

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 June 30, 2003

OR

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

For the transition period from _____ to _____

Commission file number 1-9210

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

DELAWARE (State or other jurisdiction of incorporation or organization)	95-4035997 (I.R.S. Employer Identification No.)
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10889 WILSHIRE BOULEVARD LOS ANGELES, CALIFORNIA (Address of principal executive offices)	90024 (Zip Code)
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(310) 208-8800
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is an accelerated filer (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 at June 30, 2003
----- Common stock \$.20 par value	----- 382,767,268 shares

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
 CONSOLIDATED CONDENSED BALANCE SHEETS
 JUNE 30, 2003 and December 31, 2002
 (Amounts in millions)

	2003	2002
	=====	=====
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 115	\$ 146
Receivables, net	1,016	1,079
Inventories	497	491
Prepaid expenses and other	161	157
	-----	-----
Total current assets	1,789	1,873
LONG-TERM RECEIVABLES, net	253	275
INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES	1,084	1,056
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation, depletion and amortization of \$6,973 at June 30, 2003 and \$6,395 at December 31, 2002	13,797	13,036
OTHER ASSETS	256	308
	-----	-----
	\$ 17,179	\$ 16,548
	=====	=====

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
JUNE 30, 2003 and December 31, 2002
(Amounts in millions)

	2003	2002
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt and capital lease liabilities	\$ 28	\$ 206
Accounts payable	784	785
Accrued liabilities	931	1,107
Domestic and foreign income taxes	208	137
	-----	-----
Total current liabilities	1,951	2,235
	-----	-----
LONG-TERM DEBT, net of current maturities and unamortized discount	4,065	3,997
	-----	-----
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes	996	982
Other	2,333	2,228
	-----	-----
	3,329	3,210
	-----	-----
MINORITY INTEREST	326	333
	-----	-----
OCCIDENTAL OBLIGATED MANDATORILY REDEEMABLE TRUST PREFERRED SECURITIES OF A SUBSIDIARY TRUST HOLDING SOLELY SUBORDINATED NOTES OF OCCIDENTAL		
	454	455
	-----	-----
STOCKHOLDERS' EQUITY		
Common stock, at par value	77	75
Additional paid-in capital	4,088	3,967
Retained earnings	2,902	2,303
Accumulated other comprehensive income	(13)	(27)
	-----	-----
	7,054	6,318
	-----	-----
	\$ 17,179	\$ 16,548
	=====	=====

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

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

	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
REVENUES				
Net sales	\$ 2,266	\$ 1,867	\$ 4,637	\$ 3,390
Interest, dividends and other income	17	26	51	51
Gains (losses) on disposition of assets, net	22	(1)	22	(1)
	2,305	1,892	4,710	3,440
COSTS AND OTHER DEDUCTIONS				
Cost of sales	1,264	1,125	2,562	2,112
Selling, general and administrative and other operating expenses	250	161	437	312
Environmental remediation	13	--	13	--
Exploration expense	29	59	57	86
Interest and debt expense, net	59	78	190	152
	1,615	1,423	3,259	2,662
Income before taxes and other items	690	469	1,451	778
Provision for domestic and foreign income and other taxes	290	221	623	347
Minority interest	19	16	38	41
Loss (income) from equity investments	7	(9)	23	26
Income from continuing operations	374	241	767	364
Discontinued operations, net	--	(1)	--	(4)
Cumulative effect of changes in accounting principles, net	--	--	(68)	(95)
NET INCOME AND EARNINGS APPLICABLE TO COMMON STOCK	\$ 374	\$ 240	\$ 699	\$ 265
BASIC EARNINGS PER COMMON SHARE				
Income from continuing operations	\$ 0.98	\$ 0.64	\$ 2.02	\$ 0.97
Discontinued operations, net	--	--	--	(0.01)
Cumulative effect of changes in accounting principles, net	--	--	(0.18)	(0.25)
Basic earnings per common share	\$ 0.98	\$ 0.64	\$ 1.84	\$ 0.71
DILUTED EARNINGS PER COMMON SHARE				
Income from continuing operations	\$ 0.97	\$ 0.63	\$ 1.99	\$ 0.96
Discontinued operations, net	--	--	--	(0.01)
Cumulative effect of changes in accounting principles, net	--	--	(0.18)	(0.25)
Diluted earnings per common share	\$ 0.97	\$ 0.63	\$ 1.81	\$ 0.70
DIVIDENDS PER COMMON SHARE	\$ 0.26	\$ 0.25	\$ 0.52	\$ 0.50
BASIC SHARES OUTSTANDING	382.6	375.8	380.9	375.1
DILUTED SHARES	386.7	379.1	384.9	378.0

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

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

	2003	2002
=====		
CASH FLOW FROM OPERATING ACTIVITIES		
Income from continuing operations	\$ 767	\$ 364
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation, depletion and amortization of assets	571	514
Deferred income tax provision	50	114
Other noncash charges to income	112	18
(Gains) losses on disposition of assets, net	(22)	1
Loss from equity investments	23	26
Dry hole and impairment expense	30	42
Changes in operating assets and liabilities	36	(78)
Other operating, net	(101)	(88)
	-----	-----
Operating cash flow from continuing operations	1,466	913
Operating cash flow from discontinued operations	--	(3)
	-----	-----
Net cash provided by operating activities	1,466	910
	-----	-----
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(791)	(557)
Sales of businesses and disposal of property, plant and equipment, net	26	1
Purchase of businesses, net	(251)	(77)
Equity investments and other investing, net	(110)	169
	-----	-----
Investing cash flow from continuing operations	(1,126)	(464)
Investing cash flow from discontinued operations	--	(3)
	-----	-----
Net cash used by investing activities	(1,126)	(467)
	-----	-----
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	298	--
Repurchase of trust preferred securities	(1)	(4)
Purchases for natural gas delivery commitment	--	(63)
Payments of long-term debt and capital lease liabilities	(587)	(3)
Proceeds from issuance of common stock	7	7
Cash dividends paid	(193)	(187)
Stock options exercised	106	40
Other financing, net	(1)	(1)
	-----	-----
Net cash used by financing activities	(371)	(211)
	-----	-----
(Decrease) increase in cash and cash equivalents	(31)	232
Cash and cash equivalents--beginning of period	146	198
	-----	-----
Cash and cash equivalents--end of period	\$ 115	\$ 430
=====		

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

June 30, 2003

1. General

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

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

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

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

2. Accounting Changes

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

In May 2003, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 establishes accounting standards for how a company classifies and measures financial instruments that have characteristics of liabilities and equity. Occidental will adopt the provisions of this statement in the third quarter of 2003. On a preliminary basis, Occidental believes that, upon adoption, its mandatorily redeemable trust preferred securities will be considered a liability and the payments to the holders of the securities, which are currently recorded as minority interest on the statement of operations, will be recorded to interest expense.

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

In January 2003, the FASB issued FASB Interpretation No. (FIN) 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires a company to recognize a liability for the obligations it has undertaken in issuing a

guarantee. This liability would be recorded at the inception of a guarantee and would be measured at fair value. FIN 45 also requires certain disclosures related to guarantees, which are included in Note 11. Occidental adopted the measurement provisions of this statement in the first quarter of 2003 and it did not have an effect on the financial statements when adopted.

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

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

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

Occidental has classified all of its mineral drilling rights as tangible assets in property, plant and equipment. Under a possible interpretation of SFAS No. 141, "Business Combinations", paragraph A14.d (7), contract-based mineral rights acquired after June 30, 2001 may have to be classified as intangible assets. Occidental's understanding is that this issue is being considered by the FASB and the staff of the Securities and Exchange Commission. Occidental is in the process of determining the impact of this potential change on the financial statements; however, we do not expect the resolution of the issue to materially affect Occidental's results of operations.

3. Asset Acquisitions and Dispositions and Other Commitments

In 2003, Occidental made several acquisitions in the Permian Basin for approximately \$251 million in cash.

In April 2003, Occidental exercised its purchase option related to the OxyVinyls, L.P., LaPorte, Texas VCM plant lease for approximately \$180 million.

4. Comprehensive Income

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

	Periods Ended June 30			
	Three Months		Six Months	
	2003	2002	2003	2002
Net income	\$ 374	\$ 240	\$ 699	\$ 265
Other comprehensive income items				
Foreign currency translation adjustments	22	(12)	24	(12)
Derivative mark-to-market adjustments	7	(7)	(5)	(9)
Minimum pension liability adjustments	(4)	--	(4)	--
Unrealized (losses) gains on securities	(24)	82	(1)	82
Other comprehensive income, net of tax	1	63	14	61
Comprehensive income	\$ 375	\$ 303	\$ 713	\$ 326

5. Supplemental Cash Flow Information

During the six months ended June 30, 2003 and 2002, net cash payments (net of refunds) for federal, foreign and state income taxes were approximately \$152 million and \$(18) million, respectively. Interest paid (net of interest capitalized of \$3 million for both periods) totaled approximately \$180 million and \$120 million for the six months ended June 30, 2003 and 2002, respectively.

6. Inventories

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

Balance at	June 30, 2003	December 31, 2002
Raw materials	\$ 56	\$ 54
Materials and supplies	142	125
Finished goods	306	319
	504	498
LIFO adjustment	(7)	(7)
Total	\$ 497	\$ 491

7. Derivative Activities

For the three and six months ended June 30, 2003, the results of operations included a net pre-tax gain of \$2 million and \$23 million, respectively, related to derivative mark-to-market adjustments. For the three and six months ended June 30, 2002, the results of operations included a net pre-tax (loss) gain of \$(5) million and \$4 million, respectively, related to derivative mark-to-market adjustments. The amount of interest expense recorded in the income statement was lower by approximately \$13 million and \$26 million for the three and six months ended June 30, 2003, respectively, to reflect net pre-tax gains from fair-value hedges. The amount of interest expense recorded in the income statement was lower by approximately \$11 million and \$22 million for the three and six months ended June 30, 2002, respectively, to reflect net pre-tax gains from fair-value hedges.

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

	2003	2002
Beginning Balance	\$ (26)	\$ (20)
Losses from changes in current cash flow hedges	(14)	(11)
Amount reclassified to income from the expiration of cash flow hedges	9	3
Ending Balance	\$ (31)	\$ (28)

During the next twelve months, Occidental expects that \$6 million of net derivative after-tax losses included in OCI, based on their valuation at June 30, 2003, will be reclassified into earnings. Hedge ineffectiveness did not have a significant impact on earnings for the three and six months ended June 30, 2003 and 2002.

8. Asset Retirement Obligations

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

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

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

	Three Months Ended June 30, 2003	Six Months Ended June 30, 2003
Beginning balance	\$ 151	\$ --
Cumulative effect of change in accounting principles		150
Liabilities settled in the period	(3)	(5)
Accretion expense	2	5
Acquisitions	2	2
Revisions to estimated cash flows	3	3
Ending balance	\$ 155	\$ 155

9. Variable Interest Entities (VIE)

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities." FIN 46 requires a company to consolidate a variable interest entity if it is designated as the primary beneficiary of that entity even if the company does not have a majority of voting interests. A VIE is generally defined as an entity whose equity is unable to finance its activities or whose owners lack

the risk and rewards of ownership. The statement also has disclosure requirements for all the VIEs of a company, even if the company is not the primary beneficiary. The provisions of this statement apply at inception for any entity created after January 31, 2003. Occidental adopted the provisions of this Interpretation for its existing entities on April 1, 2003 which resulted in the consolidation of its OxyMar VCM joint venture that was previously accounted for as an equity investment. As a result of the OxyMar consolidation, assets increased by \$166 million and liabilities increased by \$72 million. There was no material effect on net income as a result of the consolidation.

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

10. Environmental Expenditures

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

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

	# of Sites	Reserve
=====	=====	=====
CERCLA & Equivalent Sites	127	\$ 254
Active Facilities	14	51
Closed or Sold Facilities	42	56
	-----	-----
Total	183	\$ 361
=====	=====	=====

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

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

Description	# of Sites	Reserve
Minimal/No Exposure (a)	107	\$ 6
Reserves between \$1-10 MM	13	53
Reserves over \$10 MM	7	195
Total	127	\$ 254

(a) Includes 33 sites for which Maxus Energy Corporation has retained the liability and indemnified Occidental, 7 sites where Occidental has denied liability without challenge, 55 sites where Occidental's reserves are less than \$50,000 each, and 12 sites where reserves are between \$50,000 and \$1 million each.

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

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

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

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

As mentioned in Note 2, Occidental is required under FIN 45 to disclose information relating to guarantees issued by Occidental and outstanding at June 30, 2003. These guarantees encompass performance bonds, letters of credit, indemnities, commitments and other forms of guarantees provided by Occidental to third parties, mainly to provide assurance that Occidental and/or its subsidiaries and affiliates will meet their various obligations. At June 30, 2003, the notional amount of these guarantees was approximately \$540 million. Of this amount, approximately \$430 million relates to Occidental's guarantee of equity investees' debt and other commitments. The remaining \$110 million relates to various indemnities and guarantees provided to third parties.

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

12. Income Taxes

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

13. Stock-Based Compensation

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

	Periods Ended June 30			
	Three Months		Six Months	
	2003	2002	2003	2002
Net income	\$ 374	\$ 240	\$ 699	\$ 265
SFAS No. 123 compensation cost, net	5	5	9	10
Pro-forma net income	\$ 369	\$ 235	\$ 690	\$ 255
Basic earnings per share	\$ 0.98	\$ 0.64	\$ 1.84	\$ 0.71
SFAS No. 123 compensation cost, net per share	0.01	0.01	0.03	0.03
Pro-forma basic earnings per share	\$ 0.97	\$ 0.63	\$ 1.81	\$ 0.68
Diluted earnings per share	\$ 0.97	\$ 0.63	\$ 1.81	\$ 0.70
SFAS No. 123 compensation cost, net per share	0.02	0.01	0.03	0.03
Pro-forma diluted earnings per share	\$ 0.95	\$ 0.62	\$ 1.78	\$ 0.67

14. Investments in Unconsolidated Subsidiaries

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

	Periods Ended June 30			
	Three Months		Six Months	
	2003	2002	2003	2002
Revenues	\$ 316	\$ 557	\$ 743	\$ 989
Costs and expenses	323	548	766	1,015
Net income (loss)	\$ (7)	\$ 9	\$ (23)	\$ (26)

15. Industry Segments

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

	Oil and Gas	Chemical	Corporate and Other	Total
Six months ended June 30, 2003				
Net sales	\$ 2,993	\$ 1,575	\$ 69 (d)	\$ 4,637
Pre-tax operating profit (loss)	\$ 1,637	\$ 84	\$ (331)(a)	\$ 1,390
Income taxes	(273)	(6)	(344)(b)	(623)
Cumulative effect of changes in accounting principles, net	--	--	(68)	(68)
Net income (loss)	\$ 1,364	\$ 78	\$ (743)(c)	\$ 699
Six months ended June 30, 2002				
Net sales	\$ 2,123	\$ 1,267	\$ --	\$ 3,390
Pre-tax operating profit (loss)	\$ 932	\$ 9	\$ (230)(a)	\$ 711
Income taxes	(205)	(6)	(136)(b)	(347)
Discontinued operations, net	--	--	(4)	(4)
Cumulative effect of changes in accounting principles, net	--	--	(95)	(95)
Net income (loss)	\$ 727	\$ 3	\$ (465)	\$ 265

(a) Includes unallocated net interest expense, administration expense and other items.

