

OCCIDENTAL PETROLEUM CORP /DE/
Form 8-K
July 22, 2002

=====

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) JULY 22, 2002

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

DELAWARE	1-9210	95-4035997
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

10889 WILSHIRE BOULEVARD	
LOS ANGELES, CALIFORNIA	90024
(Address of principal executive offices)	(ZIP code)

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

=====

Item 5. Other Events and Regulation FD Disclosure

On July 22, 2002, Occidental Petroleum Corporation announced net income for the second quarter 2002 of \$240 million (\$0.64 per share), compared with \$473 million (\$1.27 per share) for the second quarter 2001. Earnings before special items were \$466 million (\$1.25 per share) for the second quarter 2001. There were no special items in the second quarter 2002.

Occidental's net income for the second quarter 2002 of \$240 million (\$0.64 per share), improved significantly compared with \$25 million (\$0.07 per share) for the first quarter 2002, which included a goodwill write off and severance charges of \$104 million after tax. Earnings before special items for the first quarter 2002 were \$129 million (\$0.34 per share).

In announcing the results, Dr. Ray R. Irani, chairman and chief executive officer, said, "Our second quarter oil and gas production increased by 14 percent compared to last year, with volumes rising from an average of 450,000 to

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

512,000 barrels of oil equivalent per day. Despite the sharp increase in production, our profits were down significantly due primarily to much lower gas prices. We're encouraged by the improvement in our profits compared to the first quarter. The improvement was driven by higher oil and gas prices and by strengthening chemical markets for our products. We're on target to increase oil and gas production by more than 5 percent this year, and we expect production growth to continue at an average annual rate of 5 percent through 2006 - based solely on current development projects.

Our chemical business was aided significantly by improved prices. We expect additional improvement in the chemical business in the third quarter."

OIL AND GAS

Oil and gas segment earnings were \$421 million for the second quarter 2002, compared with \$806 million for the second quarter 2001. The decline in the second quarter 2002 earnings reflected the effect of lower prices of approximately \$400 million, primarily for domestic natural gas, and higher exploration expense, partially offset by higher production volumes.

For the first quarter 2002, oil and gas segment earnings were \$306 million. The increase in earnings, in the second quarter 2002 compared with the first quarter, primarily reflected higher crude oil and natural gas prices, partially offset by higher exploration expense.

For the first six months of 2002, production volumes increased approximately 12 percent to 518,000 barrels of oil equivalent per day (BOE) compared with 463,000 for the same period of 2001. The increase reflects higher worldwide crude oil and liquids production, particularly in California, Colombia and the Middle East.

CHEMICALS

Chemical segment earnings were \$33 million for the second quarter 2002, compared with \$58 million for the second quarter 2001. The decline in the second quarter 2002 earnings reflected lower sales prices for caustic soda and PVC, partially offset by higher EDC prices and lower energy and raw material costs.

2

The first quarter 2002 segment results after special items were a loss of \$35 million. The improvement in earnings in the second quarter 2002 compared with the first quarter reflected higher sales prices for chlorine, EDC and PVC and better performance of our Equistar petrochemical investment, partially offset by lower caustic soda prices and higher energy and raw material costs. Core chemical operations, which excludes Equistar, earned \$37 million in the second quarter 2002 compared with \$15 million before special items in the first quarter. Equistar results in the second quarter 2002 improved to a loss of \$4 million, compared with a \$36 million loss in the first quarter. The sale of Occidental's Equistar interest to Lyondell is expected to close at the end of August 2002.

SIX MONTHS RESULTS

For the first six months of 2002, net income was \$265 million (\$0.71 per share), compared with \$957 million (\$2.58 per share) for the first six months of

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

2001. Earnings before special items were \$369 million (\$0.98 per share), compared with \$976 million (\$2.63 per share) for the same period of 2001.

Subsequent to the appointment of KPMG to replace Arthur Andersen as the Company's independent auditor, KPMG conducted a complete re-audit of Occidental's consolidated financial statements for the previous three years. Occidental has filed a 10-K/A with the SEC that contains KPMG's unqualified report containing no changes in our balance sheet, net income, cash flow or earnings per share.

