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

**FORM 8-K**

**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported) July 22, 2005**

**OCCIDENTAL PETROLEUM CORPORATION**

(Exact name of registrant as specified in its charter)

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

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

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

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

**90024**  
(ZIP code)

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

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

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

## **Section 2 – Financial Information**

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

On July 22, 2005, Occidental Petroleum Corporation released information regarding its results of operations for the fiscal period ended June 30, 2005. The exhibits to this Form 8-K and the information set forth in this Item 2.02 are being furnished pursuant to Item 2.02, Results of Operations and Financial Condition. The full text of the press release is attached to this report as Exhibit 99.1. The full text of the speeches given by Dr. Ray R. Irani and Stephen I. Chazen are attached to this report as Exhibit 99.2. Investor Relations Supplemental Schedules are attached to this report as Exhibit 99.3.

## Section 8 – Other Events

### Item 8.01. Other Events

On July 22, 2005, Occidental Petroleum Corporation announced net income for the second quarter 2005 of \$1.536 billion (\$3.82 per share), compared with \$581 million (\$1.48 per share) for the second quarter 2004. Included in the second quarter 2005 net income are the benefits of two previously announced transactions -- a \$619 million tax benefit related to the resolution of certain IRS tax issues and an \$89 million after-tax gain from the sale of 11 million shares of Lyondell Chemical Company. Core earnings for the second quarter were \$851 million (\$2.12 per share), compared with \$584 million

#### Oil and Gas

Oil and gas segment earnings were \$1.325 billion for the second quarter 2005, compared with \$980 million for the second quarter 2004. After adjusting for a \$26 million charge related to a contract settlement, core earnings were \$1.351 billion for the second quarter 2005. The improvement in the second quarter 2005 earnings reflected higher worldwide crude oil and gas prices, partially offset by higher operating and exploration expenses and increased DD&A rates. Exploration expenses were higher primarily as a result of a \$66 million property impairment resulting from an unsuccessful deep gas well at Elk Hills.

#### Chemicals

Chemical segment and core earnings were \$225 million for the second quarter 2005, compared with \$92 million for the second quarter 2004. The improvement in the second quarter 2005 results was due to higher margins in chlorine, caustic soda and polyvinyl chloride resulting from higher sales prices, partially offset by higher energy and feedstock costs.

#### Other Items

The tax benefit recorded in the second quarter was the result of a closing agreement with the IRS, which resolved certain foreign tax credit issues as part of the IRS audit of tax years 1997-2000. As a result, Occidental reversed tax reserves that were previously established for those foreign tax credit issues. This resolution did not have a significant current cash effect.

After the sale of 11 million shares, Occidental still owns 30.3 million Lyondell shares and warrants to purchase an additional 5 million shares. Occidental accounts for its Lyondell investment on the equity basis.

#### Six-Months Results

For the first six months of 2005, net income was \$2.382 billion (\$5.94 per share), compared with \$1.068 billion (\$2.72 per share) for the first six months of 2004.

Core earnings were \$1.717 billion for 2005, compared with \$1.060 billion for 2004. See the attached schedule for a reconciliation of net income to core earnings.

Worldwide production for the first six months of 2005 was 560,000 barrels of oil equivalent per day, compared to 571,000 barrels for the first six months of 2004. Horn Mountain's production for the first six months of 2005 was 16,000 barrels of oil equivalent, compared to 26,000 barrels of oil equivalent in 2004, primarily as a result of weather in the Gulf of Mexico and maintenance downtime. Compared to a year ago, production under the company's production-sharing contracts in Oman, Qatar, Yemen and Long Beach was negatively impacted by higher prices. If prices had remained at the six months 2004

levels, production in the first six months of 2005 would have been about 15,000 equivalent barrels per day higher.

Statements in this release that contain words such as "will," "expect" or "estimate," or otherwise relate to the future, are forward-looking and involve risks and uncertainties that could significantly affect expected results. Factors that could cause results to differ materially include, but are not limited to: exploration risks such as drilling of unsuccessful wells, global commodity pricing fluctuations, and supply/demand consideration for oil, gas and chemicals; higher-than-expected costs; and not successfully completing (or any material delay in) any expansion, capital expenditure, acquisition, or disposition. Occidental disclaims any obligation to update any forward-looking statements.

**SUMMARY OF SEGMENT NET SALES AND EARNINGS**

(\$ millions, except per share amounts)	Second Quarter		Six Months	
	2005	2004	2005	2004
<b>SEGMENT NET SALES</b>				
Oil and Gas	\$ 2,353	\$ 1,783	\$ 4,572	\$ 3,476
Chemical	1,128	911	2,189	1,745
Other	37	30	60	60
Net sales	\$ 3,518	\$ 2,724	\$ 6,821	\$ 5,281
<b>SEGMENT EARNINGS</b>				
Oil and Gas	\$ 1,325	\$ 980	\$ 2,674	\$ 1,895
Chemical	225	92	439	148
	1,550	1,072	3,113	2,043
<b>Unallocated Corporate Items</b>				
Interest expense, net (a)	(47)	(60)	(108)	(128)
Income taxes (b)	(44)	(384)	(645)	(747)
Other (c)	73	(44)	22	(95)
<b>Income from Continuing Operations</b>	<b>1,532</b>	584	<b>2,382</b>	1,073
Discontinued operations, net	4	(3)	--	(5)
<b>NET INCOME</b>	<b>\$ 3,518</b>	\$ 2,724	<b>\$ 6,821</b>	\$ 5,281
<b>BASIC EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 3.81	\$ 1.48	\$ 5.94	\$ 2.73
Discontinued operations, net	.01	--	--	(.01)
	\$ 3.82	\$ 1.48	\$ 5.94	\$ 2.72
<b>DILUTED EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 3.77	\$ 1.46	\$ 5.86	\$ 2.69
Discontinued operations, net	.01	--	--	(.01)
	\$ 3.78	\$ 1.46	\$ 5.86	\$ 2.68
<b>AVERAGE BASIC COMMON SHARES OUTSTANDING</b>	<b>401.9</b>	393.9	<b>401.2</b>	392.8

See footnotes on following page.

- (a) The second quarter 2005 includes a \$1 million pre-tax interest charge to redeem all the outstanding 4.1-percent medium term notes and the six months 2005 also includes a \$10 million charge to redeem all the outstanding 7.65-percent senior notes. The six months 2004 includes an \$11 million pre-tax interest charge to redeem all the outstanding 8.16-percent Trust Preferred Redeemable Securities.
- (b) The second quarter 2005 includes a \$619 million tax benefit resulting from a closing agreement with the U.S. Internal Revenue Service (IRS) resolving certain foreign tax credit issues. The six months 2005 also includes a net \$10 million charge related to a state income tax issue. The six months 2004 includes a \$20 million credit related to a first quarter settlement of an issue with the IRS.
- (c) The second quarter 2005 includes a \$140 million pre-tax gain from the sale of 11 million shares of Lyondell Chemical Company, which represented approximately 27 percent of Occidental's investment.

