flows to be expected for the full year.

Certain financial statements and notes for the prior year have been changed to conform to the 2003 presentation.

Refer to Note 1 to the consolidated financial statements in the 2002 Form 10-K for a summary of significant accounting policies.

2. Accounting Changes

See Notes 8 and 9 regarding accounting changes related to asset retirement obligations and variable interest entities, respectively.

In May 2003, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 establishes accounting standards for how a company classifies and measures financial instruments that have characteristics of liabilities and equity. Occidental adopted the provisions of this statement on July 1, 2003. As a result of the adoption, Occidental's mandatorily redeemable trust preferred securities are now classified as a liability and the payments to the holders of the securities, which were previously recorded as minority interest on the statement of operations, are recorded as interest expense.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments. This statement is effective for contracts entered into or modified after June 30, 2003. Occidental adopted this statement in the third quarter of 2003 and it did not have a material effect on its financial statements.

In January 2003, the FASB issued FASB Interpretation No. (FIN) 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires a company to recognize a liability for the obligations it has undertaken in issuing a guarantee. This liability would be recorded at the inception of a guarantee and would be measured at fair value. FIN 45 also requires certain disclosures related to guarantees, which are included in Note 11. Occidental adopted the measurement provisions of this statement in the first quarter of 2003 and it did not have an effect on the financial statements when adopted.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." SFAS No. 148 permits two additional transition methods for companies that elect to adopt the fair-value-based method of accounting for stock-based employee compensation. The statement also expands the disclosure requirements for stock-based compensation (See Note 13). The provisions of this statement apply to financial statements for fiscal years ending after December 15, 2002. The statement did not have a material effect on the financial statements when adopted.

Since 1999, Occidental has accounted for certain energy-trading contracts in accordance with Emerging Issues Task Force (EITF) Issue No. 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities." EITF Issue No. 98-10 required that all energy-trading contracts must be marked to fair value with gains and losses included in earnings, whether the contracts were derivatives or not. In October 2002, the EITF rescinded EITF Issue No. 98-10 thus precluding both mark-to-market accounting for all energy-trading contracts that are not derivatives and fair value accounting for inventories purchased from third parties. Also, the rescission requires derivative gains and losses to be presented net on the income statement, whether or not they are physically settled, if the derivative instruments are held for trading purposes. Occidental adopted this accounting change in the first quarter of 2003 and recorded a charge for the cumulative effect of a change in accounting principles of approximately $18 million, after tax.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 requires that a liability be recognized for exit and disposal costs only when the liability has been incurred and when it can be measured at fair value. The statement is effective for exit and disposal activities that are initiated after December 31, 2002. Occidental adopted SFAS No. 146 in the first quarter of 2003 and it did not have a material effect on its financial statements.

Occidental has classified all of its mineral drilling rights as tangible assets in property, plant and equipment. The FASB and the staff of the Securities and Exchange Commission are considering a possible interpretation of SFAS No. 141, "Business Combinations", paragraph A14.d. (7), under which contract-based mineral rights acquired after June 30, 2001 may have to be classified as intangible assets. Occidental is in the process of determining the effect of this potential change on the financial statements; however, it does not expect the resolution of the issue to materially affect its results of operations.

3. Asset Acquisitions and Dispositions and Other Commitments

In 2003, Occidental made several oil and gas acquisitions in the Permian Basin for approximately $251 million in cash and sold approximately $34 million of these assets shortly thereafter.

In April 2003, Occidental exercised its purchase option related to the OxyVinyls, L.P., LaPorte, Texas VCM plant lease for approximately $180 million. In the first quarter of 2003, Occidental exercised purchase options on railcar leases for a total of $44 million.

4. Comprehensive Income

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

	Periods Ended September 30			
	Three Months		Nine Months	
	2003	2002	2003	2002
Net income	$ 446	$ 402	$ 1,145	$ 667
Other comprehensive income items				
Foreign currency translation adjustments	3	12	27	--
Derivative activity	11	(9)	6	(18)
Unrealized gains (losses) on securities	9	(50)	8	32
Minimum pension liability adjustment	--	--	(4)	--
Other comprehensive income (loss), net of tax	23	(47)	37	14
Comprehensive income	$ 469	$ 355	$ 1,182	$ 681

5. Supplemental Cash Flow Information

During the nine months ended September 30, 2003 and 2002, net cash payments (net of refunds) for federal, foreign and state income taxes totaled approximately $323 million and $(3) million, respectively. Interest paid (net of interest capitalized) totaled approximately $276 million and $212 million for the nine months ended September 30, 2003 and 2002, respectively.

6. Inventories

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

Balance at	September 30, 2003	December 31, 2002
Raw materials	$ 59	$ 54
Materials and supplies	145	125
Finished goods	333	319
	537	498
LIFO adjustment	(7)	(7)
Total	$ 530	$ 491

7. Derivative Activities

For the three and nine months ended September 30, 2003, the results of operations included a net pre-tax gain of $15 million and $38 million, respectively, related to derivative mark-to-market adjustments. For the three and nine months ended September 30, 2002, the results of operations included a net pre-tax loss of $4 million and $0.2 million, respectively, related to derivative mark-to-market adjustments. The amount of interest expense recorded in the income statement was lower by approximately $15 million and $41 million for the three and nine months ended September 30, 2003, respectively, to reflect net pre-tax gains from fair-value hedges. The amount of interest expense recorded in the income statement was lower by approximately $11 million and $32 million for the three and nine months ended September 30, 2002, respectively, to reflect net pre-tax gains from fair-value hedges.

The following table summarizes after-tax derivative activity recorded in other comprehensive income (OCI) for the nine months ended September 30, 2003 and 2002 (in millions):

	2003	2002
Beginning Balance	$ (26)	$ (20)
Losses from changes in current cash flow hedges	--	(26)
Amount reclassified to income from the expiration of cash flow hedges	6	8
Ending Balance	$ (20)	$ (38)

During the next twelve months, Occidental expects that $3 million of net derivative after-tax gains included in OCI, based on their valuation at September 30, 2003, will be reclassified into earnings. Hedge ineffectiveness did not have a significant impact on earnings for the three and nine months ended September 30, 2003 and 2002.

