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

Form 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004	[ ] 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)

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

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
10 1/8% Senior Debentures due 2009	New York Stock Exchange
9 1/4% Senior Debentures due 2019	New York Stock Exchange
Common Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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.
[X] YES [ ] NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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

The aggregate market value of the voting stock held by nonaffiliates of the registrant was approximately $19.2 billion, computed by reference to the closing price on the New York Stock Exchange composite tape of $48.41 per share of Common Stock on June 30, 2004. Shares of Common Stock held by each executive officer and director have been excluded from this computation in that such persons may be deemed to be affiliates. This determination of affiliate status is not a conclusive determination for other purposes.

At January 31, 2005, there were approximately 397,230,200 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the registrant's definitive Proxy Statement, filed in connection with its May 6, 2005, Annual Meeting of Stockholders, are incorporated by reference into Part III.

TABLE OF CONTENTS

PART I

ITEMS 1 AND 2 BUSINESS AND PROPERTIES

In this report, "Occidental" refers to Occidental Petroleum Corporation, a Delaware corporation, and/or one or more entities in which it owns a majority voting interest (subsidiaries). Occidental's executive offices are located at 10889 Wilshire Boulevard, Los Angeles, California 90024; telephone (310) 208-8800.

GENERAL

Occidental's principal businesses consist of two industry segments. The oil and gas segment explores for, develops, produces and markets crude oil and natural gas. The chemical segment manufactures and markets basic chemicals, vinyls and performance chemicals. For financial information by segment and by geographic area, see Note 15 to the Consolidated Financial Statements of Occidental (Consolidated Financial Statements).

For information regarding Occidental's current developments, see the information in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A) section of this report.

OIL AND GAS OPERATIONS

GENERAL

Occidental's domestic oil and gas operations are located in Elk Hills and other smaller locations in California, the Hugoton field in Kansas and Oklahoma, the Permian Basin in West Texas and New Mexico, and the Gulf of Mexico. International operations are located in Colombia, Ecuador, Oman, Pakistan, Qatar, Russia, the United Arab Emirates and Yemen. Occidental also has exploration interests in several other countries. For additional information regarding Occidental's oil and gas segment, see the information under the caption "Oil and Gas Segment" in the MD&A section of this report.

PROVED RESERVES, PRODUCTION AND PROPERTIES

The table below shows Occidental's total oil and natural gas proved reserves and production in 2004, 2003 and 2002. See the MD&A section of this report, Note 16 to the Consolidated Financial Statements and the information under the caption "Supplemental Oil and Gas Information" in Item 8 of this report for certain details regarding Occidental's oil and gas proved reserves, the estimation process and production by country. On May 19, 2004, Occidental reported to the U.S. Department of Energy on Form EIA-28 proved oil and gas reserves at December 31, 2003. The amounts reported were the same as the amounts reported in Occidental's 2003 Annual Report.

COMPARATIVE OIL AND GAS PROVED RESERVES AND PRODUCTION

Oil in millions of barrels; natural gas in billions of cubic feet; BOE in millions of barrels of oil equivalent

	2004			2003			2002		
RESERVES	OIL (a)	GAS	BOE (b)	Oil (a)	Gas	BOE (b)	Oil (a)	Gas	BOE (b)
U.S.	1,494	2,101	1,844	1,500	1,826	1,804	1,452	1,821	1,755
International	499	874	645	490	759	617	476	228	514
Consolidated Subsidiaries	1,993	2,975	2,489 (c)	1,990	2,585	2,421 (c)	1,928	2,049	2,269 (c)
Other Interests (d)	43	--	43	48	9	50	42	--	42
PRODUCTION									
U.S.	93	186	124	93	194	125	85	206	119
International	66	47	74	60	27	65	57	23	61
Consolidated Subsidiaries	159	233	198	153	221	190	142	229	180
Other Interests (d)	9	--	9	10	--	10	8	--	8

(a) Includes natural gas liquids and condensate.

(b) Natural gas volumes have been converted to equivalent BOE based on energy content of 6,000 cubic feet (one thousand cubic feet is referred to as an "Mcf") of gas to one barrel of oil.

(c) Stated on a net basis and after applicable royalties. Includes reserves related to production-sharing contracts and other economic arrangements. Proved reserves from production-sharing contracts in the Middle East and from other economic arrangements in the U.S. were 450 million barrels of oil equivalent (MMBOE) and 90 MMBOE in 2004, 435 MMBOE and 90 MMBOE in 2003 and 322 MMBOE and 94 MMBOE in 2002, respectively.

(d) Includes Occidental's share of reserves and production from equity investees in Russia and Yemen, partially offset by minority interests for a Colombian affiliate.

COMPETITION AND SALES AND MARKETING

As a producer of crude oil and natural gas, Occidental competes with numerous other domestic and foreign producers. Crude oil and natural gas are commodities that are sensitive to prevailing global conditions of supply and demand and are sold at "spot" or contract prices or on futures markets to refiners and other market participants. Occidental competes by developing and producing its worldwide oil and gas reserves cost-effectively and acquiring rights to explore in areas with known oil and gas deposits. Occidental also competes by increasing production through enhanced oil recovery projects in mature and underdeveloped fields and making strategic acquisitions. Occidental focuses on operations in its core areas of the United States, the Middle East and Latin America.

CHEMICAL OPERATIONS

GENERAL

Occidental manufactures and markets basic chemicals, vinyls and performance chemicals directly and through various affiliates (collectively, OxyChem). OxyChem's operations are affected by cyclical economic factors and by specific chemical-industry conditions. For additional information regarding Occidental's chemical segment, see the information under the caption "Chemical Segment" in the MD&A section of this report.

PRODUCTS AND PROPERTIES

OxyChem, which is headquartered in Dallas, Texas, owns and operates chemical manufacturing plants at 24 sites in the United States. Many of the larger facilities are located in the Gulf Coast region of Texas and Louisiana. In addition, OxyChem operates two chemical-manufacturing plants in Canada and one in Chile. OxyChem also leases a cogeneration facility in Texas. A number of additional facilities process, blend and store products. OxyChem owns and leases an extensive fleet of railcars. OxyChem also has a 50-percent equity investment in a Brazilian corporation that owns a chlor-alkali plant, a 50-percent equity investment in a corporation that produces antimony oxide in Mexico and a 50-percent interest in a general partnership that produces liquid and anhydrous potassium chloride products in Alabama.

BASIC CHEMICALS

OxyChem's basic chemicals consist of chlorine and caustic soda (which are coproduced and referred to as an Electrochemical Unit (ECU)), potassium chemicals and their derivatives.

Chlorine is used for chemical manufacturing in the chlorovinyl chain and for water treatment. OxyChem produces chlorine in Alabama, Delaware, Louisiana, New York, Texas, Brazil and Chile. Estimated annual capacity, including one temporarily idled plant, at December 31, 2004, was 3.3 million tons in the United States (including the 0.9-million-ton total annual capacity of the OxyVinyls partnership, owned 76 percent by Occidental and 24 percent by PolyOne Corporation) and 0.3 million gross tons in Brazil and Chile.

Caustic soda is used for pulp and paper production, alumina production and other chemical manufacturing. OxyChem produces caustic soda in Delaware, Louisiana, New York, Texas, Brazil and Chile. Estimated annual capacity, including one temporarily idled plant, at December 31, 2004, was 3.4 million tons in the United States (including the 1-million-ton total annual capacity of the OxyVinyls partnership) and 0.4 million gross tons in Brazil and Chile.

Potassium chemicals are used in glass, fertilizer, cleaning products and rubber. OxyChem produces potassium chemicals in Alabama and Delaware. Estimated annual capacity at December 31, 2004, was 438,000 tons.

Ethylene dichloride (EDC), a chlorine derivative, is a raw material for vinyl chloride monomer (VCM). OxyChem produces EDC in Louisiana, Texas and Brazil. Estimated annual capacity, including one temporarily idled plant, at December 31, 2004, was 3.0 billion pounds in the United States and 0.3 billion gross pounds in Brazil.

VINYLS

OxyChem produces vinyls principally through its 76-percent interest in the OxyVinyls partnership. OxyChem's vinyls products include polyvinyl chloride (PVC) and its precursors, VCM and EDC.

OxyChem produces VCM, which is used as a raw material for PVC, in Texas. At December 31, 2004, estimated annual capacity was 6.2 billion pounds (including the 2.4 billion-pound total annual capacity of OxyMar, which is 88-percent owned by OxyChem, and the 3.8 billion-pound total annual gross capacity of the OxyVinyls partnership).

PVC resins are used in piping, electrical insulation, external construction materials, flooring, medical and automotive products and packaging. OxyChem produces PVC resins in Kentucky, New Jersey, Texas and Canada. At December 31, 2004, estimated annual capacity of the OxyVinyls partnership was 4.5 billion pounds.

PERFORMANCE CHEMICALS

OxyChem's performance chemicals include chlorinated isocyanurates (estimated capacity of 131 million pounds produced in Illinois and Louisiana), resorcinol (estimated capacity of 52 million pounds produced in Pennsylvania), antimony oxide (estimated capacity of 50 million pounds produced in Mexico by OxyChem's 50-percent-owned equity investment), mercaptans (estimated capacity of 18 million pounds produced in Texas) and sodium silicates (estimated capacity of 722,000 tons produced in Georgia, Ohio, Illinois, New Jersey, Texas and Alabama). Information regarding production capacity reflects estimated annual capacity at December 31, 2004.

RAW MATERIALS

Nearly all raw materials used in OxyChem's operations are readily available from a variety of sources. Power is provided by regional public utilities and/or by cogeneration facilities. Most of OxyChem's key raw-materials purchases are made through contractual relationships, rather than on the spot market. OxyChem is generally not dependent on any single nonaffiliated supplier for a material amount of its raw-material or energy requirements. Operations have not been curtailed as a result of any supply interruptions.

PATENTS, TRADEMARKS AND PROCESSES

OxyChem's operations use a large number of patents, trademarks and processes, some of which are proprietary and some of which are licensed. OxyChem does not regard its business as being materially dependent on any single patent, trademark or process.

SALES AND MARKETING

OxyChem's products are sold to industrial users or distributors located in the United States, largely by its own sales force and in certain export markets. OxyChem sells its products at current market or market-related prices through short- and long-term sales agreements.

No significant portion of OxyChem's business is dependent on a single third-party customer. OxyChem does not manufacture its products against a backlog of firm orders.

COMPETITION

Occidental's chemical business competes with numerous producers. Since most of OxyChem's products are commodities, it competes primarily on the basis of price. Because most of OxyChem's products do not occupy proprietary positions, OxyChem endeavors to be an efficient, low-cost producer.

CAPITAL EXPENDITURES

For information on capital expenditures, see the information under the heading "Capital Expenditures" in the MD&A section of this report.

EMPLOYEES

Occidental employed 7,209 people at December 31, 2004, 5,730 of whom were located in the United States. Occidental employed 3,093 people in oil and gas operations and 2,974 people in chemical operations. An additional 1,142 people were employed in administrative and headquarters functions. Approximately 625 U.S.-based employees are represented by labor unions.

Occidental has a long-standing policy to provide fair and equal employment opportunities to all people without regard to race, color, religion, ethnicity, gender, national origin, disability, age, sexual orientation, veteran status or any other legally impermissible factor. Occidental maintains diversity and outreach programs.

ENVIRONMENTAL REGULATION

For environmental regulation information, including associated costs, see the information under the heading "Environmental Liabilities and Expenditures" in the MD&A section of this report.

AVAILABLE INFORMATION

Occidental makes the following information available free of charge through its web site at www.oxy.com:

>> Forms 10-K, 10-Q, 8-K and amendments to these forms as soon as reasonably practicable after they are filed electronically with the SEC;

>> Other SEC filings, including Forms 3, 4 and 5; and

>> Corporate governance information, including its corporate governance guidelines, board-committee charters and Code of Business Conduct. (See Part III Item 10 of this report for further information.)

ITEM 3 LEGAL PROCEEDINGS

For information regarding lawsuits, claims, commitments, contingencies and related matters, see the information in Note 9 to the Consolidated Financial Statements.

In September 2004, Occidental received formal notification from Petroecuador, the state oil company of Ecuador, initiating proceedings to determine if Occidental had violated its Participation Contract for Block 15 or the Ecuadorian Hydrocarbons Law and whether the alleged violations constitute grounds for terminating the Participation Contract. The principal allegation stated in the notice is an assertion that Occidental should have obtained government approval of a farmout agreement entered into in 2000. Occidental believes that it has complied with all material obligations under the Participation Contract and Ecuadorian law and that any termination of the contract based upon the stated allegations would be unfounded and would constitute an unlawful expropriation. Occidental is cooperating with Ecuadorian authorities in the current proceedings and will continue to strive for an amicable resolution. Block 15 operations represent approximately 9 percent of Occidental's 2004 consolidated production, 4 percent of its proved consolidated reserves and 2 percent of its total property, plant and equipment, net of accumulated depreciation, depletion and amortization.

In April 2004, a number of U.S. companies, including OxyChem, were served with seven lawsuits filed in Nicaragua by approximately two thousand individual plaintiffs. These individuals allege that they have sustained several billion dollars of personal injury damages as a result of their alleged exposure to a pesticide. In the opinion of management, these claims are without merit because, among other things, OxyChem believes that none of the pesticide it manufactured was ever sold or used in Nicaragua.

Under the applicable Nicaraguan statute, defendants are required to pay pre-trial deposits so large as to effectively prohibit defendants from participating fully in their defense. In two such situations, involving other defendants, Nicaraguan courts proceeded to enter significant judgments against the defendants under that statute. OxyChem has filed a response to the complaint contesting jurisdiction without posting such pre-trial deposit. In December 2004, the judge in one of the cases ruled the court had jurisdiction over the defendants, including OxyChem, and that the defendants did not have to pay the pre-trial deposit. OxyChem intends to appeal that portion of the ruling relating to the jurisdiction of the Nicaraguan courts. In the opinion of management, any judgment rendered under the statute would be unenforceable in the United States.

Accordingly, 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.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of Occidental's security holders during the fourth quarter of 2004.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age at February 28, 2005	Positions with Occidental and Subsidiaries and Five-Year Employment History
Dr. Ray R. Irani	70	Chairman and Chief Executive Officer since 1990; President since 2005; Director since 1984; Member of Executive Committee.
Stephen I. Chazen	58	Senior Executive Vice President since 2004; Chief Financial Officer since 1999; 1994-2004, Executive Vice President -- Corporate Development.
Donald P. de Brier	64	Executive Vice President, General Counsel and Secretary since 1993.
Richard W. Hallock	60	Executive Vice President -- Human Resources since 1994.
John W. Morgan	51	Executive Vice President since 2001; 1998-2001, Executive Vice President -- Operations; Occidental Oil and Gas Corporation (OOGC): President -- Western Hemisphere since 2005; 2004, President; 2001-2004, Executive Vice President -- Worldwide Production.
R. Casey Olson	51	Executive Vice President since 2005; 2001-2005, Vice President; OOGC: President - Eastern Hemisphere since 2005; Occidental Development Company: 2004, President; Occidental Middle East Development Company: 2001-2003, President.
James M. Lienert	52	Vice President since 2004; Occidental Chemical Corporation: President since 2004; 2000-2002, Senior Vice President -- Basic Chemicals; OxyVinyls: 2002-2004, Senior Vice President; Oxy Services, Inc.: 1998-2000, Vice President -- Finance.
Samuel P. Dominick, Jr.	64	Vice President and Controller since 1991.
James R. Havert	63	Vice President and Treasurer since 1998; 1992-1998, Senior Assistant Treasurer.

The current term of employment of each executive officer will expire at the May 6, 2005, organizational meeting of the Occidental Board of Directors or when a successor is selected.

PART II
ITEM 5 MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

TRADING PRICE RANGE AND DIVIDENDS

This section incorporates by reference the quarterly financial data appearing under the caption "Quarterly Financial Data (Unaudited)" in Item 8 and the information appearing under the caption "Liquidity and Capital Resources" in the MD&A section of this report. Occidental's common stock was held by approximately 48,459 stockholders of record at December 31, 2004, with an estimated 126,323 additional stockholders whose shares were held for them in street name or nominee accounts. The common stock is listed and traded principally on the New York Stock Exchange. The quarterly financial data, which are included in this report in the "Notes to the Consolidated Financial Statements," set forth the range of trading prices for the common stock as reported on the composite tape of the New York Stock Exchange and quarterly dividend information.

In 2004, the quarterly declared dividend rate for the common stock was $0.275 per share ($1.10 per year). On February 10, 2005, a quarterly dividend of $0.31 per share ($1.24 per year) was declared on the common stock, payable on April 15, 2005 to stockholders of record on March 10, 2005. The declaration of future cash dividends is a business decision made by the Board of Directors from time to time, and will depend on Occidental's financial condition and other factors deemed relevant by the Board.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

All of Occidental's equity compensation plans for its employees and non-employee directors, pursuant to which options, rights or warrants may be granted, have been approved by the stockholders. See Note 12 to the Consolidated Financial Statements for further information on the material terms of these plans.

The following is a summary of the shares reserved for issuance as of December 31, 2004, pursuant to outstanding options, rights or warrants granted under Occidental's equity compensation plans:

(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a))
14,282,072	$28.99	12,222,289 *

* Includes, with respect to:

(a) the 1995 Incentive Stock Plan, 651,906 shares at maximum target level (325,953 at target level) reserved for issuance pursuant to outstanding performance stock awards, all of which are eligible for certification in February 2005, and 1,641,983 deferred performance and restricted stock awards; and

(b) the 2001 Incentive Compensation Plan, 1,575,328 shares at maximum target level (787,664 at target level) reserved for issuance pursuant to outstanding performance stock awards, 2,437,017 shares reserved for issuance pursuant to restricted stock awards, 156,000 shares reserved for issuance pursuant to deferred restricted stock awards and 6,680 shares reserved for issuance as dividend equivalents.

Of the 5,753,375 shares that are not reserved for issuance, 5,643,368 shares are available under the 2001 Incentive Compensation Plan, all of which may be issued or reserved for issuance for options, rights and warrants as well as performance stock awards, restricted stock awards, stock bonuses and dividend equivalents, and 110,007 shares are available for issuance as restricted stock awards under the 1996 Restricted Stock Plan for Non-employee Directors.

ITEM 6 SELECTED FINANCIAL DATA

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA
Dollar amounts in millions, except per-share amounts

For the years ended December 31,	2004	2003	2002	2001	2000
RESULTS OF OPERATIONS (a)					
Net sales	$ 11,368	$ 9,240	$ 7,247	$ 8,012	$ 8,399
Income from continuing operations	$ 2,606	$ 1,601	$ 1,181	$ 1,182	$ 1,559
Net income	$ 2,568	$ 1,527	$ 989	$ 1,154	$ 1,570
Earnings applicable to common stock	$ 2,568	$ 1,527	$ 989	$ 1,154	$ 1,571
Basic earnings per common share from continuing operations	$ 6.59	$ 4.17	$ 3.14	$ 3.17	$ 4.23
Basic earnings per common share	$ 6.49	$ 3.98	$ 2.63	$ 3.10	$ 4.26
Diluted earnings per common share	$ 6.40	$ 3.93	$ 2.61	$ 3.09	$ 4.26
Core earnings (b)	$ 2,489	$ 1,641	$ 1,017	$ 1,249	$ 1,351
FINANCIAL POSITION (a)					
Total assets	$ 21,391	$ 18,168	$ 16,548	$ 17,850	$ 19,414
Long-term debt, net	$ 3,345	$ 3,993	$ 3,997	$ 4,065	$ 5,185
Trust preferred securities (c)	$ --	$ 453	$ 455	$ 463	$ 473
Common stockholders' equity	$ 10,550	$ 7,929	$ 6,318	$ 5,634	$ 4,774
CASH FLOW					
Cash provided by operating activities	$ 3,878	$ 3,074	$ 2,100	$ 2,566	$ 2,348
Capital expenditures	$ (1,843)	$ (1,600)	$ (1,234)	$ (1,305)	$ (887)
Cash (used) provided by all other investing activities, net	$ (445)	$ (421)	$ (462)	$ 654	$ (2,157)
DIVIDENDS PER COMMON SHARE	$ 1.10	$ 1.04	$ 1.00	$ 1.00	$ 1.00
BASIC SHARES OUTSTANDING (thousands)	395,580	383,943	376,190	372,119	368,750

(a) See the MD&A section of this report and the "Notes to Consolidated Financial Statements" for information regarding accounting changes, asset acquisitions and dispositions, discontinued operations, environmental remediation, other costs and other items affecting comparability.
(b) For an explanation of core earnings, see "Significant Items Affecting Earnings" in the MD&A section of this report.
(c) On January 20, 2004, Occidental redeemed the trust preferred securities.

ITEM 7

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A) (INCORPORATING ITEM 7A)

In this report, the term "Occidental" refers to Occidental Petroleum Corporation (OPC) and/or one or more entities in which it owns a majority voting interest (subsidiaries). Occidental is divided into two segments: oil and gas and chemical.

STRATEGY
GENERAL

Occidental aims to generate competitive total returns to stockholders using the following strategy:

>> Focus on large, long-lived oil and gas assets with growth potential.

>> Maintain financial discipline and a strong balance sheet.

>> Manage chemical segment to provide cash in excess of normal capital expenditures.

Occidental prefers to own large, long-lived "legacy" oil and gas assets, like those in California, the Permian Basin and Qatar, that tend to have moderate decline rates, enhanced secondary and tertiary recovery opportunities and economies of scale that lead to cost-effective production. Management expects such assets to contribute substantial earnings and cash flow after invested capital.

At Occidental, maintaining financial discipline means investing capital in projects that management expects will generate above-cost-of-capital returns throughout the business cycle. During periods of high commodity prices, Occidental will use most of its cash flow after capital expenditures and dividends to improve future earnings by making such investments or through debt reduction.

The chemical business is not managed with a growth strategy. Capital is expended to operate the chemical business in a safe and environmentally sound way, to sustain production capacity and to focus on projects designed to lower manufacturing costs. Asset acquisitions may be pursued when they are expected to enhance the existing core chlor-alkali and polyvinyl chloride businesses. Historically, the chemical segment has generated cash flow exceeding its normal capital expenditure requirements. Occidental intends to invest this cash mainly in strategically attractive assets or to reduce debt. As part of Occidental's strategy to grow its oil and gas business, any excess cash generated by the chemical segment may be used as part of the overall funding for oil and gas growth.

OIL AND GAS

The oil and gas business seeks to add new oil and natural gas reserves at a pace well ahead of production while keeping costs incurred for finding and development among the lowest in the industry. The oil and gas business implements this strategy within the limits of the overall corporate strategy primarily by:

>> Continuing to add commercial reserves through a combination of focused exploration and development programs conducted in and around Occidental's core areas, which are the U.S., the Middle East and Latin America;

>> Pursuing commercial opportunities in core areas to enhance the development of mature fields with large volumes of remaining oil by applying appropriate technology and state-of-the-art reservoir-management practices; and

>> Maintaining a disciplined approach in buying and selling assets at attractive prices.

Over the past several years, Occidental has strengthened its asset base within each of the core areas. Occidental has invested in, and disposed of, assets with the goal of raising the average performance and potential of its assets. See "Oil and Gas Segment -- Business Review" for a discussion of these changes.

Occidental's overall performance during the past several years reflects the successful implementation of its oil and gas business strategy, beginning with the acquisition of the Elk Hills oil and gas field in California followed by the purchase of Altura Energy in the Permian Basin in West Texas and thereafter by several smaller acquisitions.

At the end of 2004, the Elk Hills and Permian Basin assets made up 66 percent of Occidental's consolidated proven oil reserves and 45 percent of its consolidated proven gas reserves. On a barrels of oil equivalent (BOE) basis, they accounted for 62 percent of Occidental's consolidated reserves. In 2004, the combined production from these assets averaged approximately 265,000 BOE per day, which represents approximately 47 percent of Occidental's total worldwide production. These assets also contributed approximately 58 percent of oil and gas segment earnings.

CHEMICAL

OxyChem's strategy is to be a low-cost producer so that it can maximize its cash flow generation. OxyChem concentrates on the chlorovinyls chain where it begins with chlorine, which is coproduced with caustic soda, and then converts chlorine and ethylene, through a series of intermediate products, into PVC. OxyChem's focus on chlorovinyls permits it to take advantage of economies of scale.

KEY PERFORMANCE INDICATORS

GENERAL

Occidental seeks to ensure that it meets its strategic goals by continuously measuring its success in maintaining below average debt levels and top quartile performance compared to its peers in:

>> Overall return on equity;

>> Overall return on capital employed; and

>> Other segment specific measurements such as profit per unit produced, cost to produce each unit, cash flow per unit, cost to find and develop new reserves and other similar measures.

DEBT STRUCTURE

Occidental's total debt and total debt-to-capitalization ratios are shown in the table below:

Date ($ amounts in millions)	Total Debt (a)	Total Debt-to-Capitalization Ratio
12/31/00	$ 6,354	57%
12/31/01	$ 4,890	46%
12/31/02	$ 4,759	43%
12/31/03	$ 4,570	37%
12/31/04	$ 3,905	27%

(a) Includes trust preferred securities (redeemed January 20, 2004), natural gas delivery commitment (terminated in 2002), subsidiary preferred stock and capital lease obligations.

As shown, Occidental's year-end 2004 total debt-to-capitalization ratio declined to approximately 27 percent from the 57-percent level that existed at the end of 2000. The decrease in the total debt-to-capitalization ratio in 2004 compared with 2000 resulted from total debt reductions of 39 percent combined with an increase in stockholders' equity of 121 percent over the same period.

RETURN ON EQUITY

Annual 2004 (a)	Three-Year Average 2002 - 2004 (b)
28%	22%

(a) The Return on Equity for 2004 was calculated by dividing Occidental's 2004 earnings applicable to common stock by the average equity balance in 2004.
(b) The three-year average Return on Equity was calculated by dividing the average annual earnings applicable to common stock over the three-year period 2002-2004 by the average equity balance over the same period.

Over the past three years, Occidental has focused on improving its return on equity. In 2004, Occidental's return on equity was 28 percent and the three-year average return on equity was 22 percent. During the same three-year period, Occidental's equity increased by over 67 percent.

OIL AND GAS SEGMENT

BUSINESS ENVIRONMENT

Oil and gas prices are the key variables that drive the industry's financial performance. Prices can vary significantly, even on a short-term basis. Oil prices continued to strengthen in 2004 over their levels in the previous year. During the year, Occidental experienced an increase in its price differential between the average West Texas Intermediate (WTI) price and Occidental's realized prices. Occidental's realized crude oil price was $39.11 per barrel in the fourth quarter of 2004, compared to $37.87 per barrel in the third quarter of 2004. During this same period, WTI prices increased $4.41 per barrel. The change in the differential between the average price of WTI and Occidental's realized price was primarily due to a significant increase in the volume of sour crude oil in global markets. Approximately 70 percent of Occidental's crude oil could be classified as sour. This change in the historical pattern of differentials makes forecasting realized prices difficult. The average WTI market price for 2004 was $41.40 per barrel compared with $31.03 per barrel in 2003. Occidental's average realized price for oil in 2004 was $35.09, compared with $27.25 in 2003.

NYMEX domestic natural gas prices increased approximately 12 percent from 2003. For 2004, NYMEX gas prices averaged $5.92/Mcf compared with $5.26/Mcf for 2003.

BUSINESS REVIEW

All production and reserve figures are net to Occidental unless otherwise specified.

ELK HILLS

Occidental operates the Elk Hills oil and gas field in the southern portion of California's San Joaquin Valley with an approximate 78-percent interest. The field was acquired in 1998 for $3.5 billion and is the largest producer of gas in California. Oil and gas production in 2004 was approximately 90,000 BOE per day. Since its acquisition, total Elk Hills oil and gas production has been approximately 235 million BOE. At the end of 2004, the property still had an estimated 462 million BOE of proved reserves, compared to the 425 million BOE that were recorded at the time of the acquisition.

Total gas production averaged 228 million cubic feet (MMcf) per day in 2004 compared to 246 MMcf per day in 2003.

PERMIAN BASIN

The Permian Basin extends throughout Southwest Texas and Southeast New Mexico and is one of the largest and most active oil basins in the United States, with the entire basin accounting for approximately 15 percent of total U.S. oil production. Occidental is the largest producer in the Permian Basin with an approximately 14 percent net share of the total Permian Basin oil production. Occidental also produces and processes natural gas and natural gas liquids (NGL) in the Permian Basin.

Most of Occidental's Permian Basin interests were obtained through the acquisition of Altura in 2000, which was valued at approximately $3.6 billion.

On January 31, 2004, Occidental acquired a 1,300-mile oil gathering and pipeline system in the Permian Basin that includes storage facilities at a marketing hub in Midland. This system allows Occidental to efficiently transport its production to these storage facilities. The pipeline is also used to transport production for third party producers.

Occidental's total share of Permian Basin oil, gas and NGL production averaged 175,000 BOE per day in 2004 compared to 171,000 BOE per day in 2003. At the end of 2004, Occidental's Permian Basin properties had 1,083 million BOE in proved reserves. Occidental's Permian Basin production is diversified across a large number of producing areas. The largest producing areas include Wasson San Andres, Slaughter, Levelland, North Cowden and Wasson Clearfork, which contributed 21 percent, 11 percent, 6 percent, 6 percent and 5 percent, respectively, to 2004 Permian BOE production.

Approximately 45 percent of Occidental's Permian Basin production is from fields that employ the application of carbon dioxide (CO_2) flood technology, an enhanced oil recovery technique. This involves injecting CO_2 into oil reservoirs where it acts as a solvent, causing the oil to flow more freely into producing wells. The size of these CO_2 flood operations makes Occidental a world leader in the application of this technology.

THUMS

Occidental purchased THUMS, the field contractor for an oil production unit offshore Long Beach, California, in 2000. Occidental's share of production from THUMS is subject to contractual arrangements similar to a production-sharing contract (PSC), whereby Occidental's share of production varies inversely with oil prices. For 2004, production from THUMS averaged 20,000 barrels per day.

GULF OF MEXICO

Occidental has a one-third interest in the deep-water Horn Mountain oil field, which is Occidental's only asset in the Gulf of Mexico. BP p.l.c. (BP) is the operator.

The field, which began production in November 2002, reached platform capacity in the third quarter of 2003. For 2004, Occidental's production at Horn Mountain averaged 22,000 BOE per day. In the second half of 2004, the Horn Mountain field was shut down for about 46 days due to Hurricane Ivan. At year-end 2004, production at the field again reached its capacity.

HUGOTON

Occidental owns a large concentration of gas reserves, production interests and royalty interests in the Hugoton area of Kansas and Oklahoma. The Hugoton field is the largest natural gas field discovered in North America. Occidental's Hugoton operations produced 127,000 Mcf of natural gas per day and 3,000 barrels of oil per day in 2004.

MIDDLE EAST

DOLPHIN PROJECT

Occidental's interest in the Dolphin Project, which was acquired in 2002, consists of two separate economic interests held through two separate legal entities. One entity, OXY Dolphin E&P, LLC, owns a 24.5-percent undivided interest in the assets and liabilities associated with a Development and Production Sharing Agreement (DPSA) with the Government of Qatar to develop and produce natural gas and condensate in Qatar's North Field for 25 years from the start of production, with a provision to request a 5-year extension. The purchase price of the undivided working interest in the DPSA was approximately $60 million and was recorded in Property, Plant & Equipment. This undivided interest will be proportionately consolidated in Occidental's financial statements.

A second entity, OXY Dolphin Pipeline, LLC, owns 24.5 percent of the stock of Dolphin Energy Limited (Dolphin Energy). Dolphin Energy owns the rights to build, own and operate a 260-mile-long, 48-inch natural gas pipeline which will transport dry natural gas from Qatar to the United Arab Emirates (UAE) for the life of the Dolphin Project or longer. Initially, the Dolphin Project will export 2 billion cubic feet (Bcf) per day of natural gas (plus associated liquids and byproducts). However, the pipeline is expected to have capacity to transport up to 3.2 Bcf of natural gas per day, and Dolphin Energy is pursuing additional business opportunities to meet the growing demand for natural gas in the UAE and Oman. The purchase price of Dolphin Energy stock totaled approximately $250 million and was recorded as an equity investment.

Several important milestones have been reached since Occidental joined the Dolphin Project. In 2002, two development wells were drilled and tested, providing sufficient information to complete the field development plan. In October 2003, Dolphin Energy signed two 25-year contracts to supply approximately one Bcf of natural gas per day to two entities in the UAE. As stated above, demand for natural gas is growing in the UAE and Oman and a third supply contract with the Emirate of Dubai is currently being negotiated. In December 2003, the Government of Qatar approved the final field development plan for the Dolphin Project.

In January 2004, Dolphin Energy was awarded engineering, procurement and construction (EPC) contracts for the gas processing and compression plant at Ras Laffan in Qatar as well as for two offshore gas production platforms. Dolphin Energy is operator on behalf of the contractors under the DPSA. The remaining major EPC contracts were also awarded during 2004. To date, Occidental has recorded 157 million BOE of proved undeveloped oil and gas reserves for the Dolphin Project DPSA activity.

The Ras Laffan plant will receive wet gas from Dolphin's facilities in Qatar's North Field and will remove hydrocarbon liquids, including condensate and natural gas liquids, for further processing and sale in the global market. The resulting dry gas will be compressed and transported to the UAE through Dolphin Energy's pipeline. The projected start-up date for production is in late 2006.

The Dolphin Project is expected to cost approximately $4.0 billion in total. Occidental expects to invest approximately $1 billion of this total. The project will be financed by a combination of participant investment and project financing. During 2005, Occidental expects to spend a combined total of approximately $540 million for the gas exploration and development activity and the investment in Dolphin Energy compared to $153 million in 2004.

No revenue or production costs were recorded in 2004 for the Dolphin Project gas exploration and development activity.

QATAR

Occidental participates in two production projects in Qatar: Idd El Shargi South Dome (ISSD) and Idd El Shargi North Dome (ISND). Occidental is engaged in Phase II of full field development of ISND and is in the process of developing the ISSD field. ISSD is a satellite to the ISND field, thereby reducing the overall capital requirement of the two projects.

Occidental expects to increase production and recoverable reserves with the second phase of development under its existing agreement in the ISND field. This new phase is targeting the development and recovery of additional reserves by applying advanced drilling systems and improved reservoir characterization techniques. Capital expenditures in Qatar for the ISSD and ISND projects were $450 million in 2004 and are expected to be approximately $400 million in 2005.

Combined production from the two fields averaged 45,000 barrels per day in 2004.

Also, see the Dolphin Project discussed above.

YEMEN

In Yemen, Occidental owns direct-working interests in the Masila field in Block 14 (38 percent) and a 40.4-percent interest in the East Shabwa field, comprising a 28.6-percent direct-working interest and an 11.8-percent equity interest in an unconsolidated entity. Occidental's production averaged 33,000 barrels of oil per day in 2004, with 29,000 coming from the Masila field and the remainder from East Shabwa.

In addition, Occidental operates Block 20, where it owns an 80-percent working interest. Occidental drilled two exploratory wells in Block 20 in 2004.

OMAN

Occidental's Oman business is centered in Block 9 where it is the operator and holds a 65-percent working interest. Under the Block 9 PSC, Occidental's share of production averaged 13,000 barrels of oil per day in 2004.

In March 2004, Occidental began selling gas to the Government of Oman under a gas sales agreement, thereby allowing Occidental to produce previously stranded gas and condensates from Block 9. Under the agreement, Occidental (and its Block 9 partner) must supply approximately 114 MMcf per day of natural gas until December 31, 2007. Thereafter, Occidental will nominate quantities that it has available for delivery. Since March 2004, Occidental (and its partner) supplied an average of approximately 110 MMcf per day of

natural gas to the Government under the gas sales agreement, including gas delivered during a commissioning period and prior to Occidental's obligation to deliver gas.

The minimum gross quantities to be delivered under the gas sales agreement through December 31, 2007 represent approximately 60 percent of the expected average gross production of gas from Block 9 during that period. As of December 31, 2004, the gross proved gas reserves from Block 9 are approximately 270 percent of the total minimum of gas that remains to be delivered under the gas sales agreement.

Occidental also holds a 65-percent working interest in Block 27, which is adjacent to Block 9. As operator, Occidental is conducting an active exploration program in Block 27.

LIBYA

Occidental suspended all activities in Libya in 1986 as a result of economic sanctions imposed by the U.S. government, but continues to hold an interest in the assets that it formerly operated. Since the imposition of sanctions, Occidental has derived no economic benefit from its Libyan interests and has no Libyan assets on its balance sheet. In 2004, the U.S. government lifted all of the principal economic sanctions against Libya. As a result, Occidental began actively negotiating with the Libyan government for Occidental's return to its historical assets in Libya. Those negotiations are continuing.

Separately, in January 2005, Occidental participated in the EPSA IV exploration bid round in Libya. Occidental was the successful bidder on nine of the 15 areas available. Occidental will operate five onshore areas and will have a 90-percent exploration working interest. In addition, Occidental will have a 35-percent exploration working interest in four offshore areas. The offshore areas will be operated by Woodside Petroleum Ltd.

OTHER EASTERN HEMISPHERE

PAKISTAN

Occidental holds oil and gas working interests, that vary from 25 to 50 percent, in four Badin Blocks in Pakistan. BP is the operator. Occidental's share of production was approximately 20,000 BOE per day in 2004.

RUSSIA

In Russia, Occidental owns 50 percent of a joint venture company, Vanyoganneft, that operates in the western Siberian oil basin. Production for 2004 was approximately 29,000 BOE per day.

LATIN AMERICA

COLOMBIA

In April 2004, Occidental extended the term of its contract with the Government of Colombia for the Cano Limon field. The contract was extended to the economic life of the field. Occidental has a 35-percent net share of production and is the operator of the field. Colombia's national oil company, Ecopetrol, operates the Cano Limon-Covenas oil pipeline and marine-export terminal. The pipeline transports oil produced from the Cano Limon field for export to international markets. In addition, Occidental also has various working interests in four exploration blocks.

Occidental's share of 2004 production averaged 33,000 barrels of oil per day.

ECUADOR

Occidental operates Block 15 in Ecuador and has a 60-percent economic interest therein. Although Occidental holds legal title to 100 percent of the Block 15 Participation Contract, it has farmed out 40 percent of its economic interest related to Block 15. Occidental's share of production averaged approximately 46,000 barrels of oil per day in 2004. In addition, Occidental has a 14-percent interest in the Oleoducto de Crudos Pesados Ltd. (OCP) oil export pipeline. See "Off-Balance-Sheet Arrangements" for further information about the OCP pipeline.

Full development of the Eden-Yuturi oil field in the southeastern corner of Block 15 continued in 2004. Additional development wells drilled in the western portion of the block resulted in an increase in production of approximately 21,000 barrels from the 25,000 barrels per day produced in 2003.

After completing extensive 3-D seismic surveys Occidental continues to expand its exploration activities in Block 15.

Foreign oil companies, including Occidental, have been paying a Value Added Tax (VAT), generally calculated on the basis of 10 to 12 percent of expenditures for goods and services used in the production of oil for export. Until 2001, oil companies, like other companies producing products for export, filed for and received reimbursement of VAT. In 2001, the Ecuador tax authority announced that the oil companies' VAT payments did not qualify for reimbursement. In 2002, Occidental initiated an international arbitration proceeding against the Ecuadorian Government under the United States-Ecuador bilateral investment treaty based on Occidental's belief that the Ecuadorian Government is arbitrarily and discriminatorily refusing to refund the VAT to Occidental. In July 2004, a tribunal of international arbitrators awarded Occidental compensation for VAT refunds from Occidental's Block 15 operations that were withheld by the Ecuadorian Government and indicated that similar VAT refunds should be paid going forward. The Ecuadorian Government has appealed the tribunal's decision and the appeals proceedings continue at present. In the event of an unfavorable outcome, the potential effect on Occidental's financial statements would not be material.

In September 2004, Occidental received formal notification that Petroecuador, the state oil company of Ecuador, was initiating proceedings to determine if Occidental had violated its Participation Contract for Block 15 or the Ecuadorian Hydrocarbons Law and whether the alleged violations constitute grounds for terminating the Participation Contract. The principal allegation stated in the notice is an assertion that Occidental should have obtained government approval of a farmout agreement entered into in 2000. Occidental believes that it has complied with all material obligations under the Participation Contract and Ecuadorian law, and that any termination of the contract based upon the stated allegations would be unfounded and would constitute an unlawful expropriation. Occidental is cooperating with the Ecuadorian authorities in the current proceedings and will continue to strive for an amicable resolution. Block 15 operations represent approximately 9 percent of Occidental's 2004 consolidated production, 4 percent of its proved consolidated reserves, and 2 percent of its total property, plant and equipment, net of accumulated depreciation, depletion and amortization.

PRODUCTION-SHARING CONTRACTS

Occidental conducts its operations in Qatar, Oman and Yemen under PSCs and, under such contracts, receives a share of production to recover its costs and an additional share for profit. In addition, Occidental's share of production from THUMS is subject to contractual arrangements similar to a PSC. Occidental's share of production from these contracts decreases when oil prices rise and increases when oil prices decline. Overall, Occidental's net economic benefit from these contracts is greater at higher oil prices.

PROVED RESERVES - EVALUATION AND REVIEW PROCESS

A senior corporate officer of Occidental is responsible for the internal audit and review of its oil and gas reserves data. In addition, a Corporate Reserves Review Committee (the Reserves Committee) has been established, consisting of senior corporate officers, to monitor and review Occidental's oil and gas reserves. The Reserves Committee reports to the Audit Committee of Occidental's Board of Directors periodically throughout the year. Occidental has retained Ryder Scott Company, L.P. (Ryder Scott), independent petroleum engineering consultants, to review its oil and gas estimation processes.

Ryder Scott has compared Occidental's methods and procedures for estimating oil and gas reserves to generally accepted industry standards and has reviewed certain data, methods and procedures used in estimating reserves volumes, the reserve and economic evaluations and reserves classifications. Ryder Scott then reviewed the specific application of such methods and procedures for a selection of oil and gas fields considered to be a valid representation of Occidental's total reserves portfolio.

Based on this review, including the data, technical processes and interpretations presented by Occidental, Ryder Scott has concluded that the methodologies used by Occidental in preparing the relevant estimates generally comply with current Securities and Exchange Commission (SEC) standards. Ryder Scott has not been engaged to render an opinion as to the reserves volumes presented by Occidental.

PROVED RESERVE ADDITIONS

Occidental consolidated subsidiaries had proved reserves at year-end 2004 of 2,489 million BOE, as compared with the year-end 2003 amount of 2,421 million BOE. Additionally, Occidental owns investments in other interests which had proved reserves of 43 million and 50 million BOE at year-end 2004 and 2003, respectively. The increase in the consolidated subsidiaries reserves from all sources was 266 million BOE, of which 212 million BOE were from proved developed reserves and 54 million BOE were from proved undeveloped reserves.

Proved developed reserves represent approximately 78 percent of Occidental's total proved reserves.

PROVED RESERVE ADDITIONS - CONSOLIDATED SUBSIDIARIES - 2004

In Millions of BOE	Proved Developed	Proved Undeveloped	Proved Total
Revisions	114	(69)	45
Improved Recovery	36	84	120
Extensions and Discoveries	23	38	61
Purchases	39	1	40
Total Additions	212	54	266

Proved reserves are 80 percent crude oil and condensate and 20 percent natural gas.

REVISIONS OF PREVIOUS ESTIMATES

In 2004, Occidental added reserves from revisions of previous estimates of 45 million BOE, 38 million of which are in the Middle East. The Dolphin Project added 49 million BOE. These were partially offset by 11 million BOE of negative revisions in Qatar, Yemen and Oman, due primarily to the impact of higher oil prices reducing Occidental's share of reserves under PSCs. If oil prices increase by $5 per barrel, less oil volume is required to recover costs, and PSCs would reduce Occidental's share of proved reserves by approximately 22 million BOE. Oil price increases would also tend to extend the economic lives for proved reserves from other contracts, which would partially offset these PSC reserve volume changes. Conversely, if oil prices drop by $5 per barrel, Occidental's share of proved reserves would increase by a similar amount. The economic lives of other reserves would be shorter, and this would partially offset the PSC reserve volume changes. Apart from the effects of product prices, Occidental's approach to interpreting technical data regarding oil and gas reserves makes it more likely future reserve revisions will be positive rather than negative. Occidental expects future revisions to be positive as they have been for the last several years.

IMPROVED RECOVERY

In 2004, Occidental added reserves of 120 million BOE through improved recovery, mainly in the Permian Basin, Elk Hills field, and THUMS in the United

States and also in Qatar. In an effort to partially mitigate the decline in oil and gas production from the Elk Hills field, from the acquisition in 1998 through year-end 2004, Occidental has successfully implemented an infill drilling program. The Elk Hills field employs both gas flood and water flood techniques. In the Permian Basin, the increased reserves were primarily attributable to enhanced recovery techniques, such as drilling additional CO_2 flood and water flood wells. In Qatar, Occidental is currently in the second phase of development under its existing agreement for the ISND field. This phase targets the development and recovery of additional reserves by applying advance drilling systems and improved reservoir characterization techniques.

EXTENSIONS AND DISCOVERIES

Occidental obtains reserve additions from extensions which are dependent on successful exploitation programs. In 2004, Occidental added reserves of 61 million BOE, with 39 million BOE in the United States and 18 million BOE in Ecuador. In the Rocky Mountain area, Occidental added approximately 24 million BOE from the extension of gas reserves to proved locations, most of which will require additional development capital. In Ecuador, Occidental continued full development of the Eden-Yuturi oil field in Block 15.

The success of improved recovery, extension and discovery projects depends on reservoir characteristics and technology improvements, as well as oil and gas prices, capital costs and operating costs. Many of these factors are outside of management's control, and will affect whether or not these historical sources of reserve additions continue at similar levels.

PURCHASES OF PROVED RESERVES

In 2004, Occidental purchased reserves of 40 million BOE, of which 29 million BOE are in Latin America and the remainder in the United States. In April 2004, Occidental extended the term of its contract with the Government of Colombia to the economic life of the Cano Limon field. Of the 29 million BOE of reserve additions, Occidental owns 25 million BOE and a minority shareholder holds interests in the remaining 4 million BOE. See the "Oil and Gas Segment -- Business Review -- Latin America -- Colombia" section above for a more complete description of this transaction. The reserve additions of 11 million BOE in the United States were from various small acquisitions, primarily in the Permian Basin, of which 84 percent were proved developed reserves. Occidental continues to add reserves through acquisitions when properties are available at reasonable prices. Acquisitions are dependent on successful bidding and negotiating of oil and gas contracts at attractive terms. As market conditions change, the available supply of properties may increase or decrease accordingly.

