

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

**FORM 10-Q**

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

For the quarterly period ended March 31, 2022

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**

(State or other jurisdiction of  
incorporation or organization)

**95-4035997**

(I.R.S. Employer  
Identification No.)

**5 Greenway Plaza, Suite 110**

**Houston, Texas 77046**

(Address of principal executive offices) (Zip Code)

**(713) 215-7000**

(Registrant's telephone number, including area code)  
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.20 par value	OXY	New York Stock Exchange
Warrants to Purchase Common Stock, \$0.20 par value	OXY WS	New York Stock Exchange

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

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer   
Smaller Reporting Company  Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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

Class	Outstanding as of March 31, 2022
Common Stock, \$0.20 par value	937,190,982

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## ABBREVIATIONS USED WITHIN THIS DOCUMENT

\$/Bbl	price per barrel
Andes	Andes Petroleum Ecuador Ltd.
AOC	Administrative Order on Consent
Bcf	billions of cubic feet
Boe	barrels of oil equivalent
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act
CO <sub>2</sub>	carbon dioxide
DD&A	depreciation, depletion and amortization
EPA	Environmental Protection Agency
LIFO	last in first out
Maxus	Maxus Energy Corporation
Mbbl	thousands of barrels
Mboe	thousands of barrels equivalent
Mboe/d	thousands of barrels equivalent per day
Mcf	thousand cubic feet
MMbbl	millions of barrels
MMcf	millions of cubic feet
NGL	natural gas liquids
NPL	National Priorities List
Occidental	Occidental Petroleum Corporation, a Delaware corporation and one or more entities in which it owns a controlling interest (subsidiaries)
OEPC	Occidental Exploration and Production Company
OPEC	Organization of the Petroleum Exporting Countries
OxyChem	Occidental Chemical Corporation
OXY USA	OXY USA Inc.
RCF	revolving credit facility
Repsol	Repsol, S.A.
ROD	Record of Decision
WES	Western Midstream Partners, LP
WTI	West Texas Intermediate
YPF	YPF S.A.
Zero Coupons	Zero Coupon senior notes due 2036
2021 Form 10-K	Occidental's Annual Report on Form 10-K for the year ended December 31, 2021

## PART I FINANCIAL INFORMATION

### Item 1. Financial Statements (unaudited) Consolidated Condensed Balance Sheets

Occidental Petroleum Corporation and  
Subsidiaries

<i>millions</i>	<b>March 31, 2022</b>	December 31, 2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,909	\$ 2,764
Trade receivables, net	5,434	4,208
Inventories	1,406	1,846
Assets held for sale	—	72
Other current assets	1,309	1,321
<b>Total current assets</b>	<b>10,058</b>	<b>10,211</b>
<b>INVESTMENTS IN UNCONSOLIDATED ENTITIES</b>	<b>3,015</b>	<b>2,938</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Oil and gas	101,511	101,251
Chemical	7,588	7,571
Midstream and marketing	7,483	8,371
Corporate	960	964
<b>Gross property, plant and equipment</b>	<b>117,542</b>	<b>118,157</b>
Accumulated depreciation, depletion and amortization	(58,313)	(58,227)
<b>Net property, plant and equipment</b>	<b>59,229</b>	<b>59,930</b>
<b>OPERATING LEASE ASSETS</b>	<b>689</b>	<b>726</b>
<b>LONG-TERM RECEIVABLES AND OTHER ASSETS, NET</b>	<b>1,231</b>	<b>1,231</b>
<b>TOTAL ASSETS</b>	<b>\$ 74,222</b>	<b>\$ 75,036</b>

The accompanying notes are an integral part of these Consolidated Condensed Financial Statements.

## Consolidated Condensed Balance Sheets

Occidental Petroleum Corporation and  
Subsidiaries

millions, except share and per-share amounts

March 31, 2022 December 31, 2021

### LIABILITIES AND EQUITY

#### CURRENT LIABILITIES

Current maturities of long-term debt <sup>(a)</sup>	\$	507	\$	186
Current operating lease liabilities		173		186
Accounts payable		4,664		3,899
Accrued liabilities		3,356		4,046
Liabilities of assets held for sale		—		7
<b>Total current liabilities</b>		<b>8,700</b>		<b>8,324</b>

#### LONG-TERM DEBT, NET

Long-term debt, net <sup>(b)</sup>		25,865		29,431
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#### DEFERRED CREDITS AND OTHER LIABILITIES

Deferred income taxes, net		4,806		7,039
Asset retirement obligations		3,634		3,687
Pension and postretirement obligations		1,541		1,540
Environmental remediation liabilities		933		944
Operating lease liabilities		558		585
Other		3,278		3,159
<b>Total deferred credits and other liabilities</b>		<b>14,750</b>		<b>16,954</b>

#### STOCKHOLDERS' EQUITY

Preferred stock, at \$1.00 per share par value (100,000 shares as of March 31, 2022 and December 31, 2021)		9,762		9,762
Common stock, at \$0.20 per share par value, authorized shares: 1.5 billion, issued shares: 2022 — 1,087,270,122 shares and 2021 — 1,083,423,094 shares		217		217
Treasury stock: 2022 — 150,079,140 shares and 2021 — 149,348,394 shares		(10,709)		(10,673)
Additional paid-in capital		16,785		16,749
Retained earnings		9,032		4,480
Accumulated other comprehensive loss		(180)		(208)
<b>Total stockholders' equity</b>		<b>24,907</b>		<b>20,327</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$</b>	<b>74,222</b>	<b>\$</b>	<b>75,036</b>

<sup>(a)</sup> Included \$99 million and \$85 million of current finance lease liabilities as of March 31, 2022 and December 31, 2021, respectively.

<sup>(b)</sup> Included \$540 million and \$504 million of finance lease liabilities as of March 31, 2022 and December 31, 2021, respectively.

The accompanying notes are an integral part of these Consolidated Condensed Financial Statements.

# Consolidated Condensed Statements of Operations

Occidental Petroleum Corporation and  
Subsidiaries

<i>millions, except per-share amounts</i>	Three months ended March 31,	
	2022	2021
<b>REVENUES AND OTHER INCOME</b>		
Net sales	\$ 8,349	\$ 5,293
Interest, dividends and other income	49	75
Gains on sales of assets and equity investments, net	135	111
<b>Total</b>	<b>8,533</b>	<b>5,479</b>
<b>COSTS AND OTHER DEDUCTIONS</b>		
Oil and gas operating expense	864	776
Transportation and gathering expense	347	329
Chemical and midstream cost of sales	818	594
Purchased commodities	811	558
Selling, general and administrative expenses	196	166
Other operating and non-operating expense	299	258
Taxes other than on income	335	210
Depreciation, depletion and amortization	1,643	2,194
Asset impairments and other charges	—	135
Anadarko acquisition-related costs	65	41
Exploration expense	25	28
Interest and debt expense, net	371	395
<b>Total</b>	<b>5,774</b>	<b>5,684</b>
<b>Income (loss) before income taxes and other items</b>	<b>2,759</b>	<b>(205)</b>
<b>OTHER ITEMS</b>		
Gains on interest rate swaps, net	135	399
Income from equity investments	189	121
<b>Total</b>	<b>324</b>	<b>520</b>
<b>Income from continuing operations before income taxes</b>	<b>3,083</b>	<b>315</b>
Income tax benefit (expense)	1,793	(16)
<b>Income from continuing operations</b>	<b>4,876</b>	<b>299</b>
Loss from discontinued operations, net of tax	—	(445)
<b>NET INCOME (LOSS)</b>	<b>4,876</b>	<b>(146)</b>
Less: Preferred stock dividends	(200)	(200)
<b>NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>	<b>\$ 4,676</b>	<b>\$ (346)</b>
<b>PER COMMON SHARE</b>		
Income from continuing operations—basic	\$ 4.96	\$ 0.11
Loss from discontinued operations—basic	\$ —	\$ (0.48)
Net income (loss) attributable to common stockholders—basic	\$ 4.96	\$ (0.37)
Income from continuing operations—diluted	\$ 4.65	\$ 0.10
Loss from discontinued operations—diluted	\$ —	\$ (0.46)
Net income (loss) attributable to common stockholders—diluted	\$ 4.65	\$ (0.36)

The accompanying notes are an integral part of these Consolidated Condensed Financial Statements.

# Consolidated Condensed Statements of Comprehensive Income (Loss)

Occidental Petroleum Corporation and  
Subsidiaries

<i>millions</i>	Three months ended March 31,	
	2022	2021
<b>Net income (loss)</b>	\$ 4,876	\$ (146)
<b>Other comprehensive income items:</b>		
Gains on derivatives <sup>(a)</sup>	27	1
Pension and postretirement gains <sup>(b)</sup>	1	52
Other comprehensive income, net of tax	28	53
<b>Comprehensive income (loss) attributable to preferred and common stockholders</b>	\$ 4,904	\$ (93)

<sup>(a)</sup> Net of tax expense of \$8 million and zero for the three months ended March 31, 2022 and 2021, respectively.

<sup>(b)</sup> Net of tax expense of zero and \$15 million for the three months ended March 31, 2022 and 2021, respectively.

The accompanying notes are an integral part of these Consolidated Condensed Financial Statements.