8. Asset Retirement Obligations

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 requires companies to recognize the fair value of a liability for an asset retirement obligation in the period in which the liability is incurred if there is a legal obligation to dismantle the asset and reclaim or remediate the property at the end of its useful life. When the liability is initially recorded, the company capitalizes the cost into property, plant and equipment. Over time, the liability is accreted and the cost is depreciated, both over the asset's useful life. Occidental's asset retirement obligations primarily relate to the cost of plugging and abandoning wells, well-site cleanup, facilities abandonment and environmental closure and post-closure care.

Occidental adopted SFAS No. 143 in the first quarter of 2003. The initial adoption resulted in an after-tax charge of $50 million, which was recorded as a cumulative effect of a change in accounting principles. The adoption increased net property, plant and equipment by $73 million, increased asset retirement obligations by $151 million and decreased deferred tax liabilities by $28 million. The pro-forma asset retirement obligation, if the adoption of this statement had occurred on January 1, 2002, would have been $131 million at January 1, 2002 and $151 million at December 31, 2002.

The following table summarizes the activity of the asset retirement obligations (in millions):

	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2003
Beginning balance	$ 155	$ --
Cumulative effect of change in accounting principles	--	150
Liabilities settled in the period	(2)	(7)
Accretion expense	3	8
Acquisitions and other	1	3
Revisions to estimated cash flows	(1)	2
Ending balance	$ 156	$ 156

9. Variable Interest Entities (VIEs)

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities." FIN 46 requires a company to consolidate a variable interest entity if it is designated as the primary beneficiary of that entity even if the company does not have a majority of voting interests. A VIE is generally defined as an entity whose equity is unable to finance its activities or whose owners lack the risks and rewards of ownership. The statement also has disclosure requirements for all the VIEs of a company, even if the company is not the primary beneficiary. The provisions of this statement apply at inception for any entity created after January 31, 2003. Occidental adopted the provisions of this Interpretation for its existing entities on April 1, 2003 which resulted in the consolidation of its OxyMar VCM joint venture that was previously accounted for as an equity investment. As a result of the OxyMar consolidation, assets increased by $166 million and liabilities increased by $178 million. There was no material effect on net income as a result of the consolidation. In September 2003, Marubeni indicated it would exercise its option to put its interest in OxyMar to Occidental by paying approximately $25 million to Occidental. In connection with the transfer, which is expected to be complete in April 2004, Occidental will assume Marubeni's guarantee of OxyMar's debt. As all the OxyMar debt is already consolidated in Occidental's financial statements with the adoption of FIN 46, the exercise of the put will not have a material effect on Occidental's financial condition or results of operations.

Occidental has a 50-percent interest in Elk Hills Power LLC (EHP), a limited liability company that operates a gas-fired, power-generation plant in California. EHP is a VIE under the provisions of FIN 46. However, Occidental is not the primary beneficiary of EHP and therefore accounts for it as an equity investment. In January 2002, EHP entered into a $400 million loan facility, 50 percent of which is guaranteed by Occidental. The loan facility was increased to $425 million in May 2003.

10. 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. The laws that require or address environmental remediation may apply retroactively to past waste disposal practices and releases. In many cases, the laws apply regardless of fault, legality of the original activities or current ownership or control of sites. Occidental Petroleum Corporation (OPC) or certain of its subsidiaries are currently participating in environmental assessments and remediation activities under these laws at federal Superfund sites and other sites subject to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), comparable state sites and other remediation sites, including Occidental facilities and previously owned sites.

The following table presents Occidental's environmental remediation reserves at September 30, 2003, grouped by three categories of environmental remediation sites ($ amounts in millions):

	# of Sites	Reserve
CERCLA & Equivalent Sites	129	$ 241
Active Facilities	14	46
Closed or Sold Facilities	41	56
Total	184	$ 343

In determining the environmental remediation reserves, Occidental refers to currently available information, including relevant past experience, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. Occidental expects that it will continue to incur additional liabilities beyond those recorded for environmental remediation at these and other sites.

The range of reasonably possible loss for existing environmental remediation matters could be up to $400 million beyond the amount accrued.

Shown below is additional detail regarding reserves for CERCLA or CERCLA-equivalent proceedings in which OPC or certain of its subsidiaries were involved at September 30, 2003 ($ amounts in millions):

Description	# of Sites	Reserve
Minimal/No Exposure (a)	109	$ 5
Reserves between $1-10 MM	13	52
Reserves over $10 MM	7	184
Total	129	$ 241

(a) Includes 33 sites for which Maxus Energy Corporation has retained the liability and indemnified Occidental, 7 sites where Occidental has denied liability without challenge, 55 sites where Occidental's reserves are less than $50,000 each, and 14 sites where reserves are between $50,000 and $1 million each.

Refer to Note 8 to the consolidated financial statements in the 2002 Form 10-K for additional information regarding Occidental's environmental expenditures.

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

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

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. Taxable years prior to 1997 are closed for U.S. federal income tax purposes. Taxable years 1997 through 2000 are in various stages of audit by the Internal Revenue Service. Disputes arise during the course of such audits as to facts and matters of law.

As mentioned in Note 2, Occidental is required under FIN 45 to disclose information relating to guarantees issued by Occidental and outstanding at September 30, 2003. These guarantees encompass performance bonds, letters of credit, indemnities, commitments and other forms of guarantees provided by Occidental to third parties, mainly to provide assurance that Occidental and/or its subsidiaries and affiliates will meet their various obligations. At September 30, 2003, the notional amount of these guarantees was approximately $510 million. Of this amount, approximately $422 million relates to Occidental's guarantee of equity investees' debt and other commitments. The remaining $88 million relates to various indemnities and guarantees provided to third parties.