PROVED UNDEVELOPED RESERVES

In 2004, Occidental's proved undeveloped reserves increased by 54 million BOE. This net increase resulted from improved recovery, extensions and discoveries, primarily in the Elk Hills field, in the Permian Basin, in the Rocky Mountain area and in the Dolphin Project. These proved undeveloped additions were partially offset by reserve transfers to the proved developed category as a result of 2004 development programs.

The Dolphin Project DPSA activity was the largest addition to proved undeveloped reserves in 2004. The Government of Qatar approved the Dolphin Project final field development plan in December 2003. Dolphin development progress, including drilling additional wells and constructing platforms, lines, a gas plant and gas compression and pipeline facilities, will continue through an expected start up in 2006.

For details of proved reserve activity by geographic areas, see the "Supplemental Oil and Gas Information (Unaudited)" section in the "Notes to the Consolidated Financial Statements."

INDUSTRY OUTLOOK

The petroleum industry is highly competitive and subject to significant volatility due to numerous market forces. Crude oil and natural gas prices are affected by market fundamentals such as weather, inventory levels, competing fuel prices, overall demand and the availability of supply.

Worldwide oil prices in 2004 remained at or near historical highs. Continued economic growth, resulting in increased demand and concerns about supply availability, could result in continued high prices. A lower demand growth rate could result in lower crude oil prices.

Sustained high oil prices will significantly affect profitability and returns for Occidental and other upstream producers. However, the industry has historically experienced wide fluctuations within price cycles. Although oil prices cannot be predicted with any certainty, the WTI price has averaged approximately $24.90 per barrel over the past ten years. During 2004, Occidental experienced an increase in its price differential between the average WTI price and Occidental's realized prices. See the "Oil and Gas Segment -- Business Environment" section above for further information.

While supply/demand fundamentals are a decisive factor affecting domestic natural gas prices over the long term, day-to-day prices may be more volatile in the futures markets, such as on the NYMEX and other exchanges, making it more difficult to forecast prices with any degree of confidence. Over the last ten years, the NYMEX gas price has averaged $3.40 per Mcf.

CHEMICAL SEGMENT

BUSINESS ENVIRONMENT

The chemical segment experienced improved results in 2004 due to the continued improvement in most sectors in which OxyChem participates, particularly the building and construction markets. The economic recovery continued its measured growth and the supply/demand for major commodities tightened. Product prices were higher but the resulting improvement in profitability was partially offset by higher costs for raw materials, primarily energy and ethylene.

Domestic chlorine demand rose nearly 7 percent compared to 2003, as many sectors experienced volume growth. Due to the industry's efforts to improve profitability by reducing capacity, the upturn in demand resulted in industry-wide chlor-alkali operating rates of 99 percent, the highest since 1995.

BUSINESS REVIEW

CHLOR-ALKALI

Demand for chlor-alkali products improved throughout 2004 with combined chlorine and caustic soda prices rising throughout the second half of the year. As supply and demand remained tight, prices increased significantly in the latter part of the year, particularly for caustic soda. OxyChem's chlor-alkali operating rate for 2004 was 99 percent, approximately matching the industry operating rate. The tight supply/demand supported higher chlorine prices, which improved over 50 percent during 2004. Caustic soda volumes rose with higher demand, especially in the alumina and pulp and paper sectors. Caustic soda prices were highly volatile in 2004 as the impact of imports early in the year caused spot realizations to bottom-out early in the second quarter. As demand continued to rise with the improvement of the U.S. manufacturing sector, prices rebounded and increased substantially by year-end. Export pricing for caustic soda remained steady through September before rising as the worldwide supply/demand balance tightened, exerting upward pressure on pricing.

OxyChem maintained its Deer Park chlor-alkali production facility in Houston, Texas and its EDC facility in Ingleside, Texas in standby mode. These idle facilities will be reactivated upon strengthening in overall economic conditions that leads to sustained improved demand and higher margins for caustic soda.

In December 2004, OxyChem permanently idled a circuit which produced chlorine and caustic soda at its Delaware City plant and recorded a pre-tax charge of $12 million.

VINYLS

Strong demand and increasing ethylene costs led to PVC price increases in 2004. Both ethylene and natural gas costs increased in 2004. PVC prices increased 8 percent compared to 2003. These increases were in addition to the 23-percent increase in PVC resin prices in 2003, which was driven by rising feedstock and energy costs.

Industry-wide total 2004 demand was 6 percent higher compared with 2003.

OxyChem operated its PVC facilities at an average operating rate of 94 percent for 2004, equal to the North American industry average.

EXIT OF VINYL SPECIALTY RESINS BUSINESS

At the end of 2004, Occidental decided to exit the vinyl specialty resins business for strategic and economic reasons. This resulted in the immediate closure of the Pottstown, Pennsylvania manufacturing facility. Occidental recorded an after-tax charge of $32 million in 2004 and classified this business as a discontinued operation.

AGREEMENT TO ACQUIRE VULCAN ASSETS

In October 2004, Occidental agreed to purchase three chemical manufacturing facilities from Vulcan Materials Company for $214 million in cash, subject to adjustment for changes in net working capital. In addition, Occidental may become obligated to make contingent payments based upon the future performance of these businesses, and will assume specified obligations. This transaction, which is subject to regulatory approval, is expected to close in 2005.

DISPOSITION OF EQUISTAR INTEREST AND ACQUISITION OF LYONDELL INTEREST

In August 2002, Occidental sold its 29.5-percent share of Equistar to Lyondell and purchased a 21-percent equity interest in Lyondell. Occidental entered into these transactions to diversify its petrochemicals interest. These transactions reduced Occidental's direct exposure to petrochemicals volatility, yet allowed it to preserve, through its Lyondell investment, an economic upside of a recovery in the petrochemicals industry. In connection with these transactions, Occidental wrote down its investment in the Equistar partnership to fair value by recording a $412 million pre-tax charge as of December 2001. When this transaction closed in the third quarter of 2002, Occidental recorded an after-tax gain of $164 million.

In November 2004, Lyondell acquired Millennium Chemicals Inc. (Millennium) by issuing additional shares of Lyondell common stock. Under SEC Staff Accounting Bulletin No. 51, Occidental is required to record its share of the increase in Lyondell's net equity resulting from this issuance. The effect of this is an increase of $121 million in the carrying value of Occidental's investment in Lyondell and an increase in Occidental's net income of $77 million after-tax. At December 31, 2004, Occidental owned 41.3 million shares of Lyondell common stock, with a carrying value of $603 million and a fair-market value of $1.2 billion. As a result of the stock issuance, Occidental's ownership percentage of Lyondell has decreased from approximately 22 percent to 17 percent.

DISPOSITION OF CHROME AND CALENDERING OPERATIONS

In the fourth quarter of 2002, Occidental sold its chrome business at Castle Hayne, North Carolina for $25 million and its plastic calendering operations in Rio de Janeiro, Brazil for a $6 million note receivable. In the third quarter of 2002, Occidental recorded an after-tax impairment charge of $69 million and classified both of these businesses as discontinued operations.

INDUSTRY OUTLOOK

Occidental's chemical business improved its profitability in 2004, nearly doubling 2003's earnings levels. The major factors that contributed to this improved performance are the improved U.S. economy and higher demand for major chemical products.

If operating rates remain at their year-end 2004 levels and the U.S. economy continues to improve, the chemical industry may experience modest price increases in 2005. Improved profitability will depend on the amount of increase in future energy and feedstock costs.

Construction of LNG terminals on the U.S. Gulf Coast could stabilize natural gas prices at a lower-than-current level and thereby help improve the competitive position of efficient Gulf Coast chemical facilities. However, this construction may not occur in the immediate future.

Occidental's chemical business is profitable and is expected to remain profitable if the current favorable economic conditions continue. If, however, U.S. manufacturing becomes noncompetitive on a worldwide basis, this could shorten the estimated productive lives of some of Occidental's plants, resulting in higher annual depreciation. Significantly shorter productive lives could also result in asset impairments, including plant closures. It is unlikely that any changes in estimated productive lives would be uniform. While potential impairment charges could have a material impact on the earnings in a discrete period, such changes are unlikely to have a material effect on Occidental's overall financial situation.

For additional discussion of the possible financial effect of a change to the productive lives of OxyChem's assets, please see the "Critical Accounting Policies and Estimates" section below.

CHLOR-ALKALI

Industry operating rates are near historical highs. Demand growth is expected to remain moderate, which will put additional strains on manufacturing capacity. Due to the high volatility of caustic soda prices in 2004, the 2004 average price was essentially unchanged from 2003. However, the caustic soda markets tightened in the last half of 2004, which may result in increased prices in 2005 versus 2004.

VINYLS

Consensus forecasts for 2005 gross domestic product (GDP) growth of 3.6 percent suggest expectations for a strong economy that will favorably affect the vinyls business. Overall, OxyChem expects 2 to 3 percent growth in vinyls demand in North America in 2005. Industry-wide PVC and VCM operating rates are expected to be slightly lower in 2005 as a result of the restart of some idled capacity.

Chlorovinyls supply constraints, together with high ethylene costs, have created conditions for vinyls price increases early in 2005. PVC resin producers have announced a 2-cents-per-pound increase for January 2005. Despite the restart of some idled capacity, VCM supply is expected to be tight due to maintenance requirements and higher global demand for PVC. Average operating rates for North American VCM producers are expected to exceed 93 percent.

CORPORATE AND OTHER

Corporate and Other includes the investments in Lyondell and Premcor, Inc., a refining business, and a leased cogeneration facility in Taft, Louisiana. In 2004, Corporate and Other also includes the results of a 1,300-mile oil pipeline and gathering system located in the Permian Basin, which was acquired in January 2004 and is used in corporate-directed oil and gas marketing and trading operations.

SEGMENT RESULTS OF OPERATIONS

The following discussion of Occidental's two operating segments and corporate items should be read in conjunction with Note 15 to the Consolidated Financial Statements.

Segment earnings generally exclude interest income, interest expense, unallocated corporate expenses, discontinued operations and the cumulative effect of changes in accounting principles, but include gains and losses from dispositions of segment assets and results from the segments' equity investments.

Foreign income and other taxes and certain state taxes are included in segment earnings based on their operating results. U.S. federal income taxes are not allocated to segments, except for amounts in lieu thereof that represent the tax effect of operating charges resulting from purchase accounting adjustments, and the tax effects resulting from major, infrequently occurring transactions, such as asset dispositions that relate to segment results.

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

SEGMENT OPERATIONS
In millions, except per share amounts

For the years ended December 31,	2004	2003	2002
SALES			
Oil and Gas	$ 7,582	$ 6,003	$ 4,634
Chemical	3,675	3,092	2,613
Other (a)	111	145	--
	$ 11,368	$ 9,240	$ 7,247
EARNINGS(LOSS)			
Oil and Gas (b, c)	$ 3,544	$ 2,664	$ 1,707
Chemical (b)	412	220	304
	3,956	2,884	2,011
Unallocated corporate items			
Interest expense, net (d)			
Debt and trust preferred distributions	(240)	(333)	(320)
Income taxes (e)	(939)	(666)	(375)
Other (f)	(171)	(284)	(135)
Income from continuing operations	2,606	1,601	1,181
Discontinued operations, net	(38)	(6)	(97)
Cumulative effect of changes in accounting principles, net	--	(68)	(95)

Net Income	$ 2,568	$ 1,527	$ 989
Basic Earnings per Common Share	$ 6.49	$ 3.98	$ 2.63

(a) The 2004 amount represents revenue from a Taft, Louisiana cogeneration plant and the Permian Basin pipeline and gathering system. The 2003 amount represents revenue from a Taft, Louisiana cogeneration plant.

(b) Includes U.S. federal tax charge of $6 million related to oil and gas in 2003. Segment earnings in 2002 were affected by $402 million of net credits allocated, comprising $1 million of charges and $403 million of credits in oil and gas and chemical, respectively. The 2002 chemical amount includes a $392 million credit for the sale of the Equistar investment, which resulted in a net gain of $164 million.

(c) The 2004 amount includes interest income of $18 million from loans made to an equity investee.

(d) The 2004 amount includes $17 million of interest charges to redeem or repurchase various debt issues during the year. The 2003 amount includes a $61 million interest charge to repay a $450 million senior note that had 10 years of remaining life, but was subject to remarketing on April 1, 2003. The 2002 amount is net of $21 million of interest income on notes receivable from Altura partners.

(e) The 2004 amount includes $47 million of credits related to tax settlements with the Internal Revenue Service. The 2004 amount also reflects a lower U.S. income tax rate resulting from the crediting of foreign income taxes.

(f) The 2004 amount includes $169 million of corporate equity-method investment income, $59 million of environmental remediation expense and the costs attributable to the cogeneration plant in Taft, Louisiana. The 2003 amount includes $58 million of corporate equity-method investment losses and $63 million of environmental remediation expense. The 2002 amount includes $22 million of preferred distributions to the Altura partners, $23 million of environmental remediation expenses and $25 million of corporate equity-method investment losses.

OIL AND GAS

In millions, except as indicated	2004	2003	2002
SEGMENT SALES	$ 7,582	$ 6,003	$ 4,634
SEGMENT EARNINGS	$ 3,544	$ 2,664	$ 1,707
CORE EARNINGS (a)	$ 3,544	$ 2,664	$ 1,707
NET PRODUCTION PER DAY			
UNITED STATES			
Crude oil and liquids (MBBL)			
California	78	81	86
Permian	154	150	142
Horn Mountain	19	21	1
Hugoton	3	4	3
Total	254	256	232
Natural Gas (MMCF)			
California	237	252	286
Hugoton	127	138	148
Permian	130	129	130
Horn Mountain	13	13	--
Total	507	532	564
LATIN AMERICA			
Crude oil & condensate (MBBL)			
Colombia	37	37	40
Ecuador	46	25	13
Total	83	62	53
MIDDLE EAST			
Crude oil & condensate (MBBL)			
Oman	13	12	13
Qatar	45	45	42
Yemen	32	35	37
Total	90	92	92
Natural Gas (MMCF)			
Oman	55	--	--
OTHER EASTERN HEMISPHERE			
Crude oil & condensate (MBBL)			
Pakistan	7	9	10
Natural Gas (MMCF)			
Pakistan	75	74	63
BARRELS OF OIL EQUIVALENT (MBOE)			
SUBTOTAL CONSOLIDATED SUBSIDIARIES	540	520	492
Colombia-minority interest	(4)	(5)	(5)
Russia-Occidental net interest	29	30	27
Yemen-Occidental net interest	1	2	1
TOTAL WORLDWIDE PRODUCTION	566	547	515
AVERAGE SALES PRICES			
CRUDE OIL PRICES ($ per barrel)			
U.S.	$ 37.72	$ 28.74	$ 23.47
Latin America	$ 33.09	$ 27.21	$ 23.14
Middle East (b)	$ 34.88	$ 27.81	$ 24.13
Other Eastern Hemisphere	$ 33.13	$ 26.61	$ 23.02
Total consolidated subsidiaries	$ 35.95	$ 28.18	$ 23.56
Other interests	$ 23.83	$ 15.95	$ 14.80
Total worldwide	$ 35.09	$ 27.25	$ 22.91
GAS PRICES ($ per thousand cubic feet)			
U.S.	$ 5.35	$ 4.81	$ 2.89
Middle East	$ 0.97	$ --	$ --
Other Eastern Hemisphere	$ 2.25	$ 2.04	$ 2.08
Total worldwide	$ 4.56	$ 4.45	$ 2.81
EXPENSED EXPLORATION (c)	$ 219	$ 139	$ 176
CAPITAL EXPENDITURES			
Development	$ 1,438	$ 1,097	$ 897
Exploration	$ 102	$ 43	$ 55
Acquisitions and other (d, e)	$ 109	$ 97	$ 86

(a) For an explanation of core earnings, see "Significant Items Affecting Earnings."
(b) These amounts exclude taxes owed by Occidental but paid by governmental entities on its behalf.
(c) Includes dry hole write-offs and lease impairments of $159 million in 2004, $80 million in 2003 and $96 million in 2002.
(d) Includes capitalized portion of injected CO2 of $54 million, $48 million and $42 million in 2004, 2003 and 2002, respectively.
(e) Includes mineral acquisitions but excludes significant acquisitions individually discussed in this report.

Core earnings in 2004 were $3.5 billion compared with $2.7 billion in 2003. The increase in core earnings is primarily due to the effect of higher worldwide crude oil and natural gas prices of approximately $1.2 billion and higher crude oil volumes, partially offset by higher operating expenses, higher exploration expense and increased DD&A rates.

Core earnings in 2003 were $2.7 billion compared with $1.7 billion in 2002. The increase in core earnings primarily reflects the effect of higher crude oil and natural gas prices and higher crude oil volumes, partially offset by lower natural gas volumes, higher DD&A rates and increased costs.

Average consolidated production costs for 2004 were $6.95 per BOE compared to the average 2003 production cost of $5.91 per BOE.

Occidental expects first quarter 2005 production to be slightly higher than fourth quarter 2004 production, assuming oil prices remain in a $40 per barrel range. High oil prices affect the volumes for Occidental's PSCs in Oman, Qatar and Yemen and the production-sharing type contract at THUMS. In this current product price range, a $1.00 change in the per barrel price of oil changes production by approximately one thousand barrels per day. Also, see "Production-Sharing Contracts" above.

CHEMICAL

In millions, except as indicated	2004	2003	2002
SEGMENT SALES	$ 3,675	$ 3,092	$ 2,613
SEGMENT EARNINGS	$ 412	$ 220	$ 304
CORE EARNINGS (a)	$ 412	$ 220	$ 140
KEY PRODUCT PRICE INDEXES (1987 through 1990 average price = 1.0)			
Chlorine	2.05	1.72	1.01
Caustic soda	0.84	0.84	0.71
Ethylene dichloride	1.56	1.16	1.01
PVC commodity resins (b)	1.08	0.89	0.73
KEY PRODUCT VOLUMES			
Chlorine (thousands of tons) (c)	2,892	2,733	2,807
Caustic soda (thousands of tons)	3,109	2,764	2,717
Ethylene dichloride (thousands of tons)	458	546	573
PVC commodity resins (millions of pounds)	4,208	3,954	4,132
CAPITAL EXPENDITURES (d)	$ 155	$ 344	$ 107

(a) For an explanation of core earnings, see "Significant Items Affecting Earnings."
(b) Product volumes produced at former PolyOne facilities, now part of OxyVinyls, are excluded from the product price indexes.
(c) Product volumes include those manufactured and consumed internally.
(d) The 2003 amount includes $180 million for the purchase of a previously leased facility in LaPorte, Texas and $44 million related to the exercise of purchase options for certain leased railcars.

Core earnings in 2004 were $412 million compared with $220 million in 2003. The increase in core earnings is primarily due to higher prices for chlorine, EDC, PVC resins and VCM, partially offset by higher ethylene and energy costs.

Core earnings were $220 million in 2003, compared with $140 million in 2002. The increase in core earnings reflects the impact of higher prices for all major products (PVC, EDC, chlorine and caustic), partially offset by higher energy and ethylene costs.

Occidental expects first quarter 2005 chemical earnings to be slightly higher than the fourth quarter 2004, assuming industry conditions remain at year-end 2004 levels with current ethylene and energy prices and continued strengthening of caustic soda margin realizations.

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.

SIGNIFICANT ITEMS AFFECTING EARNINGS

Benefit (Charge) (in millions)	2004	2003	2002
TOTAL REPORTED EARNINGS	$ 2,568	$ 1,527	$ 989
OIL AND GAS			
Segment Earnings	$ 3,544	$ 2,664	$ 1,707
No significant items affecting earnings	--	--	--
Segment Core Earnings	$ 3,544	$ 2,664	$ 1,707
CHEMICAL			
Segment Earnings	$ 412	$ 220	$ 304
Less:			
Gain on sale of Equistar investment (a)	--	--	164
Segment Core Earnings	$ 412	$ 220	$ 140
CORPORATE			
Results	$ (1,388)	$ (1,357)	$ (1,022)
Less:			
Gain on Lyondell stock issuance	121	--	--
Trust preferred redemption charge	(11)	--	--
Settlement of tax issues	47	--	--
Debt repayment fee	--	(61)	--
Changes in accounting principles, net (a)	--	(68)	(95)
Discontinued operations, net (a)	(38)	(6)	(97)
Tax effect of pre-tax adjustments	(40)	21	--
TOTAL CORE EARNINGS	$ 2,489	$ 1,641	$ 1,017

(a) These amounts are shown after-tax.

TAXES

Deferred tax liabilities, net of deferred tax assets of $822 million, were $1.1 billion at December 31, 2004. The current portion of the deferred tax assets of $115 million is included in prepaid expenses and other. The net deferred tax assets are expected to be realized through future operating income and reversal of taxable temporary differences.

WORLDWIDE EFFECTIVE TAX RATE

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

In millions	2004	2003	2002
REPORTED INCOME			
Oil and Gas (a)	$ 4,311	$ 3,229	$ 2,181
Chemical (b)	414	223	(99)
Corporate and Other	(411)	(620)	(468)
Pre-tax income	4,314	2,832	1,614
Income tax expense			
Federal and State (b)	946	673	(39)
Foreign (included in segments) (a)	762	558	472
Total	1,708	1,231	433
Income from continuing operations	$ 2,606	$ 1,601	$ 1,181
Worldwide effective tax rate	40%	43%	27%

CORE INCOME

Oil and Gas (a)	$ 4,311	$ 3,228	$ 2,181
Chemical (b)	414	224	143
Corporate and Other	(521)	(559)	(468)
Pre-tax income	4,204	2,893	1,856
Income tax expense			
Federal and State (b)	952	694	367
Foreign (included in segments) (a)	763	558	472
Total	1,715	1,252	839
Core income	$ 2,489	$ 1,641	$ 1,017
Worldwide effective tax rate	41%	43%	45%

(a) Revenues and income tax expense include taxes owed by Occidental but paid by governmental entities on its behalf. Oil and gas pre-tax income includes the following revenue amounts for the years ended December 31, 2004, 2003 and 2002, of $525 million, $397 million and $335 million, respectively.

(b) In 2002, the $406 million tax benefit related to the gain on the sale of the Equistar investment has been reclassified to Federal and State income taxes.

Occidental's 2004 worldwide effective tax rate was 40 percent for reported income and 41 percent for core income. The lower U.S. income tax rate in 2004, compared to 2003, resulted from the crediting of foreign income taxes. Previously, Occidental deducted foreign income taxes in determining U.S. taxable income. An annual tax election permits a taxpayer to claim either a credit or a deduction for foreign income taxes, whichever is more beneficial. Occidental expects to continue its election to credit foreign income taxes in future years. The increase in the federal and state tax rate in 2003, compared to 2002, is due to a $406 million tax benefit in 2002 related to the gain on sale of the Equistar investment.

CONSOLIDATED RESULTS OF OPERATIONS

SELECTED REVENUE ITEMS

In millions	2004	2003	2002
Net sales	$ 11,368	$ 9,240	$ 7,247
Interest, dividends and other income	$ 144	$ 89	$ 143

The increase in sales in 2004, compared to 2003, reflects higher crude oil, natural gas and chemical prices, higher crude oil production and higher chemical volumes, partially offset by lower domestic natural gas production volumes.

The increase in sales in 2003, compared to 2002, reflects higher crude oil, natural gas and chemical prices and higher crude oil production volumes, partially offset by lower natural gas production volumes.

Interest, dividends and other income in 2004 includes a $27 million derivative mark-to-market adjustment for stock warrants of an equity investee and interest income of $21 million from loans made to equity investees.

Interest, dividends and other income in 2002 includes interest income on the notes receivable from the Altura partners of $21 million. Occidental exercised an option in May 2002 to redeem the sellers' remaining partnership interests in exchange for the notes receivable.

SELECTED EXPENSE ITEMS

In millions	2004	2003	2002
Cost of sales (a)	$ 4,509	$ 3,897	$ 3,299
Selling, general and administrative and other operating expenses	$ 1,008	$ 852	$ 646
Depreciation, depletion and amortization	$ 1,303	$ 1,175	$ 1,009
Exploration expense	$ 219	$ 139	$ 176
Interest and debt expense, net	$ 260	$ 332	$ 295

(a) Excludes depreciation, depletion and amortization of $1,263 million in 2004, $1,137 million in 2003 and $978 million in 2002.

Cost of sales increased in 2004, compared to 2003, due primarily to higher oil and gas production volumes and other operating costs, higher energy and feedstock costs and higher crude oil volumes.

Cost of sales increased in 2003, compared to 2002, due mainly to oil volume increases and higher operating and production costs in the oil and gas segment and higher energy and feedstock costs in the chemical segment. The 2003 amount also includes $156 million for the costs of operating a cogeneration facility.

Selling, general and administrative and other operating expenses increased in 2004, compared to 2003, mainly due to higher general and administrative costs for corporate infrastructure and general support areas and higher oil and gas costs, including higher production-related taxes and other operating costs.

Selling, general and administrative and other operating expenses increased in 2003 compared with 2002. The increases were in several areas. General and administrative costs increased in both oil and gas and corporate infrastructure and general support areas. In addition, nonoperating costs were higher in international operations, mainly Latin America. Higher oil and gas production taxes reflected the overall increase in worldwide production. Also, additional expense resulted from adoption of the asset retirement obligation accounting standard in 2003.

The increase in depreciation, depletion and amortization (DD&A) in 2004, compared to 2003, and 2003, compared to 2002, was due to the increase in oil and gas production from the prior year and a higher DD&A rate.

The increase in exploration expense in 2004, compared to 2003, was due mostly to higher dry hole write-offs and impairment costs in California and the Other Eastern Hemisphere region.

The decrease in exploration expense in 2003, compared to 2002, was due mostly to lower dry hole write-offs and impairment costs and lower seismic, geological and geophysical costs in 2003.

Interest and debt expense in 2004 and 2003 included pre-tax debt repayment charges of $17 million and $61 million, respectively. Excluding the effects of these debt repayment charges, interest and debt expense decreased in 2004, compared to 2003, and in 2003, compared to 2002, due primarily to lower average debt levels. In addition, since Occidental adopted Statement of Financial Accounting Standards (SFAS) No. 150 in July 2003, the 2003 interest expense amount includes six months of interest that had been classified as distributions on trust preferred securities prior to the adoption.

OTHER ITEMS

In millions	2004	2003	2002
Provision for income taxes	$ 1,708	$ 1,231	$ 433
(Income) loss from equity investments	$ (113)	$ 9	$ 261
Gain on Lyondell stock issuance	$ (121)	$ --	$ --

The increase in the provision for income taxes in 2004, compared to 2003, was primarily due to an increase in income before taxes, partially offset by the use of a lower tax rate in 2004 resulting from the crediting of foreign income taxes. See the "Taxes" section above for further information.

The increase in the provision for income taxes in 2003, compared to 2002, reflected an increase in income before taxes. In addition, the 2002 provision for income taxes includes an income tax benefit of $406 million for the sale of the Equistar investment.

The increase in the income from equity investments in 2004, compared to results reported in 2003, was mostly attributable to improved results from Lyondell and higher income from a Russian oil and gas affiliate.

The 2002 loss from equity investments includes a pre-tax loss of $242 million from the sale of the Equistar investment in August 2002.

The gain on Lyondell stock issuance in 2004 represents Occidental's share of the increase in Lyondell's net equity resulting from Lyondell's issuance of stock to purchase Millennium.

CONSOLIDATED ANALYSIS OF FINANCIAL POSITION

The changes in the following components of Occidental's balance sheet are discussed below:

SELECTED BALANCE SHEET COMPONENTS

In millions	2004	2003
CURRENT ASSETS		
Cash and cash equivalents	$ 1,449	$ 683
Trade receivables, net	1,882	795
Receivables from joint ventures, partnerships and other	353	350
Inventories	545	489
Prepaid expenses and other	166	127
Assets held for sale	36	58
TOTAL CURRENT ASSETS	$ 4,431	$ 2,502
Investments in unconsolidated subsidiaries	$ 1,727	$ 1,155
Property, plant and equipment, net	$ 14,633	$ 13,984
Other assets	$ 361	$ 263
CURRENT LIABILITIES		
Current maturities of long-term debt and capital lease liabilities	$ 459	$ 23
Accounts payable	1,557	906
Accrued liabilities	1,013	874
Dividends payable	110	101
Domestic and foreign income taxes	263	163
Trust preferred securities	--	453
Liabilities held for sale	21	6
TOTAL CURRENT LIABILITIES	$ 3,423	$ 2,526
Trust preferred securities - current	$ --	$ 453
Long-term debt, net	$ 3,345	$ 3,993
Deferred credits and other liabilities	$ 3,746	$ 3,408
Stockholders' equity	$ 10,550	$ 7,929

ASSETS

The higher balance in cash and cash equivalents at December 31, 2004, compared to December 31, 2003, reflects the buildup of cash, primarily as a result of higher oil and gas prices, which is expected to be used for operating needs, capital expenditures and potential acquisitions. The higher balance in trade receivables at December 31, 2004, compared to December 31, 2003, reflects higher product prices and crude oil sales volumes during the fourth quarter 2004 versus 2003. In addition, in June 2004, Occidental discontinued the sale of interests in its outstanding receivables balance which had the effect of increasing receivables by $360 million compared to December 31, 2003. The increase in inventories at December 31, 2004, compared to December 31, 2003, is primarily due to higher oil and gas marketing and trading inventory due to higher prices and volumes during the fourth quarter 2004 versus 2003.

The higher balance in the investments in unconsolidated entities at December 31, 2004, compared to December 31, 2003, reflects a note receivable issued to Elk Hills Power, a gain from Lyondell's stock issuance and mark-to-market increases in the available-for-sale Premcor investment. The increase in the net balance in property, plant and equipment reflects capital expenditures and acquisitions, partially offset by certain asset retirements and DD&A expense. The higher balance in other assets at December 31, 2004, compared to 2003, was mainly due to higher long-term prepaid pension costs and the oil inventory line fill from the Permian Basin pipeline and gathering system acquisition in early 2004.

LIABILITIES AND STOCKHOLDERS' EQUITY

The increase in current maturities of long-term debt and capital lease liabilities at December 31, 2004, compared to December 31, 2003, reflects the expected March 2005 redemption of the 7.65-percent senior notes, which were included in long-term debt in 2003. The higher balance in accounts payable at December 31, 2004, compared to December 31, 2003, mainly reflects higher prices and volumes for purchased oil and gas in Occidental's marketing and trading operations. The increase in accrued liabilities at December 31, 2004, compared to December 31, 2003, is primarily due to higher mark-to-market adjustments on derivative financial instruments, and higher accrued payroll amounts. The increase in domestic and foreign income taxes-current at December 31, 2004, compared to December 31, 2003, reflects additional taxes payable due to higher income before taxes. The decrease in trust preferred securities-current at December 31, 2004, compared to December 31, 2003, reflects the redemption of all the trust preferred securities in early 2004.

The decrease in long-term debt at December 31, 2004, compared to December 31, 2003, reflects the redemption or repurchase of various debt issues during the year. It also reflects the reclassification of the 7.65-percent senior notes that will be redeemed in March 2005, which were classified as long-term debt in 2003 and are now classified as a current liability in 2004. Deferred credits and other liabilities includes deferred income taxes, deferred compensation, other post-retirement benefits, environmental remediation reserves, asset retirement obligations and other deferred items. The increase in this account at December 31, 2004, compared to December 31, 2003, is due mainly to higher deferred federal income tax, an increase in the asset retirement obligation, an increase in deferred compensation and a long-term payable related to the Colombia contract extension signed in 2004.

The increase in stockholders' equity at December 31, 2004, compared to December 31, 2003, reflects higher net income and the issuance of new stock related to options exercised, partially offset by dividends on common stock.

LIQUIDITY AND CAPITAL RESOURCES

FINANCING ACTIVITY

During 2004, Occidental strengthened its liquidity position, generating approximately $3.9 billion in cash from operations. At December 31, 2004, Occidental had approximately $1.4 billion in cash on hand, an increase of $766 million from 2003. Although its income and cash flows are largely dependent on oil and gas prices and production, Occidental believes that cash on hand and cash generated from operations will be sufficient to fund its operating needs, capital expenditure requirements, dividend payments and potential acquisitions. If needed, Occidental could access its existing credit facilities.

Available but unused lines of committed bank credit totaled approximately $1.5 billion at December 31, 2004. Occidental's $1.5 billion bank credit matures on June 18, 2009. None of Occidental's committed bank credits contain material adverse change (MAC) clauses or debt rating triggers that could restrict Occidental's ability to borrow under these lines. Occidental's credit facilities and debt agreements do not contain ratings triggers that could terminate bank commitments or accelerate debt in the event of a ratings downgrade.

At December 31, 2004, under the most restrictive covenants of certain financing agreements, Occidental's capacity for additional unsecured borrowing was approximately $22.7 billion, and the capacity for the payment of cash dividends and other distributions on, and for acquisitions of, Occidental's capital stock was approximately $8.4 billion, assuming that such dividends, distributions and acquisitions were made without incurring additional borrowing.

In January 2004, Occidental redeemed all of its outstanding 8.16 percent Trust Preferred Redeemable Securities (trust preferred securities) at par plus accrued interest, resulting in a decrease in current liabilities of $453 million. In the third quarter of 2004, Occidental redeemed all of its 6.5-percent senior notes, which reduced long-term debt by approximately $157 million.

In July 2004, Dolphin Energy, the operator of the Dolphin Project, entered into an agreement with banks to provide a $1.36 billion bridge loan for the Dolphin Project. The loan has a term of five years and is a revolving credit facility for the first two years. Occidental guaranteed 24.5 percent of the obligations of Dolphin Energy under the bank agreement. As part of the financing, a subsidiary of Occidental that is an upstream participant in the Dolphin Project entered into an on-loan agreement with Dolphin Energy to borrow up to $245 million from the proceeds of loans under the facility agreement for its share of upstream costs. At December 31, 2004, approximately $63 million had been borrowed under this agreement.

In 2003, Occidental recorded a pre-tax interest charge of $61 million to repay a $450 million 6.4-percent senior notes issue that had ten years of remaining life, but was subject to remarketing on April 1, 2003. Occidental refinanced $300 million of this amount and paid the remaining $150 million out of existing cash.

In 2002, Occidental filed a shelf registration statement for up to $1 billion of various securities, including senior debt securities. In November 2002, Occidental issued $175 million of 4-percent Medium-Term Senior Notes, Series C, and $75 million of 4.101-percent Medium-Term Senior Notes, Series C, due 2007 for general corporate purposes. In March 2003, Occidental issued $300 million of 4.25-percent Medium-Term Senior Notes and used the proceeds to refinance a portion of the $450 million of senior notes discussed above. Occidental has $450 million of capacity remaining under the shelf registration.

On February 24, 2005, Occidental gave notice that it will redeem, out of existing cash on hand, all of its outstanding $450,000,000 7.65-percent senior notes due 2006 on March 28, 2005.

CASH FLOW ANALYSIS

In millions	2004	2003	2002
Net cash provided by operating activities	$ 3,878	$ 3,074	$ 2,100

The significant increase in operating cash flow in 2004, compared to 2003, resulted from several factors. The most important drivers were the significantly higher oil and natural gas prices and, to a much lesser extent, chemical prices. Although the changes in realized prices varied among the regions in which Occidental operates, in 2004, Occidental's realized oil prices were higher overall by 29 percent. Occidental's realized natural gas price increased over 11 percent in the U.S., where approximately 80 percent of Occidental's natural gas was produced in 2004. Oil and gas worldwide production, on a BOE basis, increased for 2004 overall by over 3 percent on a daily basis, as compared with 2003, which also contributed to increased cash flow. Crude oil production was higher in Latin America, while natural gas production was higher in the Middle East and lower in the U.S. for 2004.

Increases in sales prices realized for Occidental's major chemical product lines ranged from zero to 34 percent, compared to 2003. Chemical prices increased in 2004 at a higher rate than the energy-driven increase in feedstock and power costs, thereby improving profits and cash flow. The overall impact of the chemical price changes on cash flow was much less than for oil and gas price changes, not only because the chemical segment earnings and cash flow are significantly smaller than those for the oil and gas segment, but also because of increases in energy price-driven feedstock and electric power costs, which are major elements of manufacturing cost for the chemical segment's products. Sales volumes for chemical products generally were higher in 2004, but this did not have a significant effect on Occidental's earnings and cash flow.

Increases in the costs of producing oil and gas, such as purchased goods and services, particularly materials and oil field services, partially offset oil and gas sales price increases, but such cost increases had a much lower effect on cash flow than the realized price increases. Other cost elements, such as labor costs and overheads, are not significant drivers of cash flow because they are mainly fixed within a narrow range over the short to intermediate term.

The significant increase in operating cash flow in 2003, compared to 2002, resulted from the significantly higher oil and gas prices and, to a much lesser extent, chemical prices. In 2003, Occidental's realized oil prices were higher overall by 19 percent and realized natural gas prices overall were up 58 percent. Oil and gas worldwide production, on a BOE basis, increased for 2003 overall by approximately 6 percent on a daily basis, as compared with 2002, which also contributed to increased cash flow. Crude oil production was higher overall in the U.S. and Latin America, while natural gas production was lower in the U.S. for 2003.

Sales prices realized for Occidental's major chemical product lines ranged from 15 percent to 70 percent higher in 2003, compared to 2002. Chemical prices in 2003 also improved at a higher rate than feedstock and power costs increases, thus improving profits and cash flow. The overall effect of chemical price changes on cash flow was much less than for oil and gas price changes. Sales volumes for chemical products generally were lower in 2003, but this did not have a significant effect on Occidental's earnings and cash flow.

Increases in the costs of production partially offset sales price increases, but such cost increases had a much lower effect on cash flow than the realized price increases.

Non-cash charges in 2004 include deferred compensation, stock incentive plan amortization, environmental remediation accruals and a chemical asset writedown. Non-cash charges in 2003 include deferred compensation, stock incentive plan amortization and environmental remediation accruals. Non-cash charges in 2002 include environmental remediation accruals and the asset writedown for two chemical facilities. 2002 also includes charges for employee benefit plans and other items.

In millions	2004	2003	2002
Net cash used by investing activities	$ (2,288)	$ (2,021)	$ (1,696)

The 2004 amount includes the purchase of a pipeline and gathering system in the Permian Basin and a $204 million advance to the Elk Hills Power LLC (EHP) equity investment, which EHP used to repay a portion of its debt.

The 2003 amount includes several Permian Basin acquisitions totaling $317 million.

The 2002 amount includes approximately $250 million for the purchase of 24.5 percent of the stock of Dolphin Energy and $60 million for the purchase of a 24.5 percent undivided interest in the DPSA related to the Dolphin Project, plus $39 million for historical costs.

Also, see the "Capital Expenditures" section below.

In millions	2004	2003	2002
Net cash used by financing activities	$ (824)	$ (516)	$ (456)

The 2004 amount includes $466 million paid to redeem the trust preferred securities in January 2004 and $159 million paid to redeem Occidental's 6.5-percent senior notes.

The 2003 amount includes net debt repayments of $334 million.

The 2002 amount reflects the net $179 million buyout of the natural gas delivery commitment and $72 million of net proceeds from the issuance of a subsidiary's preferred stock.

Occidental paid common stock dividends of $424 million in 2004, $392 million in 2003 and $375 million in 2002.

CAPITAL EXPENDITURES

In millions	2004	2003	2002
Oil and Gas	$ 1,649	$ 1,237	$ 1,038
Chemical (a)	155	344	107
Corporate and Other	39	19	89
TOTAL	$ 1,843	$ 1,600	$ 1,234

(a) The 2003 amount includes $180 million for the purchase of a previously leased facility in LaPorte, Texas and $44 million related to the exercise of purchase options for certain leased railcars.

Occidental's capital spending estimate for 2005 is approximately $1.9 billion. A majority of the capital spending will be allocated to oil and gas, with the main focus on the Dolphin Project gas exploration and development activity, Qatar, Elk Hills and the Permian Basin. In addition, Occidental expects to make a further equity investment of about $200 million in Dolphin Energy.

Commitments at December 31, 2004, for major capital expenditures during 2005 and thereafter were approximately $740 million. Occidental will fund these commitments and capital expenditures with cash from operations and, as needed, with proceeds from existing credit facilities.

OFF-BALANCE-SHEET ARRANGEMENTS

In the course of its business activities, Occidental pursues a number of projects and transactions to meet its core business objectives. The accounting and financial statement treatment of these transactions is a result of the varying methods of funding employed. Occidental also makes commitments on behalf of unconsolidated entities. These transactions, or groups of transactions, are recorded in compliance with generally accepted accounting principles and, unless otherwise noted, are not reflected on Occidental's balance sheets. The following is a description of the business purpose and nature of these transactions.

DOLPHIN PROJECT

In July 2004, Dolphin Energy entered into an agreement with banks to provide a $1.36 billion bridge loan for the Dolphin Project. Occidental guaranteed 24.5 percent of the obligations of Dolphin Energy under this bank agreement. See "Oil and Gas Segment -- Business Review -- Middle East -- Dolphin Project" and "Liquidity and Capital Resources -- Financing Activity" for further information.

ECUADOR

In Ecuador, Occidental has a 14-percent interest in the OCP oil export pipeline. In the second half of 2003, the increased production from the Eden-Yuturi oil field in the southeastern corner of Block 15 coincided with the completion of the pipeline. As of December 31, 2004, Occidental contributed and advanced a total of $78 million to the project. Occidental reports this investment in its consolidated statements using the equity method of accounting.

The project was funded in part by senior project debt. The senior project debt is to be repaid with the proceeds of ship-or-pay tariffs of certain upstream producers in Ecuador, including Occidental. Under their ship-or-pay commitments, Occidental and the other upstream producers have each assumed their respective share of project-specific risks, including operating risk, political risk and force-majeure risk. Occidental would be required to make an advance tariff payment in the event of prolonged force majeure, upstream expropriation events, bankruptcy of the pipeline company or its parent company, abandonment of the project, termination of an investment guarantee agreement with Ecuador, or certain defaults by Occidental. This advance tariff would be used by the pipeline company to service or prepay project debt. At December 31, 2004, Occidental's obligation relating to the pipeline company's senior project debt totaled $104 million, and Occidental's obligations relating to performance bonds totaled $14 million. Occidental's overall obligations will decrease with the reduction of the pipeline company's senior project debt.

RECEIVABLES SALE PROGRAM

Occidental has an agreement in place to sell, under a revolving sale program, an undivided interest in a designated pool of trade receivables. This program is used by Occidental as a low-cost source of working capital funding. The balance of receivables sold at December 31, 2004 and 2003 was zero and $360 million, respectively. The 2003 amount is not included in the debt and related trade receivables accounts, respectively, on Occidental's consolidated balance sheet. Receivables must meet certain criteria to qualify for the program.

Under this program, Occidental serves as the collection agent with respect to the receivables sold. An interest in new receivables is sold as collections are made from customers. Fees and expenses under this program are included in selling, general and administrative and other operating expenses. The fair value of any retained interests in the receivables sold is not material. The buyers of the receivables are protected against significant risk of loss on their purchase of receivables. Occidental provides for allowances for any doubtful receivables based on its periodic evaluation of such receivables. The provisions for such receivables were not material in the years ended December 31, 2004, 2003 and 2002.

Although Occidental has not sold any receivables under this program since June 2004, the program has not been terminated. However, the program can terminate upon the occurrence of certain events, which generally are under Occidental's control or relate to bankruptcy.

LEASES

Occidental has entered into various operating-lease agreements, mainly for railcars, power plants, manufacturing facilities and office space. The leased assets are used in Occidental's operations where leasing offers advantages of greater operating flexibility and usually costs less than alternative methods of funding that were available at the time financing decisions were made. Lease payments are expensed mainly as cost of sales. See contractual obligation table below.

GUARANTEES

Occidental has entered into various guarantees including performance bonds, letters of credit, indemnities, commitments and other forms of guarantees provided by Occidental to third parties, mainly to provide assurance that OPC and/or its subsidiaries and affiliates will meet their various obligations (guarantees).

At December 31, 2004, the notional amount of the guarantees was approximately $500 million. Of this amount, approximately $400 million relates to Occidental's guarantee of equity investees' debt and other commitments. The debt guarantees and other commitments primarily relate to the Dolphin Energy equity investment and the investment in the Ecuador OCP pipeline, which are discussed above. The remaining $100 million relates to various indemnities and guarantees provided to third parties.

CONTRACTUAL OBLIGATIONS

The table below summarizes and cross-references certain contractual obligations that are reflected in the Consolidated Balance Sheets and/or disclosed in the accompanying Notes.

		Payments Due by Year			
Contractual Obligations (in millions)	Total	2005	2006 to 2007	2008 to 2009	2010 and thereafter
CONSOLIDATED BALANCE SHEET					
Long-term debt (Note 6) (a)	$ 3,766	$ 450	$ 581	$ 744	$ 1,991
Capital leases (Note 7)	34	1	2	2	29
Other long-term liabilities (b)	775	81	227	126	341
OTHER OBLIGATIONS					
Operating leases (Note 7) (c)	1,299	118	189	150	842
Purchase obligations (d, e)	4,585	3,005	449	273	858
TOTAL	$ 10,459	$ 3,655	$ 1,448	$ 1,295	$ 4,061

(a) Excludes fair value hedge mark-to-market adjustments and unamortized debt discounts.
(b) Includes obligations under postretirement benefit and deferred compensation plans.
(c) Amounts have not been reduced for sublease rental income.
(d) Includes long-term purchase contracts and purchase orders and contracts for goods and services used in manufacturing and producing operations in the normal course of business. Some of these arrangements involve take-or-pay commitments but they do not represent debt obligations. Due to their long-term nature, purchase contracts with terms greater than 5 years are discounted using a 6-percent discount rate.
(e) Amounts do not include purchase obligations related to oil and gas marketing and trading activities where an offsetting sales position exists.

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 the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and similar federal, state, local and foreign 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 2003 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. Occidental has been in continuing tax audit settlement discussions with the Internal Revenue Service on issues related to foreign tax credits and various domestic income issues for the 1997 to 2000 audit years. Occidental believes that it is reasonably possible that substantive issues for taxable years 1997 to 2000 could be favorably resolved during 2005 and that such resolutions, if they occur, could have a positive and material effect on its results of operations and its financial condition, however, Occidental believes such resolutions will not have a significant cash effect.

Occidental has entered into agreements providing for future payments to secure terminal and pipeline capacity, drilling services, electrical power, steam and certain chemical raw materials. See Note 9 of the audited financial statements for further discussion.