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

	Second Quarter		Six Months	
(\$ millions)	2005	2004	2005	2004
<b>CAPITAL EXPENDITURES</b>	\$ 518	\$ 461	\$ 1,054	\$ 804
<b>DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS</b>	\$ 356	\$ 324	\$ 700	\$ 648

**SUMMARY OF OPERATING STATISTICS**

	Second Quarter		Six Months	
	2005	2004	2005	2004
<b>NET OIL, GAS AND LIQUIDS</b>				
<b>PRODUCTION PER DAY</b>				
United States				
Crude oil and liquids (MBBL)				
California	75	78	76	78
Permian	156	156	152	155
Horn Mountain	11	23	14	23
Hugoton	3	3	3	3
Total	245	260	245	259
Natural Gas (MMCF)				
California	240	234	240	239
Hugoton	133	132	131	129
Permian	166	132	156	136
Horn Mountain	9	15	11	16
Total	548	513	538	520
Latin America				
Crude oil (MBBL)				
Colombia	36	39	34	37
Ecuador	39	47	41	45
Total	75	86	75	82
Middle East				
Crude oil (MBBL)				
Oman	19	12	21	12
Qatar	43	44	43	43
Yemen	28	30	31	35
Total	90	86	95	90
Natural Gas (MMCF)				
Oman	61	56	58	33
Other Eastern Hemisphere				
Crude oil (MBBL)				
Pakistan	6	8	6	8
Natural Gas (MMCF)				
Pakistan	72	73	75	74
<b>Barrels of Oil Equivalent (MBOE)</b>				
Subtotal consolidated subsidiaries	530	547	533	544
Colombia-minority interest	(5)	(5)	(4)	(4)
Russia-Occidental net interest	28	31	29	30
Yemen-Occidental net interest	2	1	2	1
<b>Total Worldwide Production (MBOE)</b>	<b>555</b>	<b>574</b>	<b>560</b>	<b>571</b>

## SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS

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

The following table sets forth the core earnings and significant items affecting earnings for each operating segment and corporate:

(\$ millions, except per-share amounts)	Second Quarter			
	2005	EPS	2004	EPS
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 1,536</b>	<b>\$ 3.82</b>	<b>\$ 581</b>	<b>\$ 1.48</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 1,325		\$ 980	
Less: Contract settlement	(26)		--	
Segment Core Earnings	1,351		980	
<b>Chemicals</b>				
Segment Earnings	225		92	
No significant items affecting earnings	--		--	
Segment Core Earnings	225		92	
<b>Total Segment Core Earnings</b>	<b>1,576</b>		<b>1,072</b>	
<b>Corporate</b>				
Corporate Results --				
Non Segment*	(14)		(491)	
Less:				
Gain on sale of Lyondell shares	140		--	
Settlement of federal tax issues	619		--	
Debt repurchase expense	(1)		--	
Tax effect of pre-tax adjustments	(51)		--	
Discontinued operations, net**	4		(3)	
Corporate Core Results -- Non Segment	(725)		(488)	
<b>TOTAL CORE EARNINGS</b>	<b>\$ 851</b>	<b>\$ 2.12</b>	<b>\$ 584</b>	<b>\$ 1.49</b>

\*Interest expense, income taxes, G&A expense and other, and non-core items.

\*\*Amount shown after tax.



## SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)

(\$ millions, except per-share amounts)	Six Months			
	2005	EPS	2004	EPS
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 2,382</b>	<b>\$ 5.94</b>	<b>\$ 1,068</b>	<b>\$ 2.72</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 2,674		\$ 1,895	
Less:				
Contract settlement	(26)		--	
Segment Core Earnings	2,700		1,895	
<b>Chemicals</b>				
Segment Earnings	439		148	
No significant items affecting earnings	--		--	
Segment Core Earnings	439		148	
<b>Total Segment Core Earnings</b>	<b>3,139</b>		<b>2,043</b>	
<b>Corporate</b>				
Corporate Results --				
Non Segment*	(731)		(975)	
Less:				
Debt repurchase expense	(11)		--	
Trust preferred redemption charge	--		(11)	
Gain on sale of Lyondell shares	140		--	
State tax issue charge	(10)		--	
Settlement of federal tax issues	619		20	
Tax effect of pre-tax adjustments	(47)		4	
Discontinued operations, net**	--		(5)	
Corporate Core Results --				
Non Segment	(1,422)		(983)	
<b>TOTAL CORE EARNINGS</b>	<b>\$ 1,717</b>	<b>\$ 4.28</b>	<b>\$ 1,060</b>	<b>\$ 2.70</b>

\*Interest expense, income taxes, G&A expense and other, and non-core items.

\*\*Amount shown after tax.

**ITEMS AFFECTING COMPARABILITY OF CORE EARNINGS BETWEEN PERIODS**

	Second Quarter		Six Months	
(\$ millions)	2005	2004	2005	2004
PRE-TAX INCOME / (EXPENSE)				
<b>Oil &amp; Gas</b>				
Exploration impairments	<b>(66)</b>	(12)	<b>(85)</b>	(45)
<b>Corporate</b>				
Environmental remediation	<b>(10)</b>	--	<b>(19)</b>	--

SIGNATURE

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

OCCIDENTAL PETROLEUM CORPORATION  
(Registrant)

DATE: July 22, 2005

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

## **EXHIBIT INDEX**

- 99.1 Press release dated July 22, 2005.
- 99.2 Full text of speeches given by Dr. Ray R. Irani and Stephen I. Chazen
- 99.3 Investor Relations Supplemental Schedules

**NEWS RELEASE OCCIDENTAL PETROLEUM CORPORATION**

10889 Wilshire Boulevard, Los Angeles, California 90024 (310) 208-8800

For Immediate Release: July 22, 2005

**OCCIDENTAL PETROLEUM ANNOUNCES SECOND QUARTER EARNINGS**

LOS ANGELES -- Occidental Petroleum Corporation (NYSE: OXY) announced net income for the second quarter 2005 of \$1.536 billion (\$3.82 per share), compared with \$581 million (\$1.48 per share) for the second quarter 2004. Included in the second quarter 2005 net income are the benefits of two previously announced transactions -- a \$619 million tax benefit related to the resolution of certain IRS tax issues and an \$89 million after-tax gain from the sale of 11 million shares of Lyondell Chemical Company. Core earnings for the second quarter were \$851 million (\$2.12 per share), compared with \$584 million (\$1.49 per share) for the same period in 2004.

In announcing the results, Dr. Ray R. Irani, chairman, president and chief executive officer, said, "Robust energy prices and strong chemical margins were key factors in our financial performance that drove our core earnings 46 percent higher than last year's second quarter and contributed to the strongest earnings for any six-month period in Oxy's history. We also were successful in setting the stage for future growth by concluding a new production-sharing contract to develop Oman's giant Mukhaizna oil field, reaching an agreement to resume operations in our historic contract areas in Libya and acquiring oil and gas producing properties in the Permian Basin of Texas."

**Oil and Gas**

Oil and gas segment earnings were \$1.325 billion for the second quarter 2005, compared with \$980 million for the second quarter 2004. After adjusting for a \$26 million charge related to a contract settlement, core earnings were \$1.351 billion for the second quarter 2005. The improvement in the second quarter

2005 earnings reflected higher worldwide crude oil and gas prices, partially offset by higher operating and exploration expenses and increased DD&A rates. Exploration expenses were higher primarily as a result of a \$66 million property impairment resulting from an unsuccessful deep gas well at Elk Hills.