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

12. Income Taxes

The provision for taxes based on income for the 2003 and 2002 interim periods was computed in accordance with Interpretation No. 18 of Accounting Principles Board Opinion No. 28 on reporting taxes for interim periods and was based on projections of total year pre-tax income excluding significant unusual items.

13. Stock-Based Compensation

Occidental accounts for stock options using the intrinsic value method under Accounting Principles Board Opinion (APB) No. 25 and related interpretations. Under this accounting method, Occidental did not record any compensation expense related to its stock option plans. The following table presents pro-forma information as if Occidental had adopted the provisions of SFAS No. 123 at January 1, 2002 (in millions, except per share amounts):

	Periods Ended September 30			
	Three Months		Nine Months	
	2003	2002	2003	2002
Net income	$ 446	$ 402	$ 1,145	$ 667
SFAS No. 123 compensation cost, net	5	4	14	14
Pro-forma net income	$ 441	$ 398	$ 1,131	$ 653
Basic earnings per share	$ 1.16	$ 1.07	$ 2.99	$ 1.77
SFAS No. 123 compensation cost, net per share	0.01	0.01	0.03	0.03
Pro-forma basic earnings per share	$ 1.15	$ 1.06	$ 2.96	$ 1.74
Diluted earnings per share	$ 1.14	$ 1.06	$ 2.96	$ 1.76
SFAS No. 123 compensation cost, net per share	0.01	0.01	0.04	0.04
Pro-forma diluted earnings per share	$ 1.13	$ 1.05	$ 2.92	$ 1.72

14. Investments in Unconsolidated Entities

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

	Periods Ended September 30			
	Three Months		Nine Months	
	2003	2002	2003	2002
Revenues	$ 370	$ 501	$ 1,113	$ 1,490
Costs and expenses	(355)	(476)	(1,121)	(1,491)
Loss on sale of Equistar	--	(242)	--	(242)
Net income (loss)	$ 15	$ (217)	$ (8)	$ (243)

In October 2003, Occidental purchased an additional 2.7 million shares of Lyondell common stock for $12.40 a share totaling approximately $33 million. Occidental now owns approximately 39 million shares of Lyondell common stock, which still represents approximately 22 percent of Lyondell's outstanding common stock.

15. Industry Segments

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

	Oil and Gas	Chemical	Corporate	Total
Nine months ended September 30, 2003				
Net sales	$ 4,473	$ 2,368	$ 115 (c)	$ 6,956
Pretax operating profit (loss)	$ 2,436	$ 147	$ (447)(a)	$ 2,136
Income taxes	(412)	(8)	(503)(b)	(923)
Cumulative effect of changes in accounting principles, net	--	--	(68)	(68)
Net income (loss)	$ 2,024	$ 139	$ (1,018)(d)	$ 1,145
Nine months ended September 30, 2002				
Net sales	$ 3,347	$ 2,006	$ --	$ 5,353
Pretax operating profit (loss)	$ 1,556	$ (180)	$ (357)(a)	$ 1,019
Income taxes	(339)	397	(237)(b)	(179)
Discontinued operations, net	--	--	(78)	(78)
Cumulative effect of changes in accounting principles, net	--	--	(95)	(95)
Net income (loss)	$ 1,217	$ 217 (e)	$ (767)	$ 667

(a) Includes unallocated net interest expense, administration expense and other items.
(b) Includes unallocated income taxes.
(c) During the first quarter of 2003, the Taft cogeneration facility began generating revenue, which is included in the corporate net sales amount.
(d) Includes a $61 million pre-tax interest charge ($40 million net of tax) to repay a $450 million 6.4 percent senior note issue that had ten years of remaining life, but was subject to remarketing on April 1, 2003.
(e) Includes an after-tax gain of $164 million related to the sale of the Equistar equity investment.

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

CONSOLIDATED RESULTS OF OPERATIONS

Occidental (as defined in Note 1 to the consolidated condensed financial statements) reported net income for the first nine months of 2003 of $1.1 billion, on net sales of $7.0 billion, compared with net income of $667 million, on net sales of $5.4 billion, for the same period of 2002. Basic earnings per common share were $2.99 for the first nine months of 2003, compared with basic earnings per common share of $1.77 for the same period of 2002. Occidental's net income for the third quarter of 2003 was $446 million, on net sales of $2.3 billion, compared with net income of $402 million, on net sales of $2.0 billion for the same period of 2002. Basic earnings per common share were $1.16 for the third quarter of 2003, compared with $1.07 for the same period of 2002.

Net income for the three and nine months ended September 30, 2003, compared with the same periods in 2002, reflected higher worldwide crude oil and natural gas prices and higher crude oil volumes partially offset by lower natural gas volumes and higher operating costs. Additionally, net income in both periods of 2003, compared to the same periods in 2002, increased due to higher chemical prices, partially offset by higher raw material and feedstock costs.

The increase in net sales of $356 million and $1.6 billion for the three and nine months ended September 30, 2003, compared with the same periods in 2002, primarily reflected higher crude oil, natural gas and chemical prices and higher crude oil production partially offset by lower natural gas volumes. For the nine months ended September 30, 2003, the gains on disposition of assets, net account included a pre-tax gain of $22 million on the sale of the remaining interests in a subsidiary holding assets in the Gulf of Mexico.

The increase in cost of sales of $157 million and $607 million for the three and nine months ended September 30, 2003, compared with the same periods in 2002, primarily reflected higher energy and raw material costs and higher DD&A expense. The increase of $134 million in selling, general, administrative and other operating expenses for the nine months ended September 30, 2003, compared to the same period in 2002, primarily reflected increases in various oil and gas costs, including higher production taxes, higher general and administrative costs and higher other operating costs. The decrease in exploration expense for the nine months ended September 30, 2003, compared with the same period in 2002, was primarily due to lower seismic costs and geological and geophysical costs in 2003. The $31 million increase in interest and debt expense, net for the nine months ended September 30, 2003, compared to the same period in 2002, primarily reflected a pre-tax debt repayment charge of $61 million, partially offset by lower interest rates and lower average debt levels. Loss (income) from equity investments for the three months and nine months ended September 30, 2002 included the pre-tax loss on the sale of the Equistar equity investment. The provision for income taxes for the three and nine months ended September 30, 2002 reflected the tax benefit resulting from the sale of the Equistar equity investment.