Occidental has certain other commitments under contracts, guarantees and joint ventures, and certain other contingent liabilities. Many of these commitments, although not fixed or determinable, involve capital expenditures and are part of the $1.9 billion capital expenditures estimated for 2005.

Occidental has indemnified various parties against specified liabilities that those parties might incur in the future in connection with purchases and other transactions that they have entered into with Occidental. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of December 31, 2004, Occidental is not aware of circumstances that would lead to future indemnity claims against it for material amounts in connection with these transactions.

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.

ENVIRONMENTAL LIABILITIES AND EXPENDITURES

Occidental's operations in the United States are subject to stringent federal, state and local laws and regulations relating to improving or maintaining environmental quality. Foreign operations also are subject to environmental protection laws. Costs associated with environmental compliance have increased over time and are expected to rise in the future. Environmental expenditures related to current operations are factored into the overall business planning process and are considered an integral part of production in manufacturing quality products responsive to market demand.

ENVIRONMENTAL REMEDIATION

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. OPC or certain of its subsidiaries are currently participating in environmental assessments and cleanups under these laws at federal Superfund sites, comparable state sites and other domestic and foreign remediation sites, including Occidental facilities and previously owned sites. Also, OPC and certain of its subsidiaries have been involved in a substantial number of governmental and private proceedings involving historical practices at various sites including, in some instances, having been named in proceedings under CERCLA and similar federal, state and local environmental laws. These proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages and civil penalties.

Occidental manages its environmental remediation efforts through a wholly owned subsidiary, Glenn Springs Holdings, Inc., which reports its results directly to Occidental's corporate management.

The following table presents Occidental's environmental remediation reserves at December 31, 2004, 2003 and 2002 grouped by three categories of environmental remediation sites:

$ amounts in millions	2004		2003		2002	
	# OF SITES	RESERVE BALANCE	# of Sites	Reserve Balance	# of Sites	Reserve Balance
CERCLA & equivalent sites	125	$ 239	131	$ 240	124	$ 284
Active facilities	16	75	13	79	14	46

Closed or sold facilities	39	61	39	53	44	63
TOTAL	180	$ 375	183	$ 372	182	$ 393

The following table shows environmental reserve activity for the past three years:

In millions	2004	2003	2002
Balance - Beginning of Year	$ 372	$ 393	$ 454
Increases to provision including interest accretion	60	64	25
Changes from acquisitions	6	--	--
Payments	(63)	(83)	(84)
Other	--	(2)	(2)
Balance - End of Year	$ 375	$ 372	$ 393

Occidental expects to expend funds equivalent to about half of the current environmental reserve over the next three years and the balance over the next ten or more years. Occidental expects that it may 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 $375 million beyond the amount accrued.

For management's opinion, refer to the "Lawsuits, Claims, Commitments, Contingencies and Related Matters" section above.

CERCLA AND EQUIVALENT SITES

At December 31, 2004, OPC or certain of its subsidiaries have been named in 125 CERCLA or state equivalent proceedings, as shown below.

Description ($ amounts in millions)	# of Sites	Reserve Balance
Minimal/No exposure (a)	101	$ 6
Reserves between $1-10 MM	17	64
Reserves over $10 MM	7	169
TOTAL	125	$ 239

(a) Includes 27 sites for which Maxus Energy Corporation has retained the liability and indemnified Occidental, 7 sites where Occidental has denied liability without challenge, 54 sites where Occidental's reserves are less than $50,000 each, and 13 sites where reserves are between $50,000 and $1 million each.

The seven sites with individual reserves over $10 million in 2004 are a former copper mining and smelting operation in Tennessee, two closed landfills in Western New York, groundwater treatment facilities at three currently closed or formerly owned chemical plants (Montague, Michigan, Western New York and Tacoma, Washington) and replacement of a municipal drinking water treatment plant in Western New York.

ACTIVE FACILITIES

Certain subsidiaries of OPC are currently addressing releases of substances from past operations at 16 active facilities. Four facilities -- certain oil and gas properties in the southwestern United States, a chemical plant in Louisiana, a chemical plant in Texas, and a phosphorous recovery operation in Tennessee -- account for 75 percent of the reserves associated with these facilities.

CLOSED OR SOLD FACILITIES

There are 39 sites formerly owned or operated by certain subsidiaries of OPC that have ongoing environmental remediation requirements in which Occidental or its subsidiaries are involved. Three sites account for 62 percent of the reserves associated with this group. The three sites are: an active refinery in Louisiana where Occidental indemnifies the current owner and operator for certain remedial actions, a water treatment facility at a former coal mine in Pennsylvania, and a former OxyChem chemical plant in Ohio operated by new ownership.

ENVIRONMENTAL COSTS

Occidental's costs, some of which may include estimates, relating to compliance with environmental laws and regulations, are shown below for each segment:

In millions	2004	2003	2002
OPERATING EXPENSES			
Oil and Gas	$ 54	$ 40	$ 32
Chemical	59	55	54

	$ 113	$ 95	$ 86
CAPITAL EXPENDITURES			
Oil and Gas	$ 48	$ 98	$ 70
Chemical	12	15	16
	$ 60	$ 113	$ 86
REMEDIATION EXPENSES			
Corporate	$ 59	$ 63	$ 23

Operating expenses are incurred on a continual basis. Capital expenditures relate to longer-lived improvements in currently operating facilities. Remediation expenses relate to existing conditions caused by past operations and do not contribute to current or future revenue generation. Although total costs may vary in any one year, over the long term, segment operating and capital expenditures for environmental compliance generally are expected to increase.

Occidental presently estimates that capital expenditures for environmental compliance will be approximately $65 million for 2005 and $80 million for 2006.

FOREIGN INVESTMENTS

Portions of Occidental's assets outside North America are exposed to political and economic risks. Occidental conducts its financial affairs so as to mitigate its exposure against those risks. At December 31, 2004, the carrying value of Occidental's assets in countries outside North America aggregated approximately $4.1 billion, or approximately 19 percent of Occidental's total assets at that date. Of such assets, approximately $2.9 billion are located in the Middle East, approximately $972 million are located in Latin America, and substantially all of the remainder are located in Pakistan. For the year ended December 31, 2004, net sales outside North America totaled $3.1 billion, or approximately 27 percent of total net sales.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The process of preparing financial statements in accordance with GAAP requires the management of Occidental to make estimates and judgments regarding certain items and transactions. It is possible that materially different amounts could be recorded if these estimates and judgments change or if the actual results differ from these estimates and judgments. Occidental considers the following to be its most critical accounting policies and estimates that involve the judgment of Occidental's management. There has been no material change to these policies over the past three years. The selection and development of these critical accounting policies and estimates have been discussed with the Audit Committee of the Board of Directors.

OIL AND GAS PROPERTIES

Occidental uses the successful efforts method to account for its oil and gas properties. Under this method, costs of acquiring properties, costs of drilling successful exploration wells and development costs are capitalized. The costs of exploratory wells are initially capitalized pending a determination of whether proved reserves have been found. At the completion of drilling activities, the costs of exploratory wells remain capitalized if a determination is made that proved reserves have been found. If no proved reserves have been found, the costs of each of the related exploratory wells are charged to expense. In some cases, a determination of proved reserves cannot be made at the completion of drilling, requiring additional testing and evaluation of the wells. Occidental's practice is to expense the costs of such exploratory wells if a determination of proved reserves has not been made within a twelve-month period after drilling is complete. Occidental has no oil and gas reserves for which the determination of commercial viability is subject to the completion of major additional capital expenditures. Annual lease rentals, exploration costs, geological, geophysical and seismic costs are expensed as incurred.

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas, and natural gas liquids (NGLs) that geological and engineering data demonstrate with reasonable certainty can be recovered in future years from known reservoirs under existing economic and operating conditions considering future production and development costs. There are several factors that could change Occidental's recorded oil and gas reserves. Occidental receives a share of production from PSCs to recover its costs and an additional share for profit. Occidental's share of production from these contracts decreases when oil prices rise and increases when oil prices decline. Overall, Occidental's net economic benefit from these contracts is greater at higher oil prices. In other contractual arrangements, sustained lower product prices may lead to a situation where production of proved reserves becomes uneconomical. Estimation of future production and development costs is also subject to change partially due to factors beyond Occidental's control, such as energy costs and inflation or deflation of oil field service costs. These factors, in turn, could lead to a reduction in the quantity of recorded proved reserves. PSCs also affect reserves. As prices increase, Occidental's share of proved recorded reserves decreases while a decrease in price causes recorded proved reserves to increase. See the "Oil and Gas Segment -- Proved Reserves Additions" section above for further information. An additional factor that could result in a change of proved reserves is the reservoir decline rates being different from those assumed when the reserves were initially recorded. Overall, Occidental's revisions to proved reserves were positive for 2004, 2003 and 2002 and amounted to less than 2 percent of the total reserves for each year. Additionally, Occidental is required to perform impairment tests pursuant to SFAS No. 144 generally when prices decline and/or reserve estimates change significantly. There have been no impairments of reserves over the past three years.

Depreciation and depletion of oil and gas producing properties is determined by the unit-of-production method and could change with revisions to estimated proved recoverable reserves. The change in the depreciation and depletion rate over the past three years due to revisions of previous reserve estimates has been immaterial.

If Occidental's consolidated oil and gas reserves were to change based on the factors mentioned above, the most significant impact would be on the depreciation and depletion rate. For example, a 5-percent increase in the amount of consolidated oil and gas reserves would change the rate from $5.25 per barrel to $4.99 per barrel, which would increase pre-tax income by $52 million annually. A 5-percent decrease in the oil and gas reserves would change the rate from $5.25 per barrel to $5.52 per barrel and would result in a decrease in pre-tax income of $52 million annually.

A portion of the carrying value of Occidental's oil and gas properties is attributable to unproved properties. At December 31, 2004, the costs attributable to unproved properties were approximately $500 million. These costs are not currently being depreciated or depleted. As exploration and development work progresses and the reserves on these properties are proven, capitalized costs attributable to the properties will be subject to depreciation and depletion. If the exploration and development work were to be unsuccessful, the capitalized costs of the properties related to this unsuccessful work would be expensed in the year in which the determination was made. The timing of any writedowns of these unproven properties, if warranted, depends upon the nature, timing and extent of future exploration and development activities and their results. Occidental believes its exploration and development efforts will allow it to realize the unproved property balance.

CHEMICAL ASSETS

The most critical accounting policy affecting Occidental's chemical assets is the determination of the estimated useful lives of its property, plant and equipment. Occidental's chemical plants are depreciated using either the unit-of-production or straight-line method based upon the estimated useful life of the facilities. The estimated useful lives of Occidental's chemical assets, which range from 3 years to 50 years, are used to compute depreciation expense and are also used for impairment tests. The estimated useful lives used for the chemical facilities are based on the assumption that Occidental will provide an appropriate level of annual expenditures to ensure productive capacity is sustained. Without these continued expenditures, the useful lives of these plants could significantly decrease. Other factors that could change the estimated useful lives of Occidental's chemical plants include higher or lower product prices, which are particularly affected by both domestic and foreign competition, feedstock costs, energy prices, environmental regulations, competition and technological changes.

Occidental is required to perform impairment tests on its assets whenever events or changes in circumstances lead to a reduction in the estimated useful lives or estimated future cash flows that would indicate that the carrying amount may not be recoverable, or when management's plans change with respect to those assets. Under the provisions of SFAS No. 144, Occidental must compare the undiscounted future cash flows of an asset to its carrying value. The key factors that could significantly affect future cash flows are future product prices, which are particularly affected by both domestic and foreign competition, feedstock costs, energy costs, significantly increased regulation and remaining estimated useful life.

Due to a temporary decrease in demand for some of its products, Occidental temporarily idled an EDC plant in June 2001 and a chlor-alkali plant in December 2001. These idle facilities will be reactivated upon strengthening in overall economic conditions that leads to sustained improved demand and higher margins for caustic soda. Management expects that these plants will become operational in the future. The net book value of these plants was $113 million at December 31, 2004. Based on year-end value, the chlor-alkali plant that closed on December 1, 2001 has a 24-percent minority interest of $22 million. These facilities are periodically tested for impairment and, based on the results, no impairment is deemed necessary at this time. Occidental continues to depreciate these facilities based on their remaining estimated useful lives.

Over the prior three years, the change in the depreciation rate due to changes in estimated useful lives has been immaterial.

Occidental's net property, plant and equipment for chemicals is approximately $2.4 billion and its depreciation expense for 2005 is expected to be approximately $225 million. If the estimated useful lives of Occidental's chemical plants were to decrease based on the factors mentioned above, the most significant impact would be on depreciation expense. For example, a reduction in the remaining useful lives of 20 percent would increase depreciation and reduce pre-tax earnings by approximately $55 million per year.

ENVIRONMENTAL LIABILITIES AND EXPENDITURES

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Reserves for estimated costs that relate to existing conditions caused by past operations and that do not contribute to current or future revenue generation are recorded when environmental remedial efforts are probable and the costs can be reasonably estimated. In determining the reserves and the reasonably possible range of loss, Occidental refers to currently available information, including relevant past experience, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. The environmental reserves are based on management's estimate of the most likely cost to be incurred and are reviewed periodically and adjusted as additional or new information becomes available. Environmental reserves are recorded on a discounted basis only when a reserve is initially established and the aggregate amount of the estimated costs for a specific site and the timing of cash payments are reliably determinable. The reserve methodology for a specific site is not modified once it has been established. Recoveries and reimbursements are recorded in income when receipt is probable. For the years ended December 31, 2004 and 2003, Occidental has not accrued any reimbursements or indemnification recoveries for environmental remediation matters as assets.

Many factors could result in changes to Occidental's environmental reserves and reasonably possible range of loss. The most significant are:

>> The original cost estimate may have been inaccurate.

>> Modified remedial measures might be necessary to achieve the required remediation results. Occidental generally assumes that the remedial objective can be achieved using the most cost-effective technology reasonably expected to achieve that objective. Such technologies may include air sparging or phyto-remediation of shallow groundwater, or limited surface soil removal or in-situ treatment producing acceptable risk assessment results. Should such remedies fail to achieve remedial objectives, more intensive or costly measures may be required.

>> The remedial measure might take more or less time than originally anticipated to achieve the required contaminant reduction. Site-specific time estimates can be affected by factors such as groundwater capture rates, anomalies in subsurface geology, interactions between or among water-bearing zones and non-water-bearing zones, or the ability to identify and control contaminant sources.

>> The regulatory agency might ultimately reject or modify Occidental's proposed remedial plan and insist upon a different course of action.

Additionally, other events might occur that could affect Occidental's future remediation costs, such as:

>> The discovery of more extensive contamination than had been originally anticipated. For some sites with impacted groundwater, accurate definition of contaminant plumes requires years of monitoring data and computer modeling. Migration of contaminants may follow unexpected pathways along geologic anomalies that could initially go undetected. Additionally, the size of the area requiring remediation may change based upon risk assessment results following site characterization or interim remedial measures.

>> Improved remediation technology might decrease the cost of remediation. In particular, for groundwater remediation sites with projected long-term operation and maintenance, the development of more effective treatment technology, or acceptance of alternative and more cost-effective treatment methodologies such as bioremediation, could significantly affect remediation costs.

>> Laws and regulations might change to impose more or less stringent remediation requirements.

At sites involving multiple parties, Occidental provides environmental reserves based upon its expected share of liability. When other parties are jointly liable, the financial viability of the parties, the degree of their commitment to participate and the consequences to Occidental of their failure to participate are evaluated when estimating Occidental's ultimate share of liability. Based on these factors, Occidental believes that it will not be required to assume a share of liability of other potentially responsible parties, with whom it is alleged to be jointly liable, in an amount that would have a material effect on Occidental's consolidated financial position, liquidity or results of operations.

Most cost sharing arrangements with other parties fall into one of the following three categories:

Category 1: CERCLA or state-equivalent sites wherein Occidental and other alleged potentially responsible parties share the cost of remediation in accordance with negotiated or prescribed allocations;

Category 2: Oil and gas joint ventures wherein each joint venture partner pays its proportionate share of remedial cost; and

Category 3: Contractual arrangements typically relating to purchases and sales of property wherein the parties to the transaction agree to methods of allocating the costs of environmental remediation.

In all three of these categories, Occidental records as a reserve its expected net cost of remedial activities, as adjusted by recognition for any nonperforming parties.

In addition to the costs of investigating and implementing remedial measures, which often take in excess of ten years at CERCLA sites, Occidental's reserves include management's estimates of the cost of operation and maintenance of remedial systems. To the extent that the remedial systems are modified over time in response to significant changes in site-specific data, laws, regulations, technologies or engineering estimates, Occidental reviews and changes the reserves accordingly on a site-specific basis.

If the environmental reserve balance were to either increase or decrease based on the factors mentioned above, the amount of the increase or decrease would be immediately recognized in earnings. For example, if the reserve balance were to decrease by 10 percent, Occidental would record a pre-tax gain of $38 million. If the reserve balance were to increase by 10 percent, Occidental would record an additional remediation expense of $38 million.

OTHER LOSS CONTINGENCIES

Occidental is involved with numerous lawsuits, claims, proceedings and audits in the normal course of its operations. Occidental records a loss contingency for these matters when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. In addition, Occidental discloses, in aggregate, its exposure to loss in excess of the amount recorded on the balance sheet for these matters if it is reasonably possible that an additional material loss may be incurred. Occidental reviews its loss contingencies on an ongoing basis so that they are adequately reserved on the balance sheet.

These reserves are based on judgments made by management with respect to the likely outcome of these matters and are adjusted as appropriate. Management's judgments could change based on new information, changes in laws or regulations, changes in management's plans or intentions, the outcome of legal proceedings, settlements or other factors.

SIGNIFICANT ACCOUNTING CHANGES

Listed below are significant changes in Occidental's accounting principles.

SFAS NO. 150

In May 2003, the Financial Accounting Standards Board (FASB) issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 establishes accounting standards for how a company classifies and measures financial instruments that have characteristics of liabilities and equity. Occidental adopted the provisions of this statement on July 1, 2003. As a result of the adoption, Occidental's mandatorily redeemable trust preferred securities were classified as a liability and the payments to the holders of the securities were recorded as interest expense. On January 20, 2004, all of the trust preferred securities were redeemed.

FIN 46 AND FIN 46-R (REVISED)

In January 2003, the FASB issued FASB Interpretation No. (FIN) 46, "Consolidation of Variable Interest Entities (VIE)." FIN 46 requires a company to consolidate a VIE if it is designated as the primary beneficiary of that entity even if the company does not have a majority of voting interests. A VIE is generally defined as an entity whose equity is unable to finance its activities or whose owners lack the risks and rewards of ownership. The statement also imposes 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 investment. As a result of the OxyMar consolidation, assets increased by $166 million and liabilities increased by $178 million. There was no material effect on net income as a result of the consolidation. In April 2004, Marubeni exercised its option to put its interest in OxyMar to Occidental by paying approximately $20 million to Occidental.

See Note 14 to the Consolidated Financial Statements for information on VIEs where Occidental is not the primary beneficiary.

In December 2003, the FASB revised FIN 46 to exempt certain entities from its requirements and to clarify certain issues arising during the initial implementation of FIN 46. Occidental adopted the revised interpretation in the first quarter of 2004 and it did not have a material impact on the financial statements when adopted.

EITF ISSUE NO. 02-3

In the third quarter of 2002, Occidental adopted certain provisions of Emerging Issues Task Force (EITF) Issue No. 02-3, "Issues involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities." These provisions prescribed significant changes in how revenue from energy trading is recorded. Historically, Occidental had two major types of oil and gas revenues: (1) revenues from its equity production; and (2) revenues from the sale of oil and gas produced by other companies, but purchased and resold by Occidental, referred to as revenue from trading activities. Both types of sales involve physical deliveries and had been historically recorded on a gross basis in accordance with generally accepted accounting principles. With the adoption of EITF Issue No. 02-3, Occidental now reflects the revenue from trading activities on a net basis. There were no changes in gross margins, net income, cash flow or earnings per share for any period as a result of adopting this requirement. However, net sales and cost of sales were reduced by equal and offsetting amounts to reflect the adoption of this requirement. For the year ended December 31, 2002, net sales and cost of sales were reduced from amounts previously reported by approximately $2.2 billion (representing amounts for the first two quarters of 2002) to conform to the current presentation.

From 1999 to 2002, Occidental accounted for certain energy-trading contracts in accordance with 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 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 an $18 million after-tax charge as a cumulative effect of a change in accounting principles.

SFAS NO. 143

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Under SFAS No. 143, companies are required 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. 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.

SFAS NO. 142

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 changes the accounting and reporting requirements for acquired goodwill and intangible assets. The provisions of this statement are applied to companies starting with fiscal years beginning after December 15, 2001. At December 31, 2001, the balance sheet included approximately $108 million of goodwill and intangible assets with annual amortization expense of approximately $6 million recorded in each of the years' income statements for the three-year period ended December 31, 2001. As a result, elimination of goodwill amortization would not have had a material impact on net income or earnings per share of any of the years presented and, as a result, the transitional disclosures of adjusted net income excluding goodwill amortization described by SFAS No. 142 have not been presented. Upon implementation of SFAS No. 142 in the first quarter of 2002, three separate specialty chemical businesses were identified as separate reporting units and tested for goodwill impairment. All three of these businesses are components of the chemical segment. The fair value of each of the three reporting units was determined through third party appraisals. The appraisals determined fair value to be the price that the assets could be sold for in a current transaction between willing parties. As a result of the impairment testing, Occidental recorded a cumulative after-tax effect of changes in accounting principles reduction in net income of approximately $95 million due to the impairment of all the goodwill attributed to these reporting units.

DERIVATIVE ACTIVITIES AND MARKET RISK

GENERAL

Occidental's market risk exposures relate primarily to commodity prices and, to a lesser extent, interest rates and foreign currency exchange rates. Occidental periodically enters into derivative instrument transactions to reduce these price and rate fluctuations. A derivative is an instrument that, among other characteristics, derives its value from changes in another instrument or variable.

In general, the fair value recorded for derivative instruments is based on quoted market prices, dealer quotes and the Black-Scholes or similar valuation models.

COMMODITY PRICE RISK

GENERAL

Occidental's results are sensitive to fluctuations in crude oil and natural gas prices. Based on current levels of production, if oil prices vary overall by $1 per barrel, it would have an estimated quarterly effect on income of approximately $29 million before U.S. income taxes. If natural gas prices vary by $0.25 per Mcf, it would have an estimated quarterly effect on income of approximately $10 million before U.S. income taxes. If production levels change in the future, the sensitivity of Occidental's results to oil and gas prices also would change.

Occidental's results are also sensitive to fluctuations in chemical prices. If chlorine and caustic soda prices vary by $10/ton, it would have approximately a $12 million and $25 million, respectively, annual effect on income before U.S. income taxes. If PVC prices vary by $.01/lb, it would have approximately a $27 million annual effect on income before U.S. income taxes. If EDC prices vary by $10/ton, it would have approximately a $3 million annual effect on income before U.S. income taxes. Historically, price changes either precede or follow raw material and feedstock price changes; therefore, the margin improvement of price changes can be mitigated. According to Chemical Market Associates, Inc., December 2004 average contract prices were: chlorine--$310/ton, caustic soda--$305/ton, PVC--$0.495/lb and EDC--$460/ton.

MARKETING AND TRADING OPERATIONS

Occidental periodically uses different types of derivative instruments to achieve the best prices for oil and gas. Derivatives are also used by Occidental to reduce its exposure to price volatility and to mitigate fluctuations in commodity-related cash flows. Occidental enters into low-risk marketing and trading activities through its separate marketing organization, which operates under established policy controls and procedures. With respect to derivatives used in its oil and gas marketing operations, Occidental utilizes a combination of futures, forwards, options and swaps to offset various physical transactions. Occidental's use of derivatives in hedging marketing and trading activities relates primarily to managing cash flows from third-party purchases.

RISK MANAGEMENT

Occidental conducts its risk management activities for energy commodities (which include buying, selling, marketing, trading, and hedging activities) under the controls and governance of its Risk Management Policy. The Chief Financial Officer and the Risk Management Committee, comprising members of Occidental's management, oversee these controls, which are implemented and enforced by the Trading Control Officer. The Trading Control Officer provides an independent and separate check on results of marketing and trading activities. Controls for energy commodities include limits on credit, limits on trading, segregation of duties, delegation of authority and a number of other policy and procedural controls.

FAIR VALUE OF MARKETING AND TRADING DERIVATIVE CONTRACTS

The following tables reconcile the changes in the fair value of Occidental's marketing and trading contracts during 2004 and 2003 and segregate the open contracts at December 31, 2004 by maturity periods.

In millions	2004	2003
Fair value of contracts outstanding at beginning of year	$ 32	$ (2)
(Gains) losses on changes for contracts realized or otherwise settled during the year	(94)	50
Changes in fair value attributable to changes in valuation techniques and assumptions	--	--
Gains (losses) or other changes in fair value	92	(16)
Fair value of contracts outstanding at end of year	$ 30	$ 32

Source of Fair Value	Maturity Periods 2005	2006 to 2007	2008 to 2009	2010 and thereafter	Total Fair Value
Prices actively quoted	$ 16	$ 8	$ --	$ --	$ 24
Prices provided by other external sources	(4)	3	4	1	4

Prices based on models and other valuation methods	(2)	(2)	2	4	2
TOTAL	$ 10	$ 9	$ 6	$ 5	$ 30

PRODUCTION HEDGES

On a limited basis, Occidental uses cash-flow hedges for the sale of crude oil and natural gas production. No cash flow hedges were used for the sale of production in 2003 and no material amounts were used during 2004. There were no material crude oil or gas cash flow hedges on future production at December 31, 2004. No fair value hedges were used for oil and gas production during 2004 or 2003.

QUANTITATIVE INFORMATION

Occidental uses value at risk to estimate the potential effects of changes in fair values of commodity-based derivatives and commodity contracts used in marketing and trading activities. This method determines the maximum potential negative short-term change in fair value with a 95-percent level of confidence. The Marketing and Trading Value at Risk was immaterial during all of 2004.

INTEREST RATE RISK

GENERAL

Occidental's exposure to changes in interest rates relates primarily to its long-term debt obligations. To reduce its interest rate risk, Occidental has entered into several interest-rate swaps that effectively convert approximately $1.7 billion of fixed-rate debt to variable-rate debt with maturities ranging from 2006 to 2009.

TABULAR PRESENTATION OF INTEREST RATE RISK

In millions of U.S. dollars, except rates

The table below provides information about Occidental's derivative financial instruments and other financial instruments that are sensitive to changes in interest rates, including interest-rate swaps and debt obligations. Interest rate swaps are presented at fair value and by maturity date. Debt amounts represent principal payments by maturity date.

Year of Maturity	U.S.Dollar Fixed-Rate Debt	Interest-Rate Swaps	U.S. Dollar Variable-Rate Debt	Grand Total (a)
2005	$ --	$ 9	$ 450	$ 459
2006	46	--	--	46
2007	--	9	535	544
2008	10	22	395	427
2009	--	4	339	343
2010	287	--	--	287
Thereafter	1,589	--	115	1,704
TOTAL	$ 1,932	$ 44	$ 1,834	$ 3,810
Average interest rate	7.21%	3.93%	3.76%	5.53%
Fair Value	$ 2,341	$ 44	$ 1,991	$ 4,376

(a) Excludes $6 million of unamortized debt discounts.

CREDIT RISK

Occidental's energy contracts are spread among several counterparties. Creditworthiness is reviewed before doing business with a new counterparty and on an ongoing basis. Occidental monitors aggregated counterparty exposure relative to credit limits, and manages credit-enhancement issues. Credit exposure for each customer is monitored for outstanding balances, current month activity, and forward mark-to-market exposure.

FOREIGN CURRENCY RISK

Several of Occidental's foreign operations are located in countries whose currencies generally depreciate against the U.S. dollar. Typically, effective currency forward markets do not exist for these countries. Therefore, Occidental attempts to manage its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions only at levels necessary for operating purposes. Most international crude oil sales are denominated in U.S. dollars. Additionally, all of Occidental's oil and gas foreign entities have the U.S. dollar as the functional currency. At December 31, 2004 and 2003, Occidental had not entered into any foreign currency derivative instruments. The effect of exchange-rate transactions in foreign currencies is included in periodic income.

SAFE HARBOR DISCUSSION REGARDING OUTLOOK AND OTHER FORWARD-LOOKING DATA

Portions of this report, including Items 1 and 2 and the information appearing under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," including the information under the sub captions "Strategy," "Oil and Gas Segment -- Industry Outlook," and "Chemical Segment -- Industry Outlook," contain forward-looking statements and involve risks and uncertainties that could significantly affect expected results of operations, liquidity, cash flows and business prospects. Words such as "estimate," "project," "predict," "will," "anticipate," "plan," "intend," "believe," "expect" or similar expressions that convey the uncertainty of future events or outcomes generally identify forward-looking statements. Occidental expressly disclaims any obligation to publicly update or revise any forward-looking statements, whether as a result of new information or otherwise.

Factors that could cause results to differ materially from forward-looking statements include, but are not limited to, those listed below:

EXTERNAL RISKS

VOLATILE GLOBAL COMMODITY PRICING FLUCTUATIONS BEYOND OCCIDENTAL'S CONTROL STRONGLY AFFECT ITS REVENUES, PROFITABILITY, OPERATING CASH FLOW AND FUTURE GROWTH RATE.

As discussed in the section entitled "Derivative Activities and Market Risk - -- Commodity Price Risk -- Production Hedges," Occidental typically does not hedge against price fluctuations in either of its businesses with the result that its financial results correlate closely to the price it obtains for its products in the global markets in which they compete. Historically, prices for Occidental's products have been volatile. In addition, a significant portion of the oil Occidental produces is sour crude, which has tended to experience lower rates of price increase because there is comparatively more sour crude oil available.

Drilling and exploration activity levels, inventory levels, production disruptions, the actions of OPEC (increasing prices or limiting Occidental's production), price speculation and geophysical and technical limitations affect the global short-term and long-term supply of oil and gas and interact to contribute to price volatility. Because of the long lead times associated with drilling and exploration projects, Occidental may commit significant amounts of capital to oil and gas projects and cannot be certain of the level of demand that will exist when it finishes a project. The health of the global economy, alternative sources of energy, such as coal, and efforts at efficient consumption can also affect the demand for oil and gas.

Demand for Occidental's chemicals products correlates most strongly with the health of the global economy. Occidental also depends on feedstocks and energy to produce chemicals, both of which are commodities subject to significant price fluctuations.

OCCIDENTAL'S BUSINESSES OPERATE IN A HIGHLY COMPETITIVE ENVIRONMENT.

Occidental's future oil and gas production depends on its ability to acquire or find additional reserves at prices below that at which it can sell the oil and gas it produces from them, after operating costs. Occidental can acquire reserves by purchasing existing producing assets or by acquiring exploration rights and successfully drilling wells that produce hydrocarbons in commercial quantities. Industry competition for reserves may cause Occidental to shift toward higher risk exploration activity or force it to pay more for acquisitions. Rising exploration and development activity in the industry generally increases the costs of oil and gas services.

Participants in the chemicals industry compete primarily based on price and the industry consists of many domestic and foreign competitors. In addition, the industry has been characterized by sporadic global expansion, often leading to overcapacity, whenever currently foreseeable prices appear to support expansion, which has often led to overcapacity.

In both industries, Occidental uses nonproprietary technology and business management techniques, which limits its ability to achieve significant comparative production efficiencies.

OCCIDENTAL'S BUSINESSES MAY EXPERIENCE CATASTROPHIC OCCURRENCES.

Natural disasters, such as hurricanes, occur regularly and may occasionally affect Occidental's businesses. In addition, well blowouts and oilfield fires, armed conflicts, civil unrest and industrial accidents may occur and may have an effect on Occidental's businesses. Occidental maintains insurance against a number of these risks, however, it partially self-insures and insurance may not always provide the coverage expected or desired due to contractual limitations, unavailability, cost of insurance and the insurers' financial health.

VARIED GOVERNMENTAL AND POLITICAL ACTIONS AFFECT OCCIDENTAL'S RESULTS OF OPERATIONS.

The transnational character of Occidental's oil and gas business subjects it to the decisions of many governments and political interests. As a result, Occidental faces increased risks of change in laws and regulations, including, but not limited to, those related to taxes, royalty rates, permitted production rates, import, export and use of products, and environmental protection, as well as risk of expropriation or reduction of entitlements to produce hydrocarbons.

Occidental operates some of its oil and gas business in countries that occasionally experience political instability, which increases Occidental's risk of loss or delayed production associated with armed conflict, civil unrest, security problems, restrictions on production equipment imports and sanctions that prevent continued operations. Occidental may face the risk of increased costs if it is perceived not to be respecting or advancing the economic and social progress of the communities in which it operates. Since Occidental's assets are long-lived, the magnitude of these risks can vary during the time it operates in a country.

CERTAIN OF OCCIDENTAL'S MAJOR CHEMICALS PRODUCTS ARE COPRODUCED IN A FIXED RATIO, WHICH LIMITS ITS ABILITY TO EXPLOIT PRICING OPPORTUNITIES.

Because chlorine and caustic soda must be produced together in a fixed ratio, an imbalance in demand between the products ultimately requires Occidental to reduce output or cut prices to restore demand balance. Either action in turn limits Occidental's profits on these commodities.

TECHNOLOGICAL CHANGES MAY CHANGE THE NATURE OF THE ENERGY INDUSTRY.

Rising oil and gas prices create incentives to find alternative energy sources that could replace oil and gas over the long term.

INTERNAL RISKS

OCCIDENTAL MAY INCUR SIGNIFICANT COSTS IN EXPLORATION OR DEVELOPMENT EFFORTS WHICH MAY PROVE UNSUCCESSFUL OR UNPROFITABLE.

Occidental may misinterpret geologic or engineering data, which may result in significant losses on unsuccessful exploration or development drilling efforts.

Occidental is subject to the risks of project delays and cost overruns due to unexpected geologic conditions, equipment failures and accidents, adverse weather and construction or start-up delays and other associated risks.

INADEQUATE COST CONTAINMENT COULD REDUCE OCCIDENTAL'S COMPETITIVENESS.

Occidental works to minimize the costs associated with its businesses but the impact of its efforts may not be sufficient to offset any negative effects related to the main elements of cost, which consist of reserve acquisition costs for oil and gas and feedstock and energy costs for chemicals.

CROSS-REFERENCES TO OTHER RISK DISCUSSIONS

Additional risks related to competition, foreign operations, litigation, environmental matters, derivatives and market risks, and oil and gas reserve estimation fluctuations are discussed elsewhere in this report under the headings "Lawsuits, Claims, Commitments, Contingencies and Related Matters," "Environmental Liabilities and Expenditures," "Derivative Activities and Market Risk," "Critical Accounting Policies and Estimates -- Oil and Gas Properties," "Business and Properties -- Oil and Gas Operations -- Competition and Sales and Marketing," "Business and Properties -- Chemical Operations -- Competition," and "Foreign Investments."

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Occidental Petroleum Corporation:

We have audited the accompanying consolidated balance sheets of Occidental Petroleum Corporation and subsidiaries (the Company) as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity, comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2004. In connection with our audits of the consolidated financial statements, we also have audited the accompanying financial statement schedule. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Occidental Petroleum Corporation and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As explained in Note 4 to the consolidated financial statements, effective January 1, 2003, the Company changed its method of accounting for inventories purchased from third parties and its method of accounting for asset retirement obligations. Effective April 1, 2003, the Company changed its method of accounting for the consolidation of variable interest entities. Effective July 1, 2003, the Company changed its method of accounting for certain financial instruments with characteristics of both liabilities and equity. Effective January 1, 2002, the Company changed its method of accounting for the impairment of goodwill and other intangibles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Occidental Petroleum Corporation's internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 25, 2005 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

/s/ KPMG LLP
Los Angeles, California
February 25, 2005

In millions, except per-share amounts and Subsidiaries

For the years ended December 31,	2004	2003	2002
REVENUES			
Net sales	$ 11,368	$ 9,240	$ 7,247
Interest, dividends and other income	144	89	143
Gains on disposition of assets, net	1	32	10
	11,513	9,361	7,400
COSTS AND OTHER DEDUCTIONS			
Cost of sales (excludes depreciation, depletion and amortization of $1,263 in 2004, $1,137 in 2003 and $978 in 2002)	4,509	3,897	3,299
Selling, general and administrative and other operating expenses	1,008	852	646
Depreciation, depletion and amortization	1,303	1,175	1,009
Environmental remediation	59	63	23
Exploration expense	219	139	176
Interest and debt expense, net	260	332	295
	7,358	6,458	5,448
INCOME BEFORE TAXES AND OTHER ITEMS	4,155	2,903	1,952
Provision for domestic and foreign income and other taxes	1,708	1,231	433
Minority interest	75	62	77
(Income) loss from equity investments	(113)	9	261
Gain on Lyondell stock issuance	(121)	--	--
INCOME FROM CONTINUING OPERATIONS	2,606	1,601	1,181
Discontinued operations, net	(38)	(6)	(97)
Cumulative effect of changes in accounting principles, net	--	(68)	(95)
NET INCOME	$ 2,568	$ 1,527	$ 989
BASIC EARNINGS PER COMMON SHARE			
Income from continuing operations	$ 6.59	$ 4.17	$ 3.14
Discontinued operations, net	(0.10)	(0.01)	(0.26)
Cumulative effect of changes in accounting principles, net	--	(0.18)	(0.25)
BASIC EARNINGS PER COMMON SHARE	$ 6.49	$ 3.98	$ 2.63
DILUTED EARNINGS PER COMMON SHARE			
Income from continuing operations	$ 6.50	$ 4.12	$ 3.12
Discontinued operations, net	(0.10)	(0.01)	(0.26)
Cumulative effect of changes in accounting principles, net	--	(0.18)	(0.25)
DILUTED EARNINGS PER COMMON SHARE	$ 6.40	$ 3.93	$ 2.61
DIVIDENDS PER COMMON SHARE	$ 1.10	$ 1.04	$ 1.00

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

CONSOLIDATED BALANCE SHEETS
In millions

Occidental Petroleum Corporation
and Subsidiaries

Assets at December 31,	2004	2003
CURRENT ASSETS		
Cash and cash equivalents	$ 1,449	$ 683
Trade receivables, net of reserves of $27 in 2004 and $24 in 2003	1,882	795
Receivables from joint ventures, partnerships and other	353	350
Inventories	545	489
Prepaid expenses and other	166	127
Assets held for sale	36	58
TOTAL CURRENT ASSETS	4,431	2,502
LONG-TERM RECEIVABLES, NET	239	264
INVESTMENTS IN UNCONSOLIDATED ENTITIES	1,727	1,155
PROPERTY, PLANT AND EQUIPMENT		
Oil and gas segment, successful efforts method	18,314	16,698
Chemical segment	4,476	4,416
Corporate and other	469	275
	23,259	21,389
Accumulated depreciation, depletion and amortization	(8,626)	(7,405)
	14,633	13,984
OTHER ASSETS	361	263
	$ 21,391	$ 18,168

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

CONSOLIDATED BALANCE SHEETS — Occidental Petroleum Corporation and Subsidiaries
In millions, except share amounts

Liabilities and Equity at December 31,	2004	2003
CURRENT LIABILITIES		
Current maturities of long-term debt and capital lease liabilities	$ 459	$ 23
Accounts payable	1,557	906
Accrued liabilities	1,013	874
Dividends payable	110	101
Domestic and foreign income taxes	263	163
Trust preferred securities	--	453
Liabilities held for sale	21	6
TOTAL CURRENT LIABILITIES	3,423	2,526
LONG-TERM DEBT, NET OF CURRENT MATURITIES AND UNAMORTIZED DISCOUNT	3,345	3,993
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes	1,248	1,001
Other	2,498	2,407
	3,746	3,408
CONTINGENT LIABILITIES AND COMMITMENTS		
MINORITY INTEREST	327	312
STOCKHOLDERS' EQUITY		
Nonredeemable preferred stock; $1.00 par value, authorized 50 million shares; outstanding shares: 2004 -- none and 2003 -- none	--	--
Common stock, $.20 par value; authorized 500 million shares; outstanding shares: 2004 -- 396,727,424 and 2003 -- 387,047,948	79	77
Additional paid-in capital	4,652	4,272
Retained earnings	5,664	3,530
Accumulated other comprehensive income	155	50
	10,550	7,929
	$ 21,391	$ 18,168

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY Occidental Petroleum Corporation and Subsidiaries

In millions

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income(Loss)
BALANCE, DECEMBER 31, 2001	$ 75	$ 3,857	$ 1,788	$ (86)
Net income	--	--	989	--
Other comprehensive income, net of tax	--	--	--	59
Dividends on common stock	--	--	(474)	--
Issuance of common stock	--	22	--	--
Exercises of options and other, net	--	88	--	--
BALANCE, DECEMBER 31, 2002	$ 75	$ 3,967	$ 2,303	$ (27)
Net income	--	--	1,527	--
Other comprehensive income, net of tax	--	--	--	77
Dividends on common stock	--	--	(300)	--
Issuance of common stock	--	11	--	--
Exercises of options and other, net	2	294	--	--
BALANCE, DECEMBER 31, 2003	$ 77	$ 4,272	$ 3,530	$ 50
Net income	--	--	2,568	--
Other comprehensive income, net of tax	--	--	--	105
Dividends on common stock	--	--	(434)	--
Issuance of common stock	--	8	--	--
Exercises of options and other, net	2	372	--	--
BALANCE, DECEMBER 31, 2004	$ 79	$ 4,652	$ 5,664	$ 155

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

In millions

For the years ended December 31,	2004	2003	2002
Net income	$ 2,568	$ 1,527	$ 989
Other comprehensive income(loss) items:			
Foreign currency translation adjustments (a)	3	38	5
Derivative mark-to-market adjustments (b)	7	2	(6)
Minimum pension liability adjustments (c)	--	13	(5)
Unrealized gains on securities (d)	95	24	65
Other comprehensive income, net of tax	105	77	59
Comprehensive income	$ 2,673	$ 1,604	$ 1,048

(a) Net of tax of $(1), $15 and $0 in 2004, 2003 and 2002, respectively.
(b) Net of tax of $4, $1 and $(5) in 2004, 2003 and 2002, respectively.
(c) Net of tax of $0, $7 and $(3) in 2004, 2003 and 2002, respectively.
(d) Net of tax of $51, $13 and $35 in 2004, 2003 and 2002, respectively.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
In millions

Occidental Petroleum Corporation and Subsidiaries

For the years ended December 31,	2004	2003	2002
CASH FLOW FROM OPERATING ACTIVITIES			
Income from continuing operations	$ 2,606	$ 1,601	$ 1,181
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation, depletion and amortization of assets	1,303	1,175	1,009
Amortization of debt discount and deferred financing costs	19	6	7
Deferred income tax provision(benefit)	170	65	(130)
Other noncash charges to income	448	313	37
Gains on disposition of assets, net	(1)	(32)	(10)
(Income) loss from equity investments	(113)	9	261
Gain on Lyondell stock issuance	(121)	--	--
Dry hole and impairment expense	159	80	96
Changes in operating assets and liabilities:			
Increase in accounts and notes receivable	(1,081)	(223)	(347)
Increase in inventories	(94)	(2)	(74)
Increase in prepaid expenses and other assets	(57)	(48)	(38)
Increase in accounts payable and accrued liabilities	725	84	172
Increase in current domestic and foreign income taxes	83	231	115
Other operating, net	(150)	(168)	(174)
Operating cash flow from continuing operations	3,896	3,091	2,105
Operating cash flow from discontinued operations	(18)	(17)	(5)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,878	3,074	2,100
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditures	(1,843)	(1,600)	(1,234)
Sale of businesses and disposal of property, plant and equipment, net	9	70	41
Purchase of businesses, net	(208)	(351)	(492)
Equity investments and other, net	(245)	(139)	(5)
Investing cash flow from continuing operations	(2,287)	(2,020)	(1,690)
Investing cash flow from discontinued operations	(1)	(1)	(6)
NET CASH USED BY INVESTING ACTIVITIES	(2,288)	(2,021)	(1,696)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term debt	60	297	248
Payments of long-term debt and capital lease liabilities	(239)	(631)	(199)
Proceeds from issuance of common stock	7	10	22
Repurchase of trust preferred securities	(466)	(2)	(9)
Purchases for natural gas delivery commitment	--	--	(95)
Buyout of natural gas commitment, net	--	--	(179)
Proceeds from subsidiary preferred stock issuance	--	--	72
Cash dividends paid	(424)	(392)	(375)
Stock options exercised	238	200	60
Other financing, net	--	2	(1)
NET CASH USED BY FINANCING ACTIVITIES	(824)	(516)	(456)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	766	537	(52)
CASH AND CASH EQUIVALENTS--BEGINNING OF YEAR	683	146	198
CASH AND CASH EQUIVALENTS--END OF YEAR	$ 1,449	$ 683	$ 146

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

In these Notes, the term "Occidental" or "the Company" refers to Occidental Petroleum Corporation (OPC) and/or one or more entities where it owns a majority voting interest. Occidental is a multinational organization whose principal business segments are oil and gas and chemical. The oil and gas segment explores for, develops, produces and markets crude oil and natural gas. The chemical segment manufactures and markets basic chemicals, vinyls and performance chemicals.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of OPC, entities in which it owns a majority voting interest, variable-interest entities (VIE) in which it is the primary beneficiary and its undivided interests in oil and gas exploration and production ventures. Occidental's proportionate share of oil and gas exploration and production ventures, in which it has a direct working interest, is accounted for by reporting its proportionate share of assets, liabilities, revenues and costs within the relevant lines on the balance sheets, income statements and cash flow statements.

In addition, certain financial statements, notes and supplementary data for prior years have been reclassified to conform to the 2004 presentation.

INVESTMENTS IN UNCONSOLIDATED ENTITIES

Investments in unconsolidated entities include both equity method and available-for-sale investments. Amounts representing Occidental's percentage interest in the underlying net assets of affiliates (excluding undivided interests in oil and gas exploration and production ventures) in which it does not have a majority voting interest but as to which it exercises significant influence, are accounted for under the equity method. Occidental records its share of gains or losses that arise from equity-method investee stock issuances in the income statement. Occidental reviews equity method investments for impairment whenever events or changes in circumstances indicate that an other-than-temporary decline in value has occurred. The amount of impairment, if any, is based on quoted market prices, where available, or other valuation techniques, including discounted cash flows.

Investments in which Occidental does not exercise significant influence are accounted for as available-for-sale investments and are carried at fair value, based on quoted market prices, with unrealized gains and losses reported in Other Comprehensive Income (OCI), net of taxes, until such investment is sold or collected. In disposal, the accumulated unrealized gain or loss included in OCI is transferred to income.