(b) Includes unallocated income taxes.

(c) Includes a \$61 million pre-tax interest charge (\$40 million net of tax) to repay a \$450 million 6.4 percent senior note issue that had ten years of remaining life, but was subject to remarketing on April 1, 2003.

(d) During the first quarter of 2003, the Taft cogeneration facility began generating revenue, which is included in the corporate net sales amount.

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

CONSOLIDATED RESULTS OF OPERATIONS

Occidental (as defined in Note 1 to the consolidated condensed financial statements) reported net income for the first six months of 2003 of \$699 million, on net sales of \$4.6 billion, compared with net income of \$265 million, on net sales of \$3.4 billion, for the same period of 2002. Basic earnings per common share were \$1.84 for the first six months of 2003, compared with basic earnings per share of \$0.71 for the same period of 2002. Occidental reported net income for the second quarter of 2003 of \$374 million, on net sales of \$2.3 billion, compared with net income of \$240 million, on net sales of \$1.9 billion, for the same period of 2002. Basic earnings per common share were \$0.98 for the second quarter of 2003, compared with basic earnings per share of \$0.64 for the same period of 2002.

Net income for the first six months and the second quarter of 2003, compared to the same periods in 2002, reflected higher crude oil and natural gas prices and higher crude oil sales volumes. Additionally, net income in both periods of 2003, compared to the same periods in 2002, increased due to higher chemical prices, partially offset by higher energy and raw material costs and lower chemical sales volumes.

The increase in net sales of \$399 million and \$1.2 billion for the three and six months ended June 30, 2003, compared with the same periods in 2002, primarily reflected higher crude oil, natural gas and chemical prices and higher oil production partially offset by lower chemical sales volumes. For the three months ended June 30, 2003, the gains (losses) on disposition of assets, net account included a pre-tax gain of \$22 million on the sale of the remaining interests in a subsidiary holding assets in the Gulf of Mexico.

The increase in cost of sales of \$139 million and \$450 million for the three and six months ended June 30, 2003, respectively, compared with the same periods in 2002, primarily reflected higher energy and raw material costs. The increase of \$89 million and \$125 million in selling, general and administrative and other operating expenses for the three and six months ended June 30, 2003, respectively, compared with the same periods in 2002, primarily reflected increases in various oil and gas costs, including higher production taxes. Additionally, for the three months ended June 30, 2003, selling, general and administrative and other operating expenses included \$16 million of severance costs for the chemical segment and a \$9 million pre-tax write-off for certain assets at a Niagara Falls plant. The decrease in exploration expense of \$30 million and \$29 million for the three and six months ended June 30, 2003, respectively, compared with the same periods in 2002, was primarily due to the 2002 write-off of leases in the San Joaquin Valley. The decrease in interest and debt expense, net of \$19 million for the three months ended June 30, 2003, compared to the same period in 2002, primarily reflected lower interest rates. The \$38 million increase in interest and debt expense, net for the six months ended June 30, 2003, compared to the same period in 2002, primarily reflected a pre-tax debt repayment charge of \$61 million, partially offset by lower interest rates and lower average debt levels.

SEGMENT OPERATIONS

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

	Periods Ended June 30			
	Three Months		Six Months	
	2003	2002	2003	2002
=====	=====	=====	=====	=====
SEGMENT NET SALES				
Oil and Gas	\$ 1,440	\$ 1,165	\$ 2,993	\$ 2,123
Chemical	785	702	1,575	1,267
Other	41	--	69	--
	-----	-----	-----	-----
NET SALES	\$ 2,266	\$ 1,867	\$ 4,637	\$ 3,390
	=====	=====	=====	=====
SEGMENT EARNINGS				
Oil and Gas	\$ 637	\$ 421	\$ 1,364	\$ 727
Chemical	43	34	78	3
	-----	-----	-----	-----
	680	455	1,442	730
UNALLOCATED CORPORATE ITEMS				
Interest expense, net	(53)	(66)	(177)	(122)
Income taxes	(167)	(101)	(345)	(145)
Trust preferred distributions and other	(11)	(12)	(22)	(23)
Other	(75)	(35)	(131)	(76)
	-----	-----	-----	-----
INCOME FROM CONTINUING OPERATIONS	374	241	767	364
Discontinued operations, net	--	(1)	--	(4)
Cumulative effect of changes in accounting principles, net	--	--	(68)	(95)
	-----	-----	-----	-----
NET INCOME	\$ 374	\$ 240	\$ 699	\$ 265
=====	=====	=====	=====	=====

SIGNIFICANT ITEMS AFFECTING EARNINGS

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

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

(in millions, except per share amounts)	Three Months Ended June 30			
	2003	Basic EPS	2002	Basic EPS
TOTAL REPORTED EARNINGS	\$ 374	\$ 0.98	\$ 240	\$ 0.64
OIL AND GAS				
Segment Earnings	637		421	
No significant items affecting earnings	--		--	
Segment Core Earnings	637		421	
CHEMICAL				
Segment Earnings	43		34	
No significant items affecting earnings	--		--	
Segment Core Earnings	43		34	
CORPORATE				
Results	(306)		(215)	
Less:				
Discontinued operations, net *	--		(1)	
TOTAL CORE EARNINGS	\$ 374	\$ 0.98	\$ 241	\$ 0.64

* These amounts are shown after-tax.

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

(in millions, except per share amounts)	Six Months Ended June 30			
	2003	EPS	2002	EPS
TOTAL REPORTED EARNINGS	\$ 699	\$ 1.84	\$ 265	\$ 0.71
OIL AND GAS				
Segment Earnings	\$ 1,364		\$ 727	
No significant items affecting earnings	--		--	
Segment Core Earnings	1,364		727	
CHEMICAL				
Segment Earnings	78		3	
No significant items affecting earnings	--		--	
Segment Core Earnings	78		3	
CORPORATE				
Results	(743)		(465)	
Less:				
Debt repayment charge	(61)		--	
Tax effect of pre-tax adjustments	21		--	
Discontinued operations, net *	--		(4)	
Changes in accounting principles, net *	(68)		(95)	
TOTAL CORE EARNINGS	\$ 807	\$ 2.12	\$ 364	\$ 0.97

* These amounts are shown after-tax.

OIL AND GAS SEGMENT

	Periods Ended June 30			
	Three Months		Six Months	
Summary of Operating Statistics	2003	2002	2003	2002
NET PRODUCTION PER DAY:				
CRUDE OIL AND NATURAL GAS LIQUIDS (MBL)				
United States	254	232	246	232
Latin America	54	54	54	52
Middle East and Other Eastern Hemisphere	107	100	108	107
NATURAL GAS (MMCF)				
United States	541	565	535	579
Middle East and Other Eastern Hemisphere	77	50	76	50
BARRELS OF OIL EQUIVALENT (MBOE)				
Consolidated subsidiaries	518	489	510	496
Other interests	26	23	28	22
Worldwide production	544	512	538	518
AVERAGE SALES PRICE:				
CRUDE OIL (\$/BBL)				
United States	26.89	23.88	29.15	21.35
Latin America	25.01	22.78	28.06	20.67
Middle East and Other Eastern Hemisphere	25.22	24.27	27.71	22.15
NATURAL GAS (\$/MCF)				
United States	5.46	2.92	4.89	2.64
Middle East and Other Eastern Hemisphere	1.91	2.04	1.91	2.28

Oil and gas earnings for the six months ended June 30, 2003 were \$1.4 billion, compared with \$727 million for the same period of 2002. Oil and gas earnings for the three months ended June 30, 2003 were \$637 million, compared with \$421 million for the same period of 2002. The increase in earnings for the three and six months ended June 30, 2003 compared with the same periods in 2002, primarily reflected higher crude oil and natural gas prices, higher crude oil sales volumes and lower exploration expense.

The increase in net sales of \$275 million and \$870 million for the three and six months ended June 30, 2003, compared with the same periods in 2002, primarily reflected higher crude oil and natural gas prices and higher oil production.

The average West Texas Intermediate price in the second quarter of 2003 was \$28.89 per barrel and the New York Merchantile Exchange (NYMEX) natural gas price for the second quarter of 2003 was \$5.83 per thousand cubic feet. A swing of 10-cents per million BTU's in NYMEX gas prices impacts quarterly oil and gas segment earnings by \$5 million while a \$1.00 per barrel change in oil prices has a quarterly impact of \$30 million.

For the first six months of 2003, production volumes increased to 538,000 barrels of oil equivalent (BOE) per day compared with 518,000 BOE per day for the same period in 2002. For the second quarter of 2003, production volumes increased to 544,000 BOE per day compared with 512,000 BOE per day for the same period in 2002. Occidental expects third quarter 2003 oil and gas production to remain at approximately the same level as the second quarter of 2003.

The Core Venture Two consortium, in which Occidental had a 20-percent interest, will not be continuing its development efforts in Saudi Arabia. However, Occidental continues to evaluate exploration and production in the Kingdom and hopes to be selected to participate in future opportunities as they arise.

CHEMICAL SEGMENT

Summary of Operating Statistics	Periods Ended June 30			
	Three Months		Six Months	
	2003	2002	2003	2002
MAJOR PRODUCT VOLUMES				
Chlorine (M Tons)	664	735	1,350	1,436
Caustic (M Tons)	719	743	1,356	1,317
Ethylene Dichloride (M Tons)	108	140	239	292
PVC Resins (MM Lbs.)	872	1,151	1,935	2,193
MAJOR PRODUCT PRICE INDEX (BASE 1987-1990 = 1.0)				
Chlorine	1.81	0.77	1.72	0.64
Caustic	0.87	0.66	0.84	0.79
Ethylene Dichloride	1.17	1.29	1.21	0.94
PVC Resins	0.97	0.70	0.92	0.62

Chemical earnings for the six months ended June 30, 2003 were \$78 million, compared with \$3 million for the same period of 2002. Chemical earnings for the three months ended June 30, 2003 were \$43 million, compared with \$34 million for the same period of 2002. The increase in earnings for the three and six months ended June 30, 2003, compared to the same periods in 2002, primarily reflected higher sales prices, mainly for chlorine and polyvinyl chloride resins (PVC), partially offset by higher energy and raw material costs, lower sales volumes and severance charges. Additionally, the 2002 results reflected losses from the Equistar equity investment of \$4 million and \$40 million for the three and six months ended June 30, 2002, respectively. The Equistar equity investment was sold in August 2002.

The increase in net sales of \$83 million and \$308 million for the three and six months ended June 30, 2003, respectively, compared with the same periods in 2002, primarily reflected higher sales prices, mainly for chlorine and PVC, partially offset by lower sales volumes.

Occidental expects third quarter 2003 chemical segment earnings to be between \$30 million and \$45 million since no upturn in chemical markets is expected.

CORPORATE AND OTHER

The three and six months ended June 30, 2003 other net sales amount includes revenues from certain co-generation facilities. The three and six months ended June 30, 2003 unallocated corporate items - other amount includes the results from the Lyondell equity investment. Unallocated corporate items - income taxes exclude U.S. federal income tax charges and credits allocated to the segments and foreign taxes. For the first six months of 2003, segment earnings include charges of \$7 million (all for oil and gas). For the first six months of 2002, segment earnings benefited by \$9 million from credits allocated: \$1 million to oil and gas and \$8 million to chemical.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Occidental's net cash provided by operating activities was approximately \$1.5 billion for the first six months of 2003, compared with net cash provided of \$910 million for the same period of 2002. The increase of approximately \$556 million in the 2003 amount is primarily attributable to higher income from continuing operations in 2003 compared with the same period in 2002. Additionally, changes in operating assets and liabilities reflected significantly increased income tax expense payable in future quarters.

Occidental's net cash used by investing activities was \$1.1 billion for the first six months of 2003, compared with net cash used of \$467 million for the same period of 2002. The 2003 amount includes several acquisitions in the Permian Basin totaling \$251 million. The 2003 amount also includes advances and capital contributions to equity investees, purchases of equity investee debt and an additional purchase

of stock of a cost-method investee. The 2002 amount includes the receipt of partial repayments of amounts that were advanced to equity affiliates in prior years. Capital expenditures for the first six months of 2003 were \$791 million, including \$508 million for oil and gas and \$273 million for chemical. The chemical amount includes \$180 million for the purchase of a leased facility in La Porte, Texas and \$44 million related to the exercise of purchase options for certain leased assets. Capital expenditures for the first six months of 2002 were \$557 million, including \$497 million for oil and gas.

Financing activities used net cash of \$371 million in the first six months of 2003, compared with cash used of \$211 million for the same period of 2002. The 2003 amount includes net debt payments of approximately \$289 million.

Available but unused lines of committed bank credit totaled approximately \$1.8 billion at June 30, 2003. In addition, OxyMar has a \$220 million committed bank revolver which was unused at June 30, 2003. Occidental currently expects to spend approximately \$1.4 billion (excluding the lease buyouts mentioned above) on its 2003 capital spending program with about 90 percent in the oil and gas segment. Occidental expects to have sufficient cash in 2003 from operations to fund its operating needs, capital expenditure requirements, dividend payments and mandatory debt repayments. If needed, Occidental could access existing credit facilities.

ASSET ACQUISITIONS AND DISPOSITIONS AND OTHER COMMITMENTS

In 2003, Occidental made several acquisitions in the Permian Basin for approximately \$251 million in cash.

In April 2003, Occidental exercised its purchase option related to the OxyVinyls, L.P., LaPorte, Texas VCM plant lease for approximately \$180 million.

DERIVATIVE ACTIVITIES

For the three and six months ended June 30, 2003, the results of operations included a net pre-tax gain of \$2 million and \$23 million, respectively, related to derivative mark-to-market adjustments. For the three and six months ended June 30, 2002, the results of operations included a net pre-tax (loss) gain of \$(5) million and \$4 million, respectively, related to derivative mark-to-market adjustments. The amount of interest expense recorded in the income statement was lower by approximately \$13 million and \$26 million for the three and six months ended June 30, 2003, respectively, to reflect net pre-tax gains from fair-value hedges. The amount of interest expense recorded in the income statement was lower by approximately \$11 million and \$22 million for the three and six months ended June 30, 2002, respectively, to reflect net pre-tax gains from fair-value hedges.

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

	2003	2002
=====	=====	=====
Beginning Balance	\$ (26)	\$ (20)
Losses from changes in current cash flow hedges	(14)	(11)
Amount reclassified to income from the expiration of cash flow hedges	9	3
	-----	-----
Ending Balance	\$ (31)	\$ (28)
=====	=====	=====

During the next twelve months, Occidental expects that \$6 million of net derivative after-tax losses included in OCI, based on their valuation at June 30, 2003, will be reclassified into earnings. Hedge ineffectiveness did not have a significant impact on earnings for the three and six months ended June 30, 2003 and 2002.

ACCOUNTING CHANGES

In May 2003, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 establishes accounting standards for how a company classifies and measures financial instruments that have characteristics of liabilities and equity. Occidental will adopt the provisions of this statement in the third quarter of 2003. On a preliminary basis, Occidental believes that, upon adoption, its mandatorily redeemable trust preferred securities will be considered a liability and the payments to the holders of the securities, which are currently recorded as minority interest on the statement of operations, will be recorded to interest expense.