#### **Chemicals**

Chemical segment and core earnings were \$225 million for the second quarter 2005, compared with \$92 million for the second quarter 2004. The improvement in the second quarter 2005 results was due to higher margins in chlorine, caustic soda and polyvinyl chloride resulting from higher sales prices, partially offset by higher energy and feedstock costs.

#### **Other Items**

The tax benefit recorded in the second quarter was the result of a closing agreement with the IRS, which resolved certain foreign tax credit issues as part of the IRS audit of tax years 1997-2000. As a result, Occidental reversed tax reserves that were previously established for those foreign tax credit issues. This resolution did not have a significant current cash effect.

After the sale of 11 million shares, Occidental still owns 30.3 million Lyondell shares and warrants to purchase an additional 5 million shares. Occidental accounts for its Lyondell investment on the equity basis.

#### **Six-Months Results**

For the first six months of 2005, net income was \$2.382 billion (\$5.94 per share), compared with \$1.068 billion (\$2.72 per share) for the first six months of 2004.

Core earnings were \$1.717 billion for 2005, compared with \$1.060 billion for 2004. See the attached schedule for a reconciliation of net income to core earnings.

Worldwide production for the first six months of 2005 was 560,000 barrels of oil equivalent per day, compared to 571,000 barrels for the first six months of 2004. Horn Mountain's

production for the first six months of 2005 was 16,000 barrels of oil equivalent, compared to 26,000 barrels of oil equivalent

in 2004, primarily as a result of weather in the Gulf of Mexico and maintenance downtime. Compared to a year ago, production under the company's production-sharing contracts in Oman, Qatar, Yemen and Long Beach was negatively impacted by higher prices. If prices had remained at the six months 2004 levels, production in the first six months of 2005 would have been about 15,000 equivalent barrels per day higher.

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Contacts: Lawrence P. Meriage (media)  
310-443-6562  
Kenneth J. Huffman (investors)  
212-603-8183  
For further analysis of Occidental's quarterly performance, please visit the web site: [www.oxy.com](http://www.oxy.com)

**SUMMARY OF SEGMENT NET SALES AND EARNINGS**

(\$ millions, except per share amounts)	Second Quarter		Six Months	
	2005	2004	2005	2004
<b>SEGMENT NET SALES</b>				
Oil and Gas	\$ 2,353	\$ 1,783	\$ 4,572	\$ 3,476
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<b>SEGMENT EARNINGS</b>				
Oil and Gas	\$ 1,325	\$ 980	\$ 2,674	\$ 1,895
Chemical	225	92	439	148
Unallocated Corporate Items				
Interest expense, net (a)	(47)	(60)	(108)	(128)
Income taxes (b)	(44)	(384)	(645)	(747)
Other (c)	73	(44)	22	(95)
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Discontinued operations, net	4	(3)	--	(5)
<b>NET INCOME</b>	\$ 1,536	\$ 581	\$ 2,382	\$ 1,068
<b>BASIC EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 3.81	\$ 1.48	\$ 5.94	\$ 2.73
Discontinued operations, net	.01	--	--	(.01)
	\$ 3.82	\$ 1.48	\$ 5.94	\$ 2.72
<b>DILUTED EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 3.77	\$ 1.46	\$ 5.86	\$ 2.69
Discontinued operations, net	.01	--	--	(.01)
	\$ 3.78	\$ 1.46	\$ 5.86	\$ 2.68
<b>AVERAGE BASIC COMMON SHARES OUTSTANDING</b>	401.9	393.9	401.2	392.8

See footnotes on following page.



- (a) The second quarter 2005 includes a \$1 million pre-tax interest charge to redeem all the outstanding 4.1-percent medium term notes and the six months 2005 also includes a \$10 million charge to redeem all the outstanding 7.65-percent senior notes. The six months 2004 includes an \$11 million pre-tax interest charge to redeem all the outstanding 8.16-percent Trust Preferred Redeemable Securities.
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- (c) The second quarter 2005 includes a \$140 million pre-tax gain from the sale of 11 million shares of Lyondell Chemical Company, which represented approximately 27 percent of Occidental's investment.

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

(\$ millions)	Second Quarter		Six Months	
	2005	2004	2005	2004
<b>CAPITAL EXPENDITURES</b>	<b>\$ 518</b>	<b>\$ 461</b>	<b>\$ 1,054</b>	<b>\$ 804</b>
<b>DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS</b>	<b>\$ 356</b>	<b>\$ 324</b>	<b>\$ 700</b>	<b>\$ 648</b>

**SUMMARY OF OPERATING STATISTICS**

	Second Quarter		Six Months	
	2005	2004	2005	2004
<b>NET OIL, GAS AND LIQUIDS</b>				
<b>PRODUCTION PER DAY</b>				
United States				
Crude oil and liquids (MBBL)				
California	75	78	76	78
Permian	156	156	152	155
Horn Mountain	11	23	14	23
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Total	245	260	245	259
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California	240	234	240	239
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Total	548	513	538	520
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Colombia	36	39	34	37
Ecuador	39	47	41	45
Total	75	86	75	82
Middle East				
Crude oil (MBBL)				
Oman	19	12	21	12
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Total	90	86	95	90
Natural Gas (MMCF)				
Oman	61	56	58	33
Other Eastern Hemisphere				
Crude oil (MBBL)				
Pakistan	6	8	6	8
Natural Gas (MMCF)				
Pakistan	72	73	75	74
<b>Barrels of Oil Equivalent (MBOE)</b>				
Subtotal consolidated subsidiaries	530	547	533	544
Colombia-minority interest	(5)	(5)	(4)	(4)
Russia-Occidental net interest	28	31	29	30
Yemen-Occidental net interest	2	1	2	1
<b>Total Worldwide Production (MBOE)</b>	<b>555</b>	<b>574</b>	<b>560</b>	<b>571</b>

## SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS

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

The following table sets forth the core earnings and significant items affecting earnings for each operating segment and corporate:

(\$ millions, except per-share amounts)	Second Quarter			
	2005	EPS	2004	EPS
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<b>Oil and Gas</b>				
Segment Earnings	\$ 1,325		\$ 980	
Less: Contract settlement	(26)		--	
Segment Core Earnings	1,351		980	
<b>Chemicals</b>				
Segment Earnings	225		92	
No significant items affecting earnings	--		--	
Segment Core Earnings	225		92	
<b>Total Segment Core Earnings</b>	<b>1,576</b>		<b>1,072</b>	
<b>Corporate</b>				
Corporate Results --				
Non Segment*	(14)		(491)	
Less:				
Gain on sale of Lyondell shares	140		--	
Settlement of federal tax issues	619		--	
Debt repurchase expense	(1)		--	
Tax effect of pre-tax adjustments	(51)		--	
Discontinued operations, net**	4		(3)	
Corporate Core Results -- Non Segment	(725)		(488)	
<b>TOTAL CORE EARNINGS</b>	<b>\$ 851</b>	<b>\$ 2.12</b>	<b>\$ 584</b>	<b>\$ 1.49</b>

\*Interest expense, income taxes, G&A expense and other, and non-core items.

\*\*Amount shown after tax.

## SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)

(\$ millions, except per-share amounts)	Six Months			
	2005	EPS	2004	EPS
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 2,382</b>	<b>\$ 5.94</b>	<b>\$ 1,068</b>	<b>\$ 2.72</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 2,674		\$ 1,895	
Less:				
Contract settlement	(26)		--	
Segment Core Earnings	2,700		1,895	
<b>Chemicals</b>				
Segment Earnings	439		148	
No significant items affecting earnings	--		--	
Segment Core Earnings	439		148	
<b>Total Segment Core Earnings</b>	<b>3,139</b>		<b>2,043</b>	
<b>Corporate</b>				
Corporate Results --				
Non Segment*	(731)		(975)	
Less:				
Debt repurchase expense	(11)		--	
Trust preferred redemption charge	--		(11)	
Gain on sale of Lyondell shares	140		--	
State tax issue charge	(10)		--	
Settlement of federal tax issues	619		20	
Tax effect of pre-tax adjustments	(47)		4	
Discontinued operations, net**	--		(5)	
Corporate Core Results --				
Non Segment	(1,422)		(983)	
<b>TOTAL CORE EARNINGS</b>	<b>\$ 1,717</b>	<b>\$ 4.28</b>	<b>\$ 1,060</b>	<b>\$ 2.70</b>

\*Interest expense, income taxes, G&A expense and other, and non-core items.

\*\*Amount shown after tax.

**ITEMS AFFECTING COMPARABILITY OF CORE EARNINGS BETWEEN PERIODS**

	Second Quarter		Six Months	
	-----		-----	
(\$ millions)	<b>2005</b>	2004	<b>2005</b>	2004
=====	=====	=====	=====	=====
PRE-TAX INCOME / (EXPENSE)				
<b>Oil &amp; Gas</b>				
Exploration impairments	<b>(66)</b>	(12)	<b>(85)</b>	(45)
<b>Corporate</b>				
Environmental remediation	<b>(10)</b>	--	<b>(19)</b>	--

**Occidental Petroleum Corporation****DR. RAY R. IRANI**  
**Chairman and Chief Executive Officer****– Conference Call –**  
**Second Quarter 2005 Earnings Announcement****July 22, 2005**  
Los Angeles, California

Good morning and thank you for joining us. We're pleased to report that our strong second quarter results pushed both our reported and core earnings for six months to record high levels. Steve Chazen will discuss our financial results in detail shortly, but first, I'd like to mention several milestones we passed during the quarter.

Anyone who has been following Oxy closely over the past four years knows that debt reduction has been one of the focal points of our business plan. During the quarter, Oxy's long-term corporate debt received straight As from Fitch, Moody's and S&P. This is the first time in the company's history that our debt has been A-rated.

In addition, we concluded two agreements that we expect will play important roles in Oxy's future growth. I'm pleased to announce that we have reached agreement with the Libyan National Oil Company to resume operation of Oxy's historical oil assets. We expect formal approval from the Libyan Government in the very near term. The immediate impact will be to add about 12,000 to 15,000 barrels of oil per day to the 2005 exit rate. Preparations also are proceeding for the work program in the exploration blocks we were awarded earlier this year. We plan to begin collecting

seismic data in the near future, and we expect to begin exploratory drilling early next year.

In Oman, we have finalized a contract to develop the giant Mukhaizna oil field. The Sultanate of Oman issued the Royal Decree last week, which opens the door for Oxy to begin aggressive development of the field. Under the terms of a new Production Sharing Contract, Occidental is the operator of the field and holds a 45 percent interest. Our partner, Liwa Energy, which is owned by the Government of Abu Dhabi, has a 15 percent stake. The other stakeholders include the state-owned Oman Oil Company with 20 percent, Shell with 17 percent, Total with 2 percent and Partex, with 1 percent.

As we previously announced, Oxy and its partners expect to invest more than \$2 billion in enhanced oil recovery projects to increase production from the field's current rate of about 10,000 barrels per day to about 150,000 barrels per day within the next few years. Our plan calls for the recovery of approximately 1 billion barrels of oil over the 30-year life of this project. This is an exciting opportunity for us to build on our existing operations in Oman to add significant future value for our stockholders.

I'll now turn the call over to Steve Chazen.

# **Occidental Petroleum Corporation**

**STEPHEN CHAZEN**  
**Senior Executive Vice President and Chief Financial Officer**

**– Conference Call –**  
**Second Quarter 2005 Earnings Announcement**

*July 22, 2005*  
Los Angeles, California

Thank you, Ray.

Net income for the second quarter was \$1.54 billion, or \$3.82 per share, compared to \$581 million, or \$1.48 per share, in the second quarter of 2004. The net income was improved by a \$619 million tax benefit resulting from the settlement with the IRS we announced on May 10th. Additionally, it was impacted by higher oil and gas prices, higher chemical margins and an after-tax gain of \$89 million from the May sale of 11 million Lyondell shares. The improvements were offset by a \$26 million settlement of a contract, and a \$66 million impairment of oil and gas acreage.

The IRS settlement resolved certain foreign tax credit issues as part of an IRS audit of tax years 1997 through 2000. As a result, Oxy reversed tax reserves that were previously established for these foreign tax credit issues. The agreement did not have a significant current cash effect.

Core earnings, which exclude the IRS agreement, the sale of the Lyondell shares and the contract settlement, were \$851 million, or \$2.12 per share, for the quarter, and \$1.7 billion, or \$4.28 per share, for the first six months. This compares to \$584 million and \$1.1 billion for the respective periods last year.



Oil and gas segment core earnings for the quarter were \$1.35 billion, compared to \$980 million for the second quarter of 2004.

- Worldwide daily production for the quarter averaged 555,000 barrels of oil equivalent, compared to 565,000 in the first quarter.
- As we have noted in previous discussions, prices have an impact on volumes in our production-sharing contracts. These agreements in Qatar, Oman, Yemen and Long Beach impacted our net production for the quarter by 15,000 barrels per day compared to last year's second quarter, and by 3,000 barrels per day compared to the first quarter in the current year.
- Scheduled maintenance for the Horn Mountain field in the Gulf of Mexico lowered production from that operation compared to the first quarter. Production was somewhat lower than expected because adverse weather conditions in the Gulf of Mexico delayed completion of the maintenance program.
- Production has declined from our non-operated assets in Pakistan, Russia and Yemen by 6,000 BOE per day, or 8 percent, in the second quarter compared to the second quarter of 2004.
- Exploration costs for the quarter were \$111 million, including impairments of \$66 million pre-tax, primarily from an unsuccessful deep gas well at Elk Hills. The \$3 million well cost was written off and there was a non-cash impairment charge of \$66 million, or 11 cents per share.
- The WTI price averaged \$53.17 per barrel for the quarter, compared with \$38.32 in the second quarter 2004. For the first

half of the year, WTI averaged \$51.51 per barrel, compared with \$36.73 in 2004.

