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

FORM 10-Q

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

For the quarterly period ended March 31, 2017
OR
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission file number 1-9210

OCCIDENTAL PETROLEUM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**95-4035997**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5 Greenway Plaza, Suite 110
Houston, Texas 77046
(Address of principal executive offices) (Zip Code)

(713) 215-7000
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
☑ Yes o No

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
o Yes ☑ No

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

Class	Outstanding at March 31, 2017
Common stock $.20 par value	764,581,720

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
MARCH 31, 2017 AND DECEMBER 31, 2016
(Amounts in millions)

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,494	$ 2,233
Trade receivables, net	4,316	3,989
Inventories	1,005	866
Assets held for sale	162	—
Other current assets	1,261	1,340
Total current assets	8,238	8,428
INVESTMENTS IN UNCONSOLIDATED ENTITIES	1,436	1,401
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation, depletion and amortization of $37,607 at March 31, 2017, and $38,956 at December 31, 2016	32,005	32,337
LONG-TERM RECEIVABLES AND OTHER ASSETS, NET	786	943
TOTAL ASSETS	$ 42,465	$ 43,109

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
MARCH 31, 2017 AND DECEMBER 31, 2016
(Amounts in millions except share amounts)

	2017	2016
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 500	$ —
Accounts payable	4,071	3,926
Accrued liabilities	2,155	2,436
Liabilities of assets held for sale	126	—
Total current liabilities	6,852	6,362
LONG-TERM DEBT, NET	9,322	9,819
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred domestic and foreign income taxes	1,031	1,132
Other	4,181	4,299
	5,212	5,431
STOCKHOLDERS' EQUITY		
Common stock, at par value (892,559,026 shares at March 31, 2017 and 892,214,604 shares at December 31, 2016)	179	178
Treasury stock (127,977,306 shares at March 31, 2017, and December 31, 2016)	(9,143)	(9,143)
Additional paid-in capital	7,783	7,747
Retained earnings	22,513	22,981
Accumulated other comprehensive loss	(253)	(266)
Total stockholders' equity	21,079	21,497
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 42,465	$ 43,109

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(Amounts in millions, except per-share amounts)

	2017	2016
REVENUES AND OTHER INCOME		
Net sales	$ 2,957	$ 2,123
Interest, dividends and other income	21	20
Gain on disposal of assets, net	—	138
	2,978	2,281
COSTS AND OTHER DEDUCTIONS		
Cost of sales	1,426	1,281
Selling, general and administrative and other operating expenses	272	272
Taxes other than on income	68	75
Depreciation, depletion and amortization	942	1,102
Asset impairments and related items	13	78
Exploration expense	11	9
Interest and debt expense, net	81	60
	2,813	2,877
Income (loss) before income taxes and other items	165	(596)
(Provision) benefit for domestic and foreign income taxes	(78)	203
Income from equity investments	30	33
Income (loss) from continuing operations	117	(360)
Discontinued operations, net	—	438
NET INCOME	$ 117	$ 78
BASIC EARNINGS PER COMMON SHARE		
Income (loss) from continuing operations	$ 0.15	$ (0.47)
Discontinued operations, net	—	0.57
BASIC EARNINGS PER COMMON SHARE	$ 0.15	$ 0.10
DILUTED EARNINGS PER COMMON SHARE		
Income (loss) from continuing operations	$ 0.15	$ (0.47)
Discontinued operations, net	—	0.57
DILUTED EARNINGS PER COMMON SHARE	$ 0.15	$ 0.10
DIVIDENDS PER COMMON SHARE	$ 0.76	$ 0.75

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(Amounts in millions)

	2017	2016
Net income	$ 117	$ 78
Other comprehensive income (loss) items:		
Foreign currency translation gains	1	1
Unrealized gains (losses) on derivatives [(a)]	5	(10)
Pension and postretirement gains [(b)]	9	5
Reclassification to income of realized (gains) losses on derivatives[(c)]	(2)	7
Other comprehensive income, net of tax	13	3
Comprehensive income	$ 130	$ 81

(a) Net of tax of $(3) and $6 for the three months ended March 31, 2017, and 2016, respectively.
(b) Net of tax of $(5) and $(3) for the three months ended March 31, 2017, and 2016, respectively.
(c) Net of tax of $1 and $(4) for the three months ended March 31, 2017, and 2016, respectively.

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(Amounts in millions)

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income	$ 117	$ 78
Adjustments to reconcile net income to net cash provided by operating activities:		
Discontinued operations, net	—	(438)
Depreciation, depletion and amortization of assets	942	1,102
Deferred income tax (benefit) provision	(108)	77
Other noncash charges to income	85	63
Asset impairments and related items	13	78
Gain on sale of assets, net	—	(138)
Changes in operating assets and liabilities, net	(389)	(316)
Other operating, net	(8)	(367)
Operating cash flow from continuing operations	652	139
Operating cash flow from discontinued operations	—	550
Net cash provided by operating activities	652	689
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(722)	(646)
Change in capital accrual	(41)	(208)
Proceeds from sale of assets and equity investments, net	—	285
Payments for purchases of assets and businesses	(19)	(24)
Other investing, net	(37)	(44)
Net cash used by investing activities	(819)	(637)
CASH FLOW FROM FINANCING ACTIVITIES		
Change in restricted cash	—	1,193
Payment of long-term debt, net	—	(700)
Proceeds from issuance of common stock	12	11
Purchases of treasury stock	—	(7)
Cash dividends paid	(584)	(574)
Net cash used by financing activities	(572)	(77)
Decrease in cash and cash equivalents	(739)	(25)
Cash and cash equivalents — beginning of period	2,233	3,201
Cash and cash equivalents — end of period	$ 1,494	$ 3,176

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

1. General

In these unaudited consolidated condensed financial statements, "Occidental" means Occidental Petroleum Corporation, a Delaware corporation (OPC), or OPC and one or more entities in which it owns a controlling interest (subsidiaries). Occidental has made its disclosures in accordance with United States generally accepted accounting principles (GAAP) as they apply to interim reporting, and condensed or omitted, as permitted by the Securities and Exchange Commission's rules and regulations, certain information and disclosures normally included in consolidated financial statements and the notes. These unaudited consolidated condensed financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto in Occidental's Annual Report on Form 10-K for the year ended December 31, 2016.

In the opinion of Occidental's management, the accompanying unaudited consolidated condensed financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to fairly present Occidental's consolidated financial position as of March 31, 2017, and the consolidated statements of operations, comprehensive income and cash flows for the three months ended March 31, 2017, and 2016, as applicable. The income and cash flows for the periods ended March 31, 2017, and 2016, are not necessarily indicative of the income or cash flows to be expected for the full year.

2. Asset Acquisitions, Dispositions and Other

In February 2017, Occidental entered into a sales agreement to sell its South Texas operations for approximately $0.6 billion. The transaction closed in April 2017, and is subject to customary price adjustments. The assets and liabilities related to these operations were presented as held for sale at March 31, 2017, and primarily included property, plant and equipment and asset retirement obligations.

3. Accounting and Disclosure Changes

In March 2017, the Financial Accounting Standards Board (FASB) issued guidance related to presentation of net periodic pension cost and net periodic postretirement benefit cost. The rules become effective for annual periods beginning after December 15, 2017. These rules are not expected to have a material impact to Occidental's financial statements upon adoption.

In March, April, and May of 2016, the FASB issued rules clarifying several aspects of the new revenue recognition standard, previously issued in May 2014. The guidance is effective for interim and annual reporting periods starting January 1, 2018. Under the new standard, an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects to receive in exchange for the goods and services. The new standard also requires more detailed disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Occidental will not early adopt the standard, and plans to use a modified retrospective approach upon adoption, with the cumulative effect of initial application recognized at the date of initial application subject to certain additional disclosures. Occidental has compiled an inventory of all revenue contracts across all segments. A portion of contracts from all significant revenue streams have been reviewed in detail against the requirements of the new standard to identify: whether such contracts are in the scope of the new standard; whether there will be material changes in the timing or amount of revenue recognized; and whether Occidental has processes and controls in place to assemble any additional required disclosures. Occidental is continuing to evaluate the impact the standard is expected to have on its consolidated financial statements.

In February 2016, the FASB issued rules which require Occidental to recognize most leases, including operating leases, on the balance sheet. The new rules require lessees to recognize a right-of-use asset and lease liability for all leases with lease terms of more than 12 months. The lease liability represents the discounted obligation to make future minimum lease payments and corresponding right-of-use asset on the balance sheet for most leases. The guidance retains the current accounting for lessors and does not make significant changes to the recognition, measurement and presentation of expenses and cash flows by a lessee. Recognition, measurement and presentation of expenses and cash flows arising from a lease will depend on classification as a finance or operating lease. Occidental is the lessee under various agreements for real estate, equipment, plants and facilities, aircraft, and vehicles that are currently accounted for as operating leases, refer to Note 6, *Lease Commitments* in Occidental’s Annual Report on Form 10-K for the year ended December 31, 2016. As a result, these new rules will increase reported assets and liabilities. Occidental will not early adopt this standard. Occidental will apply the revised lease rules for our interim and annual reporting periods starting January 1, 2019, using a modified retrospective approach, including several optional practical expedients related to leases commenced before the effective date. Occidental is currently evaluating the effect of these rules on its financial statements, and reviewing software solutions for the identification and tracking of leases in order to develop an adoption plan based on Occidental's population of leases under the revised definition of leases. The quantitative impacts of the new standard are dependent on the leases in force at the time of adoption. As a result, the evaluation of the effect of the new standards will extend over future periods.

4. Supplemental Cash Flow Information

Occidental paid foreign income taxes and United States state taxes of $174 million and $102 million during the three months ended March 31, 2017, and 2016, respectively. No federal income tax payments were made during the three months ended March 31, 2017, and 2016 because Occidental reported a net operating loss on domestic operations in 2016 and 2015, respectively. Interest paid totaled $70 million and $89 million during the three months ended March 31, 2017, and 2016, respectively.

