

---

---

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

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) January 26, 2011

**OCCIDENTAL PETROLEUM CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**1-9210**  
(Commission  
File Number)

**95-4035997**  
(I.R.S. Employer  
Identification No.)

**10889 Wilshire Boulevard**  
**Los Angeles, California**  
(Address of principal executive offices)

**90024**  
(ZIP code)

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

---

---

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## Section 2 – Financial Information

### Item 2.02. Results of Operations and Financial Condition

On January 26, 2011, Occidental Petroleum Corporation released information regarding its results of operations for the three and twelve months ended December 31, 2010. The exhibits to this Form 8-K and the information set forth in this Item 2.02 are being furnished pursuant to Item 2.02, Results of Operations and Financial Condition. The full text of the press release is attached to this report as Exhibit 99.1. The full text of the speeches given by Dr. Ray R. Irani and Stephen I. Chazen are attached to this report as Exhibit 99.2. Investor Relations Supplemental Schedules are attached to this report as Exhibit 99.3. Earnings Conference Call Slides are attached to this report as Exhibit 99.4. Forward-Looking Statements Disclosure for Earnings Release Presentation Materials is attached to this report as Exhibit 99.5. The information in this Item 2.02 and Exhibits 99.1 through 99.5, inclusive, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

## Section 8 – Other Events

### Item 8.01. Other Events

On January 26, 2011, Occidental Petroleum Corporation announced net income of \$1.2 billion (\$1.49 per diluted share) for the fourth quarter of 2010, compared with \$938 million (\$1.15 per diluted share) for the fourth quarter of 2009. Core income for the fourth quarter of 2010 was \$1.3 billion (\$1.58 per diluted share), compared with \$1.1 billion (\$1.35 per diluted share) for the fourth quarter of 2009.

Net income for the twelve months of 2010 was \$4.5 billion (\$5.56 per diluted share), compared with \$2.9 billion (\$3.58 per diluted share) for 2009. Full year 2010 core results were \$4.7 billion (\$5.72 per diluted share), compared with \$3.2 billion (\$3.92 per diluted share) for 2009.

### QUARTERLY RESULTS

#### Oil and Gas

Oil and gas segment earnings were \$1.7 billion for the fourth quarter of 2010 and included \$275 million of domestic asset impairments. After excluding these asset impairments, oil and gas core results of \$1.9 billion for the fourth quarter of 2010 were slightly higher than 2009. The fourth quarter of 2010 results reflect higher crude oil prices, partially offset by higher operating costs and DD&A rates.

For the fourth quarter of 2010, daily oil and gas production volumes, including Argentina, averaged 753,000 barrels of oil equivalent (BOE), compared with 717,000 BOE in the fourth quarter of 2009. Volumes increased 5 percent, primarily in the Middle East/North Africa, with a smaller increase coming from Domestic gas production. The Middle East/North Africa increase included new production from the Bahrain start-up and increased production from the Mukhaizna field in Oman. Production was negatively impacted in the Middle East/North Africa, Long Beach and Colombia resulting from higher year-over-year average oil prices affecting production sharing and similar contracts by 13,000 BOE per day. Daily sales volumes from continuing operations were 699,000 BOE in the fourth quarter of 2010 compared to 680,000 BOE in the fourth quarter of 2009.

Oxy's realized price for worldwide crude oil was \$79.96 per barrel for the fourth quarter of 2010, compared with \$71.74 per barrel for the fourth quarter of 2009. Domestic realized gas prices dropped from \$4.37 per MCF in the fourth quarter of 2009 to \$4.13 per MCF for the fourth quarter of 2010.

#### Chemicals

Chemical segment earnings for the fourth quarter 2010 were \$111 million, compared with \$33 million for the same period in 2009. The fourth quarter of 2010 results reflect improved margins and volumes across all products.

#### Midstream, Marketing and Other

Midstream segment earnings were \$202 million for the fourth quarter of 2010, compared with \$81 million for the fourth quarter of 2009. Earnings for the fourth quarter of 2010 reflect higher margins in the trading and marketing businesses.

### TWELVE-MONTH RESULTS

#### Oil and Gas

Oil and gas segment earnings were \$7.2 billion for the twelve months of 2010, compared with \$5.1 billion for the same period of 2009. Oil and gas core results, after excluding asset impairments and rig termination costs, were \$7.4 billion for the twelve months of 2010, compared with \$5.1 billion for the same period of 2009. The \$2.3 billion increase in the 2010 results reflected higher crude oil and natural gas prices and higher volumes, partially offset by higher operating costs and DD&A rates.

Daily oil and gas production volumes for the twelve months, including Argentina, were 748,000 BOE for 2010, compared with 712,000 BOE for the 2009 period, an increase of 5 percent. Volume increases in the Middle East/North Africa, resulting from the new production in Bahrain and higher production in the Mukhaizna field in Oman, and gas production from the domestic assets were partially offset by a decline in Colombia. Production was negatively impacted in the Middle East/North Africa, Long Beach and Colombia resulting from higher year-over-year average oil prices affecting production sharing and similar contracts by 16,000 BOE per day. Daily sales volumes, from continuing operations, were 701,000 BOE in the twelve months of 2010, compared with 672,000 BOE for 2009.

Oxy's realized price for worldwide crude oil was \$75.16 per barrel for the twelve months of 2010, compared with \$57.31 per barrel for the twelve months of 2009. Domestic realized gas prices increased from \$3.46 per MCF in the twelve months of 2009 to \$4.53 per MCF in the twelve months of 2010.

#### Chemicals

Chemical segment earnings were \$438 million for the twelve months of 2010, compared with \$389 million for the same period in 2009. The 2010 twelve-month results reflect improved market conditions, particularly for exports, driven by favorable feedstock costs in North America versus Europe and Asia. Vinyls exports for 2010 were 125% higher compared to 2009.

#### Midstream, Marketing and Other

Midstream segment earnings were \$472 million for the twelve months of 2010, compared with \$235 million for the same period in 2009. The 2010 results reflect higher margins in the marketing and trading businesses.

### Forward-Looking Statements

Portions of this press release contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; supply and demand considerations for Occidental's products; not successfully completing, or any material delay of, any development of new fields, expansion projects, capital expenditures, efficiency-improvement projects, acquisitions or dispositions; potential failure to achieve expected production from existing and future oil and gas development projects or acquisitions; exploration risks such as drilling unsuccessful wells; any general economic recession or slowdown domestically or internationally; higher-than-expected costs; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; general domestic and international political conditions; potential disruption or interruption of Occidental's production or manufacturing or damage to facilities due to accidents, chemical releases, labor unrest, weather, natural disasters, political events or insurgent activity; failure of risk management; changes in laws or regulations; or changes in tax rates. Words such as "estimate", "project", "predict", "will", "would", "should", "could", "may", "might", "anticipate", "plan", "intend", "believe", "expect" or similar expressions that convey the uncertainty of future events or outcomes generally indicate forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements, as a result of new information, future events or otherwise. Material risks that may affect Occidental's results of operations and financial position appear in Part 1, Item 1A "Risk Factors" of the 2009 Form 10-K, available through the following toll-free telephone number, 1-888-OXYPETE (1-888-699-7383) or on the Internet at <http://www.oxy.com>. You also can obtain a copy from the SEC by calling 1-800-SEC-0330.

**SUMMARY OF SEGMENT NET SALES AND EARNINGS**

(\$ millions, except per-share amounts)	Fourth Quarter		Twelve Months	
	2010	2009	2010	2009
<b>SEGMENT NET SALES</b>				
Oil and Gas	\$ 3,759	\$ 3,489	\$ 14,276	\$ 11,009
Chemical	996	780	4,016	3,225
Midstream, Marketing and Other	478	253	1,471	1,016
Eliminations	(170)	(140)	(718)	(436)
<b>Net Sales</b>	<b>\$ 5,063</b>	<b>\$ 4,382</b>	<b>\$ 19,045</b>	<b>\$ 14,814</b>
<b>SEGMENT EARNINGS</b>				
Oil and Gas (a), (b)	\$ 1,666	\$ 1,869	\$ 7,151	\$ 5,097
Chemical	111	33	438	389
Midstream, Marketing and Other	202	81	472	235
	1,979	1,983	8,061	5,721
<b>Unallocated Corporate Items</b>				
Interest expense, net	(20)	(31)	(93)	(102)
Income taxes (c)	(618)	(743)	(2,995)	(2,063)
Other (d)	(149)	(107)	(404)	(405)
<b>Income from Continuing Operations (a)</b>	<b>1,192</b>	<b>1,102</b>	<b>4,569</b>	<b>3,151</b>
Discontinued operations, net	20	(164)	(39)	(236)
<b>NET INCOME (a)</b>	<b>\$ 1,212</b>	<b>\$ 938</b>	<b>\$ 4,530</b>	<b>\$ 2,915</b>
<b>BASIC EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 1.47	\$ 1.35	\$ 5.62	\$ 3.88
Discontinued operations, net	0.02	(0.20)	(0.05)	(0.29)
	\$ 1.49	\$ 1.15	\$ 5.57	\$ 3.59
<b>DILUTED EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 1.47	\$ 1.35	\$ 5.61	\$ 3.87
Discontinued operations, net	0.02	(0.20)	(0.05)	(0.29)
	\$ 1.49	\$ 1.15	\$ 5.56	\$ 3.58
<b>AVERAGE BASIC COMMON SHARES OUTSTANDING</b>				
BASIC	812.6	811.8	812.5	811.3
DILUTED	813.7	813.5	813.8	813.8

(a) **Net Income** - Net income and income from continuing operations represent amounts attributable to Common Stock, after deducting non-controlling interest of \$14 million for the fourth quarter of 2010 and \$16 million for the fourth quarter of 2009 and \$72 million and \$51 million for the twelve months of 2010 and 2009, respectively. Oil and gas segment earnings are presented net of these non-controlling interest amounts.

(b) **Oil and Gas** - The fourth quarter and twelve months of 2010 include pre-tax charges for asset impairments for \$275 million. The twelve months of 2009 include a pretax charge of \$8 million for rig contract terminations.

(c) **Unallocated Corporate Items - Taxes** - The fourth quarter and twelve months of 2010 include an \$80 million benefit related to foreign tax credit carry-forwards.

(d) **Unallocated Corporate Items - Other** - The twelve months of 2009 includes pre-tax charges of \$40 million for severance and \$15 million for railcar leases.

**SUMMARY OF CAPITAL EXPENDITURES AND DD&A EXPENSE**

(\$ millions)	Fourth Quarter		Twelve Months	
	2010	2009	2010	2009
<b>CAPITAL EXPENDITURES</b>	<b>\$ 1,360</b>	<b>\$ 840</b>	<b>\$ 3,940</b>	<b>\$ 3,245</b>
<b>DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS</b>	<b>\$ 799</b>	<b>\$ 703</b>	<b>\$ 3,153</b>	<b>\$ 2,687</b>

**SUMMARY OF OPERATING STATISTICS - SALES**

	Fourth Quarter		Twelve Months	
	2010	2009	2010	2009
<b>NET OIL, GAS AND LIQUIDS SALES PER DAY</b>				
United States				
Crude Oil and Liquids (MBBL)				
California	90	92	92	93
Permian	163	164	161	164
Midcontinent Gas	19	15	18	14
Total	272	271	271	271
Natural Gas (MMCF)				
California	259	282	280	250
Permian	154	122	133	125
Midcontinent Gas	286	241	264	260
Total	699	645	677	635
Latin America				
Crude Oil (MBBL)				
Colombia	31	36	32	39
Natural Gas (MMCF)				
Bolivia	18	12	16	16
Middle East / North Africa				
Crude Oil and Liquids (MBBL)				
Bahrain	3	1	3	-
Dolphin	23	26	24	25
Libya	12	15	13	12
Oman	63	54	61	50
Qatar	74	80	76	79
Yemen	27	32	30	35
Total	202	208	207	201
Natural Gas (MMCF)				
Bahrain	170	40	169	10
Dolphin	232	256	236	257
Oman	47	42	48	49
Total	449	338	453	316
<b>Continuing operations</b>				
<b>Barrels of Oil Equivalent (MBOE)</b>	<b>699</b>	<b>680</b>	<b>701</b>	<b>672</b>
Discontinued operations				
Crude Oil (MBBL)	46	37	37	37
Natural Gas (MMCF)	36	30	34	30
<b>Total Sales - MBOE</b>	<b>751</b>	<b>722</b>	<b>744</b>	<b>714</b>