## Consolidated Condensed Statements of Cash Flows

Occidental Petroleum Corporation and  
Subsidiaries

<i>millions</i>	Three months ended March 31,	
	2022	2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 4,876	\$ (146)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Discontinued operations, net	—	445
Depreciation, depletion and amortization of assets	1,643	2,194
Deferred income tax benefit	(2,240)	(81)
Asset impairments and other charges	—	135
Gain on sales of assets, net	(135)	(111)
Other noncash reconciling items	34	(301)
Changes in operating assets and liabilities:		
Increase in receivables	(1,238)	(937)
Decrease (increase) in inventories	439	(311)
Increase in other current assets	(158)	(82)
Decrease in accounts payable and accrued liabilities	(187)	(42)
Increase in current domestic and foreign income taxes	205	25
Operating cash flow from continuing operations	3,239	788
Operating cash flow from discontinued operations, net of taxes	—	122
<b>Net cash provided by operating activities</b>	<b>3,239</b>	<b>910</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(858)	(579)
Change in capital accrual	(39)	(75)
Purchases of businesses and assets, net	(29)	(105)
Proceeds from sales of assets, net	267	496
Equity investments and other, net	(3)	(10)
Investing cash flow from continuing operations	(662)	(273)
Investing cash flow from discontinued operations	—	(9)
<b>Net cash used by investing activities</b>	<b>(662)</b>	<b>(282)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payments of long-term debt	(3,259)	(174)
Proceeds from issuance of common stock	27	9
Purchases of treasury stock	(36)	(3)
Cash dividends paid on common and preferred stock	(216)	(211)
Financing portion of net cash received for derivative instruments	79	45
Other financing, net	(24)	(18)
Financing cash flow from continuing operations	(3,429)	(352)
Financing cash flow from discontinued operations	—	(2)
<b>Net cash used by financing activities</b>	<b>(3,429)</b>	<b>(354)</b>
<b>Increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents</b>	<b>(852)</b>	<b>274</b>
<b>Cash, cash equivalents, restricted cash and restricted cash equivalents — beginning of period</b>	<b>2,803</b>	<b>2,194</b>
<b>Cash, cash equivalents, restricted cash and restricted cash equivalents — end of period</b>	<b>\$ 1,951</b>	<b>\$ 2,468</b>

The accompanying notes are an integral part of these Consolidated Condensed Financial Statements.



# Consolidated Condensed Statements of Equity

Occidental Petroleum Corporation and  
Subsidiaries

<i>millions, except per-share amounts</i>	Equity Attributable to Common Stock						Accumulated Other Comprehensive Income (Loss)	Total Equity
	Preferred Stock	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings			
<b>Balance as of December 31, 2020</b>	\$ 9,762	\$ 216	\$ (10,665)	\$ 16,552	\$ 2,996	\$ (288)	\$ 18,573	
Net loss	—	—	—	—	(146)	—	(146)	
Other comprehensive income, net of tax	—	—	—	—	—	53	53	
Dividends on common stock, \$0.01 per share	—	—	—	—	(11)	—	(11)	
Dividends on preferred stock, \$2,000 per share	—	—	—	—	(200)	—	(200)	
Shareholder warrants exercised	—	—	—	3	—	—	3	
Issuance of common stock and other, net	—	1	—	30	—	—	31	
Purchases of treasury stock	—	—	(3)	—	—	—	(3)	
<b>Balance as of March 31, 2021</b>	\$ 9,762	\$ 217	\$ (10,668)	\$ 16,585	\$ 2,639	\$ (235)	\$ 18,300	

<i>millions, except per-share amounts</i>	Equity Attributable to Common Stock						Accumulated Other Comprehensive Income (Loss)	Total Equity
	Preferred Stock	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings			
<b>Balance as of December 31, 2021</b>	\$ 9,762	\$ 217	\$ (10,673)	\$ 16,749	\$ 4,480	\$ (208)	\$ 20,327	
Net income	—	—	—	—	4,876	—	4,876	
Other comprehensive income, net of tax	—	—	—	—	—	28	28	
Dividends on common stock, \$0.13 per share	—	—	—	—	(124)	—	(124)	
Dividends on preferred stock, \$2,000 per share	—	—	—	—	(200)	—	(200)	
Shareholder warrants exercised	—	—	—	20	—	—	20	
Options exercised	—	—	—	7	—	—	7	
Issuance of common stock and other, net	—	—	—	9	—	—	9	
Purchases of treasury stock	—	—	(36)	—	—	—	(36)	
<b>Balance as of March 31, 2022</b>	\$ 9,762	\$ 217	\$ (10,709)	\$ 16,785	\$ 9,032	\$ (180)	\$ 24,907	

The accompanying notes are an integral part of these Consolidated Condensed Financial Statements.

**NOTE 1 - GENERAL****NATURE OF OPERATIONS**

Occidental conducts its operations through various subsidiaries and affiliates. Occidental has made its disclosures in accordance with United States generally accepted accounting principles as they apply to interim reporting, and condensed or omitted, as permitted by the U.S. Securities and Exchange Commission's rules and regulations, certain information and disclosures normally included in Consolidated Financial Statements and the notes thereto. These unaudited Consolidated Condensed Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the notes thereto in Occidental's Annual Report on Form 10-K for the year ended December 31, 2021.

In the opinion of Occidental's management, the accompanying unaudited Consolidated Condensed Financial Statements contain all adjustments (consisting of normal recurring adjustments) necessary to fairly present Occidental's Consolidated Condensed Balance Sheets as of March 31, 2022 and December 31, 2021, and the Consolidated Condensed Statements of Operations, Comprehensive Income (Loss), Cash Flows and Stockholders' Equity for the three months ended March 31, 2022 and 2021. Certain data in the Consolidated Condensed Financial Statements and notes for prior periods have been reclassified to conform to the current presentation. The income and cash flows for the periods ended March 31, 2022 and 2021 are not necessarily indicative of the income or cash flows to be expected for the full year.

**CASH EQUIVALENTS AND RESTRICTED CASH EQUIVALENTS**

Occidental considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents or restricted cash equivalents. The cash equivalents and restricted cash equivalents balances for the periods presented included investments in government money market funds in which the carrying value approximates fair value.

The following table provides a reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents as reported in the Consolidated Condensed Statements of Cash Flows as of March 31, 2022 and 2021:

<i>millions</i>	<b>2022</b>		2021
Cash and cash equivalents	\$	<b>1,909</b>	\$ 2,270
Restricted cash and restricted cash equivalents included in other current assets		<b>25</b>	183
Restricted cash and restricted cash equivalents included in long-term receivables and other assets, net		<b>17</b>	15
Cash, cash equivalents, restricted cash and restricted cash equivalents	\$	<b>1,951</b>	\$ 2,468

**SUPPLEMENTAL CASH FLOW INFORMATION**

The following table represents U.S. federal, domestic state and international income taxes paid, tax refunds received and interest paid related to continuing operations during the three months ended March 31, 2022 and 2021, respectively.

<i>millions</i>	<b>2022</b>		2021
Income tax payments	\$	<b>208</b>	\$ 122
Income tax refunds received	\$	<b>70</b>	\$ 42
Interest paid <sup>(a)</sup>	\$	<b>598</b>	\$ 607

<sup>(a)</sup> Net of capitalized interest of \$11 million and \$15 million for the three months ended March 31, 2022 and 2021, respectively.

**DISCONTINUED OPERATIONS**

During the first quarter of 2021, Occidental recorded a \$403 million after-tax loss contingency in discontinued operations associated with its former operations in Ecuador, see [Note 10 - Lawsuits, Claims, Commitments and Contingencies](#). In addition, the results of operations for Ghana for the three months ended March 31, 2021, an after-tax loss of \$42 million, are presented as discontinued operations.

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## NOTE 2 - REVENUE

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Revenue from customers is recognized when obligations under the terms of a contract with our customers are satisfied; this generally occurs with the delivery of oil, NGL, gas, chemicals or services, such as transportation. As of March 31, 2022, trade receivables, net, of \$5.4 billion represent rights to payment, for which Occidental has satisfied its obligations under a contract and its right to payment is conditioned only on the passage of time.

The following table shows a reconciliation of revenue from customers to total net sales for the three months ended March 31, 2022 and 2021:

<i>millions</i>	Three months ended March 31,	
	2022	2021
Revenue from customers	\$ 8,213	\$ 5,184
All other revenues <sup>(a)</sup>	136	109
Net sales	\$ 8,349	\$ 5,293

<sup>(a)</sup> Includes net marketing derivatives, collars and calls and chemical exchange contracts in 2021 and the same in 2022 with the exception of the collars and calls which expired on or before December 31, 2021.

## DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The table below presents Occidental's revenue from customers by segment, product and geographical area. The oil and gas segment typically sells its oil, NGL and gas at the lease or concession area. Chemical segment revenues are shown by geographic area based on the location of the sale. Excluding net marketing revenue, midstream and marketing segment revenues are shown by the location of sale.

<i>millions</i>	United States		International		Eliminations		Total
<b>Three months ended March 31, 2022</b>							
<b>Oil and gas</b>							
Oil	\$	4,048	\$	751	\$	—	\$ 4,799
NGL		698		62		—	760
Gas		455		58		—	513
Other		2		1		—	3
Segment total	\$	5,203	\$	872	\$	—	\$ 6,075
<b>Chemical</b>	\$	1,602	\$	81	\$	—	\$ 1,683
<b>Midstream and marketing</b>	\$	648	\$	99	\$	—	\$ 747
<b>Eliminations</b>	\$	—	\$	—	\$	(292)	\$ (292)
<b>Consolidated</b>	\$	7,453	\$	1,052	\$	(292)	\$ 8,213

<i>millions</i>	United States		International		Eliminations		Total
<b>Three months ended March 31, 2021</b>							
<b>Oil and gas</b>							
Oil	\$	2,464	\$	549	\$	—	\$ 3,013
NGL		384		52		—	436
Gas		253		64		—	317
Other		(31)		—		—	(31)
Segment total	\$	3,070	\$	665	\$	—	\$ 3,735
<b>Chemical</b>	\$	1,037	\$	50	\$	—	\$ 1,087
<b>Midstream and marketing</b>	\$	497	\$	131	\$	—	\$ 628
<b>Eliminations</b>	\$	—	\$	—	\$	(266)	\$ (266)
<b>Consolidated</b>	\$	4,604	\$	846	\$	(266)	\$ 5,184

## NOTE 3 - INVENTORIES

Finished goods primarily represents oil, which is carried at the lower of weighted-average cost or net realizable value, and caustic soda and chlorine, which are valued under the LIFO method. Inventories consisted of the following:

<i>millions</i>	March 31, 2022		December 31, 2021	
Raw materials	\$	108	\$	96
Materials and supplies		798		783
Commodity inventory and finished goods		599		1,066
		1,505		1,945
Revaluation to LIFO		(99)		(99)
<b>Total</b>	\$	1,406	\$	1,846

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## NOTE 4 - DIVESTITURES AND OTHER TRANSACTIONS

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### DIVESTITURES

In November 2021, Occidental entered into an agreement to sell certain non-strategic assets in the Permian Basin. The transaction closed in January 2022 for net cash proceeds of approximately \$190 million. The difference in the proved assets' net book value and adjusted purchase price was treated as a normal retirement, which resulted in no gain or loss being recognized. The difference in the unproved assets' net book value and adjusted purchase price resulted in a gain on sale of approximately \$123 million. The gain has been presented within gains on sales of assets and equity investments, net in the Consolidated Condensed Statements of Operations.