- Oxy's realized oil price for the quarter was \$45.41 per barrel compared to \$33.12 for the second quarter 2004. For the first half of the year, Oxy's realized oil price of \$43.53 compared to last year's price of \$31.77. Oxy's realized oil price increased \$3.70 per barrel in the second quarter, compared to the first quarter of 2005, while WTI increased by \$3.33 per barrel in the same period.
- The NYMEX gas price for the quarter was \$6.46, compared to \$5.79 for the second quarter 2004. Oxy's average realized gas price for the quarter was \$5.16, up from \$4.26 for the second quarter 2004.
- Oil and gas production costs for the first six months were \$8.18 per BOE, compared to average costs of \$6.95 in 2004. Numerous factors impacted costs in the current quarter, including increased production-related taxes and rising utility costs resulting from higher oil and gas prices. Production-related taxes increased 23 cents per BOE in the first half of 2005, compared to the 2004 average. Workover and maintenance costs also were higher than last quarter and the second quarter of last year.

Chemical core earnings for the quarter were \$225 million, up from \$92 million earned in the same quarter last year. The increase is primarily due to higher margins for chlorine, caustic soda and PVC resins. Price increases were partially offset by higher feedstock and energy costs. Chemical core earnings for the first six months were \$439 million, up from \$148 million in the comparable period last year.

Oxy's debt-to-cap was down to 21 percent, compared with 27 percent at the end of 2004. In the first half, cash flow from operations was \$2.4 billion. At the end of June, Oxy had about \$870 million in cash. For the first half, Oxy's annualized return on equity was 41 percent and our annualized return on capital employed was 32 percent.

Net interest expense was \$46 million for the quarter, and \$97 million for the first six months. The worldwide effective tax rate for the second quarter was 42 percent. This was up slightly from Oxy's forecast of 41 percent due to higher than expected foreign income, which has a higher tax rate than U.S. income.

The sale of Lyondell shares reduced Oxy's ownership to 30.3 million shares. In addition, Oxy has warrants to purchase 5 million shares. Oxy's second quarter 2005 net income per share was 5 cents lower than the first quarter, as a result of the equity income from fewer shares and the change in value of the warrants.

Capital spending was \$518 million for the quarter, and \$1.05 billion for the first six months. We expect capital spending for the year to be \$2.3 billion.

As we look ahead in the third quarter:

- We expect third quarter production to be approximately 570,000 BOE per day, depending on weather in the Gulf of Mexico and product prices which affect our production-sharing contracts.
- Each dollar per barrel change in the oil prices impacts Oil and Gas Segment third quarter earnings by about \$34 million before the impact of income taxes.
- A swing of 10 cents per million BTU's in gas prices has a \$5 million impact on quarterly segment earnings. Our realized domestic gas

price in the third quarter is expected to be about \$6.10 per million cubic feet.

- We have significant exploration wells in Albania, Nigeria and Peru planned for the third quarter. If all of these wells were unsuccessful, exploration expense for the quarter would be approximately \$110 million.
- In Chemicals, we expect third quarter earnings to be similar to the second quarter. Some modest reduction in product demand is expected to be offset by a full quarter's benefit from the Vulcan chlor-alkali acquisition.
- Third quarter interest expense is expected to be approximately \$43 million.
- Oxy gave notice to its Trustees to redeem three debt issues in the third quarter, most of which were due in 2007. The \$333 million principal is disclosed as current maturities on our balance sheet, and will more than offset the planned increase in project-financed debt for the Dolphin Project.
- We expect the worldwide tax rate to be 42 percent, about the same rate as the second quarter. The U.S. and foreign tax rates are included in the supplemental schedules.
- Oxy will adopt the provisions of SFAS 123(R) in the third quarter, which will change how the company accounts for its stock-based compensation. Since most of Oxy's existing stock-based compensation is already recorded in the income statement, we decided to adopt SFAS 123(R) early, so that the remaining awards are accounted for in a consistent manner. The cumulative effect of

adopting this statement will be immaterial. We disclosed in our first quarter 10-Q, that if we had adopted SFAS 123(R) at the beginning of 2005, the impact on first quarter EPS would have been less than a penny per share.

If you would like a copy of the press release announcing our second quarter earnings, along with the Investor Relations Supplemental Schedules, you can find them on our website [www.oxy.com](http://www.oxy.com) or through the SEC's EDGAR system.

Now we're ready to take your questions.

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See the investor relations supplemental schedules for the reconciliation of non-GAAP items. Statements in this presentation that contain words such as "will", "expect" or "estimate", or otherwise relate to the future, are forward-looking and involve risks and uncertainties that could significantly affect expected results. Factors that could cause results to differ materially include, but are not limited to: exploration risks, such as drilling of unsuccessful wells; global commodity pricing fluctuations and supply/demand considerations for oil, gas and chemicals; higher-than-expected costs; political risk; and not successfully completing (or any material delay in) any expansion, capital expenditure, acquisition, or disposition. Occidental disclaims any obligation to update any forward-looking statements. The United States Securities and Exchange Commission (SEC) permits oil and natural gas companies, in their filings with the SEC, to disclose only proved reserves demonstrated by actual production or conclusive formation tests to be economically producible under existing economic and operating conditions. We use certain terms in this presentation, such as probable, possible and recoverable reserves, that the SEC's guidelines strictly prohibit us from using in filings with the SEC. U.S. investors are urged to consider carefully the disclosure in our Form 10-K, available through the following toll-free telephone number, 1-888-OXYPETE (1-888-699-7383) or on the Internet at <http://www.oxy.com>. You also can obtain a copy from the SEC by calling 1-800-SEC-0330.



# NEWS RELEASE OCCIDENTAL PETROLEUM CORPORATION

10889 Wilshire Boulevard, Los Angeles, California 90024 (310) 208-8800

## OCCIDENTAL PETROLEUM

2005 Second Quarter

Net Income (Loss)

(\$ millions)

	<u>Reported Income</u>	<u>Significant Items Affecting Income</u>	<u>Core Earnings</u>
Oil & Gas	\$ 1,325	\$ 26 Contract settlement	\$ 1,351
Chemical	225		225
Corporate			
Interest expense, net	(47)	1 Debt redemption	(46)
Other	73	(140) Sale of Lyondell shares	(67)
Taxes	(44)	51 Tax effect of adjustments	(612)
		(619) IRS settlement	
<b>Income from continuing operations</b>	<u>1,532</u>	<u>(681)</u>	<u>851</u>
Discontinued operations, net of tax	4	(4) Discontinued operations, net	-
<b>Net Income</b>	<u>\$ 1,536</u>	<u>\$ (685)</u>	<u>\$ 851</u>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 3.81		\$ 2.12
Discontinued operations, net of tax	<u>0.01</u>		<u>-</u>
Net Income	<u>\$ 3.82</u>		<u>\$ 2.12</u>



# NEWS RELEASE OCCIDENTAL PETROLEUM CORPORATION

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## OCCIDENTAL PETROLEUM

2004 Second Quarter

Net Income (Loss)

(\$ millions)

	<u>Reported Income</u>	<u>Significant Items Affecting Income</u>	<u>Core Earnings</u>
Oil & Gas	\$ 980		\$ 980
Chemical	92		92
Corporate			
Interest expense, net	(60)		(60)
Other	(44)		(444)
Taxes	(384)		(384)
<b>Income from continuing operations</b>	<u>584</u>	-	<u>584</u>
Discontinued operations, net of tax	(3)	3	-
<b>Net Income</b>	<u>\$ 581</u>	<u>\$ 3</u>	<u>\$ 584</u>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 1.48		\$ 1.49
Discontinued operations, net of tax	-		-
<b>Net Income</b>	<u>\$ 1.48</u>		<u>\$ 1.49</u>