5. Inventories

Inventories as of March 31, 2017, and December 31, 2016, consisted of the following (in millions):

	2017	2016
Raw materials	$ 66	$ 65
Materials and supplies	452	446
Finished goods	526	395
	1,044	906
Revaluation to LIFO	(39)	(40)
Total	$ 1,005	$ 866

6. Environmental Liabilities and Expenditures

Occidental’s operations are subject to stringent federal, state, local and foreign laws and regulations related to improving or maintaining environmental quality. The laws that require or address environmental remediation, including the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and similar federal, state, local and foreign laws, may apply retroactively and regardless of fault, the legality of the original activities or the current ownership or control of sites. OPC or certain of its subsidiaries participate in or actively monitor a range of remedial activities and government or private proceedings under these laws with respect to alleged past practices at operating, closed and third-party sites. Remedial activities may include one or more of the following: investigation involving sampling, modeling, risk assessment or monitoring; cleanup measures including removal, treatment or disposal of hazardous substances; or operation and maintenance of remedial systems. These environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties, injunctive relief and government oversight costs.

As of March 31, 2017, Occidental participated in or monitored remedial activities or proceedings at 147 sites. The following table presents Occidental’s environmental remediation reserves as of March 31, 2017, the current portion of which is included in accrued liabilities ($131 million) and the remainder in deferred credits and other liabilities - other ($736 million). The reserves are grouped as environmental remediation sites listed or proposed for listing by the United States Environmental Protection Agency on the CERCLA National Priorities List (NPL sites) and three categories of non-NPL sites - third-party sites, Occidental-operated sites and closed or non-operated Occidental sites.

	Number of Sites	Reserve Balance (in millions)	
NPL sites	33	$	460
Third-party sites	68		160
Occidental-operated sites	17		110
Closed or non-operated Occidental sites	29		137
Total	147	$	867

As of March 31, 2017, Occidental’s environmental reserves exceeded $10 million each at 16 of the 147 sites described above, and 88 of the sites each had reserves of $1 million or less. Based on current estimates, Occidental expects to expend funds corresponding to approximately half of the current environmental reserves at the sites described above over the next three to four years and the balance at these sites over the subsequent 10 or more years. Occidental believes its estimable amount of reasonably possible additional losses beyond those liabilities recorded for environmental remediation at these sites could range up to $1.1 billion. The status of Occidental's involvement with the sites and related significant assumptions, including those sites indemnified by Maxus Energy Corporation (see further discussion below), has not changed materially since December 31, 2016.

When Occidental acquired Diamond Shamrock Chemicals Company (DSCC) in 1986, Maxus Energy Corporation (Maxus), currently a subsidiary of YPF S.A. (YPF), agreed to indemnify Occidental for a number of environmental sites, including the Diamond Alkali Superfund Site (Site) along a portion of the Passaic River. On June 17, 2016, Maxus and several affiliated companies filed for Chapter 11 bankruptcy in Federal District Court in the State of Delaware. Prior to filing for bankruptcy, Maxus defended and indemnified Occidental in connection with cleanup and other costs associated with the sites subject to the indemnity, including the Site. Occidental is pursuing Maxus and its parent company, YPF, as the alter ego of Maxus, to recover all indemnified costs, which will include costs to be incurred at the Site.

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

Occidental has accrued a reserve relating to its estimated allocable share of the costs to perform the design and the remediation called for in the AOC and the ROD, as well as for certain other Maxus-indemnified sites. Occidental’s ultimate share of this liability may be higher or lower than the reserved amount, and is subject to final design plans and the resolution of Occidental's allocable share with other potentially responsible parties. Occidental continues to evaluate the costs to be incurred to comply with the AOC, the ROD and to perform remediation at other Maxus-indemnified sites in light of the Maxus bankruptcy and the share of ultimate liability of other potentially responsible parties.

7. Lawsuits, Claims, Commitments and Contingencies

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

In accordance with applicable accounting guidance, Occidental accrues reserves for outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. In Note 6, *Environmental Liabilities and Expenditures,* Occidental has disclosed its reserve balances for environmental remediation matters that satisfy this criteria. Reserve balances for matters, other than environmental remediation, that satisfy this criteria as of March 31, 2017, and December 31, 2016, were not material to Occidental's consolidated balance sheets.

Occidental also evaluates the amount of reasonably possible losses that it could incur as a result of outstanding lawsuits, claims and proceedings and discloses its estimable range of reasonably possible additional losses for sites where it is a participant in environmental remediation. Occidental believes that other reasonably possible losses for non-environmental matters that it could incur in excess of reserves accrued on the balance sheet would not be material to its consolidated financial position or results of operations. Occidental reassesses the probability and estimability of contingent losses as new information becomes available.

Tax Matters

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. Although taxable years through 2009 for United States federal income tax purposes have been audited by the United States Internal Revenue Service (IRS) pursuant to its Compliance Assurance Program, subsequent taxable years are currently under review. Taxable years from 2002 through the current year remain subject to examination by foreign and state government tax authorities in certain jurisdictions. In certain of these jurisdictions, tax authorities are in various stages of auditing Occidental's income taxes. During the course of tax audits, disputes have arisen and other disputes may arise as to facts and matters of law. Occidental believes that the resolution of outstanding tax matters would not have a material adverse effect on its consolidated financial position or results of operations.

Indemnities to Third Parties

Occidental, its subsidiaries, or both, have indemnified various parties against specified liabilities those parties might incur in the future in connection with purchases and other transactions that they have entered into with Occidental. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of March 31, 2017, Occidental is not aware of circumstances that it believes would reasonably be expected to lead to indemnity claims that would result in payments materially in excess of reserves.

8. Retirement and Post-retirement Benefit Plans

The following tables set forth the components of the net periodic benefit costs for Occidental's defined benefit pension and post-retirement benefit plans for the three months ended March 31, 2017, and 2016 (in millions):

Three months ended March 31	2017		2016	
Net Periodic Benefit Costs	Pension Benefit	Post-retirement Benefit	Pension Benefit	Post-retirement Benefit
Service cost	$ 2	$ 5	$ 2	$ 5
Interest cost	4	10	4	10
Expected return on plan assets	(6)	—	(6)	—
Recognized actuarial loss	2	4	3	5
Total	$ 2	$ 19	$ 3	$ 20

Occidental contributed approximately $1 million in each of the three months ended March 31, 2017, and 2016.

9. Fair Value Measurements

Occidental has categorized its assets and liabilities that are measured at fair value in a three-level fair value hierarchy, based on the inputs to the valuation techniques: Level 1 — using quoted prices in active markets for the assets or liabilities; Level 2 — using observable inputs other than quoted prices for the assets or liabilities; and Level 3 — using unobservable inputs. Transfers between levels, if any, are recognized at the end of each reporting period.

The following tables provide fair value measurement information for such assets and liabilities that are measured on a recurring basis as of March 31, 2017, and December 31, 2016 (in millions):

Fair Value Measurements at March 31, 2017:

Embedded derivatives	Level 1	Level 2	Level 3	Netting and Collateral	Total Fair Value
Liabilities:					
Accrued liabilities	$ —	$ 53	$ —	$ —	$ 53
Deferred credits and liabilities	$ —	$ 204	$ —	$ —	$ 204

Fair Value Measurements at December 31, 2016:

Embedded derivatives	Level 1	Level 2	Level 3	Netting and Collateral	Total Fair Value
Liabilities:					
Accrued liabilities	$ —	$ 43	$ —	$ —	$ 43
Deferred credits and liabilities	$ —	$ 178	$ —	$ —	$ 178

Fair Values — Nonrecurring

During the three months ended March 31, 2017, Occidental did not have any assets or liabilities measured at fair value on a nonrecurring basis. During the year ended December 31, 2016, Occidental recognized pre-tax impairment charges of $15 million related to proved oil and gas properties.

Other Financial Instruments

The carrying amounts of cash and cash equivalents and other on-balance-sheet financial instruments, other than long-term, fixed-rate debt, approximate fair value. The cost, if any, to terminate Occidental's off-balance-sheet financial instruments is not significant. Occidental estimates the fair value of fixed-rate debt based on the quoted market prices for those instruments or on quoted market yields for similarly rated debt instruments, taking into account such instruments' maturities. The estimated fair value of Occidental's debt as of March 31, 2017, and December 31, 2016, was $10.1 billion and $10.2 billion, respectively, and its carrying value net of unamortized discount and debt issuance costs as of March 31, 2017, and December 31, 2016, was $9.8 billion for both periods. The majority of Occidental's debt is classified as Level 1, with $68 million classified as Level 2.

10. Derivatives

Occidental uses a variety of derivative financial instruments and physical contracts, including those designated as cash flow hedges, to manage its exposure to commodity price fluctuations, transportation commitments and to fix margins on the future sale of stored volumes of oil and natural gas. Where Occidental buys product for its own consumption or sells its production to a defined customer, Occidental elects normal purchases and normal sales exclusions. Occidental usually applies cash flow hedge accounting treatment to derivative financial instruments to lock in margins on the forecasted sales of its natural gas storage volumes, and at times for other strategies to lock in margins. Occidental also enters into derivative financial instruments for speculative or trading purposes; however, the results of any transactions are immaterial to the marketing portfolio.

The financial instruments not designated as hedges will impact Occidental's earnings through mark-to-market until the offsetting future physical commodity is delivered. For GAAP purposes, any physical inventory is carried at lower of cost or market on the balance sheet. A substantial majority of Occidental's physical derivative contracts are index-based and carry no mark-to-market value in earnings. Net gains and losses associated with derivative instruments not designated as hedging instruments are recognized currently in net sales. Net gains and losses attributable to derivative instruments subject to hedge accounting reside in accumulated other comprehensive income (loss) and are reclassified to earnings as the transactions to which the derivatives relate are recognized in earnings.