**SUMMARY OF OPERATING STATISTICS - PRODUCTION**

	Fourth Quarter		Twelve Months	
	2010	2009	2010	2009
<b>NET OIL, GAS AND LIQUIDS PRODUCTION</b>				
<b>PER DAY</b>				
United States				
Crude Oil and Liquids (MBBL)	272	271	271	271
Natural Gas (MMCF)	699	645	677	635
Latin America				
Crude Oil (MBBL)				
Colombia	30	36	32	39
Natural Gas (MMCF)				
	18	12	16	16
Middle East / North Africa				
Crude Oil and Liquids (MBBL)				
Bahrain	3	1	3	-
Dolphin	23	26	24	26
Iraq	11	-	3	-
Libya	12	11	13	11
Oman	67	56	62	50
Qatar	75	78	76	79
Yemen	27	31	31	34
Total	218	203	212	200
Natural Gas (MMCF)				
	449	338	453	316
<b>Continuing operations</b>				
<b>Barrels of Oil Equivalent (MBOE)</b>				
	714	676	706	671
Discontinued operations				
Crude Oil (MBBL)				
	33	36	36	36
Natural Gas (MMCF)				
	36	30	34	30
<b>Total Worldwide Production - MBOE</b>				
	753	717	748	712



**SIGNIFICANT TRANSACTIONS AND EVENTS 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 results," 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 results is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

(\$ millions, except per-share amounts)	<b>2010</b>	<b>Diluted EPS</b>	<b>2009</b>	<b>Fourth Quarter Diluted EPS</b>
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 1,212</b>	<b>\$ 1.49</b>	<b>\$ 938</b>	<b>\$ 1.15</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 1,666		\$ 1,869	
Add:				
Asset impairments	275		-	
Segment Core Results	<u>1,941</u>		<u>1,869</u>	
<b>Chemicals</b>				
Segment Earnings	111		33	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	<u>111</u>		<u>33</u>	
<b>Midstream, Marketing and Other</b>				
Segment Earnings	202		81	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	<u>202</u>		<u>81</u>	
<b>Total Segment Core Results</b>	<u>2,254</u>		<u>1,983</u>	
<b>Corporate</b>				
Corporate Results --				
Non Segment *	(767)		(1,045)	
Add:				
Benefit from foreign tax credit carry-forwards	(80)		-	
Tax effect of pre-tax adjustments	(100)		-	
Discontinued operations, net **	<u>(20)</u>		<u>164</u>	
Corporate Core Results - Non Segment	<u>(967)</u>		<u>(881)</u>	
<b>TOTAL CORE RESULTS</b>	<u>\$ 1,287</u>	<u>\$ 1.58</u>	<u>\$ 1,102</u>	<u>\$ 1.35</u>

\* Interest expense, income taxes, G&A expense and other.

\*\* Amounts shown after tax.

**SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)**

(\$ millions, except per-share amounts)	2010	Diluted EPS	2009	Twelve Months Diluted EPS
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 4,530</b>	<b>\$ 5.56</b>	<b>\$ 2,915</b>	<b>\$ 3.58</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 7,151		\$ 5,097	
Add:				
Asset impairments	275		-	
Rig terminations	-		8	
Segment Core Results	<u>7,426</u>		<u>5,105</u>	
<b>Chemicals</b>				
Segment Earnings	438		389	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	<u>438</u>		<u>389</u>	
<b>Midstream, Marketing and Other</b>				
Segment Earnings	472		235	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	<u>472</u>		<u>235</u>	
<b>Total Segment Core Results</b>	<u>8,336</u>		<u>5,729</u>	
<b>Corporate</b>				
Corporate Results --				
Non Segment *	(3,531)		(2,806)	
Add:				
Severance accruals	-		40	
Railcar leases	-		15	
Benefit from foreign tax credit carry-forwards	(80)		-	
Tax effect of pre-tax adjustments	(100)		(22)	
Discontinued operations, net **	<u>39</u>		<u>236</u>	
Corporate Core Results - Non Segment	<u>(3,672)</u>		<u>(2,537)</u>	
<b>TOTAL CORE RESULTS</b>	<u>\$ 4,664</u>	<u>\$ 5.72</u>	<u>\$ 3,192</u>	<u>\$ 3.92</u>

\* Interest expense, income taxes, G&amp;A expense and other

\*\* Amounts shown after tax.

## Section 9 - Financial Statements and Exhibits

### Item 9.01. Financial Statements and Exhibits

#### (d) Exhibits

- 99.1 Press release dated January 26, 2011.
- 99.2 Full text of speeches given by Dr. Ray R. Irani and Stephen I. Chazen.
- 99.3 Investor Relations Supplemental Schedules.
- 99.4 Earnings Conference Call Slides.
- 99.5 Forward-Looking Statements Disclosure for Earnings Release Presentation Materials.

SIGNATURE

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

OCCIDENTAL PETROLEUM CORPORATION  
(Registrant)

DATE: January 26, 2011

/s/ ROY PINECI

Roy Pineci, Vice President, Controller  
and Principal Accounting Officer

## EXHIBIT INDEX

- 99.1 Press release dated January 26, 2011.
- 99.2 Full text of speeches given by Dr. Ray R. Irani and Stephen I. Chazen.
- 99.3 Investor Relations Supplemental Schedules.
- 99.4 Earnings Conference Call Slides.
- 99.5 Forward-Looking Statements Disclosure for Earnings Release Presentation Materials.



For Immediate Release: January 26, 2011

Occidental Petroleum Announces Fourth Quarter and 12 months of 2010 Results

- Q4 2010 core income of \$1.58 per diluted share (net income \$1.49 per share)
- Quarterly oil and gas production average of 753,000 BOE per day
- 12-month core income \$5.72 per diluted share (net income \$5.56 per share)
- Annual production volume growth of 5.0 percent

LOS ANGELES, January 26, 2011 -- Occidental Petroleum Corporation (NYSE:OXY) announced net income of \$1.2 billion (\$1.49 per diluted share) for the fourth quarter of 2010, compared with \$938 million (\$1.15 per diluted share) for the fourth quarter of 2009. Core income for the fourth quarter of 2010 was \$1.3 billion (\$1.58 per diluted share), compared with \$1.1 billion (\$1.35 per diluted share) for the fourth quarter of 2009.

Net income for the twelve months of 2010 was \$4.5 billion (\$5.56 per diluted share), compared with \$2.9 billion (\$3.58 per diluted share) for 2009. Full year 2010 core results were \$4.7 billion (\$5.72 per diluted share), compared with \$3.2 billion (\$3.92 per diluted share) for 2009.

In announcing the results, Dr. Ray R. Irani, Chairman and Chief Executive Officer, said, "The 2010 net income of \$4.5 billion was 55-percent higher than 2009 and cash flow from operations was \$9.3 billion, a 60-percent increase from 2009. Our oil and gas production increased 5 percent on a year-over-year basis to a daily average of 748,000 BOE, the largest in Oxy's history."

**QUARTERLY RESULTS**

**Oil and Gas**

Oil and gas segment earnings were \$1.7 billion for the fourth quarter of 2010 and included \$275 million of domestic asset impairments. After excluding these asset impairments, oil and gas core results of \$1.9 billion for the fourth quarter of 2010 were slightly higher than 2009. The fourth quarter of 2010 results reflect higher crude oil prices, partially offset by higher operating costs and DD&A rates.

For the fourth quarter of 2010, daily oil and gas production volumes, including Argentina, averaged 753,000 barrels of oil equivalent (BOE), compared with 717,000 BOE in the fourth quarter of 2009. Volumes increased 5 percent, primarily in the Middle East/North Africa, with a smaller increase coming from Domestic gas production. The Middle East/North Africa increase included new production from the Bahrain start-up and increased production from the Mukhaizna field in Oman. Production was negatively impacted in the Middle East/North Africa, Long Beach and Colombia resulting from higher year-over-year average oil prices affecting production sharing and similar contracts by 13,000 BOE per day. Daily sales volumes from continuing operations were 699,000 BOE in the fourth quarter of 2010 compared to 680,000 BOE in the fourth quarter of 2009.

Oxy's realized price for worldwide crude oil was \$79.96 per barrel for the fourth quarter of 2010, compared with \$71.74 per barrel for the fourth quarter of 2009. Domestic realized gas prices dropped from \$4.37 per MCF in the fourth quarter of 2009 to \$4.13 per MCF for the fourth quarter of 2010.

### **Chemicals**

Chemical segment earnings for the fourth quarter 2010 were \$111 million, compared with \$33 million for the same period in 2009. The fourth quarter of 2010 results reflect improved margins and volumes across all products.

### **Midstream, Marketing and Other**

Midstream segment earnings were \$202 million for the fourth quarter of 2010, compared with \$81 million for the fourth quarter of 2009. Earnings for the fourth quarter of 2010 reflect higher margins in the trading and marketing businesses.

## **TWELVE-MONTH RESULTS**

### **Oil and Gas**

Oil and gas segment earnings were \$7.2 billion for the twelve months of 2010, compared with \$5.1 billion for the same period of 2009. Oil and gas core results, after excluding asset impairments and rig termination costs, were \$7.4 billion for the twelve months of 2010, compared with \$5.1 billion for the same period of 2009. The \$2.3 billion increase in the 2010 results reflected higher crude oil and natural gas prices and higher volumes, partially offset by higher operating costs and DD&A rates.

Daily oil and gas production volumes for the twelve months, including Argentina, were 748,000 BOE for 2010, compared with 712,000 BOE for the 2009 period, an increase of 5 percent. Volume increases in the Middle East/North Africa, resulting from the new production in Bahrain and higher production in the Mukhaizna field in Oman, and gas production from the domestic assets were partially offset by a decline in Colombia. Production was negatively impacted in the Middle East/North Africa, Long

Beach and Colombia resulting from higher year-over-year average oil prices affecting production sharing and similar contracts by 16,000 BOE per day. Daily sales volumes, from continuing operations, were 701,000 BOE in the twelve months of 2010, compared with 672,000 BOE for 2009.

Oxy's realized price for worldwide crude oil was \$75.16 per barrel for the twelve months of 2010, compared with \$57.31 per barrel for the twelve months of 2009. Domestic realized gas prices increased from \$3.46 per MCF in the twelve months of 2009 to \$4.53 per MCF in the twelve months of 2010.

### **Chemicals**

Chemical segment earnings were \$438 million for the twelve months of 2010, compared with \$389 million for the same period in 2009. The 2010 twelve-month results reflect improved market conditions, particularly for exports, driven by favorable feedstock costs in North America versus Europe and Asia. Vinyls exports for 2010 were 125% higher compared to 2009.

### **Midstream, Marketing and Other**

Midstream segment earnings were \$472 million for the twelve months of 2010, compared with \$235 million for the same period in 2009. The 2010 results reflect higher margins in the marketing and trading businesses.

### **About Oxy**

Occidental Petroleum Corporation is an international oil and gas exploration and production company with operations in the United States, Middle East/North Africa and Latin America regions. Oxy is the fourth largest U.S. oil and gas company, based on equity market capitalization. Oxy's wholly owned subsidiary, OxyChem, manufactures and markets chlor-alkali products and vinyls. Occidental is committed to safeguarding the environment, protecting the safety and health of employees and neighboring communities and upholding high standards of social responsibility in all of the company's worldwide operations.

### **Forward-Looking Statements**

Portions of this press release contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; supply and demand considerations for Occidental's products; not successfully completing, or any material delay of, any development of new fields, expansion projects, capital expenditures, efficiency-improvement projects, acquisitions or dispositions; potential failure to achieve expected production from existing and future oil and gas development projects or acquisitions; exploration risks such as drilling un successful wells; any



general economic recession or slowdown domestically or internationally; higher-than-expected costs; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; general domestic and international political conditions; potential disruption or interruption of Occidental's production or manufacturing or damage to facilities due to accidents, chemical releases, labor unrest, weather, natural disasters, political events or insurgent activity; failure of risk management; changes in laws or regulations; or changes in tax rates. Words such as "estimate", "project", "predict", "will", "would", "should", "could", "may", "might", "anticipate", "plan", "intend", "believe", "expect" or similar expressions that convey the uncertainty of future events or outcomes generally indicate forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements, as a result of new information, future events or otherwise. Material risks that may affect Occidental's results of operations and financial position appear in Part 1, Item 1A "Risk Factors" of the 2009 Form 10-K, available through the following toll-free telephone number, 1-888-OXYPETE (1-888-699-7383) or on the Internet at <http://www.oxy.com>. You also can obtain a copy from the SEC by calling 1-800-SEC-0330

-0-

Contacts: Richard S. Kline (media)  
[richard\\_kline@oxy.com](mailto:richard_kline@oxy.com)  
310-443-6249

Chris Stavros (investors)  
[chris\\_stavros@oxy.com](mailto:chris_stavros@oxy.com)  
212-603-8184

For further analysis of Occidental's quarterly performance, please visit the web site: [www.oxy.com](http://www.oxy.com)

**SUMMARY OF SEGMENT NET SALES AND EARNINGS**

(\$ millions, except per-share amounts)	Fourth Quarter		Twelve Months	
	2010	2009	2010	2009
<b>SEGMENT NET SALES</b>				
Oil and Gas	\$ 3,759	\$ 3,489	\$ 14,276	\$ 11,009
Chemical	996	780	4,016	3,225
Midstream, Marketing and Other	478	253	1,471	1,016
Eliminations	(170)	(140)	(718)	(436)
<b>Net Sales</b>	<b>\$ 5,063</b>	<b>\$ 4,382</b>	<b>\$ 19,045</b>	<b>\$ 14,814</b>
<b>SEGMENT EARNINGS</b>				
Oil and Gas (a), (b)	\$ 1,666	\$ 1,869	\$ 7,151	\$ 5,097
Chemical	111	33	438	389
Midstream, Marketing and Other	202	81	472	235
	1,979	1,983	8,061	5,721
<b>Unallocated Corporate Items</b>				
Interest expense, net	(20)	(31)	(93)	(102)
Income taxes (c)	(618)	(743)	(2,995)	(2,063)
Other (d)	(149)	(107)	(404)	(405)
<b>Income from Continuing Operations (a)</b>	<b>1,192</b>	<b>1,102</b>	<b>4,569</b>	<b>3,151</b>
Discontinued operations, net	20	(164)	(39)	(236)
<b>NET INCOME (a)</b>	<b>\$ 1,212</b>	<b>\$ 938</b>	<b>\$ 4,530</b>	<b>\$ 2,915</b>
<b>BASIC EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 1.47	\$ 1.35	\$ 5.62	\$ 3.88
Discontinued operations, net	0.02	(0.20)	(0.05)	(0.29)
	\$ 1.49	\$ 1.15	\$ 5.57	\$ 3.59
<b>DILUTED EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 1.47	\$ 1.35	\$ 5.61	\$ 3.87
Discontinued operations, net	0.02	(0.20)	(0.05)	(0.29)
	\$ 1.49	\$ 1.15	\$ 5.56	\$ 3.58
<b>AVERAGE BASIC COMMON SHARES OUTSTANDING</b>				
BASIC	812.6	811.8	812.5	811.3
DILUTED	813.7	813.5	813.8	813.8

(a) **Net Income** - Net income and income from continuing operations represent amounts attributable to Common Stock, after deducting non-controlling interest of \$14 million for the fourth quarter of 2010 and \$16 million for the fourth quarter of 2009 and \$72 million and \$51 million for the twelve months of 2010 and 2009, respectively. Oil and gas segment earnings are presented net of these non-controlling interest amounts.