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

3

SUMMARY OF SEGMENT NET SALES AND EARNINGS (Millions, except per-share amounts)

	Second Quarter		Six Months	
Periods Ended June 30	2002	2001	2002	2001
=====	=====	=====	=====	=====
SEGMENT NET SALES				
Oil and gas	\$ 2,410	\$ 2,964	\$ 4,347	\$ 6,576
Chemical	731	881	1,319	1,744
	-----	-----	-----	-----
Net sales	\$ 3,141	\$ 3,845	\$ 5,666	\$ 8,320
=====	=====	=====	=====	=====
SEGMENT EARNINGS (LOSSES)				
Oil and gas	\$ 421	\$ 806	\$ 727	\$ 1,752
Chemical	33	58	(2)	(21)
	-----	-----	-----	-----
	454	864	725	1,731
UNALLOCATED CORPORATE ITEMS				
Interest expense, net (a)	(66)	(71)	(122)	(147)
Income taxes (b)	(101)	(249)	(144)	(424)
Trust preferred distributions				
& other	(12)	(14)	(23)	(30)
Other (c)	(35)	(57)	(76)	(146)
	-----	-----	-----	-----
INCOME BEFORE EXTRAORDINARY ITEMS				
AND EFFECT OF CHANGES IN				
ACCOUNTING PRINCIPLES	240	473	360	984
Extraordinary loss, net	--	--	--	(3)
Cumulative effect of changes				
in accounting principles, net	--	--	(95)	(24)

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

NET INCOME	----- \$ 240 =====	----- \$ 473 =====	----- \$ 265 =====	----- \$ 957 =====
BASIC EARNINGS PER COMMON SHARE				
Income before extraordinary items and effect of changes in accounting principles	\$ 0.64	\$ 1.27	\$ 0.96	\$ 2.65
Extraordinary loss, net	--	--	--	(0.01)
Cumulative effect of changes in accounting principles, net	--	--	(.25)	(0.06)
	----- \$ 0.64 =====	----- \$ 1.27 =====	----- \$ 0.71 =====	----- \$ 2.58 =====
DILUTED EARNINGS PER COMMON SHARE				
Income before extraordinary items and effect of changes in accounting principles	\$ 0.63	\$ 1.26	\$ 0.95	\$ 2.64
Extraordinary loss, net	--	--	--	(0.01)
Cumulative effect of changes in accounting principles, net	--	--	(.25)	(0.06)
	----- \$ 0.63 =====	----- \$ 1.26 =====	----- \$ 0.70 =====	----- \$ 2.57 =====
AVERAGE BASIC COMMON SHARES OUTSTANDING	375.8	372.0	375.1	371.1
=====	=====	=====	=====	=====

See footnotes on following page.

- (a) Includes interest income on notes receivable from Occidental Permian partners. The second quarter and six months year-to-date 2002 include \$8 million and \$22 million, respectively. The second quarter and six months year-to-date 2001 include \$28 million and \$61 million, respectively.
- (b) Includes an offset for (charges)/credits in lieu of U.S. federal income taxes allocated to the divisions. Chemical divisional earnings had credits allocated to them of \$4 million in the second quarter of 2002. The second quarter of 2001 was impacted by a (\$3) million charge at Oil and Gas and an \$18 million credit at Chemicals. The 2001 results include a (\$4) million charge at Oil and Gas related to an asset sale and a \$14 million credit at Chemicals related to asset sales.
- (c) Includes preferred distributions to the Occidental Permian partners. The second quarter and six months year-to-date 2002 include \$5 million and \$20 million, respectively. The second quarter and six months year-to-date 2001 include \$28 million and \$62 million, respectively. These amounts are essentially offset by the interest income discussed in (a) above.