Cash-Flow Hedges

Occidental’s marketing operations store natural gas purchased from third parties at Occidental’s leased storage facilities. Derivative instruments are used to fix margins on the future sales of the stored volumes. These agreements continue through 2018. As of March 31, 2017, Occidental had approximately 6 billion cubic feet (Bcf) of natural gas held in storage, and had cash-flow hedges for the forecasted sales to be settled by physical delivery of approximately 4 Bcf of stored natural gas. As of December 31, 2016, Occidental had approximately 7 billion cubic feet (Bcf) of natural gas held in storage, and had cash-flow hedges for the forecasted sales, to be settled by physical delivery, of approximately 7 Bcf of stored natural gas. The amount of cash-flow hedges, including the ineffective portion, was immaterial for the three months ended March 31, 2017, and the year ended December 31, 2016.

Derivatives Not Designated as Hedging Instruments

The following table summarizes the amounts reported in net sales related to the outstanding commodity derivative instruments not designated as hedging instruments as of March 31, 2017, and December 31, 2016:

As of March 31, (in millions, except Long/(Short) volumes)	2017	2016
Gain (loss) on derivatives not designated as hedges		
Oil commodity contracts	$ 9	$ (5)
Natural gas commodity contracts	$ 3	$ 1
Outstanding net volumes on derivatives not designated as hedges		
Oil Commodity Contracts		
Volume (MMBL)	73	67
Price Per Bbl	$ 50.66	$ 53.86
Natural gas commodity contracts		
Volume (Bcf)	(26)	(12)
Price Per MMBTU	$ 2.86	$ 3.19

Fair Value of Derivatives

The following table presents the gross and net fair values of Occidental's outstanding derivatives as of March 31, 2017, and December 31, 2016 (in millions):

As of March 31, 2017 (in millions) (Commodity Contracts)	Fair Value Measurements Using Level 1	Level 2	Level 3	Netting [b]	Total Fair Value
Assets:					
Cash-flow hedges: [a]					
Other current assets	$ —	$ —	$ —	$ —	$ —
Long-term receivables and other assets, net	$ —	$ —	$ —	$ —	$ —
Derivatives not designated as hedging instruments: [a]					
Other current assets	$ 285	$ 46	$ —	$ (308)	$ 23
Long-term receivables and other assets, net	$ 4	$ 2	$ —	$ (3)	$ 3
Liabilities:					
Cash-flow hedges: [a]					
Accrued liabilities	$ —	$ —	$ —	$ —	$ —
Deferred credits and liabilities	$ —	$ —	$ —	$ —	$ —
Derivatives not designated as hedging instruments: [a]					
Accrued liabilities	$ 282	$ 34	$ —	$ (308)	$ 8
Deferred credits and liabilities	$ 3	$ 6	$ —	$ (3)	$ 6

As of December 31, 2016 (in millions) (Commodity Contracts)	Fair Value Measurements Using Level 1	Level 2	Level 3	Netting [b]	Total Fair Value
Assets:					
Cash-flow hedges: [a]					
Other current assets	$ —	$ 1	$ —	$ —	$ 1
Long-term receivables and other assets, net	$ —	$ —	$ —	$ —	$ —
Derivatives not designated as hedging instruments: [a]					
Other current assets	$ 166	$ 57	$ —	$ (196)	$ 27
Long-term receivables and other assets, net	$ 2	$ 3	$ —	$ (2)	$ 3
Liabilities:					
Cash-flow hedges [a]					
Accrued liabilities	$ —	$ 6	$ —	$ —	$ 6
Deferred credits and liabilities	$ —	$ —	$ —	$ —	$ —
Derivatives not designated as hedging instruments: [a]					
Accrued liabilities	$ 172	$ 51	$ —	$ (196)	$ 27
Deferred credits and liabilities	$ 1	$ 6	$ —	$ (2)	$ 5

(a) Fair values are presented at gross amounts, including when the derivatives are subject to master netting arrangements and presented on a net basis in the consolidated balance sheets.
(b) These amounts do not include collateral. As of March 31, 2017, collateral received of $6 million has been netted against derivative assets and collateral paid of $1 million has been netted against derivative liabilities. As of December 31, 2016, collateral received of $4 million has been netted against derivative assets and collateral paid of $13 million has been netted against derivative liabilities. Collateral deposited by Occidental, mainly for initial margin, of $25 million as of March 31, 2017, and December 31, 2016, has not been reflected in these derivative fair value tables. This collateral is included in other current assets in the consolidated balance sheets.

Credit Risk

The majority of Occidental's counterparty credit risk is related to the physical delivery of energy commodities to its customers and their inability to meet their settlement commitments. Occidental manages this credit risk by selecting counterparties that it believes to be financially strong, by entering into master netting arrangements with counterparties and by requiring collateral, as appropriate. Occidental actively reviews the creditworthiness of its counterparties and monitors credit exposures against assigned credit limits by adjusting credit limits to reflect counterparty risk, if necessary. Occidental also enters into future contracts through regulated exchanges with select clearinghouses and brokers, which are subject to minimal credit risk as a significant portion of these transactions settle on a daily margin basis.

Certain of Occidental's OTC derivative instruments contain credit-risk-contingent features, primarily tied to credit ratings for Occidental or its counterparties, which may affect the amount of collateral that each would need to post. Occidental believes that if it had received a one-notch reduction in its credit ratings, it would not have resulted in a material change in its collateral-posting requirements as of March 31, 2017, and December 31, 2016.

11. Industry Segments

Occidental conducts its operations through three segments: (1) oil and gas; (2) chemical; and (3) midstream and marketing. The oil and gas segment explores for, develops and produces oil and condensate, natural gas liquids (NGLs) and natural gas. The chemical segment mainly manufactures and markets basic chemicals and vinyls. The midstream and marketing segment gathers, processes, transports, stores, purchases and markets oil, condensate, NGLs, natural gas, CO_2 and power. It also trades around its assets, including transportation and storage capacity. Additionally, the midstream and marketing segment invests in entities that conduct similar activities.

Results of industry segments generally exclude income taxes, interest income, interest expense, environmental remediation expenses, unallocated corporate expenses and discontinued operations, but include gains and losses from dispositions of segment and geographic area assets and income from the segments' equity investments. Intersegment sales eliminate upon consolidation and are generally made at prices approximating those that the selling entity would be able to obtain in third-party transactions.

The following tables present Occidental’s industry segments (in millions):

	Oil and Gas	Chemical	Midstream and Marketing	Corporate and Eliminations	Total
Three months ended March 31, 2017					
Net sales	$ 1,894	$ 1,068	$ 211	$ (216)	$ 2,957
Pre-tax operating profit (loss)	$ 220	$ 170	$ (47)	$ (148) (a)	$ 195
Income taxes	—	—	—	(78) (b)	(78)
Net income (loss)	$ 220	$ 170	$ (47)	$ (226)	$ 117
Three months ended March 31, 2016					
Net sales	$ 1,275	$ 890	$ 133	$ (175)	$ 2,123
Pre-tax operating profit (loss)	$ (485)	$ 214	$ (95)	$ (197) (a)	$ (563)
Income taxes	—	—	—	203 (b)	203
Discontinued operations, net	—	—	—	438	438
Net income (loss)	$ (485)	$ 214	$ (95)	$ 444	$ 78

(a) Includes unallocated net interest expense, administration expense, environmental remediation and other pre-tax items.
(b) Includes all foreign and domestic income taxes from continuing operations.

12. Earnings Per Share

Occidental's instruments containing rights to nonforfeitable dividends granted in stock-based awards are considered participating securities prior to vesting and, therefore, net income allocated to these participating securities has been deducted from earnings in computing basic and diluted EPS under the two-class method.

Basic EPS was computed by dividing net income attributable to common stock, net of income allocated to participating securities, by the weighted-average number of common shares outstanding during each period, net of treasury shares and including vested but unissued shares and share units. The computation of diluted EPS reflects the additional dilutive effect of stock options and unvested stock awards.

The following table presents the calculation of basic and diluted EPS for the three months ended March 31, 2017, and 2016 (in millions, except per-share amounts):

	Three months ended March 31	
	2017	2016
Basic EPS		
Income (loss) from continuing operations	$ 117	$ (360)
Discontinued operations, net	—	438
Net Income	117	78
Less: Net income allocated to participating securities	—	—
Net Income, net of participating securities	117	78
Weighted average number of basic shares	764.4	763.4
Basic EPS	$ 0.15	$ 0.10
Diluted EPS		
Net income, net of participating securities	$ 117	$ 78
Weighted average number of basic shares	764.4	763.4
Dilutive effect of potentially dilutive securities	0.8	—
Total diluted weighted average common shares	765.2	763.4
Diluted EPS	$ 0.15	$ 0.10

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

In this report, "Occidental" means Occidental Petroleum Corporation (OPC), or OPC and one or more entities in which it owns a controlling interest (subsidiaries). Portions of this report contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Actual results may differ from anticipated results, sometimes materially, and reported results should not be considered an indication of future performance. Factors that could cause results to differ include, but are not limited to: global commodity pricing fluctuations; supply and demand considerations for Occidental's products; higher-than-expected costs; the regulatory approval environment; not successfully completing, or any material delay of, field developments, expansion projects, capital expenditures, efficiency projects, acquisitions or dispositions; uncertainties about the estimated quantities of oil and natural gas reserves; lower-than-expected production from development projects or acquisitions; exploration risks; general economic slowdowns domestically or internationally; political conditions and events; liability under environmental regulations including remedial actions; litigation; disruption or interruption of production or manufacturing or facility damage due to accidents, chemical releases, labor unrest, weather, natural disasters, cyber attacks or insurgent activity; failure of risk management; changes in law or regulations; reorganization or restructuring of Occidental's operations; or changes in tax rates. Words such as "estimate," "project," "predict," "will," "would," "should," "could," "may," "might," "anticipate," "plan," "intend," "believe," "expect," "aim," "goal," "target," "objective," "likely" or similar expressions that convey the prospective nature of events or outcomes generally indicate forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements, as a result of new information, future events or otherwise. Material risks that may affect Occidental's results of operations and financial position appear in Part I, Item 1A "Risk Factors" of Occidental's Annual Report on Form 10-K for the year ended December 31, 2016 (the 2016 Form 10-K).