(b) **Oil and Gas** - The fourth quarter and twelve months of 2010 include pre-tax charges for asset impairments for \$275 million. The twelve months of 2009 include a pretax charge of \$8 million for rig contract terminations.

(c) **Unallocated Corporate Items - Taxes** - The fourth quarter and twelve months of 2010 include an \$80 million benefit related to foreign tax credit carry-forwards.

(d) **Unallocated Corporate Items - Other** - The twelve months of 2009 includes pre-tax charges of \$40 million for severance and \$15 million for railcar leases.

**SUMMARY OF CAPITAL EXPENDITURES AND DD&A EXPENSE**

(\$ millions)	Fourth Quarter		Twelve Months	
	2010	2009	2010	2009
<b>CAPITAL EXPENDITURES</b>	<b>\$ 1,360</b>	<b>\$ 840</b>	<b>\$ 3,940</b>	<b>\$ 3,245</b>
<b>DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS</b>	<b>\$ 799</b>	<b>\$ 703</b>	<b>\$ 3,153</b>	<b>\$ 2,687</b>

**SUMMARY OF OPERATING STATISTICS - SALES**

	Fourth Quarter		Twelve Months	
	2010	2009	2010	2009
<b>NET OIL, GAS AND LIQUIDS SALES PER DAY</b>				
United States				
Crude Oil and Liquids (MBBL)				
California	90	92	92	93
Permian	163	164	161	164
Midcontinent Gas	19	15	18	14
Total	272	271	271	271
Natural Gas (MMCF)				
California	259	282	280	250
Permian	154	122	133	125
Midcontinent Gas	286	241	264	260
Total	699	645	677	635
Latin America				
Crude Oil (MBBL)				
Colombia	31	36	32	39
Natural Gas (MMCF)				
Bolivia	18	12	16	16
Middle East / North Africa				
Crude Oil and Liquids (MBBL)				
Bahrain	3	1	3	-
Dolphin	23	26	24	25
Libya	12	15	13	12
Oman	63	54	61	50
Qatar	74	80	76	79
Yemen	27	32	30	35
Total	202	208	207	201
Natural Gas (MMCF)				
Bahrain	170	40	169	10
Dolphin	232	256	236	257
Oman	47	42	48	49
Total	449	338	453	316
<b>Continuing operations</b>				
<b>Barrels of Oil Equivalent (MBOE)</b>	<b>699</b>	<b>680</b>	<b>701</b>	<b>672</b>
Discontinued operations				
Crude Oil (MBBL)	46	37	37	37
Natural Gas (MMCF)	36	30	34	30
<b>Total Sales - MBOE</b>	<b>751</b>	<b>722</b>	<b>744</b>	<b>714</b>

**SUMMARY OF OPERATING STATISTICS - PRODUCTION**

	Fourth Quarter		Twelve Months	
	2010	2009	2010	2009
<b>NET OIL, GAS AND LIQUIDS PRODUCTION</b>				
<b>PER DAY</b>				
United States				
Crude Oil and Liquids (MBBL)	272	271	271	271
Natural Gas (MMCF)	699	645	677	635
Latin America				
Crude Oil (MBBL)				
Colombia	30	36	32	39
Natural Gas (MMCF)				
	18	12	16	16
Middle East / North Africa				
Crude Oil and Liquids (MBBL)				
Bahrain	3	1	3	-
Dolphin	23	26	24	26
Iraq	11	-	3	-
Libya	12	11	13	11
Oman	67	56	62	50
Qatar	75	78	76	79
Yemen	27	31	31	34
Total	218	203	212	200
Natural Gas (MMCF)				
	449	338	453	316
<b>Continuing operations</b>				
<b>Barrels of Oil Equivalent (MBOE)</b>				
	714	676	706	671
Discontinued operations				
Crude Oil (MBBL)				
	33	36	36	36
Natural Gas (MMCF)				
	36	30	34	30
<b>Total Worldwide Production - MBOE</b>				
	753	717	748	712

**SIGNIFICANT TRANSACTIONS AND EVENTS 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 results," 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 results is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

(\$ millions, except per-share amounts)	<b>2010</b>	<b>Diluted EPS</b>	<b>2009</b>	<b>Fourth Quarter Diluted EPS</b>
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 1,212</b>	<b>\$ 1.49</b>	<b>\$ 938</b>	<b>\$ 1.15</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 1,666		\$ 1,869	
Add:				
Asset impairments	275		-	
Segment Core Results	<u>1,941</u>		<u>1,869</u>	
<b>Chemicals</b>				
Segment Earnings	111		33	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	<u>111</u>		<u>33</u>	
<b>Midstream, Marketing and Other</b>				
Segment Earnings	202		81	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	<u>202</u>		<u>81</u>	
<b>Total Segment Core Results</b>	<u>2,254</u>		<u>1,983</u>	
<b>Corporate</b>				
Corporate Results --				
Non Segment *	(767)		(1,045)	
Add:				
Benefit from foreign tax credit carry-forwards	(80)		-	
Tax effect of pre-tax adjustments	(100)		-	
Discontinued operations, net **	<u>(20)</u>		<u>164</u>	
Corporate Core Results - Non Segment	<u>(967)</u>		<u>(881)</u>	
<b>TOTAL CORE RESULTS</b>	<u>\$ 1,287</u>	<u>\$ 1.58</u>	<u>\$ 1,102</u>	<u>\$ 1.35</u>

\* Interest expense, income taxes, G&A expense and other.

\*\* Amounts shown after tax.

**SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)**

(\$ millions, except per-share amounts)				Twelve Months
	2010	Diluted EPS	2009	Diluted EPS
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 4,530</b>	<b>\$ 5.56</b>	<b>\$ 2,915</b>	<b>\$ 3.58</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 7,151		\$ 5,097	
Add:				
Asset impairments	275		-	
Rig terminations	-		8	
Segment Core Results	<u>7,426</u>		<u>5,105</u>	
<b>Chemicals</b>				
Segment Earnings	438		389	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	<u>438</u>		<u>389</u>	
<b>Midstream, Marketing and Other</b>				
Segment Earnings	472		235	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	<u>472</u>		<u>235</u>	
<b>Total Segment Core Results</b>	<b><u>8,336</u></b>		<b><u>5,729</u></b>	
<b>Corporate</b>				
Corporate Results --				
Non Segment *	(3,531)		(2,806)	
Add:				
Severance accruals	-		40	
Railcar leases	-		15	
Benefit from foreign tax credit carry-forwards	(80)		-	
Tax effect of pre-tax adjustments	(100)		(22)	
Discontinued operations, net **	<u>39</u>		<u>236</u>	
Corporate Core Results - Non Segment	<u>(3,672)</u>		<u>(2,537)</u>	
<b>TOTAL CORE RESULTS</b>	<b>\$ 4,664</b>	<b>\$ 5.72</b>	<b>\$ 3,192</b>	<b>\$ 3.92</b>

\* Interest expense, income taxes, G&amp;A expense and other

\*\* Amounts shown after tax.

**Occidental Petroleum Corporation****DR. RAY R. IRANI  
Chairman and Chief Executive Officer****-Conference Call-  
Fourth Quarter 2010 Earnings Announcement****January 26, 2011  
Los Angeles, California**

Thank you, Chris. Good morning, ladies and gentlemen.

In a few minutes, Steve Chazen will provide details on our financial results for the fourth quarter and full year of 2010. But first, I want to mention some key developments of the last week and of the past quarter that we believe are significant to continuing Oxy's success in 2011 and beyond.

Last week, we announced that the Government of Abu Dhabi selected Oxy to participate in the development of the Shah gas field, one of the largest natural gas fields in the Middle East. Oxy will hold a 40-percent participating interest in a 30-year contract with Abu Dhabi National Oil Company holding the remaining 60-percent.

We are honored that the Abu Dhabi government has chosen Oxy to participate with them in this major project. This is another important step in the implementation of our growth strategy in the Middle East and in our relationship with the Emirate of Abu Dhabi.

You will recall that in 2007 Oxy submitted a bid on the Shah project and was not selected. However, development of the field under the agreement in principle announced last week provides an exciting opportunity to create value for the people of Abu Dhabi and for Oxy stockholders. We



expect it to provide similar returns to Oxy as our traditional Middle East properties.

Working in close partnership with ADNOC, we will apply our expertise in this technically challenging project to develop high-sulfur content reservoirs within the Shah field. The project is anticipated to produce approximately 500 million cubic feet per day of sales gas – providing net to Oxy in the range of 200 million cubic feet per day. In addition, the project is expected to produce approximately 50,000 barrels per day of condensate and natural gas liquids – which we expect to yield in the range of 20,000 barrels per day net to Oxy.

ADNOC is already in the process of developing the field and the majority of its engineering procurement and construction contracts have already been awarded. Production from the field is scheduled to begin in 2014.

Capital expenditures for the entire project are estimated to be in the range of \$10 billion with Oxy's share proportional to the ownership.

Another key development for Oxy – as we announced last month – was a strategic adjustment we have made to our asset base in order to improve the company's performance and profitability.

We are selling our oil and gas operations in Argentina – which have not performed to our expectations – to a subsidiary of Sinopec and expect after-tax proceeds to be approximately \$2.5 billion.

We have made acquisitions in new producing areas for Oxy – North Dakota and South Texas – which we believe have solid potential for growth.

We expect the combination of these transactions to immediately improve our earnings, ROCE and free cash flow. The North Dakota

acquisition has already closed and we anticipate the Argentina and South Texas transactions to close by the end of this quarter.

Two years ago we went into North Dakota with a modest amount of acreage in the oil-rich Bakken and Three Forks formations of the Williston Basin. Now we have expanded our position in the area to over 200,000 acres by purchasing approximately 180,000 net contiguous acres from a private seller for about \$1.4 billion.

We expect to grow our production in the Williston Basin from these properties to about 30,000 BOE per day over the next five years.

The South Texas acquisition from Shell – for about \$1.8 billion – gives us properties which have over 320 billion cubic feet of gas equivalent in proven developed reserves and are liquid-rich with a solid inventory of drilling opportunities.

Oxy is already a major producer in Texas, and these South Texas assets further expand our footprint in the state.

We anticipate the new U.S. assets to immediately yield reasonable earnings and produce good free cash flow – even at current gas prices. As gas prices improve in the future and we optimize overall area opportunities, these properties will fit well with our overall presence, performance and continued growth in the U.S.

The U.S. acquisitions, together with those we made in the third quarter, will replace our production from Argentina with better profits, ROCE and free cash flow.

As evidence of our confidence in Oxy's performance with the addition of our new U.S. assets, Oxy's Board of Directors has announced its intention to increase our common share dividend rate by 21 percent, to an annual rate of \$1.84, effective with the April 15<sup>th</sup> payment. This will mark Oxy's 10<sup>th</sup>

dividend increase since 2002, bringing the compounded annual growth rate over the period to 15.6 percent.

In 2011 we will maintain our focus on delivering value to our stockholders and partners as we continue improving our asset base, while growing production and reserves.

I'll now turn the call over to Steve Chazen to report on Oxy's financial performance during the past quarter and full year.