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## OCCIDENTAL PETROLEUM

2005 First Six Months

Net Income (Loss)

(\$ millions)

	<u>Reported Income</u>	<u>Significant Items Affecting Income</u>	<u>Core Earnings</u>
Oil & Gas	\$ 2,674	\$ 26 Contract settlement	\$ 2,700
Chemical	439		439
Corporate			
Interest expense, net	(108)	11 Debt redemption charges	(97)
Other	22	(140) Sale of Lyondell shares	(118)
Taxes	(645)	47 Tax effect of adjustments (619) IRS settlement 10 State tax charge	(1,207)
<b>Income from continuing operations</b>	<b>2,382</b>	<b>(665)</b>	<b>1,717</b>
Discontinued operations, net of tax	-	-	-
<b>Net Income</b>	<b>\$ 2,382</b>	<b>\$ (665)</b>	<b>\$ 1,717</b>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 5.94		\$ 4.28
Discontinued operations, net of tax	-		-
<b>Net Income</b>	<b>\$ 5.94</b>		<b>\$ 4.28</b>





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## OCCIDENTAL PETROLEUM

2004 First Six Months

Net Income (Loss)

(\$ millions)

	<u>Reported Income</u>	<u>Significant Items Affecting Income</u>	<u>Core Earnings</u>
Oil & Gas	\$ 1,895		\$ 1,895
Chemical	148		148
Corporate			
Interest expense, net	(128)	11 Trust preferred redemption	(117)
Other	(95)		(95)
Taxes	(747)	(20) IRS settlements (4) Tax effect of adjustments	(771)
<b>Income from continuing operations</b>	<b>1,073</b>	<b>(13)</b>	<b>1,060</b>
Discontinued operations, net of tax	(5)	5 Discontinued operations, net	-
<b>Net Income</b>	<b>\$ 1,068</b>	<b>\$ (8)</b>	<b>\$ 1,060</b>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 2.73		\$ 2.70
Discontinued operations, net of tax	(0.01)		-
<b>Net Income</b>	<b>\$ 2.72</b>		<b>\$ 2.70</b>


**NEWS RELEASE OCCIDENTAL PETROLEUM CORPORATION**

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**OCCIDENTAL PETROLEUM**
**Items Affecting Comparability of Core Earnings Between Periods**

The item(s) below are included in core earnings but are shown in this table because they affect the comparability of core earnings between periods.

Pre-tax Income / (Expense)	Second Quarter		Six Months	
	2005	2004	2005	2004
<b>Oil &amp; Gas</b>				
Exploration impairments	(66)	(12)	(85)	(45)
<b>Corporate</b>				
Environmental remediation	(10)	-	(19)	-



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## OCCIDENTAL PETROLEUM Worldwide Effective Tax Rate

	QUARTERLY			YEAR TO-DATE	
	2005 QTR 2	2005 QTR 1	2004 QTR 2	2005 6 Months	2004 6 Months
<b>REPORTED INCOME</b>					
Oil & Gas (a)	1,325	1,349	980	2,674	1,895
Chemicals	225	214	92	439	148
Corporate & other	26	(112)	(104)	(86)	(223)
Pre-tax income	1,576	1,451	968	3,027	1,820
Income tax expense					
Federal and state	(256)	349	214	93	407
Foreign (a)	300	252	170	552	340
Total	44	601	384	645	747
Income from continuing operations	1,532	850	584	2,382	1,073
<b>Worldwide effective tax rate</b>	<b>3%</b>	<b>41%</b>	<b>40%</b>	<b>21%</b>	<b>41%</b>
<b>CORE INCOME</b>					
Oil & Gas (a)	1,351	1,349	980	2,700	1,895
Chemicals	225	214	92	439	148
Corporate & other	(113)	(102)	(104)	(215)	(212)
Pre-tax income	1,463	1,461	968	2,924	1,831
Income tax expense					
Federal and state	312	343	214	655	431
Foreign (a)	300	252	170	552	340
Total	612	595	384	1,207	771
Core income	851	866	584	1,717	1,060
<b>Worldwide effective tax rate</b>	<b>42%</b>	<b>41%</b>	<b>40%</b>	<b>41%</b>	<b>42%</b>

(a) Revenues and income tax expense include taxes owed by Occidental but paid by governmental entities on its behalf. Oil and gas pre-tax income includes the following revenue amounts by periods.

	2005 QTR 2	2005 QTR 1	2004 QTR 2	2005 6 Months	2004 6 Months
	226	187	117	413	233



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**OCCIDENTAL PETROLEUM**  
**2005 Second Quarter Net Income (Loss)**  
**Reported Income Comparison**

	Second Quarter 2005	First Quarter 2005	B / (W)
Oil & Gas	\$ 1,325	\$ 1,349	\$ (24)
Chemical	225	214	11
Corporate			
Interest expense, net	(47)	(61)	14
Other	73	(51)	124
Taxes	(44)	(601)	557
Income from continuing operations	1,532	850	682
Discontinued operations, net	4	(4)	8
Net Income	<u>\$ 1,536</u>	<u>\$ 846</u>	<u>\$ 690</u>
Basic Earnings Per Common Share			
Income from continuing operations	\$ 3.81	\$ 2.12	\$ 1.69
Discontinued operations, net	0.01	(0.01)	0.02
Net Income	<u>\$ 3.82</u>	<u>\$ 2.11</u>	<u>\$ 1.71</u>
Worldwide Effective Tax Rate	<u>3%</u>	<u>41%</u>	<u>38%</u>

**OCCIDENTAL PETROLEUM**  
**2005 Second Quarter Net Income (Loss)**  
**Core Earnings Comparison**

	Second Quarter 2005	First Quarter 2005	B / (W)
Oil & Gas	\$ 1,351	\$ 1,349	\$ 2
Chemical	225	214	11
Corporate			
Interest expense, net	(46)	(51)	5
Other	(67)	(51)	(16)
Taxes	(612)	(595)	(17)
Net Income	<u>\$ 851</u>	<u>\$ 886</u>	<u>\$ (15)</u>
Basic Earnings Per Common Share	<u>\$ 2.12</u>	<u>\$ 2.16</u>	<u>\$ (0.04)</u>
Worldwide Effective Tax Rate	<u>42%</u>	<u>41%</u>	<u>-1%</u>



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**OCCIDENTAL PETROLEUM**  
**Oil & Gas**  
**Core Earnings Variance Analysis**  
**(\$ millions)**

2005 2nd Quarter	\$	1,351
2005 1st Quarter		1,349
		2
	\$	2
Sales Price	\$	128
Sales Volume/Mix		(24)
Exploration Expense		(65)
All Others		(37)
	<b>TOTAL VARIANCE</b>	<b>\$ 2</b>

**OCCIDENTAL PETROLEUM**  
**Chemical**  
**Core Earnings Variance Analysis**  
**(\$ millions)**

2005 2nd Quarter	\$	225
2005 1st Quarter		214
		11
	\$	11
Sales Price		(13)
Sales Volume/Mix		12
Operations/Manufacturing		10 *
All Others		2
	<b>TOTAL VARIANCE</b>	<b>\$ 11</b>