In January 2003, the FASB issued FASB Interpretation No. (FIN) 46, "Consolidation of Variable Interest Entities." FIN 46 requires a company to consolidate a variable interest entity if it is designated as the primary beneficiary of that entity even if the company does not have a majority of voting interests. A VIE is generally defined as an entity whose equity is unable to finance its activities or whose owners lack the risk and rewards of ownership. The statement also has disclosure requirements for all the VIEs of a company, even if the company is not the primary beneficiary. The provisions of this statement apply at inception for any entity created after January 31, 2003. Occidental adopted the provisions of this Interpretation for its existing entities on April 1, 2003 which resulted in the consolidation of its OxyMar VCM plant that was previously accounted for as an equity investment. As a result of the OxyMar consolidation, assets increased by \$166 million and liabilities increased by \$72 million. There was no material effect on net income as a result of the consolidation.

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

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

In January 2003, the FASB issued FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires a company to recognize a liability for the obligations it has undertaken in issuing a guarantee. This liability would be recorded at the inception of a guarantee and would be measured at fair value. FIN 45 also requires certain disclosures related to guarantees, which are included in "Lawsuits, Claims, Commitments, Contingencies and Related Matters" below. Occidental adopted the measurement provisions of this statement in the first quarter of 2003 and it did not have an effect on the financial statements when adopted.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." SFAS No. 148 permits two additional transition methods for companies that elect to adopt the fair-value-based method of accounting for stock-based employee compensation. The

statement also expands the disclosure requirements for stock-based compensation. The provisions of this statement apply to financial statements for fiscal years ending after December 15, 2002. The statement did not have a material effect on the financial statements.

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

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

Occidental has classified all of its mineral drilling rights as tangible assets in property, plant and equipment. Under a possible interpretation of SFAS No. 141, "Business Combinations", paragraph A14.d (7), contract-based mineral rights acquired after June 30, 2001 may have to be classified as intangible assets. Occidental's understanding is that this issue is being considered by the FASB and the staff of the Securities and Exchange Commission. Occidental is in the process of determining the impact of this potential change on the financial statements; however, we do not expect the resolution of the issue to materially affect Occidental's results of operations.

ENVIRONMENTAL MATTERS

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

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

	# of Sites	Reserve
=====	=====	=====
CERCLA & Equivalent Sites	127	\$ 254
Active Facilities	14	51
Closed or Sold Facilities	42	56
	-----	-----
Total	183	\$ 361
=====	=====	=====

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

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

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

Description	# of Sites	Reserve
=====	=====	=====
Minimal/No Exposure (a)	107	\$ 6
Reserves between \$1-10 MM	13	53
Reserves over \$10 MM	7	195
	-----	-----
Total	127	\$ 254
=====	=====	=====

(a) Includes 33 sites for which Maxus Energy Corporation has retained the liability and indemnified Occidental, 7 sites where Occidental has denied liability without challenge, 55 sites where Occidental's reserves are less than \$50,000 each, and 12 sites where reserves are between \$50,000 and \$1 million each.

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

LAWSUITS, CLAIMS, COMMITMENTS, CONTINGENCIES AND RELATED MATTERS

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

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

As mentioned above, Occidental is required under FIN 45 to disclose information relating to guarantees issued by Occidental and outstanding at June 30, 2003. These guarantees encompass performance bonds, letters of credit, indemnities, commitments and other forms of guarantees provided by Occidental to third parties, mainly to provide assurance that Occidental and/or its subsidiaries and affiliates will meet their various obligations. At June 30, 2003, the notional amount of these guarantees was approximately \$540 million. Of this amount, approximately \$430 million relates to Occidental's guarantee of equity investees' debt and other commitments. The remaining \$110 million relates to various indemnities and guarantees provided to third parties.

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

SAFE HARBOR STATEMENT REGARDING OUTLOOK AND FORWARD-LOOKING INFORMATION

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

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

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

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

GENERAL

There is incorporated by reference herein the information regarding legal proceedings in Note 11 to the consolidated condensed financial statements in Part I hereof.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 3.(I) Restated Certificate of Incorporation of Occidental, dated November 12, 1999 (incorporated by reference to Exhibit 3.(I) to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1999, File No. 1-9210)
- 3.(I)(A) Certificate of Change of Location of Registered Office and of Registered Agent, dated July 6, 2001 (incorporated by reference to Exhibit 3.1(I) to the Registration Statement on Form S-3 of Occidental, File No. 333-82246)
- 3.(II) Bylaws of Occidental, as amended through February 13, 2003 (incorporated by reference to Exhibit 3.1(II) to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2002, File 1-9210)
- 10.1 Employment Agreement, dated May 19, 2003, between Occidental and Donald P. de Brier
- 10.2 Consulting Agreement, dated as of July 1, 2003, between Occidental and J. Roger Hirl
- 10.3 Occidental Petroleum Corporation 2001 Incentive Compensation Plan Incentive Stock Option Terms and Conditions
- 10.4 Occidental Petroleum Corporation 2001 Incentive Compensation Plan Nonqualified Stock Option Terms and Conditions
- 10.5 Occidental Petroleum Corporation 2001 Incentive Compensation Plan Restricted Share Unit Award Terms and Conditions (mandatory deferred issuance of shares)
- 11 Statement regarding the computation of earnings per share for the three and six months ended June 30, 2003 and 2002
- 12 Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the six months ended June 30, 2003 and 2002 and the five years ended December 31, 2002
- 31.1 Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certifications of CEO and CFO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

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

1. Current Report on Form 8-K dated April 22, 2003 (date of earliest event reported), filed on April 22, 2003, for the purpose of reporting, under Items 9 and 12, Occidental's results of operations for the first quarter ended March 31, 2003, and speeches and supplemental investor information relating to Occidental's first quarter 2003 earnings announcement.
2. Current Report on Form 8-K dated April 25, 2003 (date of earliest event reported), filed on April 25, 2003, for the purpose of reporting, under Item 9, a speech made by Dr. Ray R. Irani, Chief Executive Officer, at Occidental's 2003 Annual Meeting of Stockholders.

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

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

SIGNATURES

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

OCCIDENTAL PETROLEUM CORPORATION

DATE: August 5, 2003

/s/ S. P. Dominick, Jr.

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

EXHIBIT INDEX

EXHIBITS

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 - 10.3 Occidental Petroleum Corporation 2001 Incentive Compensation Plan Incentive Stock Option Terms and Conditions
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AGREEMENT

This Employment Agreement is made as of the 19th day of May, 2003 by and between Occidental Petroleum Corporation, a Delaware corporation (hereinafter referred to as "Employer"), and Donald P. de Brier (hereinafter referred to as "Employee").

WITNESSETH

WHEREAS, Employee has been rendering services to Employer pursuant to a written agreement which will expire on May 31, 2003, and

WHEREAS, the parties now desire to provide for a continuation of Employee's employment by Employer beyond that date, and to specify the rights and obligations of the parties during such continued employment;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, Employer and Employee hereby agree to continue such employment upon the following terms and conditions:

1. Duties. Employee shall continue to perform the duties of Executive Vice President, General Counsel and Secretary, or shall serve in such other capacity and with such other duties for Employer or any of the subsidiaries of Employer or any corporation affiliated with Employer (any such subsidiary or affiliated corporation hereafter to be deemed Employer under this Agreement) as Employer may direct. In performing such duties, Employee will comply with Employer's Code of Business Conduct and Corporate Policies, as the same may be amended from time to time.

2. Term of Employment. The term of employment hereunder shall be for a period of five (5) years, commencing on June 1, 2003, and ending midnight May 31, 2008, unless terminated prior thereto in accordance with the provisions of this Agreement, or unless extended by mutual agreement in accordance with Paragraph 9 hereof.

3. Compensation. For the services to be performed hereunder, Employee shall be compensated by Employer at the rate of not less than five hundred fifty-one thousand dollars (\$551,000) per annum, payable semi-monthly. The minimum salary hereunder shall be automatically adjusted to the level of any increase in annual compensation as the Employer may determine during the term of this Agreement.

4. Participation in Benefit Programs. Employee shall be eligible to participate in all benefit programs and under the same terms and conditions as are generally applicable to salaried employees and senior executives of Employer during the term of this Agreement. These benefits include life insurance in the event of death equivalent to three (3) times base pay while employed. Employee will be entitled to one country club membership paid for by Employer provided that the Chief Executive Officer of Employer has prior approval on the selection of the specific club. Employee shall also be eligible to participate in (i) Employer's Incentive Compensation Plan and (ii) Employer's 1995 Incentive Stock Plan and 2001 Incentive Compensation Plan, as long as Employer continues such plans during the term of this Agreement, and to receive awards or grants under such Plans at Employer's sole discretion.

5. Exclusivity of Services. Employee shall not render paid or unpaid services on a self-employed basis or to any other employer.

6. Vacation. Employee shall be entitled to a total of six (6) weeks vacation per year, effective January 1, 2003. Employee agrees to follow Employer's relevant policies and procedures for scheduling and taking such vacations.

7. Termination.

a. Cause. Notwithstanding the term of this Agreement, Employer may discharge Employee and terminate this Agreement without severance or other pay for cause, including without limitation, (i) failure to satisfactorily perform his duties or responsibilities hereunder or negligence in complying with Employer's legal obligations, (ii) refusal to carry out any lawful order of Employer, (iii) breach of any legal duty to Employer, (iv) breach of Paragraph 5 of the Agreement, or (v) conduct constituting moral turpitude or conviction of a crime which may diminish Employee's ability to effectively act on the Employer's behalf or with or on behalf of others, or (vi) death. In the case of events (i) through (v) above, Employer shall give Employee notice of such cause and Employee shall have thirty (30) days to cure such breach.

b. Incapacity. If, during the term of this Agreement, Employee is incapacitated from performing the essential functions of his job pursuant to this Agreement by reason of illness, injury, or disability, Employer may terminate this Agreement by at least one week's written notice to Employee, but only in the event that such conditions shall aggregate not less than one-hundred eighty (180) days during any twelve (12) month period. In the event Employee shall (i) continue to be incapacitated subsequent to termination for incapacity pursuant to this Paragraph 7(b), and (ii) be a participant in and shall qualify for benefits under Employer's Long Term Disability Plan ("LTD"), then Employer will continue to compensate Employee, for so long as Employee remains eligible to receive LTD benefits, in an amount equal to the

difference between sixty percent (60%) of Employer's annual compensation as set forth in Paragraph 3 hereof and the maximum annual benefit under the LTD, payable monthly on a pro rated basis.

c. Without Cause. Employer may at any time terminate the employment of Employee without cause or designate a termination for cause as a termination without cause, and in such event Employer shall, in lieu of continued employment, compensate Employee in an amount equal to two (2) times the sum of Employee's highest annual base salary and annual cash bonus target, such amount payable in equal monthly installments over two (2) years (the "Compensation Period"). In the event Employee dies during the "Compensation Period" any remaining payments due will be made to Employee's estate.

During the Compensation Period, Employee shall continue to be eligible to (i) participate in all employee benefit plans of Employer, in which he is participating at the time of the notice and so long as such plans are available to salaried employees and senior executives, and (ii) exercise all stock options previously granted to Employee under Employer's 1987 Stock Option Plan, 1995 Incentive Stock Plan and 2001 Incentive Compensation Plan, which options are or become exercisable under the provisions of such Plans, and (iii) continue to vest in any restricted stock or performance stock awards previously granted to Employee under Employer's 1995 Incentive Stock Plan and 2001 Incentive Compensation Plan.

During the Compensation Period, Employee shall not accept employment with, or act as a consultant for, or perform services for any person, firm or corporation directly or indirectly engaged in any business competitive with Employer without the prior written consent of Employer.

8. Confidential Information. Employee agrees that he will not divulge to any person, nor use to the detriment of Employer or any of its affiliates or subsidiaries, nor use in any business or process of manufacture competitive with or similar to any business or process of manufacture of Employer or any of its affiliates or subsidiaries, at any time during employment by Employer or thereafter, any trade secrets or confidential information obtained during the course of his employment with Employer, without first obtaining the written permission of Employer.

Employee agrees that, at the time of leaving the employ of Employer, he will deliver to Employer, and not keep or deliver to anyone else, any and all credit cards, notes, notebooks, memoranda, documents and, in general, any and all material relating to Employer's business, including copies therefor, whether in paper or electronic format.

9. Modification. This Agreement contains all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or bind either of the parties hereto. This Agreement cannot be modified except by a subsequent writing signed by both parties.

10. Prior Agreement. This Agreement supersedes and replaces any and all previous agreements between the parties.

11. Severability. If any provision of this Agreement is illegal and unenforceable in whole or in part, the remainder of this Agreement shall remain enforceable to the extent permitted by law.

12. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California. In the event that any ambiguity or questions of intent or interpretation arise, no presumption or binder of proof shall arise favoring or disfavoring the Employer by virtue of authorship of this Agreement and the terms and provisions of this Agreement shall be given their meaning under law.

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

14. Arbitration. In consideration for entering into this Agreement and for the position, compensation, benefits and other promises provided hereunder, the Employee and Employer agree to be bound by the arbitration provisions attached hereto as Attachment 1 and incorporated herein by this reference.

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

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ RAY R. IRANI

By: /s/ DONALD P. DE BRIER

Donald P. de Brier

ARBITRATION PROVISIONS ("Provisions")
Incorporated by Reference into and Made a Part of the
Agreement, dated May 19, 2003 (the "Agreement"), between
Occidental Petroleum Corporation (the "Employer")
and Donald P. de Brier (the "Employee")

In recognition of the fact that differences may arise between the Employer and the Employee arising out of or relating to certain aspects of the Employee's employment with the Employer or the termination of that employment, and in recognition of the fact that resolution of any differences in the courts is rarely timely or cost-effective for either party, the Employer and Employee have agreed to the incorporation of the Provisions into the Agreement in order to establish and gain the benefits of a speedy, impartial and cost-effective dispute resolution procedure. By so doing, the Employer and the Employee mutually agree to arbitrate Claims (as defined below) and each knowingly and voluntarily waive their rights before a jury. Each party's promise to resolve Claims (as defined below) by arbitration in accordance with these Provisions is consideration for the other party's like promise, in addition to any other consideration.

1. Claims

1.1 Except as provided in paragraph 1.2 below, "Claims" (collectively called "Claim" or "Claims" in these Provisions) means all claims or controversies between the Employer and Employee or between the Employee and others arising out of, or relating to or concerning the Employee's employment with the Employer or termination thereof for which a state or federal court otherwise would be authorized to grant relief, including, but not limited to, claims based on any purported breach of contract, tort, state or federal statute or ordinance, common law, constitution or public policy, claims for wages or other compensation, or of discrimination, or violation of public policy of any type. Claims expressly include the Employee's Claims against the Employer, and any subsidiary and related or affiliated entity, successor or assign, and any of their officers, directors, employees, managers, representatives, attorneys or agents, and Claims against others arising out of, relating to or concerning the Employee's employment with the Employer or termination thereof.

1.2 These Provisions do not apply to or cover: claims for workers' compensation benefits, claims for unemployment compensation benefits, or claims for which the National Labor Relations Board has exclusive jurisdiction; claims by the Employer for injunctive and/or other equitable relief for intellectual property, unfair competition and/or the use and/or unauthorized disclosure of trade secrets or confidential information; and claims based upon an employee pension or benefit plan the terms of which contain an arbitration or other non-judicial resolution procedure, in which case the provisions of such plan shall apply. Employee shall further retain the right to seek injunctive and/or other equitable relief expressly made available by a statute which forms the basis of a Claim which is subject to arbitration under these Provisions. Where one or more of the included Claims in a dispute are covered under these Provisions and one or

more of the included Claims in the dispute are not covered under these Provisions, such covered and non-covered claims shall be separated and shall be heard separately in the appropriate forum for each claim.