Consolidated Results of Operations

Occidental reported net income of $117 million for the first quarter of 2017 on net sales of $3.0 billion, compared to net income of $78 million on net sales of $2.1 billion for the first quarter of 2016. The change mainly reflected higher oil prices which were partially offset by the income from discontinued operations reported in the first quarter of 2016. Diluted earnings per share was $0.15 and $0.10 for the first quarters of 2017 and 2016, respectively.

Selected Statements of Operations Items

Net sales increased for the three months ended March 31, 2017, compared to the same period in 2016, due to higher oil, caustic soda, vinyl chloride and polyvinyl chloride prices.

Cost of sales increased for the three months ended March 31, 2017, compared to the same period in 2016, mainly due to higher prices for chemical raw materials, ethylene and energy. Depreciation, depletion and amortization (DD&A) expense decreased for the three months ended March 31, 2017, compared to the same period in 2016, mainly due to lower DD&A rates in the Permian Resources oil and gas operations.

The domestic and foreign income tax provision for the three months ended March 31, 2017, compared to the same periods in 2016, reflected higher pre-tax operating income in 2017 compared to a pre-tax operating loss in 2016.

Selected Analysis of Financial Position

See "Liquidity and Capital Resources" for a discussion about the changes in cash and cash equivalents and restricted cash.

The increase in trade receivables, net, at March 31, 2017, compared to December 31, 2016, was primarily due to higher oil prices at the end of the first quarter of 2017. The increase in inventories at March 31, 2017, compared to December 31, 2016, reflected higher crude oil storage. Assets held for sale reflected assets from the South Texas operations sold in the second quarter of 2017. The decrease in property, plant and equipment, net at March 31, 2017, compared to December 31, 2016, is primarily the result of $0.9 billion of DD&A, partially offset by capital expenditures of $0.7 billion. Current maturities of long-term debt at March 31, 2017, reflected the reclassification of 1.5-percent senior notes due February 2018 out of long-term debt.

Segment Operations

Occidental conducts its operations through three segments: (1) oil and gas; (2) chemical; and (3) midstream and marketing. The oil and gas segment explores for, develops and produces oil and condensate, NGLs and natural gas. The chemical segment mainly manufactures and markets basic chemicals and vinyls. The midstream and marketing segment gathers, processes, transports, stores, purchases and markets oil, condensate, NGLs, natural gas, CO_2 and power. It also trades around its assets, including transportation and storage capacity. Additionally, the midstream and marketing segment invests in entities that conduct similar activities.

The following table sets forth the sales and earnings of each operating segment and corporate items for the three months ended March 31, 2017, and 2016 (in millions):

	Three months ended March 31	
	2017	2016
Net Sales [(a)]		
Oil and Gas	$ 1,894	$ 1,275
Chemical	1,068	890
Midstream and Marketing	211	133
Eliminations	(216)	(175)
	$ 2,957	$ 2,123
Segment Results [(b)]		
Oil and Gas	$ 220	$ (485)
Chemical	170	214
Midstream and Marketing	(47)	(95)
	343	(366)
Unallocated Corporate Items [(b)]		
Interest expense, net	(78)	(57)
Income tax (expense) benefit	(78)	203
Other expense, net	(70)	(140)
Income (loss) from continuing operations	117	(360)
Discontinued operations, net	—	438
Net income	$ 117	$ 78

(a) Intersegment sales eliminate upon consolidation and are generally made at prices approximating those that the selling entity would be able to obtain in third-party transactions.
(b) Refer to “Significant Transactions and Events Affecting Earnings,” “Oil and Gas Segment,” “Chemical Segment,” “Midstream and Marketing Segment” and "Corporate" discussions that follow.

Significant Transactions and Events Affecting Earnings

The following table sets forth significant transactions and events that vary widely and unpredictably in nature, timing and amount, affecting Occidental's earnings for the three months ended March 31, 2017, and 2016 (in millions):

	Three months ended March 31	
	2017	2016
Oil and Gas		
Asset sales gains and other	$ —	$ 23
Total Oil and Gas	$ —	$ 23
Chemical		
Asset sales gains	$ —	$ 88
Total Chemical	$ —	$ 88
Midstream and Marketing		
No significant transactions	$ —	$ —
Corporate		
Asset impairments and related items	$ —	$ (78)
Tax effect of pre-tax adjustments [(a)]	—	33
Discontinued operations, net [(b)]	—	438
Total Corporate	$ —	$ 393
Total	$ —	$ 504

(a) The 2016 amount included benefits for the relinquishment of foreign exploration blocks.
(b) Amounts shown after tax.

Worldwide Effective Tax Rate

The following table sets forth the calculation of the worldwide effective tax rate for income from continuing operations for the three months ended March 31, 2017, and 2016 (in millions):

	Three months ended March 31	
	2017	2016
Oil and Gas	$ 220	$ (485)
Chemical	170	214
Midstream and Marketing	(47)	(95)
Unallocated Corporate Items	(148)	(197)
Pre-tax Income (loss)	195	(563)
Income tax expense (benefit)		
Federal and state	(113)	(291)
Foreign	191	88
Total	78	(203)
Income (loss) from continuing operations	$ 117	$ (360)
Worldwide effective tax rate	40%	36%

Oil and Gas Segment

Oil and gas segment earnings were $220 million for the first quarter of 2017, compared with segment losses of $485 million for the first quarter of 2016. The increase in earnings is primarily due to significantly higher realized oil prices. The pre-tax results for the first quarter of 2016 included a pre-tax gain of $121 million related to the sale of Piceance Basin operations.

The following tables set forth the production and sales volumes of oil, NGLs and natural gas per day for the three months ended March 31, 2017, and 2016. The differences between the production and sales volumes per day are generally due to the timing of shipments at Occidental's international locations where the product is loaded onto tankers.

	Three months ended March 31	
Production Volumes per Day	2017	2016
Oil (MBBL)		
United States	192	197
Middle East	152	182
Latin America	28	38
NGLs (MBBL)		
United States	52	54
Middle East	26	22
Natural Gas (MMCF)		
United States	352	388
Middle East	444	588
Latin America	8	8
Total Production Volumes (MBOE) [(a)]	584	657

	Three months ended March 31	
Sales Volumes per Day	2017	2016
Oil (MBBL)		
United States	192	197
Middle East	152	180
Latin America	27	34
NGLs (MBBL)		
United States	52	54
Middle East	26	22
Natural Gas (MMCF)		
United States	352	388
Middle East	444	588
Latin America	8	8
Total Sales Volumes (MBOE) [(a)]	583	651

(See footnote following the table below)

The following tables set forth the production and sales volumes of ongoing operations for oil, NGLs and natural gas per day for the three months ended March 31, 2017, and 2016; this excludes operations sold, exited or exiting.

	Three months ended March 31	
Production Volumes per Day	2017	2016
Oil (MBBL)		
United States [b]	190	194
Middle East [c]	152	162
Latin America	28	38
NGLs (MBBL)		
United States [b]	47	47
Middle East	26	22
Natural Gas (MMCF)		
United States [b]	244	222
Middle East [c]	444	358
Latin America	8	8
Total Production Ongoing Operations (MBOE)	559	561
Operations Sold, Exited and Exiting	25	96
Total Production Volumes (MBOE) [a]	584	657

	Three months ended March 31	
Sales Volumes per Day	2017	2016
Oil (MBBL)		
United States [b]	190	194
Middle East [c]	152	160
Latin America	27	34
NGLs (MBBL)		
United States [b]	47	47
Middle East	26	22
Natural Gas (MMCF)		
United States [b]	244	222
Middle East [c]	444	358
Latin America	8	8
Total Sales Ongoing Operations (MBOE)	558	555
Operations Sold, Exited and Exiting	25	96
Total Sales Volumes (MBOE) [a]	583	651

Note: MBBL represents thousand barrels. MMCF represents million cubic feet.

(a) Natural gas volumes have been converted to thousands of barrels of oil equivalent (MBOE) based on energy content of six million cubic feet (MMCF) of gas to one thousand barrels of oil (MBOE). Barrels of oil equivalence does not necessarily result in price equivalence.

(b) Excludes 2 MBBL, 5 MBBL and 108 MMCF of oil, NGLs and gas for the three months ended March 31, 2017, related to South Texas (held for sale at March 31, 2017). Excludes 3 MBBL, 7 MBBL and 166 MMCF of oil, NGLs and gas for the three months ended March 31, 2016, related to South Texas and Piceance sold in 2016.

(c) Excludes 20 MMBL and 230 MMCF of oil and gas for the three months ended March 31, 2016, related to Bahrain and Iraq exited in 2016.

Total average daily production volumes were 584,000 BOE for the first quarter of 2017 compared to 657,000 BOE for the first quarter of 2016. In 2017, Occidental entered into a sales agreement to sell its non-core South Texas operations; this transaction closed in April 2017. In 2016, Occidental completed the sale of the Piceance Basin operations and exited Bahrain and Iraq. These non-core domestic and international operations produced average daily volumes of 25,000 BOE and 96,000 BOE in the first quarter of 2017 and 2016, respectively. For the first quarter of 2017, total company average daily oil and gas production volumes for ongoing operations decreased by 2,000

BOE to 559,000 BOE from 561,000 BOE in the first quarter of 2016. Domestic average daily production for ongoing operations remained unchanged at 278,000 BOE for the first quarter of 2017, compared to the same prior-year period. International average daily production for ongoing operations decreased to 281,000 BOE in the first quarter of 2017 from 283,000 BOE in the first quarter of 2016. The decrease in international production is primarily attributable to pipeline disruptions in Colombia and planned maintenance at Dolphin, which were partially offset by an increase in production at Al Hosn Gas.