###

# **Occidental Petroleum Corporation**

**STEPHEN CHAZEN**

**President and Chief Operating Officer**

**– Conference Call –**

**Fourth Quarter 2010 Earnings Announcement**

***January 26, 2011***

**Los Angeles, California**

Thank you Ray.

Core income was \$1.3 billion or \$1.58 per diluted share in the fourth quarter this year, compared to \$1.1 billion or \$1.35 per diluted share in the fourth quarter of last year. Net income was \$1.2 billion or \$1.49 per diluted share in the fourth quarter of 2010, compared to \$938 million or \$1.15 per diluted share in the fourth quarter of 2009. As required by accounting rules, Argentina has been classified as a discontinued operation. Therefore, Argentina's results have been excluded from continuing operations, net of tax, for all periods. Details of Argentina's operating results for years 2008, 2009 and by quarters in 2010 are included in the Investors Relations Supplemental Schedules. Argentina has not been profitable for the last four years. □ 60;The 2010 fourth quarter also included after-tax non-core charges of \$175 million for impairments predominately of gas properties in the Rockies and an \$80 million benefit related to foreign tax credit carry-forwards.

The fourth quarter 2010 core income included \$110 million higher pre-tax expense compared to the third quarter (\$70 million after-tax or \$0.09 per diluted share) from equity and related compensation programs mostly due to the effect of the steep increase in the company's stock price during this period.

Here's the segment breakdown for the **fourth quarter**.

Oil and gas segment earnings for the fourth quarter of 2010 were \$1.7 billion. Realized crude oil prices increased 11 ½ percent in 2010 but domestic natural gas prices declined 5 ½ percent from the fourth quarter of 2009.

- Production volumes for the fourth quarter of 2010 were 753,000 BOE per day, a 5 percent increase compared with 717,000 BOE per day for the fourth quarter of 2009.
- Fourth quarter production of 753,000 BOE per day was slightly higher than third quarter's production of 751,000 BOE per day. Fourth quarter volumes, compared to the third quarter, were negatively impacted by 10,000 BOE per day from the effects of our production sharing contracts, 6,000 BOE per day due to strikes in Argentina and inclement weather in December, which impacted our California production. In California, oil production was higher by 2,000 barrels per day in the fourth quarter compared to the third quarter, but was offset by 1,000 BOE per day resulting from higher oil prices affecting production sharing and similar contracts at our THUMS operation and by 3,000 barrels per day of lower natural gas liquids volumes resulting from lower gas production.
- Excluding Argentina, worldwide oil and gas production for the fourth quarter of 2010 was 714,000 BOE per day. Third quarter

2010 production would have been 706,000 BOE per day if Argentina were excluded.

- Fourth quarter sales volumes were 751,000 BOE per day. Sales volumes differ from production volumes above due mainly to a fourth quarter lifting in Argentina, which slipped from the third quarter, partially offset by Iraq production, which will be sold in 2011 and a lifting in Colombia, which was sold in the first quarter of 2011.
- Exploration expense was \$54 million in the quarter.

Chemical segment earnings for the fourth quarter of 2010 were \$111 million and in line with our earlier guidance.

Midstream segment earnings for the fourth quarter of 2010 were \$202 million, compared to \$163 million in the third quarter of 2010 and \$81 million in the fourth quarter of 2009. The increase in earnings was mainly due to higher trading and marketing income.

The worldwide effective tax rate was 38 percent for the fourth quarter of 2010.

Let me now turn to Occidental's performance during **the twelve months**.

Core income was \$4.7 billion or \$5.72 per diluted share for the twelve months of this year, compared with \$3.2 billion or \$3.92 per diluted share for the full year of 2009. Net income was \$4.5 billion or \$5.56 per diluted share for the twelve months of 2010, compared with \$2.9 billion or \$3.58 per diluted share for the same period of 2009. Income for the twelve months of 2010 included \$134 million of charges, net of tax and 2009 included \$277 million of charges, net of tax, for the items noted on the schedule reconciling net income to core results.

Oil and gas cash production costs, which exclude production and property taxes, were \$10.19 a barrel for 2010, excluding Argentina. Last year's twelve-month costs were \$8.95 a barrel, on the same basis. The year-over-year increase reflects \$0.32 a barrel in higher CO<sub>2</sub> costs, due to our decision to expense 100% of injected CO<sub>2</sub> beginning in 2010, and higher field support operations, workovers and maintenance costs.

Taxes – other than on income were \$1.83 per barrel for 2010 compared to \$1.67 per barrel for all of 2009. These costs, which are sensitive to product prices, reflect the effect of higher crude oil and gas prices in 2010.

**Capital spending** for the fourth quarter of 2010 was about \$1.4 billion and \$3.9 billion for the twelve months, excluding Argentina. Capital expenditures by segment were 80 percent in Oil and Gas, 13 percent in Midstream with the remainder in Chemicals.

**Cash flow from operations** for the twelve months of 2010 was \$9.1 billion, excluding Argentina. We used \$3.9 billion of the company's cash flow to fund capital expenditures, \$4.7 billion on acquisitions and \$225 million on foreign contracts. These investing cash flow uses amounted to \$8.8 billion. We issued \$2.6 billion of senior debt in the fourth quarter. We also used \$1.2 billion to pay dividends and \$310 million to retire debt. Argentina's net cash flow for the year was a negative \$125 million, after spending \$415 million for capital expenditures and contract extension payments. These and other net cash flows increased our \$1.2 billion cash balance at the end of last year by \$1 .4 billion to \$2.6 billion at December 31. Free cash flow from continuing operations after capital spending and dividends but before acquisition activity and debt retirements was about \$4.3 billion.

## Acquisitions

- Our acquisition costs in the fourth quarter were \$3.1 billion, which included the previously announced purchases and oil and gas bolt-on properties, mainly in the Permian. We expect to close the purchase of several additional properties and the sale of Argentina in the first quarter of 2011.
- During the year we spent \$4.1 billion on Oil & Gas acquisitions, of which about 50 percent was on unproved properties.

On a preliminary basis, our 2010 reserve replacement ratio was about 150 percent. Approximately one-third of the current year reserve adds came from acquisitions. We will provide additional details regarding reserves as soon as the information is available.

The weighted-average basic shares outstanding for the twelve months of 2010 were 812.5 million and the weighted-average diluted shares outstanding were 813.8 million.

Our debt to capitalization ratio was 14 percent at the end of the year. Oxy's 2010 return on equity was 14.7 percent, with return on capital employed of 13.2 percent.

As we look ahead in the **current quarter**:

- Our first quarter 2011 production will be impacted by the following factors:
  - We will no longer report Argentina production.
  - The timing of the completion of the new acquisitions. While the acquisition of the oil and gas properties in North Dakota closed at yearend, the acquisition of the South Texas properties is yet to close.



- Planned one month maintenance and production shut-downs at Elk Hills and Dolphin. The impact of the Elk Hills shutdown, which will only impact natural gas and liquids production, will be about 8,000 BOE per day for the first quarter of 2011. The impact of the Dolphin shutdown will be about 5,000 BOE per day for the quarter.
- We expect the first quarter oil and gas production volumes to be between 740,000 and 750,000 BOE/day at fourth quarter average oil prices of \$85.00 WTI. We expect sales volumes to be around 725,000 BOE per day. A \$5.00 increase in WTI would reduce our daily volumes by about 5,500 BOE per day.
- Once we know the first quarter's results and the timing and the initial production rates on transfer from the pending acquisitions, we can provide an accurate full year production guidance. Production growth will resume in the second quarter. We reasonably expect that by at least the second half of the year, production would be similar to the run rate we showed you in last May's investor presentation, adjusted for oil price changes.

With regard to **prices** -

- At current market prices, a \$1.00 per barrel change in oil prices impacts quarterly earnings before income taxes by about \$41 million. The average fourth quarter WTI oil price was \$85.17 per barrel.
- A swing of 50-cents per million BTUs in domestic gas prices has a \$36 million impact on quarterly earnings before income taxes. This is a significant increase in gas price sensitivities from what

we have given you in the past. The current NYMEX gas price is around \$4.50 per MCF.

Additionally -

- We expect exploration expense to be about \$85 million for seismic and drilling for our exploration programs.
- The chemical segment is expected to provide earnings for the first quarter of about \$125 million. We expect margins and volumes to continue to improve as the economy strengthens.
- We expect our combined worldwide tax rate in the first quarter of 2011 to be about 40 percent. Our fourth quarter U.S. and foreign tax rates are included in the “Investor Relations Supplemental Schedule.”

**For all of 2011:**

- We expect capital spending for the total year to be about \$6.1 billion compared to the total 2010 capital of \$3.9 billion. Both amounts exclude Argentina and the Shah Field Development Project. Occidental's share of the Shah Field development capital will total about \$4 billion over the next several years. Our 2011 capital is close to our fourth quarter annualized run rate of \$5.5 billion and in line with the five-year capital plan we gave you in the May investor presentation plus the capital that was deferred from 2010. The breakdown of the 2010 and 2011 capital by area and segment is included in the Investor Relations Supplemental Schedules.

- Our Oil and Gas DD&A expense for 2011 should be approximately \$11.75 per BOE. Depreciation for the other two segments should be approximately \$500 million.
- **California Update** –
  - We have about 520 geologically viable (so-called de-risked) shale drilling locations in California excluding traditional Elk Hills. Of these locations, about 250 are both outside of Elk Hills proper and the Kern County Discovery Area.
  - During 2011, based on a conservative view of the permitting process, we expect to drill a total of 107 shale wells outside Elk Hills proper. As additional permits become available, the level of drilling activity would pick-up during the year.
  - We will also drill about 28 exploration wells in California in 2011. Approximately 50 percent of these wells will be for conventional exploration. We expect that the exploration activity will, at a minimum, create more unconventional drilling locations.
- Copies of the press release announcing our fourth quarter earnings and the Investor Relations Supplemental Schedules are available on our website at [www.oxy.com](http://www.oxy.com) or through the SEC's EDGAR system.

Now we're ready to take your questions.

**Occidental Petroleum Corporation**  
**Free Cash Flow**  
**Reconciliation to Generally Accepted Accounting Principles (GAAP)**  
**(\$ Millions)**

Twelve  
Months  
2010

Consolidated Statement of Cash Flows

Cash flow from operating activities	9,349
Cash flow from investing activities	(9,078)
Cash flow from financing activities	1,083
Change in cash	<u>1,354</u>

**Free Cash Flow**

Cash flow from operating activities	9,345
Less: operating cash flow from discontinued operations	<u>(210)</u>
Operating cash flow from continuing operations	9,135
Capital spending	(3,940)
Cash dividends paid	(1,159)
Equity method investment dividends	<u>217</u>
Free cash flow from continuing operations	<u>4,253</u>

**Occidental Petroleum Corporation**  
**Return on Capital Employed (ROCE)**  
**Reconciliation to Generally Accepted Accounting Principles (GAAP)**

	<b>2009</b>	<b>2010</b>
<b>RETURN ON EQUITY (%)</b>	10.3	14.7
<b>RETURN ON CAPITAL EMPLOYED (%)</b>	9.6	13.2
	<b>2009</b>	<b>2010</b>
GAAP measure - net income attributable to common stock	2,915	4,530
Interest expense	109	93
Tax effect of interest expense	(38)	(33)
Earnings before tax-effected interest expense	2,986	4,590
GAAP stockholders' equity	29,159	32,484
Debt		
GAAP debt		
Debt, including current maturities	2,796	5,111
Non-GAAP debt		
Capital lease obligation	25	-
Total debt	2,821	5,111
Total capital employed	31,980	37,595
<b>ROCE</b>	<b>9.6</b>	<b>13.2</b>
ROE	10.3	14.7

ROCE-ROE



**Investor Relations Supplemental Schedules**  
**Summary**  
**(\$ Millions)**

	<u>4Q 2010</u>	<u>4Q 2009</u>
Reported Net Income	\$1,212	\$938
EPS - Diluted	\$1.49	\$1.15
Core Results	\$1,287	\$1,102
EPS - Diluted	\$1.58	\$1.35
Total Worldwide Sales Volumes (mboe/day)	751	722
Total Worldwide Crude Oil Realizations (\$/BBL)	\$79.96	\$71.74
Domestic Natural Gas Realizations (\$/MCF)	\$4.13	\$4.37
Wtd. Average Basic Shares O/S (mm)	812.6	811.8
Wtd. Average Diluted Shares O/S (mm)	813.7	813.5
	<u>YTD 2010</u>	<u>YTD 2009</u>
Reported Net Income	\$4,530	\$2,915
EPS - Diluted	\$5.56	\$3.58
Core Results	\$4,664	\$3,192
EPS - Diluted	\$5.72	\$3.92
Total Worldwide Sales Volumes (mboe/day)	744	714
Total Worldwide Crude Oil Realizations (\$/BBL)	\$75.16	\$57.31
Domestic Natural Gas Realizations (\$/MCF)	\$4.53	\$3.46
Wtd. Average Basic Shares O/S (mm)	812.5	811.3
Wtd. Average Diluted Shares O/S (mm)	813.8	813.8
Shares Outstanding (mm)	812.8	811.9
Cash Flow from Operations	\$ 9,300	\$ 5,800