SEGMENT OPERATIONS

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

	Periods Ended September 30			
	Three Months		Nine Months	
	2003	2002	2003	2002
SEGMENT NET SALES				
Oil and Gas	$ 1,480	$ 1,224	$ 4,473	$ 3,347
Chemical	793	739	2,368	2,006
Other	46	--	115	--
NET SALES	$ 2,319	$ 1,963	$ 6,956	$ 5,353
SEGMENT EARNINGS				
Oil and Gas	$ 660	$ 490	$ 2,024	$ 1,217
Chemical	61	214	139	217
	721	704	2,163	1,434
UNALLOCATED CORPORATE ITEMS				
Interest expense, net				
Debt, net	(59)	(73)	(236)	(195)
Trust preferred distributions & other	(12)	(12)	(34)	(35)
Income taxes	(160)	(105)	(505)	(250)
Other	(44)	(38)	(175)	(114)
INCOME FROM CONTINUING OPERATIONS	446	476	1,213	840
Discontinued operations, net	--	(74)	--	(78)
Cumulative effect of changes in accounting principles, net	--	--	(68)	(95)
NET INCOME	$ 446	$ 402	$ 1,145	$ 667

SIGNIFICANT ITEMS AFFECTING EARNINGS

Occidental's results of operations often include the effects of significant transactions and events affecting earnings that vary widely and unpredictably in nature, timing and amount. Therefore, management uses a measure called "core earnings", which excludes those items. This non-GAAP measure is not meant to disassociate those items from management's performance, but rather is meant to provide useful information to investors interested in comparing Occidental's earnings performance between periods. Reported earnings are considered representative of management's performance over the long term. Core earnings is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

The following table sets forth the core earnings and significant items affecting earnings for each operating segment and corporate for the three months ended September 30, 2003 and 2002:

	Three Months Ended September 30			
(in millions, except per share amounts)	2003	Basic EPS	2002	Basic EPS
TOTAL REPORTED EARNINGS	$ 446	$ 1.16	$ 402	$ 1.07
OIL AND GAS				
Segment Earnings	$ 660		$ 490	
No significant items affecting earnings	--		--	
Segment Core Earnings	660		490	
CHEMICAL				
Segment Earnings	61		214	
Less: Gain on sale of Equistar investment *	--		164	
Segment Core Earnings	61		50	
CORPORATE				
Results	(275)		(302)	
Less: Discontinued operations, net *	--		(74)	
TOTAL CORE EARNINGS	$ 446	$ 1.16	$ 312	$ 0.83

*These amounts are shown after tax.

The following table sets forth the core earnings and significant items affecting earnings for each operating segment and corporate for the nine months ended September 30, 2003 and 2002:

	Nine Months Ended September 30			
(in millions, except per share amounts)	2003	Basic EPS	2002	Basic EPS
TOTAL REPORTED EARNINGS	$ 1,145	$ 2.99	$ 667	$ 1.77
OIL AND GAS				
Segment Earnings	$ 2,024		$ 1,217	
No significant items affecting earnings	--		--	
Segment Core Earnings	2,024		1,217	
CHEMICAL				
Segment Earnings	139		217	
Less: Gain on sale of Equistar investment *	--		164	
Segment Core Earnings	139		53	
CORPORATE				
Results	(1,018)		(767)	
Less: Debt repayment charge	(61)		--	
Tax effect of pre-tax adjustments	21		--	
Discontinued operations, net *	--		(78)	
Changes in accounting principles, net *	(68)		(95)	
TOTAL CORE EARNINGS	$ 1,253	$ 3.27	$ 676	$ 1.80

*These amounts are shown after tax.

OIL AND GAS SEGMENT

Summary of Operating Statistics	Three Months 2003	Three Months 2002	Nine Months 2003	Nine Months 2002
NET PRODUCTION PER DAY:				
CRUDE OIL AND NATURAL GAS LIQUIDS (MBL)				
United States	259	230	252	231
Latin America	58	51	55	52
Middle East and Other Eastern Hemisphere	101	94	105	103
NATURAL GAS (MMCF)				
United States	534	564	535	574
Middle East and Other Eastern Hemisphere	71	74	74	58
BARRELS OF OIL EQUIVALENT (MBOE)				
Consolidated subsidiaries	519	481	514	491
Other interests	27	21	27	22
Worldwide production	546	502	541	513
AVERAGE SALES PRICE:				
CRUDE OIL ($/BBL)				
United States	$ 28.24	$ 25.75	$ 28.83	$ 22.81
Latin America	$ 25.84	$ 25.36	$ 27.29	$ 22.23
Middle East and Other Eastern Hemisphere	$ 26.98	$ 26.36	$ 27.47	$ 23.45
NATURAL GAS ($/MCF)				
United States	$ 5.00	$ 2.94	$ 4.93	$ 2.74
Middle East and Other Eastern Hemisphere	$ 2.13	$ 1.95	$ 1.98	$ 2.14

Periods Ended September 30

Oil and gas segment and core earnings for the three months ended September 30, 2003, were $660 million, compared with $490 million for the same period of 2002. Oil and gas segment and core earnings for the nine months ended September 30, 2003, were $2.0 billion, compared with $1.2 billion for the same period of 2002. The increase in earnings for the three and nine months ended September 30, 2003, compared with the same periods in 2002, primarily reflected higher worldwide crude oil and natural gas prices and higher crude oil volumes partially offset by lower natural gas volumes and higher operating costs.

The increase in net sales of $256 million and $1.1 billion for the three and nine months ended September 30, 2003, compared with the same periods in 2002, primarily reflected higher crude oil and natural gas prices and higher crude oil production partially offset by lower natural gas volumes.