REVENUE RECOGNITION

Revenue is recognized from oil and gas production when title has passed to the customer, which occurs when the product is shipped. Revenue from marketing and trading activities is recognized on settled transactions, upon completion of contract terms and for physical deliveries upon title transfer. For unsettled transactions, contracts that meet specified accounting criteria are marked to market. Revenue from all marketing and trading activities, including revenue from buy/sell arrangements with the same counterparty, is reported on a net basis.

Revenue from chemical product sales is recognized when the product is shipped and title has passed to the customer. Prices are fixed at the time of shipment. Customer incentive programs provide for payments or credits to be made to customers based on the volume of product purchased over a defined period. Total customer incentive payments over a given period are estimated and recorded as a reduction to revenue ratably over the contract period. Such estimates are evaluated and revised as warranted.

RISKS AND UNCERTAINTIES

The process of preparing consolidated financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts, generally not by material amounts. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of Occidental's financial position and results of operations.

Included in the accompanying consolidated balance sheet are deferred tax assets of $822 million as of December 31, 2004, the noncurrent portion of which is netted against deferred income tax liabilities. Realization of these assets is dependent upon Occidental generating sufficient future taxable income. Occidental expects to realize the recorded deferred tax assets through future operating income and reversal of taxable temporary differences.

The accompanying consolidated financial statements include assets of approximately $4.1 billion as of December 31, 2004, and net sales of approximately $3.1 billion for the year ended December 31, 2004, relating to Occidental's operations in countries outside North America. Some of these countries may be considered politically and economically unstable. These assets and the related operations are subject to the risk of actions by governmental authorities and insurgent groups. Occidental attempts to conduct its financial affairs so as to mitigate its exposure against such risks and would seek compensation in the event of nationalization.

Since Occidental's major products are commodities, significant changes in the prices of oil and gas and chemical products may have a significant impact on Occidental's results of operations for any particular year.

Also, see "Property, Plant and Equipment" below.

CASH AND CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are readily convertible to cash. Cash equivalents totaled approximately $1.4 billion and $661 million at December 31, 2004 and 2003, respectively.

TRADE RECEIVABLES

Occidental has an agreement in place to sell, under a revolving sale program, an undivided interest in a designated pool of non-interest bearing trade receivables. This program is used by Occidental as a low-cost source of working capital funding. During 2004, Occidental discontinued, for the present time, the sale of its receivables. The balance of receivables sold at December 31, 2004 and 2003 was zero and $360 million, respectively. Receivables sold are not included in the debt and related trade receivables accounts, respectively, on Occidental's consolidated balance sheets.

Under this program, Occidental serves as the collection agent with respect to the receivables sold. An interest in new receivables is sold as collections are made from customers. Fees and expenses under this program are included in selling, general and administrative and other operating expenses. During the years ended December 31, 2004, 2003 and 2002, the cost of this program amounted to approximately 1.7 percent, 1.5 percent and 2.1 percent, respectively, of the weighted average amount of the receivables sold in each year. The fair value of any retained interests in the receivables sold is not material. The buyers of the receivables are protected against significant risk of loss on their purchase of receivables. Occidental provides for allowances for any doubtful receivables based on its periodic evaluation of such receivables. The provisions for such receivables were not material in the years ended December 31, 2004, 2003 and 2002.

The program can terminate upon the occurrence of certain events, which generally are under Occidental's control or relate to bankruptcy. If the program were terminated and there were amounts outstanding, alternative funding would have to be arranged, which could result in an increase in debt recorded on the consolidated balance sheet, with a corresponding increase in the accounts receivable balance.

INVENTORIES

For the oil and gas segment, materials and supplies are valued at the lower of average cost or market. Inventories are reviewed periodically (at least annually) for obsolescence. Oil and natural gas liquids (NGLs) inventories and natural gas trading inventory are valued at the lower of cost or market.

For the chemical segment, Occidental generally values its inventories using the last-in, first-out (LIFO) method as it better matches current costs and current revenue. Accordingly, Occidental accounts for most of its domestic inventories in its chemical business, other than materials and supplies, on the LIFO method. For other countries, Occidental uses the first-in, first-out (FIFO) method (if the costs of goods are specifically identifiable) or the average-cost method (if the costs of goods are not specifically identifiable). Occidental accounts for materials and supplies using a weighted average cost method.

PROPERTY, PLANT AND EQUIPMENT

OIL AND GAS

Property additions and major renewals and improvements are capitalized at cost. Interest costs incurred in connection with major capital expenditures are capitalized and amortized over the lives of the related assets (see Note 16).

Occidental uses the successful efforts method to account for its oil and gas properties. Under this method, costs of acquiring properties, costs of drilling successful exploration wells and development costs are capitalized. The costs of exploratory wells are initially capitalized pending a determination of whether proved reserves have been found. At the completion of drilling activities, the costs of exploratory wells remain capitalized if a determination is made that proved reserves have been found. If no proved reserves have been found, the costs of each of the related exploratory wells are charged to expense. In some cases, a determination of proved reserves cannot be made at the completion of drilling, requiring additional testing and evaluation of the wells. Occidental's practice is to expense the costs of such exploratory wells if a determination of proved reserves has not been made within a twelve-month period after drilling is complete. Occidental has no oil and gas reserves for which the determination of commercial viability is subject to the completion of major additional capital expenditures. Annual lease rentals, exploration costs, geological, geophysical and seismic costs are expensed as incurred.

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas, and NGLs that geological and engineering data demonstrate with reasonable certainty can be recovered in future years from known reservoirs under existing economic and operating conditions considering future production and development costs. Depreciation and depletion of oil and gas producing properties is determined by the unit-of-production method.

The carrying value of Occidental's property, plant and equipment (PP&E) is based on the cost incurred to acquire the PP&E, net of accumulated depreciation, depletion and amortization (DD&A) and net of any impairment charges. Occidental is required to perform impairment tests on its assets whenever events or changes in circumstances lead to a reduction in the estimated useful lives or estimated future cash flows that would indicate that the carrying amount may not be recoverable, or when management's plans change with respect to those assets. Occidental assesses assets for impairment by comparing undiscounted future cash flows of an asset to its carrying value. Impaired assets are written down to their estimated fair values, generally their estimated discounted future net pre-tax cash flows.

A portion of the carrying value of Occidental's oil and gas properties are attributable to unproved properties. At December 31, 2004, the costs attributable to unproved properties were approximately $500 million. These costs are not currently being depreciated or depleted. As exploration and development work progresses and the reserves on these properties are proven, capitalized costs attributable to the properties will be subject to depreciation and depletion. If the exploration and development work were to be unsuccessful, the capitalized costs of the properties related to this unsuccessful work would be expensed in the year in which the determination was made. The timing of any writedowns of these unproven properties, if warranted, depends upon the nature, timing and extent of future exploration and development activities and their results. Occidental believes its exploration and development efforts will allow it to realize the unproved property balance.

CHEMICAL

Occidental's chemical plants are depreciated using either the unit-of-production or straight-line method based upon the estimated useful life of the facilities.

The estimated useful lives of Occidental's chemical assets, which range from 3 years to 50 years, are used to compute depreciation expense and are also used for impairment tests. The estimated useful lives used for the chemical facilities are based on the assumption that Occidental will provide an appropriate level of annual expenditures to ensure productive capacity is sustained. Without these continued expenditures, the useful lives of these plants could significantly decrease. Other factors which could change the estimated useful lives of Occidental's chemical plants include higher or lower product prices, which are particularly affected by both domestic and foreign competition, feedstock costs, energy prices, environmental regulations, competition and technological changes.

Occidental performs impairment tests on its chemical assets whenever events or changes in circumstances lead to a reduction in the estimated useful lives or estimated future cash flows that would indicate that the carrying amount may not be recoverable, or when management's plans change with respect to those assets. Occidental compares the undiscounted future cash flows of an asset to its carrying value. The key factors which could significantly affect future cash flows are future product prices, which are particularly affected by both domestic and foreign competition, feedstock costs, energy costs, significantly increased regulation and remaining estimated useful life. Impaired assets are written down to their estimated fair values.

Due to a temporary decrease in demand for some of its products, Occidental temporarily idled an ethylene dichloride (EDC) plant in June 2001 and a chlor-alkali plant in December 2001. These idle facilities will be reactivated upon strengthening in overall economic conditions that leads to sustained improved demand and higher margins for caustic soda. Management expects that these plants will become operational in the future. The net book value of these plants was $113 million at December 31, 2004. Based on year-end value, the chlor-alkali plant that closed in December 2001 has a 24-percent minority interest of $22 million. These facilities are periodically tested for impairment and, based on the results, no impairment is deemed necessary at this time. Occidental continues to depreciate these facilities based on their remaining estimated useful lives.

ACCRUED LIABILITIES--CURRENT

Accrued liabilities include accrued payroll, commissions and related expenses of $246 million and $200 million at December 31, 2004 and 2003, respectively.

ENVIRONMENTAL LIABILITIES AND EXPENDITURES

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Reserves for estimated costs that relate to existing conditions caused by past operations and that do not contribute to current or future revenue generation are recorded when environmental remedial efforts are probable and the costs can be reasonably estimated. In determining the reserves and the reasonably possible range of loss, Occidental refers to currently available information, including relevant past experience, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. The environmental reserves are based on management's estimate of the most likely cost to be incurred and are reviewed periodically and adjusted as additional or new information becomes available.

Environmental reserves are recorded on a discounted basis only when a reserve is initially established and the aggregate amount of the estimated costs for a specific site and the timing of cash payments are reliably determinable. The reserve methodology for a specific site is not modified once it has been established. Recoveries and reimbursements are recorded in income when receipt is probable. For the years ended December 31, 2004 and 2003, Occidental has not accrued any reimbursements or indemnification recoveries for environmental remediation matters as assets.

Many factors could result in changes to Occidental's environmental reserves and reasonably possible range of loss. The most significant are: >> The original cost estimate may have been inaccurate.

>> Modified remedial measures might be necessary to achieve the required remediation results. Occidental generally assumes that the remedial objective can be achieved using the most cost-effective technology reasonably expected to achieve that objective. Such technologies may include air sparging or phyto-remediation of shallow groundwater, or limited surface soil removal or in-situ treatment producing acceptable risk assessment results. Should such remedies fail to achieve remedial objectives, more intensive or costly measures may be required.

>> The remedial measure might take more or less time than originally anticipated to achieve the required contaminant reduction. Site-specific time estimates can be affected by factors such as groundwater capture rates, anomalies in subsurface geology, interactions between or among water-bearing zones and non-water-bearing zones, or the ability to identify and control contaminant sources.

>> The regulatory agency might ultimately reject or modify Occidental's proposed remedial plan and insist upon a different course of action.

Additionally, other events might occur that could affect Occidental's future remediation costs, such as:

>> The discovery of more extensive contamination than had been originally anticipated. For some sites with impacted groundwater, accurate definition of contaminant plumes requires years of monitoring data and computer modeling. Migration of contaminants may follow unexpected pathways along geologic anomalies that could initially go undetected. Additionally, the size of the area requiring remediation may change based upon risk assessment results following site characterization or interim remedial measures.

>> Improved remediation technology might decrease the cost of remediation. In particular, for groundwater remediation sites with projected long-term operation and maintenance, the development of more effective treatment technology, or acceptance of alternative and more cost-effective treatment methodologies such as bio--remediation, could significantly affect remediation costs.

>> Laws and regulations might change to impose more or less stringent remediation requirements.

At sites involving multiple parties, Occidental provides environmental reserves based upon its expected share of liability. When other parties are jointly liable, the financial viability of the parties, the degree of their commitment to participate and the consequences to Occidental of their failure to participate are evaluated when estimating Occidental's ultimate share of liability. Based on these factors, Occidental believes that it will not be required to assume a share of liability of other potentially responsible parties, with whom it is alleged to be jointly liable, in an amount that would have a material effect on Occidental's consolidated financial position, liquidity or results of operations.

Most cost sharing arrangements with other parties fall into one of the following three categories:

Category 1: Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) or state-equivalent sites wherein Occidental and other alleged potentially responsible parties share the cost of remediation in accordance with negotiated or prescribed allocations;

Category 2: Oil and gas joint ventures wherein each joint venture partner pays its proportionate share of remedial cost; and

Category 3: Contractual arrangements typically relating to purchases and sales of property wherein the parties to the transaction agree to methods of allocating the costs of environmental remediation.

In all three of these categories, Occidental records as a reserve its expected net cost of remedial activities, as adjusted by recognition for any nonperforming parties.

In addition to the costs of investigating and implementing remedial measures, which often take in excess of ten years at CERCLA sites, Occidental's reserves include management's estimates of the cost of operation and maintenance of remedial systems. To the extent that the remedial systems are modified over time in response to significant changes in site-specific data, laws, regulations, technologies or engineering estimates, Occidental reviews and changes the reserves accordingly on a site-specific basis.

ASSET RETIREMENT OBLIGATIONS

Occidental recognizes 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. The liability amounts are based on future retirement cost estimates and incorporate many assumptions such as expected economic recoveries of oil and gas, time to abandonment, future inflation rates and the adjusted risk free rate of interest. When the liability is initially recorded, Occidental capitalizes the cost by increasing the related property, plant and equipment balances. Over time, the liability is increased and expense is recognized for the change in its present value, and the initial capitalized cost is depreciated over the useful life of the asset. No market risk premium has been included in Occidental's liability since no reliable estimate can be made at this time. See Note 4.

The following table summarizes the activity of the asset retirement obligation, of which $7 million and $4 million is included in accrued liabilities at December 31, 2004 and 2003, respectively. The remaining balance in both years is included in deferred credits and other liabilities - other:

For the years ended December 31, (in millions)	2004	2003
Beginning balance	$ 167	$ --
Cumulative effect of change in accounting principles	--	151
Liabilities incurred	21	6
Liabilities settled	(9)	(7)
Accretion expense	12	11
Acquisitions and other	18	1
Revisions to estimated cash flows	(3)	5
Ending balance	$ 206	$ 167

DERIVATIVE INSTRUMENTS

All derivative instruments are carried at fair value and are classified in receivables from joint ventures, partnerships and other, long-term receivables, accrued liabilities and deferred credits and other liabilities - other. Occidental classifies its fair value swap interest receipts as reductions of interest expense. Cash flow hedge gains and losses, including any ineffectiveness, are classified within the net sales line item. Gains and losses are netted in the income statement and are netted on the balance sheets when a right of offset exists.

Occidental applies either fair value or cash flow hedge accounting when transactions meet specified criteria for hedge accounting treatment. If the derivative does not qualify as a hedge or is not designated as a hedge, the gain or loss is immediately recognized in earnings. If the derivative qualifies for hedge accounting, the gain or loss on the derivative is either recognized in income with an offsetting adjustment to the basis of the item being hedged for fair value hedges, or deferred in OCI to the extent the hedge is effective for cash flow hedges.

A hedge is regarded as highly effective and qualifies for hedge accounting if, at inception and throughout its life, it is expected that changes in the fair value or cash flows of the hedged item are almost fully offset by the changes in the fair value of changes in cash flows of the hedging instrument and actual effectiveness is within a range of 80 percent to 125 percent. In the case of hedging a forecasted transaction, the transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect reported net profit or loss. Occidental discontinues hedge accounting when it is determined that a derivative has ceased to be highly effective as a hedge; when the derivative expires, or is sold, terminated, or exercised; when the hedged item matures or is sold or repaid; or when a forecasted transaction is no longer deemed highly probable.

FINANCIAL INSTRUMENTS FAIR VALUE

Occidental values financial instruments as required by Statement of Financial Accounting Standards (SFAS) No. 107, "Disclosures about Fair Value of Financial Instruments." The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of those instruments. The carrying value of other on-balance-sheet financial instruments, other than debt, approximates fair value, and the cost, if any, to terminate off-balance-sheet financial instruments is not significant.

STOCK INCENTIVE PLANS

Occidental has stock incentive plans (Plans) that are more fully described in Note 12. Occidental accounts for those Plans under Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations.

For stock options, restricted stock and Share Units, compensation expense, if any, is measured as the difference between the quoted market price of Occidental's stock at the grant date, less the amount, if any, that the employee must pay to acquire the stock. The stock option, restricted stock and Share Unit compensation expense, if any, is recognized on a straight-line basis over the vesting periods of the respective awards. For performance stock, compensation expense is measured for each period based on the number of shares expected to vest and the changes in the quoted market value of Occidental's stock during the vesting period. Performance stock compensation expense or benefit, as applicable, is

recognized on a straight-line basis over the vesting periods of the awards. For stock appreciation rights (SARs), compensation expense is measured as the amount by which the quoted market value of Occidental's stock exceeds the SAR exercise price. Changes in Occidental's share price between the date of grant and through the date when the SARs are exercised or have expired, are recognized as compensation expense in each period. Had compensation expense for those Plans been determined in accordance with SFAS No. 123, "Accounting for Stock Based Compensation," Occidental's pro forma net income and earnings per share would have been as follows:

For the years ended December 31, (in millions)	2004	2003	2002
Net income, as reported	$ 2,568	$ 1,527	$ 989
Add: Stock-based employee compensation expense included in reported net income determined under APB Opinion No. 25, net of related tax effects	47	38	18
Deduct: Total stock-based employee compensation expense determined under the SFAS No. 123 fair value-based method for all awards, net of related tax effects	(61)	(56)	(37)
Pro forma net income	$ 2,554	$ 1,509	$ 970
Earnings Per Share:			
Basic -- as reported	$ 6.49	$ 3.98	$ 2.63
Basic -- pro forma	$ 6.46	$ 3.93	$ 2.58
Diluted Earnings per Share			
Diluted -- as reported	$ 6.40	$ 3.93	$ 2.61
Diluted -- pro forma	$ 6.37	$ 3.88	$ 2.55

The fair value of each option grant, for pro forma calculation purposes, is estimated using the Black-Scholes option-pricing model. The weighted average grant-date fair value of options granted was $8.03, $3.20 and $5.36 in 2004, 2003 and 2002, respectively. The fair value of each option grant is estimated with the following weighted average assumptions:

For the years ended December 31,	2004	2003	2002
Assumptions used:			
Risk-free interest rate	3.4%	1.63%	3.89%
Dividend yield	2.23%	3.37%	3.93%
Volatility factor	21%	21%	32%
Expected life (years)	3.6	2.4	3.5

These grants have limitations on transferability. In the case of executive management, such options may not be exercised for approximately two months of each calendar quarter. The use of short-term volatility measures as a proxy for long-term volatility provides significant uncertainty as to the fair value of the options. These factors could result in the market value of the options being less than the Black-Scholes values. Expected life is estimated based on the actual weighted average life of historical option activity of the grantee population at the date of grant.

SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments, net of refunds, during the years 2004, 2003 and 2002 included federal, foreign and state income taxes of approximately $931 million, $538 million and $111 million, respectively. Interest paid (net of interest capitalized) totaled approximately $205 million, $310 million and $250 million for the years 2004, 2003 and 2002, respectively. (See Note 3 for detail of noncash investing and financing activities regarding certain acquisitions.)

FOREIGN CURRENCY TRANSACTIONS

The functional currency applicable to all of Occidental's foreign oil and gas operations is the U.S. dollar since cash flows are denominated principally in U.S. dollars. Occidental's chemical operations in Brazil use the Real as the functional currency. The effect of exchange-rate changes on transactions denominated in nonfunctional currencies generated a loss of $13 million in 2004, $3 million in 2003 and $26 million in 2002. The 2002 amount related to the writedown and sale of Occidental's calendering operations in Rio de Janeiro, Brazil.

NOTE 2 DERIVATIVE ACTIVITIES INCLUDING FAIR VALUE OF FINANCIAL INSTRUMENTS

Occidental's market risk exposures relate mainly to commodity prices and, to a lesser extent, interest rates and foreign currency exchange rates. Occidental periodically enters into derivative instrument transactions to reduce these price and rate fluctuations. A derivative is an instrument that, among other characteristics, derives its value from changes in another instrument or variable.

In general, the fair value recorded for derivative instruments is based on quoted market prices, dealer quotes and the Black-Scholes or similar valuation models.

COMMODITY PRICE RISK

GENERAL

Occidental's results are sensitive to fluctuations in crude oil and natural gas prices.

MARKETING AND TRADING OPERATIONS

Occidental periodically uses different types of derivative instruments to achieve the best prices for oil and gas. Derivatives are also used by Occidental to reduce its exposure to price volatility and mitigate fluctuations in commodity-related cash flows. Occidental enters into low-risk marketing and trading activities through its separate marketing organization, which operates under established policy controls and procedures. With respect to derivatives used in its oil and gas marketing operations, Occidental utilizes a combination of futures, forwards, options and swaps to offset various physical transactions. Occidental's use of derivatives in hedging marketing and trading activities primarily relates to managing cash flows from third-party purchases.

PRODUCTION HEDGES

On a limited basis, Occidental uses cash-flow hedges for the sale of crude oil and natural gas production. No cash flow hedges were used for the sale of production in 2003 and no material amounts were used in 2004. There were no material crude oil or gas cash flow hedges on future production at December 31, 2004. No fair value hedges were used for oil and gas production during 2004 and 2003.

FAIR VALUE OF MARKETING AND TRADING DERIVATIVE CONTRACTS

The following tables reconcile the changes in the fair value of Occidental's marketing and trading contracts during 2004 and 2003 and segregate the open contracts at December 31, 2004 by maturity periods.

In millions	2004	2003
Fair value of contracts outstanding at beginning of year	$ 32	$ (2)
(Gains) losses on changes for contracts realized or otherwise settled during the year	(94)	50
Changes in fair value attributable to changes in valuation techniques and assumptions	--	--
Gains (losses) or other changes in fair values	92	(16)
Fair value of contracts outstanding at end of year	$ 30	$ 32

Source of Fair Value	Maturity Periods 2005	2006 to 2007	2008 to 2009	2010 and thereafter	Total Fair Value
Prices actively quoted	$ 16	$ 8	$ --	$ --	$ 24
Prices provided by other external sources	(4)	3	4	1	4
Prices based on models and other valuation methods	(2)	(2)	2	4	2
TOTAL	$ 10	$ 9	$ 6	$ 5	$ 30

INTEREST RATE RISK

GENERAL

Occidental is exposed to risk resulting from changes in interest rates and it enters into various derivative financial instruments to manage interest-rate exposure. Interest-rate swaps, forward locks and futures contracts are entered into periodically as part of Occidental's overall strategy to manage its interest rate risk exposures.

HEDGING ACTIVITIES

Occidental has entered into several interest-rate swaps that qualified for fair value hedge accounting. These derivatives effectively convert approximately $1.7 billion of fixed-rate debt to variable-rate debt with maturities ranging from 2006 to 2009. The fair value of interest-rate swaps, based on third party broker quotes, were $44 million and $87 million at December 31, 2004 and 2003, respectively. As a result of fair value hedges, the amount of interest expense recorded in the income statement was lower by approximately $56 million, $58 million and $45 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Occidental was a party to a series of forward interest-rate locks, which qualified as cash-flow hedges. The hedges were related to the construction of a cogeneration plant leased by Occidental that was completed in December 2002. The remaining loss on the hedges through December 2004 was approximately $20 million after-tax, which is recorded in accumulated OCI and is being recognized in earnings over the lease term of 26 years on a straight-line basis.

Certain of Occidental's equity investees have entered into additional derivative instruments that qualify as cash-flow hedges. Occidental reflects its proportionate share of these cash-flow hedges in OCI.

CREDIT RISK

Occidental's energy contracts are spread among several counterparties. Creditworthiness is reviewed before doing business with a new counterparty and on an ongoing basis. Occidental monitors aggregated counterparty exposure relative to credit limits, and manages credit-enhancement issues. Credit exposure for each customer is monitored for outstanding balances, current month activity, and forward mark-to-market exposure.

FOREIGN CURRENCY RISK

Several of Occidental's foreign operations are located in countries whose currencies generally depreciate against the U.S. dollar. Typically, effective currency forward markets do not exist for these countries. Therefore, Occidental attempts to manage its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions only at levels necessary for operating purposes. Most international crude oil sales are denominated in U.S. dollars. Additionally, all of Occidental's oil and gas foreign entities have the U.S. dollar as the functional currency. At December 31, 2004 and 2003, Occidental had not entered into any foreign currency derivative instruments. The effect of exchange-rate transactions in foreign currencies is included in periodic income.

DERIVATIVE AND FAIR VALUE DISCLOSURES

The following table shows derivative financial instruments included in the consolidated balance sheets:

Balance at December 31, (in millions)	2004	2003
Derivative financial instrument assets (a)		
Current	$ 145	$ 138
Non-current	82	118
	$ 227	$ 256
Derivative financial instrument liabilities (a)		
Current	$ 132	$ 85
Non-current	30	23
	$ 162	$ 108

(a) Amounts include energy-trading contracts.

The following table summarizes net after-tax derivative activity recorded in accumulated OCI (AOCI):

Balance at December 31, (in millions)	2004	2003
Beginning Balance	$ (24)	$ (26)
Gains (losses) from changes in current cash flow hedges	33	(17)
Amount reclassified to income	(26)	19
Ending Balance	$ (17)	$ (24)

During the next twelve months, Occidental expects that less than $1 million of net derivative after-tax gains included in AOCI, based on their valuation at December 31, 2004, will be reclassified into earnings. Hedge ineffectiveness did not have a material impact on earnings for the years ended December 31, 2004 and 2003.

NOTE 3 BUSINESS COMBINATIONS AND ASSET ACQUISITIONS AND DISPOSITIONS

2004

In January 2004, Occidental acquired a 1,300-mile oil pipeline and gathering system located in the Permian Basin for approximately $143 million in cash.

In October 2004, Occidental agreed to purchase three chemical manufacturing facilities from Vulcan Materials Company for $214 million in cash, subject to adjustment for changes in net working capital. In addition, Occidental will assume specified obligations, and may become obligated to make contingent payments based upon the future performance of these businesses. This transaction, which is subject to regulatory approval, is expected to close in 2005.

For strategic and economic reasons, Occidental exited the vinyl specialty resins business by closing the Pottstown, Pennsylvania manufacturing facility (Specialty Resins) effective January 5, 2005, and recorded an after-tax charge of $32 million as of December 31, 2004. Occidental's assets and liabilities related to Specialty Resins are classified as held for sale and as discontinued operations in the income statements for all periods presented. Specialty Resins' net sales included in discontinued operations were $98 million, $86 million and $91 million for 2004, 2003 and 2002, respectively, and net losses from discontinued operations were $38 million, $6 million and $18 million, respectively.

In November 2004, Lyondell acquired Millennium Chemicals Inc. (Millennium) by issuing additional shares of Lyondell common stock. Under Securities and Exchange Commission (SEC) Staff Accounting Bulletin (SAB) No. 51, Occidental is required to record its share of the increase in Lyondell's net equity resulting from this issuance. The effect of this is an increase of $121 million in the carrying value of Occidental's investment in Lyondell and an increase in Occidental's net income of $77 million after-tax. Occidental owns 41.3 million shares of Lyondell common stock. As a result of the stock issuance, Occidental's ownership percentage of Lyondell has decreased from approximately 22 percent to 17 percent.

2003

In 2003, Occidental made several oil and gas acquisitions in the Permian Basin for approximately $317 million in cash and sold approximately $34 million of these assets shortly thereafter. No gain or loss was recorded on these sales.

2002

Occidental's interest in the Dolphin Project, which was acquired in 2002, consists of two separate economic interests held through two separate legal entities. One entity, OXY Dolphin E&P, LLC, owns a 24.5-percent undivided interest in the assets and liabilities associated with a Development and Production Sharing Agreement (DPSA) with the Government of Qatar to develop and produce natural gas and condensate in Qatar's North Field for 25 years from the start of production, with a provision to request a 5-year extension. The purchase price of the undivided working interest in the DPSA was approximately $60 million and was recorded in Property, Plant and Equipment. This undivided interest will be proportionately consolidated in Occidental's financial statements.

A second entity, OXY Dolphin Pipeline, LLC, owns 24.5 percent of the stock of Dolphin Energy Limited (Dolphin Energy). Dolphin Energy owns the rights to build, own and operate a 260-mile-long, 48-inch natural gas pipeline which will transport dry natural gas from Qatar to the United Arab Emirates (UAE) for the life of the Dolphin Project or longer. Initially, the Dolphin Project will export 2 billion cubic feet (Bcf) per day of natural gas (plus associated liquids and byproducts). However, the pipeline is expected to have capacity to transport up to 3.2 Bcf of natural gas per day, and Dolphin Energy is pursuing additional business opportunities to meet the growing demand for natural gas in the UAE and Oman. The purchase price of Dolphin Energy stock totaled approximately $250 million and was recorded as an equity investment.

In August 2002, Occidental and Lyondell Chemical Company completed an agreement for Occidental to sell its 29.5-percent share of Equistar to Lyondell and to purchase a 21-percent equity interest in Lyondell. Occidental entered into these transactions to diversify its petrochemicals interests. These transactions reduced Occidental's direct exposure to petrochemicals volatility, yet allowed it to preserve, through its Lyondell investment, an economic upside of a recovery in the petrochemicals industry. In connection with these transactions, Occidental wrote down its investment in the Equistar partnership to fair value by recording a $412 million pre-tax charge as of December 2001. After the write-down, the net book value of Occidental's investment in Equistar at December 31, 2001, after considering tax effects, approximated the fair value of the Lyondell shares Occidental expected to receive, less transaction costs. Occidental recorded an after-tax gain of $164 million in the third quarter of 2002, as a result of closing these transactions on August 22, 2002. Occidental's initial carrying value of the Lyondell investment was $489 million, which represented the fair value of Lyondell's shares at closing.

In 2002, Occidental increased its ownership in Badin Block 1 and 2R by purchasing additional interests in these two blocks from the Government of Pakistan for approximately $72 million.

In the fourth quarter of 2002, Occidental sold its chrome business at Castle Hayne, North Carolina for $25 million and its plastic calendering operations in Brazil for a $6 million note receivable. In the third quarter of 2002, Occidental recorded an after-tax impairment charge of $69 million and classified both of these businesses as discontinued operations. The fair value of these businesses was determined by the expected sales proceeds from third party buyers. When these transactions closed, no significant gain or loss was recorded. For the year ended December 31, 2002, these discontinued operations had revenues of $91 million, and pre-tax loss of $98 million.

NOTE 4 ACCOUNTING CHANGES

FUTURE ACCOUNTING CHANGES

FASB NO. 151

In November 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 151, "Inventory Costs, an amendment of APB Opinion No. 43, Chapter 4." SFAS No. 151 clarifies the accounting treatment for various inventory costs and overhead allocations. SFAS No. 151 is effective for inventory costs incurred after July 1, 2005. Occidental will adopt this statement in the third quarter of 2005 and it is not expected to have a material effect on the financial statements when adopted.

FASB NO. 153

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29." SFAS No. 153 specifies the criteria required to record a nonmonetary asset exchange using carryover basis. SFAS No. 153 is effective for nonmonetary asset exchanges occurring after July 1, 2005. Occidental will adopt this statement in the third quarter of 2005 and it is not expected to have a material effect on the financial statements when adopted.

SFAS NO. 123R

In December 2004, the FASB issued SFAS No. 123 (revised 2004) (SFAS No. 123R) "Share-Based Payments." SFAS No. 123R requires that the cost from all share-based payment transactions, including stock options, be recognized in the financial statements at fair value. Occidental currently uses the intrinsic-value method to account for these share-based payments. SFAS No. 123R is effective for public companies in the first interim period after June 15, 2005.

Occidental will adopt the provisions of this statement in the third quarter of 2005. Occidental anticipates adopting SFAS No. 123R using the modified prospective method, which will not require Occidental to restate prior periods. Occidental is currently assessing the effect of SFAS No. 123R on its financial statements.

EITF ISSUE NO. 4-13

The Emerging Issues Task Force (EITF) is currently considering EITF Issue No. 4-13, "Accounting for Purchases and Sales of Inventory with the Same Counterparty" which will determine whether buy/sell arrangements should be accounted for at historical cost and whether these arrangements should be reported on a gross or net basis. Buy/sell arrangements are typically contractual arrangements where the buy and sell agreements are entered into in contemplation of one another with the same counterparty. The SEC has questioned the gross treatment of these types of arrangements. Occidental reports all buy/sell arrangements on a net basis. Therefore, if EITF Issue No. 4-13 required companies to report buy/sell arrangements on a net basis, it would have no effect on Occidental's financial statements.

RECENTLY ADOPTED ACCOUNTING CHANGES

FSP FAS 106-2

In May 2004, the FASB issued FASB Staff Position (FSP) FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003," which specifies the accounting and disclosure requirements for the prescription drug benefits that are available under this new plan. Occidental adopted the disclosure provisions of this pronouncement in the second quarter of 2004. See Note 13 for more information.

FIN 46 AND FIN 46-R (REVISED)

In January 2003, the FASB issued FASB Interpretation No. (FIN) 46, "Consolidation of Variable Interest Entities (VIE)." FIN 46 requires a company to consolidate a VIE if it is designated as the primary beneficiary of that entity even if the company does not have a majority of voting interests. A VIE is generally defined as an entity whose equity is unable to finance its activities or whose owners lack the risks and rewards of ownership. The statement also imposes 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 investment. As a result of the OxyMar consolidation, assets increased by $166 million and liabilities increased by $178 million. There was no material effect on net income as a result of the consolidation. In April 2004, Marubeni exercised its option to put its interest in OxyMar to Occidental by paying approximately $20 million to Occidental. See Note 14 for more information on VIEs where Occidental is not the primary beneficiary.

In December 2003, the FASB revised FIN 46 to exempt certain entities from its requirements and to clarify certain issues arising during the initial implementation of FIN 46. Occidental adopted the revised interpretation in the first quarter of 2004 and it did not have a material impact on the financial statements when adopted.

SFAS NO. 132 REVISED

In December 2003, the FASB issued a revision to SFAS No. 132, "Employers Disclosures about Pensions and Other Postretirement Benefits" to improve financial statement disclosures for defined benefit plans. The standard requires that companies provide additional details about their plan assets, benefit obligations, cash flows and other relevant information, such as plan assets by category. A description of investment policies and strategies for these asset categories and target allocation percentages or target ranges are also required in financial statements. This statement is effective for financial statements with fiscal years ending after December 15, 2003. Occidental adopted this statement in the fourth quarter of 2003 and provided the required disclosures in Note 13.

SFAS NO. 150

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 establishes accounting standards for how a company classifies and measures financial instruments that have characteristics of liabilities and equity. Occidental adopted the provisions of this statement on July 1, 2003. As a result of the adoption, Occidental's mandatorily redeemable trust preferred securities were classified as a liability and the payments to the holders of the securities were recorded as interest expense. On January 20, 2004, all of the trust preferred securities were redeemed.

SFAS NO. 149

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

SFAS NO. 143

Effective January 1, 2003 Occidental adopted SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. See Note 1 for more information.

The initial adoption of SFAS No. 143 on January 1, 2003 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.

FIN 45

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 Note 9. 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.

EITF ISSUE NO. 02-3

In October 2002, Occidental adopted certain provisions of Emerging Issues Task Force (EITF) Issue No. 02-3, "Issues involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities." As a result of adopting EITF Issue No. 02-3, there were no changes to gross margins, net income, cash flow, or earnings per share for any period; however, net sales and cost of sales were reduced by equal and offsetting amounts to reflect the adoption of this requirement. For the year ended December 31, 2002, net sales and cost of sales were reduced from amounts previously reported by approximately $2.2 billion (representing amounts for the first two quarters of 2002), to conform to the current presentation.

From 1999 to 2002, Occidental accounted for certain energy-trading contracts in accordance with 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 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 an $18 million after-tax charge as a cumulative effect of a change in accounting principles.

SFAS NO. 146

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.

SFAS NO. 145

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." In addition to amending or rescinding other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions, SFAS No. 145 precludes companies from recording gains and losses from the extinguishment of debt as an extraordinary item. Occidental implemented SFAS No. 145 in the fourth quarter of 2002 and all comparative financial statements have been reclassified to conform to the 2002 presentation. Since Occidental had no 2002 extraordinary items, there was no effect on the 2002 presentation. There was no effect on net income or basic earnings per common share upon adoption.

SFAS NO. 142

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 changes the accounting and reporting requirements for acquired goodwill and intangible assets. The provisions of this statement are applied to companies starting with fiscal years beginning after December 15, 2001. At December 31, 2001, the balance sheet included approximately $108 million of goodwill and intangible assets with annual amortization expense of approximately $6 million recorded in each of the years' income statements for the three-year period ended December 31, 2001. As a result, elimination of goodwill amortization would not have had a material impact on net income or earnings per share in any of the years presented and, as a result, the transitional disclosures of adjusted net income excluding goodwill amortization described by SFAS No. 142 have not been presented. Upon implementation of SFAS No. 142 in the first quarter of 2002, three separate specialty chemical businesses were identified as separate reporting units and tested for goodwill impairment. All three of these businesses are components of the chemical segment. The fair value of each of the three reporting units was determined through third party appraisals. The appraisals determined fair value to be the price that the assets could be sold for in a current transaction between willing parties. As a result of the impairment testing, Occidental recorded a cumulative after-tax effect of changes in accounting principles reduction in net income of approximately $95 million due to the impairment of all the goodwill attributed to these reporting units.

NOTE 5 INVENTORIES

Inventories of approximately $137 million and $171 million were valued under the LIFO method at December 31, 2004 and 2003, respectively. Inventories consisted of the following:

Balance at December 31, (in millions)	2004	2003
Raw materials	$ 62	$ 42
Materials and supplies	157	141
Finished goods	380	328
	599	511
LIFO reserve	(54)	(22)
TOTAL	$ 545	$ 489

NOTE 6 LONG-TERM DEBT AND TRUST PREFERRED SECURITIES

Long-term debt and trust preferred securities consisted of the following:

Balance at December 31, (in millions)	2004	2003
OCCIDENTAL PETROLEUM CORPORATION		
6.75% senior notes due 2012	$ 489	$ 500
7.65% senior notes to be redeemed March 2005 (a)	459	476
7.375% senior notes due 2008 (a)	417	426
8.45% senior notes due 2029	350	350
9.25% senior debentures due 2019	300	300
5.875% senior notes due 2007 (a)	293	318
10.125% senior debentures due 2009 (a)	280	280
4.25% medium-term notes due 2010	275	300
7.2% senior debentures due 2028	200	200
4% medium-term notes due 2007 (a)	176	178
8.75% medium-term notes due 2023	100	100
4.101% medium-term notes due 2007 (a)	75	76
11.125% senior notes due 2010	12	12
Medium-term notes due 2004 through 2008 (8.10% at December 31, 2004)	10	33
6.5% senior notes due 2005 (a)	--	161
	3,436	3,710
SUBSIDIARY DEBT		
1.65% to 7.5% unsecured notes due 2006 through 2030	374	313
	3,810	4,023
LESS:		
Unamortized discount, net	(6)	(7)
Current maturities	(459)	(23)
TOTAL LONG-TERM DEBT	3,345	3,993
TRUST PREFERRED SECURITIES	--	453
TOTAL	$ 3,345	$ 4,446

(a) Amounts include mark-to-market adjustments due to fair value hedges of $44 million at December 31, 2004 and $87 million at December 31, 2003.

On June 18, 2004, Occidental entered into a $1.5 billion five-year revolving bank credit facility (Credit Facility). Up to $200 million of the Credit Facility is available in the form of letters of credit. Borrowings under the Credit Facility bear interest at various benchmark rates, including LIBOR, plus a margin based on Occidental's senior debt ratings. Additionally, Occidental pays an annual facility fee (0.110 percent in 2004) on the total commitment amount, which is based on Occidental's senior debt ratings. The Credit Facility provides for the termination of the loan commitments and requires immediate repayment of any outstanding amounts if certain events of default occur or if Occidental files for bankruptcy. Occidental had not drawn down any amounts on the Credit Facility at December 31, 2004.

In January 1999, Occidental issued 21,000,000 shares of 8.16-percent Trust Originated Preferred Securities (trust preferred securities) to the public. Holders of the trust preferred securities are entitled to cumulative cash distributions at an annual rate of 8.16 percent of the liquidation amount of $25 per security. The trust preferred securities must be redeemed by January 20, 2039, but could be redeemed in whole, or in part, beginning January 20, 2004. Starting July 1, 2003, upon adoption of SFAS No. 150, the trust preferred securities were classified as a liability, and distributions on the trust preferred securities, which were previously recorded as minority interest on the statement of operations, were recorded as interest expense. On January 20, 2004, Occidental redeemed all of the trust preferred securities for par of $466 million plus accrued interest.

In 2004, Occidental recorded a $3 million pre-tax interest charge related to the open market purchase and retirement of $51 million of its senior notes, and a $3 million pre-tax interest charge, net of a $2 million gain related to the settlement of an interest-rate swap, to redeem all of its $157 million outstanding 6.5-percent senior notes which were due in 2005.

At March 31, 2003, Occidental redeemed its 6.4-percent senior notes due 2013 and recorded a pre-tax interest charge of $61 million.

At December 31, 2004, minimum principal payments on long-term debt subsequent to December 31, 2004 aggregated $3,766 million, of which $450 million is due in 2005, $46 million in 2006, $535 million in 2007, $405 million in 2008, $339 million in 2009, $287 million in 2010 and $1,704 million thereafter. These amounts do not include the unamortized discount of $6 million and fair value hedge mark-to-market gains of $44 million. The unamortized discount is generally being amortized to interest expense on the effective interest method over the lives of the related issuances.

At December 31, 2004, under the most restrictive covenants of certain financing agreements, Occidental's capacity for additional unsecured borrowing was approximately $22.7 billion and the capacity for the payment of cash dividends and other distributions on, and for acquisitions of, Occidental's capital stock was approximately $8.4 billion, assuming that such dividends, distributions and acquisitions were made without incurring additional borrowings.

Occidental estimates the fair value of its long-term debt based on the quoted market prices for the same or similar issues or on the yields offered to Occidental for debt of similar rating and similar remaining maturities. The estimated fair values of Occidental's debt, including trust preferred securities, at December 31, 2004 and 2003, was approximately $4.3 billion and approximately $5.0 billion, respectively, compared with a carrying value of approximately $3.8 billion, and approximately $4.5 billion, respectively.

NOTE 7 LEASE COMMITMENTS

The present value of minimum capital lease payments, net of the current portion, totaled $26 million at both December 31, 2004 and 2003. These amounts are included in other liabilities.

Operating and capital lease agreements, which include leases for manufacturing facilities, office space, railcars and tanks, frequently include renewal and/or purchase options and require Occidental to pay for utilities, taxes, insurance and maintenance expense.

At December 31, 2004, future net minimum lease payments for capital and operating leases (excluding oil and gas and other mineral leases) were the following:

In millions	Capital	Operating (a)
2005	$ 1	$ 110
2006	1	95
2007	1	78
2008	1	67
2009	1	65
Thereafter	29	808
TOTAL MINIMUM LEASE PAYMENTS	34	$ 1,223
Less:		
Imputed interest	(8)	
PRESENT VALUE OF MINIMUM CAPITAL LEASE PAYMENTS, NET OF CURRENT PORTION	$ 26	

(a) At December 31, 2004, sublease rental amounts included in the future operating lease payments totaled $76 million, as follows (in millions): 2005--$8, 2006--$8, 2007--$8, 2008--$8, 2009--$10 and thereafter--$34.

Rental expense for operating leases, net of sublease rental income, was $120 million in 2004, $118 million in 2003 and $81 million in 2002. Rental expense was net of sublease income of $8 million in 2004, $8 million in 2003 and $7 million in 2002.

Included in both the 2004 and 2003 property, plant and equipment accounts were $10 million of property leased under capital leases and $8 million of related accumulated amortization.

NOTE 8 ENVIRONMENTAL LIABILITIES AND EXPENDITURES

Occidental's operations in the United States are subject to stringent federal, state and local laws and regulations relating to improving or maintaining environmental quality. Foreign operations also are subject to environmental-protection laws. Costs associated with environmental compliance have increased over time and are expected to rise in the future. Environmental expenditures related to current operations are factored into the overall business planning process and are considered an integral part of production in manufacturing quality products responsive to market demand.

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, comparable state sites and other domestic and foreign remediation sites, including Occidental facilities and previously owned sites. Also, OPC and certain of its subsidiaries have been involved in a substantial number of governmental and private proceedings involving historical practices at various sites including, in some instances, having been named in proceedings under CERCLA and similar federal, state and local environmental laws. These proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages and civil penalties.

Occidental manages its environmental remediation efforts through a wholly owned subsidiary, Glenn Springs Holdings, Inc., which reports its results directly to Occidental's corporate management. The following table presents Occidental's environmental remediation reserves, the current portion of which is included in accrued liabilities ($76 million in 2004, $76 million in 2003 and $84 million in 2002) and the remainder in deferred credits and other liabilities - - other ($299 million in 2004, $296 million in 2003 and $309 million in 2002). The reserves are grouped by three categories of environmental remediation sites:

$ amounts in millions	2004		2003		2002	
	NUMBER OF SITES	RESERVE BALANCE	Number of Sites	Reserve Balance	Number of Sites	Reserve Balance
CERCLA & equivalent sites	125	$ 239	131	$ 240	124	$ 284
Active facilities	16	75	13	79	14	46
Closed or sold facilities	39	61	39	53	44	63
TOTAL	180	$ 375	183	$ 372	182	$ 393

The following table shows environmental reserve activity for the past three years:

In millions	2004	2003	2002
Balance -- Beginning of Year	$ 372	$ 393	$ 454
Increases to provision including interest accretion	60	64	25
Changes from acquisitions/dispositions	6	--	--
Payments	(63)	(83)	(84)
Other	--	(2)	(2)
Balance -- End of Year	$ 375	$ 372	$ 393

Occidental expects to expend funds equivalent to about half of the current environmental reserve over the next three years and the balance over the next ten or more years. Occidental expects that it may 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 $375 million beyond the amount accrued. For management's opinion, refer to Note 9.

At December 31, 2004, OPC or certain of its subsidiaries have been named in 125 CERCLA or state equivalent proceedings, as shown below.

Description ($ amounts in millions)	Number of Sites	Reserve Balance
Minimal/No exposure (a)	101	$ 6
Reserves between $1-10 MM	17	64
Reserves over $10 MM	7	169
TOTAL	125	$ 239

(a) Includes 27 sites for which Maxus Energy Corporation has retained the liability and indemnified Occidental, 7 sites where Occidental has denied liability without challenge, 54 sites where Occidental's reserves are less than $50,000 each, and 13 sites where reserves are between $50,000 and $1 million each.