SUMMARY OF OPERATING STATISTICS

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

Periods Ended June 30 =====	Second Quarter -----		Six Months -----	
	2002 =====	2001 =====	2002 =====	2001 =====
NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY				
United States				
Crude oil and liquids (MBBL)				
California	86	72	88	72
Permian	143	137	141	136
Other	3	--	3	--
	-----	-----	-----	-----
Total	232	209	232	208
Natural Gas (MMCF)				
California	290	298	298	307
Hugoton	150	163	154	165
Permian	125	146	127	147
	-----	-----	-----	-----
Total	565	607	579	619
Latin America				
Crude oil and condensate (MBBL)				
Colombia	37	--	34	10
Ecuador	12	14	13	13
	-----	-----	-----	-----
Total	49	14	47	23
Eastern Hemisphere				
Crude oil and condensate (MBBL)				
Oman	15	10	16	10
Pakistan	9	8	8	7
Qatar	43	41	43	42
Russia	28	27	27	28
Yemen	33	32	40	34
	-----	-----	-----	-----
Total	128	118	134	121
Natural Gas (MMCF)				
Pakistan	50	47	50	48
Barrels of Oil Equivalent (MBOE)	512	450	518	463
CAPITAL EXPENDITURES (millions)	\$ 326 =====	\$ 309 =====	\$ 600 =====	\$ 547 =====
DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS (millions)	\$ 254 =====	\$ 237 =====	\$ 515 =====	\$ 482 =====

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

Text of Speech by Stephen I. Chazen, Chief Financial Officer and

Executive Vice President - Corporate Development

Occidental Petroleum Corporation

STEPHEN CHAZEN
Chief Financial Officer and
Executive Vice President - Corporate Development

- Conference Call -
Second Quarter 2002 Earnings Announcement

July 22, 2002
Los Angeles, California

Good morning, and thank you for joining us.

Those of you who haven't received a copy of the press release announcing our second quarter earnings, along with the Investor Relations Supplemental Schedules, can find them on our website oxy.com or through the SEC's EDGAR system.

Net income was \$240 million, or \$0.64 per share. There were no special items last quarter. In last year's second quarter, net income was \$473 million, or \$1.27 per share, and earnings before special items were \$466 million, or \$1.25 per share.

For the first half of this year, net income was \$265 million, or \$0.71 per share compared to \$957 million, or \$2.58 per share, during the first half of 2001. Earnings before special items and the effect of changes in accounting principles during the first half of this year were \$369 million, or \$0.98 per share, compared to \$976 million, or \$2.63 per share last year.

On a segment basis, oil and gas second quarter earnings were \$421 million, compared to \$806 million during the same period a year ago. The decline was due primarily to lower US natural gas prices.

The decline was partially offset by a 14 percent increase in oil and gas production - from 450,000 BOE per day in the second quarter of 2001 to 512,000 barrels this year. For the first half of this year, production was up by 12 percent compared to last year - from 463,000 to 518,000 BOE per day.

The increases in production in the first half compared to the same period last year were due to several factors. Domestic liquids production increased by 24,000 barrels per day - with 16,000 barrels of the increase coming from California. Significantly less downtime on the Cano Limon pipeline resulted in a 24,000 barrels per day increase in Colombia. Finally, a first quarter seasonal adjustment in the cost recovery volumes related to our production-sharing contracts in Oman and Yemen added a combined 12,000 barrels per day.

7

Chemical segment earnings were \$33 million compared to a first quarter 2002 loss of \$35. There were no special items in the second quarter. Prices for chlorine, EDC and PVC have improved and our losses from Equistar declined from a negative \$36 million in the first quarter to a negative \$4 million. Earnings before special items - excluding Equistar - show earnings improving from \$15

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

million in the first quarter to \$37 million in the second quarter. The \$52 million total for the first half is \$23 million more than our core chemical business earned in the first half of 2001.

When the deal with Lyondell is closed at the end of August, our third quarter operations will wind up with two months of Equistar results and one month of corporate equity earnings based on Lyondell's results. To assist investors in analyzing our core chemical business, we have included a table that shows that this business has always made money over the last 10 1/2 years on an EBIT basis and has always produced positive free cash flow.

Cash flow from operations for the first half of the year was approximately \$945 million. During the second quarter, we increased shareholder equity by \$253 million - which accounts for the reduction in the debt-to-capitalization ratio from 46 to 45 percent.

Capital spending for the quarter was \$326 million and \$600 for the first half. We expect total spending for the year to be \$1.2 billion - with oil and gas accounting for approximately \$1.1 billion.

Looking ahead in the current quarter, we expect oil and gas production to remain at roughly the same level as the second quarter. We also expect additional improvement in chemicals as chlorine, caustic and PVC prices continue to strengthen.