The average West Texas Intermediate price in the third quarter of 2003 was $30.20 per barrel and the New York Mercantile Exchange (NYMEX) natural gas price for the third quarter of 2003 was $5.59 per thousand cubic feet. A change of 10-cents per million BTUs in NYMEX gas prices impacts quarterly oil and gas segment earnings by $5 million and a $1.00 per barrel change in oil prices has a quarterly impact of $30 million pre-US tax.

Occidental expects fourth quarter 2003 oil and gas production to increase modestly due primarily to increased production from the Eden-Yuturi field and other recent discoveries, which will be shipped through the new Ecuador pipeline. The pipeline began operations in September 2003.

CHEMICAL SEGMENT

Summary of Operating Statistics	Three Months 2003	Three Months 2002	Nine Months 2003	Nine Months 2002
MAJOR PRODUCT VOLUMES				
Chlorine (M Tons)	681	685	2,031	2,121
Caustic Soda (M Tons)	697	716	2,053	2,033
Ethylene Dichloride (M Tons)	135	94	374	386
PVC Resins (MM Lbs.)	1,009	1,022	2,944	3,215
MAJOR PRODUCT PRICE INDEX (BASE: 1987-1990 AVG PRICE = 1.0)				
Chlorine	1.76	1.37	1.73	0.83
Caustic	0.85	0.61	0.85	0.72
Ethylene Dichloride	1.13	1.30	1.18	1.02
PVC Resins	0.88	0.88	0.91	0.70

Periods Ended September 30

Chemical core earnings were $61 million and $139 million, respectively, for the three and nine months ended September 30, 2003, compared with $50 million and $53 million for the same periods of 2002. The increase in core earnings for the three and nine months ended September 30, 2003, compared with the same periods in 2002, is primarily due to higher prices for chlorine, caustic soda and polyvinyl chloride resins (PVC), partially offset by higher raw material and feedstock costs. The net result was higher overall margins. Additionally, for the nine months ended September 30, 2003, the margin improvement was reduced by lower chemical sales volumes. Also, the 2002 chemical earnings reflected the results of the Equistar equity investment which were a gain of $7 million and a loss of $33 million for the three and nine months ended September 30, 2002, respectively. The Equistar equity investment was sold in August 2002.

The increase in net sales of $54 million and $362 million for the three and nine months ended September 30, 2003, compared with the same periods in 2002, primarily reflected higher prices for chlorine, caustic soda and PVC.

Occidental expects fourth quarter 2003 chemical segment earnings to be between $45 million and $55 million since the first and fourth quarter are typically the weakest quarters for the chemical business due to seasonal factors.

CORPORATE AND OTHER

The three and nine months ended September 30, 2003 other net sales amounts includes revenues from certain co-generation facilities. The three and nine months ended September 30, 2003 unallocated corporate items - other amounts include the results from the Lyondell equity investment. Unallocated corporate items - income taxes excludes U.S. federal income tax charges and credits allocated to the segments and foreign taxes. For the first nine months of 2003, segment earnings include charges of $(6) million (all for oil and gas). For the first nine months of 2002, segment earnings benefited by $401 million from credits allocated: $(2) million of charges to oil and gas and $403 million of credits to chemical.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Occidental's net cash provided by operating activities was approximately $2.3 billion and $1.5 billion for the first nine months of 2003 and 2002, respectively. The increase of $732 million in the 2003 amount is primarily attributable to higher core earnings with higher non-cash charges to income accounting for approximately $100 million of the increase.

Occidental's net cash used by investing activities was $1.5 billion and $898 million for the first nine months of 2003 and 2002, respectively. The 2003 amount includes several acquisitions in the Permian Basin totaling $251 million. The 2003 amount also includes advances and capital contributions to equity investees, purchases of equity investee debt and an additional purchase of stock of a cost-method investee, partially offset by equity investment dividends, totaling approximately $108 million, net. The 2002 amount includes the receipt of partial repayments of amounts that were advanced to equity affiliates in prior years. Capital expenditures for the first nine months of 2003 were $1.15 billion, including $836 million for oil and gas and $300 million for chemical. The chemical amount includes $180 million for the purchase of a leased facility in La Porte, Texas and $44 million related to the exercise of purchase options for certain leased assets. Capital expenditures for the first nine months of 2002 were $840 million, including $742 million for oil and gas.

Occidental's financing activities used net cash of $425 million and $532 million in the first nine months of 2003 and 2002, respectively. The 2003 amount includes net debt repayments of approximately $298 million. The 2002 amount includes $179 million for the net buyout of the natural gas delivery commitment.

Available but unused lines of committed bank credit totaled approximately $1.8 billion at September 30, 2003. In addition, Occidental has $529 million of cash and cash equivalents on the September 30, 2003 balance sheet and its OxyMar subsidiary has a $220 million committed bank revolver which was unused at September 30, 2003. Excluding the purchases of leased assets mentioned above, Occidental currently expects to spend approximately $1.4 billion on its 2003 capital spending program with about 90 percent in the oil and gas segment. In December 2003, Occidental expects to give notice to redeem $454 million in trust preferred securities in January 2004. Occidental expects to have sufficient cash in 2003 from operations to fund its operating needs, capital expenditure requirements, dividend payments and mandatory debt repayments. If needed, Occidental could access existing credit lines.

ASSET ACQUISITIONS AND DISPOSITIONS AND OTHER COMMITMENTS

In 2003, Occidental made several oil and gas acquisitions in the Permian Basin for approximately $251 million in cash and sold approximately $34 million of these assets shortly thereafter.

In April 2003, Occidental exercised its purchase option related to the OxyVinyls, L.P., LaPorte, Texas VCM plant lease for approximately $180 million. In the first quarter of 2003, Occidental exercised purchase options on railcar leases for a total of $44 million.