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## NOTE 5 - LONG-TERM DEBT

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The following table summarizes Occidental's outstanding debt, including finance lease liabilities:

<i>millions</i>	March 31, 2022		December 31, 2021	
<b>Total borrowings at face value</b>	\$	<b>25,187</b>	\$	28,493
<b>Adjustments to book value:</b>				
Unamortized premium, net		<b>660</b>		670
Debt issuance costs		<b>(114)</b>		(135)
<b>Net book value of debt</b>	\$	<b>25,733</b>	\$	29,028
Long-term finance leases		<b>540</b>		504
Current finance leases		<b>99</b>		85
<b>Total debt and finance leases</b>	\$	<b>26,372</b>	\$	29,617
Less current maturities of financing leases		<b>(99)</b>		(85)
Less current maturities of long-term debt		<b>(408)</b>		(101)
<b>Long-term debt, net</b>	\$	<b>25,865</b>	\$	29,431

### DEBT ACTIVITY

In the first quarter of 2022, Occidental used cash on hand to repay debt with maturities ranging from 2022 through 2049 by \$3.3 billion. Subsequent to March 31, 2022, but before the date of this filing, Occidental paid off additional debt with maturities ranging from 2024 to 2049 and principal of \$263 million.

### FAIR VALUE OF DEBT

The estimated fair value of Occidental's debt as of March 31, 2022, and December 31, 2021, substantially all of which was classified as Level 1, was approximately \$26.2 billion and \$31.1 billion, respectively.

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## NOTE 6 - DERIVATIVES

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### OBJECTIVE AND STRATEGY

Occidental uses a variety of derivative financial instruments and physical contracts to manage its exposure to commodity price fluctuations, interest rate risks and transportation commitments and to fix margins on the future sale of stored commodity volumes. Occidental also enters into derivative financial instruments for trading purposes.

Occidental may elect normal purchases and normal sales exclusions when physically delivered commodities are purchased or sold to a customer. Occidental occasionally applies cash flow hedge accounting treatment to derivative financial instruments to lock in margins on the forecasted sales of its natural gas storage volumes, and at times for other strategies, such as to lock in rates on debt issuances. Derivatives are carried at fair value and on a net basis when a legal right of offset exists with the same counterparty.

## DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

As of March 31, 2022, Occidental's derivatives not designated as hedges consisted of interest rate swaps and marketing derivatives.

Derivative instruments that are not designated as hedging instruments are required to be recorded on the balance sheet at fair value. Changes in fair value will impact Occidental's earnings through mark-to-market adjustments until the physical commodity is delivered or the financial instrument is settled. The fair value does not reflect the realized or cash value of the instrument.

## INTEREST RATE SWAPS

Occidental's interest rate swap contracts lock in a fixed interest rate in exchange for a floating interest rate indexed to the three-month London InterBank Offered Rate throughout the reference period. Net gains and losses associated with interest rate swaps are recognized currently in gains on interest rate swaps, net in the Consolidated Condensed Statements of Operations.

Occidental had the following outstanding interest rate swaps as of March 31, 2022:

<i>millions, except percentages</i>			<b>Mandatory</b>	<b>Weighted-Average</b>
<b>Notional Principal Amount</b>		<b>Reference Period</b>	<b>Termination Date</b>	<b>Interest Rate</b>
\$	275	September 2016 - 2046	September 2022	6.709 %
\$	450	September 2017 - 2047	September 2023	6.445 %

Depending on market conditions, liability management actions or other factors, Occidental may enter into offsetting interest rate swap positions as well as amend or settle certain or all of the currently outstanding interest rate swaps.

Derivative settlements and collateralization are classified as cash flow from operating activities unless the derivatives contain an other-than-insignificant financing element, in which case the settlements and collateralization are classified as cash flows from financing activities. In the first quarter of 2022, net cash payments related to settlements of interest rate swap agreements were \$23 million. Additionally, \$102 million of collateral was returned.

## MARKETING DERIVATIVES

Occidental's marketing derivative instruments not designated as hedges are short-duration physical and financial forward contracts. A substantial majority of Occidental's physically settled derivative contracts are index-based and carry no mark-to-market valuation in earnings. As of March 31, 2022, the weighted-average settlement price of these forward contracts was \$96.63 per barrel and \$5.15 per Mcf for crude oil and natural gas, respectively. The weighted-average settlement price was \$74.85 per barrel and \$4.61 per Mcf for crude oil and natural gas, respectively, as of December 31, 2021. Net gains and losses associated with marketing derivative instruments not designated as hedging instruments are recognized currently in net sales.

The following table summarizes net short volumes associated with the outstanding marketing commodity derivatives not designated as hedging instruments.

	<b>March 31, 2022</b>	December 31, 2021
Oil commodity contracts		
Volume (MMbbl)	<b>(23)</b>	(28)
Natural gas commodity contracts		
Volume (Bcf)	<b>(111)</b>	(136)

## FAIR VALUE OF DERIVATIVES

The following tables present the fair values of Occidental's outstanding derivatives. Fair values are presented at gross amounts below, including when the derivatives are subject to netting arrangements, and are presented on a net basis in the Consolidated Condensed Balance Sheets.

<i>millions</i>	<b>Fair Value Measurements Using</b>			<b>Netting <sup>(a)</sup></b>	<b>Total Fair Value</b>
<b>Balance Sheet Classifications</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>		
<b>March 31, 2022</b>					
<b>Marketing Derivatives</b>					
Other current assets	\$ 3,486	\$ 323	\$ —	\$ (3,708)	\$ 101
Long-term receivables and other assets, net	71	1	—	(71)	1
Accrued liabilities	(3,796)	(264)	—	3,708	(352)
Deferred credits and other liabilities - other	(73)	—	—	71	(2)
<b>Interest Rate Swaps</b>					
Accrued liabilities	—	(250)	—	—	(250)
Deferred credits and other liabilities - other	—	(343)	—	—	(343)
<b>December 31, 2021</b>					
<b>Marketing Derivatives</b>					
Other current assets	\$ 1,516	\$ 173	\$ —	\$ (1,645)	\$ 44
Long-term receivables and other assets, net	4	1	—	(4)	1
Accrued liabilities	(1,608)	(196)	—	1,645	(159)
Deferred credits and other liabilities - other	(4)	—	—	4	—
<b>Interest Rate Swaps</b>					
Accrued liabilities	—	(315)	—	—	(315)
Deferred credits and other liabilities - other	—	(436)	—	—	(436)

<sup>(a)</sup> These amounts do not include collateral. As of March 31, 2022 and December 31, 2021, \$221 million and \$323 million of collateral related to interest rate swaps had been netted against derivative liabilities, respectively. Occidental netted \$296 million and \$110 million of collateral deposited with brokers against derivative liabilities related to marketing derivatives as of March 31, 2022 and December 31, 2021, respectively.

## GAINS AND LOSSES ON DERIVATIVES

The following table presents gains and (losses) related to Occidental's derivative instruments on the Consolidated Condensed Statements of Operations:

<i>millions</i> Income Statement Classification	Three months ended March 31,	
	2022	2021
<b>Collars and Calls</b>		
Net sales <sup>(a)</sup>	\$ —	\$ (72)
<b>Marketing Derivatives</b>		
Net sales <sup>(b)</sup>	\$ 135	\$ 180
<b>Interest Rate Swaps</b>		
Gains on interest rate swaps, net	\$ 135	\$ 399

<sup>(a)</sup> All of Occidental's calls and collars expired on or before December 31, 2021.

<sup>(b)</sup> Includes derivative and non-derivative marketing activity.

## CREDIT RISK

Certain of Occidental's over-the-counter derivative instruments contain credit-risk-contingent features, primarily tied to credit ratings for Occidental or its counterparties, which may affect the amount of collateral that each party would need to post. The aggregate fair value of derivative instruments with credit-risk-related contingent features for which a net liability position existed as of March 31, 2022, was \$34 million (net of \$221 million of collateral), which was primarily related to interest rate swaps. The aggregate fair value of derivative instruments with credit-risk-contingent features for which a net liability position existed as of December 31, 2021, was \$107 million (net of \$323 million of collateral), which was primarily related to interest rate swaps.

## NOTE 7 - INCOME TAXES

### LEGAL ENTITY REORGANIZATION

To align Occidental's legal entity structure with the nature of its business activities after completing the acquisition of Anadarko and subsequent large scale post-Acquisition divestiture program, management undertook a legal entity reorganization that was completed in the first quarter of 2022.

As a result of this legal entity reorganization, management made an adjustment to the tax basis in a portion of its operating assets, thus reducing Occidental's deferred tax liabilities. Accordingly, in the first quarter of 2022, Occidental recorded an estimated non-cash tax benefit of \$2.6 billion in connection with this reorganization. The timing of any reduction in Occidental's future cash taxes as a result of this legal entity reorganization will be dependent on a number of factors, including prevailing commodity prices, capital activity level and production mix. Further refinement of the non-cash tax benefit may be necessary as Occidental finalizes its tax basis calculations, its tax returns and other information.



The following summarizes components of income tax benefit (expense) on continuing operations for the three months ended March 31, 2022 and 2021:

<i>millions</i>	<b>Three months ended</b>	
	<b>March 31, 2022</b>	March 31, 2021
<b>Income from continuing operations before income taxes</b>	<b>\$ 3,083</b>	\$ 315
<b>Current</b>		
Federal	\$ (215)	\$ 30
State and Local	(34)	(10)
Foreign	(198)	(117)
<b>Total current tax expense</b>	<b>\$ (447)</b>	<b>\$ (97)</b>
<b>Deferred</b>		
Federal	2,213	78
State and Local	73	4
Foreign	(46)	(1)
<b>Total deferred tax benefit</b>	<b>\$ 2,240</b>	<b>\$ 81</b>
<b>Total income tax benefit (expense)</b>	<b>\$ 1,793</b>	<b>\$ (16)</b>
Income from continuing operations	\$ 4,876	\$ 299
Worldwide effective tax rate	(58)%	5%

Occidental's worldwide effective tax rate for the three months ended March 31, 2022 was negative 58%. The difference between the negative 58% effective tax rate for income from continuing operations for the three months ended March 31, 2022, and the 21% U.S. federal statutory tax rate was primarily driven by a non-cash tax benefit associated with Occidental's legal entity reorganization, as described above, partially offset by higher tax rates in the foreign jurisdictions in which Occidental operates. The difference between the 5% effective tax rate for income from continuing operations for the three months ended March 31, 2021, and the 21% U.S. federal statutory tax rate was primarily driven by the jurisdictional mix of income. U.S. losses, taxed at a U.S. federal statutory rate of 21%, were mostly offset by foreign income that is subject to tax at statutory rates as high as 55%. In addition, the effective tax rate was impacted by benefits associated with the settlement of federal tax audit matters.