**OCCIDENTAL PETROLEUM**  
**2010 Fourth Quarter**  
**Net Income (Loss)**  
**(\$ millions)**

	<u>Reported Income</u>	<u>Significant Items Affecting Income</u>	<u>Core Results</u>
Oil & Gas	\$ 1,666	\$ 275    Asset Impairments	\$ 1,941
Chemical	111		111
Midstream, marketing and other	202		202
Corporate			
Interest expense, net	(20)		(20)
Other	(149)		(149)
Taxes	(618)	(100)    Tax effect of adjustments (80)    Benefit from foreign tax credit carry-forwards	(798)
<b>Income from continuing operations</b>	<u>1,192</u>	<u>95</u>	<u>1,287</u>
Discontinued operations, net of tax	20	(20)    Discontinued operations, net	-
<b>Net Income</b>	<u>\$ 1,212</u>	<u>\$ 75</u>	<u>\$ 1,287</u>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 1.47		
Discontinued operations, net	0.02		
<b>Net Income</b>	<u>\$ 1.49</u>		<u>\$ 1.58</u>
<b>Diluted Earnings Per Common Share</b>			
Income from continuing operations	\$ 1.47		
Discontinued operations, net	0.02		
<b>Net Income</b>	<u>\$ 1.49</u>		<u>\$ 1.58</u>



**OCCIDENTAL PETROLEUM**  
**2009 Fourth Quarter**  
**Net Income (Loss)**  
**(\$ millions)**

	<b>Reported Income</b>	<b>Significant Items Affecting Income</b>	<b>Core Results</b>
Oil & Gas	\$ 1,869		\$ 1,869
Chemical	33		33
Midstream, marketing and other	81		81
Corporate			
Interest expense, net	(31)		(31)
Other	(107)		(107)
Taxes	(743)		(743)
<b>Income from continuing operations</b>	<b>1,102</b>	<b>-</b>	<b>1,102</b>
Discontinued operations, net of tax	(164)	164	-
<b>Net Income</b>	<b>\$ 938</b>	<b>\$ 164</b>	<b>\$ 1,102</b>
		Discontinued operations, net	
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 1.35		
Discontinued operations, net	(0.20)		
Net Income	<u>\$ 1.15</u>		<u>\$ 1.36</u>
<b>Diluted Earnings Per Common Share</b>			
Income from continuing operations	\$ 1.35		
Discontinued operations, net	(0.20)		
Net Income	<u>\$ 1.15</u>		<u>\$ 1.35</u>





**OCCIDENTAL PETROLEUM**  
**2010 Twelve Months**  
**Net Income (Loss)**  
**(\$ millions)**

	<u>Reported Income</u>	<u>Significant Items Affecting Income</u>	<u>Core Results</u>
Oil & Gas	\$ 7,151	\$ 275    Asset Impairments	\$ 7,426
Chemical	438		438
Midstream, marketing and other	472		472
Corporate			
Interest expense, net	(93)		(93)
Other	(404)		(404)
Taxes	(2,995)	(100)    Tax effect of adjustments (80)    Benefit from foreign tax credit carry-forwards	(3,175)
<b>Income from continuing operations</b>	<u>4,569</u>	<u>95</u>	<u>4,664</u>
Discontinued operations, net of tax	(39)	39    Discontinued operations, net	-
<b>Net Income</b>	<u>\$ 4,530</u>	<u>\$ 134</u>	<u>\$ 4,664</u>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 5.62		
Discontinued operations, net	(0.05)		
<b>Net Income</b>	<u>\$ 5.57</u>		<u>\$ 5.73</u>
<b>Diluted Earnings Per Common Share</b>			
Income from continuing operations	\$ 5.61		
Discontinued operations, net	(0.05)		
<b>Net Income</b>	<u>\$ 5.56</u>		<u>\$ 5.72</u>



**OCCIDENTAL PETROLEUM**  
**2009 Twelve Months**  
**Net Income (Loss)**  
**(\$ millions)**

	<u>Reported Income</u>	<u>Significant Items Affecting Income</u>	<u>Core Results</u>
Oil & Gas	\$ 5,097	\$ 8	\$ 5,105
Chemical	389		389
Midstream, marketing and other	235		235
Corporate			
Interest expense, net	(102)		(102)
Other	(405)	40	(350)
		15	
Taxes	(2,063)	(22)	(2,085)
		40	
		15	
		22)	
		Tax effect of adjustments	
<b>Income from continuing operations</b>	<u>3,151</u>	<u>41</u>	<u>3,192</u>
Discontinued operations, net of tax	(236)	236	-
<b>Net Income</b>	<u>\$ 2,915</u>	<u>\$ 277</u>	<u>\$ 3,192</u>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 3.88		
Discontinued operations, net	(0.29)		
Net Income	<u>\$ 3.59</u>		<u>\$ 3.93</u>
<b>Diluted Earnings Per Common Share</b>			
Income from continuing operations	\$ 3.87		
Discontinued operations, net	(0.29)		
Net Income	<u>\$ 3.58</u>		<u>\$ 3.92</u>



**OCCIDENTAL PETROLEUM**  
**Worldwide Effective Tax Rate**

	QUARTERLY			YEAR-TO-DATE	
	2010 QTR 4	2010 QTR 3	2009 QTR 4	2010 12 Months	2009 12 Months
<b>REPORTED INCOME</b>					
Oil & Gas	1,666	1,757	1,869	7,151	5,097
Chemicals	111	189	33	438	389
Midstream, marketing and other	202	163	81	472	235
Corporate & other	(169)	(84)	(138)	(497)	(507)
Pre-tax income	1,810	2,025	1,845	7,564	5,214
Income tax expense					
Federal and state	129	322	338	1,087	684
Foreign	489	500	405	1,908	1,379
Total	618	822	743	2,995	2,063
Income from continuing operations	1,192	1,203	1,102	4,569	3,151
<b>Worldwide effective tax rate</b>	<b>34%</b>	<b>41%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>
<b>CORE RESULTS</b>					
Oil & Gas	1,941	1,757	1,869	7,426	5,105
Chemicals	111	189	33	438	389
Midstream, marketing and other	202	163	81	472	235
Corporate & other	(169)	(84)	(138)	(497)	(452)
Pre-tax income	2,085	2,025	1,845	7,839	5,277
Income tax expense					
Federal and state	309	322	338	1,267	706
Foreign	489	500	405	1,908	1,379
Total	798	822	743	3,175	2,085
Core results	1,287	1,203	1,102	4,664	3,192
<b>Worldwide effective tax rate</b>	<b>38%</b>	<b>41%</b>	<b>40%</b>	<b>41%</b>	<b>40%</b>

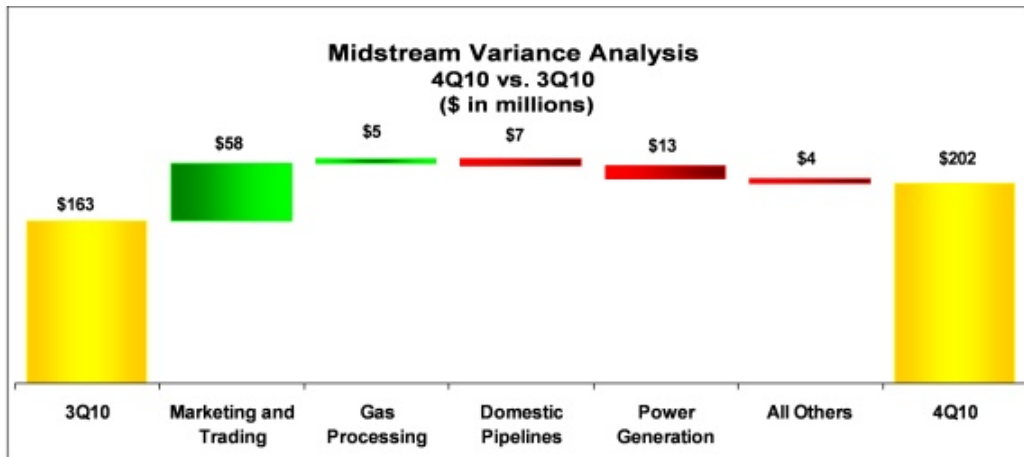
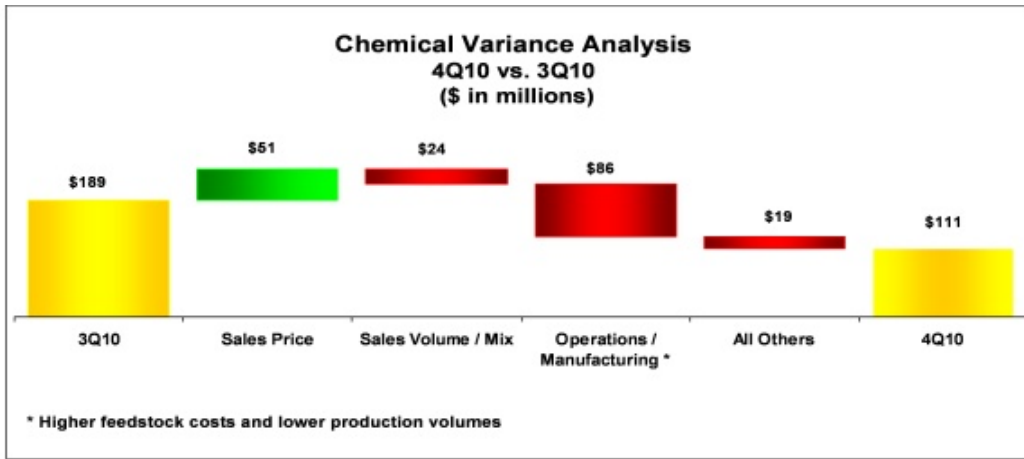
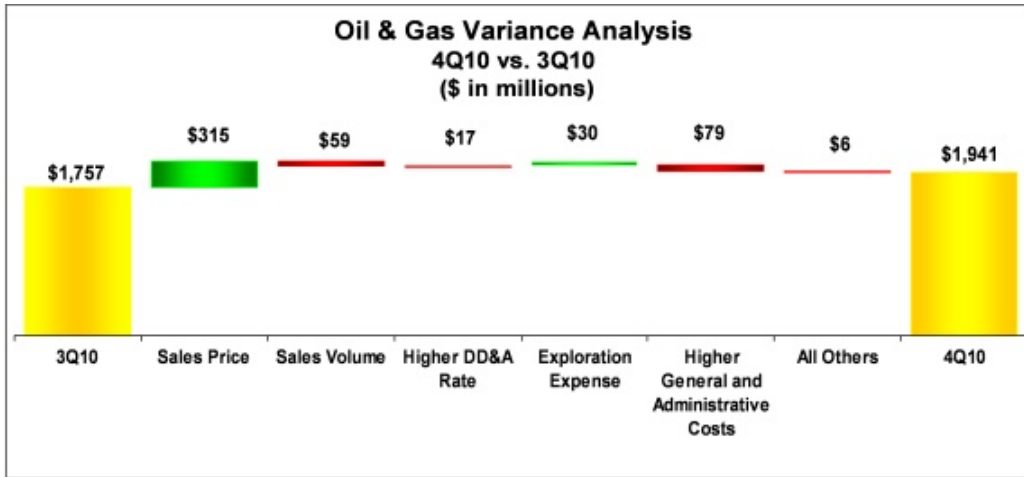


**OCCIDENTAL PETROLEUM**  
**2010 Fourth Quarter Net Income (Loss)**  
**Reported Income Comparison**

	<b>Fourth Quarter 2010</b>	<b>Third Quarter 2010</b>	<b>B / (W)</b>
Oil & Gas	\$ 1,666	\$ 1,757	\$ (91)
Chemical	111	189	(78)
Midstream, marketing and other	202	163	39
Corporate			
Interest expense, net	(20)	(18)	(2)
Other	(149)	(66)	(83)
Taxes	(618)	(822)	204
Income from continuing operations	1,192	1,203	(11)
Discontinued operations, net	20	(12)	32
Net Income	<u>\$ 1,212</u>	<u>\$ 1,191</u>	<u>\$ 21</u>
Earnings Per Common Share			
Basic	\$ 1.49	\$ 1.46	\$ 0.03
Diluted	\$ 1.49	\$ 1.46	\$ 0.03
Worldwide Effective Tax Rate	<u>34%</u>	<u>41%</u>	<u>7%</u>

**OCCIDENTAL PETROLEUM**  
**2010 Fourth Quarter Net Income (Loss)**  
**Core Results Comparison**

	<b>Fourth Quarter 2010</b>	<b>Third Quarter 2010</b>	<b>B / (W)</b>
Oil & Gas	\$ 1,941	\$ 1,757	\$ 184
Chemical	111	189	(78)
Midstream, marketing and other	202	163	39
Corporate			
Interest expense, net	(20)	(18)	(2)
Other	(149)	(66)	(83)
Taxes	(798)	(822)	24
Core Results	<u>\$ 1,287</u>	<u>\$ 1,203</u>	<u>\$ 84</u>
Core Results Per Common Share			
Basic	\$ 1.58	\$ 1.48	\$ 0.10
Diluted	\$ 1.58	\$ 1.48	\$ 0.10
Worldwide Effective Tax Rate	<u>38%</u>	<u>41%</u>	<u>3%</u>