\* Lower feedstock costs partially offset by higher energy costs



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**OCCIDENTAL PETROLEUM**  
**2005 Second Quarter Net Income (Loss)**  
**Reported Income Comparison**

	Second Quarter 2005	Second Quarter 2004	B / (W)
Oil & Gas	\$ 1,325	\$ 980	\$ 345
Chemical	225	92	133
Corporate			
Interest expense, net	(47)	(60)	13
Other	73	(44)	117
Taxes	(44)	(384)	340
Income from continuing operations	1,532	584	948
Discontinued operations, net	4	(3)	7
Net Income	<u>\$ 1,536</u>	<u>\$ 581</u>	<u>\$ 955</u>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 3.81	\$ 1.48	\$ 2.33
Discontinued operations, net	0.01	-	0.01
Net Income	<u>\$ 3.82</u>	<u>\$ 1.48</u>	<u>\$ 2.34</u>
<b>Worldwide Effective Tax Rate</b>	<u>3%</u>	<u>40%</u>	<u>37%</u>

**OCCIDENTAL PETROLEUM**  
**2005 Second Quarter Net Income (Loss)**  
**Core Earnings Comparison**

	Second Quarter 2005	Second Quarter 2004	B / (W)
Oil & Gas	\$ 1,351	\$ 980	\$ 371
Chemical	225	92	133
Corporate			
Interest expense, net	(46)	(60)	14
Other	(67)	(44)	(23)
Taxes	(612)	(384)	(228)
Net Income	<u>\$ 851</u>	<u>\$ 584</u>	<u>\$ 267</u>
<b>Basic Earnings Per Common Share</b>	<u>\$ 2.12</u>	<u>\$ 1.49</u>	<u>\$ 0.63</u>
<b>Worldwide Effective Tax Rate</b>	<u>42%</u>	<u>40%</u>	<u>-2%</u>


**NEWS RELEASE OCCIDENTAL PETROLEUM CORPORATION**

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**OCCIDENTAL PETROLEUM**
**Oil & Gas**
**Core Earnings Variance Analysis**

(\$ millions)

2005 2nd Quarter	\$ 1,351
2004 2nd Quarter	980
	<u>\$ 371</u>
Sales Price	\$ 541
Sales Volume/Mix	(12)
Exploration Expense	(71)
All Others	<u>(87)</u>
	<b>TOTAL VARIANCE</b> <u>\$ 371</u>

**OCCIDENTAL PETROLEUM**
**Chemical**
**Core Earnings Variance Analysis**

(\$ millions)

2005 2nd Quarter	\$ 225
2004 2nd Quarter	92
	<u>\$ 133</u>
Sales Price	189
Sales Volume/Mix	(15)
Operations/Manufacturing	(48) *
All Others	<u>7</u>
	<b>TOTAL VARIANCE</b> <u>\$ 133</u>

\* Higher energy and feedstock costs



# NEWS RELEASE OCCIDENTAL PETROLEUM CORPORATION

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## OCCIDENTAL PETROLEUM SUMMARY OF OPERATING STATISTICS

	Second Quarter		Six Months	
	2005	2004	2005	2004
<b>NET PRODUCTION PER DAY:</b>				
<b>United States</b>				
<b>Crude Oil and Liquids (MBL)</b>				
California	75	78	76	78
Permian	156	156	152	155
Horn Mountain	11	23	14	23
Hugoton	3	3	3	3
<b>Total</b>	<b>245</b>	<b>260</b>	<b>245</b>	<b>259</b>
<b>Natural Gas (MMCF)</b>				
California	240	234	240	239
Hugoton	133	132	131	129
Permian	166	132	156	136
Horn Mountain	9	15	11	16
<b>Total</b>	<b>548</b>	<b>260</b>	<b>538</b>	<b>520</b>
<b>Latin America</b>				
<b>Crude Oil (MBL)</b>				
Colombia	36	39	34	37
Ecuador	39	47	41	45
<b>Total</b>	<b>75</b>	<b>86</b>	<b>75</b>	<b>82</b>
<b>Middle East</b>				
<b>Crude Oil (MBL)</b>				
Oman	19	12	21	12
Qatar	43	44	43	43
Yemen	28	30	31	35
<b>Total</b>	<b>90</b>	<b>86</b>	<b>95</b>	<b>90</b>
<b>Natural Gas (MMCF)</b>				
Oman	61	56	58	33
<b>Other Eastern Hemisphere</b>				
<b>Crude Oil (MBL)</b>				
Pakistan	6	8	6	8
<b>Natural Gas (MMCF)</b>				
Pakistan	72	73	75	74
<b>Barrels of Oil Equivalent (MBOE)</b>				
Subtital consolidated subsidiaries	530	547	533	544
<b>Other interests</b>				
Colombia - minority interest	(5)	(5)	(4)	(4)
Russia - Occidental net interest	28	31	29	30
Yemen - Occidental net interest	2	1	2	1
<b>Total worldwide production (MBOE)</b>	<b>555</b>	<b>574</b>	<b>560</b>	<b>571</b>





# NEWS RELEASE OCCIDENTAL PETROLEUM CORPORATION

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## OCCIDENTAL PETROLEUM SUMMARY OF OPERATING STATISTICS

	Second Quarter		Six Months	
	2005	2004	2005	2004
<b>OIL &amp; GAS:</b>				
<b>PRICES</b>				
<b>United States</b>				
Crude Oil (\$/BBL)	46.72	35.44	45.47	34.02
Natural Gas (\$/MCF)	6.18	4.90	6.07	4.95
<b>Latin America</b>				
Crude Oil (\$/BBL)	42.09	30.60	40.99	29.83
<b>Middle East</b>				
Crude Oil (\$/BBL)	48.72	34.51	45.18	32.18
Natural Gas (\$/MCF)	0.96	0.97	0.96	0.97
<b>Other Eastern Hemisphere</b>				
Crude Oil (\$/BBL)	46.84	32.26	42.76	30.79
Natural Gas (\$/MCF)	2.28	2.47	2.25	2.35
<b>Total Worldwide</b>				
Crude Oil (\$/BBL)	45.41	33.12	43.53	31.77
Natural Gas (\$/MCF)	5.16	4.26	5.02	4.40
	Second Quarter		Six Months	
	2005	2004	2005	2004
<b>Exploration Expense</b>				
Domestic	\$ 84	\$ 22	\$ 111	\$ 60
Latin America	8	2	23	3
Middle East	4	1	5	14
Other Eastern Hemisphere	15	15	19	17
<b>TOTAL</b>	<b>\$ 111</b>	<b>\$ 40</b>	<b>\$ 158</b>	<b>\$ 94</b>



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## OCCIDENTAL PETROLEUM

### CHEMICALS

#### Volume (M Tons, except PVC Resins)

MAJOR PRODUCTS	Second Quarter		Six Months	
	2005	2004	2005	2004
Chlorine	746	740	1,451	1,446
Caustic soda	768	819	1,482	1,551
Ethylene Dichloride	175	100	305	222
PVC Resins (millions of pounds)	985	1,090	2,010	2,161

### CHEMICALS

#### Prices (Index)

MAJOR PRODUCTS	Second Quarter		Six Months	
	2005	2004	2005	2004
Chlorine	2.65	2.00	2.60	1.80
Caustic soda	1.67	0.61	1.59	0.66
Ethylene Dichloride	1.56	1.51	1.65	1.40
PVC Resins	1.24	1.06	1.27	1.00

1987 through 1990 average price = 1.00

## **CHLORINE**

### **OxyChem Commentary**

- As contract terms permitted, OxyChem fully implemented the \$20 per ton price increase announced in February effective March 24th. No additional price increases were announced in the 2<sup>nd</sup> quarter.
- The industry operating rate of 93% was negatively impacted by prolonged outages, both scheduled and unscheduled, inventory reductions in the vinyls chain and seasonal chlorine demand.
- OxyChem anticipates an increase in industry operating rates in the 3<sup>rd</sup> quarter. The supply/demand balance is expected to tighten as seasonal demand for downstream products improves, including chlorine into the vinyls chain. However, any additional unplanned outages resulting from operating problems, weather or energy curtailments could further tighten the supply/demand balance.
- Order control programs for chlorine are still in effect and are expected to remain for the balance of 2005 for OxyChem and other U.S. producers.