## **NOTE 8 - RETIREMENT AND POSTRETIREMENT BENEFIT PLANS**

Occidental has various defined benefit pension plans for certain domestic union, non-union hourly and foreign national employees. In addition, Occidental also provides medical and other benefits for certain active, retired and disabled employees and their eligible dependents.

Net periodic benefit gains related to pension benefits were zero and \$11 million for the three months ended March 31, 2022, and 2021, respectively.

Net periodic benefit costs related to postretirement benefits were \$19 million and \$20 million for the three months ended March 31, 2022, and 2021, respectively.

Occidental's contributions to its defined benefit plans were \$1 million and \$147 million for the three months ended March 31, 2022, and 2021, respectively. The 2021 contributions were primarily due to distributions related to a separation program and freezing of benefit accruals for Anadarko employees in 2020 and for contributions which were previously deferred in 2020 under the Coronavirus Aid, Relief, and Economic Security Act.

## **NOTE 9 - ENVIRONMENTAL LIABILITIES AND EXPENDITURES**

Occidental's operations are subject to stringent federal, regional, state, provincial, tribal, local and international laws and regulations related to improving or maintaining environmental quality. The laws that require or address environmental remediation, including CERCLA and similar federal, regional, state, provincial, tribal, local and international laws, may apply retroactively and regardless of fault, the legality of the original activities or the current ownership or control of sites.

Occidental or certain of its subsidiaries participate in or actively monitor a range of remedial activities and government or private proceedings under these laws with respect to alleged past practices at operating, closed and third-party sites. Remedial activities may include one or more of the following: investigation involving sampling, modeling, risk assessment or monitoring; cleanup measures including removal, treatment or disposal; or operation and maintenance of remedial systems. The environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties, injunctive relief and government oversight costs.

## ENVIRONMENTAL REMEDIATION

As of March 31, 2022, Occidental participated in or monitored remedial activities or proceedings at 166 sites. The following table presents Occidental's current and non-current environmental remediation liabilities as of March 31, 2022. The current portion, \$155 million, is included in accrued liabilities and the non-current portion, \$933 million, in deferred credits and other liabilities-environmental remediation liabilities.

Occidental's environmental remediation sites are grouped into four categories: sites listed or proposed for listing by the U.S. EPA on the CERCLA NPL and three categories of non-NPL sites—third-party sites, Occidental-operated sites and closed or non-operated Occidental sites.

<i>millions, except number of sites</i>	<b>Number of Sites</b>	<b>Remediation Balance</b>
NPL sites	30	\$ 427
Third-party sites	69	269
Occidental-operated sites	15	120
Closed or non-operated Occidental sites	52	272
<b>Total</b>	<b>166</b>	<b>\$ 1,088</b>

As of March 31, 2022, Occidental's environmental liabilities exceeded \$10 million each at 20 of the 166 sites described above, and 98 of the sites had liabilities from zero to \$1 million each. Based on current estimates, Occidental expects to expend funds corresponding to approximately 40% of the period-end remediation balance at the sites described above over the next three to four years and the remaining balance at these sites over the subsequent 10 or more years. Occidental believes its range of reasonably possible additional losses beyond those liabilities recorded for environmental remediation at these sites could be up to \$1.3 billion. The status of Occidental's involvement with the sites and related significant assumptions, including those sites indemnified by Maxus, has not changed materially since December 31, 2021.

## MAXUS ENVIRONMENTAL SITES

When Occidental acquired Diamond Shamrock Chemicals Company in 1986, Maxus, a subsidiary of YPF, agreed to indemnify Occidental for a number of environmental sites, including the Diamond Alkali Superfund Site along a portion of the Passaic River. On June 17, 2016, Maxus and several affiliated companies filed for Chapter 11 bankruptcy in Federal District Court in the State of Delaware. Prior to filing for bankruptcy, Maxus defended and indemnified Occidental in connection with clean-up and other costs associated with the sites subject to the indemnity, including the Diamond Alkali Superfund Site.

In March 2016, the EPA issued a ROD specifying remedial actions required for the lower 8.3 miles of the Lower Passaic River (OU-2). The ROD does not address any potential remedial action for the upper nine miles of the Lower Passaic River or Newark Bay. During the third quarter of 2016, and following Maxus's bankruptcy filing, OxyChem and the EPA entered into an AOC to complete the design of the proposed clean-up plan outlined in the ROD at an estimated cost of \$165 million. The EPA announced that it will pursue similar agreements with other potentially responsible parties.

Occidental has accrued a reserve relating to its estimated allocable share of the costs to perform the design and remediation called for in the AOC and the ROD as well as for certain other Maxus-indemnified sites. Occidental's accrued estimated environmental reserve does not consider any recoveries for indemnified costs. Occidental's ultimate share of this liability may be higher or lower than the reserved amount, and is subject to final design plans and the resolution of Occidental's allocable share with other potentially responsible parties. Occidental continues to evaluate the costs to be incurred to comply with the AOC and the ROD and to perform remediation at other Maxus-indemnified sites in light of the Maxus bankruptcy and the share of ultimate liability of other potentially responsible parties. In June 2018, OxyChem filed a complaint under CERCLA in Federal District Court in the State of New Jersey against numerous potentially responsible parties for reimbursement of amounts incurred or to be incurred to comply with the AOC and the ROD, or to perform other remediation activities at the Diamond Alkali Superfund Site.

In September 2021, the EPA issued a ROD with an estimated cost of \$441 million for an interim remedy plan for the upper nine miles of the Lower Passaic River. At this time, Occidental's role or responsibilities under this ROD, and those of other potentially responsible parties, have not been determined with the EPA. Discussions between Occidental and the EPA

are ongoing about this ROD. In January 2022, OxyChem made an offer to design and implement the interim remedy for the upper nine miles of the Lower Passaic River (OU-4) subject to certain conditions. EPA sent a notice letter to OxyChem and other parties requesting good faith offers to implement the selected remedies at OU-2 and OU-4.

In June 2017, the court overseeing the Maxus bankruptcy approved a Plan of Liquidation to liquidate Maxus and create a trust to pursue claims against current and former parents and each of its respective subsidiaries and affiliates of YPF and Repsol, as well as others to satisfy claims by Occidental and other creditors for past and future cleanup and other costs. In July 2017, the court-approved Plan of Liquidation became final and the trust became effective. The trust is pursuing claims against YPF, Repsol and others and is expected to distribute assets to Maxus' creditors in accordance with the trust agreement and Plan. In June 2018, the trust filed its complaint against YPF and Repsol in Delaware bankruptcy court asserting claims based upon, among other things, fraudulent transfer and alter ego. During 2019, the bankruptcy court denied Repsol's and YPF's motions to dismiss the complaint as well as their motions to move the case away from the bankruptcy court. Discovery remains ongoing at the time of this report. The bankruptcy court will hear motions for summary judgment in June 2022.

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## **NOTE 10 - LAWSUITS, CLAIMS, COMMITMENTS AND CONTINGENCIES**

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### **LEGAL MATTERS**

Occidental or certain of its subsidiaries are involved, in the normal course of business, in lawsuits, claims and other legal proceedings that seek, among other things, compensation for alleged personal injury, breach of contract, property damage or other losses, punitive damages, civil penalties, or injunctive or declaratory relief. Occidental or certain of its subsidiaries also are involved in proceedings under CERCLA and similar federal, state, local and international environmental laws. These environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties and injunctive relief. Usually Occidental or such subsidiaries are among many companies in these environmental proceedings and have to date been successful in sharing response costs with other financially sound companies. Further, some lawsuits, claims and legal proceedings involve acquired or disposed assets with respect to which a third party or Occidental retains liability or indemnifies the other party for conditions that existed prior to the transaction.

In accordance with applicable accounting guidance, Occidental accrues reserves for outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. Reserves for matters, other than for environmental remediation and the arbitration award disclosed below, that satisfy this criteria as of March 31, 2022 and 2021, were not material to Occidental's Consolidated Condensed Balance Sheets.

In 2016, Occidental received payments from the Republic of Ecuador of approximately \$1.0 billion pursuant to a November 2015 arbitration award for Ecuador's 2006 expropriation of Occidental's Participation Contract for Block 15. The awarded amount represented a recovery of 60% of the value of Block 15. In 2017, Andes filed a demand for arbitration, claiming it is entitled to a 40% share of the judgment amount obtained by Occidental. Occidental contends that Andes is not entitled to any of the amounts paid under the 2015 arbitration award because Occidental's recovery was limited to Occidental's own 60% economic interest in the block. On March 26, 2021, the arbitration tribunal issued an award in favor of Andes and against OEPC in the amount of \$391 million plus interest. In June 2021, OEPC filed a motion to vacate the award due to concerns regarding the validity of the award. In addition, OEPC has made a demand for significant additional claims not addressed by the arbitration tribunal that OEPC has against Andes relating to Andes' 40% share of costs, liabilities, losses and expenses due under the farmout agreement and joint operating agreement to which Andes and OEPC are parties. In December 2021, the U.S. District Court Southern District of New York confirmed the arbitration award, plus prejudgment interest, in the aggregate amount of \$558 million. OEPC has appealed the judgement.

If unfavorable outcomes of these matters were to occur, future results of operations or cash flows for any particular quarterly or annual period could be materially adversely affected. Occidental's estimates are based on information known about the legal matters and its experience in contesting, litigating and settling similar matters. Occidental reassesses the probability and estimability of contingent losses as new information becomes available.