2. Agreement to Arbitrate All Claims

2.1 Except for claims excluded from these Provisions by paragraph 1.2 above and as otherwise provided in paragraph 1.2 and 4.1, the Employer and the Employee hereby agree to the resolution by exclusive, final and binding arbitration of all Claims.

2.2 The parties further agree that any issue or dispute concerning the formation, applicability, interpretation, or enforceability of these Provisions, including any claim or contention that all or any part of these Provisions is void or voidable, shall be subject to arbitration as provided herein. The arbitrator, and not any federal, state or local court or agency, shall have authority to decide any such issue or dispute.

3. Governing Law

3.1 Except as modified by these Provisions, the arbitration shall be conducted pursuant to the rules set forth in the California Arbitration Act, California Civil Code or Procedure Section 1281, et. seq.

3.2 The Arbitrator shall apply the substantive law (and the law of remedies, if applicable) of the State of California, or federal law, or both, as applicable to the Claims asserted.

4. Binding Effect

4.1 The arbitration Award (see Section 10, herein) shall be final and binding on the parties except that both parties shall have the right to appeal to the appropriate court any errors of law in the decision rendered by the Arbitrator.

4.2 The Award may be entered as a judgment in any court of competent jurisdiction and shall serve as a bar to any court action for any Claim or allegation which was, or could have been, raised in Arbitration.

4.3 For Claims covered by these Provisions, Arbitration is the exclusive remedy, except as provided by paragraph 1.2. The parties shall be precluded from bringing or raising in court or before any other forum any dispute which could have been brought or raised pursuant to Arbitration.

4.4 Nothing in these Provisions shall prevent a party from pursuing any legal right to bring an action to vacate or enforce an Award or to compel arbitration pursuant to applicable California law.

5. Initiating Arbitration

To initiate the arbitration process, the aggrieved party must provide the other party or parties with: a written request to arbitrate any covered Claims which states the Claim or Claims for which arbitration is sought. The written request to arbitrate must be received within the limitations periods applicable under the law to such Claims.

6. Selection of the Arbitrator

6.1 All Claims shall be decided by a single neutral decision-maker, called the "Arbitrator."

6.2 To be qualified to serve, the Arbitrator must be an attorney in good standing with at least seven years experience in employment law or a retired judge and be available to hear the matter within sixty (60) days of selection and on consecutive days.

6.3 Within fifteen calendar days after receipt of the written request to arbitrate, the parties will attempt to agree on the selection of a qualified Arbitrator pursuant to paragraph 6.2 above. If the parties fail to agree on the selection of an Arbitrator within that fifteen calendar day period, the Employer will designate an alternate dispute resolution service (by way of example, American Arbitration Association, National Arbitration Forum, Judicial Arbitration and Mediation Services/Endispute) which has the capacity of providing the parties with a list of potential qualified arbitrators. The parties shall request that designated alternate dispute resolution service to provide them with a list of nine persons who meet the requirements of paragraph 6.2 above. Each party shall rate the nine names by giving the most preferred arbitrator the number nine and using descending successive numbers to rate the remaining choices in descending order of that party's preference and returning the list to the alternate dispute resolution service for calculation. The arbitrator candidate with the highest combined rating will be the Arbitrator. The functions of the alternate dispute resolution service shall be strictly limited to providing the list of arbitrator candidates and tallying the respective parties' ratings of the candidates in accordance with this Section 6 and no rules of that service shall otherwise apply.

7. Arbitration Procedures:

7.1 All parties may be represented by counsel throughout the arbitration process, including without limitation, at the arbitration hearing.

7.2 The Arbitrator shall afford each party a full and fair opportunity to present relevant and material proof, to call and cross-examine witnesses, and to present its argument.

7.3 The Arbitrator shall not be bound by any formal rules of evidence with the exception of applicable law regarding the attorney-client privilege and work product

doctrine, and any applicable state or federal law regarding confidentiality of documents and other information (including, without limitation, pursuant to rights of privacy).

7.4 The Arbitrator shall decide the relevance of any evidence offered, and the Arbitrator's decision on any question of evidence or argument shall be final and binding.

7.5 The Arbitrator may receive and consider the evidence of witnesses by affidavit and shall give it such weight as the Arbitrator deems appropriate after consideration of any objection made to its admission.

7.6 Either party, at its expense, may arrange and pay for the cost of a court reporter to provide a stenographic record of the proceedings. The other party may obtain a copy of the recording by paying the reporter's normal fee for such copy. If both parties agree to utilize the services of a court reporter, the parties shall share the expense equally and shall be billed and responsible for payment individually.

7.7 Either party shall have the right to file an pre- or post-hearing brief. The time for filing such briefs shall be set by the Arbitrator.

7.8 The Arbitrator has authority to entertain a written or oral motion to dismiss and motion for summary judgment, dispositive of all or part of any Claim, to which the Arbitrator shall apply the standards governing such motions under the Federal Rules of Civil Procedure.

8. Discovery

8.1 Discovery shall be governed by this paragraph 8, notwithstanding Code of Civil Procedure Section 1283.05 to the contrary.

8.2 Discovery shall be conducted in the most expeditious and cost-effective manner possible, and shall be limited to that which is relevant and for which the party seeking it has substantial, demonstrable need.

8.3 All parties shall be entitled to receive, reasonably prior to the hearing, copies of relevant documents which are requested in writing, clearly described and governed by paragraph 8.2 above, and sought with reasonable advance notice given the nature of the requests. Upon request, Employee shall also be entitled to a true copy of his or her personnel file kept in the ordinary course of business and pursuant to the Employer policy. Any other requests for documents shall be made by subpoena as provided for in Section 9 herein.

8.4 Except as mutually agreed by the parties, all parties shall be entitled to submit no more than twenty interrogatories (including subparts) and twenty requests for admission (including subparts), on each of the other parties, which are requested in

writing, clearly described and governed by paragraph 8.2 above, and sought with reasonable advance notice given the nature of the requests.

8.5 Upon reasonable request and scheduling, each party shall be entitled to take three depositions in total of relevant parties, representative of the opposing party, or third parties, of up to two days duration each.

8.6 Physical and/or mental examinations may be conducted in accordance with the standards established by the Federal Rules of Civil Procedure.

8.7 At a mutually agreeable date, the parties will exchange lists of experts who will testify at the arbitration. Each party may depose the other party's experts and obtain documents they reviewed and relied upon and these depositions will not be charged against the party's limit of three depositions.

8.8 Any disputes relative to discovery or requests for discovery other than specifically provided for herein, shall be presented to the Arbitrator who shall make final and binding decisions in accordance with paragraphs 8.1 and 8.2 herein.

9. Subpoenas

9.1 Subject to formal request and a determination of both need and relevance by the Arbitrator in accordance with paragraphs 8.1 and 8.2 above, each party may issue a subpoena for production of documents or persons (other than those provided for in Sections 8.3, 8.5 and 8.7) relevant to the procedure. The Arbitrator's decision regarding relevance and the need for subpoenas shall be final and binding.

9.2 The Arbitrator is empowered to subpoena witnesses or documents to the extent permitted in a judicial proceeding, upon his or her own initiative or at the request of a party.

9.3 The party requesting the production of any witness or proof shall bear the costs of such production.

10. The Award

10.1 The Arbitrator shall render his or her decision and award (collectively the "Award") based solely on the evidence and authorities presented, the applicable policies of the Employer, any applicable written employment agreement, the applicable law argued by the parties, and these Provisions as interpreted by the Arbitrator.

10.2 The Award shall be made promptly by the Arbitrator, and unless otherwise agreed by the parties, not later than sixty (60) days from the closing of the hearing, or the date post-hearing briefs are filed, whichever is later.

10.3 The Award shall be in writing and signed and dated by the Arbitrator. The Award shall decide all issues submitted, shall contain express findings of fact and law (including findings on each issue of fact and law raised by a party), and provide the reasons supporting the decision including applicable law. The Arbitrator shall give signed and duplicate original copies of the Award to all parties at the same time.

11. Damages and Relief

11.1 The Arbitrator shall have the same authority to award remedies and damages as provided to a judge and/or jury under applicable state or federal laws, where the aggrieved party has met his or her burden of proof.

11.2 Both parties have a duty to mitigate their damages by all reasonable means. The Arbitrator shall take a party's failure to mitigate into account in granting relief in accordance with applicable state and federal law.

11.3 Arbitration of damages or other remedies may be conducted in a bifurcated proceeding.

12. Fees and Expenses

12.1 All parties shall share equally the fees of the Arbitrator. Each party will deposit funds or post other appropriate security for its share of the Arbitrator's fee, in an amount and manner determined by the Arbitrator, at least ten (10) days before the first day of hearing. Additionally, each party shall pay for its own expenses associated with the arbitration process and attorneys' fees, if any. If any party prevails on a statutory claim which entitles the prevailing party to attorneys' fees, or if there is a written agreement providing for fees, the Arbitrator may award reasonable fees to the prevailing party in accordance with such statute or agreement.

12.2 The Arbitrator may additionally award either party its reasonable attorneys' fees and costs, including reasonable expenses associated with production of witnesses or proof, upon a finding that the other party (a) engaged in unreasonable delay, or (b) failed to comply with the Arbitrator's discovery order.

CONSULTING AGREEMENT

This Consulting Agreement (the "Agreement") is entered into as of this 1st day of July, 2003, by and between Occidental Petroleum Corporation, a Delaware corporation ("OPC"), and J. Roger Hirl ("Consultant").

WITNESSETH:

WHEREAS, Consultant has been employed as an employee of OPC since July, 1983; and

WHEREAS, the parties now desire to end the employment relationship and provide for the availability of Mr. Hirl solely on a consulting basis;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties agree as follows:

1. Services. Effective as of the date hereof, Consultant shall be available to render services to OPC as a consultant for up to thirty (30) days during each twelve (12) month period from July 1, 2003 through June 30, 2005 (the "Consultant Term"). Consultant's consultation services shall be limited to those services which OPC requests from time to time. Consultant shall make himself available for such consultation services in OPC's offices and elsewhere as determined by OPC. OPC shall reimburse Consultant for all of his reasonable and actual business expenses incurred in connection with providing services specified hereunder.

2. Compensation. During the Consultant Term OPC shall compensate Consultant at the monthly rate of sixteen thousand six hundred sixty-seven dollars (\$16,667) (the "Monthly Retainer"), payable semimonthly, less appropriate deductions for taxes, etc.

3. Restriction on Other Services. During the Consultant Term, Consultant shall not engage in full or part-time employment or work; accept employment with, or act as a Consultant for, or perform services for any person, firm or corporation without the prior written consent of OPC.

4. Non-Disclosure of Information. Without the prior written consent of OPC (which consent shall not be unreasonably withheld to the extent any disclosure by Employee is required by applicable law or regulation or applicable order of any court or governmental agency), Consultant shall not divulge to any person, business, firm, corporation or government entity, nor use to the detriment of OPC, or any of its subsidiaries, nor use in any business, venture, or any organization of any kind, or in any process of manufacture, production or mining, at any time, except as necessary in performing services for OPC:

(a) Any OPC trade secrets in any form, including without limitation, all graphic material, forms, documents, data and information; and

(b) Any OPC confidential information in any form, including without limitation, concerning inventions, discoveries, improvements, methods, technology, business plans, environmental plans, audits, reviews or other investigatory processes, procedures and practices, enterprises, exploration, mining or drilling information, manufacturing information, plant design, location or operation, financial results, reports or similar information, or any other OPC confidential information affecting or concerning the business or operation of OPC or any of its directors, officers or employees developed, acquired, used by or disclosed to Consultant in the performance of his services at any time in any capacity for OPC.

5. Return of Documents. Consultant agrees to return to OPC no later than ten (10) calendar days after the effective date hereof, all OPC property and all originals and copies of OPC's property in his possession or under his control, including without limitation, keys, security passes, directories, policies, procedures, manuals, reports, organization charts, files, and computer discs containing any information concerning his job or any other information concerning OPC which he acquired during his employment with OPC. Consultant agrees that he will forever keep in strictest confidence (and will not deliver to anyone else) any and all notes, notebooks, memoranda, documents, computer discs, manuals, files, and phone lists and, in general, any and all information and material in his possession or control affecting or concerning OPC's business or operations without the prior written consent of OPC (which consent shall not be unreasonably withheld to the extent any disclosure by Employee is required by applicable law or regulation or applicable order of any court or governmental agency).

6. Non-Disclosure of Terms, etc. Consultant shall not, unless directed by lawful court order, disclose the terms and conditions of this Agreement to anyone other than his immediate family and any person deemed to be necessary to effectuate the terms and conditions of this Agreement, such as his attorney or accountant.

7. Termination. OPC may terminate this Agreement for cause (as defined in the Employment Agreement, between OPC and Consultant, dated December 13, 2001), and Consultant may terminate this Agreement at any time upon thirty (30) days' notice to OPC.

8. Release and Discharge. Except for obligations created by this Agreement, and obligations to indemnify and defend Consultant for his acts or omissions as an employee, officer or director of either OPC or its subsidiaries pursuant to either OPC's by-laws, its Directors and Officers Liability Insurance or any other of its insurance applicable thereto, Consultant absolutely and forever releases and discharges Occidental Petroleum Corporation and its past and present subsidiaries, affiliated corporations and each of their shareholders, officers, directors, employees, insurance carriers, predecessors and successors, assigns, agents, attorneys, representatives, heirs, administrators (collectively "OPC Releasees") from any and all claims, demands, damages, losses, liabilities, debts, liens, judgments, obligations, accounts, actions, and causes of action, whether past, present, or future, known or unknown, at law, in arbitration or in equity, arising out of or in connection with any act or omission occurring at any time heretofore, including without limitation any act or omission related to or arising out of Consultant's employment, or the termination of benefits or other terms of employment by OPC or any California or other state, municipal, or Federal constitution, statute, regulation, ordinance, order, or common law, including without limitation, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000e et seq.; the Civil Rights Act of 1991; the Civil Rights Act of 1866, as amended, 42 U.S.C. Section 1981 et seq.; the Equal Pay Act, as amended, 29 U.S.C. Section 206(d) et seq.; Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. Section 1001 et seq.; The Americans With Disabilities Act, 42 U.S.C. Section 12101 et seq.; the Family and Medical Leave Act of 1993, 29 U.S.C. Section 2601 et seq.; United States Executive Orders 11246 and 11375; the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. Section 621 et seq.; California Government Code Section 12900 et seq.; the UNRUH Civil Rights Act, as amended, California Civil Code Section 51 et seq.; the Regulations of the Office of Federal Contract Compliance Programs, as amended, 41 C.F.R. Section 60 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. Section 701 et seq.; or any claims based on misrepresentation, fraud, contract, an accounting, wrongful or constructive discharge, breach of privacy, retaliation, breach of covenant of good faith and fair dealing, violation of public policy, defamation, negligent or intentional infliction of emotional distress, discrimination on any basis prohibited by statute, common law, ordinance or public policy, loss of consortium, negligence, interference with business opportunity or with contracts, breach of fiduciary duty, or unfair insurance practices arising out of or related to any act or omission occurring before this Agreement is executed by Consultant, except that Consultant does not waive any claim for vested pension benefits or other welfare benefits to which Consultant is entitled per the terms of the plans, e.g. medical benefits. Consultant represents that he is unaware of any workers' compensation claims brought on his behalf or of any facts on which such a claim could be brought.