DERIVATIVE ACTIVITIES

For the three and nine months ended September 30, 2003, the results of operations included a net pre-tax gain of $15 million and $38 million, respectively, related to derivative mark-to-market adjustments. For the three and nine months ended September 30, 2002, the results of operations included a net pre-tax loss of $4 million and $0.2 million, respectively, related to derivative mark-to-market adjustments. The amount of interest expense recorded in the income statement was lower by approximately $15 million and $41 million for the three and nine months ended September 30, 2003, respectively, to reflect net pre-tax gains from fair-value hedges. The amount of interest expense recorded in the income statement was lower by approximately $11 million and $32 million for the three and nine months ended September 30, 2002, respectively, to reflect net pre-tax gains from fair-value hedges.

The following table summarizes after-tax derivative activity recorded in other comprehensive income (OCI) for the nine months ended September 30, 2003 and 2002 (in millions):

	2003	2002
Beginning Balance	$ (26)	$ (20)
Losses from changes in current cash flow hedges	--	(26)
Amount reclassified to income from the expiration of cash flow hedges	6	8
Ending Balance	$ (20)	$ (38)

During the next twelve months, Occidental expects that $3 million of net derivative after-tax gains included in OCI, based on their valuation at September 30, 2003, will be reclassified into earnings. Hedge ineffectiveness did not have a significant impact on earnings for the three and nine months ended September 30, 2003 and 2002.

ACCOUNTING CHANGES

In May 2003, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 establishes accounting standards for how a company classifies and measures financial instruments that have characteristics of liabilities and equity. Occidental adopted the provisions of this statement on July 1, 2003. As a result of the adoption, Occidental's mandatorily redeemable trust preferred securities are now classified as a liability and the payments to the holders of the securities, which were previously recorded as minority interest on the statement of operations, are recorded as interest expense.

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities." FIN 46 requires a company to consolidate a variable interest entity (VIE) if it is designated as the primary beneficiary of that entity even if the company does not have a majority of voting interests. A VIE is generally defined as an entity whose equity is unable to finance its activities or whose owners lack the risks and rewards of ownership. The statement also has disclosure requirements for all the VIEs of a company, even if the company is not the primary beneficiary. The provisions of this statement apply at inception for any entity created after January 31, 2003. Occidental adopted the provisions of this Interpretation for its existing entities on April 1, 2003 which resulted in the consolidation of its OxyMar VCM joint venture that was previously accounted for as an equity investment. As a result of the OxyMar consolidation, assets increased by $166 million and liabilities increased by $178 million. There was no material effect on net income as a result of the consolidation. In September 2003, Marubeni indicated it would exercise its option to put its interest in OxyMar to Occidental by paying approximately $25 million to Occidental. In connection with the transfer, which is expected to be complete in April 2004, Occidental will assume Marubeni's guarantee of OxyMar's debt. As all the OxyMar debt is already consolidated in Occidental's financial statements with the adoption of FIN 46, the exercise of the put will not have a material effect on Occidental's financial condition or results of operations.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 requires companies to recognize the fair value of a liability for an asset retirement obligation in the period in which the liability is incurred if there is a legal obligation to dismantle the asset and reclaim or remediate the property at the end of its useful life. When the liability is initially recorded, the company capitalizes the cost into property, plant and equipment. Over time, the liability is accreted and the cost is depreciated, both over the asset's useful life. Occidental's asset retirement obligations primarily relate to the cost of plugging and abandoning wells, well-site cleanup, facilities abandonment and environmental closure and post-closure care. Occidental adopted SFAS No. 143 in the first quarter of 2003. The initial adoption resulted in an after-tax charge of $50 million, which was recorded as a cumulative effect of a change in accounting principles. The adoption increased net property, plant and equipment by $73 million, increased asset retirement obligations by $151 million and decreased deferred tax liabilities by $28 million. The pro-forma asset retirement obligation, if the adoption of this statement had occurred on January 1, 2002, would have been $131 million at January 1, 2002 and $151 million at December 31, 2002.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments. This statement is effective for contracts entered into or modified after June 30, 2003. Occidental adopted this statement in the third quarter of 2003 and it did not have a material effect on its financial statements.

In January 2003, the FASB issued FASB Interpretation No. (FIN) 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires a company to recognize a liability for the obligations it has undertaken in issuing a guarantee. This liability would be recorded at the inception of a guarantee and would be measured at fair value. FIN 45 also requires certain disclosures related to guarantees, which are included in Note 11. Occidental adopted the measurement provisions of this statement in the first quarter of 2003 and it did not have an effect on the financial statements when adopted.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." SFAS No. 148 permits two additional transition methods for companies that elect to adopt the fair-value-based method of accounting for stock-based employee compensation. The statement also expands the disclosure requirements for stock-based compensation (See Note 13). The provisions of this statement apply to financial statements for fiscal years ending after December 15, 2002. The statement did not have a material effect on the financial statements when adopted.

Since 1999, Occidental has accounted for certain energy-trading contracts in accordance with Emerging Issues Task Force (EITF) Issue No. 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities." EITF Issue No. 98-10 required that all energy-trading contracts must be marked to fair value with gains and losses included in earnings, whether the contracts were derivatives or not. In October 2002, the EITF rescinded EITF Issue No. 98-10 thus precluding both mark-to-market accounting for all energy-trading contracts that are not derivatives and fair value accounting for inventories purchased from third parties. Also, the rescission requires derivative gains and losses to be presented net on the income statement, whether or not they are physically settled, if the derivative instruments are held for trading purposes. Occidental adopted this accounting change in the first quarter of 2003 and recorded a charge for the cumulative effect of a change in accounting principles of approximately $18 million, after tax.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 requires that a liability be recognized for exit and disposal costs only when the liability has been incurred and when it can be measured at fair value. The statement is effective for exit and disposal activities that are initiated after December 31, 2002. Occidental adopted SFAS No. 146 in the first quarter of 2003 and it did not have a material effect on its financial statements.