Our sensitivity to changes in oil and gas prices will be similar to prior quarters. The average WTI price in the second quarter was \$26.25 per barrel and our average price realization for natural gas was \$2.92 per thousand cubic feet. A swing of 25-cents per million BTUs in NYMEX gas prices impacts our quarterly oil and gas segment earnings by \$13.5 million while a \$1.00 per barrel change in oil prices has a quarterly impact of \$28 million.

I'd now like to call attention to several balance sheet items.

When we acquired Altura from the BP-Shell partnership in April 2000, we recorded \$2 billion in long-term receivables and an equivalent amount of minority interest on our balance sheet. As we said in announcing first quarter earnings in April, the BP-Shell partnership exercised an option to redeem their partnership interests in exchange for their minority interest. There was no impact on the income statement. Both sides of the balance sheet have been reduced by \$2 billion by eliminating the receivable and minority interest.

In the second quarter, we accrued \$310 million to be paid in the third quarter to the United Arab Emirate's Offset Group as the result of our successful bid to acquire a 24.5 percent interest in the Dolphin Project.

Also in the second quarter, Oxy recognized an increase of \$82 million in the value of our 7.7 million shares of Premcor stock. Now that Premcor is publicly traded, we are required to mark to market the value of our shares each quarter. This change in value is reflected in the

equity account, but no income statement gain would be recognized as long as we hold the shares as an investment.

As I said earlier, we expect the sale of our 29.5 percent equity interest in Equistar and the purchase of 30 to 34 million shares of Lyondell common stock to close at the end of August. Oxy will recognize an after-tax gain of at least

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

\$100 million that can be viewed as a partial offset to the loss we recorded in announcing the transaction last December.

Last March we engaged KPMG to replace Arthur Andersen as the company's independent auditor. Subsequent to this change, we asked KPMG to conduct a complete re-audit of our consolidated financial statements for the last three years. We took this action for two reasons. First, we wanted to assure investors that our financial statements were accurate. Second, we were concerned that no one would be available from Arthur Andersen to sign consents or stand behind the statements.

Upon the completion of KPMG's audit, we filed a 10-K/A with the SEC last Friday which contains KPMG's unqualified report on our financial statements. The new filing contains no changes in our balance sheet, net income, cash flow or earnings per share. The only modifications made in connection with the re-audits are to update the Management and Discussion Analysis and the Notes to the Financial Statements to incorporate accounting pronouncements and events that have transpired since the original filing date. Furthermore, KPMG made no recommendations to management or the Audit Committee for any changes. Our financial statements remain the same.

Now we're ready to take your questions. Joining me this morning are Oxy's chairman and CEO, Dr. Ray Irani, and president, Dr. Dale Laurance.

9

Supplemental Investor Information

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM 2002 Second Quarter Net Income (Loss) (\$ millions)

	REPORTED INCOME	ADJUSTMENTS	E
	-----	-----	SPEC
Oil & Gas	\$ 421	\$ --	\$
Chemical	33		
Corporate			
Interest	(74)		
Trust Pfd Distributions & Other	(9)		
Other	(30)		
Taxes	(101)		
	-----	-----	-----
NET INCOME	\$ 240	\$ --	\$
	=====	=====	=====

\$

=====

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

	REPORTED INCOME	ADJUSTMENTS	
	-----	-----	
Oil & Gas	\$ 727	\$ --	
Chemical	(2)	14	Severance
Corporate			
Interest	(144)		
Trust Pfd Distributions & Other	(21)		
Other	(56)		
Taxes	(144)	(5)	Tax effect of adj
	-----	-----	
Income before cumulative effect of changes in accounting principles	360	9	
Cumulative effect of changes in accounting principles, net	(95)	95	Goodwill impairme
	-----	-----	
NET INCOME	\$ 265	\$ 104	
	=====	=====	
BASIC EARNINGS PER SHARE			
Income before cumulative effect of changes in accounting principles	\$ 0.96		
Cumulative effect of changes in accounting principles	(0.25)		

NET INCOME	\$ 0.71		
	=====		

12

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
2001 First Six Months
Net Income (Loss)
(\$ millions)

	REPORTED INCOME	ADJUSTMENTS	
	-----	-----	
Oil & Gas	\$ 1,752	\$ (7)	Asset sale
Chemical	(21)	26	Severance & plant shu
Corporate			
Interest - Permian Non-recourse debt	(56)		