The seven sites with individual reserves over $10 million in 2004 are a former copper mining and smelting operation in Tennessee, two closed landfills in Western New York, groundwater treatment facilities at three currently closed or formerly owned chemical plants (Montague, Michigan, Western New York and Tacoma, Washington) and replacement of a municipal drinking water treatment plant in Western New York.

Certain subsidiaries of OPC are currently addressing releases of substances from past operations at 16 active facilities. Four facilities -- certain oil and gas properties in the southwestern United States, a chemical plant in Louisiana, a chemical plant in Texas and a phosphorous recovery operation in Tennessee -- account for 75 percent of the reserves associated with these facilities.

There are 39 sites formerly owned or operated by certain subsidiaries of OPC that have ongoing environmental remediation requirements in which OPC or its subsidiaries are involved. Three sites account for 62 percent of the reserves associated with this group. The three sites are: an active refinery in Louisiana where Occidental indemnifies the current owner and operator for certain remedial actions, a water treatment facility at a former coal mine in Pennsylvania, and a former OxyChem chemical plant in Ohio operated by new ownership.

Occidental's costs, some of which may include estimates, relating to compliance with environmental laws and regulations are shown below for each segment:

In millions	2004	2003	2002
OPERATING EXPENSES			
Oil and Gas	$ 54	$ 40	$ 32
Chemical	59	55	54
	$ 113	$ 95	$ 86
CAPITAL EXPENDITURES			
Oil and Gas	$ 48	$ 98	$ 70
Chemical	12	15	16
	$ 60	$ 113	$ 86
REMEDIATION EXPENSES			
Corporate	$ 59	$ 63	$ 23

Operating expenses are incurred on a continual basis. Capital expenditures relate to longer-lived improvements in currently operating facilities. Remediation expenses relate to existing conditions caused by past operations and do not contribute to current or future revenue generation. Although total costs may vary in any one year, over the long term, segment operating and capital expenditures for environmental compliance generally are expected to increase.

NOTE 9 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, local and foreign 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.

In September 2004, Occidental received formal notification from Petroecuador, the state oil company of Ecuador, initiating proceedings to determine if Occidental had violated its Participation Contract for Block 15 or the Ecuadorian Hydrocarbons Law and whether the alleged violations constitute grounds for terminating the Participation Contract. The principal allegation stated in the notice is an assertion that Occidental should have obtained government approval of a farmout agreement entered into in 2000. Occidental believes that it has complied with all material obligations under the Participation Contract and Ecuadorian law and that any termination of the contract based upon the stated allegations would be unfounded and would constitute an unlawful expropriation. Occidental is cooperating with Ecuadorian authorities in the current proceedings and will continue to strive for an amicable resolution. Block 15 operations represent approximately nine percent of Occidental's 2004 consolidated production, four percent of its proved consolidated reserves and two percent of its total property, plant and equipment, net of accumulated depreciation, depletion and amortization.

In April 2004, a number of U.S. companies, including OxyChem, were served with seven lawsuits filed in Nicaragua by approximately two thousand individual plaintiffs. These individuals allege that they have sustained several billion dollars of personal injury damages as a result of their alleged exposure to a pesticide. In the opinion of management, these claims are without merit because, among other things, OxyChem believes that none of the pesticide it manufactured was ever sold or used in Nicaragua. Under the applicable Nicaraguan statute, defendants are required to pay pre-trial deposits so large as to effectively prohibit defendants from participating fully in their defense. In two such situations, involving other defendants, Nicaraguan courts proceeded to enter significant judgments against the defendants under that statute. OxyChem has filed a response to the complaint contesting jurisdiction without posting such pre-trial deposit. In December 2004, the judge in one of the cases ruled the court had jurisdiction over the defendants, including OxyChem, and that the defendants did not have to pay the pre-trial deposit. OxyChem intends to appeal that portion of the ruling relating to the jurisdiction of the Nicaraguan courts. In the opinion of management, any judgment rendered under the statute would be unenforceable in the United States.

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 2003 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. Occidental has been in continuing tax audit settlement discussions with the Internal Revenue Service on issues related to foreign tax credits and various domestic income issues for the 1997 to 2000 audit years. Occidental believes that it is reasonably possible that substantive issues for taxable years 1997 to 2000 could be favorably resolved during 2005 and that such resolutions, if they occur, could have a positive and material effect on its results of operations and its financial condition, however, Occidental believes such resolutions will not have a significant cash effect.

At December 31, 2004, commitments for major capital expenditures during 2005 and thereafter were approximately $740 million.

Occidental has entered into agreements providing for future payments to secure terminal and pipeline capacity, drilling services, electrical power, steam and certain chemical raw materials. At December 31, 2004, the net present value of the fixed and determinable portion of the obligations under these agreements, which were used to collateralize financings of the respective suppliers, aggregated $36 million, which was payable as follows (in millions): 2005--$12, 2006--$11, 2007--$10 and 2008--$3. Fixed payments under these agreements were $19 million in 2004, $16 million in 2003 and $15 million in 2002.

Occidental has certain other commitments under contracts, guarantees and joint ventures, and certain other contingent liabilities. Many of these commitments, although not fixed or determinable, involve capital expenditures and are part of the $1.9 billion capital expenditures estimated for 2005.

Occidental has entered into various guarantees including performance bonds, letters of credit, indemnities, commitments and other forms of guarantees provided by Occidental to third parties, mainly to provide assurance that OPC and/or its subsidiaries and affiliates will meet their various obligations (guarantees).

At December 31, 2004, the notional amount of the guarantees was approximately $500 million. Of this amount, approximately $400 million relates to Occidental's guarantee of equity investees' debt and other commitments. The debt guarantees and other commitments primarily relate to the Dolphin Energy equity investment and the investment in the Ecuador Oleoducto de Crudos Pesados Ltd. (OCP) pipeline. The remaining $100 million relates to various indemnities and guarantees provided to third parties.

Occidental has indemnified various parties against specified liabilities that those parties might incur in the future in connection with purchases and other transactions that they have entered into with Occidental. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of December 31, 2004, Occidental is not aware of circumstances that would lead to future indemnity claims against it for material amounts in connection with these transactions.

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.

NOTE 10 DOMESTIC AND FOREIGN INCOME AND OTHER TAXES

The domestic and foreign components of income from continuing operations before domestic and foreign income and other taxes were as follows:

For the years ended December 31, (in millions)	Domestic	Foreign	Total
2004	$ 2,412	$ 1,902	$ 4,314
2003	$ 1,516	$ 1,316	$ 2,832
2002	$ 467	$ 1,147	$ 1,614

The provisions(credits) for domestic and foreign income and other taxes from continuing operations consisted of the following:

For the years ended December 31, (in millions)	U.S. Federal	State and Local	Foreign	Total
2004				
Current	$ 697	$ 50	$ 791	$ 1,538
Deferred	182	17	(29)	170
	$ 879	$ 67	$ 762	$ 1,708
2003				
Current	$ 564	$ 29	$ 573	$ 1,166
Deferred	85	(5)	(15)	65
	$ 649	$ 24	$ 558	$ 1,231
2002				
Current	$ 79	$ 9	$ 475	$ 563
Deferred	(102)	(25)	(3)	(130)
	$ (23)	$ (16)	$ 472	$ 433

The credit for deferred federal and state and local income taxes in 2002 results primarily from the sale of the investment in Equistar.

The following is a reconciliation, stated as a percentage of pre-tax income, of the U.S. statutory federal income tax rate to Occidental's effective tax rate on income from continuing operations:

For the years ended December 31,	2004	2003	2002
U.S. federal statutory tax rate	35 %	35 %	35 %
Operations outside the United States (a)	5	8	12
Benefit from sale of subsidiary stock	--	--	(21)
State taxes, net of federal benefit	1	1	--
Audit settlement	(1)	--	--
Other	--	(1)	1
Tax rate provided by Occidental	40 %	43 %	27 %

(a) Included in these figures is the impact of not providing U.S. taxes on the unremitted earnings of certain foreign subsidiaries. The effect on 2004 was insignificant after the benefit of foreign tax credits in the U.S. The effect of this treatment is to reduce the U.S. federal tax rate by approximately 5 percent in 2003 and 7 percent in 2002.

The tax effects of temporary differences resulting in deferred income taxes at December 31, 2004 and 2003 were as follows:

	2004		2003	
Items resulting in temporary differences (in millions)	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	Deferred Tax Assets	Deferred Tax Liabilities
Property, plant and equipment differences	$ 79	$ 1,417	$ 79	$ 1,317
Equity investments including partnerships	--	470	--	365
Environmental reserves	173	--	163	--
Postretirement benefit accruals	132	--	127	--
Deferred compensation and fringe benefits	164	--	144	--
Asset retirement obligation	58	--	58	--
State income taxes	50	--	44	--
All other	166	68	224	83
Total deferred taxes	$ 822	$ 1,955	$ 839	$ 1,765

Included in total deferred tax assets was a current portion aggregating $115 million and $75 million as of December 31, 2004 and 2003, respectively, that was reported in prepaid expenses and other.

A deferred tax liability of approximately $50 million at December 31, 2004, and $210 million at December 31, 2003, has not been recognized for temporary differences related to Occidental's investment in certain foreign subsidiaries primarily as a result of unremitted earnings of consolidated subsidiaries, as it is Occidental's intention, generally, to reinvest such earnings permanently. The reduction in the deferred tax liability is primarily due to the ability to credit foreign taxes in the U.S.

The discontinued operations include an income tax benefit of $23 million in

2004, $4 million in 2003 and $29 million in 2002.

The cumulative effect of changes in accounting principles was reduced by an income tax benefit of $38 million in 2003 and $6 million in 2002.

Additional paid-in capital was credited $75 million in 2004, $30 million in 2003 and $7 million in 2002 for a tax benefit resulting from the exercise of certain stock options.

NOTE 11 STOCKHOLDERS' EQUITY

The following is an analysis of common stock:

(shares in thousands)	Common Stock
Balance, December 31, 2001	374,126
Issued	1,027
Options exercised and other, net	2,707
Balance, December 31, 2002	377,860
Issued	1,156
Options exercised and other, net	8,032
Balance, December 31, 2003	387,048
Issued	813
Options exercised and other, net	8,866
BALANCE, DECEMBER 31, 2004	396,727

NONREDEEMABLE PREFERRED STOCK

Occidental has authorized 50,000,000 shares of preferred stock with a par value of $1.00 per share. At December 31, 2004, 2003 and 2002, Occidental had no outstanding shares of preferred stock.

EARNINGS PER SHARE AND ANTI-DILUTIVE COMPUTATIONS

Basic earnings per share was computed by dividing net income plus, in 2003 and 2002, the effect of repurchase of trust preferred securities by the weighted average number of common shares outstanding during each year. The computation of diluted earnings per share further assumes the dilutive effect of stock options.

The following are the share amounts used to compute the basic and diluted earnings per share for the years ended December 31:

In millions	2004	2003	2002
BASIC EARNINGS PER SHARE			
Basic Shares Outstanding	395.6	383.9	376.2
DILUTED EARNINGS PER SHARE			
Basic shares outstanding	395.6	383.9	376.2
Dilutive effect of exercise of options outstanding	4.7	3.9	2.7
Other	.8	.8	.6
Dilutive Shares	401.1	388.6	379.5

The following items were not included in the computation of diluted earnings per share because their effect was anti-dilutive for the years ended December 31:

	2004	2003	2002
STOCK OPTIONS			
Number of anti-dilutive options (in millions)	NONE	None	0.02
Price range	--	--	$29.063 -- $29.438
Expiration range	--	--	12/1/07 -- 4/29/08

ACCUMULATED OTHER COMPREHENSIVE INCOME (AOCI)

AOCI consisted of the following:

Balance at December 31, (in millions)	2004	2003
Foreign currency translation adjustments	$ (15)	$ (18)
Derivative mark-to-market adjustments	(17)	(24)
Minimum pension liability adjustments	3	3
Unrealized gains on securities	184	89
TOTAL	$ 155	$ 50

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NOTE 12 STOCK INCENTIVE PLANS

Occidental has established several stock incentive plans offering certain employees and management stock options, restricted stock, stock appreciation rights and performance stock awards. These awards are granted under the 1995 and 2001 Incentive Stock Plans. The 1995 Plan was terminated, for the purposes of further award grants, upon the effective date of the 2001 Plan; however, certain 1995 Plan award grants are outstanding at December 31, 2004. An aggregate of 27 million share-based awards are reserved for issuance under the 2001 Plan and at December 31, 2004, approximately 5.6 million share-based awards were available for future awards. Occidental has also established the 1996 Restricted Stock Plan for non-employee directors, where non-employee directors receive awards of restricted stock as additional compensation for their services as members of the Board of Directors. A maximum of 250,000 shares of stock may be awarded under the Directors Plan and at December 31, 2004, approximately 110,000 shares of common stock were available for future grants.

Occidental applies the intrinsic value method in accounting for its stock incentive plans. The pro forma effect on net income and earnings per share, had Occidental applied the fair value recognition provisions of SFAS No. 123, is shown in Note 1.

STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

Under the stock option plan, certain employees are granted awards that are settled in physical stock. Certain employees are granted stock appreciation rights (SARs) awards that are settled only in cash. Exercise prices are equal to the quoted market value of Occidental's stock on the date of grant. Generally, the options and SARs vest ratably over three years with a maximum term of ten years and one month. Under certain conditions, the stock option and SARs awards are forfeitable.

The following is a summary of stock option and SARs transactions during 2004, 2003 and 2002 (Options and SARs in thousands):

	2004				2003		2002	
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	SARS	WEIGHTED AVERAGE EXERCISE PRICE	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
BEGINNING BALANCE	23,012	$ 26.53	--	$ --	26,972	$ 24.22	25,390	$ 23.40
Granted or issued	886	$ 49.32	3,504	$ 49.32	5,191	$ 31.13	4,904	$ 26.43
Exercised	(9,563)	$ 24.95	--	$ --	(8,999)	$ 22.30	(3,097)	$ 21.12
Forfeited or expired	(53)	$ 26.59	(1)	$ 49.32	(152)	$ 24.96	(225)	$ 22.52
ENDING BALANCE	14,282	$ 28.99	3,503	$ 49.32	23,012	$ 26.53	26,972	$ 24.22
EXERCISABLE AT YEAR END	8,715	$ 26.58	--	$ --	12,535	$ 24.62	16,186	$ 23.33

The following is a summary of stock options and SARs outstanding at December 31, 2004 (Options and SARs in thousands):

	UNITS OUTSTANDING			EXERCISABLE	
RANGE OF EXERCISE PRICES	OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
OPTIONS					
$14.88 -- $20.50	635	4.9	$ 20.28	635	$ 20.28
$23.13 -- $26.43	5,254	5.5	$ 26.05	3,777	$ 25.90
$26.75 -- $31.13	7,507	7.7	$ 29.39	4,303	$ 28.10
$49.32 -- $49.32	886	9.5	$ 49.32	--	$ --
$14.88 -- $49.32	14,282	6.9	$ 28.99	8,715	$ 26.58
SARS					
$49.32 -- $49.32	3,503	9.5	$ 49.32	--	$ --

RESTRICTED AND PERFORMANCE STOCK PLANS

RESTRICTED STOCK PLANS

Under the restricted stock plans, certain executives are awarded restricted common stock and the right to receive shares (Share Units). The restricted stock and Share Units vest between three and five years and are forfeitable under certain conditions. The Share Units are generally deferred until retirement. Restricted stock and vested Share Units are included in the basic shares outstanding, while the unvested restricted stock and unvested Share Units are included in the diluted shares outstanding.

A summary of Occidental's unvested restricted stock and Share Units as of December 31, 2004, 2003 and 2002, and changes during the respective years ended, is presented below (restricted stock and Share Units in thousands):

	2004		2003		2002	
	RESTRICTED STOCK AND SHARE UNITS	WEIGHTED AVERAGE GRANT DATE FAIR VALUE	Restricted Stock and Share Units	Weighted Average Grant Date Fair Value	Restricted Stock and Share Units	Weighted Average Grant Date Fair Value
Unvested at January 1	1,754	$ 29.28	1,466	$ 25.25	623	$ 23.49
Granted or issued	719	$ 50.69	815	$ 33.10	927	$ 26.73
Vested	(1,068)	$ 30.02	(527)	$ 24.00	(84)	$ 28.50
Unvested at December 31	1,405	$ 39.47	1,754	$ 29.28	1,466	$ 25.25

PERFORMANCE STOCK PLANS

Under the performance stock plans, certain executives are awarded performance stock. The performance stock contingently vests at the end of a four-year period, with payouts that range from zero to 200 percent of the target award. As the unvested performance stock awards are contingently issuable shares, they are not included in the computation of basic or diluted earnings per share calculation.

A summary of Occidental's unvested performance stock as of December 31, 2004, 2003 and 2002, and changes during the respective years ended, is presented below (performance stock in thousands):

	2004 PERFORMANCE STOCK	2003 Performance Stock	2002 Performance Stock
Unvested at January 1 (a)	2,562	2,855	2,470
Granted (a)	388	569	622
Vested	(653)	(805)	(188)
Forfeited (b)	(70)	(57)	(49)
Unvested at December 31 (a)	2,227	2,562	2,855

(a) Unvested awards and award grants are presented at the maximum 200 percent payout.
(b) Forfeitures primarily represent the performance stock that did not vest due to not meeting the maximum performance criteria.

NOTE 13 RETIREMENT PLANS AND POSTRETIREMENT BENEFITS

Occidental has various benefit plans for its salaried, domestic union and nonunion hourly, and certain foreign national employees.

DEFINED CONTRIBUTION PLANS

All domestic employees and certain foreign national employees are eligible to participate in one or more of the defined contribution retirement or savings plans that provide for periodic contributions by Occidental based on plan-specific criteria, such as base pay, age level, and/or employee contributions. Certain salaried employees participate in a supplemental retirement plan that provides restoration of benefits lost due to governmental limitations on qualified retirement benefits. The accrued liabilities for the supplemental retirement plan were $60 million, $55 million and $52 million as of December 31, 2004, 2003 and 2002, respectively, and Occidental expensed $59 million in 2004, $59 million in 2003 and $57 million in 2002 under the provisions of these defined contribution and supplemental retirement plans.

DEFINED BENEFIT PLANS

Participation in the defined benefit plans is limited and approximately 1,200 domestic and 800 foreign national employees, mainly union, nonunion hourly and certain acquired employees with grandfathered benefits, are currently accruing benefits under these plans.

Pension costs for Occidental's defined benefit pension plans, determined by independent actuarial valuations, are generally funded by payments to trust funds, which are administered by independent trustees.

OTHER POSTRETIREMENT BENEFIT PLANS

Occidental provides medical and dental benefits and life insurance coverage for certain active, retired and disabled employees and their eligible dependents. The benefits generally are funded by Occidental as the benefits are paid during the year. The cost of providing these benefits is based on claims filed and insurance premiums paid for the period. The total benefit costs including the postretirement costs were approximately $98 million in 2004, $94 million in 2003, and $91 million in 2002.

On December 8, 2003, President Bush signed into law a bill that expands Medicare, primarily adding a prescription drug benefit for Medicare-eligible retirees starting in 2006. Regulations governing the Medical Prescription drug benefit and other key elements of the Medicare Modernization Act were released by the Department of Health and Human Services Centers for Medicare and Medicaid Services on January 21, 2005. Occidental intends to review its retiree health care plans in light of these final regulations, which may change Occidental's obligations under the plan. At this time, Occidental is unable to determine the impact of the new Medicare provisions. Therefore, the retiree medical obligations and costs reported do not reflect the impact of this legislation in accordance with FSP No. FAS 106-2. Once Occidental is able to determine the impact of these provisions, it will adopt the accounting requirements of this standard.

OBLIGATIONS AND FUNDED STATUS

Occidental uses a measurement date of December 31 for all defined pension and postretirement benefit plans.

	Pension Benefits		Postretirement Benefits			
			Unfunded Plans		Funded Plans	
For the years ended December 31, (in millions)	2004	2003	2004	2003	2004	2003
CHANGES IN BENEFIT OBLIGATION:						
Benefit obligation -- beginning of year	$ 392	$ 357	$ 544	$ 501	$ 19	$ 14
Service cost -- benefits earned during the period	12	13	7	6	1	1
Interest cost on projected benefit obligation	24	23	32	33	1	1
Actuarial loss	32	19	55	52	5	4
Foreign currency exchange rate changes	11	3	--	--	--	--
Benefits paid	(23)	(22)	(52)	(48)	(1)	(1)
Plan amendments	--	(1)	--	--	--	--
Benefit obligation -- end of year	$ 448	$ 392	$ 586	$ 544	$ 25	$ 19
CHANGES IN PLAN ASSETS:						
Fair value of plan assets -- beginning of year	$ 309	$ 251	$ --	$ --	$ 1	$ --
Actual return on plan assets	46	48	--	--	--	--
Foreign currency exchange rate changes	1	1	--	--	--	--
Employer contribution	65	31	--	--	1	2
Benefits paid	(23)	(22)	--	--	(1)	(1)
Fair value of plan assets -- end of year	$ 398	$ 309	$ --	$ --	$ 1	$ 1
FUNDED STATUS:						
Unfunded obligation	$ (50)	$ (83)	$ (586)	$ (544)	$ (24)	$ (18)
Unrecognized prior service cost	3	4	8	8	--	--
Unrecognized net loss	72	64	213	170	13	8
Net amount recognized	$ 25	$ (15)	$ (365)	$ (366)	$ (11)	$ (10)

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for defined benefit pension plans with accumulated benefit obligation in excess of plan assets were $111 million, $99 million and $20 million, respectively, as of December 31, 2004 and $184 million, $166 million and $96 million, respectively, as of December 31, 2003. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for defined benefit pension plans with plan assets in excess of accumulated benefit obligation were $337 million, $326 million, and $378 million respectively, as of December 31, 2004 and $208 million, $205 million, and $213 million, respectively, as of December 31, 2003.

In 2002, a 401(h) account was established within one of Occidental's defined benefit pension plans. This plan allows Occidental to fund postretirement medical benefits for employees at one of its operations. Contributions to this 401(h) account are made at Occidental's discretion. All of Occidental's other postretirement benefit plans are unfunded.

Amount recognized in the consolidated balance sheets consists of:

	Pension Benefits		Postretirement Benefits			
			Unfunded Plans		Funded Plans	
For the years ended December 31, (in millions)	2004	2003	2004	2003	2004	2003
Prepaid benefit cost	$ 110	$ 66	$ --	$ --	$ --	$ --
Accrued benefit liability	(85)	(81)	(365)	(366)	(11)	(10)
Net amount recognized	$ 25	$ (15)	$ (365)	$ (366)	$ (11)	$ (10)

Occidental recorded a credit to accumulated other comprehensive income of $13 million in 2003 and a charge of $5 million in 2002, to reflect the net-of-tax difference between the additional liability required under pension accounting provisions and the corresponding intangible asset. No amount was recorded to accumulated other comprehensive income in 2004.

COMPONENTS OF NET PERIODIC BENEFIT COST

	Pension Benefits			Postretirement Benefits					
				Unfunded Plans			Funded Plans		
For the years ended December 31, (in millions)	2004	2003	2002	2004	2003	2002	2004	2003	2002
NET PERIODIC BENEFIT COSTS:									
Service cost -- benefits earned during the period	$ 12	$ 13	$ 10	$ 7	$ 6	$ 6	$ 1	$ 1	$ --
Interest cost on benefit obligation	23	23	26	32	33	33	1	1	1
Expected return on plan assets	(25)	(20)	(20)	--	--	--	--	--	--
Amortization of prior service cost	1	1	1	1	1	--	--	--	--
Recognized actuarial loss	2	3	1	11	8	6	--	--	--
Curtailments and settlements	--	--	1	--	--	--	--	--	--
Currency adjustments	11	2	(8)	--	--	--	--	--	--
Net periodic benefit cost	$ 24	$ 22	$ 11	$ 51	$ 48	$ 45	$ 2	$ 2	$ 1

ADDITIONAL INFORMATION

Occidental's defined benefit pension and postretirement defined benefit plans are accrued based on various assumptions and discount rates. Fair value of assets is used to determine pension expense. Occidental funds and expenses negotiated pension increases for domestic union employees over the term of their collective bargaining agreement.

The following table sets forth the weighted average assumptions used to determine Occidental's benefit obligation and net periodic benefit cost for domestic plans:

	Pension Benefits		Postretirement Benefits			
			Unfunded Plans		Funded Plans	
For the years ended December 31, (in millions)	2004	2003	2004	2003	2004	2003
BENEFIT OBLIGATION ASSUMPTIONS:						
Discount rate	5.50%	6.00%	5.50%	6.00%	5.50%	6.00%
Rate of compensation increase	4.00	4.00	--	--	--	--
NET PERIODIC BENEFIT COST ASSUMPTIONS:						
Discount rate	6.00%	6.65%	6.00%	6.65%	6.00%	6.65%
Expected long term rate of return on assets	8.00	8.00	--	--	8.00	8.00
Rate of compensation increase	4.00	4.00	--	--	--	--

For domestic pension plans, Occidental bases the discount rate on the average yield provided by the Moody's Aa Corporate Bond Index. The weighted average rate of increase in future compensation levels is consistent with Occidental's past and anticipated future compensation increases for employees participating in retirement plans that determine benefits using compensation. The long-term rate of return on assets assumption is established with regard to current market factors but within the context of historical returns. Historical returns and correlation of equities and fixed income securities are studied. Current market factors such as inflation and interest rates are also evaluated.

For pension plans outside of the United States, the assumptions used in determining the benefit obligation vary by country. For countries in hyperinflationary environments, real discount rates were used. The real discount rates used in these countries ranged from a low of 4.8 percent to a high of 5.5 percent at both December 31, 2004 and 2003. For countries under a more stable inflationary environment, the nominal discount rates were used in determining the benefit obligation. The nominal discount rates used ranged from a low of 4 percent to a high of 8 percent at both December 31, 2004 and 2003. Occidental bases its discount rate for foreign pension plans on rates indicative of government and/or investment grade corporate debt in the applicable country. The average rate of increase in future compensation levels ranged from a low of 3 percent to a high of 7 percent in 2004 and from a low of 3 percent to a high of 8 percent in 2003, dependent on local economic conditions and salary budgets. The expected long-term rate of return on plan assets was 5.5 percent in excess of local inflation in both 2004 and 2003.

The postretirement benefit obligation was determined by application of the terms of medical and dental benefits and life insurance coverage, including the effect of established maximums on covered costs, together with relevant actuarial assumptions and health care cost trend rates projected at a Consumer Price Index (CPI) increase of 3 percent as of December 31, 2004 and 2003 (beginning in 1993, participants other than certain union employees have paid for all medical cost increases in excess of increases in the CPI). For certain union employees, the health care cost trend rates were projected at annual rates ranging ratably from 12 percent in 2004 to 6 percent through the year 2010 and level thereafter. A 1-percent increase or a 1-percent decrease in these assumed health care cost trend rates would result in an increase of $17 million or a reduction of $16 million, respectively, in the postretirement benefit obligation as of December 31, 2004, and an increase or reduction of $1 million in interest cost in 2004. The annual service costs would not be materially affected by these changes

The actuarial assumptions used could change in the near term as a result of changes in expected future trends and other factors that, depending on the nature of the changes, could cause increases or decreases in the plan liabilities accrued.

Asset allocations of Occidental's defined benefit pension and funded postretirement benefit plans at December 31, 2004 and 2003 are as follows:

	Pension Benefits		Postretirement Benefit Funded Plans	
For the years ended December 31,	2004	2003	2004	2003
Asset Category:				
Equity securities	56%	60%	58%	--%
Debt securities	44	40	42	100
Total	100%	100%	100%	100%

Occidental employs a total return investment approach that uses a mix of equity and fixed income investments to maximize the long-term return of plan assets at a prudent level of risk. The investments are monitored by Occidental's Investment Committee in its role as fiduciary. The Investment Committee, consisting of senior Occidental executives, selects and employs various external professional investment management firms to manage specific assignments across the spectrum of asset classes. The resulting aggregate investment portfolio contains a diversified blend of equity and fixed-income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as differing styles and market capitalizations. Other asset classes such as private equity and real estate may be used to enhance long-term returns while improving portfolio diversification. Investment performance is measured and monitored on an ongoing basis through quarterly investment and manager guideline compliance reviews, annual liability measurements, and periodic studies.

Occidental expects to contribute $3 million to its defined benefit pension plans during 2005. All of the contributions are expected to be in the form of cash.

Estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

For the years ended December 31, (in millions)	Pension Benefits	Postretirement Benefits
2005	$ 22	$ 54
2006	22	55
2007	23	55
2008	24	54
2009	24	54
2010 -- 2014	139	265

NOTE 14 INVESTMENTS AND RELATED-PARTY TRANSACTIONS

At December 31, 2004 and 2003, investments in unconsolidated entities comprised $1,003 million and $870 million of equity method investments and $310 million and $40 million of advances to equity method investees, respectively. The remainder of the balances reflects available-for-sale securities.

EQUITY INVESTMENTS

At December 31, 2004, Occidental's equity investments consist mainly of a 17-percent interest in Lyondell Chemical Company acquired in August 2002, a 24.5-percent interest in the stock of Dolphin Energy (see Note 3 for further discussion), and other various partnerships and joint ventures, discussed below. Equity investments paid dividends of $91 million, $81 million and $22 million to Occidental in 2004, 2003 and 2002, respectively. At December 31, 2004, cumulative undistributed earnings of equity-method investees since acquisition were $58 million. At December 31, 2004, Occidental's investments in equity investees exceeded the underlying equity in net assets by $413 million, of which $293 million represents goodwill that will not be amortized and $115 million represents intangible assets, which is amortized over the life of the underlying lease of the assets, when placed into service.

In November 2004, Lyondell acquired Millennium Chemical Company by issuing additional shares of Lyondell common stock. Under SEC SAB No. 51, Occidental is required to record its share of the increase in Lyondell's net equity resulting from this issuance. The effect of this is an increase of $121 million in the carrying value of Occidental's investment in Lyondell and an increase in Occidental's net income of $77 million after-tax. Occidental owns 41.3 million shares of Lyondell common stock. As a result of the stock issuance, Occidental's ownership percentage of Lyondell has decreased from approximately 22 percent to 17 percent. Because Occidental continues to have significant influence on Lyondell, it will continue to record this investment under the equity method.

The fair value of Lyondell stock owned by Occidental was $1.2 billion and $670 million at December 31, 2004 and 2003, respectively.

The following table presents Occidental's percentage interest in the summarized financial information of its equity method investments:

For the years ended December 31, (in millions)	2004	2003	2002
Revenues	$ 1,785	$ 1,179	$ 1,782
Costs and expenses	1,672	1,188	2,043
Net income (loss)	$ 113	$ (9)	$ (261)

Balance at December 31,	2004	2003
Current assets	$ 915	$ 366
Non-current assets	$ 2,570	$ 1,860
Current liabilities	$ 718	$ 432
Long-term debt	$ 1,574	$ 1,001
Other non-current liabilities	$ 603	$ 394
Stockholders' equity	$ 590	$ 399

In July 2004, Dolphin Energy entered into an agreement with banks to provide a $1.36 billion bridge loan for the Dolphin Project. Occidental guaranteed 24.5 percent of the obligations of Dolphin Energy under this bank agreement. See Note 3 for further information.

In Ecuador, Occidental has a 14-percent interest in the OCP oil export pipeline. Occidental made capital contributions of $64 million in 2003, of which $60 million was converted to a note receivable in 2004. As of December 31, 2004, Occidental has contributed and advanced a total of $78 million to the project.

The OCP project was funded in part by senior project debt. The senior project debt is to be repaid with the proceeds of ship-or-pay tariffs of certain upstream producers in Ecuador, including Occidental. Under their ship-or-pay commitments, Occidental and the other upstream producers have each assumed their respective share of project-specific risks, including operating risk, political risk and force-majeure risk. Occidental would be required to make an advance tariff payment in the event of prolonged force majeure, upstream expropriation events, bankruptcy of the pipeline company or its parent company, abandonment of the project, termination of an investment guarantee agreement with Ecuador, or certain defaults by Occidental. This advance tariff would be used by the pipeline company to service or prepay project debt. Occidental's obligation relating to the pipeline company's senior project debt totaled $104 million, and Occidental's obligations relating to performance bonds totaled $14 million at December 31, 2004. As Occidental ships product using the pipeline, its overall obligations will decrease with the reduction of the pipeline company's senior project debt.

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. OCP and EHP are VIEs under the provisions of FIN 46. Occidental has concluded it is not the primary beneficiary of OCP or EHP and, therefore, accounts for these investments using the equity method.

ADVANCES TO EQUITY INVESTEES

In 2004, Occidental advanced $204 million to an equity method investee under a note receivable (Note). The Note bears interest at 2 percent and is due December 31, 2007. In 2003, Occidental contributed $60 million to an equity method investee that was converted to a subordinated revolving credit agreement (Revolver) in 2004. The Revolver bears interest at 18 percent and expires on December 31, 2021.

AVAILABLE-FOR-SALE SECURITIES

Occidental accounts for its investment in Premcor Inc., an independent petroleum refiner, as an available-for-sale security carried at fair value. As of December 31, 2004 and 2003, the fair value of Occidental's investment in Premcor was $381 million and $235 million, respectively, with cumulative unrealized after-tax gains of $184 million and $89 million, respectively, in OCI.

RELATED-PARTY TRANSACTIONS

Occidental purchases power, steam and chemicals from its equity investees and sells chemicals and power to its equity investees at market related prices. During 2004, 2003 and 2002, Occidental entered into the following transactions and had amounts due from/to with its related parties:

For the years ended December 31, (in millions)	2004	2003	2002
Purchases	$ 1,035	$ 707	$ 604
Sales	517	502	284
Services	13	1	7
Advances and amounts due from (a)	315	74	82
Amounts due to	23	21	70

(a) Amounts have been restated in prior periods to include advances to conform to current year presentation.

NOTE 15 INDUSTRY SEGMENTS AND GEOGRAPHIC AREAS

Occidental has identified two reportable segments through which it conducts its continuing operations: oil and gas and chemical. The factors for determining the reportable segments were based on the distinct nature of their operations. They are managed as separate business units because each requires and is responsible for executing a unique business strategy. The oil and gas segment explores for, develops, produces and markets crude oil and natural gas domestically and internationally. The chemical segment manufactures and markets, domestically and internationally, basic chemicals, vinyls and performance chemicals.

Earnings of industry segments and geographic areas generally exclude interest income, interest expense, environmental remediation expenses, unallocated corporate expenses, discontinued operations and cumulative effect of changes in accounting principles, but include income from equity investments (except as noted below) and gains and losses from dispositions of segment and geographic area assets.

Foreign income and other taxes and certain state taxes are included in segment earnings on the basis of operating results. U.S. federal income taxes are not allocated to segments except for amounts in lieu thereof that represent the tax effect of operating charges resulting from purchase accounting adjustments, which arose from the implementation in 1992 of SFAS No. 109, "Accounting for Income Taxes," and the tax effects resulting from major, infrequently occurring transactions such as asset sales and legal settlements that relate to segment results.

Identifiable assets are those assets used in the operations of the segments. Corporate and other assets consist of cash, short-term investments, certain corporate receivables, a 17-percent equity investment in Lyondell, a 12-percent ownership interest in Premcor, Inc., a leased cogeneration facility in Taft, Louisiana and a common carrier oil pipeline company.

INDUSTRY SEGMENTS
In millions

	Oil and Gas	Chemical	Corporate and Other	Total
YEAR ENDED DECEMBER 31, 2004				
Net sales	$ 7,582 (a)	$ 3,675 (b)	$ 111 (i)	$ 11,368
Pretax operating profit(loss)	$ 4,311	$ 414	$ (411)(d)	$ 4,314
Income taxes	(767)	(2)	(939)(e)	(1,708)
Discontinued operations, net	--	--	(38)	(38)
Net income(loss) (c)	$ 3,544	$ 412	$ (1,388)(g)	$ 2,568
Unconsolidated equity investments	$ 426	$ 83	$ 1,218	$ 1,727
Property, plant and equipment additions, net (h)	$ 1,649	$ 155	$ 39	$ 1,843
Depreciation, depletion and amortization	$ 1,041	$ 243	$ 19	$ 1,303
Total assets	$ 14,549	$ 3,470	$ 3,372	$ 21,391
YEAR ENDED DECEMBER 31, 2003				
Net sales	$ 6,003 (a)	$ 3,092 (b)	$ 145 (i)	$ 9,240
Pretax operating profit(loss)	$ 3,229	$ 223	$ (620)(d)	$ 2,832
Income taxes	(565)	(3)	(663)(e)	(1,231)
Discontinued operations, net	--	--	(6)	(6)
Cumulative effect of changes in accounting principles, net	--	--	(68)	(68)
Net income(loss) (c)	$ 2,664	$ 220	$ (1,357)(g)	$ 1,527
Unconsolidated equity investments	$ 386	$ 61	$ 708	$ 1,155
Property, plant and equipment additions, net (h)	$ 1,237	$ 344	$ 19	$ 1,600
Depreciation, depletion and amortization	$ 957	$ 203	$ 15	$ 1,175
Total assets	$ 13,089	$ 3,512	$ 1,567	$ 18,168
YEAR ENDED DECEMBER 31, 2002				
Net sales	$ 4,634 (a)	$ 2,613 (b)	$ --	$ 7,247
Pretax operating profit(loss)	$ 2,181	$ (99)	$ (468)(d)	$ 1,614
Income taxes	(474)	403	(362)(e)	(433)
Discontinued operations, net	--	--	(97)	(97)
Cumulative effect of changes in accounting principles, net	--	--	(95)	(95)
Net income(loss) (c)	$ 1,707	$ 304 (f)	$ (1,022)(g)	$ 989
Unconsolidated equity investments	$ 339	$ (11)	$ 728	$ 1,056
Property, plant and equipment additions, net (h)	$ 1,038	$ 107	$ 89	$ 1,234
Depreciation, depletion and amortization	$ 819	$ 180	$ 10	$ 1,009
Total assets	$ 12,271	$ 3,069	$ 1,208	$ 16,548

Footnotes:

- ----------

(a) Oil sales represented approximately 78 percent, 74 percent and 77 percent of net oil and gas sales for the periods ended December 31, 2004, 2003 and 2002, respectively. In 2004, sales to a major oil and gas company totaled approximately 10.5 percent of consolidated net sales. The loss of this customer would have no impact on Occidental since crude oil and natural gas are both commodities and are actively traded on futures markets and the oil and gas could be sold to other market participants.

(b) Total product sales for the chemical segment were as follows:

	Basic Chemicals	Commodity Vinyl Resins	Performance Chemicals
YEAR ENDED DECEMBER 31, 2004	33%	57%	10%
Year ended December 31, 2003	36%	52%	12%
Year ended December 31, 2002	38%	49%	13%

Footnotes continued:

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(c) Segment earnings include charges and credits for major infrequently occurring transactions in lieu of U.S. federal income taxes. In 2003, the amounts allocated to the oil and gas segment were charges of $6 million. In 2002, the amounts allocated to the segments were charges of $1 million and a credit of $403 million in oil and gas and chemical, respectively.

(d) Includes unallocated net interest expense, administration expense, environmental remediation and other items.

(e) Includes unallocated income taxes.

(f) Chemicals includes the 2002 gain on sale of Equistar investment of $164 million, net of tax.

(g) Includes the following significant items affecting earnings for the years ended December 31:

Benefit (Charge) (In millions)	2004	2003	2002
CORPORATE			
Gain on Lyondell stock issuance	$ 121	$ --	$ --
Trust preferred redemption charge	(11)	--	--
Settlement of federal tax issues	47	--	--
Debt repayment charge	--	(61)	--
Tax effect of pre-tax adjustments	(40)	21	--
Discontinued operations, net *	(38)	(6)	(97)
Changes in accounting principles, net *	--	(68)	(95)

* Amounts shown after-tax.

(h) Excludes acquisitions of businesses. Amounts include capitalized interest of $10 million in 2004, $4 million in 2003 and $12 million in 2002.

(i) The 2004 amount represents revenue from a common carrier oil pipeline company and an electricity cogeneration facility in Taft, Louisiana. The 2003 amount represents revenue from the cogeneration facility.

GEOGRAPHIC AREAS
In millions

	Net sales (a)			Property, plant and equipment, net		
For the years ended December 31,	2004	2003	2002	2004	2003	2002
United States	$ 8,055	$ 6,719	$ 5,107	$ 11,612	$ 11,581	$ 10,974
Qatar	900	691	566	1,497	1,171	955
Colombia	629	489	381	207	100	98
Yemen	538	472	422	329	349	316
Ecuador	488	220	98	290	224	176
Canada	230	206	150	36	38	33
Oman	253	178	158	271	229	155
Pakistan	171	168	151	123	156	189
United Arab Emirates	--	--	--	240	109	93
Other Foreign	104	97	214	28	27	25
Total	$ 11,368	$ 9,240	$ 7,247	$ 14,633	$ 13,984	$ 13,014

(a) Sales are shown by individual country based on the location of the entity making the sale.

NOTE 16 COSTS AND RESULTS OF OIL AND GAS PRODUCING ACTIVITIES

Capitalized costs relating to oil and gas producing activities and related accumulated DD&A were as follows:

In millions	Consolidated Subsidiaries United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests (c)
DECEMBER 31, 2004						
Proved properties	$ 11,480	$ 1,238	$ 4,048	$ 256	$ 17,022	$ 32
Unproved properties (a)	457	20	18	--	495	--
TOTAL PROPERTY COSTS	11,937	1,258	4,066	256	17,517	32
Support facilities	500	56	100	86	742	15
TOTAL CAPITALIZED COSTS (b)	12,437	1,314	4,166	342	18,259	47
Accumulated depreciation, depletion and amortization	(3,553)	(816)	(1,829)	(217)	(6,415)	(13)
NET CAPITALIZED COSTS	$ 8,884	$ 498	$ 2,337	$ 125	$ 11,844	$ 34
DECEMBER 31, 2003						
Proved properties	$ 10,547	$ 978	$ 3,298	$ 246	$ 15,069	$ 34
Unproved properties (a)	867	10	20	--	897	1
TOTAL PROPERTY COSTS	11,414	988	3,318	246	15,966	35
Support facilities	443	57	97	81	678	--
TOTAL CAPITALIZED COSTS (b)	11,857	1,045	3,415	327	16,644	35
Accumulated depreciation, depletion and amortization	(2,949)	(720)	(1,557)	(171)	(5,397)	(1)
NET CAPITALIZED COSTS	$ 8,908	$ 325	$ 1,858	$ 156	$ 11,247	$ 34
DECEMBER 31, 2002						
Proved properties	$ 9,736	$ 883	$ 2,706	$ 259	$ 13,584	$ 35
Unproved properties (a)	1,205	2	102	--	1,309	--
TOTAL PROPERTY COSTS	10,941	885	2,808	259	14,893	35
Support facilities	332	50	58	51	491	--
TOTAL CAPITALIZED COSTS (b)	11,273	935	2,866	310	15,384	35
Accumulated depreciation, depletion and amortization	(2,560)	(661)	(1,348)	(121)	(4,690)	9
NET CAPITALIZED COSTS	$ 8,713	$ 274	$ 1,518	$ 189	$ 10,694	$ 44

(a) Primarily consists of California properties.
(b) Includes costs related to leases, exploration costs, lease and well equipment, pipelines and terminals, gas plants and other equipment.
(c) Includes capitalized costs for equity investees in Russia and Yemen, partially offset by minority interests in a Colombian affiliate.

Costs incurred in oil and gas property acquisition, exploration and development activities, whether capitalized or expensed, were as follows:

In millions	Consolidated Subsidiaries: United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests (b)
FOR THE YEAR ENDED DECEMBER 31, 2004						
Property Acquisition Costs						
Proved Properties	$ 43	$ 94	$ 21	$ --	$ 158	$ (12)
Unproved Properties	4	--	--	4	8	--
Exploration costs	31	47	28	52	158	--
Development costs	568	144	715	11	1,438	11
Asset Retirement Costs	13	12	--	--	25	(1)
COSTS INCURRED (a, b)	$ 659	$ 297	$ 764	$ 67	$ 1,787	$ (2)
FOR THE YEAR ENDED DECEMBER 31, 2003						
Property Acquisition Costs						
Proved Properties	$ 345	$ --	$ 19	$ --	$ 364	$ --
Unproved Properties	4	--	--	--	4	--
Exploration costs	27	30	17	24	98	(1)
Development costs	465	98	516	18	1,097	10
Asset Retirement Costs	12	--	--	--	12	--
COSTS INCURRED (a, b)	$ 853	$ 128	$ 552	$ 42	$ 1,575	$ 9
FOR THE YEAR ENDED DECEMBER 31, 2002						
Property Acquisition Costs						
Proved Properties	$ 72	$ --	$ 19	$ 72	$ 163	$ --
Unproved Properties	--	--	29	--	29	--
Exploration costs	54	30	34	16	134	--
Development costs	457	97	312	24	890	7
COSTS INCURRED (a, b)	$ 583	$ 127	$ 394	$ 112	$ 1,216	$ 7

(a) Excludes capitalized CO_2 of $54 million in 2004, $48 million in 2003 and $42 million in 2002.
(b) Includes equity investees' costs in Russia and Yemen, partially offset by minority interests in a Colombian affiliate.