Occidental has classified all of its mineral drilling rights as tangible assets in property, plant and equipment. The FASB and the staff of the Securities and Exchange Commission are considering a possible interpretation of SFAS No. 141, "Business Combinations", paragraph A14.d. (7), under which contract-based mineral rights acquired after June 30, 2001 may have to be classified as intangible assets. Occidental is in the process of determining the effect of this potential change on the financial statements; however, it does not expect the resolution of the issue to materially affect its results of operations.

ENVIRONMENTAL MATTERS

Occidental's operations in the United States are subject to stringent federal, state and local laws and regulations relating to improving or maintaining the quality of the environment. Foreign operations also are subject to environmental-protection laws. The laws that require or address environmental remediation may apply retroactively to past waste disposal practices and releases. In many cases, the laws apply regardless of fault, legality of the original activities or current ownership or control of sites. Occidental Petroleum Corporation (OPC) or certain of its subsidiaries are currently participating in environmental assessments and remediation activities under these laws at federal Superfund sites and other sites subject to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), comparable state sites and other remediation sites, including Occidental facilities and previously owned sites.

The following table presents Occidental's environmental remediation reserves at September 30, 2003, grouped by three categories of environmental remediation sites ($ amounts in millions):

	# of Sites	Reserve
CERCLA & Equivalent Sites	129	$ 241
Active Facilities	14	46
Closed or Sold Facilities	41	56
Total	184	$ 343

In determining the environmental remediation reserves, Occidental refers to currently available information, including relevant past experience, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. Occidental expects that it will continue to incur additional liabilities beyond those recorded for environmental remediation at these and other sites. The range of reasonably possible loss for existing environmental remediation matters could be up to $400 million beyond the amount accrued.

Shown below is additional detail regarding reserves for CERCLA or CERCLA-equivalent proceedings in which OPC or certain of its subsidiaries were involved at September 30, 2003 ($ amounts in millions):

Description	# of Sites	Reserve
Minimal/No Exposure (a)	109	$ 5
Reserves between $1-10 MM	13	52
Reserves over $10 MM	7	184
Total	129	$ 241

(a) Includes 33 sites for which Maxus Energy Corporation has retained the liability and indemnified Occidental, 7 sites where Occidental has denied liability without challenge, 55 sites where Occidental's reserves are less than $50,000 each, and 14 sites where reserves are between $50,000 and $1 million each.

Refer to the "Environmental Expenditures" section of Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2002 Form 10-K for additional information regarding Occidental's environmental expenditures.

LAWSUITS, CLAIMS, COMMITMENTS, CONTINGENCIES AND RELATED MATTERS

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

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. Taxable years prior to 1997 are closed for U.S. federal income tax purposes. Taxable years 1997 through 2000 are in various stages of audit by the Internal Revenue Service. Disputes arise during the course of such audits as to facts and matters of law.

As mentioned above, Occidental is required under FIN 45 to disclose information relating to guarantees issued by Occidental and outstanding at September 30, 2003. These guarantees encompass performance bonds, letters of credit, indemnities, commitments and other forms of guarantees provided by Occidental to third parties, mainly to provide assurance that Occidental and/or its subsidiaries and affiliates will meet their various obligations. At September 30, 2003, the notional amount of these guarantees was approximately $510 million. Of this amount, approximately $422 million relates to Occidental's guarantee of equity investees' debt and other commitments. The remaining $88 million relates to various indemnities and guarantees provided to third parties.

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

SAFE HARBOR STATEMENT REGARDING OUTLOOK AND FORWARD-LOOKING INFORMATION

Portions of this report contain forward-looking statements and involve risks and uncertainties that could significantly affect expected results of operations, liquidity, cash flows and business prospects. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; competitive pricing pressures; higher-than-expected costs, including feedstocks; crude oil and natural gas prices; chemical prices; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; general domestic and international political conditions; potential disruption or interruption of Occidental's production or manufacturing facilities due to accidents, political events or insurgent activity; potential failure to achieve expected production from existing and future oil and gas development projects; the supply/demand considerations for Occidental's products; any general economic recession or slowdown domestically or internationally; regulatory uncertainties; and not successfully completing, or any material delay of, any development of new fields, expansion, capital expenditure, efficiency-improvement project, acquisition or disposition. Forward-looking statements are generally accompanied by words such as "estimate", "project", "predict", "will", "anticipate", "plan", "intend", "believe", "expect" or similar expressions that convey the uncertainty of future events or outcomes. Occidental expressly disclaims any obligation to publicly update or revise any forward-looking statements, whether as a result of new information or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed might not occur.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For the period ended September 30, 2003, there were no material changes in the information required to be provided under Item 305 of Regulation S-X included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations (Incorporating Item 7A) - Derivative Activities" in Occidental's 2002 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

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

There has been no change in Occidental's internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, Occidental's internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

GENERAL

This item incorporates by reference the information regarding lawsuits, claims, commitments, contingencies and related matters in Note 11 to the consolidated condensed financial statements in Part I of this Form 10-Q.

ENVIRONMENTAL PROCEEDINGS

On October 1, 2003, the Environmental Protection Agency (EPA) served one of Occidental's subsidiaries with an administrative compliance order and an administrative complaint alleging certain violations of environmental laws at the subsidiary's Pottstown, PA facility. The order and complaint do not propose any amount of penalties. However, the EPA implied in public statements that it may seek penalties exceeding $100,000. Occidental's subsidiary disputes many of the EPA's allegations. Occidental does not expect the resolution of this matter to have a material effect on its financial condition or results of operations.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

11 Statement regarding the computation of earnings per share for the three and nine months ended September 30, 2003 and 2002.

12 Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the nine months ended September 30, 2003 and 2002 and the five years ended December 31, 2002.

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

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

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

(b) Reports on Form 8-K

During the quarter ended September 30, 2003, Occidental filed the following Current Reports on Form 8-K:

1. Current Report on Form 8-K dated July 22, 2003 (date of earliest event reported), filed on July 22, 2003, for the purpose of reporting, under Items 9 and 12, Occidental's results of operations for the second quarter ended June 30, 2003, and speeches and supplemental investor information relating to Occidental's second quarter 2003 earnings announcement.