9. Waiver. Consultant understands and acknowledges that there are laws which may invalidate releases of claims which are unknown to the releasing party. Consultant hereby waives any protection to which he may otherwise be entitled against OPC Releasees by virtue of any such law. In particular, and not by way of limitation, Consultant represents and acknowledges that he is familiar with Section 1542 of the California Civil Code, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist

in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Consultant waives and relinquishes any rights and/or benefits which he has or may have against OPC Releasees under Section 1542 of the California Civil Code, or any similar applicable statute of any jurisdiction to the fullest extent permitted by law.

10. No Other Severance Benefits. Notwithstanding anything in this Agreement to the contrary, Consultant hereby acknowledges and agrees that this Agreement is in lieu of, and because he has entered into this Agreement he is automatically ineligible for and disqualified from participating in, any and all plans, programs or arrangements of severance, separation, termination or pay continuation announced or maintained heretofore or hereafter by OPC or any of its subsidiary or affiliated companies.

11. Nature of Relationship. Consultant's relationship with OPC shall be as an independent consultant, and not as an employee.

12. No Other Employment Agreements. As of the date of this Agreement any other existing employment or consulting agreement, or any plan, program or arrangement of severance, separation, termination, or pay continuation, oral, written or implied, between Consultant and OPC shall be deemed to be terminated and of no further force or effect. Further, the parties agree and acknowledge that this Agreement constitutes and contains the entire agreement and understanding of the parties concerning the subject matters hereof, and supersedes and replaces all prior negotiations, proposed agreements, or agreements, written or oral or implied. The parties each acknowledge, one to the other, that no other party, nor any agent or attorney of any other party, has made any promise, representation, or warranty whatsoever (express, implied or statutory) not contained herein concerning the subject matters hereof to induce them to execute this Agreement and that they have not executed this Agreement in reliance upon any such promise, representation, or warranty not contained herein. The parties further agree that any oral representations or modifications concerning this instrument shall be of no force or effect, and that this Agreement can only be modified by a writing, signed by all of the parties hereto.

13. Arbitration. In the event of any dispute rising out of this Agreement, Consultant's prior employment or the Consultant Term or any other matter between the parties, Consultant and OPC agree that any such dispute shall be decided exclusively by neutral binding arbitration conducted in Los Angeles, California in accordance with the then current rules of the American Arbitration Association in effect in Los Angeles, California applicable to employment disputes. In the event the parties are unable to agree upon an arbitrator, they shall select from a list of seven (7) arbitrators designated by the American Arbitration Association. This Agreement to resolve any disputes by binding arbitration shall extend to claims by Consultant against any OPC Releasees and shall apply as well, to the full extent permitted by law to claims arising out of local, state and federal common law, statutes and ordinances. However, Consultant and OPC shall retain whatever rights to injunctive relief may be available under applicable laws concerning any claims and any dispute or claim in connection with the receipt of benefits under any benefit plans shall be governed by the claims procedures under the applicable plan.

14. Release Acknowledgment. Consultant expressly acknowledges and agrees that the releases given above include a waiver and release of all claims which Consultant has or may have under the Age Discrimination in Employment Act Of 1967, as amended, 29 U.S.C. Section 621 et seq. The releases given above are given only in exchange for consideration (something of value) in addition to anything of value to which Consultant is otherwise already entitled. All releases set forth above do not waive rights or claims which may arise after the date of execution of this Agreement. Consultant acknowledges that (i) this entire Agreement is written in a manner calculated to be and is understood by Consultant, (ii) he has been advised in writing to consult with an attorney before executing this Agreement, and (iii) he has up to forty-five (45) days from the date he is presented with this Agreement to consider whether or not to sign the Agreement, and (iv) to the extent he executes this Agreement before the expiration of the forty-five (45)-day period, he does so knowingly and voluntarily. If Consultant signs this Agreement he shall have the right to cancel and revoke this Agreement during a period of seven (7) calendar days following his execution of the Agreement and this Agreement shall not become effective, and no money shall be paid hereunder until the expiration of such seven (7)-day period. In order to revoke this Agreement, Consultant shall deliver to OPC, prior to the expiration of said seven (7)-day period, a written notice of cancellation. This Agreement shall become effective on the eighth (8th) day after Consultant's execution, provided there has been no revocation pursuant to this paragraph.

15. Severability. Should any part of this Agreement, with the exception of Paragraphs 1 and 2, the releases and related provisions embodied in Paragraphs 8, 9 and 14, be declared or determined by any Court or other tribunal of appropriate jurisdiction to be invalid or unenforceable, any such invalid or unenforceable part, term or provision shall be stricken and severed from this Agreement and all other terms of the Agreement shall remain in full force and effect to the fullest extent permitted by law. The releases and related provisions embodied in Paragraphs 8, 9, and 14 and Paragraphs 1 and 2 are material to this Agreement and should any of these paragraphs be deemed invalid or unenforceable, this Agreement shall be null and void and any consideration received under this Agreement shall be returned to OPC.

16. Assignment. This Agreement shall be binding upon Consultant, his heirs, executors and assigns and upon OPC, its successors and assigns.

17. Governing Law. This Agreement is made and entered into in the State of California and shall be governed by, and construed in accordance with, the laws of the State of California, without regard to principles of conflict of laws.

18. No Change of Control of Employer (as defined below) shall be deemed to amend the terms and conditions of this Agreement. For purposes of this Agreement a "Change of Control of Employer" shall be deemed to have occurred if, after the date of this Agreement, any person, corporation or other entity becomes the beneficial owner, directly or indirectly, of 25% or more of the combined voting power of Employer's then outstanding voting securities.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year first hereinabove written.

OCCIDENTAL PETROLEUM CORPORATION

By /s/ RAY R. IRANI

Dr. Ray R. Irani

Consultant

By /s/ J. ROGER HIRL

J. Roger Hirl

OCCIDENTAL PETROLEUM CORPORATION
 2001 INCENTIVE COMPENSATION PLAN
 INCENTIVE STOCK OPTION
 TERMS AND CONDITIONS

Date of Grant: July 16, 2003

Number of Optioned Shares: See "Shares Granted/Awarded" (Grant Acknowledgement screen)

Option Price: \$31.13

Expiration Date: July 16, 2013

Vesting Schedule:*

1st Anniversary	33 1/3 Percent of Number of Optioned Shares
2nd Anniversary	33 1/3 Percent of Number of Optioned Shares
3rd Anniversary	33 1/3 Percent of Number of Optioned Shares

The following TERMS AND CONDITIONS (these "Terms and Conditions") are set forth as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation ("Occidental") and, with its subsidiaries, (the "Company"), and the Eligible Employee receiving this grant (the "Optionee").

1. GRANT OF STOCK OPTION. Occidental grants to the Optionee as of the Date of Grant a stock option (this "Option") to purchase up to the number of Optioned Shares at the Option Price, from time to time, in accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2001 Incentive Compensation Plan, as amended from time to time (the "Plan"). This Option is intended to be an "incentive stock option" within the meaning of that term under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision thereto. If these Terms and Conditions cannot be construed in a manner to enable this Option to qualify as an incentive stock option, the right to purchase the Optioned Shares on these Terms and Conditions shall survive as if this Option were a nonqualified stock option.

2. TERM OF OPTION. The term of this Option begins on the Date of Grant and expires on the tenth anniversary of the Date of Grant (the "Expiration Date") unless it is terminated earlier as provided in Section 6.

3. RIGHT TO EXERCISE. Unless this Option has expired, terminated, or accelerated, on each anniversary of the Date of Grant the amount of Optioned Shares indicated above in the Vesting Schedule for such anniversary will become exercisable on a cumulative basis until this Option is fully exercisable. In the event that the Vesting Schedule results in fractional shares, the fractional shares will be rounded the nearest whole share as follows: for Optioned Shares vesting on the first anniversary, the fraction will be rounded up to the nearest whole number; for Optioned Shares vesting on the third anniversary, the fraction will be rounded down to the nearest whole number; and for Optioned Shares vesting on the second anniversary, the fraction will be rounded up or down to the nearest whole number as necessary so that the sum of the three tranches of Optioned Shares will equal the total number of Optioned Shares. This Option may be exercised, in whole or in part, only for the number of Optioned Shares that are vested on the date of exercise. The last date to exercise this Option is the New York Stock Exchange trading day prior to the earlier of the date this Option terminates and the Expiration Date.

4. OPTION NONTRANSFERABLE. This Option may not be transferred nor assigned by the Optionee other than to a beneficiary designated on a form approved by the Company, by will or, if the Optionee dies without designating a beneficiary or a valid will, by the laws of descent and distribution. During the Optionee's lifetime, only the Optionee, or in the event of his or her legal incapacity, a properly appointed guardian or legal representative, may exercise this Option.

5. NOTICE OF EXERCISE; PAYMENT.

(a) To exercise this Option, the Optionee must give oral or written notice to Occidental or any agent designated by Occidental to administer grants made under the Plan. If Occidental has designated

an agent, notice must be given to the agent to be effective. The notice of exercise must state the number of Optioned Shares for which this Option is being exercised and the manner of payment. The date the notice is received is the exercise date unless (i) notice is received after the close of trading on the New York Stock Exchange or on a day which is not a New York Stock Exchange trading day, in which case the exercise date is the next trading day on the New York Stock Exchange, or (ii) if limit orders are permitted by the Administrator or any agent designated by Occidental and the notice contains a limit order in accordance with the procedures established by the Administrator or the agent, then the exercise date is the trading date on the New York Stock Exchange during the limit order period on which the price of the Common Stock traded on the New York Stock Exchange reaches the price specified in the notice and there is a single buyer willing to purchase the total number of shares specified in the notice. The Optionee understands that limit orders will be processed in the order received and there can be no assurances that there will be sufficient buyers to process all limit orders received. If requested, any oral notice of exercise shall be confirmed in writing the same day before the close of trading on the New York Stock Exchange.

(b) Payment equal to the aggregate Option Price of the Optioned Shares must be:

- (i) in cash in the form of a certified or cashiers check or wire transfer,
- (ii) by actual or constructive transfer to Occidental of nonforfeitable, nonrestricted Common Shares acquired by the Optionee more than six (6) months prior to the date of exercise, or
- (iii) by any combination of the foregoing methods of payment.

Common Shares that are transferred by the Optionee in payment of all or any part of the Option Price shall be valued on the basis of their Fair Market Value on the date of exercise. The requirement to pay cash shall be satisfied if the Optionee makes arrangements with a broker that is a member of the National Association of Securities Dealers, Inc. to sell a sufficient number of the Optioned Shares, so that the net proceeds of the sale transaction will at least equal the amount of the aggregate Option Price plus the amount of any taxes required to be withheld, and pursuant to which the broker undertakes to deliver the amount of the aggregate Option Price plus the amount of any taxes required to be withheld, not later than the date on which the sale transaction will settle in the ordinary course of business.

(c) If pursuant to the Occidental Petroleum Corporation Deferred Stock Program (the "Deferral Program") the Optionee has elected to defer any gain realized upon exercise of this Option, exercise of this Option will be made pursuant to the terms and conditions of the Deferral Program.

6. TERMINATION OF RIGHT TO EXERCISE. The right to exercise this Option terminates automatically and without further notice on the date the Optionee ceases to be an employee of the Company for any reason whatsoever, except as follows:

(a) IF THE OPTIONEE DIES, the Optioned Shares will vest immediately as of the date of the Optionee's death for the full number of Optioned Shares, and this Option may be exercised up to the Expiration Date by a transferee acceptable under Section 4 as an incentive stock option if the Optionee dies while an employee or within three months of ceasing to be an employee for a reason specified in Section 6(b) or Section 6(c) or as a nonqualified option if the Optionee dies more than three months after ceasing to be an employee for a reason specified in Section 6(b) or Section 6(c).

(b) IF THE OPTIONEE BECOMES PERMANENTLY AND TOTALLY DISABLED, the Optioned Shares will continue to vest in accordance with the Vesting Schedule and this Option may be exercised as an incentive stock option up to the sooner of (i) one year after the disability first arose (the "Disability Period") and (ii) the Expiration Date. If the Expiration Date is later than the last day of the Disability Period, then for the period beginning on the first day after the Disability Period up to the Expiration Date, the Optioned Shares will continue to vest in accordance with the Vesting Schedule and this Option may be exercised as a nonqualified option. For purposes of these Terms and Conditions, "to be permanently and totally disabled" means to be unable to engage in any substantial gainful activity by reason of an impairment which can be expected to result in death or which has lasted, or can be expected to last for a continuous period of at least twelve (12) months.

(c) IF THE OPTIONEE RETIRES, the Optioned Shares will continue to vest in accordance with the Vesting Schedule, and this Option may be exercised as an incentive stock option up to the sooner of (i) three (3) months following the last day of Optionee's employment (the "Retirement Period") and (ii) the Expiration Date. If the Expiration Date is later than the last day of the Retirement Period, then for the period beginning on the first day after the Retirement Period up to the Expiration Date, the Optioned Shares will continue to vest in accordance with the Vesting Schedule and this Option may be exercised as a nonqualified stock option. For purposes of these Terms and Conditions, "retire" means to retire either under a Company-sponsored retirement plan or with the consent of the Company.

(d) IF THE OPTIONEE TERMINATES EMPLOYMENT WITH THE COMPANY FOR ANY REASON OTHER THAN DEATH, PERMANENT AND TOTAL DISABILITY, RETIREMENT OR CAUSE (WHETHER OR NOT IN BREACH OF LOCAL LABOR LAWS), the Optioned Shares will cease to vest as of the close of business on the last day of Optionee's active employment, and this Option may be exercised up to the sooner of (i) three (3) months following the last day of Optionee's active employment and (ii) the Expiration Date but only for the number of Optioned Shares exercisable as of the Optionee's last day of employment pursuant to the Vesting Schedule. For the purposes of these Terms and Conditions, "cause" means the Optionee's (w) failure to satisfactorily perform the duties of his or her job or negligence in carrying out the Company's legal obligations, (x) refusal to carry out any lawful order of the Company, (y) breach of any legal duty to the Company; or (z) conduct constituting moral turpitude or conviction of a crime which may diminish Optionee's ability to effectively act on the Company's behalf or with or on behalf of others.

For the purposes of these Terms and Conditions, the continuous employment of the Optionee with the Company will not be interrupted, and the Optionee will not be deemed to cease to be an employee of the Company, by reason of the transfer of his or her employment among the Company and its affiliates or an approved leave of absence. The administrator shall have the exclusive discretion to determine when the Optionee is no longer actively employed for purposes of this Option grant.

7. MANDATORY NOTICE BY OPTIONEE OF TRANSFER OF SHARES. If the Optionee sells, exchanges, makes a gift of or transfers in any other way any of the Optioned Shares either within two (2) years of the Date of Grant or within one (1) year from the date shares are transferred to the Optionee following exercise of this Option, the Optionee must notify the Company of the transfer within thirty (30) days from the date of the transfer. The notice must state the principal terms of the transfer, including the date of the transfer and the type and amount of consideration received by the Optionee for the shares. The Optionee understands that a transfer of shares within the periods specified in the first sentence of this Section 7, including a "cashless" exercise to acquire the shares, will result in the Optionee's loss of the tax benefits associated with an incentive stock option.