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

Interest - all others	(152)		
Trust Pfd Distributions & Other	(31)		
Other	(84)	49	Environmental remedia
		(6)	OIL insurance dividen
Taxes	(424)	(70)	State tax reserve rev
	-----	-----	
Income before extraordinary loss and cumulative effect of changes in accounting principles	984	(8)	
Extraordinary loss, net	(3)	3	Early debt extinguish
Cumulative effect of changes in accounting principles, net	(24)	24	Derivative & hedge ac
	-----	-----	
NET INCOME	\$ 957	\$ 19	
	=====	=====	
BASIC EARNINGS PER SHARE			
Income before extraordinary loss and cumulative effect of changes in accounting principles	\$ 2.65		
Extraordinary loss, net	(0.01)		
Cumulative effect of changes in accounting principles, net	(0.06)		

NET INCOME	\$ 2.58		
	=====		

13

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
2002 Second Quarter Net Income (Loss)
Reported Income Comparison

	SECOND QUARTER 2002	FIRST QUARTER 2002	B / (W)
	-----	-----	-----
Oil & Gas	\$ 421	\$ 306	\$ 115
Chemical	33	(35)	68
Corporate			
Interest - all others	(74)	(70)	(4)
Trust Pfd Distributions & Other	(9)	(12)	3
Other	(30)	(26)	(4)
Taxes	(101)	(43)	(58)
	-----	-----	-----
Income Before Cumulative Effect of Changes in Accounting Principles, net	240	120	120
Cumulative Effect of Changes in Accounting Principles, net	--	(95)	95

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

Net Income	\$ 240	\$ 25	\$ 215
	=====	=====	=====
Basic Earnings Per Share	\$ 0.64	\$ 0.07	\$ 0.57
	=====	=====	=====
Effective Tax Rate	29%	24%	-5%
	=====	=====	=====

=====

OCCIDENTAL PETROLEUM
2002 Second Quarter Net Income (Loss)
Income Before Special Items Comparison

	SECOND QUARTER 2002	FIRST QUARTER 2002	B / (W)
	-----	-----	-----
Oil & Gas	\$ 421	\$ 306	\$ 115
Chemical	33	(21)	54
Corporate			
Interest - all others	(74)	(70)	(4)
Trust Pfd Distributions & Other	(9)	(12)	3
Other	(30)	(26)	(4)
Taxes	(101)	(48)	(53)
	-----	-----	-----
Net Income	\$ 240	\$ 129	\$ 111
	=====	=====	=====
Basic Earnings Per Share	\$ 0.64	\$ 0.34	\$ 0.30
	=====	=====	=====
Effective Tax Rate	29%	25%	-4%
	=====	=====	=====

14

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
Oil & Gas
Segment Earnings Before Special Items Variance Analysis
(\$ millions)

2002 2nd Quarter	\$ 421
2002 1st Quarter	306

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

	\$	115
	=====	
Price Variance	\$	156
Volume Variance		(7)
Exploration Expense Variance		(32)
All Other		(2)

TOTAL VARIANCE	\$	115
	=====	

=====

OCCIDENTAL PETROLEUM
Chemical
Segment Earnings Before Special Items Variance Analysis
(\$ millions)

2002 2nd Quarter	\$	33
2002 1st Quarter		(21)

	\$	54
	=====	
Sales Price	\$	45
Sales Volume/Mix		6
Operations/Manufacturing		(36) *
All Other		39 **

TOTAL VARIANCE	\$	54
	=====	

* Higher energy and feedstock costs.

** Includes higher equity earnings

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
2002 Second Quarter Net Income (Loss)
Reported Income Comparison

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

	SECOND QUARTER 2002	SECOND QUARTER 2001	B / (W)
	-----	-----	-----
Oil & Gas	\$ 421	\$ 806	\$ (385)
Chemical	33	58	(25)
Corporate			
Interest - Permian Non-recourse debt	--	(23)	23
Interest - all others	(74)	(76)	2
Trust Pfd Distributions & Other	(9)	(14)	5
Other	(30)	(29)	(1)
Taxes	(101)	(249)	148
	-----	-----	-----
Net Income	\$ 240	\$ 473	\$ (233)
	=====	=====	=====
Basic Earnings Per Share	\$ 0.64	\$ 1.27	\$ (0.63)
	=====	=====	=====
Effective Tax Rate	29%	33%	4%
	=====	=====	=====