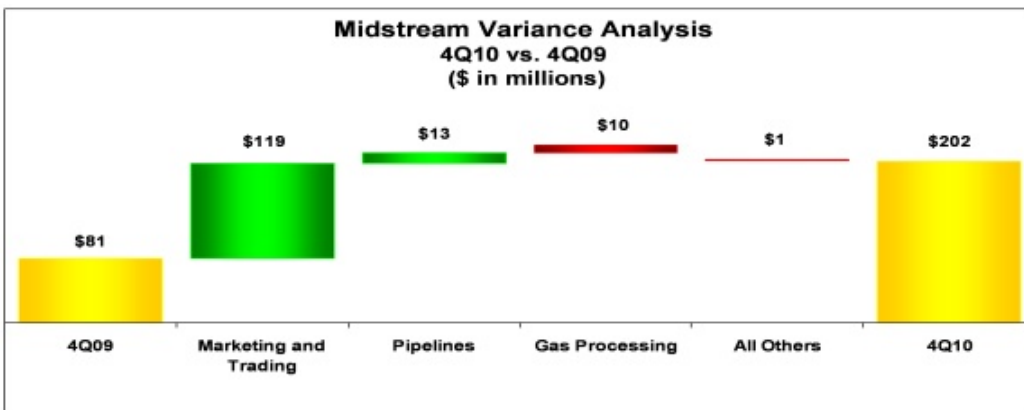
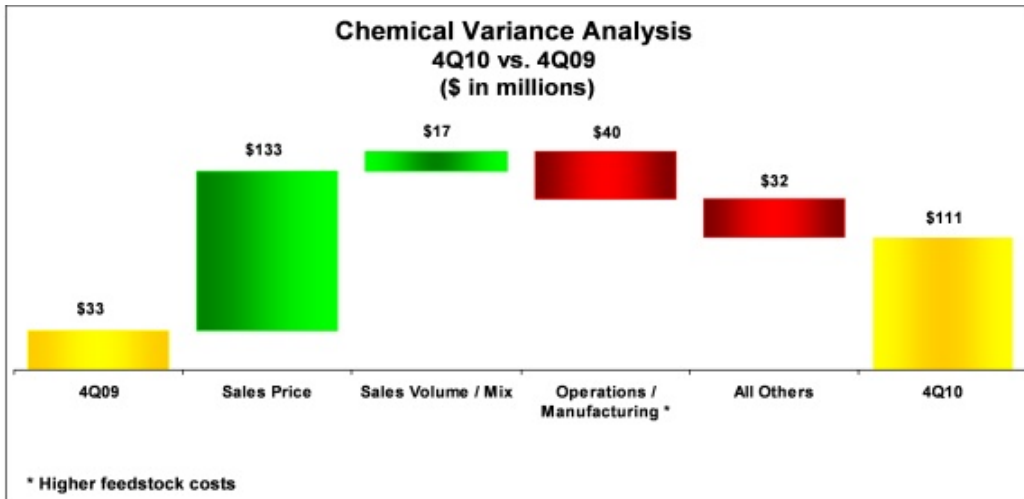
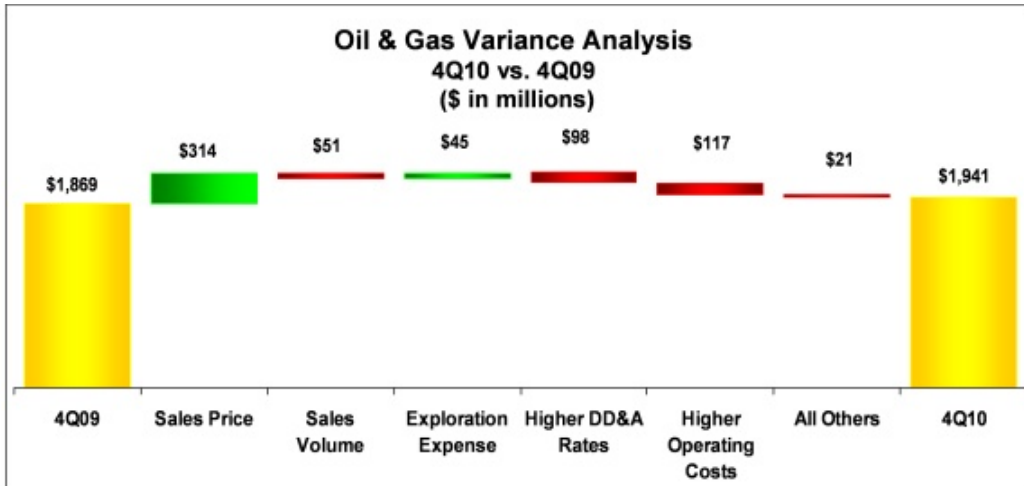


**OCCIDENTAL PETROLEUM**  
**2010 Fourth Quarter Net Income (Loss)**  
**Reported Income Comparison**

	<b>Fourth Quarter 2010</b>	<b>Fourth Quarter 2009</b>	<b>B / (W)</b>
Oil & Gas	\$ 1,666	\$ 1,869	\$ (203)
Chemical	111	33	78
Midstream, marketing and other	202	81	121
Corporate			
Interest expense, net	(20)	(31)	11
Other	(149)	(107)	(42)
Taxes	(618)	(743)	125
<b>Income from continuing operations</b>	<b>1,192</b>	<b>1,102</b>	<b>90</b>
Discontinued operations, net	20	(164)	184
<b>Net Income</b>	<b>\$ 1,212</b>	<b>\$ 938</b>	<b>\$ 274</b>
<b>Earnings Per Common Share</b>			
Basic	\$ 1.49	\$ 1.15	\$ 0.34
Diluted	\$ 1.49	\$ 1.15	\$ 0.34
<b>Worldwide Effective Tax Rate</b>	<b>34%</b>	<b>40%</b>	<b>6%</b>

**OCCIDENTAL PETROLEUM**  
**2010 Fourth Quarter Net Income (Loss)**  
**Core Results Comparison**

	<b>Fourth Quarter 2010</b>	<b>Fourth Quarter 2009</b>	<b>B / (W)</b>
Oil & Gas	\$ 1,941	\$ 1,869	\$ 72
Chemical	111	33	78
Midstream, marketing and other	202	81	121
Corporate			
Interest expense, net	(20)	(31)	11
Other	(149)	(107)	(42)
Taxes	(798)	(743)	(55)
<b>Core Results</b>	<b>\$ 1,287</b>	<b>\$ 1,102</b>	<b>\$ 185</b>
<b>Core Results Per Common Share</b>			
Basic	\$ 1.58	\$ 1.36	\$ 0.22
Diluted	\$ 1.58	\$ 1.35	\$ 0.23
<b>Worldwide Effective Tax Rate</b>	<b>38%</b>	<b>40%</b>	<b>2%</b>





**OCCIDENTAL PETROLEUM  
SUMMARY OF OPERATING STATISTICS**

	<b>Fourth Quarter</b>		<b>Twelve Months</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>NET SALES VOLUMES PER DAY:</b>				
<b>United States</b>				
<b>Crude Oil and Liquids (MBBL)</b>				
	California	90	92	93
	Permian	163	164	164
	Midcontinent Gas	19	15	14
	<b>Total</b>	<b>272</b>	<b>271</b>	<b>271</b>
<b>Natural Gas (MMCF)</b>				
	California	259	282	250
	Permian	154	122	125
	Midcontinent Gas	286	241	260
	<b>Total</b>	<b>699</b>	<b>645</b>	<b>635</b>
<b>Latin America</b>				
<b>Crude Oil (MBBL)</b>	Colombia	31	36	39
<b>Natural Gas (MMCF)</b>	Bolivia	18	12	16
<b>Middle East / North Africa</b>				
<b>Crude Oil and Liquids (MBBL)</b>				
	Bahrain	3	1	-
	Dolphin	23	26	25
	Libya	12	15	12
	Oman	63	54	50
	Qatar	74	80	79
	Yemen	27	32	35
	<b>Total</b>	<b>202</b>	<b>208</b>	<b>201</b>
<b>Natural Gas (MMCF)</b>				
	Bahrain	170	40	10
	Dolphin	232	256	257
	Oman	47	42	49
	<b>Total</b>	<b>449</b>	<b>338</b>	<b>316</b>
<b>Continuing operations</b>				
<b>Barrels of Oil Equivalent (MBOE)</b>		<b>699</b>	<b>680</b>	<b>701</b>
<b>Discontinued operations</b>				
<b>Crude Oil (MBBL)</b>		46	37	37
<b>Natural Gas (MMCF)</b>		36	30	30
<b>Total Sales - MBOE</b>		<b>751</b>	<b>722</b>	<b>744</b>





**OCCIDENTAL PETROLEUM  
SUMMARY OF OPERATING STATISTICS**

	<b>Fourth Quarter</b>		<b>Twelve Months</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>NET PRODUCTION PER DAY:</b>				
<b>United States</b>				
Crude Oil and Liquids (MBBL)	272	271	271	271
Natural Gas (MMCF)	699	645	677	635
<b>Latin America</b>				
Crude Oil (MBBL)				
Natural Gas (MMCF)				
	30	36	32	39
	18	12	16	16
<b>Middle East / North Africa</b>				
Crude Oil and Liquids (MBBL)				
	3	1	3	-
	23	26	24	26
	11	-	3	-
	12	11	13	11
	67	56	62	50
	75	78	76	79
	27	31	31	34
<b>Total</b>	<b>218</b>	<b>203</b>	<b>212</b>	<b>200</b>
Natural Gas (MMCF)	449	338	453	316
<b>Continuing operations</b>				
<b>Barrels of Oil Equivalent (MBOE)</b>	<b>714</b>	<b>676</b>	<b>706</b>	<b>671</b>
<b>Discontinued operations</b>				
Crude Oil (MBBL)	33	36	36	36
Natural Gas (MMCF)	36	30	34	30
<b>Total Worldwide Production - MBOE</b>	<b>753</b>	<b>717</b>	<b>748</b>	<b>712</b>



**OCCIDENTAL PETROLEUM  
SUMMARY OF OPERATING STATISTICS**

	<b>Fourth Quarter</b>		<b>Twelve Months</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>OIL &amp; GAS:</b>				
<b>PRICES</b>				
<b>United States</b>				
Crude Oil (\$/BBL)	79.20	70.90	73.79	56.74
Natural gas (\$/MCF)	4.13	4.37	4.53	3.46
<b>Latin America</b>				
Crude Oil (\$/BBL)	81.05	71.69	75.29	55.89
Natural Gas (\$/MCF)	7.76	5.73	7.73	5.70
<b>Middle East / North Africa</b>				
Crude Oil (\$/BBL)	80.65	73.11	76.67	58.75
<b>Total Worldwide</b>				
Crude Oil (\$/BBL)	79.96	71.74	75.16	57.31
Natural Gas (\$/MCF)	2.91	3.42	3.11	2.83
	<b>Fourth Quarter</b>		<b>Twelve Months</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Exploration Expense</b>				
United States	\$ 27	\$ 53	\$ 162	\$ 160
Latin America	6	12	7	14
Middle East / North Africa	21	33	93	80
<b>TOTAL REPORTED</b>	<b>\$ 54</b>	<b>\$ 98</b>	<b>\$ 262</b>	<b>\$ 254</b>



**OCCIDENTAL PETROLEUM  
SUMMARY OF OPERATING STATISTICS**

	<b>Fourth Quarter</b>		<b>Twelve Months</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Capital Expenditures (\$MM)</b>				
Oil & Gas				
California	\$ 297	\$ 152	\$ 841	\$ 554
Permian	212	85	502	413
Midcontinent Gas	131	41	269	118
Latin America	56	40	163	210
Middle East / North Africa	344	253	1,199	1,021
Exploration	62	50	192	132
Chemicals	108	91	237	205
Midstream, marketing and other	144	124	501	554
Corporate	6	4	36	38
<b>TOTAL</b>	<b>\$ 1,360</b>	<b>\$ 840</b>	<b>\$ 3,940</b>	<b>\$ 3,245</b>
<b>Depreciation, Depletion &amp; Amortization of Assets (\$MM)</b>				
Oil & Gas				
Domestic	\$ 365	\$ 305	\$ 1,412	\$ 1,237
Latin America	31	48	122	198
Middle East / North Africa	282	237	1,134	823
Chemicals	78	76	321	298
Midstream, marketing and other	38	31	142	110
Corporate	5	6	22	21
<b>TOTAL</b>	<b>\$ 799</b>	<b>\$ 703</b>	<b>\$ 3,153</b>	<b>\$ 2,687</b>



**OCCIDENTAL PETROLEUM  
CORPORATE  
(\$ millions)**

	<b>31-Dec-10</b>	<b>31-Dec-09</b>
<b>CAPITALIZATION</b>		
Long-Term Debt (including current maturities)	\$ 5,111	\$ 2,796
Others	-	25
<b>Total Debt</b>	<b>\$ 5,111</b>	<b>\$ 2,821</b>
<b>EQUITY</b>		
Total Debt To Total Capitalization	<b>14%</b>	<b>9%</b>



**Investor Relations Supplemental Schedules**  
**Argentina Summary**  
**(\$ Millions)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net Production (MBOE/Day)	38	41	42
Results pre-tax	(591)	(369)	(33)
Results after-tax	(344)	(224)	(18)
Depreciation, Depletion & Amortization of Assets	314	430	350
Capital Expenditures	538	336	415 *

\*Includes \$105 million contract extension bonus.