### **TAX MATTERS**

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and international tax jurisdictions. Tax years through 2019 for U.S. federal income tax purposes have been audited by the IRS pursuant to its Compliance Assurance Program and subsequent taxable years are currently under review. Tax years through 2014 have been audited for state income tax purposes. Significant audit matters in international jurisdictions have been resolved through 2010. During the course of tax audits, disputes have arisen and other disputes may arise as to facts and matters of law.

For Anadarko, its taxable years through 2014 and tax year 2016 for U.S. federal tax purposes have been audited by the IRS. Tax years through 2008 have been audited for state income tax purposes. There is one outstanding significant tax

matter in an international jurisdiction related to a discontinued operation. As stated above, during the course of tax audits, disputes have arisen and other disputes may arise as to facts and matters of law.

Other than the matter discussed below, Occidental believes that the resolution of these outstanding tax matters would not have a material adverse effect on its consolidated financial position or results of operations.

Anadarko received an \$881 million tentative refund in 2016 related to its \$5.2 billion Tronox Adversary Proceeding settlement payment in 2015. In September 2018, Anadarko received a statutory notice of deficiency from the IRS disallowing the net operating loss carryback and rejecting Anadarko's refund claim. As a result, Anadarko filed a petition with the U.S. Tax Court to dispute the disallowances in November 2018. The case was in the IRS appeals process until the second quarter of 2020, however it has since been returned to the U.S. Tax Court, where a trial date has been set for July 2022 and Occidental expects to continue pursuing resolution.

In accordance with ASC 740's guidance on the accounting for uncertain tax positions, Occidental has recorded no tax benefit on the tentative cash tax refund of \$881 million. As a result, should Occidental not ultimately prevail on the issue, there would be no additional tax expense recorded relative to this position for financial statement purposes other than future interest. However, in that event, Occidental would be required to repay approximately \$1.1 billion in federal taxes, \$28 million in state taxes and accrued interest of \$329 million. A liability for this amount plus interest is included in deferred credits and other liabilities-other.

## INDEMNITIES TO THIRD PARTIES

Occidental, its subsidiaries, or both, have indemnified various parties against specified liabilities those parties might incur in the future in connection with purchases and other transactions that they have entered into with Occidental. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of March 31, 2022, Occidental is not aware of circumstances that it believes would reasonably be expected to lead to indemnity claims that would result in payments materially in excess of reserves.

## NOTE 11 - EARNINGS PER SHARE AND STOCKHOLDERS' EQUITY

The following table presents the calculation of basic and diluted EPS attributable to common stockholders:

<i>millions except per-share amounts</i>	Three months ended March 31,	
	2022	2021
Net income from continuing operations	\$ 4,876	\$ 299
Loss from discontinued operations	—	(445)
Net income (loss)	\$ 4,876	\$ (146)
Less: Preferred stock dividends	(200)	(200)
Net income (loss) attributable to common stock	\$ 4,676	\$ (346)
Less: Net income allocated to participating securities	(34)	—
Net income (loss), net of participating securities	\$ 4,642	\$ (346)
Weighted-average number of basic shares	936.7	933.1
<b>Basic income (loss) per common share</b>	<b>\$ 4.96</b>	<b>\$ (0.37)</b>
Net income (loss), net of participating securities	4,642	(346)
Dilutive securities	997.7	947.9
<b>Diluted income (loss) per common share</b>	<b>\$ 4.65</b>	<b>\$ (0.36)</b>

For the three months ended March 31, 2022, and 2021, warrants and options covering approximately 84 million and 87 million shares of Occidental common stock, respectively, were excluded from the diluted shares as their effect would have been anti-dilutive. In April 2022, Occidental paid \$200 million cash in preferred stock dividends.

## NOTE 12 - SEGMENTS

Occidental conducts its operations through three segments: (1) oil and gas; (2) chemical; and (3) midstream and marketing. Income taxes, interest income, interest expense, environmental remediation expenses, Anadarko acquisition-related costs and unallocated corporate expenses are included under corporate and eliminations. Intersegment sales eliminate upon consolidation and are generally made at prices approximating those that the selling entity would be able to obtain in third-party transactions. The following table presents Occidental's industry segments:

<i>millions</i>	Oil and gas <sup>(a)</sup>		Chemical		Midstream and marketing <sup>(b)</sup>		Corporate and eliminations <sup>(c)</sup>		Total
<b>Three months ended March 31, 2022</b>									
Net sales	\$	6,075	\$	1,684	\$	882	\$	(292)	\$ 8,349
Income (loss) from continuing operations before income taxes	\$	2,898	\$	671	\$	(50)	\$	(436)	\$ 3,083
Income tax benefit		—		—		—		1,793	1,793
Income (loss) from continuing operations	\$	2,898	\$	671	\$	(50)	\$	1,357	\$ 4,876
<b>Three months ended March 31, 2021</b>									
Net sales	\$	3,664	\$	1,088	\$	807	\$	(266)	\$ 5,293
Income (loss) from continuing operations before income taxes	\$	(62)	\$	251	\$	282	\$	(156)	\$ 315
Income tax expense		—		—		—		(16)	(16)
Income (loss) from continuing operations	\$	(62)	\$	251	\$	282	\$	(172)	\$ 299

<sup>(a)</sup> The 2022 amount included \$125 million of gains related to the sale of certain non-strategic assets in the Permian Basin. The 2021 amount included a \$135 million impairment charge related to non-core domestic undeveloped leases that either expired in the first quarter of 2021 or were set to expire in the near-term, where Occidental had no plans to pursue exploration activities.

<sup>(b)</sup> The 2022 amount included \$198 million of net derivative mark-to-market losses. In March 2021, Occidental sold 11.5 million limited partner units of WES for proceeds of approximately \$200 million, resulting in a gain of \$102 million.

<sup>(c)</sup> The 2022 amount included a non-cash tax benefit of \$2.6 billion in connection with Occidental's legal entity reorganization, which is further discussed in the Income Taxes section of the Management's Discussion and Analysis of Financial Condition and Results of Operations in Part I, Item 2 of this Form 10-Q as well as a \$135 million gain on interest rate swaps and \$65 million in Anadarko acquisition-related costs. The 2021 amount included a \$399 million gain on interest rate swaps and \$41 million in Anadarko acquisition-related costs.

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

The following discussion should be read together with the Consolidated Condensed Financial Statements and the notes to Consolidated Condensed Financial Statements, which are included in this report in Part I, Item 1; the information set forth in Risk Factors under Part II, Item 1A; the Consolidated Financial Statements and the notes to the Consolidated Financial Statements, which are included in Part II, Item 8 of Occidental's Annual Report on Form 10-K for the year ended December 31, 2021; and the information set forth in Risk Factors under Part I, Item 1A of the 2021 Form 10-K.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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Portions of this report contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, and they include, but are not limited to: any projections of earnings, revenue or other financial items or future financial position or sources of financing; any statements of the plans, strategies and objectives of management for future operations or business strategy; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Words such as “estimate,” “project,” “predict,” “will,” “would,” “should,” “could,” “may,” “might,” “anticipate,” “plan,” “intend,” “believe,” “expect,” “aim,” “goal,” “target,” “objective,” “commit,” “advance,” “likely” or similar expressions that convey the prospective nature of events or outcomes are generally indicative of 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, modify or withdraw any forward-looking statements as a result of new information, future events or otherwise.

Although Occidental believes that the expectations reflected in any of its forward-looking statements are reasonable, actual results may differ from anticipated results, sometimes materially. In addition, historical, current and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve and assumptions that are subject to change in the future. Factors that could cause results to differ from those projected or assumed in any forward-looking statement include, but are not limited to: the scope and duration of the COVID-19 pandemic and ongoing actions taken by governmental authorities and other third parties in response to the pandemic; Occidental’s indebtedness and other payment obligations, including the need to generate sufficient cash flows to fund operations; Occidental’s ability to successfully monetize select assets and repay or refinance debt and the impact of changes in Occidental’s credit ratings; assumptions about energy markets; global and local commodity and commodity-futures pricing fluctuations; supply and demand considerations for, and the prices of, Occidental’s products and services; actions by OPEC and non-OPEC oil producing countries; results from operations and competitive conditions; future impairments of our proved and unproved oil and gas properties or equity investments, or write-downs of productive assets, causing charges to earnings; unexpected changes in costs; availability of capital resources, levels of capital expenditures and contractual obligations; the regulatory approval environment, including Occidental’s ability to timely obtain or maintain permits or other governmental approvals, including those necessary for drilling and/or development projects; Occidental’s ability to successfully complete, or any material delay of, field developments, expansion projects, capital expenditures, efficiency projects, acquisitions or dispositions; risks associated with acquisitions, mergers and joint ventures, such as difficulties integrating businesses, uncertainty associated with financial projections, projected synergies, restructuring, increased costs and adverse tax consequences; uncertainties and liabilities associated with acquired and divested properties and businesses; uncertainties about the estimated quantities of oil, NGL and natural gas reserves; lower-than-expected production from development projects or acquisitions; Occidental’s ability to realize the anticipated benefits from prior or future streamlining actions to reduce fixed costs, simplify or improve processes and improve Occidental’s competitiveness; exploration, drilling and other operational risks; disruptions to, capacity constraints in, or other limitations on the pipeline systems that deliver Occidental’s oil and natural gas and other processing and transportation considerations; general economic conditions, including slowdowns, domestically or internationally, and volatility in the securities, capital or credit markets; inflation; governmental actions, war (including the Russia-Ukraine war) and political conditions and events; legislative or regulatory changes, including changes relating to hydraulic fracturing or other oil and natural gas operations, retroactive royalty or production tax regimes, deep-water and onshore drilling and permitting regulations and environmental regulation (including regulations related to climate change); environmental risks and liability under federal, regional, state, provincial, tribal, local and international environmental laws and regulations (including remedial actions); Occidental’s ability to recognize intended benefits from its business strategies and initiatives, such as Occidental’s low carbon ventures businesses or announced greenhouse gas emissions reduction targets or net-zero goals; potential liability resulting from pending or future litigation; disruption or interruption of production or manufacturing or facility damage due to accidents, chemical releases, labor unrest, weather, power outages, natural disasters, cyber-attacks or insurgent activity; the creditworthiness and performance of Occidental’s counterparties, including financial institutions, operating partners and other parties; failure of risk management; Occidental’s ability to retain and hire key personnel; supply, transportation, and labor constraints; reorganization or restructuring of Occidental’s operations; changes in state, federal or international tax rates; and actions by third parties that are beyond Occidental’s control.