8. ACCELERATION OF OPTION. If a Change in Control Event as defined in the Plan occurs, this Option shall become immediately exercisable for the full number of Optioned Shares unless prior to the occurrence of the Change in Control Event, the Administrator, as provided in Section 6.1 of the Plan, determines that such Event will not accelerate this Option or that acceleration will occur for only part of this Option or at a different time. Any such determination by the Administrator is binding on the Optionee.

9. NO EMPLOYMENT CONTRACT. Nothing in these Terms and Conditions confers upon the Optionee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Optionee.

10. TAXES AND WITHHOLDING. If the Company must withhold any federal, state, local or foreign tax in connection with the exercise of this Option, the Optionee must pay the tax or make provisions that are satisfactory to the Company for the payment thereof. The Optionee may satisfy all or any part of any such withholding obligation by surrendering to the Company or any agent designated by the Company to administer grants made under the Plan, Common Shares that satisfy the requirements of Section 5(b)(ii) or a portion of the Common Shares that are issued or transferred to the Optionee upon the exercise of this Option. Any Common Shares so surrendered by the Optionee shall be credited against the Optionee's withholding obligation at their Fair Market Value on the date of exercise.

11. COMPLIANCE WITH LAW. The Company will make reasonable efforts to comply with all applicable federal, state and foreign securities laws; however, this Option is not exercisable if its exercise would result in a violation of any such law.

12. **ADJUSTMENTS.** The Option Price and the number or kind of shares of stock covered by this Option may be adjusted as the Administrator determines pursuant to Section 6.2 of the Plan in order to prevent dilution or expansion of the Optionee's rights under these Terms and Conditions as a result of events such as stock dividends, stock splits, or other change in the capital structure of Occidental, or any merger, consolidation, spin-off, liquidation or other corporate transaction or event having a similar effect. If any such adjustment occurs, the Company will give the Optionee written notice of the adjustment containing an explanation of the nature of the adjustment.

13. **RELATION TO OTHER BENEFITS.** The benefits received by the Optionee under these Terms and Conditions will not be taken into account in determining any benefits to which the Optionee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Optionee under any life insurance plan covering employees of the Company. The grant of this option does not create any contractual or other right to receive future grants of options, or benefits in lieu of Options, even if Optionee has a history of receiving Options or other stock awards.

14. **AMENDMENTS.** Any amendment to the Plan will be deemed to be an amendment to these Terms and Conditions to the extent it is applicable to these Terms and Conditions; however, no amendment will adversely affect the rights of the Optionee under these Terms and Conditions without the Optionee's consent.

15. **SEVERABILITY.** If one or more of the provisions of these Terms and Conditions is invalidated for any reason by a court of competent jurisdiction, the invalidated provisions shall be deemed to be separable from the other provisions of these Terms and Conditions, and the remaining provisions of these Terms and Conditions will continue to be valid and fully enforceable.

16. **RELATION TO PLAN; INTERPRETATION.** These Terms and Conditions are subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between these Terms and Conditions and the Plan, the provisions of the Plan control. Capitalized terms used in these Terms and Conditions without definition have the meanings assigned to them in the Plan. References to Sections are to Sections of these Terms and Conditions unless otherwise noted.

17. **ADMINISTRATIVE PROCEDURES.** The Administrator, directly or through its agent, reserves the right to adopt procedures with respect to the exercise of this Option. In the event of any inconsistent provisions between such procedures, these Terms and Conditions and the Plan, the provisions of the Plan control.

18. **SUCCESSORS AND ASSIGNS.** Subject to Section 4, the provisions of these Terms and Conditions shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Optionee, and the successors and assigns of the Company.

19. **GOVERNING LAW.** The laws of the State of Delaware govern the interpretation, performance, and enforcement of these Terms and Conditions.

20. **NOTICES.** Except as the Company may otherwise direct for exercise notices, any notice to the Company provided for in this Agreement will be given to its Secretary at 10889 Wilshire Boulevard, Los Angeles, California 90024, and any notice to the Optionee will be addressed to the Optionee at his or her address currently on file with the Company. Except as provided in Section 5 for exercise notices, any written notice will be deemed to be duly given when received if delivered personally or sent by telecopy, e-mail, or the United States mail, first class registered mail, postage and fees prepaid, and addressed as provided in this paragraph. Any party may change the address to which notices are to be given by written notice to the other party as specified in the preceding sentence.

21. **PRIVACY RIGHTS.** The Company and the Optionee's employer hold or may receive from any agent designated by the Company or any broker involved in the exercise or sale of shares covered by this Option certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in Occidental, details of all Options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or

outstanding in the Optionee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Optionee's country or elsewhere, and may have different data privacy laws and protections than the Optionee's country. By accepting these Terms and Conditions, the Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above, including transfer of such Data as may be required to a broker or other third party with whom the Optionee may elect to deposit any Common Shares acquired upon exercise of the Option. The Optionee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Administrator in writing. Refusing or withdrawing consent may affect the Optionee's ability to participate in the Plan.

22. ELECTRONIC DELIVERY. The Company may, in its sole discretion, decide to deliver any documents related to this Option granted under the Plan or any future options that may be granted under the Plan (if any) by electronic means or to request the Optionee's consent to participate in the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and, if requested, to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

23. OPTIONEE'S REPRESENTATIONS AND RELEASES. By accepting the award, the Optionee acknowledges that the Optionee has read these Terms and Conditions and understands that the (i) grant of this Option is made voluntarily by Occidental in its discretion with no liability on the part of any of its direct or indirect subsidiaries and that, if the Optionee is not an employee of Occidental, the Optionee is not, and will not be considered, an employee of Occidental but the Optionee is a third party (employee of a subsidiary) to whom this Option is granted; (ii) the future value of the Optioned Shares cannot be predicted and Occidental does not assume liability in the event the Option has no value in the future or of any loss to the Optionee from this Option or the Optioned Shares; and, (iii) subject to the terms of any tax equalization agreement between the Optionee and the entity employing the Optionee, the Optionee will be solely responsible for the payment or nonpayment of taxes imposed or threatened to be imposed by any authority of any jurisdiction.

In consideration of the grant of this Option, no claim or entitlement to compensation or damages shall arise from termination of this Option or diminution in value of this Option or Common Shares purchased through exercise of this Option resulting from termination of the Optionee's employment by the Company or the Optionee's employer (for any reason whatsoever and whether or not in breach of local labor laws) and the Optionee irrevocably releases the Company and, if not Occidental, the Optionee's employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting these Terms and Conditions, the Optionee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

*FOR OPTIONEES WHO RECEIVE BOTH AN INCENTIVE STOCK OPTION GRANT AND A NON-QUALIFIED STOCK OPTION GRANT ON THE DATE OF GRANT, THE VESTING SCHEDULES FOR THE COMBINED GRANTS WILL RESULT IN THE VESTING OF 33 1/3 PERCENT OF THE TOTAL GRANTED OPTIONS ON EACH ANNIVERSARY, AS STATED IN THE VESTING SCHEDULE. HOWEVER, EACH GRANT INDIVIDUALLY MAY NOT VEST 33 1/3 PERCENT PER YEAR, DUE TO REGULATORY RESTRICTIONS REGARDING INCENTIVE STOCK OPTIONS. PURSUANT TO THE CODE, TO THE EXTENT THAT THE AGGREGATE FAIR MARKET VALUE OF STOCK WITH RESPECT TO WHICH INCENTIVE STOCK OPTIONS (UNDER ALL PLANS OF OCCIDENTAL), ARE EXERCISABLE FOR THE FIRST TIME DURING A CALENDAR YEAR EXCEEDS \$100,000, SUCH OPTIONS SHALL BE TREATED AS A NON-QUALIFIED STOCK OPTIONS. THIS RULE IS APPLIED BY TAKING OPTIONS INTO ACCOUNT IN THE ORDER IN WHICH THEY WERE GRANTED AND DETERMINING THE FAIR MARKET VALUE OF THE STOCK AT THE TIME THE OPTION WAS GRANTED. YOU MAY VIEW ONLINE A SPECIFIC VESTING SCHEDULE FOR YOUR GRANT BY SELECTING THE "GRANT SUMMARY" SCREEN, CLICK ON THE GRANT DATE AND SELECT THE "VIEW DETAIL & HISTORY" BUTTON.

OCCIDENTAL PETROLEUM CORPORATION
2001 INCENTIVE COMPENSATION PLAN
NONQUALIFIED STOCK OPTION
TERMS AND CONDITIONS

Date of Grant: July 16, 2003

Number of Optioned Shares: See "Shares Granted/Awarded" (Grant Acknowledgement screen)

Option Price: \$31.13

Expiration Date: July 16, 2013

Vesting Schedule:*

1st Anniversary	33 1/3 Percent of Number of Optioned Shares
2nd Anniversary	33 1/3 Percent of Number of Optioned Shares
3rd Anniversary	33 1/3 Percent of Number of Optioned Shares

The following TERMS AND CONDITIONS (these "Terms and Conditions") are set forth as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation ("Occidental") and, with its subsidiaries, (the "Company"), and the Eligible Employee receiving this grant (the "Optionee").

1. GRANT OF STOCK OPTION. Occidental grants to the Optionee as of the Date of Grant a stock option (this "Option") to purchase up to the number of Optioned Shares at the Option Price, from time to time, in accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2001 Incentive Compensation Plan, as amended from time to time (the "Plan"). This Option shall not be an "incentive stock option" within the meaning of that term under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision thereto.

2. TERM OF OPTION. The term of this Option begins on the Date of Grant and expires on the tenth anniversary of the Date of Grant (the "Expiration Date") unless it is terminated earlier as provided in Section 6.

3. RIGHT TO EXERCISE. Unless this Option has expired, terminated, or accelerated, on each anniversary of the Date of Grant the amount of Optioned Shares indicated above in the Vesting Schedule for such anniversary will become exercisable on a cumulative basis until this Option is fully exercisable. In the event that the Vesting Schedule results in fractional shares, the fractional shares will be rounded to the nearest whole share as follows: for Optioned Shares vesting on the first anniversary, the fraction will be rounded up to the nearest whole number; for Optioned shares vesting on the third anniversary, the fraction will be rounded down to the nearest whole number; and for Optioned Shares vesting on the second anniversary, the fraction will be rounded up or down to the nearest whole number as necessary so that the sum of the three tranches of Optioned Shares will equal the total number of Optioned Shares. This Option may be exercised, in whole or in part, only for the number of Optioned Shares that are vested on the date of exercise. The last date to exercise this Option is the New York Stock Exchange trading day prior to the earlier of the date this Option terminates and the Expiration Date.

4. OPTION NONTRANSFERABLE. This Option may not be transferred nor assigned by the Optionee other than to a beneficiary designated on a form approved by the Company, by will or, if the Optionee dies without designating a beneficiary or a valid will, by the laws of descent and distribution. During the Optionee's lifetime, only the Optionee, or in the event of his or her legal incapacity, a properly appointed guardian or legal representative, may exercise this Option.

5. NOTICE OF EXERCISE; PAYMENT.

(a) To exercise this Option, the Optionee must give oral or written notice to Occidental or any agent designated by Occidental to administer grants made under the Plan. If Occidental has designated

an agent, notice must be given to the agent to be effective. The notice of exercise must state the number of Optioned Shares for which this Option is being exercised and the manner of payment. The date the notice is received is the exercise date unless (i) notice is received after the close of trading on the New York Stock Exchange or on a day which is not a New York Stock Exchange trading day, in which case the exercise date is the next trading day on the New York Stock Exchange, or (ii) if limit orders are permitted by the Administrator or any agent designated by Occidental and the notice contains a limit order in accordance with the procedures established by the Administrator or the agent, then the exercise date is the trading date on the New York Stock Exchange during the limit order period on which the price of the Common Stock traded on the New York Stock Exchange reaches the price specified in the notice and there is a single buyer willing to purchase the total number of shares specified in the notice. The Optionee understands that limit orders will be processed in the order received and there can be no assurances that there will be sufficient buyers to process all limit orders received. If requested, any oral notice of exercise shall be confirmed in writing the same day before the close of trading on the New York Stock Exchange.

(b) Payment equal to the aggregate Option Price of the Optioned Shares must be:

- (i) in cash in the form of a certified or cashiers check or wire transfer,
- (ii) by actual or constructive transfer to Occidental of nonforfeitable, nonrestricted Common Shares acquired by the Optionee more than six (6) months prior to the date of exercise, or
- (iii) by any combination of the foregoing methods of payment.

Common Shares that are transferred by the Optionee in payment of all or any part of the Option Price shall be valued on the basis of their Fair Market Value on the date of exercise. The requirement to pay cash shall be satisfied if the Optionee makes arrangements with a broker that is a member of the National Association of Securities Dealers, Inc. to sell a sufficient number of the Optioned Shares, so that the net proceeds of the sale transaction will at least equal the amount of the aggregate Option Price plus the amount of any taxes required to be withheld, and pursuant to which the broker undertakes to deliver the amount of the aggregate Option Price plus the amount of any taxes required to be withheld, not later than the date on which the sale transaction will settle in the ordinary course of business.

(c) If pursuant to the Occidental Petroleum Corporation Deferred Stock Program (the "Deferral Program") the Optionee has elected to defer any gain realized upon exercise of this Option, exercise of this Option will be made pursuant to the terms and conditions of the Deferral Program.

6. TERMINATION OF RIGHT TO EXERCISE. The right to exercise this Option terminates automatically and without further notice on the date the Optionee ceases to be an employee of the Company for any reason whatsoever, except as follows:

(a) IF THE OPTIONEE DIES, the Optioned Shares will vest immediately as of the date of the Optionee's death for the full number of Optioned Shares, and this Option may be exercised up to the Expiration Date by a transferee acceptable under Section 4.

(b) IF THE OPTIONEE BECOMES PERMANENTLY AND TOTALLY DISABLED, the Optioned Shares will continue to vest in accordance with the Vesting Schedule, and this Option may be exercised up to the Expiration Date. For purposes of these Terms and Conditions, "to be permanently and totally disabled" means to be unable to engage in any substantial gainful activity by reason of an impairment which can be expected to result in death or which has lasted, or can be expected to last for a continuous period of at least twelve (12) months.

(c) IF THE OPTIONEE RETIRES, the Optioned Shares will continue to vest in accordance with the Vesting Schedule, and this Option may be exercised up to the Expiration Date. For purposes of these Terms and Conditions, "retire" means to retire either under a Company-sponsored retirement plan or with the consent of the Company.

(d) IF THE OPTIONEE TERMINATES EMPLOYMENT WITH THE COMPANY FOR ANY REASON OTHER THAN DEATH, PERMANENT AND TOTAL DISABILITY, RETIREMENT OR CAUSE (WHETHER OR NOT IN BREACH OF LOCAL LABOR LAWS), the Optioned Shares will cease to vest as of the close of business on the last day of Optionee's active employment, and this Option may be exercised up to the sooner of (i) three (3) months following the last day of Optionee's active employment and (ii) the Expiration Date but only for the number of Optioned Shares exercisable as of the Optionee's last day of employment pursuant to the Vesting Schedule. For the purposes of these Terms and Conditions, "cause" means the Optionee's (w) failure to satisfactorily perform the duties of his or her job or negligence in carrying out the Company's legal obligations, (x) refusal to carry out any lawful order of the Company, (y) breach of any legal duty to the Company; or (z) conduct constituting moral turpitude or conviction of a crime which may diminish Optionee's ability to effectively act on the Company's behalf or with or on behalf of others.