The following tables present information about Occidental's average realized prices and index prices for the three months ended March 31, 2017, and 2016:

	Three months ended March 31	
Average Realized Prices	2017	2016
Oil ($/BBL)		
United States	$ 48.67	$ 29.48
Middle East	$ 49.63	$ 29.68
Latin America	$ 48.26	$ 27.63
Total Worldwide	$ 49.04	$ 29.42
NGLs ($/BBL)		
United States	$ 23.07	$ 9.91
Middle East	$ 18.64	$ 13.25
Total Worldwide	$ 21.59	$ 10.86
Natural Gas ($/MCF)		
United States	$ 2.68	$ 1.50
Latin America	$ 4.77	$ 4.19
Total Worldwide	$ 2.07	$ 1.25

	Three months ended March 31	
Average Index Prices	2017	2016
WTI oil ($/BBL)	$ 51.91	$ 33.45
Brent oil ($/BBL)	$ 54.66	$ 35.08
NYMEX gas ($/MCF)	$ 3.26	$ 2.07

	Three months ended March 31	
Average Realized Prices as Percentage of Average Index Prices	2017	2016
Worldwide oil as a percentage of average WTI	94%	88%
Worldwide oil as a percentage of average Brent	90%	84%
Worldwide NGLs as a percentage of average WTI	42%	32%
Domestic natural gas as a percentage of average NYMEX	82%	73%

Worldwide commodity prices for the first quarter of 2017 were higher than the first quarter of 2016. The average quarterly WTI and Brent prices increased to $51.91 per barrel and $54.66 per barrel, respectively, for the first quarter of 2017, compared to $33.45 per barrel and $35.08 per barrel, respectively, for the first quarter of 2016. Worldwide realized crude oil prices increased by 67 percent to $49.04 per barrel for the first quarter of 2017, compared to $29.42 per barrel in the first quarter of 2016. Worldwide realized NGLs prices increased by 99 percent to $21.59 per barrel in the first quarter of 2017, compared to $10.86 per barrel in the first quarter of 2016. Domestic realized natural gas prices increased by 79 percent in the first quarter of 2017 to $2.68 per MCF, compared to $1.50 per MCF in the first quarter of 2016.

Occidental’s financial results correlate closely to the prices it obtains for its products. Significant declines in commodity prices may result in impairments to reduce the carrying value of Occidental’s oil and gas properties, while also reducing the amount of volumes that can be produced economically and the quantity and present value of proved reserves.

Chemical Segment

Chemical segment earnings for the three months ended March 31, 2017, were $170 million, compared to $214 million for the same period in 2016. Excluding the 2016 gains of $88 million for the sale of chemical assets, the higher earnings in 2017 compared to the same period in 2016 reflected significant improvements in caustic soda price and volume. In addition to caustic soda, margin improvements were seen in a majority of core products, despite increases in both ethylene and natural gas costs.

In February, OxyChem and its joint venture partner, Mexichem, began operations of an ethylene cracker in Ingleside, Texas. The project was completed on schedule and on budget. The cracker, which is operated by OxyChem, has the capacity to produce 1.2 billion pounds of ethylene per year and provide OxyChem with an ongoing source of ethylene for manufacturing vinyl chloride monomer, which Mexichem will use to produce polyvinyl chloride (PVC) resin and PVC piping systems. The companies have a 20-year supply agreement.

Midstream and Marketing Segment

Midstream and marketing losses were $47 million for the three months ended March 31, 2017, compared with losses of $95 million for the same period 2016. The decrease in midstream and marketing losses reflected higher marketing margins, higher NGLs prices impacting the gas processing business and higher transportation income from the new Ingleside Crude Oil Terminal.

Liquidity and Capital Resources

At March 31, 2017, Occidental had $1.5 billion in cash. Income and cash flows are largely dependent on the oil and gas segment's realized prices, sales volumes and operating costs. With a continued focus on capital efficiency and operational efficiency, Occidental expects to fund its liquidity needs, including future dividend payments, through cash on hand, cash generated from operations, monetization of non-core assets or investments, future borrowings, and, if necessary, proceeds from other forms of capital issuance.

Net cash provided by operating activities was $0.7 billion for both the three months ended March 31, 2017, and 2016, respectively. Cash flows were positively impacted by higher oil prices in the first three months of 2017 as compared to the same period in 2016. Cash flows in the first quarter of 2016 included $0.6 billion in operating cash flows from discontinued operations related to the Ecuador settlement. The impact of the chemical and the midstream and marketing segments on overall cash flows is typically less significant than the impact of the oil and gas segment because these segments are significantly smaller. The usage of working capital of approximately $380 million for the three months ended March 31, 2017, mainly reflected higher receivables that were the result of higher oil prices at the end of the first quarter of 2017, compared to the year-end of 2016.

Occidental’s net cash used by investing activities was $0.8 billion for the first three months of 2017, compared to $0.6 billion for the same period of 2016. Capital expenditures for the first three months of 2017 were $0.7 billion of which $0.6 billion was for the oil and gas segment, compared to $0.6 billion for the first three months of 2016 of which $0.5 billion was for the oil and gas segment. The change in capital accrual for the first three months of 2017 and 2016 primarily reflected amounts paid in those periods for capital expenditures incurred and accrued in the fourth quarter of the preceding year. The first quarter of 2016 also reflected $0.3 billion of cash received from the sale of assets.

Occidental’s net cash used by financing activities was $0.6 billion for the first three months of 2017, compared to net cash used by financing activities of $77 million for the same period of 2016. Cash used by financing activities for the first quarter of 2017 reflected the first quarter dividend payment. Restricted cash of $1.2 billion was used to pay dividends and repay $700 million of 2.5-percent senior notes in February of 2016.

As of March 31, 2017, Occidental was in compliance with all covenants of its financing agreements and had substantial capacity for additional unsecured borrowings, the payment of cash dividends and other distributions on, or acquisitions of, Occidental stock.

Environmental Liabilities and Expenditures

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

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

Refer to Note 6, *Environmental Liabilities and Expenditures,* in the *Notes to the Consolidated Condensed Financial Statements* in Part I Item 1 of this Form 10-Q and to the *Environmental Liabilities and Expenditures* section of *Management's Discussion and Analysis of Financial Condition and Results of Operations* in the 2016 Form 10-K for additional information regarding Occidental's environmental expenditures.

Lawsuits, Claims, Commitments and Contingencies

Occidental accrues reserves for outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. Occidental has disclosed its reserve balances for environmental matters. Reserve balances for other matters as of March 31, 2017, and December 31, 2016, were not material to Occidental's consolidated balance sheets. Occidental also evaluates the amount of reasonably possible losses that it could incur as a result of the matters mentioned above. Occidental has disclosed its range of reasonably possible additional losses for sites where it is a participant in environmental remediation. Occidental believes that other reasonably possible losses which it could incur in excess of reserves accrued on the balance sheet would not be material to its consolidated financial position or results of operations. For further information, see Note 7, *Lawsuits, Claims, Commitments and Contingencies,* in the *Notes to Consolidated Condensed Financial Statements* in Part I Item 1 of this Form 10-Q.

Recently Adopted Accounting and Disclosure Changes

See Note 3, *Accounting and Disclosure Changes*, in the Notes to Condensed Consolidated Financial Statements in Part I Item 1 of this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For the three months ended March 31, 2017, there were no material changes in the information required to be provided under Item 305 of Regulation S-K included under Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in the 2016 Form 10-K.

Item 4. Controls and Procedures

Occidental's President and Chief Executive Officer and its Senior Vice President and Chief Financial Officer supervised and participated in Occidental's evaluation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, Occidental's President and Chief Executive Officer and Senior Vice President and Chief Financial Officer concluded that Occidental's disclosure controls and procedures were effective as of March 31, 2017.

There has been no change in Occidental's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the first three months of 2017 that has materially affected, or is reasonably likely to materially affect, Occidental's internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding other legal proceedings, see Note 7, *Lawsuits, Claims, Commitments and Contingencies* in the Notes to Condensed Consolidated Financial Statements, in Part I Item 1 of this Form 10-Q, and Part I Item 3, “Legal Proceedings” in the 2016 Form 10-K.

Item 6. Exhibits

10.1	Form of 2017 Occidental Petroleum Corporation 2015 Long-Term Incentive Plan Restricted Stock Unit Incentive Award.
10.2*	Form of 2016 Occidental Petroleum Corporation 2015 Long-Term Incentive Plan Total Shareholder Return Incentive Award (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 2016, File No. 1-9210).
12	Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the three months ended March 31, 2017, and 2016, and for each of the five years in the period ended December 31, 2016.
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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101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

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* Incorporated herein by reference

SIGNATURES

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

OCCIDENTAL PETROLEUM CORPORATION

DATE: May 4, 2017	/s/ Jennifer M. Kirk
	Jennifer M. Kirk Vice President, Controller and Principal Accounting Officer

EXHIBIT INDEX

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OCCIDENTAL PETROLEUM CORPORATION

2015 LONG-TERM INCENTIVE PLAN

NOTICE OF GRANT
OF RESTRICTED STOCK UNIT INCENTIVE AWARD
(Time and Performance Vesting: Equity-settled Award; Section 16 Officers)

Pursuant to the Occidental Petroleum Corporation 2015 Long-Term Incentive Plan, as the same may be amended from time to time (the "***Plan***"), OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation ("***Occidental***" and, with its Subsidiaries, the "***Company***"), grants you (the "***Grantee***") an award on the terms and conditions set forth herein (the "***Award***"). By accepting this Award, the Grantee agrees, to the extent not contrary to applicable law, to (1) the terms and conditions of the Plan and this Notice of Grant of Restricted Stock Unit Incentive Award (the "***Notice of Grant***"), (1) the Standard Award Terms and Conditions set out on Attachment 1 hereto, including the arbitration provisions thereof (the "***Terms and Conditions***"), and (1) the General Terms of Employment set out on Attachment 2 hereto, which, in the case of (ii) and (iii), are incorporated in this Notice of Grant by reference. Capitalized terms used but not defined herein shall, unless otherwise indicated, have the meanings set forth in the Plan. This Notice of Grant (along with the Terms and Conditions and all other incorporated attachments and exhibits) and the Award evidenced hereby are collectively referred to as the "***Award Agreement.***"

Date of Grant:	
Award Type and Description:	Restricted Stock Units granted pursuant to Section 6(e) of the Plan that have been designated as a Performance Award under Section 6(k) of the Plan, which Award is a bookkeeping entry that represents the right to receive a number of shares of Stock up to the number indicated below under "*Number of Shares*," subject to the terms and conditions of the Award Agreement. This Award is also intended to constitute a Section 162(m) Award granted under Section 6(k)(i) of the Plan (even if the Grantee is not a Covered Employee on the Date of Grant). The Grantee's right to receive payment of this Award shall vest and become nonforfeitable upon the (i) the Committee's certification of the level of achievement of the applicable Performance Goal (defined below) <u>and</u> (ii) the Grantee's satisfaction of the continued service requirements described below under "*Time Vesting Schedule and Forfeiture.*"
Number of Shares:	See Morgan Stanley "StockPlan Connect/Stock-Based Awards/ Awarded" for the total number of Restricted Stock Units subject to the Award.
Performance Period:	[ ] through [ ] (the "***Performance Period***").
Performance Goals:	"Performance Goals" to be based on "operating cash flow," "adjusted cash flow from operations," "working capital" and "production volumes" (each as described in the Plan).For purposes of this Award, "***Eligible Restricted Stock Units***" means the total number of Restricted Stock Units subject to this Award or, if the total number of Restricted Stock Units with respect to which Grantee may receive payment under this Award is reduced, the total number of Restricted Stock Units subject to this Award as so reduced.