Additional information concerning these and other factors that may cause Occidental’s results of operations and financial position to differ from expectations can be found in Occidental’s other filings with the SEC, including Occidental’s 2021 Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

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## CURRENT BUSINESS OUTLOOK

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Occidental's operations, financial condition, cash flows and levels of expenditures are highly dependent on oil prices and, to a lesser extent, NGL and natural gas prices, the Midland-to-Gulf-Coast oil spreads and the prices it receives for its chemical products. The average WTI \$/bbl for the three months ended March 31, 2022 was \$94.29, compared to \$57.84 for the three months ended March 31, 2021. The return of oil demand to its pre-pandemic levels coupled with the ongoing global impact of the Russia-Ukraine war and whether the oil industry will be able to sustain a continued supply response have resulted in a significant increase in benchmark oil prices. It is expected that the price of oil will be volatile for the foreseeable future given the current geopolitical risks and the effects on oil demand resulting from COVID-19-related travel restrictions and stay-at-home orders in certain international countries.

Occidental does not operate or own assets in either Russia or Ukraine, but continues to monitor any impacts resulting from the Russia-Ukraine war on the global markets for its commodities.

### 2022 PRIORITIES

Occidental's capital and operational priorities for 2022 are intended to maximize cash flow by sustaining 2021 production levels. Occidental's cash flow priorities remain to continue to reduce financial leverage while concurrently instituting a shareholder return framework and to maintain a robust liquidity position. In the current commodity price environment, Occidental expects to fund its operational and capital requirements, return capital to shareholders in the form of an increased dividend and institute an active share buy back program with cash flows from operations. During the first quarter of 2022, Occidental generated cash flow from continuing operations of \$3.2 billion and incurred capital expenditures of \$858 million.

### LIABILITY MANAGEMENT

In the first quarter of 2022, Occidental used cash on hand to reduce debt with maturities ranging from 2022 through 2049 by \$3.3 billion. Occidental has remaining near-term debt maturities of approximately \$362 million in 2023 and \$1.4 billion in 2024. Subsequent to March 31, 2022, but before the date of this filing, Occidental paid off additional debt with maturities ranging from 2024 to 2049 and principal of \$263 million.

Occidental's \$2.3 billion Zero Coupons can be put to Occidental in October of each year, in whole or in part, for the then accreted value of the outstanding Zero Coupons. The Zero Coupons can next be put to Occidental in October 2022, which, if put in whole, would require a payment of approximately \$1.1 billion at such date. Occidental currently has the ability to meet this obligation and may use available capacity under the RCF to satisfy the put should it be exercised.

The remaining interest rate swaps with a fair value of \$372 million, net of collateral, as of March 31, 2022, have mandatory termination dates in September 2022 and 2023. The interest rate swaps' fair value, and cash required to settle them on their termination dates, will continue to fluctuate with changes in interest rates through the mandatory termination dates. Depending on market conditions, liability management actions or other factors, Occidental may enter into offsetting interest rate swap positions or settle or amend certain or all of the currently outstanding interest rate swaps.

As of March 31, 2022, Occidental had approximately \$1.9 billion of cash and cash equivalents on hand, and as of the date of this filing, \$4.0 billion of borrowing capacity and no drawn amounts under its RCF, which matures in June 2025. Additionally, Occidental has up to \$400 million of available borrowing capacity and no drawn amounts on its receivables securitization facility which matures in December 2024. Occidental expects its cash on hand and funds available under its RCF to be sufficient to meet its debt maturities, operating expenditures and other obligations for the next 12 months from the date of this filing.

### DEBT RATINGS

As of March 31, 2022, Occidental's long-term debt was rated Ba1 by Moody's Investors Service, BB+ by Fitch Ratings and BB+ by Standard and Poor's. Any downgrade in credit ratings could impact Occidental's ability to access capital markets and increase its cost of capital. In addition, given that Occidental's current debt ratings are non-investment grade, Occidental may be requested, and in some cases required, to provide collateral in the form of cash, letters of credit, surety bonds or other acceptable support as financial assurance of its performance and payment obligations under certain contractual arrangements such as pipeline transportation contracts, environmental remediation obligations, oil and gas purchase contracts and certain derivative instruments.

As of the date of this filing, Occidental has provided required financial assurances through a combination of cash, letters of credit and surety bonds. Occidental has not issued any letters of credit under the RCF or other committed facilities. For additional information, see Risk Factors in Part I, Item 1A of Occidental's 2021 Form 10-K.



## CONSOLIDATED RESULTS OF OPERATIONS

Occidental's operations and cash flows can vary significantly based on changes in oil, NGL and natural gas prices and the prices it receives for its chemical products. Such changes in prices could result in adjustments in capital investment levels and how such capital is allocated, which could impact production volumes. Significant changes have occurred in the macro-economic environment over the previous year, which have led to an increase in commodity prices, chemical product pricing, and correspondingly Occidental's results of operations and cash flows. Occidental's results of operations and cash flows are driven by these macro-economic effects rather than seasonality. In November 2020, the SEC issued a final rule to Regulation S-K which permits the option to discuss material changes to results of operations between the current and immediately preceding quarter. Occidental has elected to discuss its results of operations on a sequential-quarter basis starting with this filing. The implementation of this approach will provide more meaningful and useful information to investors to measure performance from the immediately preceding quarter. In accordance with this final rule, Occidental is not required to include a comparison of the current quarter and the same prior-year quarter for future filings.

<i>millions, except per-share amounts</i>	<b>Three months ended</b>			
	<b>March 31, 2022</b>	December 31, 2021	March 31, 2021	
Net sales	\$ 8,349	\$ 7,913	\$ 5,293	
Income from continuing operations	\$ 4,876	\$ 1,561	\$ 299	
Income from continuing operations — basic	\$ 4.96	\$ 1.44	\$ 0.11	
Income from continuing operations — diluted	\$ 4.65	\$ 1.39	\$ 0.10	

### **Q1 2022 compared to Q4 2021**

Excluding the impact of asset impairments, gains and losses on sales of assets and equity method investments, gains and losses on derivative mark-to-market adjustments, acquisition-related costs, and the tax impact due to the legal entity reorganization, the increase in income from continuing operations for the three months ended March 31, 2022, compared to the three months ended December 31, 2021, was primarily due to higher crude oil prices, partially offset by lower crude oil sales volumes in the oil and gas segment.

### **Q1 2022 compared to Q1 2021**

Excluding the impact of asset impairments, gains and losses on sales of assets and equity method investments, gains and losses on derivative mark-to-market adjustments, acquisition-related costs, and the tax impact due to the legal entity reorganization, the increase in income from continuing operations for the three months ended March 31, 2022, compared to the three months ended March 31, 2021, was primarily due to higher crude oil, NGL and natural gas prices, lower DD&A rates in the oil and gas segment, higher realized prices and margins across most chemical product lines, partially offset by lower crude oil sales volumes.

## SELECTED STATEMENTS OF OPERATIONS ITEMS

<i>millions</i>	Three months ended		
	March 31, 2022	December 31, 2021	March 31, 2021
Net sales	\$ 8,349	\$ 7,913	\$ 5,293
Interest, dividends and other income	\$ 49	\$ 24	\$ 75
Gain on sale of assets, net	\$ 135	\$ 73	\$ 111
Oil and gas operating expenses	\$ 864	\$ 843	\$ 776
Transportation and gathering expense	\$ 347	\$ 366	\$ 329
Chemical and midstream cost of sales	\$ 818	\$ 771	\$ 594
Purchased commodities	\$ 811	\$ 675	\$ 558
Selling, general and administrative expenses	\$ 196	\$ 280	\$ 166
Other operating and non-operating expense	\$ 299	\$ 303	\$ 258
Taxes other than on income	\$ 335	\$ 262	\$ 210
Depreciation, depletion and amortization	\$ 1,643	\$ 1,966	\$ 2,194
Asset impairments and other charges	\$ —	\$ 131	\$ 135
Anadarko Acquisition-related costs	\$ 65	\$ 31	\$ 41
Exploration expense	\$ 25	\$ 107	\$ 28
Interest and debt expense, net	\$ 371	\$ 385	\$ 395
Gains (losses) on interest rate swaps, net	\$ 135	\$ (28)	\$ 399
Income from equity investments	\$ 189	\$ 168	\$ 121
Income tax benefit (expense)	\$ 1,793	\$ (469)	\$ (16)

### Q1 2022 compared to Q4 2021

Net sales increased for the three months ended March 31, 2022, compared to the three months ended December 31, 2021, primarily due to higher crude oil prices, partially offset by lower sales volumes in the oil and gas segment.

Depreciation, depletion and amortization expenses decreased for the three months ended March 31, 2022, compared to the three months ended December 31, 2021, primarily as a result of lower production volumes and lower per Boe DD&A rates due to higher reported proved reserves as a result of positive price revisions.

The income tax benefit for the three months ended March 31, 2022, compared to an expense for the three months ended December 31, 2021, resulted primarily from the non-cash tax benefit associated with Occidental's legal entity reorganization. See Income Taxes section for further discussion.

### Q1 2022 compared to Q1 2021

Net sales increased for the three months ended March 31, 2022, compared to the same period in 2021, primarily due to higher crude oil, NGL and natural gas prices in the oil and gas segment and higher realized prices and sales volumes across most chemical product lines.

Chemical and midstream cost of sales increased for the three months ended March 31, 2022, compared to the same period in 2021, primarily driven by higher raw material costs in the chemical segment and increased power generation costs related to the midstream and marketing segment.

Purchased commodities increased for the three months ended March 31, 2022, compared to the same period in 2021, due to higher prices on third-party crude purchases related to the midstream and marketing segment.

Depreciation, depletion and amortization expenses decreased for the three months ended March 31, 2022, compared to the same period of 2021, primarily as a result of lower per Boe DD&A rates due to higher reported proved reserves as a result of positive price revisions.