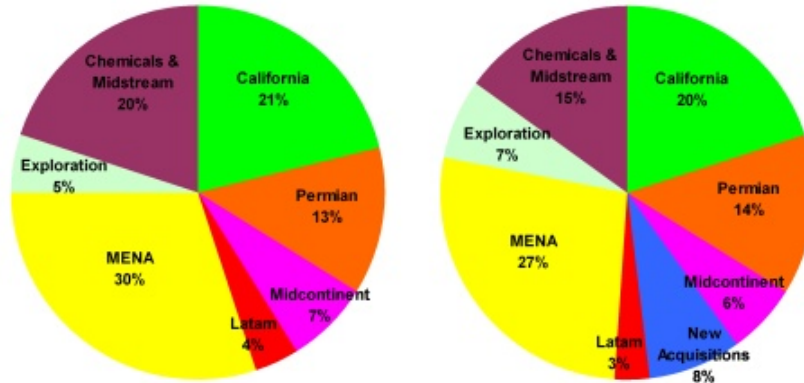


**Investor Relations Supplemental Schedules**  
**Argentina Summary**  
**(\$ Millions)**

	<b>2010</b>				
	<u><b>1st Q</b></u>	<u><b>2nd Q</b></u>	<u><b>3rd Q</b></u>	<u><b>4th Q</b></u>	<u><b>TY</b></u>
Net Production (MBOE/Day)	42	42	45	39	42
Results pre-tax	(43)	(17)	(13)	40	(33)
Results after-tax	(26)	(8)	(7)	23	(18)



### Capital Spending – 2010 Actual & 2011 Outlook

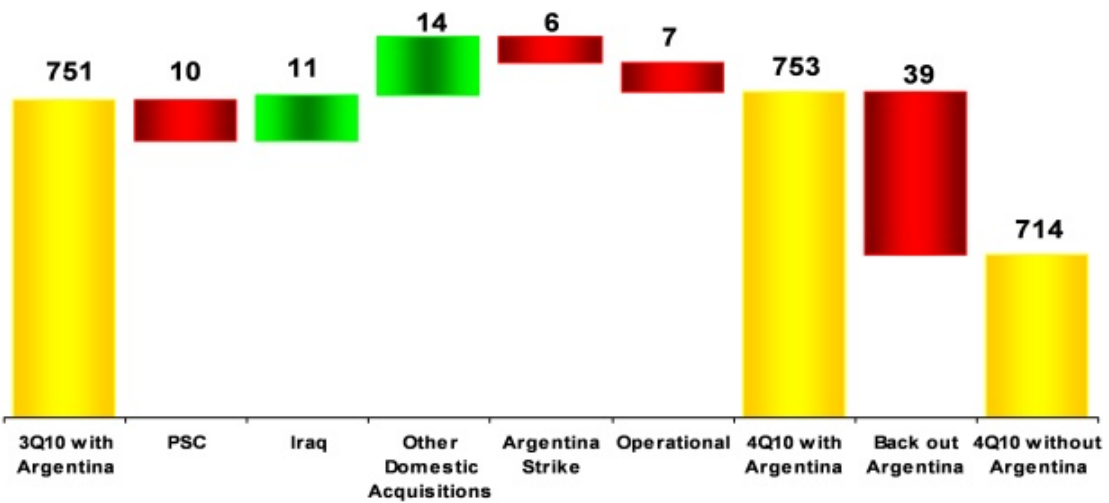


2010 Capital - \$3.9 Billion  
(excluding Argentina)

2011E Capital - \$6.1 Billion

### Factors Impacting 4Q10 Production

(shown with and without Argentina)  
(Thousand boe/d)



# Occidental Petroleum Corporation

## Fourth Quarter 2010 Earnings Conference Call

January 26, 2011





## Fourth Quarter 2010 Earnings - Highlights

- **Core Results - \$1.3 Billion vs. \$1.1 Billion in 4Q09**
  - *Core EPS \$1.58 (diluted) vs. \$1.35 in 4Q09.*
- **Net Income - \$1.2 Billion vs. \$938 Million in 4Q09**
  - **EPS \$1.49 (diluted) vs. \$1.15 in 4Q09.**



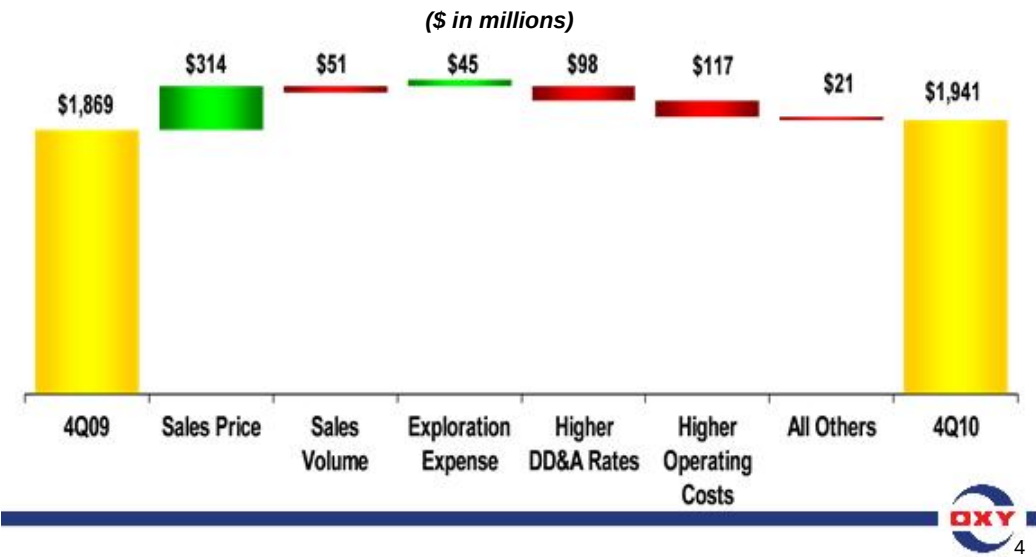
## Fourth Quarter 2010 Earnings - Highlights

- *Argentina has been classified as a discontinued operation; therefore, its results have been excluded from continuing operations, net of tax, for all periods.*
- *Argentina has not been profitable for the last four years.*
- **4Q10 also included after-tax non-core charges of \$175 mm for impairments predominately of gas properties in the Rockies and an \$80 mm benefit related to foreign tax credit carry-forwards.**
- *4Q10 core income included \$110 mm higher pre-tax expense compared to 3Q10 (\$70 mm after-tax or \$0.09 per diluted share) from equity and related compensation programs mostly due to the effect of the steep increase in the company's stock price during this period.*



# Fourth Quarter 2010 Earnings - Oil & Gas Segment Variance Analysis - 4Q10 vs. 4Q09

- **Core Results for 4Q10 of \$1.941 B vs. \$1.869 B in 4Q09**
  - Realized crude oil prices increased 11½ percent in 2010 but domestic natural gas prices declined 5½ percent from the fourth quarter of 2009.



## Fourth Quarter 2010 Earnings - Oil & Gas Segment

	4Q10	4Q09
Oil and Gas Production Volumes (mboe/d)	753	717

– Year-over-year increase of 5%.

- 4Q10 production of 753 mboe/d was slightly higher than 3Q10 of 751 mboe/d.
- 4Q10 volumes, compared to 3Q10, were negatively impacted by 10 mboe/d from the effects of our PSCs, 6 mboe/d due to strikes in Argentina, and inclement weather in December which impacted our California production.
- In California, oil production was higher by 2 mb/d in 4Q10 compared to 3Q10, but was offset by 1 mb/d resulting from higher oil prices affecting production sharing and similar contracts at our THUMS operation and by 3 mb/d of lower NGL volumes resulting from lower gas production.
- Excluding Argentina, worldwide oil and gas production for 4Q10 was 714 mboe/d.
- 3Q10 production would have been 706 mboe/d if Argentina were excluded.



## Fourth Quarter 2010 Earnings - Oil & Gas Segment

	<u>4Q10</u>	<u>4Q09</u>
Oil and Gas Sales Volumes (mboe/d)	751	722

- Sales volumes differ from production volumes above due mainly to a 4Q10 lifting in Argentina, which slipped from 3Q10, partially offset by Iraq production, which will be sold in 2011 and a lifting in Colombia, which was sold in 1Q11.
- Exploration expense was \$54 million in 4Q10.



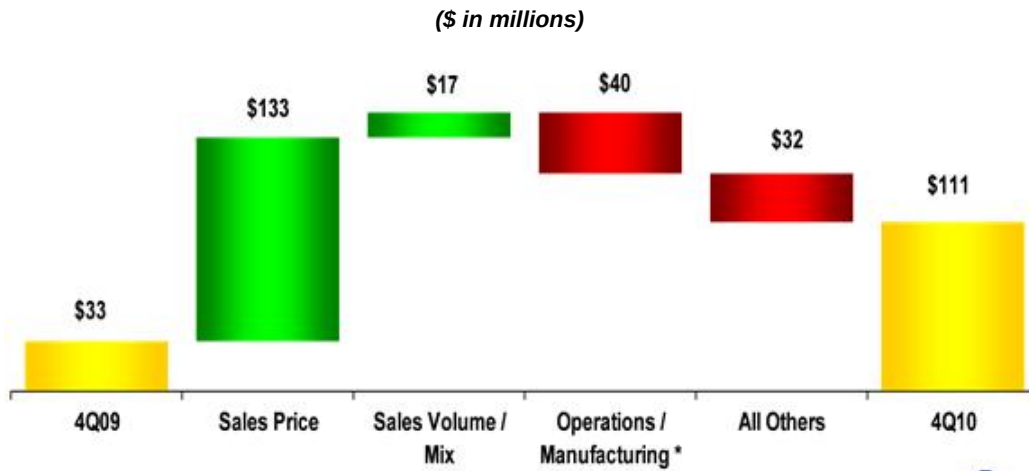
## Fourth Quarter 2010 Earnings - Oil & Gas Segment

	<u>4Q10</u>	<u>4Q09</u>
Reported Segment Earnings (\$ mm)	\$1,666	\$1,869
WTI Oil Price (\$/bbl)	\$85.17	\$76.19
NYMEX Gas Price (\$/mcf)	\$3.85	\$4.29
<i>Oxy's Realized Prices</i>		
<i>Worldwide Oil (\$/bbl)</i>	<i>\$79.96</i>	<i>\$71.74</i>
<i>US Natural Gas (\$/mcf)</i>	<i>\$4.13</i>	<i>\$4.37</i>



# Fourth Quarter 2010 Earnings - Chemical Segment Variance Analysis - 4Q10 vs. 4Q09

- **Core Results for 4Q10 of \$111 mm vs. \$33 mm in 4Q09**
  - Chemical segment earnings for 4Q10 were \$111 million and in line with our earlier guidance.



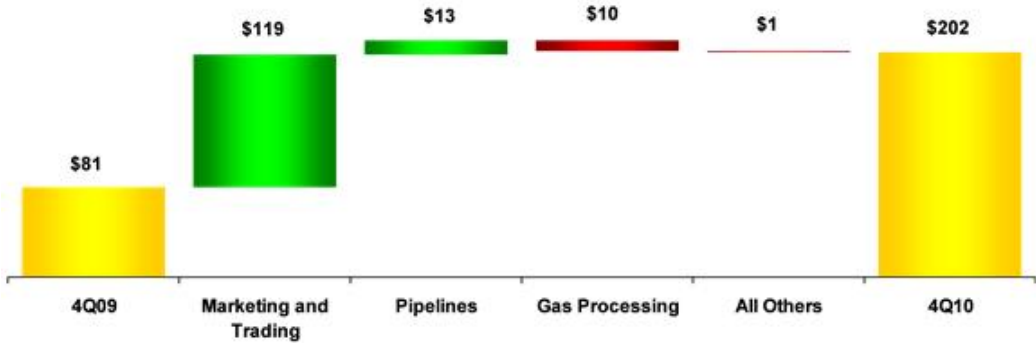
\*Higher feedstock costs



# Fourth Quarter 2010 Earnings - Midstream Segment Variance Analysis - 4Q10 vs. 4Q09

- **Core Results for 4Q10 of \$202 mm vs. \$81 mm in 4Q09**
  - Midstream segment earnings for 4Q10 increased compared to \$163 mm in 3Q10 and \$81 mm in 4Q09. The increase in earnings was mainly due to higher trading and marketing income.