Time Vesting Schedule and Forfeiture:	Vesting Date. If the Committee certifies that an applicable Performance Goal is satisfied with respect to the Performance Period, the Grantee must also remain in the continuous employ of the Company from the Date of Grant through each applicable vesting date (each, a "***Vesting Date***"), in accordance with the schedule below, to receive payment of the Eligible Restricted Stock Units subject to this Award. The vesting schedule shall commence on [ ] (the "***Vesting Start Date***").
	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.
	Termination of Employment. Notwithstanding the foregoing, if, prior to any Vesting Date, the Grantee (i) dies, or (ii) becomes permanently disabled while in the employ of the Company and terminates employment as a result thereof, or (iii) retires with the consent of the Company, or (iv) is terminated by the Company without Cause (each of the foregoing, a "***Forfeiture Event***"), then the number of unvested Eligible Restricted Stock Units will be reduced on a pro rata basis to the number obtained by (A) multiplying the total number of Eligible Restricted Stock Units by a fraction, the numerator of which is the number of days between the Vesting Start Date and the Forfeiture Event and the denominator of which is the number of days between the Vesting Start Date and the final Vesting Date, and (B) subtracting from the product the number of Eligible Restricted Stock Units that previously vested, if any (the "***Pro Rata Unvested RSUs***"). Such Pro Rata Unvested RSUs shall immediately vest and become nonforfeitable on the date of the Forfeiture Event, and all other Restricted Stock Units that have not previously vested shall be immediately forfeited; provided, that, notwithstanding the foregoing, if the Forfeiture Event occurs prior to the end of the Performance Period, then vesting of such Pro Rata Unvested RSUs shall remain subject to attainment of the applicable Performance Goal or the occurrence of a Change in Control. If the Grantee terminates employment voluntarily or is terminated for Cause before any Vesting Date, then the Award will terminate automatically on the date of the Grantee's termination and the Grantee shall immediately forfeit all unvested Restricted Stock Units.

Change in Control. If a Change in Control occurs following a Forfeiture Event but prior to the end of the Performance Period, then the Pro Rata Unvested RSUs shall become immediately vested and nonforfeitable and the Performance Goal shall be deemed to be attained as of the date of the Change in Control. For the avoidance of doubt, Restricted Stock Units previously forfeited as a result of the Forfeiture Event shall not become vested pursuant to this paragraph.

If a Forfeiture Event has not occurred and a Change in Control occurs prior to the end of the Performance Period, then the Performance Goal shall be deemed to be attained as of the date of the Change in Control and vesting and payment of the total number of Restricted Stock Units subject to this Award (which shall be deemed the Eligible Restricted Stock Units) shall remain subject to the continued service requirements described above under "Time Vesting Schedule and Forfeiture" and to the provisions of this paragraph. If a Forfeiture Event has not occurred and a Change in Control occurs prior to the final Vesting Date and the Grantee's employment is terminated by the Company without Cause or by the Grantee for Good Reason, in either case within 12 months following the date of such Change in Control, then the number of unvested Eligible Restricted Stock Units (determined after applying the preceding sentence, if applicable) will be reduced on a pro rata basis to the number obtained by (i) multiplying the total number of Eligible Restricted Stock Units by a fraction, the numerator of which is the number of days between the Vesting Start Date and the date the Grantee's employment was so terminated (such date, the "***CIC Related Vesting Date***"), and the denominator of which is the number of days between the Vesting Start Date and the final Vesting Date, and (ii) subtracting from the product the number of Eligible Restricted Stock Units that previously vested, if any; and all other Restricted Stock Units with respect to which the continued vesting requirements have not been met as of the CIC Related Vesting Date shall be immediately forfeited. In addition, the Grantee shall be deemed to have a CIC Related Vesting Date such that the treatment in the preceding sentence shall apply (A) on the date at any time following the occurrence of a Change in Control and prior to the final Vesting Date on which the Grantee dies, becomes permanently disabled while in the employ of the Company and terminates employment as a result thereof, or retires with the consent of the Company, or (B) if the Grantee has accrued 12 months of continuous employment with the Company following the Change in Control, on the date following the 12 month anniversary of the Change in Control date and prior to the final Vesting Date on which the Grantee's employment is terminated by the Company without Cause. For the avoidance of doubt, the occurrence of a Change in Control is not intended to change the protections provided to the Grantee in the event of the Grantee's death, permanent disability, or retirement with consent of the Company occurring prior to the a Change in Control. Such remaining pro rata unvested Eligible Restricted Stock Units shall immediately vest and become nonforfeitable on the CIC Related Vesting Date, unless, prior to the occurrence of the Change in Control, the Committee determines in its discretion that such event will not accelerate vesting of any of the Restricted Stock Units covered by this Award. Any such determination by the Committee is binding on the Grantee.

Payment of Award:

Payment for vested Eligible Restricted Stock Units will be made solely in shares of Stock, which will be issued to the Grantee as promptly as practicable after the Vesting Date, Forfeiture Event or CIC Related Vesting Date, as applicable (or, in the case of a Forfeiture Event occurring during the Performance Period but prior to a Change in Control, the end of the Performance Period or, if earlier, the occurrence of a Change in Control) (the "***Payment Trigger Date***"), and in any event no later than the 15th day of the third month following the end of the first taxable year in which the Eligible Restricted Stock Units are no longer subject to a substantial risk of forfeiture.

Notwithstanding the foregoing, in the event the Award is determined to be subject to Nonqualified Deferred Compensation Rules, all payments hereunder will be made no later than the end of the year in which the Payment Trigger Date occurs, except to the extent Section 9(n) of the Plan requires payment on the Grantee's Section 409A Payment Date.

Dividends, Voting and Other Rights: Restricted Stock Units are not shares of Stock and have no voting rights or, except as described in this paragraph, dividend rights. With respect to each Restricted Stock Unit subject to this Award, the Grantee is also awarded Dividend Equivalents with respect to one share of Stock, which means that, in the event that Occidental declares and pays a cash dividend on its outstanding Stock and, on the record date for such dividend, the Grantee holds Eligible Restricted Stock Units that have not been settled or forfeited pursuant to the terms of the Award Agreement, then the Grantee will be credited on the books and records of Occidental with an amount equal to the amount per share of any such cash dividend for each outstanding Eligible Restricted Stock Unit. The Grantee will be credited with such Dividend Equivalents for the period beginning on the Vesting Start Date and ending on the last day of the Performance Period (or the date the Grantee forfeits his rights with respect to the Restricted Stock Units, if earlier), with any such accrued Dividend Equivalents paid to the Grantee in cash no later than [ ]. Following the end of the Performance Period and provided the Performance Goal has been achieved, Dividend Equivalents with respect to outstanding Eligible Restricted Stock Units will be paid to Grantee at the same time dividends are paid to the Company's stockholders generally, and in any event no later than the 15th day of the third month following the end of the first taxable year in which the Dividend Equivalents are no longer subject to a substantial risk of forfeiture.

For purposes of clarity, if Restricted Stock Units are forfeited by the Grantee, then the Grantee shall also forfeit the Dividend Equivalents, if any, accrued with respect to such Restricted Stock Units.

Holding Period:	The shares of Stock ultimately received by the Grantee in connection with the vesting of Restricted Stock Units on [ ] must be held by the Grantee until [ ]. The shares of Stock ultimately received by the Grantee in connection with the vesting of Restricted Stock Units on [ ] must be held by the Grantee until [ ]. The shares of Stock ultimately received by the Grantee in connection with the vesting of Restricted Stock Units on [ ] must be held by the Grantee until [ ]. Notwithstanding the immediately preceding paragraph, to the extent that the Grantee is subject to Occidental's Executive Stock Ownership Guidelines, as in effect from time to time (the "***Ownership Guidelines***"), and the Grantee's Stock holdings fail, as of the last day of an applicable holding period set forth in the immediately preceding paragraph, to satisfy the applicable requirements of the Ownership Guidelines, then the Grantee shall continue to retain Beneficial Ownership (as defined below) of all shares of Stock ultimately received by the Grantee in connection with the vesting of Restricted Stock Units on the related vesting date until the Grantee satisfies the applicable requirements of the Ownership Guidelines (the "***Beneficial Ownership Period***"). Compliance with the foregoing requirement shall be determined by reference to the reports filed by the Grantee on Forms 3, 4 and 5, as applicable, pursuant to Section 16(a) of the Exchange Act. For purposes of this paragraph, the term "***Beneficial Ownership***" has the meaning ascribed in Rule 16a-1(a)(2) under the Exchange Act. Notwithstanding the immediately preceding two paragraphs, upon a Grantee's separation of employment with Occidental, such Grantee shall no longer be subject to the two-year holding requirement or Occidental's Executive Stock Ownership Guidelines.