The results of operations of Occidental's oil and gas producing activities, which exclude oil and gas trading activities and items such as asset dispositions, corporate overhead, interest and royalties, were as follows:

In millions	Consolidated Subsidiaries United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests (c)
FOR THE YEAR ENDED DECEMBER 31, 2004						
Revenues	$ 4,467	$ 994	$ 1,690 (a)	$ 149	$ 7,300	$ 200
Production costs	1,016	168	175	16	1,375	122
Exploration expenses	117	28	20	49	214	1
Other operating expenses	226	73	77	16	392	6
Depreciation, depletion and amortization	622	96	276	46	1,040	12
PRETAX INCOME	2,486	629	1,142	22	4,279	59
Income tax expense(b)	689	270	525 (a)	14	1,498	9
RESULTS OF OPERATIONS	$ 1,797	$ 359	$ 617	$ 8	$ 2,781	$ 50
FOR THE YEAR ENDED DECEMBER 31, 2003						
Revenues	$ 3,637	$ 612	$ 1,341 (a)	$ 147	$ 5,737	$ 138
Production costs	813	122	183	16	1,134	91
Exploration expenses	79	20	17	23	139	(1)
Other operating expenses	207	41	76	13	337	7
Depreciation, depletion and amortization	637	60	209	48	954	17
PRETAX INCOME	1,901	369	856	47	3,173	24
Income tax expense(b)	500	179	415 (a)	26	1,120	9
RESULTS OF OPERATIONS	$ 1,401	$ 190	$ 441	$ 21	$ 2,053	$ 15
FOR THE YEAR ENDED DECEMBER 31, 2002						
Revenues	$ 2,622	$ 453	$ 1,146 (a)	$ 133	$ 4,354	$ 107
Production costs	753	92	137	21	1,003	61
Exploration expenses	105	27	28	15	175	1
Other operating expenses	152	(7)	59	8	212	10
Depreciation, depletion and amortization	570	41	171	24	806	13
PRETAX INCOME	1,042	300	751	65	2,158	22
Income tax expense(b)	210	113	357 (a)	28	708	10
RESULTS OF OPERATIONS	$ 832	$ 187	$ 394	$ 37	$ 1,450	$ 12

(a) Revenues and income tax expense include taxes owed by Occidental but paid by governmental entities on its behalf.
(b) U.S. federal income taxes reflect expenses allocated for U.S. income tax purposes only related to oil and gas activities, including allocated interest and corporate overhead. Foreign income taxes were included in geographic areas on the basis of operating results.
(c) Includes results of operations for equity investees in Russia and Yemen, partially offset by minority interests in a Colombian affiliate.

RESULTS PER UNIT OF PRODUCTION (Unaudited)

In millions	Consolidated Subsidiaries: United States	Latin America	Middle East	Other Eastern Hemisphere	Total (e)	Other Interests (d)
FOR THE YEAR ENDED DECEMBER 31, 2004						
Revenues from net production						
Oil ($/bbl.)	$ 37.72	$ 32.75	$ 50.85 (a)	$ 33.13	$ 39.56	$ 24.31
Natural gas ($/Mcf)	$ 5.35	$ --	$ 0.97	$ 2.25	$ 4.60	$ --
Barrel of oil equivalent ($/bbl.)(b,c)	$ 35.97	$ 32.75	$ 46.65 (a)	$ 20.63	$ 36.87	$ 24.31
Production costs	8.18	5.54	4.83	2.21	6.95	12.11
Exploration expenses	0.94	0.92	0.55	6.78	1.08	0.09
Other operating expenses	1.82	2.41	2.13	2.21	1.98	0.83
Depreciation, depletion and amortization	5.01	3.16	7.62	6.37	5.25	1.66
PRETAX INCOME	20.02	20.72	31.52	3.06	21.61	9.62
Income tax expense	5.55	8.90	14.49 (a)	1.94	7.57	2.77
RESULTS OF OPERATIONS	$ 14.47	$ 11.82	$ 17.03	$ 1.12	$ 14.04	$ 6.85
FOR THE YEAR ENDED DECEMBER 31, 2003						
Revenues from net production						
Oil ($/bbl.)	$ 28.74	$ 26.98	$ 39.49 (a)	$ 26.68	$ 31.02	$ 16.30
Natural gas ($/Mcf)	$ 4.81	$ --	$ --	$ 2.04	$ 4.49	$ --
Barrel of oil equivalent ($/bbl.)(b,c)	$ 28.57	$ 26.98	$ 39.49 (a)	$ 18.52	$ 29.90	$ 16.30
Production costs	6.39	5.38	5.39	2.02	5.91	8.50
Exploration expenses	0.62	0.88	0.50	2.90	0.72	--
Other operating expenses	1.63	1.81	2.24	1.64	1.76	0.79
Depreciation, depletion and amortization	5.00	2.64	6.15	6.05	4.97	1.93
PRETAX INCOME	14.93	16.27	25.21	5.91	16.54	5.08
Income tax expense	3.93	7.89	12.22 (a)	3.27	5.84	2.19
RESULTS OF OPERATIONS	$ 11.00	$ 8.38	$ 12.99	$ 2.64	$ 10.70	$ 2.89
FOR THE YEAR ENDED DECEMBER 31, 2002						
Revenues from net production						
Oil ($/bbl.)	$ 23.47	$ 23.26	$ 34.12 (a)	$ 22.63	$ 26.20	$ 14.98
Natural gas ($/Mcf)	$ 2.89	$ --	$ --	$ 2.08	$ 2.81	$ --
Barrel of oil equivalent ($/bbl.)(b,c)	$ 21.30	$ 23.26	$ 34.12 (a)	$ 17.76	$ 23.71	$ 14.98
Production costs	6.12	4.72	4.08	2.80	5.46	6.75
Exploration expenses	0.85	1.39	0.83	2.00	0.95	0.10
Other operating expenses	1.23	(0.36)	1.76	1.07	1.15	0.78
Depreciation, depletion and amortization	4.63	2.11	5.09	3.20	4.39	1.76
PRETAX INCOME	8.47	15.40	22.36	8.69	11.76	5.59
Income tax expense	1.71	5.80	10.63 (a)	3.74	3.86	2.35
RESULTS OF OPERATIONS	$ 6.76	$ 9.60	$ 11.73	$ 4.95	$ 7.90	$ 3.24

(a) Revenues and income tax expense include taxes owed by Occidental but paid by governmental entities on its behalf.
(b) Natural gas volumes have been converted to equivalent barrels based on energy content of six Mcf of gas to one barrel of oil.
(c) Revenues from net production exclude royalty payments and other adjustments.
(d) Includes results of operations for equity investees in Russia and Yemen.
(e) The computation of results per unit of production included in the denominator 2.1 mmboe and 4.2 mmboe produced by Occidental that were subject to volumetric production payments for the years 2003 and 2002.

2004 QUARTERLY FINANCIAL DATA (Unaudited) Occidental Petroleum Corporation and Subsidiaries

In millions, except per-share amounts

Three months ended	MARCH 31 (a)	JUNE 30 (a)	SEPTEMBER 30 (a)	DECEMBER 31
Segment net sales				
Oil and gas	$ 1,693	$ 1,783	$ 2,033	$ 2,073
Chemical	834	911	945	985
Other	30	30	27	24
Net sales	$ 2,557	$ 2,724	$ 3,005	$ 3,082
Gross profit	$ 1,177	$ 1,286	$ 1,544	$ 1,588
Segment earnings				
Oil and gas	$ 750	$ 814	$ 1,003	$ 977
Chemical	54	89	139	130
	804	903	1,142	1,107
Unallocated corporate items				
Interest expense, net				
Debt and trust preferred distributions	(68)	(60)	(59)	(53)
Income taxes	(192)	(210)	(275)	(262)
Other	(55)	(49)	(49)	(18)
Income from continuing operations	489	584	759	774
Discontinued operations, net	(2)	(3)	(1)	(32)
Net income	$ 487	$ 581	$ 758	$ 742
Basic earnings per common share				
Income from continuing operations	$ 1.25	$ 1.48	$ 1.91	$ 1.94
Discontinued operations, net	(.01)	--	--	(.08)
Cumulative effect of changes in accounting principles, net	--	--	--	--
Basic earnings per common share	$ 1.24	$ 1.48	$ 1.91	$ 1.86
Diluted earnings per common share				
Income from continuing operations	$ 1.24	$ 1.46	$ 1.88	$ 1.91
Discontinued operations, net	(.01)	--	--	(.08)
Diluted earnings per common share	$ 1.23	$ 1.46	$ 1.88	$ 1.83
Dividends per common share	$ .275	$ .275	$ .275	$ .275
Market price per common share				
High	$ 47.22	$ 49.72	$ 56.46	$ 60.75
Low	$ 41.95	$ 43.54	$ 47.76	$ 53.94

(a) Interim period amounts have been restated to reflect discontinued operations.

2003 QUARTERLY FINANCIAL DATA (Unaudited) Occidental Petroleum Corporation and Subsidiaries
In millions, except per-share amounts

Three months ended	March 31 (a)	June 30 (a)	September 30 (a)	December 31
Segment net sales				
Oil and gas	$ 1,553	$ 1,440	$ 1,480	$ 1,530
Chemical	767	764	771	790
Other	28	41	46	30
Net sales	$ 2,348	$ 2,245	$ 2,297	$ 2,350
Gross profit	$ 1,075	$ 1,005	$ 1,038	$ 1,088
Segment earnings				
Oil and gas	$ 727	$ 637	$ 660	$ 640
Chemical	38	47	63	72
	765	684	723	712
Unallocated corporate items				
Interest expense, net				
Debt and trust preferred distributions	(135)	(64)	(71)	(63)
Income taxes	(179)	(169)	(161)	(157)
Other	(56)	(75)	(44)	(109)
Income from continuing operations	395	376	447	383
Discontinued operations, net	(2)	(2)	(1)	(1)
Cumulative effect of changes in accounting principles, net	(68)	--	--	--
Net income	$ 325	$ 374	$ 446	$ 382
Basic earnings per common share				
Income from continuing operations	$ 1.04	$ .99	$ 1.16	$ .99
Discontinued operations, net	--	(.01)	--	--
Cumulative effect of changes in accounting principles, net	(.18)	--	--	--
Basic earnings per common share	$ .86	$ .98	$ 1.16	$ .99
Diluted earnings per common share				
Income from continuing operations	$ 1.03	$ .98	$ 1.14	$ .97
Discontinued operations, net	--	(.01)	--	--
Cumulative effect of changes in accounting principles, net	(.18)	--	--	--
Diluted earnings per common share	$ .85	$ .97	$ 1.14	$ .97
Dividends per common share	$ .26	$ .26	$ .26	$ .26
Market price per common share				
High	$ 30.74	$ 34.40	$ 35.84	$ 42.98
Low	$ 27.17	$ 29.55	$ 30.64	$ 34.70

(a) Quarterly amounts have been restated to reflect discontinued operations.

SUPPLEMENTAL OIL AND GAS INFORMATION (Unaudited)

The following tables set forth Occidental's net interests in quantities of proved developed and undeveloped reserves of crude oil, condensate and natural gas and changes in such quantities. Crude oil reserves (in millions of barrels) include condensate. The reserves are stated after applicable royalties. These estimates include reserves in which Occidental holds an economic interest under production-sharing contracts and other economic arrangements.

The reserve estimation process involves reservoir engineers, geoscientists, planning engineers and financial analysts. As part of this process, all reserve volumes are estimated by a forecast of production rates, operating costs and capital expenditures. Price differentials between benchmark prices and prices realized and specifics of each operating agreement are then used to estimate the net reserves. Production rate forecasts are derived by a number of methods, including estimates from decline curve analyses, material balance calculations that take into account the volume of substances replacing the volumes produced and associated reservoir pressure changes, or computer simulation of the reservoir performance. Operating costs and capital costs are forecast based on past experience combined with expectations of future cost for the specific reservoirs. In many cases, activity-based cost models for a reservoir are utilized to project operating costs as production rates and the number of wells for production and injection vary.

A senior corporate officer of Occidental is responsible for the internal audit and review of its oil and gas reserves data. In addition, a Corporate Reserves Review Committee (the Reserves Committee) has been established, consisting of senior corporate officers, to monitor and review Occidental's oil and gas reserves. The Reserves Committee reports to the Audit Committee of Occidental's Board of Directors periodically throughout the year. Occidental has retained Ryder Scott Company, L.P. (Ryder Scott), independent petroleum engineering consultants, to review its oil and gas estimation processes.

Ryder Scott has compared Occidental's methods and procedures for estimating oil and gas reserves to generally accepted industry standards and has reviewed certain data, methods and procedures used in estimating reserves volumes, the reserve and economic evaluations and reserves classifications. Ryder Scott then reviewed the specific application of such methods and procedures for a selection of oil and gas fields considered to be a valid representation of Occidental's total reserves portfolio.

Based on this review, including the data, technical processes and interpretations presented by Occidental, Ryder Scott has concluded that the methodologies used by Occidental in preparing the relevant estimates generally comply with current Securities and Exchange Commission standards. Ryder Scott has not been engaged to render an opinion as to the reserves volumes presented by Occidental.

Estimates of proven reserves are collected in a database and changes in this database are reviewed by engineering personnel to ensure accuracy. Finally, reserve volumes and changes are reviewed and approved by Occidental's senior management.

OIL RESERVES
In millions of barrels

	Consolidated Subsidiaries					
	United States	Latin America	Middle East (a)	Other Eastern Hemisphere	Total	Other Interests (b)
PROVED DEVELOPED AND UNDEVELOPED RESERVES						
BALANCE AT DECEMBER 31, 2001	1,371	152	321	9	1,853	44
Revisions of previous estimates	28	13	(31)	3	13	(1)
Improved recovery	69	1	42	--	112	5
Extensions and discoveries	22	11	6	1	40	--
Purchases of proved reserves	51	--	--	5	56	2
Sales of proved reserves	(4)	--	--	--	(4)	--
Production	(85)	(19)	(34)	(4)	(142)	(8)
BALANCE AT DECEMBER 31, 2002	1,452	158	304	14	1,928	42
Revisions of previous estimates	(11)	--	10	--	(1)	6
Improved recovery	58	6	21	--	85	4
Extensions and discoveries	4	11	25	1	41	6
Purchases of proved reserves	98	--	--	--	98	--
Sales of proved reserves	(8)	--	--	--	(8)	--
Production	(93)	(23)	(34)	(3)	(153)	(10)
BALANCE AT DECEMBER 31, 2003	1,500	152	326	12	1,990	48
Revisions of previous estimates	(4)	(4)	16	(3)	5	5
Improved recovery	72	6	10	--	88	1
Extensions and discoveries	9	18	3	--	30	2
Purchases of proved reserves	10	29	--	--	39	(4)
Production	(93)	(30)	(33)	(3)	(159)	(9)
BALANCE AT DECEMBER 31, 2004	1,494	171	322	6	1,993	43
PROVED DEVELOPED RESERVES (c)						
December 31, 2001	1,106	91	232	8	1,437	35
December 31, 2002	1,183	85	228	12	1,508	34
December 31, 2003	1,262	116	227	11	1,616	35
DECEMBER 31, 2004	1,260	151	208	6	1,625	37

(a) All Middle East reserves are related to PSCs.
(b) Includes reserves applicable to equity investees in Russia and Yemen, partially offset by minority interests in a Colombian affiliate.
(c) Approximately 3 percent of the proved developed reserves at December 31, 2004 are nonproducing. Over half of these reserves are located in Latin America and the remainder is in the United States and Middle East. Plans are to begin producing these reserves in 2005.

GAS RESERVES
In billions of cubic feet

	Consolidated Subsidiaries					
	United States	Latin America	Middle East (a)	Other Eastern Hemisphere	Total	Other Interests
PROVED DEVELOPED AND UNDEVELOPED RESERVES						
BALANCE AT DECEMBER 31, 2001	1,962	--	--	106	2,068	--
Revisions of previous estimates	(39)	--	--	(15)	(54)	--
Improved recovery	39	--	106	6	151	--
Extensions and discoveries	57	--	--	3	60	--
Purchases of proved reserves	14	--	--	45	59	--
Sales of proved reserves	(6)	--	--	--	(6)	--
Production (b)	(206)	--	--	(23)	(229)	--
BALANCE AT DECEMBER 31, 2002	1,821	--	106	122	2,049	--
Revisions of previous estimates	47	--	(10)	7	44	--
Improved recovery	68	--	--	2	70	9
Extensions and discoveries	38	--	558	1	597	--
Purchases of proved reserves	55	--	--	--	55	--
Sales of proved reserves	(9)	--	--	--	(9)	--
Production (b)	(194)	--	--	(27)	(221)	--
BALANCE AT DECEMBER 31, 2003	1,826	--	654	105	2,585	9
Revisions of previous estimates	94	--	134	13	241	(9)
Improved recovery	180	--	--	5	185	--
Extensions and discoveries	181	--	--	10	191	--
Purchases of proved reserves	7	--	--	--	7	--
Sales of proved reserves	(1)	--	--	--	(1)	--
Production	(186)	--	(20)	(27)	(233)	--
BALANCE AT DECEMBER 31, 2004	2,101	--	768	106	2,975	--
PROVED DEVELOPED RESERVES (c)						
December 31, 2001	1,718	--	--	89	1,807	--
December 31, 2002	1,630	--	--	110	1,740	--
December 31, 2003	1,618	--	91	94	1,803	9
DECEMBER 31, 2004	1,644	--	100	95	1,839	--

(a) All Middle East reserves are related to PSCs.
(b) Production excludes 12.7 bcf and 25.3 bcf subject to volumetric production payments for the years 2003 and 2002, respectively.
(c) Approximately 2 percent of the proved developed reserves at December 31, 2004 are nonproducing. Plans are to begin producing these reserves in 2005.

STANDARDIZED MEASURE, INCLUDING YEAR-TO-YEAR CHANGES THEREIN, OF DISCOUNTED FUTURE NET CASH FLOWS

For purposes of the following disclosures, estimates were made of quantities of proved reserves and the periods during which they are expected to be produced. Future cash flows were computed by applying year-end prices to Occidental's share of estimated annual future production from proved oil and gas reserves, net of royalties. Future development and production costs were computed by applying year-end costs to be incurred in producing and further developing the proved reserves. Future income tax expenses were computed by applying, generally, year-end statutory tax rates (adjusted for permanent differences, tax credits, allowances and foreign income repatriation considerations) to the estimated net future pre-tax cash flows. The discount was computed by application of a 10 percent discount factor. The calculations assumed the continuation of existing economic, operating and contractual conditions at each of December 31, 2004, 2003 and 2002. However, such arbitrary assumptions have not necessarily proven to be the case in the past. Other assumptions of equal validity would give rise to substantially different results.

The year-end prices used to calculate future cash flows vary by producing area and market conditions. For the 2004, 2003 and 2002 disclosures, the West Texas Intermediate oil prices used were $43.45 per barrel, $32.52 per barrel and $31.17 per barrel, respectively. The Henry Hub gas prices used for the 2004, 2003 and 2002 disclosures were $6.03/MMBtu, $5.79/MMBtu and $4.75/MMBtu, respectively.

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS
In millions

	Consolidated Subsidiaries					
	United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests
AT DECEMBER 31, 2004						
Future cash flows	$ 67,273	$ 5,161	$ 12,042	$ 438	$ 84,914	$ 959
Future costs						
Production costs and other operating expenses	(28,518)	(2,334)	(3,236)	(147)	(34,235)	(633)
Development costs (b)	(2,214)	(185)	(1,421)	(30)	(3,850)	(55)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	36,541	2,642	7,385	261	46,829	271
Future income tax expense	(11,751)	(986)	--	(89)	(12,826)	40
FUTURE NET CASH FLOWS	24,790	1,656	7,385	172	34,003	311
Ten percent discount factor	(14,104)	(443)	(3,389)	(27)	(17,963)	(59)
STANDARDIZED MEASURE	$ 10,686	$ 1,213	$ 3,996	$ 145	$ 16,040	$ 252
AT DECEMBER 31, 2003						
Future cash flows	$ 53,939	$ 3,977	$ 10,232	$ 556	$ 68,704	$ 987
Future costs						
Production costs and other operating expenses	(22,584)	(1,404)	(2,945)	(112)	(27,045)	(434)
Development costs (b)	(1,931)	(129)	(1,382)	(39)	(3,481)	(87)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	29,424	2,444	5,905	405	38,178	466
Future income tax expense	(9,090)	(1,070)	(626)	(169)	(10,955)	(141)
FUTURE NET CASH FLOWS	20,334	1,374	5,279	236	27,223	325
Ten percent discount factor	(11,644)	(355)	(2,390)	(47)	(14,436)	(81)
STANDARDIZED MEASURE	$ 8,690	$ 1,019	$ 2,889	$ 189	$ 12,787	$ 244
AT DECEMBER 31, 2002						
Future cash flows	$ 46,806	$ 3,407	$ 8,555	$ 628	$ 59,396	$ 429
Future costs						
Production costs and other operating expenses	(18,288)	(907)	(2,227)	(102)	(21,524)	(286)
Development costs (b)	(1,997)	(165)	(969)	(28)	(3,159)	(40)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	26,521	2,335	5,359	498	34,713	103
Future income tax expense	(7,929)	(906)	(333)	(190)	(9,358)	--
FUTURE NET CASH FLOWS	18,592	1,429	5,026	308	25,355	103
Ten percent discount factor	(10,342)	(440)	(2,079)	(65)	(12,926)	(22)
STANDARDIZED MEASURE	$ 8,250	$ 989	$ 2,947	$ 243	$ 12,429	$ 81

(a) Includes future net cash flows applicable to equity investees in Russia and Yemen, partially offset by minority interests in a Colombian affiliate.
(b) Includes dismantlement and abandonment costs.

CHANGES IN THE STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS FROM PROVED RESERVE QUANTITIES
In millions

For the years ended December 31,	2004	2003	2002
BEGINNING OF YEAR	$ 12,787	$ 12,429	$ 6,534
Sales and transfers of oil and gas produced, net of production costs and other operating expenses	(5,397)	(4,162)	(2,910)
Net change in prices received per barrel, net of production costs and other operating expenses	5,868	1,874	9,684
Extensions, discoveries and improved recovery, net of future production and development costs	1,929	1,287	1,496
Change in estimated future development costs	(1,058)	(833)	(543)
Revisions of quantity estimates	115	133	(87)
Development costs incurred during the period	1,434	1,078	954
Accretion of discount	1,641	1,545	757
Net change in income taxes (a)	(712)	(638)	(2,820)
Purchases and sales of reserves in place, net	565	637	448
Changes in production rates and other	(1,132)	(563)	(1,084)
NET CHANGE	3,253	358	5,895
END OF YEAR	$ 16,040	$ 12,787	$ 12,429

(a) Income taxes were reduced due to the ability to credit foreign taxes in the U.S. U.S. tax on foreign entities was zero, $486 million and $276 million for 2004, 2003 and 2002, respectively.

AVERAGE SALES PRICES AND AVERAGE PRODUCTION COSTS OF OIL AND GAS

The following table sets forth, for each of the three years in the period ended December 31, 2004, Occidental's approximate average sales prices and average production costs of oil and gas. Production costs are the costs incurred in lifting the oil and gas to the surface and include gathering, treating, primary processing, field storage, property taxes and insurance on proved properties, but do not include depreciation, depletion and amortization, royalties, income taxes, interest, general and administrative and other expenses.

	Consolidated Subsidiaries					
	United States	Latin America (a)	Middle East	Other Eastern Hemisphere (a)	Total	Other Interests (c)
2004						
Oil -- Average sales price ($/bbl.)	$ 37.72	$ 33.09	$ 34.88 (d)	$ 33.13	$ 35.95	$ 23.83
Gas -- Average sales price ($/Mcf)	$ 5.35	$ --	$ 0.97	$ 2.25	$ 4.56	$ --
Average oil and gas production cost ($/bbl.) (b)	$ 8.18	$ 5.54	$ 4.83	$ 2.21	$ 6.95	$ 12.11
2003						
Oil -- Average sales price ($/bbl.)	$ 28.74	$ 27.21	$ 27.81 (d)	$ 26.61	$ 28.18	$ 15.95
Gas -- Average sales price ($/Mcf)	$ 4.81	$ --	$ --	$ 2.04	$ 4.45	$ --
Average oil and gas production cost ($/bbl.) (b)	$ 6.39	$ 5.38	$ 5.39	$ 2.02	$ 5.91	$ 8.50
2002						
Oil -- Average sales price ($/bbl.)	$ 23.47	$ 23.14	$ 24.13 (d)	$ 23.02	$ 23.56	$ 14.80
Gas -- Average sales price ($/Mcf)	$ 2.89	$ --	$ --	$ 2.08	$ 2.81	$ --
Average oil and gas production cost ($/bbl.) (b)	$ 6.12	$ 4.72	$ 4.08	$ 2.80	$ 5.46	$ 6.75

(a) Sales prices include royalties with respect to certain of Occidental's interests.
(b) Natural gas volumes have been converted to equivalent barrels based on energy content of six Mcf of gas to one barrel of oil.
(c) Includes prices and costs applicable to equity investees in Russia and Yemen.
(d) Excludes taxes owed by Occidental but paid by governmental entities on its behalf.

NET PRODUCTIVE AND DRY -- EXPLORATORY AND DEVELOPMENT WELLS COMPLETED

The following table sets forth, for each of the three years in the period ended December 31, 2004, Occidental's net productive and dry-exploratory and development wells completed.

	Consolidated Subsidiaries					
	United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests (a)
2004						
Oil -- Exploratory	2.8	1.8	3.7	--	8.3	--
Development	345.9	31.0	66.4	0.4	443.7	5.0
Gas -- Exploratory	1.4	--	0.7	1.0	3.1	--
Development	36.7	--	2.6	2.2	41.5	--
Dry -- Exploratory	2.6	1.1	1.1	2.5	7.3	--
Development	9.0	1.0	--	0.3	10.3	(0.1)
2003						
Oil -- Exploratory	1.0	2.2	1.3	0.4	4.9	(0.1)
Development	277.2	26.2	61.0	2.1	366.5	4.0
Gas -- Exploratory	--	--	--	--	--	--
Development	35.1	--	1.3	--	36.4	--
Dry -- Exploratory	4.0	6.0	3.6	1.3	14.9	(0.9)
Development	15.7	1.2	1.7	--	18.6	0.1
2002						
Oil -- Exploratory	2.9	1.2	3.8	--	7.9	--
Development	258.5	16.8	58.1	2.7	336.1	8.6
Gas -- Exploratory	--	--	--	0.5	0.5	--
Development	17.9	--	--	0.6	18.5	--
Dry -- Exploratory	5.1	1.2	1.6	0.5	8.4	--
Development	20.8	1.1	--	0.8	22.7	(0.1)

(a) Includes amounts applicable to equity investees in Russia and Yemen, partially offset by minority interests in a Colombian affiliate.

PRODUCTIVE OIL AND GAS WELLS

The following table sets forth, as of December 31, 2004, Occidental's productive oil and gas wells (both producing wells and wells capable of production). The numbers in parentheses indicate the number of wells with multiple completions.

	Consolidated Subsidiaries					
Wells at December 31, 2004	United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests (c)
Oil -- Gross (a)	18,073 (441)	376 (--)	766 (20)	76 (--)	19,291 (461)	438 (50)
Net (b)	12,192 (320)	199 (--)	448 (20)	33 (--)	12,872 (340)	200 (25)
Gas -- Gross (a)	2,506 (82)	-- (--)	15 (2)	26 (--)	2,547 (84)	1 (--)
Net (b)	2,107 (41)	-- (--)	11 (2)	12 (--)	2,130 (43)	1 (--)

(a) The total number of wells in which interests are owned.
(b) The sum of fractional interests.
(c) Includes amounts applicable to equity investees in Russia and Yemen, partially offset by minority interests in a Colombian affiliate.

PARTICIPATION IN EXPLORATORY AND DEVELOPMENT WELLS BEING DRILLED

The following table sets forth, as of December 31, 2004, Occidental's participation in exploratory and development wells being drilled.

Wells at December 31, 2004	Consolidated Subsidiaries: United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests (a)
Exploratory and development wells						
-- Gross	45	5	4	1	55	1
-- Net	28	3	3	1	35	1

(a) Includes amounts applicable to equity investees in Russia and Yemen, partially offset by minority interests in a Colombian affiliate.

At December 31, 2004, Occidental was participating in 102 pressure maintenance projects in the United States, 6 in Latin America, 20 in the Middle East and 4 in the Other Eastern Hemisphere.

OIL AND GAS ACREAGE

The following table sets forth, as of December 31, 2004, Occidental's holdings of developed and undeveloped oil and gas acreage.

Thousands of acres at December 31, 2004	Consolidated Subsidiaries: United States	Latin America	Middle East	Other Eastern Hemisphere	Total	Other Interests (e)
Developed (a) -- Gross (b)	4,348	38	522	568	5,476	114
-- Net (c)	2,909	22	211	269	3,411	35
Undeveloped (d) -- Gross (b)	1,721	7,870	2,127	14,569	26,287	5
-- Net (c)	1,039	5,359	1,437	6,991	14,826	(188)

(a) Acres spaced or assigned to productive wells.
(b) Total acres in which interests are held.
(c) Sum of the fractional interests owned based on working interests, or interests under production-sharing contracts and other economic arrangements.
(d) Acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas, regardless of whether the acreage contains proved reserves.
(e) Includes amounts applicable to equity investees in Russia and Yemen, partially offset by minority interests in a Colombian affiliate.

OIL AND NATURAL GAS PRODUCTION PER DAY

The following table sets forth, for each of the three years in the period ended December 31, 2004, Occidental's oil, natural gas liquids and natural gas production per day.

	2004	2003	2002
United States			
Crude oil and liquids (MBL)			
California	78	81	86
Permian	154	150	142
Horn Mountain	19	21	1
Hugoton	3	4	3
TOTAL	254	256	232
Natural Gas (MMCF)			
California	237	252	286
Hugoton	127	138	148
Permian	130	129	130
Horn Mountain	13	13	--
TOTAL	507	532	564
Latin America			
Crude oil (MBL)			
Colombia	37	37	40
Ecuador	46	25	13
TOTAL	83	62	53
Middle East			
Crude oil (MBL)			
Oman	13	12	13
Qatar	45	45	42
Yemen	32	35	37
TOTAL	90	92	92
Natural Gas (MMCF)			
Oman	55	--	--
Other Eastern Hemisphere			
Crude oil (MBL)			
Pakistan	7	9	10
Natural Gas (MMCF)			
Pakistan	75	74	63
Barrels of Oil Equivalent (MBOE)			
Subtotal consolidated subsidiaries	540	520	492
Colombia - minority interest	(4)	(5)	(5)
Russia - Occidental net interest	29	30	27
Yemen - Occidental net interest	1	2	1
Total worldwide production	566	547	515

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS Occidental Petroleum Corporation and Subsidiaries

In millions

	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Deductions	Balance at End of Period
2004					
Allowance for doubtful accounts	$ 24	$ 3	$ --	$ --	$ 27
Environmental	$ 372	$ 60	$ 6	$ (63)(a)	$ 375
Foreign and other taxes, litigation and other reserves	1,167	41	--	(126)(b)	1,082
	$ 1,539	$ 101	$ 6	$ (189)	$ 1,457 (c)
2003					
Allowance for doubtful accounts	$ 28	$ --	$ --	$ (4)	$ 24
Environmental	$ 393	$ 64	$ --	$ (85)(a)	$ 372
Foreign and other taxes, litigation and other reserves	1,104	14	80	(31)(d)	1,167
	$ 1,497	$ 78	$ 80	$ (116)	$ 1,539 (c)
2002					
Allowance for doubtful accounts	$ 35	$ --	$ --	$ (7)	$ 28
Environmental	$ 454	$ 25	$ --	$ (86)(a)	$ 393
Foreign and other taxes, litigation and other reserves	930	8	193	(27)(d)	1,104
	$ 1,384	$ 33	$ 193	$ (113)	$ 1,497 (c)

(a) Primarily represents payments.
(b) Primarily represents balance sheet reclassifications and reclassifications to income.
(c) Of these amounts, $154 million, $132 million and $160 million in 2004, 2003 and 2002, respectively, are classified as current.
(d) Primarily represents balance sheet reclassifications.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A CONTROLS AND PROCEDURES

DISCLOSURE 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 fourth quarter of 2004 that has materially affected, or is reasonably likely to materially affect, Occidental's internal control over financial reporting.

MANAGEMENT'S ANNUAL ASSESSMENT OF AND REPORT ON OCCIDENTAL'S INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Occidental Petroleum Corporation (Occidental) is responsible for establishing and maintaining adequate internal control over financial reporting. Occidental's system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Occidental's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of Occidental's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that Occidental's receipts and expenditures are being made only in accordance with authorizations of Occidental's management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Occidental's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of Occidental's internal control system as of December 31, 2004 based on the criteria for effective internal control over financial reporting described in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that, as of December 31, 2004, Occidental's system of internal control over financial reporting is effective.

Occidental's independent auditors, KPMG LLP, have issued an attestation report on management's assessment of Occidental's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Occidental Petroleum Corporation:

We have audited management's assessment, included in the accompanying Management's Annual Assessment of and Report on Occidental's Internal Control Over Financial Reporting, that Occidental Petroleum Corporation and its subsidiaries (the Company) maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Occidental Petroleum Corporation and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity, comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2004, and our report dated February 25, 2005 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Los Angeles, California
February 25, 2005

PART III

ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Occidental has adopted a Code of Business Conduct (Code). The Code applies to the chief executive officer, chief financial officer, chief accounting officer and persons performing similar functions (Key Personnel). The Code also applies to Occidental's directors, its employees and the employees of entities it controls. The Code is posted on the Occidental website www.oxy.com. Occidental will satisfy any disclosure requirement under Item 10 of Form 8-K regarding an amendment to, or waiver from, any provision of the Code with respect to its Key Personnel or directors by disclosing the nature of that amendment or waiver on its website.

This item incorporates by reference the information regarding Occidental's directors appearing under the caption "Election of Directors" in Occidental's definitive proxy statement filed in connection with its May 6, 2005, Annual Meeting of Stockholders (2005 Proxy Statement). See also the list of Occidental's executive officers and related information under "Executive Officers of the Registrant" in Part I of this report.

ITEM 11 EXECUTIVE COMPENSATION

This item incorporates by reference the information appearing under the captions "Executive Compensation" (excluding, however, the information appearing under the subcaptions "Report of the Executive Compensation and Human Resources Committee" and "Performance Graph") and "Election of Directors -- Information Regarding the Board of Directors and Its Committees" in the 2005 Proxy Statement.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This item incorporates by reference the information with respect to security ownership appearing under the caption "Security Ownership of Certain Beneficial Owners and Management" in the 2005 Proxy Statement.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Not applicable.

ITEM 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

This item incorporates by reference the information with respect to accountant fees and services appearing under the sub-captions "Audit and Other Fees" and "Report of the Audit Committee" in the 2005 Proxy Statement.

PART IV

ITEM 15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(A) (1) AND (2). FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE
Reference is made to the Index to Financial Statements and Related Information under Item 8 in Part II hereof, where these documents are listed.

(A) (3). EXHIBITS

3.(i)*	Restated Certificate of Incorporation of Occidental, dated November 12, 1999 (filed as 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. (filed as 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 12, 2004 (filed as Exhibit 3.(ii) to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2003, File No. 1-9210).
4.1*	Occidental Petroleum Corporation Five-Year Credit Agreement, dated as of June 18, 2004, among Occidental, JPMorgan Chase Bank and Citicorp USA, Inc., as Co-Syndication Agents, BNP Paribas, Bank of America, N.A., Barclays Bank PLC and The Royal Bank of Scotland PLC as Co-Documentation Agents, The Bank of Nova Scotia, as Administrative Agent, and the banks named therein (filed as Exhibit 4.1 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2004, File No. 1-9210).
4.2*	Indenture (Senior Debt Securities), dated as of April 1, 1998, between Occidental and The Bank of New York, as Trustee (filed as Exhibit 4 to the Registration Statement on Form S-3 of Occidental, File No. 333-52053).
4.3*	Specimen certificate for shares of Common Stock (filed as Exhibit 4.9 to the Registration Statement on Form S-3 of Occidental, File No. 333-82246).
4.4	Instruments defining the rights of holders of other long-term debt of Occidental and its subsidiaries are not being filed since the total amount of securities authorized under each of such instruments does not exceed 10 percent of the total assets of Occidental and its subsidiaries on a consolidated basis. Occidental agrees to furnish a copy of any such instrument to the Commission upon request.

All of the Exhibits numbered 10.1 to 10.67 are management contracts and compensatory plans required to be identified specifically as responsive to Item 601(b)(10)(iii)(A) of Regulation S-K pursuant to Item 15(c) of Form 10-K.

10.1	Amended and Restated Employment Agreement, dated as of February 10, 2005, between Occidental and Dr. Ray R. Irani.
10.2*	Employment Agreement, dated as of November 17, 2000, between Occidental and Dr. Dale R. Laurance (filed as Exhibit 10.3 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2000, File No. 1-9210).
10.3*	Employment Agreement Amendment, dated July 19, 2004 between Occidental and Dale R. Laurance (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2004, File No. 1-9210).
10.4*	Consulting Agreement entered into as of July 19, 2004, between Occidental and Dale R. Laurance (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2004, File No. 1-9210).
10.5	Employment Agreement, dated as of January 13, 2005, between Occidental and Stephen I. Chazen.
10.6*	Employment Agreement, dated May 19, 2003, between Occidental and Donald P. de Brier (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 2003, File No. 1-9210).
10.7*	Form of Indemnification Agreement between Occidental and each of its directors and certain executive officers (filed as Exhibit B to the Proxy Statement of Occidental for its May 21, 1987, Annual Meeting of Stockholders, File No. 1-9210).

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*Incorporated herein by reference

10.8*	Occidental Petroleum Corporation Split Dollar Life Insurance Program and Related Documents (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1994, File No. 1-9210).
10.9*	Split Dollar Life Insurance Agreement, dated January 24, 2002, by and between Occidental and Donald P. de Brier (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2002, File No. 1-9210).
10.10*	Occidental Petroleum Insured Medical Plan, as amended and restated effective April 29, 1994, amending and restating the Occidental Petroleum Corporation Executive Medical Plan (as amended and restated effective April 1, 1993) (filed as Exhibit 10 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ending March 31, 1994, File No. 1-9210).
10.11*	Occidental Petroleum Corporation 1987 Stock Option Plan, as amended through September 12, 2002 (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2002, File No. 1-9210).
10.12*	Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
10.13*	Form of Nonqualified Stock Option Agreement, with Stock Appreciation Right, under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
10.14*	Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
10.15*	Form of Incentive Stock Option Agreement, with Stock Appreciation Right, under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
10.16*	Occidental Petroleum Corporation Deferred Compensation Plan, Second Amendment and Restatement Effective as of January 1, 2003 (filed as Exhibit 10.14 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2003, File No. 1-9210).
10.17	Amendment to Occidental Petroleum Corporation Deferred Compensation Plan.
10.18*	Occidental Petroleum Corporation 2005 Deferred Compensation Plan (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated October 14, 2004 (date of earliest event reported), filed October 20, 2004, File No. 1-9210).
10.19	Amendment to Occidental Petroleum Corporation 2005 Deferred Compensation Plan.
10.20*	Occidental Petroleum Corporation Senior Executive Supplemental Life Insurance Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996) (filed as Exhibit 10.25 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).
10.21*	Occidental Petroleum Corporation Senior Executive Survivor Benefit Plan (effective as of January 1, 1986, as amended and restated effective as of January 1, 1996) (filed as Exhibit 10.27 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1995, File No. 1-9210).
10.22*	Amendment No. 1 to Occidental Petroleum Corporation Senior Executive Survivor Benefit Plan, dated February 28, 2002 (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2002, File No. 1-9210).
10.23*	Occidental Petroleum Corporation 1995 Incentive Stock Plan, as amended (filed as Exhibit 10.28 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1999, File No. 1-9210).
10.24*	Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.2 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).
10.25*	Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.3 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).
10.26*	Form of Restricted Stock Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.5 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).
10.27*	Form of Performance Stock Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 99.6 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719).

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10.28*	Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental, dated January 6, 1999 (date of earliest event reported), filed January 6, 1999, File No. 1-9210, amends Form previously filed as Exhibit 10.1 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719 and incorporated by reference as Exhibit 10.39 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1997, File No. 1-9210).
10.29*	Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.3 to the Current Report on Form 8-K of Occidental, dated January 6, 1999 (date of earliest event reported), filed January 6, 1999, File No. 1-9210, amends Form previously filed as Exhibit 10.2 to the Registration Statement on Form S-8 of Occidental, File No. 33-64719 and incorporated by reference as Exhibit 10.40 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1997, File No. 1-9210).
10.30*	Form of Incentive Stock Option Agreement (With Accelerated Performance Vesting) under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1999, File No. 1-9210).
10.31*	Form of Nonqualified Stock Option Agreement (With Accelerated Performance Vesting) under Occidental Petroleum Corporation 1995 Incentive Stock Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1999, File No. 1-9210).
10.32*	Form of 1997 Performance Stock Option Agreement under the 1995 Incentive Stock Plan of Occidental Petroleum Corporation (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1997, File No. 1-9210).
10.33*	Form of Amendment to 1997 Performance Stock Option Agreement under the 1995 Incentive Stock Plan of Occidental Petroleum Corporation (filed as Exhibit 10.43 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1999, File No. 1-9210).
10.34*	Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors, as amended April 30, 2004 (filed as Exhibit 99.1 to the Registration Statement on Form S-8 of Occidental, File No. 333-115099)
10.35*	Form of Restricted Stock Option Assignment under Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors (filed as Exhibit 99.2 to the Registration Statement on Form S-8 of Occidental, File No. 333-02901).
10.36*	Form of Restricted Stock Agreement under Occidental Petroleum Corporation 1996 Restricted Stock Plan for Non-Employee Directors (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2003, File No. 1-9210).
10.37*	Occidental Petroleum Corporation Supplemental Retirement Plan, Amended and Restated Effective as of January 1, 1999, reflecting amendments effective through March 1, 2001 (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2001, File No. 1-9210).
10.38*	Amendment Number 2 to the Occidental Petroleum Corporation Supplemental Retirement Plan (As Amended and Restated Effective January 1, 1999 Reflecting Amendments Effective through March 1, 2001) (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated December 7, 2004 (date of earliest event reported), filed December 8, 2004, File No. 1-9210.
10.39	Summary of Material Terms and Conditions of Supplemental Retirement Allocations (effective as of January 1, 2005).
10.40*	Occidental Petroleum Corporation 2001 Incentive Compensation Plan (as amended through September 12, 2002) (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2002, File No. 1-9210).
10.41*	Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2001, File No. 1-9210).
10.42*	Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2001, File No. 1-9210).
10.43*	Form of Restricted Common Share Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.40 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2001, File No. 1-9210).

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10.44*	Form of Performance Based Stock Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.41 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2001, File No. 1-9210).
10.45*	Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (July 2002 version) (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2002, File No. 1-9210).
10.46*	Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (July 2002 version) (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2002, File No. 1-9210).
10.47*	Form of Restricted Common Share Agreement (with mandatory deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.6 to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2002, File No. 1-9210).
10.48*	Form of Restricted Common Share Agreement (with mandatory deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2002 version) (filed as Exhibit 10.47 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2002, File No. 1-9210).
10.49*	Terms and Conditions for Incentive Stock Option Award under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (July 2003 version) (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 2003, File No. 1-9210).
10.50*	Terms and Conditions for Nonqualified Stock Option Award under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (July 2003 version) (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 2003, File No. 1-9210).
10.51*	Terms and Conditions of Restricted Share Unit Award (with mandatory deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (July 2003 version) (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 2003, File No. 1-9210).
10.52*	Terms and Conditions of Restricted Share Unit Award (with mandatory deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2003 version) (filed as Exhibit 10.45 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2003, File No. 1-9210).
10.53*	Terms and Conditions of Performance Based Stock Award (deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2003 version - Corporate) (filed as Exhibit 10.46 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2003, File No. 1-9210).
10.54*	Terms and Conditions of Performance Based Stock Award (deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2003 version - Occidental Chemical) (filed as Exhibit 10.47 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2003, File No. 1-9210).
10.55*	Terms and Conditions of Stock Appreciation Rights Award under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2004, File No. 1-9210).
10.56*	Terms and Conditions of Restricted Share Unit Award (without deferred issuance of shares) under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the fiscal quarter ended June 30, 2004, File No. 1-9210).
10.57	Terms and Conditions of Restricted Share Unit Award under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2004 version).
10.58	Terms and Conditions of Performance Based Stock Award under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2004 version).
10.59	Terms and Conditions of Performance Based Stock Award under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2004 version - Chemicals).
10.60	Terms and Conditions of Performance Based Stock Award under Occidental Petroleum Corporation 2001 Incentive Compensation Plan (December 2004 version - Oil and Gas).
10.61*	Occidental Petroleum Corporation Deferred Stock Program (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 2002, File No. 1-9210).
10.62	Amendment to Occidental Petroleum Corporation Deferred Stock Program.

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10.63*	Occidental Petroleum Corporation 2005 Deferred Stock Program (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental dated October 14, 2004 (date of earliest event reported), filed October 20, 2004, File No. 1-9210).
10.64	Amendment to Occidental Petroleum Corporation 2005 Deferred Stock Program.
10.65*	Occidental Petroleum Corporation Executive Incentive Compensation Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 2001, File No. 1-9210).
10.66*	Description of financial counseling program (filed as Exhibit 10.50 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2003, File No. 1-9210).
10.67*	Description of group excess liability insurance program (filed as Exhibit 10.51 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 2003, File No. 1-9210).
10.68*	Securities Purchase Agreement, dated as of July 8, 2002, by and between Lyondell Chemical Company and Occidental Chemical Holding Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated August 22, 2002 (date of earliest event reported), filed September 6, 2002, File No. 1-9210).
10.69*	Stockholders Agreement, dated as of August 22, 2002, by and among Lyondell Chemical Company and the Stockholders as defined therein (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Occidental dated August 22, 2002 (date of earliest event reported), filed September 6, 2002, File No. 1-9210).
10.70*	Warrant for the Purchase of Shares of Common Stock, issued August 22, 2002 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Occidental dated August 22, 2002 (date of earliest event reported), filed September 6, 2002, File No. 1-9210).
10.71*	Registration Rights Agreement, dated as of August 22, 2002, by and between Occidental Chemical Holding Corporation and Lyondell Chemical Company (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of Occidental dated August 22, 2002 (date of earliest event reported), filed September 6, 2002, File No. 1-9210).
10.72*	Occidental Partner Sub Purchase Agreement, dated July 8, 2002, by and among Lyondell Chemical Company, Occidental Chemical Holding Corporation, Oxy CH Corporation and Occidental Chemical Corporation (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K of Occidental dated August 22, 2002 (date of earliest event reported), filed September 6, 2002, File No. 1-9210).
12	Statement regarding computation of total enterprise ratios of earnings to fixed charges for the five years ended December 31, 2004.
21	List of subsidiaries of Occidental at December 31, 2004.
23.1	Independent Registered Public Accounting Firm's Consent.
23.2	Expert Consent.
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.