From September 30, 2003 to the date hereof, Occidental filed the following Current Reports on Form 8-K:

1. Current Report on Form 8-K dated October 21, 2003 (date of earliest event reported), filed on October 21, 2003, for the purpose of reporting, under Items 9 and 12, Occidental's results of operations for the third quarter ended September 30, 2003, and speeches and supplemental investor information relating to Occidental's third quarter 2003 earnings announcement.

SIGNATURES

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

OCCIDENTAL PETROLEUM CORPORATION

DATE: November 3, 2003

S. P. Dominick, Jr.

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

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EXHIBITS
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11	Statement regarding the computation of earnings per share for the three and nine months ended September 30, 2003 and 2002.
12	Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the nine months ended September 30, 2003 and 2002 and the five years ended December 31, 2002.
31.1	Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certifications of CEO and CFO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

EXHIBIT 11

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002
(Amounts in thousands, except per-share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	2003	2002	2003	2002
BASIC EARNINGS PER SHARE				
Income after taxes	$ 445,689	$ 476,027	$ 1,213,127	$ 840,070
Effect of repurchase of Trust Preferred Securities	(22)	(41)	(41)	(95)
Income from continuing operations	445,667	475,986	1,213,086	839,975
Discontinued operations, net	--	(73,762)	--	(77,690)
Cumulative effect of changes in accounting principles, net	2	--	(68,428)	(94,973)
Earnings applicable to common stock	$ 445,669	$ 402,224	$ 1,144,658	$ 667,312
Basic shares				
Weighted average basic common shares outstanding	384,109	376,755	381,287	375,671
Issued, unvested restricted stock	(95)	(282)	(95)	(282)
Vested, unissued restricted stock	330	--	330	--
Deferred shares	1,192	315	1,046	284
Basic shares outstanding	385,536	376,788	382,568	375,673
Basic earnings per share				
Income from continuing operations	$ 1.16	$ 1.26	$ 3.17	$ 2.23
Discontinued operations, net	--	(.19)	--	(.21)
Cumulative effect of changes in accounting principles, net	--	--	(.18)	(.25)
Basic earnings per common share	$ 1.16	$ 1.07	$ 2.99	$ 1.77
DILUTED EARNINGS PER SHARE				
Earnings applicable to common stock	$ 445,669	$ 402,224	$ 1,144,658	$ 667,312
Diluted shares				
Basic shares outstanding	385,536	376,788	382,568	375,673
Dilutive effect of exercise of options outstanding	4,403	2,746	3,585	2,632
Issued, unvested restricted shares	95	282	95	282
Deferred, restricted stock	1,096	582	761	194
Diluted shares	391,130	380,398	387,009	378,781
Diluted earnings per share				
Income from continuing operations	$ 1.14	$ 1.25	$ 3.14	$ 2.22
Discontinued operations, net	--	(.19)	--	(.21)
Cumulative effect of changes in accounting principles, net	--	--	(.18)	(.25)
Diluted earnings per common share	$ 1.14	$ 1.06	$ 2.96	$ 1.76

EXHIBIT 11 (continued)

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002
(Amounts in thousands, except per-share amounts)

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

Three Months Ended Nine Months Ended

	September 30		September 30	
	2003	2002	2003	2002
STOCK OPTIONS				
Number of shares	None	23	None	21
Price range per share		$27.900 -- $29.438		$29.063-- $29.438
Expiration range		12/01/07 -- 8/29/11		12/01/07-- 4/29/08

EXHIBIT 12

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

	Nine Months Ended September 30		Year Ended December 31				
	2003	2002	2002	2001	2000	1999	1998
Income from continuing operations (a)	$ 1,311	$ 947	$ 1,548	$ 1,418	$ 1,785	$ 699	$ 400
Add:							
Provision (credit) for taxes on income (other than foreign oil and gas taxes)	522	(151)	(41)	172	871	306	204
Interest and debt expense (b)	265	243	309	411	540	515	576
Portion of lease rentals representative of the interest factor	22	18	6	7	6	31	36
	809	110	274	590	1,417	852	816
Earnings before fixed charges	$ 2,120	$ 1,057	$ 1,822	$ 2,008	$ 3,202	$ 1,551	$ 1,216
Fixed charges							
Interest and debt expense including capitalized interest (b)	$ 269	$ 248	$ 321	$ 417	$ 543	$ 522	$ 594
Portion of lease rentals representative of the interest factor	22	18	6	7	6	31	36
Total fixed charges	$ 291	$ 266	$ 327	$ 424	$ 549	$ 553	$ 630
Ratio of earnings to fixed charges	7.29	3.97	5.57	4.74	5.83	2.80	1.93

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

(b) Includes proportionate share of interest and debt expense of 50-percent-owned equity investments.

EXHIBIT 31.1

CERTIFICATION

I, Ray R. Irani, certify that:

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

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

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

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

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

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

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

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

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

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

Date: November 3, 2003

/s/ Ray R. Irani

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

EXHIBIT 31.2

CERTIFICATION

I, Stephen I. Chazen, certify that:

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

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

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

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

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

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

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

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

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

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

Date: November 3, 2003

/s/ Stephen I. Chazen

Stephen I. Chazen
Executive Vice President - Corporate
Development and Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q of Occidental Petroleum Corporation (the "Company") for the quarterly period ending September 30, 2003, as filed with the Securities and Exchange Commission on November 3, 2003 (the "Report"), Ray R. Irani, as Chief Executive Officer of the Company, and Stephen I. Chazen, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

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

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

/s/ Ray R. Irani

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Name: Ray R. Irani
Title: Chairman of the Board of Directors and Chief Executive Officer
Date: November 3, 2003

/s/ Stephen I. Chazen

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Name: Stephen I. Chazen
Title: Executive Vice President - Corporate Development and Chief Financial Officer
Date: November 3, 2003

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