ATTACHMENT 1

OCCIDENTAL PETROLEUM CORPORATION
2015 LONG TERM INCENTIVE PLAN

STANDARD AWARD TERMS AND CONDITIONS

The following Standard Award Terms and Conditions (these "***Terms and Conditions***") are set forth as of the Date of Grant specified in the Notice of Grant of Restricted Stock Unit Incentive Award to which these Terms and Conditions are attached (the "***Notice of Grant***"), by and between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation ("***Occidental***" and, with its Subsidiaries, the "***Company***"), and the eligible individual (the "***Grantee***") receiving the award described in the Notice of Grant (the "***Award***"). The Award is granted in accordance with the Occidental Petroleum Corporation 2015 Long Term Incentive Plan, as the same may be amended from time to time (the "***Plan***"). Capitalized terms used but not defined herein shall, unless otherwise indicated, have the meanings set forth in the Plan. These Terms and Conditions, the Notice of Grant (along with all incorporated attachments and exhibits) and the Award evidenced thereby are collectively referred to herein as the "***Award Agreement***."

1. **Acceptance of Award**. If the Grantee fails to accept the Award prior to the next record date for the payment of dividends on the Stock subsequent to the Date of Grant, then, notwithstanding any other provision of the Award Agreement, the Grantee shall forfeit all rights under the Award (including all shares of Stock subject thereto) and the Award will become null and void. For purposes of this Section 1, acceptance of the Award shall occur on the date the Grantee accepts the Award through Morgan Stanley StockPlan Connect or any replacement online system designated by the Company.

2. **No Employment Contract**. Nothing in the Award Agreement 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. Unless otherwise agreed in a writing signed by the Grantee and an authorized representative of the Company, the Grantee's employment with the Company is at will and may be terminated at any time by the Grantee or the Company.

3. **Restrictions on Transfer**. Neither the Award Agreement nor any right to receive shares of Stock or cash pursuant to the Award Agreement may be transferred or assigned by the Grantee other than in accordance with the transfer restrictions set forth in the Plan.

4. **Taxes and Withholding**.

(a) Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local tax and non-U.S. tax), social insurance, payroll tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("***Tax-Related Items***"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount, if any, actually withheld by the Company. The Grantee further acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, as applicable, the grant, vesting or settlement of the Award and the receipt of any dividends or Dividend Equivalents thereon; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any other aspect of the Award to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee has become subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Grantee acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to the relevant taxable event, the Grantee shall pay or make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company to withhold all applicable Tax-Related Items legally payable by the Grantee (i) in connection with the vesting of the Award and/or the issuance of any shares of Stock or the payment of any cash or other consideration pursuant to the Award in accordance with the Notice of Grant (other than the crediting and payment of any dividends or Dividend Equivalents, as applicable), from any cash and shares of Stock that are to be paid or issued to the Grantee pursuant to the Award, in any combination as determined by the Committee, or (ii) in connection with the granting of the Award or the crediting and payment of any dividends or Dividend Equivalents, as applicable, first from the cash payable pursuant to the Award (including any dividends or Dividend Equivalents) and, if not sufficient, from the Grantee's wages or other cash compensation. The Grantee shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of the Grantee's receipt of the Award that cannot be satisfied by the means previously described.

5. **Compliance with Law**. The Company will make reasonable efforts to comply with all applicable federal, state and non-U.S. laws, and the Company will not issue any shares of Stock or other securities pursuant to the Award Agreement if such issuance would result in a violation of any such law. Further, if it is not feasible for the Company to comply with these laws with respect to the grant or settlement of the Award, then the Award may be cancelled without any compensation or additional benefits provided to Grantee as a result of the cancellation.

6. **Relation to Other Benefits**. The benefits received by the Grantee under the Award Agreement 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 Award is 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. The grant of the Award does not create any contractual or other right to receive future grants of, or benefits in lieu of, awards under the Plan, even if Grantee has a history of receiving awards under the Plan or other cash or stock awards.

7. **Beneficial Ownership Requirements**. If the Grantee (a) was a Named Executive Officer for the last completed fiscal year prior to vesting of the Award, and (b) is, as of the date of vesting of the Award, subject to Occidental's Executive Stock Ownership Guidelines, as in effect from time to time (the "***Ownership Guidelines***"), and the Grantee's Stock holdings fail as of such date to satisfy the applicable requirements of the Ownership Guidelines, then the Grantee shall retain Beneficial Ownership of shares of Stock equal to not less than 50% of the net after-tax shares of Stock, if any, received under the Award until the Grantee satisfies the applicable requirements of the Ownership Guidelines (the "***Beneficial Ownership Period***"). Compliance with the foregoing requirement shall be determined by reference to the reports filed by the Grantee on Forms 3, 4 and 5, as applicable, pursuant to Section 16(a) of the Exchange Act, and the aggregate number of shares of Stock reported as Beneficially Owned during the Beneficial Ownership Period shall not be less than the sum of the number of shares of Stock then required to be so owned pursuant to this Award Agreement and the terms and conditions of any other grant containing this or a similar requirement. For purposes of this Section 7, the term "***Beneficial Ownership***" has the meaning

ascribed in Rule 16a-1(a)(2) under the Exchange Act and the term "***Named Executive Officer***" has the meaning ascribed in Item 402 of Regulation S-K under the Exchange Act.

8. **Golden Parachute Policy**. Notwithstanding any provision in the Award Agreement to the contrary, no payment shall be made with respect to the Award that would cause the total payments made to the Grantee to exceed the limits in Occidental's Golden Parachute Policy, as in effect from time to time.

9. **Adjustments**. The number and kind of shares of Stock covered by the Award are subject to adjustment pursuant to the allowances set forth in the Plan in order to prevent dilution or expansion of the Grantee's rights under the Award 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 or event having a similar effect. If any such adjustment occurs, the Company will give the Grantee written notice of the adjustment.

10. **Amendments**. The Plan may be amended, altered, suspended, discontinued or terminated by the Board at any time, as provided in the Plan. Any amendment to the Plan will be deemed to be an amendment to the Award Agreement to the extent it is applicable to the Award; however, no amendment may materially and adversely affect the rights of the Grantee under the Award Agreement without the Grantee's consent. In addition, the Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate the Award Agreement, except as otherwise provided in the Plan; provided, that, without the Grantee's consent, no such Committee action may materially and adversely affect the rights of the Grantee under the Award.

11. **Severability**. If one or more of the provisions of the Award Agreement 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 the Award Agreement, and the remaining provisions of the Award Agreement will continue to be valid and fully enforceable.

12. **Entire Agreement; Relation to Plan; Interpretation**. Except as specifically provided in this Section 12, the Award Agreement (including these Terms and Conditions, the Notice of Grant and all incorporated attachments and exhibits) constitutes the entire agreement between the Company and the Grantee with respect to the Award. The Award Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between the Award Agreement and the Plan, the provisions of the Plan control. References to Sections and Attachments are to Sections of, and Attachments incorporated in, the Award Agreement unless otherwise noted. In the event of any inconsistent provisions between the Award Agreement and any employment agreement between the Grantee and the Company, the provisions of the Award Agreement control, except with respect to Section 21 below.

13. **Successors and Assigns**. Subject to any transfer or forfeiture restrictions set forth in the Notice of Grant, the provisions of the Award Agreement 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.

14. **Beneficiaries**.

(a) The Grantee shall have the option of designating a beneficiary ("***Beneficiary***") to receive settlement of, or exercise (as applicable), the Grantee's Award upon the Grantee's death.

(b) If no Beneficiary is designated at the time of the Grantee's death, or if no Beneficiary survives the Grantee, the Beneficiary shall be the Grantee's surviving spouse, or if the Grantee has no surviving spouse, the Grantee's surviving children equally, or if there are no surviving children, the Grantee's surviving parents equally, or if there is no surviving parent, the Grantee's surviving siblings equally, or if there is no sibling living, the Grantee's estate.

(c) In order to designate a Beneficiary or change a previous designation, the Grantee must complete a Long-Term Incentive Beneficiary Designation Form (beneficiary designations submitted on other forms or in any other format will not be accepted). The Grantee should read the Long-Term Incentive Beneficiary Form carefully, follow the instructions and complete the form in its entirety according to the instructions, obtain any necessary signatures according to the form, sign and date the form, and return to Executive Compensation Department, c/o Occidental Petroleum Corporation, 5 Greenway Plaza, Suite 110, Houston, Texas, 77046. The Grantee should also keep a copy of the form for the Grantee's records. Upon acceptance, the Grantee's designation will cancel any previous designations. The Grantee's Beneficiary designation shall not affect any designation by the Grantee under any other benefit plan.

(d) The Grantee should consider submitting a new Beneficiary designation if: (1) the Grantee's marital status changes, (2) one of the Grantee's previously designated Beneficiaries dies before the Grantee, or (3) the Grantee acquires or loses dependents. To determine the tax consequences associated with the Grantee's designation, it is recommended that the Grantee consult with a qualified tax advisor or estate planner.

15. **Governing Law**. The laws of the State of Delaware govern the interpretation, performance, and enforcement of the Award Agreement (including these Terms and Conditions, the Notice of Grant and all incorporated attachments and exhibits).

16. **Privacy Rights**. By accepting the 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 the Award Agreement 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 Grantee understands that 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 the Company, details of the Award or any other entitlement to cash or 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 the Award, 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 Committee in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

17. **Electronic Delivery and Acceptance**. The Company may, in its sole discretion, decide to deliver any documents related to the Award 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 online or electronic system established and maintained by the Company or another third party designated by the Company.

18. **Grantee's Representations and Releases**.

(a) By accepting the Award, the Grantee acknowledges that the Grantee has read the Award Agreement (including these Terms and Conditions, the Notice of Grant and all incorporated attachments and exhibits) and understands that (i) the grant of the 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 the Award is granted; (ii) all decisions with respect to future awards, if any, will be at the sole discretion of Occidental; (iii) the Grantee's participation in the Plan is voluntary; (iv) the Award is an extraordinary item that does not constitute a regular and recurring item of base compensation; (v) the future value of any shares of Stock issued and/or the future amount of cash, if any, payable pursuant to the Award cannot be predicted and Occidental does not assume liability in the event the Award or any such shares of Stock have no value in the future; (vi) 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; and (vii) Occidental is not providing any tax, legal or financial advice with respect to the Award or the Grantee's participation in the Plan.