(\$ in millions)





## Fourth Quarter 2010 Earnings - Full Year 2010 Results & Capital Spending

	<u>FY2010</u>	<u>FY2009</u>
• Net Income (\$mm)	\$4,530	\$2,915
• EPS (diluted)	\$5.56	\$3.58
• Core Income (\$mm)	\$4,664	\$3,192
• EPS (diluted)	\$5.72	\$3.92
• Income for the twelve months of 2010 included \$134 million of charges, net of tax and 2009 included \$277 million of charges, net of tax, for the items noted on the schedule reconciling net income to core results.		
• Capital spending for 4Q10 was about \$1.4 billion and \$3.9 billion for full year 2010, excluding Argentina. <ul style="list-style-type: none"><li>– Capital expenditures by segment were 80% in Oil and Gas, 13% in Midstream with the remainder in Chemicals.</li></ul>		



10

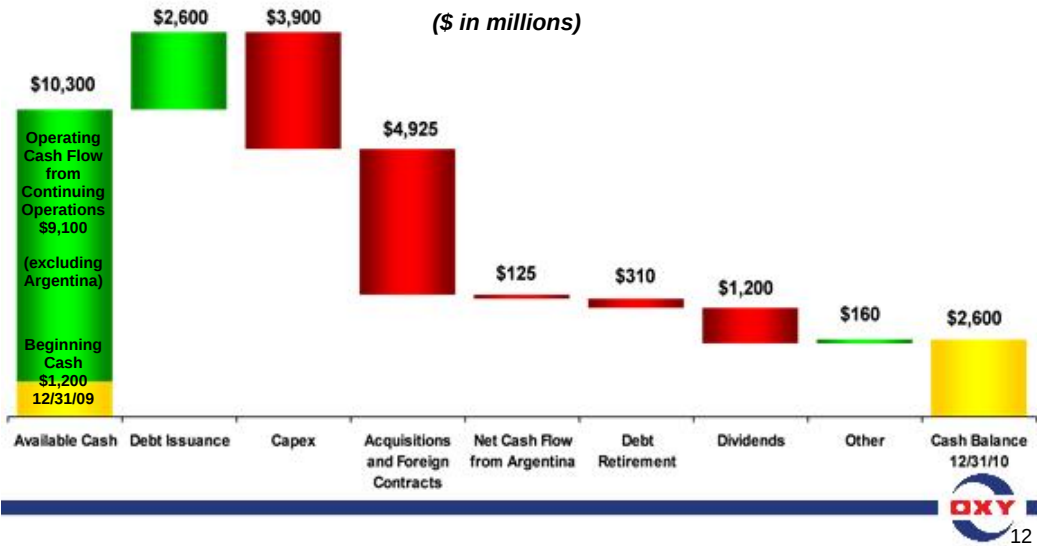
## Fourth Quarter 2010 Earnings - Oil & Gas Segment - Cash Production Costs and Taxes

- **Oil and gas cash production costs, which exclude production and property taxes, were \$10.19 per boe for 2010, excluding Argentina.**
  - Full-year 2009 costs were \$8.95 a boe, on the same basis.
  - The year-over-year increase reflects \$0.32 a barrel in higher CO<sub>2</sub> costs, due to our decision to expense 100% of injected CO<sub>2</sub> beginning in 2010, and higher field support operations, workovers and maintenance costs.
- **Taxes - other than on income were \$1.83 per boe for 2010 compared to \$1.67 per boe for all of 2009. These costs, which are sensitive to product prices, reflect the effect of higher crude oil and gas prices in 2010.**



# Fourth Quarter 2010 Earnings - Full Year 2010 Cash Flow

- Free cash flow from continuing operations after capex and dividends but before acquisition activity and debt retirements was about \$4.3 billion.



## Fourth Quarter 2010 Earnings - Shares Outstanding, Debt and Returns

<b>Shares Outstanding (mm)</b>	<b><u>2010</u></b>	<b><u>12/31/10</u></b>
Weighted Average Basic	812.5	
Weighted Average Diluted	813.8	
Basic Shares Outstanding		812.5
Diluted Shares Outstanding		813.9
	<b><u>2010</u></b>	
Debt/Capital	14%	
ROE	14.7%	
ROCE	13.2%	



## Fourth Quarter 2010 Earnings - Acquisitions & Reserve Replacement

- **Our acquisition costs in 4Q10 were \$3.1 billion, which included the previously announced purchases and oil and gas bolt-on properties, mainly in the Permian.**
  - We expect to close the purchase of several additional properties and the sale of Argentina in 1Q11.
  - During the year we spent \$4.1 billion on Oil & Gas acquisitions, of which about 50% was on unproved properties.
  
- **On a preliminary basis, our 2010 reserve replacement ratio was about 150%.**
  - Approximately one-third of the current year reserve adds came from acquisitions.
  - We will provide additional details regarding reserves as soon as the information is available.



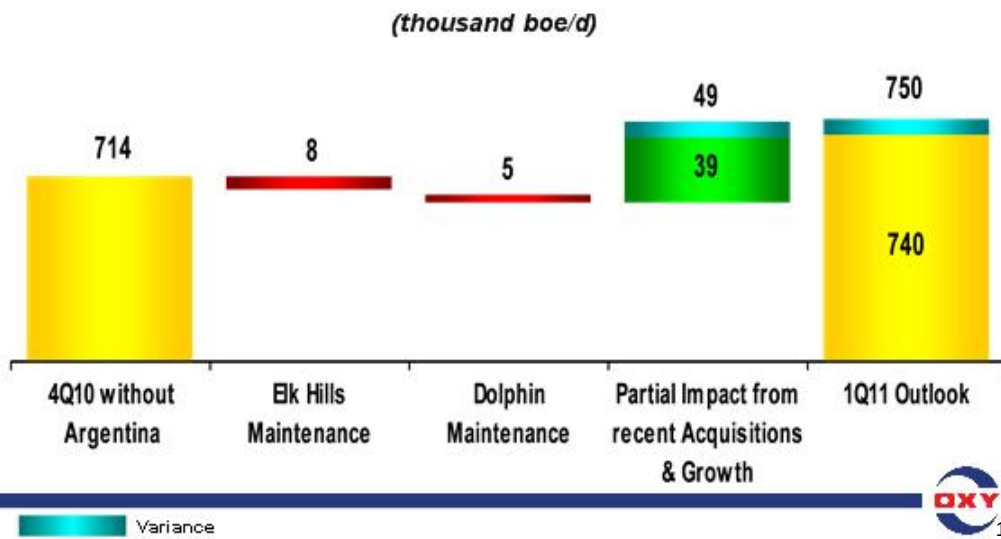
## Fourth Quarter 2010 Earnings - Oil and Gas Production - 1Q11 Outlook

- **Our 1Q11 production will be impacted by the following factors:**
  - We will no longer report Argentina production;
  - The timing of the completion of the new acquisitions;
    - While the acquisition of the oil and gas properties in North Dakota closed at year end, the acquisition of the South Texas properties is yet to close.
  - Planned one month maintenance and production shut-downs at Elk Hills and Dolphin;
    - The impact of the Elk Hills shutdown, which will only impact natural gas and liquids production, will be about 8 mboe/d for 1Q11.
    - The impact of the Dolphin shutdown will be about 5 mboe/d for 1Q11.



## Fourth Quarter 2010 Earnings - Oil and Gas Production - 1Q11 Outlook

- Production for 1Q11 is expected to grow 4% to 5% on a sequential basis. (assumes \$85 WTI)



## Fourth Quarter 2010 Earnings - Oil and Gas Production - 1Q11 Outlook

- We expect 1Q11 oil and gas production volumes to be between 740 and 750 mboe/d at 4Q10 average oil prices of \$85 WTI.
- We expect sales volumes to be around 725 mboe/d.
  - A \$5 increase in WTI would reduce our daily volumes by about 5,500 boe/d.
- Once we know 1Q11 results and the timing and the initial production rates on transfer from the pending acquisitions, we can provide an accurate full year 2011 production guidance.
  - Production growth will resume in 2Q11.
  - We reasonably expect that by at least the second half of the year, production would be similar to the run rate shown in last May's investor presentation, adjusted for oil price changes.



17



- **Commodity Price Sensitivity - Earnings**
  - At current market prices, a \$1.00 per barrel change in oil prices impacts oil and gas quarterly earnings before income taxes by about \$41 mm;
  - The average 4Q10 WTI oil price was \$85.17 per barrel;
  - A swing of \$0.50 per mm BTU in domestic gas prices has a \$36 mm impact on quarterly pretax income;
  - This is a significant increase in gas price sensitivities from what we have provided in the past;
  - The current NYMEX gas price is around \$4.50 p/mcf.
- **We expect 1Q11 exploration expense to be about \$85 mm for seismic and drilling for our exploration programs.**



## Fourth Quarter 2010 Earnings - 1Q11 Outlook

- **The Chemical segment is expected to provide earnings for 1Q11 of about \$125 million.**
  - We expect margins and volumes to continue to improve as the economy strengthens.
- **We expect our combined worldwide tax rate in 1Q11 to be about 40 percent.**

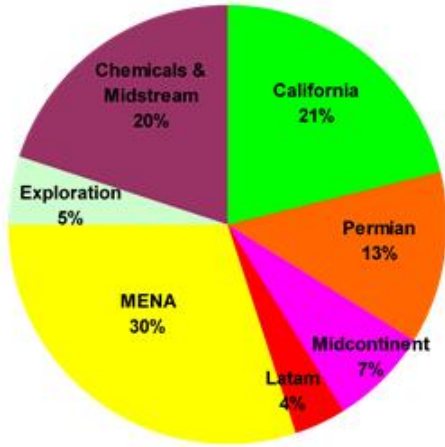


## Fourth Quarter 2010 Earnings - Capital Spending and DD&A - Full Year 2011 Outlook

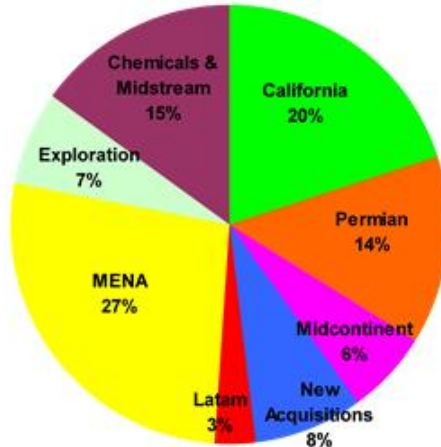
- **We expect capital spending for the total year 2011 to be about \$6.1 billion compared to the total 2010 capital of \$3.9 billion.**
  - Both amounts exclude Argentina and the Shah Field Development Project.
  - Occidental's share of the Shah Field development capital will total about \$4 billion over the next several years.
  - Our 2011 capital is close to our 4Q10 annualized run rate of \$5.5 billion and in line with the five-year capital plan we showed in the May investor presentation plus the capital that was deferred from 2010.
- **Our Oil and Gas DD&A expense for 2011 should be approximately \$11.75 per boe.**
  - Depreciation for the other two segments should be approximately \$500 million.



# Fourth Quarter 2010 Earnings - Capital Spending - 2010 Actual & 2011 Outlook



**2010 Capital - \$3.9 Billion  
(excluding Argentina)**



**2011E Capital - \$6.1 Billion**



## Fourth Quarter 2010 Earnings - California Update

- We have about 520 geologically viable (so-called de-risked) shale drilling locations in California excluding traditional Elk Hills.
  - Of these locations, about 250 are both outside of Elk Hills proper and the Kern County Discovery Area.
- During 2011, based on a conservative view of the permitting process, we expect to drill a total of 107 shale wells outside Elk Hills proper.
  - As additional permits become available, the level of drilling activity would pick-up during the year.
- We will also drill about 28 exploration wells in California in 2011.
  - Approximately 50% of these wells will be for conventional exploration.
  - *We expect that the exploration activity will, at a minimum, create more unconventional drilling locations.*





## Forward-Looking Statements

Portions of this report contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; supply and demand considerations for Occidental's products; not successfully completing, or any material delay of, any development of new fields, expansion, capital expenditure, efficiency-improvement project, acquisition or disposition; potential failure to achieve expected production from existing and future oil and gas development projects or acquisitions; exploration risks such as drilling unsuccessful wells; any general economic recession or slowdown domestically or internationally; higher-than-expected costs; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; general domestic and international political conditions; potential disruption or interruption of Occidental's production or manufacturing or damage to facilities due to accidents, chemical releases, labor unrest, weather, natural disasters, political events or insurgent activity; failure of risk management; changes in law or regulations; or changes in tax rates. Words such as "estimate", "project", "predict", "will", "would", "should", "could", "may", "might", "anticipate", "plan", "intend", "believe", "expect" or similar expressions that convey the uncertainty of future events or outcomes generally indicate forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements, as a result of new information, future events or otherwise. Material risks that may affect Occidental's results of operations and financial position appear in Part 1, Item 1A "Risk Factors" of the 2009 Form 10-K.