Gains on interest rate swaps, net, decreased for the three months ended March 31, 2022, compared to the same period in 2021, primarily as a result of two interest rates swap tranches having settled during the third quarter of 2021 and thus no longer marked to market.

The income tax benefit for the three months ended March 31, 2022, compared to an expense for the same period in 2021, resulted primarily from the non-cash tax benefit associated with Occidental's legal entity reorganization. See Income Taxes section for further discussion.

## SEGMENT RESULTS OF OPERATIONS AND ITEMS AFFECTING COMPARABILITY

### SEGMENT RESULTS OF OPERATIONS

Occidental's principal businesses consist of three reporting segments: oil and gas, chemical and midstream and marketing. The oil and gas segment explores for, develops and produces oil and condensate, NGL and natural gas. The chemical segment mainly manufactures and markets basic chemicals and vinyls. The midstream and marketing segment purchases, markets, gathers, processes, transports and stores oil (which includes condensate), NGL, natural gas, CO<sub>2</sub> and power. It also optimizes its transportation and storage capacity, and invests in entities that conduct similar activities such as WES.

The following table sets forth the sales and earnings of each operating segment and corporate items for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021:

<i>millions</i>	<b>Three months ended</b>		
	<b>March 31, 2022</b>	December 31, 2021	March 31, 2021
<b>Net sales</b> <sup>(a)</sup>			
Oil and gas	\$ 6,075	\$ 5,817	\$ 3,664
Chemical	1,684	1,575	1,088
Midstream and marketing	882	857	807
Eliminations	(292)	(336)	(266)
<b>Total</b>	<b>8,349</b>	7,913	5,293
<b>Income (loss) from continuing operations</b>			
Oil and gas <sup>(b)</sup>	2,898	2,109	(62)
Chemical	671	574	251
Midstream and marketing <sup>(b)</sup>	(50)	(15)	282
<b>Total</b>	<b>3,519</b>	2,668	471
<b>Unallocated Corporate Items</b> <sup>(b)</sup>			
Interest expense, net	(371)	(385)	(395)
Income tax benefit (expense)	1,793	(469)	(16)
Other items, net	(65)	(253)	239
<b>Income from continuing operations</b>	<b>\$ 4,876</b>	\$ 1,561	\$ 299

<sup>(a)</sup> Intersegment sales eliminate upon consolidation and are generally made at prices approximating those that the selling entity would be able to obtain in third-party transactions.

<sup>(b)</sup> Please refer to the Items Affecting Comparability table.

## ITEMS AFFECTING COMPARABILITY

The following table sets forth items affecting the comparability of Occidental's earnings that vary widely and unpredictably in nature, timing and amount:

<i>millions</i>	<b>Three months ended</b>		
	<b>March 31, 2022</b>	December 31, 2021	March 31, 2021
<b>Oil and gas</b>			
Asset impairments - domestic	\$ —	\$ (109)	\$ (135)
Asset sales gains, net - domestic	125	13	—
Asset sales gains, net - foreign	—	55	—
Oil, gas and CO <sub>2</sub> derivative losses, net	—	(3)	(40)
<b>Total oil and gas</b>	<b>125</b>	<b>(44)</b>	<b>(175)</b>
<b>Midstream and marketing</b>			
Asset sales gains, net	—	—	102
Asset impairments	—	(21)	—
Derivative gains (losses), net	(198)	(76)	15
<b>Total midstream and marketing</b>	<b>(198)</b>	<b>(97)</b>	<b>117</b>
<b>Corporate</b>			
Anadarko acquisition-related costs	(65)	(31)	(41)
Interest rate swap gains (losses), net	135	(28)	399
Early debt extinguishment expenses	(18)	(30)	—
<b>Total corporate</b>	<b>52</b>	<b>(89)</b>	<b>358</b>
Income tax impact of legal entity reorganization	2,594	—	—
State tax revaluation	(29)	88	—
Income taxes	5	55	(65)
<b>Income (loss) from continuing operations</b>	<b>2,549</b>	<b>(87)</b>	<b>235</b>
<b>Discontinued operations, net of taxes <sup>(a)</sup></b>	<b>—</b>	<b>(24)</b>	<b>(445)</b>
<b>Total</b>	<b>\$ 2,549</b>	<b>\$ (111)</b>	<b>\$ (210)</b>

<sup>(a)</sup> Included in discontinued operations, net of taxes for the first quarter and fourth quarters of 2021 were the results of Ghana and a loss contingency associated with Occidental's former operations in Ecuador, see [Note 10 - Lawsuits, Claims, Commitments and Contingencies](#).

## OIL AND GAS SEGMENT

The following table sets forth the average sales volumes per day for oil and NGL in Mbbl and for natural gas in MMcf:

	March 31, 2022	December 31, 2021	Three months ended March 31, 2021
<b>Sales Volumes per Day</b>			
<b>Oil (Mbbl)</b>			
United States	483	506	488
International	97	124	114
<b>NGL (Mbbl)</b>			
United States	210	225	200
International	23	38	26
<b>Natural Gas (MMcf)</b>			
United States	1,219	1,323	1,294
International	347	475	414
<b>Total Continuing Operations Volumes (Mboe)<sup>(a)</sup></b>	<b>1,074</b>	1,193	1,113
Operations Exited or Exiting <sup>(b)</sup>	—	—	28
<b>Total Sales Volumes (Mboe)<sup>(a)</sup></b>	<b>1,074</b>	1,193	1,141

<sup>(a)</sup> Natural gas volumes have been converted to Boe based on energy content of six Mcf of gas to one barrel of oil. Barrels of oil equivalent does not necessarily result in price equivalency.

<sup>(b)</sup> Operations exited or exiting consisted of Ghana.

The following table presents information about Occidental's average realized prices and index prices:

	March 31, 2022		December 31, 2021		Three months ended March 31, 2021
<b>Average Realized Prices</b>					
<b>Oil (\$/Bbl)</b>					
United States	\$	93.23	\$	75.78	\$ 56.18
International	\$	85.42	\$	73.79	\$ 53.39
Total Worldwide	\$	91.91	\$	75.39	\$ 55.65
<b>NGL (\$/Bbl)</b>					
United States	\$	40.60	\$	37.43	\$ 23.62
International	\$	30.44	\$	30.95	\$ 22.11
Total Worldwide	\$	39.61	\$	36.52	\$ 23.44
<b>Natural Gas (\$/Mcf)</b>					
United States	\$	4.17	\$	4.64	\$ 2.56
International	\$	1.85	\$	1.70	\$ 1.70
Total Worldwide	\$	3.66	\$	3.86	\$ 2.36
<b>Average Index Prices</b>					
WTI oil (\$/Bbl)	\$	94.29	\$	77.19	\$ 57.84
Brent oil (\$/Bbl)	\$	97.36	\$	79.76	\$ 61.10
NYMEX gas (\$/Mcf)	\$	4.16	\$	5.27	\$ 2.72
<b>Average Realized Prices as Percentage of Average Index Prices</b>					
Worldwide oil as a percentage of average WTI		97 %		98 %	96 %
Worldwide oil as a percentage of average Brent		94 %		95 %	91 %
Worldwide NGL as a percentage of average WTI		42 %		47 %	41 %
Domestic natural gas as a percentage of average NYMEX		100 %		88 %	94 %

#### Q1 2022 compared to Q4 2021

Oil and gas segment income was \$2.9 billion for the three months ended March 31, 2022, compared with segment income of \$2.1 billion for the three months ended December 31, 2021. Excluding the impact of asset impairments and other charges and oil, gas and CO<sub>2</sub> derivative gains (losses), oil and gas segment results for the three months ended March 31, 2022, compared to the three months ended December 31, 2021, reflected higher oil prices and lower DD&A rates, partially offset by lower sales volumes.

The decrease in average daily sales volumes from continuing operations of 119 Mboe/d for the three months ended March 31, 2022, compared to the three months ended December 31, 2021, primarily reflected the impact of the first full shut down of the Al Hosn Gas Plant to allow for tie in work for the expansion project, scheduled maintenance in Algeria, declines in domestic volumes as a result of reduced capital investment in the DJ Basin and Permian Basin and the impact of rising prices that reduce Occidental's share of production under production sharing contracts.

#### Q1 2022 compared to Q1 2021

Oil and gas segment income was \$2.9 billion for the three months ended March 31, 2022, compared with segment losses of \$62 million for the three months ended March 31, 2021. Excluding the impact of asset impairments and other charges and oil, gas and CO<sub>2</sub> derivative gains (losses), oil and gas segment results for the three months ended March 31, 2022, compared to the three months ended March 31, 2021, reflected higher commodity prices and lower DD&A rates, partially offset by lower sales volumes and higher lease operating and transportation costs.

The decrease in average daily sales volumes from continuing operations of 67 Mboe/d for the three months ended March 31, 2022, compared to the same period in 2021, primarily reflected the impact of the first full shutdown of the Al Hosn Gas Plant to allow for tie in work for the expansion project, scheduled maintenance in Algeria and the impact of rising prices that reduce Occidental's share of production under production sharing contracts.

## **CHEMICAL SEGMENT**

### ***Q1 2022 compared to Q4 2021***

Chemical segment earnings for the three months ended March 31, 2022 were \$671 million, compared to \$574 million for the three months ended December 31, 2021. The improvement in results was primarily driven by higher realized pricing and margins across most product lines along with continued strong product demand.

### ***Q1 2022 compared to Q1 2021***

Chemical segment earnings for the three months ended March 31, 2022 were \$671 million, compared to \$251 million for the three months ended March 31, 2021. The improvement in results was primarily due to significantly higher realized pricing, volumes, and margins across most product lines. In February 2021, winter storm Uri interrupted production and sales across multiple facilities and increased costs of raw materials.

## **MIDSTREAM AND MARKETING SEGMENT**

### ***Q1 2022 compared to Q4 2021***

Midstream and marketing segment losses for the three months ended March 31, 2022 were \$50 million, compared with losses of \$15 million for the three months ended December 31, 2021. Excluding the impact of derivative losses and impairment charges, segment results improved as crude pricing continued to rise in the first quarter of 2022.