(b) In consideration of the grant of the Award, no claim or entitlement to compensation or damages shall arise from termination of the Award or diminution in value of the Award or the shares of Stock issued pursuant to the Award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever) and, to the extent permitted by law, 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 the Award, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

19. **Imposition of Other Requirements**. Occidental reserves the right to impose other requirements on the Grantee's participation in the Plan and on the Award, to the extent Occidental determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. **Compliance with Section 409A of the Code**. Unless specified otherwise in the Notice of Grant, all amounts payable pursuant to the Award are intended to comply with the "short term deferral" exception in the Nonqualified Deferred Compensation Rules, and the Company shall take all reasonable actions in order to settle the Award within the period necessary to qualify for such exception. Notwithstanding the foregoing, to the extent that it is determined that the Plan or the Award is subject to the Nonqualified Deferred Compensation Rules, the Award Agreement shall be interpreted and administered in such a way as to comply with the applicable provisions of the Nonqualified Deferred Compensation Rules to the maximum extent possible. In addition, if the Award is subject to the Nonqualified Deferred Compensation Rules, then (i) the settlement of the Award or some portion of the Award may be delayed in accordance with the applicable terms of Section 9(n) of the Plan; (ii) any payment on a Change in Control event will be made only if the Change in Control also qualifies as a change of control event within the meaning of the Nonqualified Deferred Compensation Rules; and (iii) any determination by the Committee not to accelerate the Award on a Change in Control shall be made only to the extent such determination is consistent with the Nonqualified Deferred Compensation Rules. To the extent that the Board determines that the Plan or the Award is subject to the Nonqualified Deferred Compensation Rules and fails to comply with the requirements of the Nonqualified Deferred Compensation Rules, the Board reserves the right (without any obligation to do so) to amend or terminate the Plan and/or amend, restructure, terminate or replace the Award in order to cause the Award to either not be subject to the Nonqualified Deferred Compensation Rules or to comply with the applicable provisions of such rules.

21. **Clawback**. The Award shall be subject to the clawback provisions set forth in Section 9(m) of the Plan.

22. **Arbitration**.

(a) **Any dispute arising out of or in any way related to the Grantee's employment with the Company, or the termination of that employment, will be decided exclusively by final and binding arbitration pursuant to any procedures required by applicable law. To the extent not inconsistent with applicable law, any arbitration will be submitted to American Arbitration Association ("AAA") and subject to AAA Employment Arbitration Rules and Mediation Procedures in effect at the time of filing of the demand for arbitration. Only the following claims are excluded from this Section 21: (i) claims for workers' compensation, unemployment compensation, or state disability benefits, and claims based upon any pension or welfare benefit plan the terms of which contain an arbitration or other non-judicial dispute resolution procedure, (ii) to the extent permitted by applicable law, claims for provisional remedies to maintain the status quo pending the outcome of arbitration, (iii) claims based on compensation award agreements and incentive plans, and (iv) claims which are not permitted by applicable law to be subject to a binding pre-dispute arbitration agreement.**

(b) **Any controversy regarding whether a particular dispute is subject to arbitration under this Section 21 shall be decided by the arbitrator.**

(c) **To the extent required under applicable law, the Grantee's responsibility for payment of the neutral arbitrator's fees and expenses shall be limited to an amount equal to the filing fee that would be required for a state trial court action and the Company shall pay all remaining fees and expenses of the arbitrator. Unless otherwise required under applicable law, the parties shall each pay their pro rata share of the neutral arbitrator's expenses and fees. Any controversy regarding the payment of fees and expenses under this arbitration provision shall be decided by the arbitrator.**

(d) **The arbitrator may award any form of remedy or relief (including injunctive relief) that would otherwise be available in court. Any award pursuant to said arbitration shall be accompanied by a written opinion of the arbitrator setting forth the reason for the award. The award rendered by the arbitrator shall be conclusive and binding upon the parties hereto, and judgment upon the award may be entered, and enforcement may be sought in, any court of competent jurisdiction. To the extent not inconsistent with applicable laws, the arbitrator will have the authority to hear and grant motions.**

ATTACHMENT 2

GENERAL TERMS OF EMPLOYMENT

A. Except as otherwise required by law or legal process, the Grantee will not publish or divulge to any person, firm, corporation or institution and will not use to the detriment of Occidental, or any of its Subsidiaries or other Affiliates, or any of their respective officers, directors, employees or stockholders (collectively, "***Occidental Parties***"), at any time during or after the Grantee's employment by any of them, any trade secrets or confidential information of any of them (whether generated by them or as a result of any of their business relationships), including such information as described in Occidental's Code of Business Conduct and other corporate policies, without first obtaining the written permission of an officer of the Company.

B. At the time of leaving employment with the Company, the Grantee will deliver to the Company, and not keep or deliver to anyone else, any and all credit cards, drawings, blueprints, specifications, devices, notes, notebooks, memoranda, reports, studies, correspondence and other documents, and, in general, any and all materials relating to the Occidental Parties (whether generated by them or as a result of their business relationships), including any copies (whether in paper or electronic form), that the Grantee has in the Grantee's possession or control.

C. The Grantee will, during the Grantee's employment by the Company, comply with the provisions of Occidental's Code of Business Conduct.

D. Except as otherwise required by the Grantee's job or permitted by law, the Grantee will not make statements about any Occidental Parties (a) to the press, electronic media, to any part of the investment community, to the public, or to any person connected with, employed by or having a relationship with any of them without permission of an officer of the Company or (b) that are derogatory, defamatory or negative. Nothing herein, however, shall prevent Grantee from making a good faith report or complaint to appropriate governmental authorities. To the fullest extent permitted by law, Grantee will not interfere with or disrupt any of the Company's operations or otherwise take actions intended directly to harm any of the Occidental Parties.

E. All inventions, developments, designs, improvements, discoveries and ideas that the Grantee makes or conceives in the course of employment by the Company, whether or not during regular working hours, relating to any design, article of manufacture, machine, apparatus, process, method, composition of matter, product or any improvement or component thereof, that are manufactured, sold, leased, used or under development by, or pertain to the present or possible future business of the Company shall be a work-for-hire and become and remain the property of Occidental, its successors and assigns.

The provisions of this Section do not apply to an invention that qualifies fully under the provisions of Section 2870 of the California Labor Code, which provides in substance that provisions in an employment agreement providing that an employee shall assign or offer to assign rights in an invention to his or her employer do not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, except for those inventions that either (a) relate, at the time of conception or reduction to practice of the invention, (1) to the business of the employer or (2) to the employer's actual or demonstrably anticipated research or development, or (b) result from any work performed by the employee for the employer.

F. The foregoing General Terms of Employment are not intended to be an exclusive list of the employment terms and conditions that apply to the Grantee. The Company, in its sole discretion, may at any time amend or supplement the foregoing terms. The Grantee's breach of the foregoing General Terms of Employment will entitle the Company to take appropriate disciplinary action, including, without limitation, reduction of the Award granted pursuant to this Award Agreement and termination of employment.

EXHIBIT 12

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF TOTAL ENTERPRISE RATIOS OF EARNINGS TO FIXED CHARGES

(Amounts in millions, except ratios)

	Three months ended March 31,		Year Ended December 31				
	2017	2016	2016	2015	2014	2013	2012
Income from continuing operations	$ 117	$ (360) (a)	$ (1,002)	$ (8,146)	$ (130)	$ 4,932	$ 3,829
Add/(Subtract):							
Net income attributable to noncontrolling interest	—	—	—	—	(14)	—	—
Adjusted income from equity investments (b)	9	13	43	21	64	52	163
	126	(347)	(959)	(8,125)	(80)	4,984	3,992
Add:							
Provision for taxes on income (other than foreign oil and gas taxes)	(90)	(270)	(1,281)	(2,070)	(280)	1,353	249
Interest and debt expense	81	60	292	147	77	132	149
Portion of lease rentals representative of the interest factor	31	14	79	63	52	60	58
	22	(196)	(910)	(1,860)	(151)	1,545	456
Earnings before fixed charges	$ 148	$ (543)	$ (1,869)	$ (9,985)	$ (231)	$ 6,529	$ 4,448
Fixed charges:							
Interest and debt expense including capitalized interest	$ 98	$ 74	$ 356	$ 285	$ 257	$ 269	$ 254
Portion of lease rentals representative of the interest factor	31	14	79	63	52	60	58
Total fixed charges	$ 129	$ 88	$ 435	$ 348	$ 309	$ 329	$ 312
Ratio of earnings to fixed charges	1.15	(7.29)	(4.30)	(28.69)	(0.75)	19.83	14.26
Insufficient coverage	—	(631) (c)	(2,304)	(10,333)	(540)		

Note: Results of California Resources Corporation have been reflected as discontinued operations for all periods presented.

(a) The 2016 first quarter amount includes a $78 million dollar after-tax impairment charge related to the special stock dividend of California Resources shares.

(b) Represents adjustments to arrive at distributed income from equity investees.

(c) The 2016 first quarter ratio of earnings to fixed charges excluding certain items (a) was (6.24).

EXHIBIT 31.1

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

I, Vicki A. Hollub, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Occidental Petroleum Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2017

/s/ Vicki Hollub
Vicki Hollub
President and Chief Executive Officer

EXHIBIT 31.2

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

I, Christopher G. Stavros, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Occidental Petroleum Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2017

/s/ Christopher G. Stavros
Christopher G. Stavros
Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q of Occidental Petroleum Corporation (the “Company”) for the fiscal period ended March 31, 2017, as filed with the Securities and Exchange Commission on May 4, 2017 (the “Report”), Vicki Hollub, as Chief Executive Officer of the Company, and Christopher G. Stavros, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of her or his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Vicki Hollub

Name:	Vicki Hollub
Title:	President and Chief Executive Officer
Date:	May 4, 2017

/s/ Christopher G. Stavros

Name:	Christopher G. Stavros
Title:	Senior Vice President and Chief Financial Officer
Date:	May 4, 2017

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.