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**Influencing Factors:**

Inventory reductions in the vinyls chain coupled with cooler, wet weather throughout most of the East and Midwest dampened domestic chlorine demand in the 2<sup>nd</sup> quarter. Although this lessened concerns over chlorine availability, several prolonged outages within the industry kept the supply/demand balance stable, thus preventing the threat of price erosion. Chlorine demand into the vinyls chain is expected to improve in the 3<sup>rd</sup> quarter.

**CAUSTIC****OxyChem Commentary**

- Caustic soda demand improved over 1<sup>st</sup> quarter sales driven by the bleach, distribution and refining markets. Sales of liquid caustic soda are expected to further improve in the 3<sup>rd</sup> quarter as demand into the bleach market strengthens.
- As contract terms permitted, OxyChem successfully implemented in the 2<sup>nd</sup> quarter the \$40 DST price increase announced in February. An additional increase of \$30 DST was announced in May to be implemented in the 3<sup>rd</sup> quarter. All other major U.S. producers have announced a similar increase. Market conditions are expected to support further price improvement as seasonal demand for caustic soda increases.
- OxyChem and other U.S. producers remain on order control programs for liquid caustic soda. Order control is expected to continue in the 3<sup>rd</sup> quarter.

**Influencing Factors:**

Caustic soda demand is anticipated to remain robust in the 3<sup>rd</sup> quarter as seasonal demand into bleach peaks and the U.S. manufacturing sector shows continued signs of strength. As a result, market conditions are expected to remain favorable for future price improvement. However, the strength of the U.S. manufacturing sector and/or unseasonably cool temperatures throughout the U.S. could impact demand and future price improvement.

**EDC****OxyChem Commentary**

- Export demand in the 2<sup>nd</sup> quarter was limited by planned and unplanned Asian VCM outages coupled with increased Chinese acetylene based VCM production. The lower EDC demand was partially offset by tighter EDC supply in the U.S.
- EDC prices dropped significantly during the 2<sup>nd</sup> quarter. Spot prices declined from a 1<sup>st</sup> quarter peak of \$500 - \$520 per metric ton CIF Asia to \$260 - \$270 per metric ton CIF Asia.



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## **Influencing Factors:**

Prices for EDC in the Far East have stabilized after significant declines in the 2<sup>nd</sup> quarter. EDC prices are expected to rebound as VCM and PVC pricing improves. Continued VCM outages in Asia have unfavorably impacted the supply/demand balance for EDC. Spot export shipments are expected to be limited out of the U.S. in the 3<sup>rd</sup> quarter due to lower chlorine values versus other alternatives.

## **PVC/VCM**

### **OxyChem Commentary**

- Inventory management and an outage at the Pasadena, Texas PVC plant in June contributed to a 2% decline in OxyChem's PVC operating rate from the 1<sup>st</sup> quarter.
- Mild domestic demand in the 2<sup>nd</sup> quarter resulted in reduced operating rates for PVC as producers and consumers operated with minimal inventories.
- Domestic PVC resin prices were flat in both April and May, decreasing \$0.01 per pound in June. July pricing is flat with June.
- Westlake has restarted the Geismar VCM and PVC plants at 50% operating rates. It is expected that the plants will be brought up to capacity by January 2006. The Shintech Addis facility remains idle and is not expected to restart in 2005.
- PVC resin export prices ended the quarter at \$700 - \$720 per metric ton CFR Southeast Asia. Exports for the 2<sup>nd</sup> quarter increased 60% versus the prior quarter.
- VCM supply and demand was balanced in North America as most producers opted to reduce rates, driven by PVC reductions, rather than push VCM into the market at low values. Pemex resumed operation of their Pajaritos plant at reduced rates in late March and ran reasonably steady through the 2<sup>nd</sup> quarter.
- Published VCM spot export prices decreased from \$810 per metric ton FOB U.S. Gulf Coast to Latin America to \$550 per metric ton by the end of the 2<sup>nd</sup> quarter. Asian spot prices ended the quarter at \$540 per metric ton CFR, which is less than \$340 per metric ton FOB U.S. Gulf Coast. There were no shipments from the U.S. to Asia in the 2<sup>nd</sup> quarter due to the unfavorable economics.

## **Influencing Factors:**

Increased seasonal domestic demand will result in some margin improvement for VCM and PVC in the 3<sup>rd</sup> quarter. Inventory reductions, moderate demand and increased energy costs will support continued export price stability with some rebound expected.



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## OCCIDENTAL PETROLEUM SUMMARY OF OPERATING STATISTICS

	Second Quarter		Six Months	
	2005	2004	2005	2004
<b>Capital Expenditures (\$MM)</b>				
Oil & Gas				
California	\$ 90	\$ 83	\$ 172	\$ 144
Permian	96	63	159	125
Other - U.S.	33	8	62	12
Latin America	48	63	99	83
Middle East / North Africa	191	191	464	359
Other Eastern Hemisphere	24	10	32	21
Chemicals	34	40	62	56
Corporate	2	3	4	4
<b>TOTAL</b>	<b>\$ 518</b>	<b>\$ 461</b>	<b>\$ 1,054</b>	<b>\$ 804</b>
<b>Depreciation, Depletion &amp; Amortization of Assets (\$MM)</b>				
Oil & Gas				
Domestic	\$ 170	\$ 157	\$ 324	\$ 313
Latin America	26	26	51	48
Middle East	83	65	173	134
Other Eastern Hemisphere	10	10	20	22
Chemicals	62	62	121	122
Corporate	5	4	11	9
<b>TOTAL</b>	<b>\$ 356</b>	<b>\$ 324</b>	<b>\$ 700</b>	<b>\$ 648</b>


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

	<u>30-Jun-05</u>	<u>31-Dec-04</u>
<b>CAPITALIZATION</b>		
Oxy Long-Term Debt (including current maturities)	\$ 3,360	\$ 3,804
Subsidiary Preferred Stock	75	75
Others	<u>26</u>	<u>26</u>
<b>Total Debt</b>	<b><u>\$ 3,461</u></b>	<b><u>\$ 3,905</u></b>
<b>EQUITY</b>		
	<b><u>\$ 12,706</u></b>	<b><u>\$ 10,550</u></b>
Total Debt to Total Capitalization	<u>21%</u>	<u>27%</u>



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