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*Incorporated herein by reference

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

March 1, 2005

By: /s/ RAY R. IRANI

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ RAY R. IRANI Ray R. Irani	Chairman of the Board of Directors, President and Chief Executive Officer	March 1, 2005
/s/ STEPHEN I. CHAZEN Stephen I. Chazen	Senior Executive Vice President and Chief Financial Officer	March 1, 2005
/s/ SAMUEL P. DOMINICK, JR. Samuel P. Dominick, Jr.	Vice President and Controller (Chief Accounting Officer)	March 1, 2005
/s/ RONALD W. BURKLE Ronald W. Burkle	Director	March 1, 2005
/s/ JOHN S. CHALSTY John S. Chalsty	Director	March 1, 2005
/s/ EDWARD P. DJEREJIAN Edward P. Djerejian	Director	March 1, 2005
/s/ R. CHAD DREIER R. Chad Dreier	Director	March 1, 2005
/s/ JOHN E. FEICK John E. Feick	Director	March 1, 2005
/s/ IRVIN W. MALONEY Irvin W. Maloney	Director	March 1, 2005

SIGNATURE	TITLE	DATE
/s/ RODOLFO SEGOVIA - ------------------------------- Rodolfo Segovia	Director	March 1, 2005
/s/ AZIZ D. SYRIANI - ------------------------------- Aziz D. Syriani	Director	March 1, 2005
/s/ ROSEMARY TOMICH - ------------------------------- Rosemary Tomich	Director	March 1, 2005
/s/ WALTER L. WEISMAN - ------------------------------- Walter L. Weisman	Director	March 1, 2005

EXHIBIT INDEX

EXHIBITS

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

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into as of the 10th day of February, 2005, by and between OCCIDENTAL PETROLEUM CORPORATION, a Delaware Corporation ("COMPANY"), and DR. RAY R. IRANI ("EMPLOYEE").

W I T N E S S E T H:

WHEREAS, EMPLOYEE, since June 16, 1983, has served as an officer of COMPANY, most recently as COMPANY's Chairman and Chief Executive Officer pursuant to an agreement between EMPLOYEE and COMPANY dated November 17, 2000 (the "Prior Agreement") ; and

WHEREAS, COMPANY desires to obtain the benefit of continued services by EMPLOYEE as Chairman and Chief Executive Officer, and EMPLOYEE desires to continue to render services to COMPANY; and

WHEREAS, the Board of Directors of COMPANY (the "Board") has determined that it is in COMPANY's best interest and that of its stockholders to recognize the substantial contribution that EMPLOYEE has made and is expected to continue to make to COMPANY's business and to retain his services in the future; and

WHEREAS, COMPANY and EMPLOYEE desire to set forth in this Agreement the terms and conditions of EMPLOYEE's continued employment with COMPANY which Agreement represents and constitutes an amendment and restatement of the Prior Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

1. Term. This Agreement shall extend for a period of time (the "Term") which commenced on the date of the Prior Agreement, November 30, 2000 (the "Effective Date") and shall expire on the earlier of the date of COMPANY's 2010 stockholder meeting or May 30, 2010, unless earlier terminated in accordance with the provisions hereof. COMPANY shall employ EMPLOYEE, and EMPLOYEE shall serve COMPANY, in accordance with the provisions hereof, throughout the Term, unless such employment is earlier terminated in accordance with the provisions hereof.

2. Specific Position; Duties and Responsibilities. Subject to the provisions of this Agreement, COMPANY shall employ EMPLOYEE as Chairman and Chief Executive Officer, and EMPLOYEE shall serve COMPANY as Chairman and Chief Executive Officer and as a member of the Board. EMPLOYEE's principal business: address shall during such period be at COMPANY's executive offices in Southern California or with EMPLOYEE's consent in such other place as such offices are relocated. EMPLOYEE's duties hereunder shall be the usual and customary duties of the offices in which he shall serve. EMPLOYEE shall have such executive power and authority as shall reasonably be required to enable him to discharge his duties in the offices which he may hold.

3. Services and Exclusivity of Services. During the Term, EMPLOYEE, except as otherwise expressly provided in this Section 3, shall devote his full business time and energy to the business affairs and interests of COMPANY and its subsidiaries, and shall use his best efforts and abilities to promote COMPANY's and its subsidiaries' interests.

EMPLOYEE may serve as a director or in any other capacity of any business enterprise, including an enterprise whose activities may involve or relate to the business of COMPANY, provided that such service is expressly approved by the Board. EMPLOYEE may make and manage personal business investments of his choice and serve in any capacity with any civic, educational or charitable organization, or any governmental entity or trade association, without seeking or obtaining approval by the Board, provided such activities and services do not materially interfere or conflict with the performance of his duties hereunder.

4. Salary. COMPANY shall pay EMPLOYEE an annual salary at the minimum rate of $1,300,000, which shall be payable in semimonthly installments in conformity with COMPANY's policy relating to salaried employees. EMPLOYEE's salary shall be subject to annual increase (and, as part of across the board reductions for other officers of COMPANY, decrease) at the reasonable discretion of the Board and its Executive Compensation and Human Resources Committee ("Compensation Committee"). Salary increases may be paid, at the discretion of the Compensation Committee, in cash or common stock of the Company, or a combination thereof.

5. Bonus. EMPLOYEE shall be entitled to an annual cash bonus in an amount to be determined at the reasonable discretion of the Board and its Compensation Committee. Bonus awards may be paid, at the discretion of the Compensation Committee, in cash or common stock of the Company, or a combination thereof.

6. Deferred Compensation. In the event, and to the extent, that EMPLOYEE has in the past, or may in the future, elect to participate in any Company-sponsored deferred compensation plan, it is intended that any election to defer compensation shall not be taken into account in the calculation of those of EMPLOYEE's rights and benefits under this Agreement that are based upon EMPLOYEE's salary or bonus or the sum thereof, and, to the extent such deferred amounts are taken into account, Employee shall be appropriately compensated.

7. Employee Benefits. EMPLOYEE shall be entitled during his employment hereunder, to all rights and benefits for which he is otherwise eligible under any group life insurance, medical and dental care (including coverage for EMPLOYEE's spouse and children), disability, retirement, personal savings account, deferred compensation and other plans or benefits which COMPANY or its subsidiaries may provide for employees and other senior executives (collectively, "Employee Benefits").

If EMPLOYEE's employment is terminated hereunder, pursuant to Section 11(b), 11(c), or 11(d) hereof, and EMPLOYEE is entitled to but is no longer eligible for Employee Benefits because of such termination, EMPLOYEE shall be entitled to and COMPANY shall provide, to the extent provided in this Agreement, benefits substantially equivalent to the Employee Benefits to which EMPLOYEE was entitled immediately prior to such termination and shall do so for the period during which he remains entitled to receive such Employee Benefits as provided in this Agreement. With respect to the continuation of such benefits, EMPLOYEE shall also be paid by COMPANY an amount which, after taxes on such amount, shall reimburse EMPLOYEE for any additional tax liabilities incurred by EMPLOYEE by reason of the receipt of such benefits after the termination of, rather than during the Term of, this Agreement, upon the assumption that the amount to which EMPLOYEE shall be so entitled shall be subject to the maximum combined Federal and state tax rate applicable to individuals in respect of such payments.

8. Supplemental Benefits.

(a) Retirement. COMPANY shall allow EMPLOYEE to be an eligible participant in COMPANY's qualified and nonqualified retirement and deferred compensation plans applicable to employees of COMPANY as of the Effective Date.

(b) Life Insurance. During the Term and thereafter until the death of EMPLOYEE, COMPANY shall provide EMPLOYEE with life insurance which, when added to the coverage provided as part of his Employee Benefits, shall provide coverage at a minimum level equal to three (3) times his highest career annual salary at any time during his employment by COMPANY. To the extent that assignability for estate planning purposes is not already provided for in the underlying plans which relate to the foregoing coverages, all life insurance is to be assignable at the option of EMPLOYEE.

(c) Post-Retirement Benefits.

(i) During any period following EMPLOYEE's retirement or termination from employment with COMPANY, EMPLOYEE shall be entitled to medical and dental benefits of a kind and to an extent no less favorable than the medical and dental benefits provided by COMPANY to EMPLOYEE prior to his retirement or termination.

(ii) During any period following EMPLOYEE's retirement or termination from employment with COMPANY, EMPLOYEE shall be entitled to continue to receive existing perquisites, including without limitation personal tax, accounting and financial planning services currently provided to EMPLOYEE at COMPANY's expense.

(iii) Upon retirement, notwithstanding any contrary provision of the applicable grants, all of EMPLOYEE's unvested stock options will become fully vested immediately and exercisable. In addition, all of EMPLOYEE's unvested restricted stock will become fully vested immediately and all of EMPLOYEE's unvested performance stock will become fully vested immediately and payable in accordance with the applicable awards as if EMPLOYEE continued to be employed by COMPANY.

(d) Spousal Benefits. EMPLOYEE's surviving spouse shall also be entitled to continuation of medical benefits included within the Employee Benefits for the remainder of her life.

(e) Legal Fees. COMPANY shall provide to or for EMPLOYEE all legal fees for services and costs excepting only for matters of a purely personal nature. COMPANY's obligation pursuant to this Section 8(e) shall survive the Term.

9. Perquisites and Vacation. During his employment hereunder, EMPLOYEE shall continue to be entitled to the minimum perquisites to which he was entitled in accordance with the practice immediately prior to the Effective Date.

EMPLOYEE shall continue to be entitled to six (6) weeks paid vacation during each calendar year of employment, prorated for any period which is less than one (1) calendar year. Vacation time shall accrue during each calendar year, and, upon termination of this Agreement for any reason and in addition to any other rights granted to EMPLOYEE by this Agreement, EMPLOYEE shall be entitled to be paid an amount based upon his salary at the rate applicable immediately prior to such termination for any accrued but unused vacation time.

10. Long-Term Incentives.

(a) Restricted Stock. During his employment hereunder, EMPLOYEE shall be entitled to participate in COMPANY's long term incentive compensation programs, with any award to be related to the performance of COMPANY and determined at the discretion of the Board or its Compensation Committee.

(b) Stock Options. During his employment hereunder, EMPLOYEE shall be considered annually for the grant of stock options and/or SAR's under then existing COMPANY stock option plans.

(c) Performance Plans. If, during EMPLOYEE's employment hereunder, COMPANY adopts any other long-term incentive plans, EMPLOYEE shall be treated under each of those plans in a manner no less favorable than the treatment afforded other key executives of COMPANY.

11. Termination.

(a) Death. This Agreement shall terminate upon EMPLOYEE's death; provided however that (a) the following provisions of this Agreement shall remain applicable: Clause 8(b) Life Insurance; Clause 8(d) Spousal Benefits; and, Section 13 Miscellaneous (except Clause (a)); (b) EMPLOYEE's estate or other designated beneficiary, if any, shall be entitled to the rights and benefits as prescribed by applicable COMPANY plans and as prescribed by Section 8(b) hereof; and (c) the rights and benefits to which EMPLOYEE's estate or other designated beneficiary shall be entitled upon his death, including a pro-rata portion of the bonus described in Section 5 above for the year of death, shall be payable to such person or persons as EMPLOYEE shall have directed in writing or, in the absence of a designation, to his estate.

(b) Disability. In the event that EMPLOYEE shall be unable, because of illness, injury or similar incapacity ("disability"), to perform his duties hereunder for an aggregate of six (6) months within any one eighteen (18) month period, EMPLOYEE's employment hereunder may be terminated by written notice of termination from COMPANY to EMPLOYEE. In the event of a termination of employment pursuant to this Section 11(b), EMPLOYEE shall be entitled to receive payments described in Section 11(c) hereof offset by the amount of any disability benefits to which EMPLOYEE shall become entitled under any COMPANY sponsored disability plan. In the event of a termination of employment pursuant to this Section 11(b), EMPLOYEE shall also be entitled, until his death, to the medical and welfare benefits included within the Employee Benefits, to the life insurance benefits enumerated in the first paragraph of Section 8(b) hereof, and to the rights enumerated under Clause 8(c).

(c) Termination by COMPANY. The Board shall have the right, at its election to be made in writing and delivered to EMPLOYEE not less than sixty (60) days prior to the effective date thereof, to terminate EMPLOYEE's employment under this Agreement for any reason. In the event of a termination of employment pursuant to this Section 11(c), EMPLOYEE shall be entitled to three (3) times EMPLOYEE's highest annual salary and bonus paid to EMPLOYEE at any time in respect of a single calendar year commencing with the calendar year January 1, 2000, and such amount shall be payable in an undiscounted lump sum not later than two and one-half months from the end of the calendar year in which the termination of employment occurs.

EMPLOYEE shall also be entitled to the following:

(i) Medical, dental and welfare benefits included within the Employee Benefits where permissible under applicable plans, and the provision of comparable supplemental benefits where continuation of such benefits is impermissible under applicable plans;

(ii) The life insurance benefits provided in Section 8(b) hereof;

(iii) Existing perquisites and other rights specified under Clause 8(c); and

(iv) Full and immediate vesting of restricted stock, stock options and any other then provided long-term incentive benefits; provided, EMPLOYEE shall be able to exercise any outstanding options or stock appreciation rights as if he had retired on the date of termination.

In the event of a termination of employment pursuant to this Section 11(c), EMPLOYEE shall have no duty to mitigate COMPANY's obligations by seeking other employment or by becoming self-employed, and COMPANY shall have no right to offset against its obligations any consideration received by EMPLOYEE from any subsequent employment or subsequent self-employment.

(d) Constructive Termination. EMPLOYEE shall have the right, at his election to be made in writing and delivered to COMPANY within sixty (60) days after such event, to terminate his employment under this Agreement if a material breach of this Agreement by COMPANY occurs which COMPANY fails to cure within fifteen (15) days after receipt of notice of such breach. In the event of a termination under this Section 11(d), EMPLOYEE shall be entitled to treat such termination as though it were a termination pursuant to Section 11 (c) hereof. Notwithstanding the foregoing, COMPANY shall not be in material breach if EMPLOYEE's duties and responsibilities are reduced solely by virtue of the fact that COMPANY is (or substantially all of its assets are) sold to, or combined with, another entity provided that EMPLOYEE shall continue to have substantially the same executive duties with respect to COMPANY's business as of the Effective Date and EMPLOYEE shall report directly to the board of directors of any entity (or individual) that acquires COMPANY or its assets.

12. Change in Control.

COMPANY shall hold EMPLOYEE harmless against and shall insulate EMPLOYEE from all of the effects of any excise or other tax payable by EMPLOYEE under or as a result of Sections 280G and 4999 of the Internal Revenue Code of 1986 or comparable state law, or any successor thereto, by reason of a change in control. COMPANY's obligation in this regard shall include a gross-up obligation, to hold EMPLOYEE harmless from and to insulate EMPLOYEE from all of the effects of any income and excise tax liability.

13. Miscellaneous.

(a) Working Facilities. During his employment hereunder, EMPLOYEE shall continue to be furnished with office facilities and services at least substantially equivalent to those which have been provided him immediately prior to the Effective Date.

(b) Waiver of Breach. If COMPANY breaches any provision of this Agreement, EMPLOYEE shall not be deemed under any circumstances to have waived any of his rights attributable to such breach unless he, has specifically consented to such waiver in writing. Any such waiver by EMPLOYEE of a breach of any provision of this Agreement by COMPANY shall not operate or be construed as a waiver of any subsequent breach by COMPANY.

If EMPLOYEE breaches any provision of this Agreement, COMPANY shall not be deemed under any circumstances to have waived any of its rights attributable to such breach unless it has specifically consented to such waiver in writing. Any such waiver by COMPANY of a breach of any provision of this Agreement by EMPLOYEE shall not operate or be construed as a waiver of any subsequent breach by EMPLOYEE.

(c) Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by registered or certified mail (return receipt requested) to the following addresses: If to COMPANY, at 10889 Wilshire Boulevard, Los Angeles, California 90024, Attention: General Counsel, with a copy to the Chairman of the Compensation Committee of the Board at the same address, or to such other address as COMPANY, may from time to time in writing designate, and if to EMPLOYEE, at such address as he may from time to time in writing designate (or his business address of record in the absence of such designation). All notices shall be deemed to have been given two (2) business days after they have been deposited in the United States mail.

(d) Amendments. Any provision contained in this Agreement or in any renewal or extension hereof upon the same or different terms and conditions may be amended at any time or from time to time by mutual agreement of EMPLOYEE and COMPANY without the consent of any other person named or described in this Agreement as a beneficiary of any of its provisions.

(e) Assignment. During the Term, COMPANY shall not merge, consolidate or otherwise combine with any other entity unless COMPANY shall be the surviving corporation or the surviving corporation shall have assumed all COMPANY's obligations under this Agreement. The obligations of COMPANY under this Agreement shall be binding upon the surviving corporation upon the merger, consolidation or combination of COMPANY with such corporation. This Agreement shall inure to the benefit of COMPANY and its successors and assigns and of EMPLOYEE and his heirs and personal representatives.

(f) Entire Agreement. This Agreement constitutes the entire agreement between COMPANY and EMPLOYEE with respect to the subject matter hereof, amends and supersedes the Prior Agreement and, except as provided in subsections 11(c) and 13(j), specifically does not affect those certain agreements identified on Exhibit A hereto, and may not be changed orally but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

(g) Severability and Survival of Certain Provisions. The invalidity of any term of this Agreement shall not invalidate or otherwise affect any other term of this Agreement. The following provisions of this Agreement shall survive any expiration of the Term of the Agreement: Section 7 Employee Benefits; Section 8 Supplemental Benefits; Section 11 (the benefits described in Section 11(c), clauses (i) through (iv) and Section 13 Miscellaneous (except Clause (a)).

(h) Applicable Law.

(i) Subject to Section 13 (j), this Agreement shall be governed by and construed under and in accordance with the laws of the State of California applicable to contracts made and to be wholly performed within the State of California, without regard to principles of conflicts of laws; and the laws of that state shall govern all of the rights, remedies, liabilities, powers and duties of the parties under this Agreement and of any arbitrator or arbitrators to whom any matter hereunder may be submitted for resolution by the parties hereto.

(ii) Subject to Section 13 (j), any legal action or proceeding with respect to this Agreement shall be brought exclusively in the federal or state courts of the State of California, and by execution and delivery of this Agreement, EMPLOYEE and COMPANY irrevocably consent to the jurisdiction of those courts. EMPLOYEE and COMPANY irrevocably waive any objection, including any objection to the laying of venue or based on the grounds of forum non conveniens, which either may now or hereafter have to the bringing of any action or proceeding in such jurisdiction in respect of this Agreement or any transaction related hereto. EMPLOYEE and COMPANY acknowledge and agree that any service of legal process by mail in the manner provided for notices under this Agreement constitutes proper legal service of process under applicable law in any action or proceeding under or in respect of this Agreement.

(i) Administration. The Board, or such committee of the Board as it may by resolution specifically designate, shall administer this Agreement on behalf of COMPANY and take any action and exercise any discretion required or permitted to be taken or exercised by COMPANY, pursuant to the provisions hereof.

(j) Arbitration. Any controversy or claim arising out of or relating to this Agreement and EMPLOYEE's employment by COMPANY, including claims of wrongful discharge, discrimination, harassment and any injury to EMPLOYEE's physical, mental or economic interests shall be settled by binding arbitration in California, in accordance with the Employment Dispute Resolution rules of the JAMS/Endispute. The only disputes between EMPLOYEE and COMPANY not covered by this Agreement are claims for unemployment insurance or workers compensation and claims for benefits under any employee benefit plan, which benefit claims shall be resolved pursuant to the claims procedures under the applicable plan. The demand for arbitration must be made within two years after the controversy or claim arises; failure to do so shall constitute an absolute bar to the institution of any such proceeding and shall forever constitute a waiver respecting any such controversy or claim. Any award pursuant to such arbitration shall be included in a written decision which shall state the legal and factual reasons upon which the award was based, including all the elements involved in the calculation of any award of damages. Any such award shall be deemed final and binding and may be entered and enforced in any state or federal court of competent jurisdiction. The arbitrator(s) shall interpret the Agreement in accordance with the laws of California. The arbitrator(s) shall be authorized to award reasonable attorneys' fees and other arbitration-related costs to the prevailing party.

(k) Indemnity and Insurance. In any situation where under applicable law the COMPANY has the power to indemnify EMPLOYEE in respect of any judgments, fines, settlements, loss, cost or expense (including attorneys' fees) of any nature related to or arising out of EMPLOYEE's activities as an agent, employee, officer or director of COMPANY or in any other capacity on behalf of or at the request of COMPANY, COMPANY agrees that it will indemnify EMPLOYEE to the fullest extent permitted by applicable law, including but not limited to making such findings and determinations and taking any and all such actions as COMPANY may, under applicable law, be permitted to have the discretion to take so as to effectuate such indemnification. COMPANY further agrees to furnish EMPLOYEE for the remainder of his life with Directors' and Officers' liability insurance insuring EMPLOYEE, against occurrences which occur during the term of this Agreement, such insurance to have policy limits aggregating not less than $100 million, and otherwise to be in substantially the same form and to contain substantially the same terms, conditions and exceptions as the liability insurance policies provided for officers and directors of COMPANY in force from time to time.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ RICHARD W. HALLOCK

Executive Vice President

EMPLOYEE

By: /s/ RAY R. IRANI

Dr. Ray R. Irani

Dr. Ray Irani
List of Special Agreements (Exhibit A)

- Indemnification Agreements, dated May 21, 1987 and August 22, 2002, between EMPLOYEE and COMPANY or any affiliates.

- Split-Dollar Life Insurance Agreement, dated October 31, 1994.

Other Agreements:

- Any and all applicable and current Stock Options, Restricted Stock, and Performance Stock Option Agreements, Plans and letters.

- Any and all applicable and current Enrollment Agreements under Senior Executive Deferred Compensation Plans.

- Insurance Agreement under Senior Executive Survivor Benefit Plan, dated January 1, 1986.

- Elections pursuant to Occidental Petroleum Corporation Deferred Compensation Plan

EXHIBIT A

EXHIBIT 10.5

AGREEMENT

This Employment Agreement is made as of the 13th day of January, 2005 by and between Occidental Petroleum Corporation, a Delaware Corporation (hereinafter referred to as "Employer", and Stephen I. Chazen (hereinafter referred to as "Employee").

WITNESSETH

WHEREAS, Employee, since May 1, 1994, has served as an officer of Company, most recently pursuant to an agreement between Employee and Company dated November 17, 2000 (the "Prior Agreement"), and is currently the Company's Senior Executive Vice President and Chief Financial Officer, and also head of Corporate Development; and

WHEREAS, the parties now desire to provide for a continuation of Employee's employment by Employer, 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 perform the duties of Senior Executive Vice President and Chief Financial Officer, and also head of Corporate Development or shall serve in such other capacity and with such other duties for Employer as the chief executive officer of 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 shall be for a period of five (5) years, commencing on January 13, 2005, and ending midnight January 12, 2010, unless terminated prior thereto in accordance with the provisions of this Agreement, or unless extended by mutual agreement in accordance with Paragraph 8 hereof.

3. Compensation. For the services to be performed hereunder, Employee shall be compensated by Employer at the rate of not less than seven hundred twenty thousand dollars ($720,000) 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. Salary increases may be paid, at the discretion of the Compensation Committee, in cash or common stock (or restricted stock units) of the Company, or a combination thereof.

Participation in Benefit and Executive 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. Employee will be entitled to one membership in a private club of his choosing paid for by Employer, provided that the Chief Executive Officer of Employer has approved the selection of the specific club. Employee shall also be eligible to participate in (i) Employer's Executive Incentive Compensation Plan and (ii) Employer's 2001 Incentive Compensation Plan and any successor or replacement plans, 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. Employee shall be entitled to a total of six (6) weeks of paid vacation in each contract year. Bonus awards may be paid, at the discretion of the Compensation Committee, in cash or common stock (or restricted stock units) of the Company, or a combination thereof.

During any period following Employee's retirement or termination from employment with Company, Employee and his spouse shall be eligible to participate in the Occidental Petroleum Corporation Medical Care Plan.

5. Exclusivity of Services. Employee agrees to devote his full-time, exclusive services to Employer hereunder, except for such time as Employee may require in connection with his personal investments.

6. Termination.

(a) Voluntary Resignation. Employee may voluntarily resign, and such resignation shall not be deemed to be a breach of this Agreement, so long as Employer is provided at least sixty (60) days' notice of any resignation.

(b) Cause. Notwithstanding the term of this Agreement, Employer may discharge Employee and terminate this Agreement without severance or other pay upon thirty (30) days' written notice or pay in lieu of such notice for material 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. In the event of death, Employer will provide the estate of the deceased Employee a payment in addition to any other payment due and payable, equivalent to a pro-rata bonus for the year of death.

(c) 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 6(c), 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.

(d) 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 that 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 and SARs previously granted to Employee under Employer's equity based plans, which options or SARs are or become exercisable under the provisions of such Plans.

Following the Compensation Period, Employee's employment shall continue (as a consultant to Employer) for an additional period until January 12, 2010 (the "Consultancy Period"), during which additional period Employee will receive a salary at the annual rate of fifty thousand dollars ($50,000) payable semi-monthly. During both the Compensation Period and the Consultancy Period, any award(s) to Employee pursuant to Employer's equity based plans, shall continue to vest in the same manner and in the same amounts as such award(s) would have vested if Employee had continued as a full-time employee.

7. 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.

8. Modification. This Agreement, and the related indemnification agreement between Employee and Employer, contain 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.

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

10. 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.

11. 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.

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

13. 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

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

EMPLOYEE:

/s/ STEPHEN I. CHAZEN

Stephen I. Chazen

ARBITRATION PROVISIONS ("Provisions")
Incorporated by Reference into and Made a Part of the
Agreement, dated January 13, 2005 (the "Agreement"), between
Occidental Petroleum Corporation (the "Employer")
and Stephen I. Chazen (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.

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EXHIBIT 10.17

AMENDMENT NUMBER 1
TO THE
OCCIDENTAL PETROLEUM CORPORATION
DEFERRED COMPENSATION PLAN

WHEREAS, Occidental Petroleum Corporation (the "Company") maintains the Occidental Petroleum Corporation Deferred Compensation Plan (the "DCP"), the purpose of which is to provide a tax-deferred opportunity for key management and highly compensated employees of the Company and its affiliates to accumulate additional retirement income through deferrals of compensation;

WHEREAS, the American Jobs Creation Act of 2004 added a new Section 409A to the Internal Revenue Code establishing new rules regarding the taxation of nonqualified deferred compensation plans, effective for amounts deferred after December 31, 2004 (the "New Law");

WHEREAS, under the New Law, amounts deferred on and after January 1, 2005 under the DCP would be immediately taxable to participants;

WHEREAS, the Board of Directors of the Company (the "Board") adopted, effective January 1, 2005, the Occidental Petroleum Corporation 2005 Deferred Compensation Plan (the "2005 DCP") to enable the Company to continue to provide a tax deferred opportunity for key management and highly compensated employees of the Company and its affiliates to accumulate additional retirement income;

WHEREAS, recent guidance issued by the Internal Revenue Service specifies that bonuses earned by DCP participants in 2004 that become payable in 2005 will, if subject to a deferral election, be treated as amounts deferred after December 31, 2004 for purposes of the New Law;

WHEREAS, it is desirable to preserve a deferral of taxes on 2004 bonuses subject to deferral elections;

WHEREAS, it is therefore desirable (1) to amend the DCP to reflect the cessation of further deferrals thereunder after 2004, and (2) to redirect the deferral of 2004 deferred bonuses to the 2005 DCP; and

WHEREAS, it is also desirable to amend the DCP to update its claims procedures.

NOW, THEREFORE, effective as of January 1, 2005, except as otherwise provided, the DCP is hereby amended as follows:

ARTICLE IV

PARTICIPATION

1. Effective as of January 1, 2005, Article IV is amended by adding to the following new Section 4.8 to the end thereof:

"4.8 Cessation of Compensation Deferrals. Notwithstanding any other Plan provision to the contrary, no amount of Compensation earned for services performed in Plan Years beginning after December 31, 2004 shall be deferred under this Plan, and no Savings Plan Restoration Contributions shall be credited under this Plan with respect to Plan Years beginning after December 31, 2004. Accordingly, any election to defer Compensation under this Plan shall terminate as to future earnings as of December 31, 2004 and shall no longer have any force or effect as to future earnings. Bonuses that were earned in 2004 and subject to deferral elections under the terms of this Plan shall not be credited under this Plan, but shall be (1) credited under the Occidental Petroleum Corporation 2005 Deferred Compensation Plan in accordance with its terms and shall be subject to the terms and conditions of such plan, including, without limitation, its distribution provisions or (2) , if elected by the Participant, paid in cash to the Participant in 2005. No new deferral elections shall be made under Article IV of this Plan with respect to Compensation earned after December 31, 2004. Interest shall continue to be credited to each Participant's Deferral Accounts as provided in Section 4.4."

ARTICLE VII

CLAIMS PROCEDURES

2. Effective as of January 1, 2004, Article VII is amended in its entirely to read as follows:

"7.1 Applications for Benefits. All applications for benefits under the Plan shall be submitted to: Occidental Petroleum Corporation, Attention: Deferred Compensation Plan Committee, 10889 Wilshire Blvd., Los Angeles, CA 90024. Applications for benefits must be in writing on the forms prescribed by the Committee and must be signed by the Participant, or in the case of a Beneficiary Benefit, by the Beneficiary or legal representative of the deceased Participant.

7.2 Claims Procedure for Benefits other than Disability Benefits.

(a) Within a reasonable period of time, but not later than 90 days after receipt of a claim for benefits (other than Disability benefits), the Committee or its delegate shall notify the claimant of any adverse benefit determination on the claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension period exceed 90 days from the end of the initial 90-day period. If an extension is necessary, the Committee or its delegate shall provide the claimant with a written notice to this effect prior to the expiration of the initial 90-day period. The notice shall describe the special circumstances requiring the extension and the date by which the Committee or its delegate expects to render a determination on the claim.

(b) In the case of an adverse benefit determination, the Committee or its delegate shall provide to the claimant written or electronic notification setting forth in a manner calculated to be understood by the claimant: (i) the specific reason or reasons for the adverse benefit determination; (ii) reference to the specific Plan provisions on which the adverse benefit determination is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why the material or information is necessary; and (iv) a description of the Plan's claim review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review and in accordance with Section 7.4.

(c) Within 60 days after receipt by the claimant of notification of the adverse benefit determination, the claimant or his duly authorized representative, upon written application to the Committee, may request that the Committee fully and fairly review the adverse benefit determination. On review of an adverse benefit determination, upon request and free of charge, the claimant shall have reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits. The claimant shall have the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits. The Committee's (or delegate's) review shall take into account all comments, documents, records, and other information submitted regardless of whether the information was previously considered in the initial adverse benefit determination.

(d) Within a reasonable period of time, but not later than 60 days after receipt of such request for review, the Committee or its delegate shall notify the claimant of any final benefit determination on the claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension period exceed 60 days from the end of the initial 60-day period. If an extension is necessary, the Committee or its delegate shall provide the claimant with a written notice to this effect prior to the expiration of the initial 60-day period. The notice shall describe the special circumstances requiring the extension and the date by which the Committee or its delegate expects to render a final determination on the request for review. In the case of an adverse final benefit determination, the Committee or its delegate shall provide to the claimant written or electronic notification setting forth in a manner calculated to be understood by the claimant: (i) the specific reason or reasons for the adverse final benefit determination; (ii) reference to the specific Plan provisions on which the adverse final benefit determination is based; (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits; and (iv) a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review and in accordance with Section 7.4.

7.3 Claims Procedure for Disability Benefits.

(a) Within a reasonable period of time, but not later than 45 days after receipt of a claim for Disability benefits, the Committee or its delegate shall notify the claimant of any adverse benefit determination on the claim, unless circumstances beyond the Plan's control require an extension of time for processing the claim. In no event may the extension period exceed 30 days from the end of the initial 45-day period. If an extension is necessary, the Committee or its delegate shall provide the claimant with a written notice to this effect prior to the expiration of the initial 45-day period. The notice shall describe the circumstances requiring the extension and the date by which the Committee or its delegate expects to render a determination on the claim. If, prior to the end of the first 30-day extension period, the Committee or its delegate determines that, due to circumstances beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for making the determination may be extended for an additional 30 days, so long as the Committee or its delegate notifies the claimant, prior to the expiration of the first 30-day extension period, of the circumstances requiring the extension and the date as of which the Committee or its delegate expects to render a decision. This notice of extension shall specifically describe the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and that the claimant has at least 45 days within which to provide the specified information.

(b) In the case of an adverse benefit determination, the Committee or its delegate shall provide to the claimant written or electronic notification setting forth in a manner calculated to be understood by the claimant: (i) the specific reason or reasons for the adverse benefit determination; (ii) reference to the specific Plan provisions on which the adverse benefit determination is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why the material or information is necessary; (iv) a description of the Plan's claim review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review and in accordance with Section 7.4; (v) if an internal rule, guideline, protocol or similar criterion ("internal standard") was relied upon in making the determination, a copy of the internal standard or a statement that the internal standard was relied upon and that a copy of the internal standard shall be provided to the claimant free of charge upon request; and (vi) if the determination is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination or a statement that such explanation shall be provided free of charge upon request.

(c) Within 180 days after receipt by the claimant of notification of the adverse benefit determination, the claimant or his duly authorized representative, upon written application to the Committee, may request that the Committee fully and fairly review the adverse benefit determination. On review of an adverse benefit determination, upon request and free of charge, the claimant shall have reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits. The claimant shall have the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits. The Committee's (or delegate's) review: (i) shall take into account all comments, documents, records, and other information submitted regardless of whether the information was previously considered in the initial adverse benefit determination; (ii) shall not afford deference to the initial adverse benefit determination; (iii) shall be conducted by an appropriate named fiduciary of the Plan who is neither an individual who made the initial adverse benefit determination nor a subordinate of such individual; (iv) shall identify medical and vocational experts whose advice was obtained on behalf of the Plan in connection with the initial adverse benefit determination; and (v) if the adverse benefit determination was based in whole or in part on a medical judgment, shall consult an appropriate health care professional who has appropriate training and experience in the relevant field of medicine and who or whose subordinate was not consulted in the initial adverse benefit determination.

(d) Within a reasonable period of time, but not later than 45 days after receipt of such request for review, the Committee or its delegate shall notify the claimant of any final benefit determination on the claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension period exceed 45 days from the end of the initial 45-day period. If an extension is necessary, the Committee or its delegate shall provide the claimant with a written notice to this effect prior to the expiration of the initial 45-day period. The notice shall describe the special circumstances requiring the extension and the date by which the Committee or its delegate expects to render a final determination on the request for review. In the case of an adverse final benefit determination, the Committee or its delegate shall provide to the claimant written or electronic notification setting forth in a manner calculated to be understood by the claimant: (i) the specific reason or reasons for the adverse final benefit determination; (ii) reference to the specific Plan provisions on which the adverse final benefit determination is based; (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits; (iv) a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review and in accordance with Section 7.4; (v) if an internal standard was relied upon in making the determination, a copy of the internal standard or a statement that the internal standard was relied upon and that a copy of the internal standard shall be provided to the claimant free of charge upon request; (vi) if the determination is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination or a statement that such explanation shall be provided free of charge upon request; and (vii) the following statement: "You and your plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office and your State insurance regulatory agency."

7.4 Limitations on Actions. No legal action may be commenced prior to the completion of the benefit claims procedure described herein. In addition, no legal action may be commenced after the later of (a) 180 days after receiving the written response of the Committee to an appeal, or (b) 365 days after an applicant's original application for benefits."

* * * * *

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this amendment this 7th day of January, 2005.

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ RICHARD W. HALLOCK

Richard W. Hallock
Executive Vice-President, Human Resources

AMENDMENT NUMBER 1
TO THE
OCCIDENTAL PETROLEUM CORPORATION
2005 DEFERRED COMPENSATION PLAN

WHEREAS, Occidental Petroleum Corporation (the "Company") maintains the Occidental Petroleum Corporation Deferred Compensation Plan (the "DCP"), the purpose of which is to provide a tax-deferred opportunity for key management and highly compensated employees of the Company and its affiliates to accumulate additional retirement income through deferrals of compensation;

WHEREAS, the American Jobs Creation Act of 2004 added a new Section 409A to the Internal Revenue Code establishing new rules regarding the taxation of nonqualified deferred compensation plans, effective for amounts deferred after December 31, 2004 (the "New Law");

WHEREAS, under the New Law, amounts deferred on and after January 1, 2005 under the DCP would be immediately taxable to participants;

WHEREAS, the Board of Directors of the Company (the "Board") adopted, effective January 1, 2005, the Occidental Petroleum Corporation 2005 Deferred Compensation Plan (the "2005 DCP") to enable the Company to continue to provide a tax deferred opportunity for key management and highly compensated employees of the Company and its affiliates to accumulate additional retirement income;

WHEREAS, recent guidance issued by the Internal Revenue Service specifies that bonuses earned by DCP participants in 2004 that become payable in 2005 will, if subject to a deferral election, be treated as amounts deferred after December 31, 2004 for purposes of the New Law;

WHEREAS, such recent guidance also allows deferred compensation plans to be amended to give participants the opportunity to revoke outstanding elections to defer compensation;

WHEREAS, it is desirable to preserve the deferral of taxes on 2004 bonuses subject to deferral elections for DCP participants who do not revoke their elections to defer their 2004 bonuses; and

WHEREAS, it is therefore desirable to amend the 2005 DCP to allow the redirection of 2004 deferred bonuses to the 2005 DCP.

NOW, THEREFORE, effective as of January 1, 2005, except as otherwise provided, the 2005 DCP is hereby amended as follows:

ARTICLE II

DEFINITIONS

1. Article II is amended by changing the definition of Participant to read as follows:

"Participant. `Participant' means (i) an Eligible Employee who has filed a completed and fully executed Deferral Election Form with the Committee and is participating in the Plan in accordance with the provisions of Article IV, (ii) any person who has a Deferral Account by reason of his prior status as an Eligible Employee, or (iii) any person who has a 2004 Bonus deferred under this Plan as provided in Section 4.7. Under no circumstances shall `Participant' mean any Alternate Payee."

ARTICLE IV

PARTICIPATION

2. Article IV is amended by adding a new Section 4.7 to read as follows:

"4.7 2004 Bonuses

(a) Deferral under this Plan. Any Bonus that is payable in 2005 to an employee of the Company for services performed during 2004 (a `2004 Bonus') and that such individual elected to defer in accordance with the terms of the Occidental Petroleum Corporation Deferred Compensation Plan (the `Prior Plan') shall be deferred under this Plan instead of the Prior Plan. Any such 2004 Bonus shall be credited to the individual's DCP Deferral Account as set forth in Section 4.2 and shall be subject to the terms and conditions of this Plan, including, without limitation, any distribution election made under Article V; provided, however, that if such individual has not filed a Distribution Election Form under this Plan as provided in Section 5.1(b) at the time such 2004 Bonus is credited to his DCP Deferral Account, he may file a Distribution Election Form at any time prior to [December 31, 2005,] which shall then apply with respect to his 2004 Bonus and any other Compensation deferred and credited to the Participant's DCP Deferral Account.

(b) Opportunity to Revoke Deferral Election. Notwithstanding anything contained herein to the contrary, any participant in the Prior Plan who elected to defer his 2004 Bonus may revoke his deferral election as provided in this Section 4.7(b). Such election must be in writing on a form provided by the Committee and must be filed with the Committee on or before January 21, 2005. Any participant in the Prior Plan who revokes his 2004 Bonus deferral election as provided herein shall receive his 2004 Bonus in cash at or about the same time that

2004 Bonuses are paid to other employees of the Company."

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this amendment this 7th day of January, 2005.

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ RICHARD W. HALLOCK

Richard W. Hallock
Executive Vice-President, Human Resources

EXHIBIT 10.57

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

Date of Grant:	December 6, 2004	
Number of Restricted Share Units:	See "Shares Granted/Awarded" (Grant Acknowledgment screen)	
Vesting Schedule:	1st Anniversary	20 Percent of Restricted Share Units
	2nd Anniversary	20 Percent of Restricted Share Units
	3rd Anniversary	20 Percent of Restricted Share Units
	4th Anniversary	20 Percent of Restricted Share Units
	5th Anniversary	20 Percent of Restricted Share Units

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 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 (as defined below) in accordance with Grantee's distribution election under the Occidental Petroleum Corporation 2005 Deferred Stock Program, as such program may be amended from time to time (the "Deferral Program"), Common Shares equal to the number of Restricted Share Units (as defined below) 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 date the Grantee receives the complete distribution of Common Shares equal to the number of Restricted Share Units pursuant to the Deferral Program, 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 (if permitted by local law), or, if the Grantee dies without designating a beneficiary under the Deferral Program or the Company's Retirement Program, to the Grantee's surviving spouse, or if none, the Grantee's estate, unless otherwise directed by a court having jurisdiction over the Grantee's probate estate, (ii) pursuant to a domestic relations order, if applicable, (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. The projected Vesting Schedule with the number of Restricted Share Units vesting on each anniversary is shown on the Grant Detail screen (from Grant Summary page, click "View Detail & History"). 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 (as defined in the Deferral Program) 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 Deferral Program. The administration of the Deferral 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. Once the Restricted Share Units have vested, Dividend Equivalents will be credited and paid pursuant to the Deferral Program.

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. The Grantee is responsible for any federal, state, local or foreign tax, including income tax, social insurance, payroll tax, payment on account or other tax-related withholding with respect to the grant of Restricted Share Units (including the grant, the vesting, the receipt of Common Shares, the sale of Common Shares and the receipt of dividends or dividend equivalents, if any). If the Company must withhold any tax in connection

with the issuance of any Common Shares or other securities or the payment of any other consideration pursuant to the grant of Restricted Share Units (other than the payment of Dividend Equivalents), this obligation shall be satisfied in accordance with the provisions of the Deferral Program. If the Company must withhold any tax in connection with granting or vesting of Restricted Share Units or the payment of Dividend Equivalents pursuant to this grant of Restricted Share Units, the Grantee by acknowledging 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 wages or other cash compensation (including regular pay). The Grantee shall pay to the Company any amount that cannot be satisfied by the means previously described.

8. COMPLIANCE WITH LAW. The Company will make reasonable efforts to comply with all applicable federal, state and foreign 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 or treated as normal salary or compensation 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, or as part of the calculation of any severance, resignation, termination, redundancy or end of service payments. 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 the 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. The Plan may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan. Any amendment to the Plan or the Deferral 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, except to the extent necessary to comply with applicable law, 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 and the Deferral Program. In the event of any inconsistent provisions between these Terms and Conditions and the Plan or the Deferral Program, the provisions of the Plan control with respect to the grant of the award and its administration until vesting; and the provisions of the Deferral Program control with respect to Restricted Share Units that have vested. Capitalized terms used in these Terms and Conditions without definitions 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. By accepting this award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in these Terms and Conditions by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan and the Deferral Program. The Company holds 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 and the Deferral Program, 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 and the Deferral Program. 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 and the Deferral Program.

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 and the Deferral Program 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 Grantee's participation in the Plan is voluntary; (iii) 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, (iv) 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 (for any reason whatsoever and whether or not in breach of local labor laws) and the Grantee irrevocably releases the Company 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.

EXHIBIT 10.58

OCCIDENTAL PETROLEUM CORPORATION
2001 INCENTIVE COMPENSATION PLAN
PERFORMANCE-BASED STOCK AWARD TERMS AND CONDITIONS
(DEFERRED ISSUANCE OF SHARES)

DATE OF GRANT:	JANUARY 1, 2005
TARGET PERFORMANCE SHARES:	SEE "SHARES GRANTED/AWARDED" (GRANT ACKNOWLEDGMENT SCREEN)
PERFORMANCE PERIOD:	JANUARY 1, 2005 THROUGH DECEMBER 31, 2008

These TERMS AND CONDITIONS (these "Terms and Conditions") are set forth as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation (hereinafter called "Occidental," and collectively with its subsidiaries, the "Company"), and Grantee.

1. GRANT OF TARGET PERFORMANCE SHARES. 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 in Common Shares up to 200% of the number of Target Performance Shares. For the purposes of these Terms and Conditions, "Target Performance Shares" means a bookkeeping entry that records the equivalent of Common Shares awarded pursuant to Section 4.2 of the Plan that is payable upon the achievement of the Performance Goals. Target Performance Shares are not Common Shares and have no voting rights or, except as stated in Section 6, dividend rights.

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

3. PERFORMANCE GOALS. The Performance Goal for the Performance Period is a peer company comparison based on Total Shareholder Return, as set forth on Exhibit 1. Total Shareholder Return shall be calculated for each peer company using the average of its last reported sale price per share of common stock on the New York Stock Exchange - Composite Transactions for the last ten trading days of 2004 and the average of its last reported sale price per share of common stock on the New York Stock Exchange - Composite Transactions for the last ten trading days of 2008. In addition to the Company, the peer companies are: Amerada Hess Corporation, Anadarko Petroleum Corporation, Burlington Resources Inc., ChevronTexaco Corp., ConocoPhillips, Kerr-McGee Corporation, and Unocal Corporation. If a peer company ceases to be a publicly-traded company at any time during the Performance Period or the Administrator determines pursuant to Section 7 of these Terms and Conditions to reflect a change in circumstances with respect to any peer company, then such company will be removed as a peer company and the achievement of the Performance Goal will be determined with respect to the remaining peer companies as set forth on Exhibit 1.

4. VESTING AND FORFEITURE OF COMMON SHARES. (a) The Grantee must remain in the continuous employ of the Company through the last day of the Performance Period to receive

Common Shares. 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. However, if, prior to the end of the Performance Period, 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 "Forfeiture Event"), then the number of Target Performance Shares upon which the Grantee's award is based will be reduced on a pro rata basis based upon the number of days remaining in the Performance Period following the date of the Forfeiture Event.

(b) The Grantee's right to receive Common Shares in an amount not to exceed 200% of the Target Performance Shares, rounded up to the nearest whole share, will be based and become nonforfeitable upon, the Administrator's certification of the attainment of the Performance Goals.

(c) For the purposes of Section 4(b), if prior to the end of the Performance Period, the Grantee transfers his employment among the Company and its affiliates, the number of Common Shares attained by the Grantee shall be determined by assessing the level of achievement of the Performance Goals certified by the Administrator for each employing entity and multiplying the number of Target Performance Shares attainable at such level by a fraction equal to the number of months in the Performance Period that the Grantee worked for the entity divided by the total number of months in the Performance Period.

(d) Notwithstanding Section 4(b), if a Change in Control Event occurs prior to the end of the Performance Period, the Grantee's right to receive Common Shares equal to the number of Target Performance Shares (as adjusted for any Forfeiture Event pursuant to Section 4(a)) will become nonforfeitable. The right to receive Common Shares in excess of the number of Target Performance Shares (as adjusted for any Forfeiture Event pursuant to Section 4(a)) will be forfeited.