### ***Q1 2022 compared to Q1 2021***

Midstream and marketing segment losses for the three months ended March 31, 2022 were \$50 million, compared with earnings of \$282 million for the three months ended 2021. Excluding the impact of derivative accounting and gains on sales of assets, the decrease in midstream and marketing segment results was primarily driven by the timing impact of crude export sales when compared to the current period.

## INCOME TAXES

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

<i>millions, except percentages</i>	Three months ended		
	March 31, 2022	December 31, 2021	March 31, 2021
<b>Income from continuing operations before income taxes</b>	\$ 3,083	\$ 2,030	\$ 315
<b>Income tax benefit (expense)</b>			
Domestic - federal and state	2,037	(206)	102
International	(244)	(263)	(118)
<b>Total income tax benefit (expense)</b>	1,793	(469)	(16)
<b>Income from continuing operations</b>	\$ 4,876	\$ 1,561	\$ 299
<b>Worldwide effective tax rate</b>	(58) %	23 %	5 %

Occidental estimates its annual effective income tax rate in recording its quarterly provision for income taxes in the various jurisdictions in which the Company operates, adjusted for certain discrete items. Each quarter, Occidental updates these rates and records a cumulative adjustment to its income taxes by applying the rates to the pre-tax income excluding certain discrete items. Occidental's quarterly estimate of its effective tax rates can vary significantly based on various forecasted items, including future commodity prices, capital expenditures, expenses for which tax benefits are not recognized and the geographic mix of pre-tax income and losses. The difference between the negative 58% effective tax rate for income from continuing operations for the three months ended March 31, 2022, and the 21% U.S. federal statutory tax rate was primarily driven by a non-cash tax benefit associated with Occidental's legal entity reorganization, as further described below, partially offset by higher tax rates in the foreign jurisdictions in which Occidental operates.

### LEGAL ENTITY REORGANIZATION

To align Occidental's legal entity structure with the nature of its business activities after completing the acquisition of Anadarko and subsequent large scale post-Acquisition divestiture program, management undertook a legal entity reorganization that was completed in the first quarter of 2022.

As a result of this legal entity reorganization, management made an adjustment to the tax basis in a portion of its operating assets, thus reducing Occidental's deferred tax liabilities. Accordingly, in the first quarter of 2022, Occidental recorded an estimated non-cash tax benefit of \$2.6 billion in connection with this reorganization. The timing of any reduction in Occidental's future cash taxes as a result of this legal entity reorganization will be dependent on a number of factors, including prevailing commodity prices, capital activity level and production mix. Further refinement of the non-cash tax benefit may be necessary as Occidental finalizes its tax basis calculations, its tax returns and other information.

## LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2022, Occidental had \$1.9 billion in cash and cash equivalents.

Operating cash flow from continuing operations was \$3.2 billion for the three months ended March 31, 2022, compared to \$788 million for the three months ended March 31, 2021. The increase in operating cash flow from continuing operations was primarily due to higher commodity prices as compared to the same period in 2021.

Occidental's net cash used by investing activities from continuing operations was \$662 million for the three months ended March 31, 2022, compared to \$273 million for the three months ended March 31, 2021. Capital expenditures, of which substantially all were for the oil and gas segment, were approximately \$858 million for the three months ended March 31, 2022, compared to \$579 million for the three months ended March 31, 2021. Additionally, for the three months ended March 31, 2021, \$496 million from proceeds from sales of assets, net primarily included the divestiture of non-operated assets in the DJ Basin as well as the sale of WES units.

Occidental's net cash used by financing activities from continuing operations was \$3.4 billion for the three months ended March 31, 2022, compared to \$352 million for the three months ended March 31, 2021. Cash used by financing activities for the three months ended March 31, 2022 reflected the payments of \$3.3 billion relating to long-term debt and dividend payments of \$216 million on preferred and common stock. See [Note 5 - Long-Term Debt](#) in the notes to the Consolidated



Condensed Financial Statements in Part I, Item 1 of this Form 10-Q for additional information regarding debt payments, including payments subsequent to March 31, 2022. Cash used by financing activities for the three months ended March 31, 2021 reflected the dividend payments of \$211 million on preferred and common stock and payments on current maturities of long-term debt of \$174 million.

As of March 31, 2022, and as of the date of this filing, Occidental was in compliance with all covenants in its financing agreements. Occidental currently expects its cash on hand and funds available under its RCF to be sufficient to meet its near-term debt maturities, operating expenditures and other obligations for the next 12 months from the date of this filing.

For information regarding upcoming debt maturities and other near-term obligations see the Current Business Outlook section of the Management's Discussion and Analysis of Financial Condition and Results of Operations.

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## **ENVIRONMENTAL LIABILITIES AND EXPENDITURES**

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Occidental's operations are subject to stringent federal, regional, state, provincial, tribal, local and international laws and regulations related to improving or maintaining environmental quality. Occidental's environmental compliance costs have generally increased over time and are expected to rise in the future. Occidental factors environmental expenditures for its operations as an integral part of its business planning process.

The laws that require or address environmental remediation, including CERCLA and similar federal, regional, state, provincial, tribal, local and international laws, may apply retroactively and regardless of fault, the legality of the original activities or the current ownership or control of sites. Occidental or certain of its subsidiaries participate in or actively monitor a range of remedial activities and government or private proceedings under these laws with respect to alleged past practices at operating, closed and third-party sites. Remedial activities may include one or more of the following: investigation involving sampling, modeling, risk assessment or monitoring; cleanup measures including removal, treatment or disposal; or operation and maintenance of remedial systems. The environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties, injunctive relief and government oversight costs.

See [Note 9 - Environmental Liabilities and Expenditures](#) in the notes to the Consolidated Condensed Financial Statements in Part I, Item 1 of this Form 10-Q and the Environmental Liabilities and Expenditures section of Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2021 Form 10-K for additional information regarding Occidental's environmental liabilities and expenditures.

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## **LAWSUITS, CLAIMS, COMMITMENTS AND CONTINGENCIES**

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Occidental accrues reserves for outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. Occidental has disclosed its reserve balances for environmental remediation matters and its estimated range of reasonably possible additional losses for such matters. See [Note 10 - Lawsuits, Claims, Commitments and Contingencies](#), in the notes to Consolidated Condensed Financial Statements in Part I, Item 1 of this Form 10-Q for further information.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

For the three months ended March 31, 2022, there were no material changes in the information required to be provided under Item 305 of Regulation S-K included under Item 7A, Quantitative and Qualitative Disclosures About Market Risk in the 2021 Form 10-K.

### **Item 4. Controls and Procedures**

Occidental's President and Chief Executive Officer and its Senior Vice President and Chief Financial Officer supervised and participated in Occidental's evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, Occidental's President and Chief Executive Officer and Senior Vice President and Chief Financial Officer concluded that Occidental's disclosure controls and procedures were effective as of March 31, 2022.

During the three months ended March 31, 2022, Occidental converted its legacy Anadarko's information into Occidental's primary enterprise resource planning system. Certain existing internal controls were modified and new controls were implemented. This conversion affected Occidental's internal control over financial reporting. There has been no change in Occidental's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the first quarter of 2022 that has materially affected, or is reasonably likely to materially affect, Occidental's internal control over financial reporting other than the system conversion.

## Part II Other Information

### Item 1. Legal Proceedings

Occidental has elected to use a \$1 million threshold for disclosing certain proceedings arising under federal, state or local environmental laws when a governmental authority is a party. Occidental believes proceedings under this threshold are not material to Occidental's business and financial condition. Applying this threshold, there are no such proceedings to disclose for the quarter ended March 31, 2022. For information regarding other legal proceedings, see Note - 10 Lawsuits, Claims, Commitments and Contingencies in the Notes to Consolidated Condensed Financial Statements in Part I, Item 1 of this Form 10-Q.

### Item 1A. Risk Factors

There have been no material changes from the risk factors included under Part I, Item 1A of Occidental's Annual Report on Form 10-K for the year ended December 31, 2021.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Occidental's share repurchase activities for the three months ended March 31, 2022, were as follows:

Period	Total Number of Shares Purchased <sup>(a)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Value of Shares that May Yet Be Purchased Under the Plans or Programs (millions)
January 1 - 31, 2022	149,072	\$ 34.95	—	
February 1 - 28, 2022	135,996	\$ 39.35	—	
March 1 - 31, 2022	445,678	\$ 58.37	—	
Total 2022	730,746	\$ 50.05	—	\$ 3,000 <sup>(b)</sup>

<sup>(a)</sup> Represents purchases from the trustee of Occidental's defined contribution savings plan that are not part of publicly announced plans or programs.

<sup>(b)</sup> Represents the value of shares remaining in Occidental's share repurchase plan. In February 2022, Occidental announced an authorization to repurchase up to \$3 billion of Occidental's shares. The program does not obligate Occidental to acquire any specific number of shares and may be discontinued at any time.

### Item 6. Exhibits

- 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.
- 101.INS\* Inline XBRL Instance Document.
- 101.SCH\* Inline XBRL Taxonomy Extension Schema Document.
- 101.CAL\* Inline XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.LAB\* Inline XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE\* Inline XBRL Taxonomy Extension Presentation Linkbase Document.
- 101.DEF\* Inline XBRL Taxonomy Extension Definition Linkbase Document.
- 104\* Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

# Indicates a management contract or compensatory plan or arrangement.

\* Filed herewith.

\*\* Furnished herewith.

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## SIGNATURES

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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

May 10, 2022

/s/ Christopher O. Champion

Christopher O. Champion

Vice President, Chief Accounting Officer and Controller

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

I, Vicki Hollub, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Occidental Petroleum Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2022

/s/ Vicki Hollub

Vicki Hollub

President and Chief Executive Officer

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

I, Robert Peterson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Occidental Petroleum Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2022

/s/ Robert Peterson

Robert Peterson

Senior Vice President and Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q of Occidental Petroleum Corporation (the "Company") for the fiscal period ended March 31, 2022, as filed with the Securities and Exchange Commission on May 10, 2022 (the "Report"), Vicki Hollub, as Chief Executive Officer of the Company, and Robert Peterson, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of her or 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/ Vicki Hollub

Name: Vicki Hollub  
Title: President and Chief Executive Officer  
Date: May 10, 2022

                  /s/ Robert Peterson

Name: Robert Peterson  
Title: Senior Vice President and Chief Financial Officer  
Date: May 10, 2022

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

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