For the purposes of these Terms and Conditions, the continuous employment of the Optionee with the Company will not be interrupted, and the Optionee will not be deemed to cease to be an employee of the Company, by reason of the transfer of his or her employment among the Company and its affiliates or an approved leave of absence. The Administrator shall have the exclusive discretion to determine when the Optionee is no longer actively employed for purposes of this Option grant.

7. ACCELERATION OF OPTION. If a Change in Control Event as defined in the Plan occurs, this Option shall become immediately exercisable for the full number of Optioned Shares unless prior to the occurrence of the Change in Control Event, the Administrator, as provided in Section 6.1 of the Plan, determines that such Event will not accelerate this Option or that acceleration will occur for only part of this Option or at a different time. Any such determination by the Administrator is binding on the Optionee.

8. NO EMPLOYMENT CONTRACT. Nothing in these Terms and Conditions confers upon the Optionee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Optionee.

9. TAXES AND WITHHOLDING. If the Company must withhold any federal, state, local or foreign tax in connection with the exercise of this Option, the Optionee must pay the tax or make provisions that are satisfactory to the Company for the payment thereof. The Optionee may satisfy all or any part of any such withholding obligation by surrendering to the Company or any agent designated by the Company to administer grants made under the Plan, Common Shares that satisfy the requirements of Section 5(b)(ii) or a portion of the Common Shares that are issued to the Optionee upon the exercise of this Option. Any Common Shares so surrendered by the Optionee shall be credited against the Optionee's withholding obligation at their Fair Market Value on the date of exercise.

10. COMPLIANCE WITH LAW. The Company will make reasonable efforts to comply with all applicable federal, state and foreign securities laws; however, this Option is not exercisable if its exercise would result in a violation of any such law.

11. ADJUSTMENTS. The Option Price and the number or kind of shares of stock covered by this Option may be adjusted as the Administrator determines pursuant to Section 6.2 of the Plan in order to prevent dilution or expansion of the Optionee's rights under these Terms and Conditions as a result of events such as stock dividends, stock splits, or other change in the capital structure of Occidental, or any merger, consolidation, spin-off, liquidation or other corporate transaction or event having a similar effect. If any such adjustment occurs, the Company will give the Optionee written notice of the adjustment containing an explanation of the nature of the adjustment.

12. RELATION TO OTHER BENEFITS. The benefits received by the Optionee under these Terms and Conditions will not be taken into account in determining any benefits to which the Optionee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Optionee under any life insurance plan covering employees of the Company. The grant of this option does not create any contractual or other right to receive future grants of options, or benefits in lieu of Options, even if Optionee has a history of receiving Options or other stock awards.

13. AMENDMENTS. Any amendment to the Plan will be deemed to be an amendment to these Terms and Conditions to the extent it is applicable to these Terms and Conditions; however, no amendment will adversely affect the rights of the Optionee under these Terms and Conditions without the Optionee's consent.

14. SEVERABILITY. If one or more of the provisions of these Terms and Conditions is invalidated for any reason by a court of competent jurisdiction, the invalidated provisions shall be deemed to be separable from the other provisions of these Terms and Conditions, and the remaining provisions of these Terms and Conditions will continue to be valid and fully enforceable.

15. RELATION TO PLAN; INTERPRETATION. These Terms and Conditions are subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between these Terms and Conditions and the Plan, the provisions of the Plan control. Capitalized terms used in these Terms and Conditions without definition have the meanings assigned to them in the Plan. References to Sections are to Sections of these Terms and Conditions unless otherwise noted.

16. ADMINISTRATIVE PROCEDURES. The Administrator, directly or through its agent, reserves the right to adopt procedures with respect to the exercise of this Option. In the event of any inconsistent provisions between such procedures, these Terms and Conditions and the Plan, the provisions of the Plan control.

17. SUCCESSORS AND ASSIGNS. Subject to Section 4, the provisions of these Terms and Conditions shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Optionee, and the successors and assigns of the Company.

18. GOVERNING LAW. The laws of the State of Delaware govern the interpretation, performance, and enforcement of these Terms and Conditions.

19. NOTICES. Except as the Company may otherwise direct for exercise notices, any notice to the Company provided for in these Terms and Conditions will be given to its Secretary at 10889 Wilshire Boulevard, Los Angeles, California 90024, and any notice to the Optionee will be addressed to the Optionee at his or her address currently on file with the Company. Except as provided in Section 5 for exercise notices, any written notice will be deemed to be duly given when received if delivered personally or sent by telecopy, e-mail, or the United States mail, first class registered mail, postage and fees prepaid, and addressed as provided in this paragraph. Any party may change the address to which notices are to be given by written notice to the other party as specified in the preceding sentence.

20. PRIVACY RIGHTS. The Company and the Optionee's employer hold or may receive from any agent designated by the Company or any broker involved in the exercise or sale of shares covered by this Option certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in Occidental, details of all Options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Optionee's country or elsewhere, and may have different data privacy laws and protections than the Optionee's country. By accepting these Terms and Conditions, the Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above, including transfer of such Data as may be required to a broker or other third party with whom the Optionee may elect to deposit any Common Shares acquired upon exercise of the Option. The Optionee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Administrator in writing. Refusing or withdrawing consent may affect the Optionee's ability to participate in the Plan.

21. ELECTRONIC DELIVERY. The Company may, in its sole discretion, decide to deliver any documents related to this Option granted under the Plan or any future options that may be granted under the Plan (if any) by electronic means or to request the Optionee's consent to participate in the Plan by electronic

means. The Optionee hereby consents to receive such documents by electronic delivery and, if requested, to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

22. SUPPLEMENTAL INFORMATION FOR CHILE AND COLOMBIA. Additional information regarding laws in effect in Chile and Colombia follow in Supplement #1 (Chile) and Supplement #2 (Colombia), and should be reviewed by Optionees residing in these countries.

23. OPTIONEE'S REPRESENTATIONS AND RELEASES. By accepting the award, the Optionee acknowledges that the Optionee has read these Terms and Conditions and understands that the (i) grant of this Option is made voluntarily by Occidental in its discretion with no liability on the part of any of its direct or indirect subsidiaries and that, if the Optionee is not an employee of Occidental, the Optionee is not, and will not be considered, an employee of Occidental but the Optionee is a third party (employee of a subsidiary) to whom this Option is granted; (ii) the future value of the Optioned Shares cannot be predicted and Occidental does not assume liability in the event the Option has no value in the future or of any loss to the Optionee from this Option or the Optioned Shares; and, (iii) subject to the terms of any tax equalization agreement between the Optionee and the entity employing the Optionee, the Optionee will be solely responsible for the payment or nonpayment of taxes imposed or threatened to be imposed by any authority of any jurisdiction.

In consideration of the grant of this Option, no claim or entitlement to compensation or damages shall arise from termination of this Option or diminution in value of this Option or Common Shares purchased through exercise of this Option resulting from termination of the Optionee's employment by the Company or the Optionee's employer (for any reason whatsoever and whether or not in breach of local labor laws) and the Optionee irrevocably releases the Company and, if not Occidental, the Optionee's employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting these Terms and Conditions, the Optionee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

*FOR OPTIONEES WHO RECEIVE BOTH AN INCENTIVE STOCK OPTION GRANT AND A NON-QUALIFIED STOCK OPTION GRANT ON THE DATE OF GRANT, THE VESTING SCHEDULES FOR THE COMBINED GRANTS WILL RESULT IN THE VESTING OF 33 1/3 PERCENT OF THE TOTAL GRANTED OPTIONS ON EACH ANNIVERSARY, AS STATED IN THE VESTING SCHEDULE. HOWEVER, EACH GRANT INDIVIDUALLY MAY NOT VEST 33 1/3 PERCENT PER YEAR, DUE TO REGULATORY RESTRICTIONS REGARDING INCENTIVE STOCK OPTIONS. PURSUANT TO THE CODE, TO THE EXTENT THAT THE AGGREGATE FAIR MARKET VALUE OF STOCK WITH RESPECT TO WHICH INCENTIVE STOCK OPTIONS (UNDER ALL PLANS OF OCCIDENTAL), ARE EXERCISABLE FOR THE FIRST TIME DURING A CALENDAR YEAR EXCEEDS \$100,000, SUCH OPTIONS SHALL BE TREATED AS NON-QUALIFIED STOCK OPTIONS. THIS RULE IS APPLIED BY TAKING OPTIONS INTO ACCOUNT IN THE ORDER IN WHICH THEY WERE GRANTED AND DETERMINING THE FAIR MARKET VALUE OF THE STOCK AT THE TIME THE OPTION WAS GRANTED. YOU MAY VIEW ONLINE A SPECIFIC VESTING SCHEDULE FOR YOUR GRANT BY SELECTING THE "GRANT SUMMARY" SCREEN, CLICK ON THE GRANT DATE AND SELECT THE "VIEW DETAIL & HISTORY" BUTTON.

SUPPLEMENT #1
OCCIDENTAL PETROLEUM CORPORATION 2001 INCENTIVE COMPENSATION PLAN
EMPLOYEE INFORMATION SUPPLEMENT - CHILE

This supplement is based on the laws in effect in Chile as of May 2003. Such laws are often complex and subject to change. As a result, the information contained in the supplement may be out of date at the time you exercise your option or sell shares acquired under the Plan.

In addition, the supplement is general in nature. It may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, please seek appropriate professional advice if you have any questions about your specific situation.

If you are a citizen or resident of another country for local law purposes, the information contained in the supplement may not be applicable to you.

OPTION TERMS AND CONDITIONS

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If the Formal Exchange Market is not used (see below), we recommend that you keep a copy of these Terms and Conditions. You should keep these Terms and Conditions in the event that the Chilean tax authorities request evidence regarding the grant date and Option price. You should also retain as evidence any certificates and/or reports with respect to the grant and exercise of the Options and the sale of shares received from Occidental or its U.S. broker/Plan administrator in order to evidence the number of shares purchased and sold and the purchase and sale price of the shares, as applicable.

SECURITIES LAW NOTIFICATION

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Pursuant to Ruling No. 99 of 2000 issued by the Chilean Superintendence of Securities (the "CSS"), neither Occidental nor the shares issuable upon the exercise of Options will be registered under the Registry of Securities or under the control or supervision of the CSS.

EXCHANGE CONTROL NOTIFICATION

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To participate in the Plan, you must comply with exchange control requirements and reporting obligations in Chile. These obligations may require use of the Formal Exchange Market. Generally speaking, Chapter XII of the Foreign Exchange Regulations of the Central Bank of Chile governs the transfer of funds in excess of US\$10,000 out of Chile for the purpose of making investments, deposits or granting loans abroad. It is your responsibility to comply with the applicable exchange control regulation and to register any investments when necessary with the Chilean Internal Revenue Service (the "CIRS"). Such registration is one of the requirements that will allow you to claim a credit against Chilean income taxes for any U.S. withholding taxes paid abroad.

If you exercise your Options with cash and remit funds in excess US\$10,000, the remittance must be made through the Formal Exchange Market (i.e., a commercial bank or registered foreign exchange office). In such case, you must sign an affidavit, being Annex 1 of the Manual of Chapter XII of the Foreign Exchange Regulations ("Annex 1"), which can be obtained from the individual bank or be downloaded from the Central Bank's website at www.bcentral.cl. The commercial bank or registered foreign exchange office will notify the Central Bank of the transaction and submit a copy of the affidavit within one banking day of the remittance.

For investments made abroad using cash in an amount equal to or less than US\$10,000, you are not required to submit any type of report or filing to the Central Bank in connection with the exercise of Options.

If you exercise your Options using the cashless exercise method, you must sign an affidavit in the form of Annex 1 and file it directly with the Central Bank within 10 days of the exercise date where the total Option price exceeds US\$10,000. This exchange control notification requirement will be applicable because, in exercising your Options using the cashless method of exercise, you dispose of funds outside of Chile to make an investment in shares of Occidental in an amount in excess of US\$10,000.

You are not required to repatriate funds obtained from the sale of shares or the receipt of dividends. If you freely elect to repatriate such funds, you must do it through the Formal Exchange Market if the funds are in an amount in excess of US\$10,000. In connection with such repatriation, you must report the payment to a commercial bank or registered foreign exchange office receiving the funds, and you are required to complete and sign Annex 1. The commercial bank or registered foreign exchange office will submit this form to the Central Bank within a day of receipt of the foreign currency.

If you register your investment in shares of Occidental acquired upon the exercise of the Options with the CIRS, you will likely be subject to capital gains tax only on the difference between the sales proceeds and the Option price. If you do not register your investment with the CIRS, you will likely be subject to capital gains tax on the entire sale proceeds, unless you can provide enough documentary evidence of the acquisition cost as described in the Option Agreement paragraph above. It is likely that you will be able to register your investment in shares of Occidental with the CIRS only if the shares were acquired with funds remitted through the Formal Exchange Market (i.e., if transfer of funds was in excess of US\$10,000 and your Options were exercised with cash). If your remittance of funds is equal to or less than US\$10,000, though you are not required to, we recommend that you use the Formal Exchange Market to remit the funds. Officers of the CIRS have indicated that you may register your investment in shares with the CIRS, provided you are able to show to the CIRS that the remittance was made through the Formal Exchange Market. In this regard, a letter issued by the relevant commercial bank or exchange office or a copy of Annex 1 filed in connection with the remittance should allow registration of the investment with the CIRS. As mentioned below, registration of the investment with the CIRS is one of the requirements to claim the tax credit in Chile for income taxes paid in the U.S. on dividends paid or capital gains realized from the sale of Occidental shares.

To register your investment with the CIRS, you will be required to file a sworn statement in the prescribed form with the CIRS before the end of the calendar month following the date on which the investment was made, enclosing a copy of the affidavit (Annex 1) used to report the transaction to the Central Bank or, for remittances equal to or less than US\$10,000, a letter issued by the commercial bank or exchange office showing that the remittance was made through the Formal Exchange Market.

If you have remitted funds equal to or less than US\$10,000 or used the cashless exercise method to exercise Options such that the shares will not be registered with the CIRS, Occidental may (but is not obligated to) provide you with evidence of the cost of your investment under the Plan. Such evidence must be issued outside of Chile, duly notarized and consularized subsequently properly legalized in Chile.

Where your aggregate investments held outside of Chile exceed US\$100,000 (including any investments made with respect to your Options), you must report the investments to the Central Bank within 90 days of the end of each calendar year. Annex 4 of Chapter XII of the Foreign Exchange Regulations must be used to file this report.

ANNUAL REPORT TO THE CIRS

Pursuant to Rulings No. 45 of 2002 and No. 6 of 2003, issued by the CIRS, taxpayers must report annually to the tax authority (i) investments held abroad for which the taxpayer participates directly or indirectly in the direction, control, equity or profits; and (ii) taxes paid abroad that the taxpayer will use as a credit against Chilean income taxes.

This reporting obligation is effective beginning the 2003 tax year and must be complied with by completing and submitting to the CIRS before March 15 of each year a sworn statement--Formulario 1851 to report investments held abroad and Formulario 1853 to report the taxes paid abroad. The sworn statements or Formularios can be found on the CIRS web page (www.sii.cl). As of the date of this supplement, the Formularios must be submitted electronically through the CIRS web page.

You are advised to seek professional advice as to how tax and other laws in Chile apply to your specific situation.