5. PAYMENT OF AWARDS; ELECTIVE DEFERRAL. The Common Shares covered by these Terms and Conditions or any prorated portion thereof shall be issued to the Grantee as promptly as practicable after the Administrator's certification of the attainment of the Performance Goals or the Change in Control Event, as the case may be. Notwithstanding the foregoing, the Grantee may elect pursuant to the Occidental Petroleum Corporation 2005 Deferred Stock Program to defer receipt of any Common Shares to which Grantee may be entitled following certification of the attainment of the Performance Goals.

6. CREDITING AND PAYMENT OF DIVIDEND EQUIVALENTS. With respect to the number of Target Performance Shares 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 during the period beginning on the Date of Grant and ending with respect to any portion of the Target Performance Shares covered by these Terms and Conditions on the date on which the Grantee's right to receive such portion becomes nonforfeitable, or, if earlier, the date on which the Grantee forfeits the right to receive such portion. 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.

7.   ADJUSTMENTS. (a) The number or kind of shares of stock covered by these Terms and Conditions 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 changes in the capital structure of Occidental, or any merger, consolidation, spin-off, liquidation or other corporate transaction having a similar effect. If any such adjustment occurs, the Company will give the Grantee written notice of the adjustment.

(b) In addition, the Administrator may adjust the Performance Goal or other features of this Grant as permitted by Section 4.2.3 of the Plan.

8.   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.

9.   TAXES AND WITHHOLDING. The Grantee is responsible for any federal, state, local or foreign tax, including income tax, social insurance, payroll tax, payment on account or other tax-related withholding with respect to the grant of Target Performance Shares (including the grant, the vesting, the receipt of Common Shares, the sale of Common Shares and the receipt of dividends or dividend equivalents, if any). If the Company must withhold any tax in connection with the issuance of any Common Shares or the payment of any other consideration pursuant to the grant of Target Performance Shares (other than the payment of Dividend Equivalents), the Grantee shall satisfy all or any part of any such withholding obligation by surrendering to the Company a portion of the Common Shares (or other securities) that are issued or transferred to the Grantee pursuant to these Terms and Conditions. Any Common Shares (or other securities) so surrendered by the Grantee shall be credited against the Grantee's withholding obligation at their Fair Market Value on the date of surrender to the Company. If the Company must withhold any tax in connection with granting or vesting of Target Performance Shares or the payment of Dividend Equivalents pursuant to this grant of Target Performance Shares, the Grantee by acknowledging 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 wages or other cash compensation (including regular pay). The Grantee shall pay to the Company any amount that cannot be satisfied by the means previously described.

10. COMPLIANCE WITH LAW. The Company will make reasonable efforts to comply with all applicable federal, state and foreign 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.

11. 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. Additionally, the Target Performance Shares are not part of normal or expected compensation or salary for any purposes, including, but not limited to calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. This grant of Target Performance Shares does not create any contractual or

other right to receive future grants of Target Performance Shares, or benefits in lieu of Target Performance Shares, even if Grantee has a history of receiving Target Performance Shares or other stock awards.

12. AMENDMENTS. The Plan may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan. 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 Grantee under these Terms and Conditions without the Grantee's consent.

13. 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.

14. 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.

15. SUCCESSORS AND ASSIGNS. Subject to Sections 2 and 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 Grantee, and the successors and assigns of the Company.

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

17. PRIVACY RIGHTS. By accepting this award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in these Terms and Conditions by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Company holds 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 Target Performance Share 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.

18. ELECTRONIC DELIVERY. The Company may, in its sole discretion, decide to deliver any documents related to this Target Performance Share 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.

19. 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 Target Performance Share 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 Target Performance Share award is granted; (ii) the Grantee's participation in the Plan is voluntary; (iii) the future value of any Common shares issued pursuant to this Target Performance Share award cannot be predicted and Occidental does not assume liability in the event such Common Shares have no value in the future; and, (iv) 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 Target Performance Share award, no claim or entitlement to compensation or damages shall arise from termination of this Target Performance Share award or diminution in value of this Target Performance Share award or Common Shares issued pursuant to this Target Performance Share award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever and whether or not in breach of local labor laws) and the Grantee irrevocably releases the Company 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.

EXHIBIT 1

2005 GRANT TO OPC / ODC PARTICIPANTS

(% of Number of Target Shares of Performance Stock that become Nonforfeitable based on Comparison of Total Shareholder Return for the Peer Companies for the Performance Period)

Ranking	8 COS.	7 COS.	6 COS.	5 COS.	4 COS.	3 COS.	2 COS.
1	200%	200%	200%	200%	200%	200%	*
2	167%	167%	150%	150%	133%	100%	0%
3	133%	133%	100%	100%	67%	0%	
4	100%	100%	100%	50%	0%		
5	100%	67%	50%	0%			
6	67%	33%	0%				
7	33%	0%					
8	0%						

* Subject to Committee Discretion.

EXHIBIT 10.59

OCCIDENTAL PETROLEUM CORPORATION
2001 INCENTIVE COMPENSATION PLAN
PERFORMANCE-BASED STOCK AWARD TERMS AND CONDITIONS
(DEFERRED ISSUANCE OF SHARES)

DATE OF GRANT:	JANUARY 1, 2005
TARGET PERFORMANCE SHARES:	SEE "SHARES GRANTED/AWARDED" (GRANT ACKNOWLEDGMENT SCREEN)
PERFORMANCE PERIOD:	JANUARY 1, 2005 THROUGH DECEMBER 31, 2008

These TERMS AND CONDITIONS (these "Terms and Conditions") are set forth as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation (hereinafter called "Occidental," and collectively with its subsidiaries, the "Company"), and Grantee.

1. GRANT OF TARGET PERFORMANCE SHARES. 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 in Common Shares up to 200% of the number of Target Performance Shares. For the purposes of these Terms and Conditions, "Target Performance Shares" means a bookkeeping entry that records the equivalent of Common Shares awarded pursuant to Section 4.2 of the Plan that is payable upon the achievement of the Performance Goals. Target Performance Shares are not Common Shares and have no voting rights or, except as stated in Section 6, dividend rights.

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

3. PERFORMANCE GOALS. The Performance Goal for the Performance Period is based on (i) Return on Assets and (ii) a peer company comparison based on Total Shareholder Return, as set forth on Exhibit 1.

For the purposes of these Terms and Conditions, "Return on Assets" means the percentage obtained by (A) multiplying the sum of the before tax earnings for each year in the Performance Period of the division of the Company employing the Grantee by 0.65 and (B) dividing the resulting product by the sum of such division's Assets as of December 31 for each year in the Performance Period. For the purposes of the foregoing sentence, "Assets" will reflect all acquisitions, divestitures and write-downs during the Performance Period. For the purposes of these Terms and Conditions, Total Shareholder Return shall be calculated for each peer company using the average of its last reported sale price per share of common stock on the New York Stock Exchange - Composite Transactions for the last ten trading days of 2004 and the average of its last reported sale price per share of common stock on the New York Stock Exchange - Composite Transactions for the last ten trading days of 2008. In addition to the Company, the peer companies are: Amerada Hess Corporation, Anadarko Petroleum Corporation, Burlington Resources Inc., ChevronTexaco Corp., ConocoPhillips, Kerr-McGee

Corporation, and Unocal Corporation. If a peer company ceases to be a publicly-traded company at any time during the Performance Period or the Administrator determines pursuant to Section 7 of these Terms and Conditions to reflect a change in circumstances with respect to any peer company, then such company will be removed as a peer company, and the achievement of the Performance Goal will be determined with respect to the remaining peer companies as set forth on Exhibit 1.

4. VESTING AND FORFEITURE OF COMMON SHARES. (a) The Grantee must remain in the continuous employ of the Company through the last day of the Performance Period to receive Common Shares. 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. However, if, prior to the end of the Performance Period, 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 "Forfeiture Event"), then the number of Target Performance Shares upon which the Grantee's award is based will be reduced on a pro rata basis based upon the number of days remaining in the Performance Period following the date of the Forfeiture Event.

(b) The Grantee's right to receive Common Shares in an amount not to exceed 200% of the Target Performance Shares, rounded up to the nearest whole share, will be based and become nonforfeitable upon, the Administrator's certification of the attainment of the Performance Goals.

(c) For the purposes of Section 4(b), if prior to the end of the Performance Period, the Grantee transfers his employment among the Company and its affiliates, the number of Common Shares attained by the Grantee shall be determined by assessing the level of achievement of the Performance Goals certified by the Administrator for each employing entity and multiplying the number of Target Performance Shares attainable at such level by a fraction equal to the number of months in the Performance Period that the Grantee worked for the entity divided by the total number of months in the Performance Period.

(d) Notwithstanding Section 4(b), if a Change in Control Event occurs prior to the end of the Performance Period, the Grantee's right to receive Common Shares equal to the number of Target Performance Shares (as adjusted for any Forfeiture Event pursuant to Section 4(a)) will become nonforfeitable. The right to receive Common Shares in excess of the number of Target Performance Shares (as adjusted for any Forfeiture Event pursuant to Section 4(a)) will be forfeited.

5. PAYMENT OF AWARDS; ELECTIVE DEFERRAL. The Common Shares covered by these Terms and Conditions or any prorated portion thereof shall be issued to the Grantee as promptly as practicable after the Administrator's certification of the attainment of the Performance Goals or the Change in Control Event, as the case may be. Notwithstanding the foregoing, the Grantee may elect pursuant to the Occidental Petroleum Corporation 2005 Deferred Stock Program to defer receipt of any Common Shares to which Grantee may be entitled following certification of the attainment of the Performance Goals.

6. CREDITING AND PAYMENT OF DIVIDEND EQUIVALENTS. With respect to the number of Target Performance Shares 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 during the period beginning on the Date of Grant and ending with respect to any portion of the Target Performance Shares covered by these Terms and Conditions on the date on which the Grantee's right to receive such portion becomes nonforfeitable, or, if earlier, the date on which the Grantee forfeits the right to receive such portion. 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.

7. ADJUSTMENTS. (a) The number or kind of shares of stock covered by these Terms and Conditions 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 changes in the capital structure of Occidental, or any merger, consolidation, spin-off, liquidation or other corporate transaction having a similar effect. If any such adjustment occurs, the Company will give the Grantee written notice of the adjustment.

(b) In addition, the Administrator may adjust the Performance Goal or other features of this Grant as permitted by Section 4.2.3 of the Plan.

8. 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.

9. TAXES AND WITHHOLDING. The Grantee is responsible for any federal, state, local or foreign tax, including income tax, social insurance, payroll tax, payment on account or other tax-related withholding with respect to the grant of Target Performance Shares (including the grant, the vesting, the receipt of Common Shares, the sale of Common Shares and the receipt of dividends or dividend equivalents, if any). If the Company must withhold any tax in connection with the issuance of any Common Shares or the payment of any other consideration pursuant to the grant of Target Performance Shares (other than the payment of Dividend Equivalents), the Grantee shall satisfy all or any part of any such withholding obligation by surrendering to the Company a portion of the Common Shares (or other securities) that are issued or transferred to the Grantee pursuant to these Terms and Conditions. Any Common Shares (or other securities) so surrendered by the Grantee shall be credited against the Grantee's withholding obligation at their Fair Market Value on the date of surrender to the Company. If the Company must withhold any tax in connection with granting or vesting of Target Performance Shares or the payment of Dividend Equivalents pursuant to this grant of Target Performance Shares the Grantee by acknowledging 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 wages or other cash compensation (including regular pay). The Grantee shall pay to the Company any amount that cannot be satisfied by the means previously described.

10. COMPLIANCE WITH LAW. The Company will make reasonable efforts to comply with all applicable federal, state and foreign 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.

11. 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. Additionally, the Target Performance Shares are not part of normal or expected compensation or salary for any purposes, including, but not limited to calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. This grant of Target Performance Shares does not create any contractual or other right to receive future grants of Target Performance Shares, or benefits in lieu of Target Performance Shares, even if Grantee has a history of receiving Target Performance Shares or other stock awards.

12. AMENDMENTS. The Plan may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan. 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 Grantee under these Terms and Conditions without the Grantee's consent.

13. 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.

14. 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.

15. SUCCESSORS AND ASSIGNS. Subject to Sections 2 and 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 Grantee, and the successors and assigns of the Company.

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

17. PRIVACY RIGHTS. By accepting this award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in these Terms and Conditions by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Company holds 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 Target Performance Share 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.

18. ELECTRONIC DELIVERY. The Company may, in its sole discretion, decide to deliver any documents related to this Target Performance Share 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.

19. 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 Target Performance Share 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 Target Performance Share award is granted; (ii) the Grantee's participation in the Plan is voluntary; (iii) the future value of any Common shares issued pursuant to this Target Performance Share award cannot be predicted and Occidental does not assume liability in the event such Common Shares have no value in the future; and, (iv) 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 Target Performance Share award, no claim or entitlement to compensation or damages shall arise from termination of this Target Performance Share award or diminution in value of this Target Performance Share award or Common Shares issued pursuant to this Target Performance Share award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever and whether or not in breach of local labor laws) and the Grantee irrevocably releases the Company 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.

EXHIBIT 1

2005 GRANT TO OCC PARTICIPANTS

(% of Number of Target Shares of Performance Stock that become Nonforfeitable based on Comparison of Total Shareholder Return for the Peer Companies for the Performance Period)

Ranking	8 COS.	7 COS.	6 COS.	5 COS.	4 COS.	3 COS.	2 COS.
1	100%	100%	100%	100%	100%	100%	*
2	83.5%	83.5%	75%	75%	66.5%	50%	0%
3	66.5%	66.5%	50%	50%	33.5%	0%	
4	50%	50%	50%	25%	0%		
5	50%	33.5%	25%	0%			
6	33.5%	16.5%	0%				
7	16.5%	0%					
8	0%						

* Subject to Committee Discretion

PLUS

(% of Number of Target Shares of Performance Stock that become Nonforfeitable based on Return on Assets for the Performance Period)

Return on Assets	Payout Percentage
10%	100%
9%	75%
8%	50%
7%	25%
6%	0%

If actual ROA falls between stated ROA's, payout percentages will be interpolated.

EXHIBIT 10.60

OCCIDENTAL PETROLEUM CORPORATION
2001 INCENTIVE COMPENSATION PLAN
PERFORMANCE-BASED STOCK AWARD TERMS AND CONDITIONS
(DEFERRED ISSUANCE OF SHARES)

DATE OF GRANT: JANUARY 1, 2005

TARGET PERFORMANCE SHARES: SEE "SHARES GRANTED/AWARDED" (GRANT ACKNOWLEDGMENT SCREEN)

PERFORMANCE PERIOD: JANUARY 1, 2005 THROUGH DECEMBER 31, 2008

These TERMS AND CONDITIONS (these "Terms and Conditions") are set forth as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation (hereinafter called "Occidental," and collectively with its subsidiaries, the "Company"), and Grantee.

1. GRANT OF TARGET PERFORMANCE SHARES. 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 in Common Shares up to 200% of the number of Target Performance Shares. For the purposes of these Terms and Conditions, "Target Performance Shares" means a bookkeeping entry that records the equivalent of Common Shares awarded pursuant to Section 4.2 of the Plan that is payable upon the achievement of the Performance Goals. Target Performance Shares are not Common Shares and have no voting rights or, except as stated in Section 6, dividend rights.

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

3. PERFORMANCE GOALS. The Performance Goal for the Performance Period is based on (i) Return on Assets and (ii) a peer company comparison based on Total Shareholder Return, as set forth on Exhibit 1.

For the purposes of these Terms and Conditions, "Return on Assets" means the percentage obtained by (A) multiplying the sum of the before tax earnings for each year in the Performance Period of the division of the Company employing the Grantee by 0.65 and (B) dividing the resulting product by the sum of such division's Assets as of December 31 for each year in the Performance Period. For the purposes of the foregoing sentence, "Assets" will reflect all acquisitions, divestitures and write-downs during the Performance Period. For the purposes of these Terms and Conditions, Total Shareholder Return shall be calculated for each peer company using the average of its last reported sale price per share of common stock on the New York Stock Exchange - Composite Transactions for the last ten trading days of 2004 and the average of its last reported sale price per share of common stock on the New York Stock Exchange - Composite Transactions for the last ten trading days of 2008. In addition to the Company, the peer companies are: Amerada Hess Corporation, Anadarko Petroleum Corporation, Burlington Resources Inc., ChevronTexaco Corp., ConocoPhillips, Kerr-McGee Corporation, and Unocal Corporation. If a peer company ceases to be a publicly-traded company at any time during the Performance Period or the Administrator determines pursuant to Section 7 of these Terms and Conditions to reflect a change in circumstances with respect to any peer company, then such company will be removed as a peer company, and the achievement of the Performance Goal will be determined with respect to the remaining peer companies as set forth on Exhibit 1.

4. VESTING AND FORFEITURE OF COMMON SHARES. (a) The Grantee must remain in the continuous employ of the Company through the last day of the Performance Period to receive Common Shares. 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. However, if, prior to the end of the Performance Period, 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 "Forfeiture Event"), then the number of Target Performance Shares upon which the Grantee's award is based will be reduced on a pro rata basis based upon the number of days remaining in the Performance Period following the date of the Forfeiture Event.

(b) The Grantee's right to receive Common Shares in an amount not to exceed 200% of the Target Performance Shares, rounded up to the nearest whole share, will be based and become nonforfeitable upon, the Administrator's certification of the attainment of the Performance Goals.

(c) For the purposes of Section 4(b), if prior to the end of the Performance Period, the Grantee transfers his employment among the Company and its affiliates, the number of Common Shares attained by the Grantee shall be determined by assessing the level of achievement of the Performance Goals certified by the Administrator for each employing entity and multiplying the number of Target Performance Shares attainable at such level by a fraction equal to the number of months in the Performance Period that the Grantee worked for the entity divided by the total number of months in the Performance Period.

(d) Notwithstanding Section 4(b), if a Change in Control Event occurs prior to the end of the Performance Period, the Grantee's right to receive Common Shares equal to the number of Target Performance Shares (as adjusted for any Forfeiture Event pursuant to Section 4(a)) will become nonforfeitable. The right to receive Common Shares in excess of the number of Target Performance Shares (as adjusted for any Forfeiture Event pursuant to Section 4(a)) will be forfeited.

5. PAYMENT OF AWARDS; ELECTIVE DEFERRAL. The Common Shares covered by these Terms and Conditions or any prorated portion thereof shall be issued to the Grantee as promptly as practicable after the Administrator's certification of the attainment of the Performance Goals or the Change in Control Event, as the case may be. Notwithstanding the foregoing, the Grantee may elect pursuant to the Occidental Petroleum Corporation 2005 Deferred Stock Program to defer receipt of any Common Shares to which Grantee may be entitled following certification of the attainment of the Performance Goals.

6. CREDITING AND PAYMENT OF DIVIDEND EQUIVALENTS. With respect to the number of Target Performance Shares 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 during the period

beginning on the Date of Grant and ending with respect to any portion of the Target Performance Shares covered by these Terms and Conditions on the date on which the Grantee's right to receive such portion becomes nonforfeitable, or, if earlier, the date on which the Grantee forfeits the right to receive such portion. 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.

7. ADJUSTMENTS. (a) The number or kind of shares of stock covered by these Terms and Conditions 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 changes in the capital structure of Occidental, or any merger, consolidation, spin-off, liquidation or other corporate transaction having a similar effect. If any such adjustment occurs, the Company will give the Grantee written notice of the adjustment.

(b) In addition, the Administrator may adjust the Performance Goal or other features of this Grant as permitted by Section 4.2.3 of the Plan.

8. 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.

9. TAXES AND WITHHOLDING. The Grantee is responsible for any federal, state, local or foreign tax, including income tax, social insurance, payroll tax, payment on account or other tax-related withholding with respect to the grant of Target Performance Shares (including the grant, the vesting, the receipt of Common Shares, the sale of Common Shares and the receipt of dividends or dividend equivalents, if any). If the Company must withhold any tax in connection with the issuance of any Common Shares or the payment of any other consideration pursuant to the grant of Target Performance Shares (other than the payment of Dividend Equivalents), the Grantee shall satisfy all or any part of any such withholding obligation by surrendering to the Company a portion of the Common Shares (or other securities) that are issued or transferred to the Grantee pursuant to these Terms and Conditions. Any Common Shares (or other securities) so surrendered by the Grantee shall be credited against the Grantee's withholding obligation at their Fair Market Value on the date of surrender to the Company. If the Company must withhold any tax in connection with granting or vesting of Target Performance Shares or the payment of Dividend Equivalents pursuant to this grant of Target Performance Shares, the Grantee by acknowledging 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 wages or other cash compensation (including regular pay). The Grantee shall pay to the Company any amount that cannot be satisfied by the means previously described.

10. COMPLIANCE WITH LAW. The Company will make reasonable efforts to comply with all applicable federal, state and foreign 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.

11. 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. Additionally, the Target Performance Shares are not part of normal or expected compensation or salary for any purposes, including, but not limited to calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. This grant of Target Performance Shares does not create any contractual or other right to receive future grants of Target Performance Shares, or benefits in lieu of Target Performance Shares, even if Grantee has a history of receiving Target Performance Shares or other stock awards.

12. AMENDMENTS. The Plan may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan. 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 Grantee under these Terms and Conditions without the Grantee's consent.

13. 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.

14. 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.

15. SUCCESSORS AND ASSIGNS. Subject to Sections 2 and 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 Grantee, and the successors and assigns of the Company.

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

17. PRIVACY RIGHTS. By accepting this award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in these Terms and Conditions by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Company holds 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 Target Performance Share 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.

18. ELECTRONIC DELIVERY. The Company may, in its sole discretion, decide to deliver any documents related to this Target Performance Share 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.

19. 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 Target Performance Share 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 Target Performance Share award is granted; (ii) the Grantee's participation in the Plan is voluntary; (iii) the future value of any Common shares issued pursuant to this Target Performance Share award cannot be predicted and Occidental does not assume liability in the event such Common Shares have no value in the future; and, (iv) 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 Target Performance Share award, no claim or entitlement to compensation or damages shall arise from termination of this Target Performance Share award or diminution in value of this Target Performance Share award or Common Shares issued pursuant to this Target Performance Share award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever and whether or not in breach of local labor laws) and the Grantee irrevocably releases the Company 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.

EXHIBIT 1

2005 GRANT TO OOGC PARTICIPANTS

(% of Number of Target Shares of Performance Stock that become Nonforfeitable based on Comparison of Total Shareholder Return for the Peer Companies for the Performance Period)

Ranking	8 COS.	7 COS.	6 COS.	5 COS.	4 COS.	3 COS.	2 COS.
1	100%	100%	100%	100%	100%	100%	*
2	83.5%	83.5%	75%	75%	66.5%	50%	0%
3	66.5%	66.5%	50%	50%	33.5%	0%	
4	50%	50%	50%	25%	0%		
5	50%	33.5%	25%	0%			
6	33.5%	16.5%	0%				
7	16.5%	0%					
8	0%						

* Subject to Committee Discretion

PLUS

(% of Number of Target Shares of Performance Stock that become Nonforfeitable based on Return on Assets for the Performance Period)

Return on Assets	Payout Percentage
12%	100%
9%	50%
6%	0%

If actual ROA falls between stated ROA's, payout percentages will be interpolated.

EXHIBIT 10.62

AMENDMENT NUMBER 1
TO THE
OCCIDENTAL PETROLEUM CORPORATION
DEFERRED STOCK PROGRAM

WHEREAS, Occidental Petroleum Corporation (the "Company") maintains the Occidental Petroleum Corporation Deferred Stock Program (the "DSP"), the purpose of which is to provide a tax-deferred opportunity for key management and highly compensated employees of the Company and its affiliates to accumulate additional retirement income through deferrals of equity-based compensation;

WHEREAS, the American Jobs Creation Act of 2004 added a new Section 409A to the Internal Revenue Code establishing new rules regarding the taxation of nonqualified deferred compensation plans, effective for amounts deferred after December 31, 2004 (the "New Law");

WHEREAS, under the New Law, amounts deferred on and after January 1, 2005 under the DSP would be immediately taxable to participants because of certain provisions of the DSP that are not compliant with the New Law;

WHEREAS, the Board of Directors of the Company (the "Board") adopted, effective January 1, 2005, the Occidental Petroleum Corporation 2005 Deferred Stock Program (the "2005 DSP") to continue to provide a tax-deferred opportunity for key management and highly compensated employees of the Company and its affiliates to accumulate additional retirement income through deferrals of equity-based compensation in compliance with the New Law;

WHEREAS, recent guidance issued by the Internal Revenue Service specifies that the deferral of any portion of an award under the DSP that becomes vested after December 31, 2004 will be treated as amounts deferred after December 31, 2004 for purposes of the New Law;

WHEREAS, it is therefore desirable to (1) amend the DSP to cease further voluntary deferral elections thereunder after 2004 and (2) to redirect the deferral of certain unvested or partially unvested awards to the 2005 DSP; and

WHEREAS, it is also desirable to amend the DSP to update its claims procedures.

NOW, THEREFORE, effective as of December 31, 2004, except as otherwise provided, the DSP is hereby amended as follows:

ARTICLE III

OPTION GAIN DEFERRALS

1. Article III is amended by adding a new Section 3.3 to the end thereof to read as follows:

"3.3 Cessation of Option Gain Deferrals. Notwithstanding anything contained herein to the contrary, after December 31, 2004, no Qualifying Option may be exercised pursuant to an Alternative Exercise Election, and no Eligible Person may make an Alternative Exercise Election. Any Alternative Exercise Election made under Article III of this Program prior to December 31, 2004 shall terminate on December 31, 2004, and the related Qualifying Option may be exercised for actual Shares in accordance with the terms of the Qualifying Option."

ARTICLE IV

DEFERRAL OF OTHER STOCK AWARDS

2. Article IV is amended by adding a new Section 4.3 to the end thereof to read as follows:

"4.3 Cessation of Deferrals.

(a) Voluntary Deferrals. Notwithstanding anything contained herein to the contrary, no new elections to defer Shares may be made under Section 4.1 after December 31, 2004. Any election to forego the delivery of Shares made pursuant to Section 4.1 before January 1, 2005 shall terminate as of December 31, 2004, and thereafter shall have no force or effect; provided, however, that any election to forgo delivery of Shares upon the vesting of a Qualifying Performance Stock Award for the performance period ending December 31, 2004 shall remain in effect and the share units corresponding to such deferred Shares shall be (1) credited under the Occidental Petroleum Corporation 2005 Deferred Stock Program (the "2005 DSP") in accordance with its terms or (2) , if the Participant elects, paid to the Participant in cash in 2005.

(b) Mandatory Deferrals. Notwithstanding anything contained herein to the contrary, share units that become vested under a Qualifying Restricted Share Unit Award after December 31, 2004 shall not be credited under Section 5.1(b) of this Program. Any such share units shall instead be credited under the 2005 DSP in accordance with its terms. The Qualifying Restricted Share Unit Awards with unvested share units as of December 31, 2004 are listed in Appendix A hereto."

ARTICLE VII

CLAIMS PROCEDURES

3. Effective as of January 1, 2004, Article VII is amended in its entirely to read as follows:

"7.1 Applications for Benefits. All applications for benefits under the Program shall be submitted to: Occidental Petroleum Corporation, Attention: Corporate Secretary, 10889 Wilshire Blvd., Los Angeles, CA 90024. Applications for benefits must be in writing on the forms prescribed by the Committee and must be signed by the Participant, or in the case of a death benefit, by the Beneficiary or legal representative of the deceased Participant.

7.2 Claims Procedure for Benefits other than Disability Benefits.

(a) Within a reasonable period of time, but not later than 90 days after receipt of a claim for benefits (other than Disability benefits), the Committee or its delegate shall notify the claimant of any adverse benefit determination on the claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension period exceed 90 days from the end of the initial 90-day period. If an extension is necessary, the Committee or its delegate shall provide the claimant with a written notice to this effect prior to the expiration of the initial 90-day period. The notice shall describe the special circumstances requiring the extension and the date by which the Committee or its delegate expects to render a determination on the claim.

(b) In the case of an adverse benefit determination, the Committee or its delegate shall provide to the claimant written or electronic notification setting forth in a manner calculated to be understood by the claimant: (i) the specific reason or reasons for the adverse benefit determination; (ii) reference to the specific Program provisions on which the adverse benefit determination is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why the material or information is necessary; and (iv) a description of the Program's claim review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review and in accordance with Section 7.4.

(c) Within 60 days after receipt by the claimant of notification of the adverse benefit determination, the claimant or his duly authorized representative, upon written application to the Committee, may request that the Committee fully and fairly review the adverse benefit determination. On review of an adverse benefit determination, upon request and free of charge, the claimant shall have reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits. The claimant shall have the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits. The Committee's (or delegate's) review shall take into account all comments, documents, records, and other information submitted regardless of whether the information was previously considered in the initial adverse benefit determination.

(d) Within a reasonable period of time, but not later than 60 days after receipt of such request for review, the Committee or its delegate shall notify the claimant of any final benefit determination on the claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension period exceed 60 days from the end of the initial 60-day period. If an extension is necessary, the Committee or its delegate shall provide the claimant with a written notice to this effect prior to the expiration of the initial 60-day period. The notice shall describe the special circumstances requiring the extension and the date by which the Committee or its delegate expects to render a final determination on the request for review. In the case of an adverse final benefit determination, the Committee or its delegate shall provide to the claimant written or electronic notification setting forth in a manner calculated to be understood by the claimant: (i) the specific reason or reasons for the adverse final benefit determination; (ii) reference to the specific Program provisions on which the adverse final benefit determination is based; (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits; and (iv) a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review and in accordance with Section 7.4.

7.3 Claims Procedure for Disability Benefits.

(a) Within a reasonable period of time, but not later than 45 days after receipt of a claim for Disability benefits, the Committee or its delegate shall notify the claimant of any adverse benefit determination on the claim, unless circumstances beyond the Program's control require an extension of time for processing the claim. In no event may the extension period exceed 30 days from the end of the initial 45-day period. If an extension is necessary, the Committee or its delegate shall provide the claimant with a written notice to this effect prior to the expiration of the initial 45-day period. The notice shall describe the circumstances requiring the extension and the date by which the Committee or its delegate expects to render a determination on the claim. If, prior to the end of the first 30-day extension period, the Committee or its delegate determines that, due to circumstances beyond the control of the Program, a decision cannot be rendered within that extension period, the period for making the determination may be extended for an additional 30 days, so long as the Committee or its delegate notifies the claimant, prior to the expiration of the first 30-day extension period, of the circumstances requiring the extension and the date as of which the Committee or its delegate expects to render a decision. This notice of extension shall specifically describe the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and that the claimant has at least 45 days within which to provide the specified information.

(b) In the case of an adverse benefit determination, the Committee or its delegate shall provide to the claimant written or electronic notification setting forth in a manner calculated to be understood by the claimant: (i) the specific reason or reasons for the adverse benefit determination; (ii) reference to the specific Program provisions on which the adverse benefit determination is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why the material or information is necessary; (iv) a description of the Program's claim review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review and in accordance with Section 7.4; (v) if an internal rule, guideline, protocol or similar criterion ("internal standard") was relied upon in making the determination, a copy of the internal standard or a statement that the internal standard was relied upon and that a copy of the internal standard shall be provided to the claimant free of charge upon request; and (vi) if the determination is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination or a statement that such explanation shall be provided free of charge upon request.

(c) Within 180 days after receipt by the claimant of notification of the adverse benefit determination, the claimant or his duly authorized representative, upon written application to the Committee, may request that the Committee fully and fairly review the adverse benefit determination. On review of an adverse benefit determination, upon request and free of charge, the claimant shall have reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits. The claimant shall have the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits. The Committee's (or delegate's) review: (i) shall take into account all comments, documents, records, and other information submitted regardless of whether the information was previously considered in the initial adverse benefit determination; (ii) shall not afford deference to the initial adverse benefit determination; (iii) shall be conducted by an appropriate named fiduciary of the Program who is neither an individual who made the initial adverse benefit determination nor a subordinate of such individual; (iv) if the adverse benefit determination was based in whole or in part on a medical judgment, shall identify medical and vocational experts whose advice was obtained on behalf of the Program in connection with the initial adverse benefit determination; and (v) shall consult an appropriate health care professional who has appropriate training and experience in the relevant field of medicine and who or whose subordinate was not consulted in the initial adverse benefit determination.

(d) Within a reasonable period of time, but not later than 45 days after receipt of such request for review, the Committee or its delegate shall notify the claimant of any final benefit determination on the claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension period exceed 45 days from the end of the initial 45-day period. If an extension is necessary, the Committee or its delegate shall provide the claimant with a written notice to this effect prior to the expiration of the initial 45-day period. The notice shall describe the special circumstances requiring the extension and the date by which the Committee or its delegate expects to render a final determination on the request for review. In the case of an adverse final benefit determination, the Committee or its delegate shall provide to the claimant written or electronic notification setting forth in a manner calculated to be understood by the claimant: (i) the specific reason or reasons for the adverse final benefit determination; (ii) reference to the specific Program provisions on which the adverse final benefit determination is based; (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits; (iv) a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review and in accordance with Section 7.4; (v) if an internal standard was relied upon in making the determination, a copy of the internal standard or a statement that the internal standard was relied upon and that a copy of the internal standard shall be provided to the claimant free of charge upon request; (vi) if the determination is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination or a statement that such explanation shall be provided free of charge upon request; and (vii) the following statement: "You and your plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office and your State insurance regulatory agency."

7.4 Limitations on Actions. No legal action may be commenced prior to the completion of the benefit claims procedure described herein. In addition, no legal action may be commenced after the later of (a) 180 days after receiving the written response of the Committee to an appeal, or (b) 365 days after an applicant's original application for benefits."

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this amendment this 10th day of February, 2005.

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ RICHARD W. HALLOCK

Richard W. Hallock
Executive Vice-President, Human Resources

APPENDIX A

QUALIFYING RESTRICTED SHARE UNIT AWARDS
WITH UNVESTED SHARE UNITS
AS OF DECEMBER 31, 2004

Set forth below are the Qualifying Restricted Share Unit Awards with unvested share units as of December 31, 2004:

AWARD DATE	UNVESTED TRAUNCHES
July 17, 2002	1
December 9, 2002	3
July 16, 2003	2
December 8, 2003	4
July 14, 2004	3

EXHIBIT 10.64

AMENDMENT NUMBER 1
TO THE
OCCIDENTAL PETROLEUM CORPORATION
2005 DEFERRED STOCK PROGRAM

WHEREAS, Occidental Petroleum Corporation (the "Company") maintains the Occidental Petroleum Corporation Deferred Stock Program (the "DSP"), the purpose of which is to provide a tax-deferred opportunity for key management and highly compensated employees of the Company and its affiliates to accumulate additional retirement income through deferrals of equity-based compensation;

WHEREAS, the American Jobs Creation Act of 2004 added a new Section 409A to the Internal Revenue Code establishing new rules regarding the taxation of nonqualified deferred compensation plans, effective for amounts deferred after December 31, 2004 (the "New Law");

WHEREAS, under the New Law, amounts deferred on and after January 1, 2005 under the DSP would be immediately taxable to participants because of certain provisions of the DSP that are not compliant with the New Law;

WHEREAS, the Board of Directors of the Company (the "Board") adopted, effective January 1, 2005, the Occidental Petroleum Corporation 2005 Deferred Stock Program (the "2005 DSP") to continue to provide a tax-deferred opportunity for key management and highly compensated employees of the Company and its affiliates to accumulate additional retirement income through deferrals of equity-based compensation in compliance with the New Law;

WHEREAS, recent guidance issued by the Internal Revenue Service specifies that the deferral of any portion of an award under the DSP that becomes vested after December 31, 2004 will be treated as an amount deferred after December 31, 2004 for purposes of the New Law; and

WHEREAS, it is therefore desirable to amend the 2005 DSP to allow the redirection of the deferrals of certain unvested or partially unvested awards to the 2005 DSP.

NOW, THEREFORE, effective as of January 1, 2005, the 2005 DSP is hereby amended as follows:

ARTICLE IV

DEFERRED SHARE ACCOUNTS

1. Article IV is amended by adding a new Section 4.1(c) to read as follows:

"(c) Deferred Shares under Awards Granted before the Effective Date.

(i) Deferral under this Program. Any share units subject to a Qualifying Performance Stock Award for the period ending December 31, 2004 that an employee of the Company elected to defer in accordance with the terms of the Occidental Petroleum Deferred Stock Program (the "Prior Program") shall be deferred under this Program instead of the Prior Program. In addition, any share units subject to a Qualifying Restricted Share Unit Award granted before the Effective Date that become vested after December 31, 2004 shall be deferred under this Program instead of the Prior Program. Any share units described in the preceding two sentences shall be credited to the individual's Deferred Share Account as set forth in Section 4.1(a) and shall be subject to the terms and conditions of this Program, including without limitation, any distribution election made under Section 4.4 of this Program and any Dividend Equivalent election made under Section 4.2 of this Program; provided, however, that if such individual has not filed a Distribution Election Form as provided under Section 4.4 or a Dividend Equivalent election as provided under Section 4.4, he may file such elections at any time prior to February __, 2005, which elections shall then apply with respect to all share units subsequently credited to his Deferred Stock Account. If such a participant who has not previously filed a Distribution Election Form fails to file a Distribution Election Form by the date specified above, he will be deemed to have elected a lump sum form of payment. If such a participant who has not previously filed a Dividend Equivalent election fails to file a Dividend Equivalent election by the date specified above, he will be deemed to have elected Current Dividend Equivalents. The Qualifying Restricted Share Unit Awards with unvested share units as of December 31, 2004 are listed in Appendix A to this Program.

(ii) Opportunity to Revoke Deferral Elections for Qualifying Performance Stock Award. Notwithstanding anything contained herein to the contrary, any participant in the Prior Program who elected to defer his Qualifying Performance Stock Award for the period ending December 31, 2004 may revoke his deferral election as provided in this Section 4.1(c). Such election must be in writing on a form provided by the Committee and must be filed with the Committee on or before February 4, 2005. Any participant in the Prior Program who revokes his deferral election for his Qualifying Performance Stock Award for the period ending December 31, 2004 shall receive payment of such award at or about the same time as such award would be payable under its terms without regard to any deferral election."

ADDITION OF APPENDIX A

2. The Program is amended by adding an Appendix A thereto to read as follows:

APPENDIX A

QUALIFYING RESTRICTED SHARE UNIT AWARDS
WITH UNVESTED SHARE UNITS
AS OF DECEMBER 31, 2004

Set forth below are the Qualifying Restricted Share Unit Awards with unvested share units as of December 31, 2004:

AWARD DATE	UNVESTED TRAUNCHES
July 17, 2002	1
December 9, 2002	3
July 16, 2003	2
December 8, 2003	4
July 14, 2004	3

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this amendment this 10th day of February, 2005.

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ RICHARD W. HALLOCK

Richard W. Hallock
Executive Vice-President, Human Resources

EXHIBIT 12

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

For the years ended December 31,	2004	2003	2002	2001	2000
Income from continuing operations	$ 2,606	$ 1,601	$ 1,181	$ 1,182	$ 1,559
Add:					
Minority interest (a)	75	62	77	143	185
Adjusted income from equity investments (b)	(6)	69	308	89	31
	2,675	1,732	1,566	1,414	1,775
Add:					
Provision (credit) for taxes on income (other than foreign oil and gas taxes)	982	682	(41)	172	871
Interest and debt expense (c)	266	335	309	411	540
Portion of lease rentals representative of the interest factor	40	8	6	7	6
	1,288	1,025	274	590	1,417
Earnings before fixed charges	$ 3,963	$ 2,757	$ 1,840	$ 2,004	$ 3,192
Fixed charges:					
Interest and debt expense including capitalized interest (c)	$ 281	$ 341	$ 321	$ 417	$ 543
Portion of lease rentals representative of the interest factor	40	8	6	7	6
Total fixed charges	$ 321	$ 349	$ 327	$ 424	$ 549
Ratio of earnings to fixed charges	12.35	7.90	5.63	4.73	5.81

(a) Represents minority interests in net income of majority-owned subsidiaries and partnerships having fixed charges.
(b) Represents income from less-than-50-percent-owned equity investments adjusted to reflect only dividends received.
(c) Includes proportionate share of interest and debt expense of 50-percent-owned equity investments.

EXHIBIT 21

LIST OF SUBSIDIARIES

The following is a list of the Registrant's subsidiaries at December 31, 2004, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary.

Name	Jurisdiction of Formation
Centurion Pipeline GP, Inc.	Delaware
Centurion Pipeline LP, Inc.	Delaware
Centurion Pipeline L.P.	Delaware
D. S. Ventures, Inc.	Texas
Glenn Springs Holdings, Inc.	Delaware
INDSPEC Chemical Corporation	Delaware
INDSPEC Holding Corporation	Delaware
INDSPEC Technologies, Ltd.	Pennsylvania
Laguna Petroleum Corporation	Texas
La Porte Chemicals Corp.	Delaware
Occidental Andina, LLC	Delaware
Occidental C.O.B. Partners	Delaware
Occidental Chemical Chile Limitada	Chile
Occidental Chemical Corporation	New York
Occidental Chemical Holding Corporation	California
Occidental Chemical Nevis, Inc.	Nevis
Occidental Chile Investments, LLC	Delaware
Occidental Crude Sales, Inc. (International)	Delaware
Occidental de Colombia, Inc.	Delaware
Occidental del Ecuador, Inc.	Nevis
Occidental Dolphin Holdings Ltd.	Bermuda
Occidental Energy Marketing, Inc.	Delaware
Occidental Exploration and Production Company	California
Occidental Gas de Mexico LLC	Delaware
Occidental International Exploration and Production Company	California
Occidental International Holdings Ltd.	Bermuda
Occidental International Oil and Gas Ltd.	Bermuda
Occidental Mexico Holdings, Inc.	Nevis
Occidental of Elk Hills, Inc.	Delaware
Occidental of Oman, Inc.	Nevis
Occidental Oil and Gas Holding Corporation	California
Occidental Oil and Gas Pakistan LLC	Nevis
Occidental OOOI Holder, Inc.	Delaware
Occidental Overseas Operations, Inc.	Delaware
Occidental Peninsula, Inc.	Delaware
Occidental Peninsula II, Inc.	Nevis
Occidental Permian Ltd.	Texas
Occidental Permian Manager, LLC	Delaware
Occidental Petroleum (Pakistan), Inc.	Delaware
Occidental Petroleum Investment Co.	California
Occidental Petroleum of Qatar Ltd.	Bermuda
Occidental Pipeline Holding Corporation	Delaware
Occidental PVC LP, Inc.	Delaware
Occidental Quimica do Brasil Ltda.	Brazil

Name	Jurisdiction of Formation
Occidental VCM LLC	Delaware
Occidental VCM LP, Inc.	Delaware
Occidental Yemen Ltd.	Bermuda
OOG Partner Inc.	Delaware
OOOI Chemical International, LLC	Delaware
OOOI Chemical Management, Inc.	Delaware
OOOI Chile Holder, Inc.	Nevis
OOOI Oil and Gas Management, Inc.	Delaware
OOOI Oil and Gas Sub, LLC	Delaware
OXYMAR	Texas
Oxy CH Corporation	California
Oxy Chemical Corporation	California
OXY Dolphin E&P, LLC	Nevis
OXY Dolphin Pipeline, LLC	Nevis
Oxy Energy Services, Inc.	Delaware
OXY Long Beach, Inc.	Delaware
OXY Oil Partners, Inc.	Delaware
Oxy Pipeline I Company	Delaware
OXY Receivables Corporation	Delaware
OXY USA Inc.	Delaware
OXY USA WTP LP	Delaware
OXY VCM, LP	Delaware
Oxy Vinyls Canada Inc.	Canada
Oxy Vinyls, LP	Delaware
Oxy Westwood Corporation	California
Repsol Occidental Corporation	Delaware

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

To the Board of Directors
Occidental Petroleum Corporation:

We consent to the incorporation by reference in the registration statements (Nos. 33-14662, 33-47636, 33-59395, 33-64719, 333-49207, 333-72719, 333-78031, 333-37970, 333-55404, 333-63444, 333-82246, 333-83124, 333-96951, 333-104827, and 333-115099) on Forms S-3 and S-8 of Occidental Petroleum Corporation of our report dated February 25, 2005, with respect to the consolidated balance sheets of Occidental Petroleum Corporation as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity, comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2004 and the related financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 and the effectiveness of internal control over financial reporting as of December 31, 2004, which reports appear in the December 31, 2004 annual report on Form 10-K of Occidental Petroleum Corporation. Our report on financial statements of Occidental Petroleum Corporation refers to (i) a change in the method of accounting for inventories purchased from third parties, (ii) a change in the method of accounting for asset retirement obligations, (iii) a change in the method of accounting for the consolidation of variable interest entities, (iv) a change in the method of accounting for certain financial instruments with characteristics of both liabilities and equity, and (v) a change in the method of accounting for the impairment of goodwill and other intangibles.

/s/ KPMG LLP
Los Angeles, California
March 1, 2005

EXHIBIT 23.2

EXPERT CONSENT

The Board of Directors
Occidental Petroleum Corporation:

We consent to the inclusion in the Occidental Petroleum Corporation (Occidental) Form 10-K for the year ended December 31, 2004, and the incorporation by reference in Occidental's registration statements (Nos. 33-14662, 33-47636, 33-59395, 33-64719, 333-49207, 33-72719, 333-78031, 333-37970, 333-55404, 33-63444, 333-82246, 33-83124, 333-96951, 333-104827 and 333-115099), of references to our name and to our letter dated February 14, 2005, relating to our review of the procedures and methods used by Occidental in its oil and gas estimation process.

/s/ RYDER SCOTT COMPANY, L.P.
RYDER SCOTT COMPANY, L.P.

Houston, Texas
February 14, 2005

EXHIBIT 31.1

CERTIFICATION

I, Ray R. Irani, certify that:

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

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

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

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

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: March 1, 2005

/s/ RAY R. IRANI

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

EXHIBIT 31.2

CERTIFICATION

I, Stephen I. Chazen, certify that:

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

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

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

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

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: March 1, 2005

/s/ STEPHEN I. CHAZEN

Stephen I. Chazen
Senior Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Annual Report on Form 10-K of Occidental Petroleum Corporation (the "Company") for the fiscal period ended December 31, 2004, as filed with the Securities and Exchange Commission on March 1, 2005 (the "Report"), Ray R. Irani, as Chief Executive Officer of the Company, and Stephen I. Chazen, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

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

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

/s/ RAY R. IRANI

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Name: Ray R. Irani
Title: Chairman of the Board of Directors, President and Chief Executive Officer
Date: March 1, 2005

/s/ STEPHEN I. CHAZEN

- ---

Name: Stephen I. Chazen
Title: Senior Executive Vice President and Chief Financial Officer
Date: March 1, 2005

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

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