SUPPLEMENT #2

OCCIDENTAL PETROLEUM CORPORATION 2001 INCENTIVE COMPENSATION PLAN
EMPLOYEE INFORMATION SUPPLEMENT - COLOMBIA

This supplement is based on the laws in effect in Colombia as of June 2002. Such laws are often complex and subject to change. As a result, the information contained in the supplement may be out of date at the time you exercise your option or sell shares acquired under the Plan.

In addition, the supplement is general in nature. It may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, please seek appropriate professional advice if you have any questions about your specific situation.

If you are a citizen or resident of another country for local law purposes, the information contained in the supplement may not be applicable to you.

EXCHANGE CONTROL NOTIFICATION
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Colombian residents may hold foreign investments without any government approval provided certain notifications are made. Investments and assets located abroad are subject to registration with the Bank of the Republic if the investment is made through the official foreign exchange market. Remittances made through an authorized bank (local financial institution) will qualify as an investment made through the official foreign exchange market. The authorized financial institution will automatically register the investment with the Bank of the Republic based on the exchange declaration presented for purposes of making the investment abroad. Any foreign investment made through an authorized bank must be repatriated to Colombia upon liquidation. If no funds are remitted from Colombia to purchase the shares because a cashless for shares exercise method is used (selling only enough shares to cover the option price and any brokerage fees), then you will need to register the foreign investment with the Colombia Bank of the Republic only if you hold assets abroad which exceed the equivalent of US\$500,000. If a cashless for cash exercise method is used to purchase shares under the Plan, then you do not need to register the investment because no funds are remitted from Colombia and no shares will be held abroad.

OCCIDENTAL PETROLEUM CORPORATION
 2001 INCENTIVE COMPENSATION PLAN
 RESTRICTED SHARE UNIT AWARD
 TERMS AND CONDITIONS
 (MANDATORY DEFERRED ISSUANCE OF SHARES)

Date: July 16, 2003

Number of Restricted Share Units: See "Shares Granted/Awarded" (Grant Acknowledgment screen)

Vesting Schedule:

1st Anniversary	33 1/3 Percent of Restricted Share Units
2nd Anniversary	33 1/3 Percent of Restricted Share Units
3rd Anniversary	33 1/3 Percent of Restricted Share Units

The following TERMS AND CONDITIONS (these "Terms and Conditions") made as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation ("Occidental") and, with its subsidiaries, (the "Company"), and the Eligible Employee receiving this Award (the "Grantee").

1. GRANT OF RESTRICTED SHARE UNITS. In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2001 Incentive Compensation Plan, as amended from time to time (the "Plan"), Occidental grants to the Grantee as of the Date of Grant, the right to receive, at the end of the Deferral Period in accordance with Grantee's distribution election, Common Shares equal to the number of Restricted Share Units that vest according to the schedule set forth above. For the purposes of these Terms and Conditions, (a) Deferral Period means the period commencing on the date the Restricted Share Units vest and ending on the earlier of the date the Grantee retires under a Company-sponsored retirement plan or the date the Grantee's employment with the Company terminates for any other reason, and (b) Restricted Share Unit means a bookkeeping entry equivalent to a whole or fractional Common Share. Restricted Share Units are not shares and have no voting rights or, except as stated in Section 5, dividend rights.

2. RESTRICTIONS ON TRANSFER. Neither these Terms and Conditions, the Restricted Share Units nor the right to receive Common Shares may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company, by will or, if the Grantee dies without designating a beneficiary or a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order (if approved or ratified by the Administrator).

3. VESTING AND FORFEITURE OF RESTRICTED SHARE UNITS. (a) Subject to Sections 3(b) and (c), on each anniversary of the Date of Grant the amount of Restricted Share Units indicated above in the Vesting Schedule for such anniversary will vest and become non-forfeitable if the Grantee remains in the continuous employ of the Company through such Date. In the event that the Vesting Schedule results in a fractional share unit, the fractional share unit will be rounded to a whole share as follows: for Restricted Share Units vesting on the first anniversary, the fraction will be rounded up to the nearest whole number; for Restricted Share Units vesting on the third anniversary, the fraction will be rounded down to the nearest whole number; and for Restricted Share Units vesting on the second anniversary, the fraction will be rounded up or down to the nearest whole number as necessary so that the sum of the vested Restricted Share Units will equal the number of Restricted Share Units indicated above. The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the Grantee's employment among the Company and its affiliates or an approved leave of absence.

(b) Notwithstanding Section 3(a), if the Grantee dies or becomes permanently disabled while in the employ of the Company, retires under a Company-sponsored retirement plan or with the consent of the Company, or terminates employment for the convenience of the Company (each of the foregoing, a "Vesting Event"), then Restricted Share Units that have not vested prior to the date of the Vesting Event will become fully vested and nonforfeitable as of such date.

(c) Notwithstanding Section 3(a), if a Change in Control Event occurs prior to the end of the Vesting Schedule, all of the Restricted Share Units that have not yet vested shall immediately become fully vested and nonforfeitable.

4. DEFERRAL OF COMMON SHARE PAYOUT. By accepting these Terms and Conditions, the Grantee has agreed that the receipt of the Common Shares will be deferred in accordance with the terms and conditions of the Occidental Petroleum Corporation Deferred Stock Program as such Program may be amended from time to time. The administration of the Deferred Stock Program is governed by the Executive Compensation and Human Resources Committee, whose decision on all matters shall be final. The deferral of receipt of any Common Shares upon the vesting of the Restricted Share Units is irrevocable and cannot be changed or canceled. As a result of the deferral, no Common Shares will be issued pursuant to these Terms and Conditions upon the vesting of the Restricted Share Units, and the Restricted Share Units will continue to be recorded as a bookkeeping entry.

5. CREDITING AND PAYMENT OF DIVIDEND EQUIVALENTS. With respect to the number of Restricted Share Units listed above, the Grantee will be credited on the

books and records of Occidental with an amount (the "Dividend Equivalent") equal to the amount per share of any cash dividends declared by the Board on the outstanding Common Shares until the shares vest, or, if earlier, up to the date on which the Grantee forfeits all or any portion of the Restricted Share Units. Until the Restricted Share Units have vested, Occidental will pay in cash to the Grantee an amount equal to the Dividend Equivalents credited to such Grantee as promptly as may be practicable after the Grantee has been credited with a Dividend Equivalent.

6. NO EMPLOYMENT CONTRACT. Nothing in these Terms and Conditions confers upon the Grantee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Grantee.

7. TAXES AND WITHHOLDING. If the Company must withhold any federal, state, local or foreign tax in connection with the issuance or vesting of the Restricted Share Units or other securities or the payment of Dividend Equivalents pursuant to these Terms and Conditions, the Grantee by accepting these Terms and Conditions agrees that, so long as the Grantee is an employee of the Company for tax purposes, all or any part of any such withholding obligation shall be deducted from the Grantee's regular pay.

8. COMPLIANCE WITH LAW. The Company will make reasonable efforts to comply with all applicable federal and state securities laws; however, the Company will not issue any Common Shares or other securities pursuant to these Terms and Conditions if their issuance would result in a violation of any such law.

9. RELATION TO OTHER BENEFITS. The benefits received by the Grantee under these Terms and Conditions will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company. This grant of Restricted Share Units does not create any contractual or other right to receive future grants of Restricted Share Units, or benefits in lieu of Restricted Share Units, even if Grantee has a history of receiving Restricted Share Units or other stock awards.

10. ADJUSTMENTS. The number or kind of shares of stock covered by this Restricted Share Unit Award may be adjusted as the Administrator determines pursuant to Section 6.2 of the Plan in order to prevent dilution or expansion of the Grantee's rights under these Terms and Conditions as a result of events such as stock dividends, stock splits, or other change in the capital structure of Occidental, or any merger, consolidation, spin-off, liquidation or other corporate transaction or event having a similar effect. If any such adjustment occurs, the Company will give the Grantee written notice of the adjustment containing an explanation of the nature of the adjustment.

11. AMENDMENTS. Any amendment to the Plan or the Deferred Stock Program will be deemed to be an amendment to these Terms and Conditions to the extent it is applicable to these Terms and Conditions or the deferrals made pursuant to these Terms and Conditions; however, no amendment will adversely affect the rights of the Grantee under these Terms and Conditions without the Grantee's consent.

12. SEVERABILITY. If one or more of the provisions of these Terms and Conditions is invalidated for any reason by a court of competent jurisdiction, the invalidated provisions shall be deemed to be separable from the other provisions of these Terms and Conditions, and the remaining provisions of these Terms and Conditions will continue to be valid and fully enforceable.

13. RELATION TO PLAN; INTERPRETATION. These Terms and Conditions are subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between these Terms and Conditions and the Plan, the provisions of the Plan control. Capitalized terms used in these Terms and Conditions without definition have the meanings assigned to them in the Plan. References to Sections are to Sections of these Terms and Conditions unless otherwise noted.

14. SUCCESSORS AND ASSIGNS. Subject to Sections 2 and 3, the provisions of these Terms and Conditions shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

15. GOVERNING LAW. The laws of the State of Delaware govern the interpretation, performance, and enforcement of these Terms and Conditions.

16. PRIVACY RIGHTS. The Company and the Grantee's employer hold or may receive from any agent designated by the Company certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in Occidental, details of this Restricted Share Unit award or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting these Terms and Conditions, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Administrator in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

17. ELECTRONIC DELIVERY. The Company may, in its sole discretion, decide to deliver any documents related to this Restricted Share Unit award granted under the Plan or future awards that may be granted under the Plan (if any) by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. GRANTEE'S REPRESENTATIONS AND RELEASES. By accepting this award, the Grantee acknowledges that the Grantee has read these Terms and Conditions and understands that (i) the grant of this Restricted Share Unit award is made voluntarily by Occidental in its discretion with no liability on the part of any of its direct or indirect subsidiaries and that, if the Grantee is not an employee of Occidental, the Grantee is not, and will not be considered, an employee of Occidental but the Grantee is a third party (employee of a subsidiary) to whom this Restricted Share Unit award is granted; (ii) the future value of any Common shares issued pursuant to this Restricted Share Unit award cannot be predicted and Occidental does not assume liability in the event such Common Shares have no value in the future; and, (iii) subject to the terms of any tax equalization agreement between the Grantee and the entity employing the Grantee, the

Grantee will be solely responsible for the payment or nonpayment of taxes imposed or threatened to be imposed by any authority of any jurisdiction.

In consideration of the grant of this Restricted Share Unit award, no claim or entitlement to compensation or damages shall arise from termination of this Restricted Share Unit award or diminution in value of this Restricted Share Unit award or Common Shares issued pursuant to this Restricted Share Unit award resulting from termination of the Grantee's employment by the Company or the Grantee's employer (for any reason whatsoever and whether or not in breach of local labor laws) and the Grantee irrevocably releases the Company and, if not Occidental, the Grantee's employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting these Terms and Conditions, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
BASIC EARNINGS PER SHARE				
Income after taxes	\$ 373,833	\$ 241,388	\$ 767,438	\$ 364,043
Effect of repurchase of Trust Preferred Securities	(1)	(21)	(19)	(53)
Income from continuing operations	373,832	241,367	767,419	363,990
Discontinued operations, net	--	(928)	--	(3,928)
Cumulative effect of changes in accounting principles, net	--	--	(68,430)	(94,973)
Earnings applicable to common stock	<u>\$ 373,832</u>	<u>\$ 240,439</u>	<u>\$ 698,989</u>	<u>\$ 265,089</u>
Basic shares				
Weighted average common shares outstanding	381,343	375,792	379,876	375,129
Issued, unvested restricted stock	(167)	(319)	(167)	(319)
Vested, unissued restricted stock	197	--	197	--
Deferred shares	1,191	315	972	268
Basic shares outstanding	<u>382,564</u>	<u>375,788</u>	<u>380,878</u>	<u>375,078</u>
Basic earnings per share				
Income from continuing operations	\$ 0.98	\$ 0.64	\$ 2.02	\$ 0.97
Discontinued operations, net	--	--	--	(0.01)
Cumulative effect of changes in accounting principles, net	--	--	(0.18)	(0.25)
Basic earnings per common share	<u>\$ 0.98</u>	<u>\$ 0.64</u>	<u>\$ 1.84</u>	<u>\$ 0.71</u>
DILUTED EARNINGS PER SHARE				
Earnings applicable to common stock	<u>\$ 373,832</u>	<u>\$ 240,439</u>	<u>\$ 698,989</u>	<u>\$ 265,089</u>
Diluted shares				
Basic shares outstanding	382,564	375,788	380,878	375,078
Dilutive effect of exercise of options outstanding	3,274	3,021	3,176	2,576
Issued, unvested restricted stock	167	319	167	319
Deferred, restricted stock	726	--	726	--
Diluted shares	<u>386,731</u>	<u>379,128</u>	<u>384,947</u>	<u>377,973</u>
Diluted earnings per share				
Income from continuing operations	\$ 0.97	\$ 0.63	\$ 1.99	\$ 0.96
Discontinued operations, net	--	--	--	(0.01)
Cumulative effect of changes in accounting principles, net	--	--	(0.18)	(0.25)
Diluted earnings per common share	<u>\$ 0.97</u>	<u>\$ 0.63</u>	<u>\$ 1.81</u>	<u>\$ 0.70</u>

EXHIBIT 11 (CONTINUED)

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

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

	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
STOCK OPTIONS				
Number of shares	None	6	None	21
Price range per share		29.438		29.062 - 29.438

Expiration range

12/01/07

12/01/07 - 04/29/08

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

	Six Months Ended June 30		Year Ended December 31				
	2003	2002	2002	2001	2000	1999	1998
Income from continuing operations(a)	\$ 844	\$ 446	\$ 1,548	\$ 1,418	\$ 1,785	\$ 699	\$ 400
Add:							
Provision for taxes on income (other than foreign and gas taxes)	886	461	428	172	871	306	204
Interest and debt expense(b)	191	159	309	411	540	515	576
Portion of lease rentals representative of the interest factor	9	13	6	7	6	31	36
	1,086	633	743	590	1,417	852	816
Earnings before fixed charges	\$ 1,930	\$ 1,079	\$ 2,291	\$ 2,008	\$ 3,202	\$ 1,551	\$ 1,216
Fixed charges							
Interest and debt expense including capitalized interest(b)	\$ 194	\$ 163	\$ 321	\$ 417	\$ 543	\$ 522	\$ 594
Portion of lease rentals representative of the interest factor	9	13	6	7	6	31	36
Total fixed charges	\$ 203	\$ 176	\$ 327	\$ 424	\$ 549	\$ 553	\$ 630
Ratio of earnings to fixed charges	9.51	6.13	7.00	4.74	5.83	2.80	1.93

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

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

CERTIFICATION

I, Ray R. Irani, certify that:

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

Date: August 5, 2003

/s/ Ray R. Irani

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

CERTIFICATION

I, Stephen I. Chazen, certify that:

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

Date: August 5, 2003

/s/ Stephen I. Chazen

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

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

In connection with the Quarterly Report on Form 10-Q of Occidental Petroleum Corporation (the "Company") for the quarterly period ending June 30, 2003, as filed with the Securities and Exchange Commission on August 5, 2003 (the "Report"), Ray R. Irani, as Chief Executive Officer of the Company, and Stephen I. Chazen, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ray R. Irani

Name: Ray R. Irani
Title: Chairman of the Board of Directors and Chief Executive Officer
Date: August 5, 2003

/s/ Stephen I. Chazen

Name: Stephen I. Chazen
Title: Executive Vice President - Corporate Development and Chief Financial Officer
Date: August 5, 2003

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