OCCIDENTAL PETROLEUM
2002 Second Quarter Net Income (Loss)
Income Before Special Items Comparison

	SECOND QUARTER 2002	SECOND QUARTER 2001	B / (W)
	-----	-----	-----
Oil & Gas	\$ 421	\$ 799	\$ (378)
Chemical	33	58	(25)
Corporate			
Interest - Permian Non-recourse debt	--	(23)	23
Interest - all others	(74)	(76)	2
Trust Pfd Distributions & Other	(9)	(14)	5
Other	(30)	(29)	(1)
Taxes	(101)	(249)	148
	-----	-----	-----
Net Income	\$ 240	\$ 466	\$ (226)
	=====	=====	=====
Basic Earnings Per Share	\$ 0.64	\$ 1.25	\$ (0.61)
	=====	=====	=====
Effective Tax Rate	29%	34%	5%
	=====	=====	=====

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
Oil & Gas
Segment Earnings Before Special Items Variance Analysis
(\$ millions)

2002 2nd Quarter	\$ 421
2001 2nd Quarter	799

	\$ (378)
	=====
Price Variance	\$ (396)
Volume Variance	57
Exploration Expense Variance	(41)
All Other	2

TOTAL VARIANCE	\$ (378)
	=====

=====

OCCIDENTAL PETROLEUM
Chemical
Segment Earnings Before Special Items Variance Analysis
(\$ millions)

2002 2nd Quarter	\$ 33
2001 2nd Quarter	58

	\$ (25)
	=====
Sales Price	\$ (105)
Sales Volume/Mix	(2)
Operations/Manufacturing	74 *
All Other	8

TOTAL VARIANCE	\$ (25)
	=====

* Lower energy and feedstock costs.

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
SUMMARY OF OPERATING STATISTICS

		SECOND QUARTER		SIX MONTHS	
		2002	2001	2002	2001
		-----	-----	-----	-----
NET PRODUCTION PER DAY:					
United States					
Crude oil and liquids (MBL)					
	California	86	72	88	72
	Permian	143	137	141	136
	US Other	3	--	3	--
		-----	-----	-----	-----
	TOTAL	232	209	232	208
Natural Gas (MMCF)					
	California	290	298	298	307
	Hugoton	150	163	154	165
	Permian	125	146	127	147
		-----	-----	-----	-----
	TOTAL	565	607	579	619
Latin America					
Crude oil (MBL)					
	Colombia	37	--	34	10
	Ecuador	12	14	13	13
		-----	-----	-----	-----
	TOTAL	49	14	47	23
Eastern Hemisphere					
Crude oil (MBL)					
	Oman	15	10	16	10
	Pakistan	9	8	8	7
	Qatar	43	41	43	42
	Russia	28	27	27	28
	Yemen	33	32	40	34
		-----	-----	-----	-----
	TOTAL	128	118	134	121
Natural Gas (MMCF)					
	Pakistan	50	47	50	48
Barrels of Oil Equivalent (MBOE)					
		512	450	518	463
		-----	-----	-----	-----

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

Investor Relations Supplemental Schedules

[OXY LOGO]

SUMMARY OF OPERATING STATISTICS

	SECOND QUARTER		SIX MONTHS	
	2002	2001	2002	2001
OIL & GAS:				
PRICES				
UNITED STATES				
Crude Oil (\$/BBL)	23.88	23.11	21.35	23.71
Natural gas (\$/MCF)	2.92	8.55	2.64	9.30
LATIN AMERICA				
Crude oil (\$/BBL)	22.77	18.90	20.65	21.69
EASTERN HEMISPHERE				
Crude oil (\$/BBL)	22.16	23.36	20.24	22.69
Natural Gas (\$/MCF)	2.04	2.41	2.28	2.30

	SECOND QUARTER		SIX MONTHS	
	2002	2001	2002	2001
Exploration Expense				
Domestic	\$ 44	\$ 9	\$ 54	\$ 22
Latin America	7	2	14	4
Eastern Hemisphere	8	7	18	13
TOTAL	\$ 59	\$ 18	\$ 86	\$ 39

19

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM CHEMICALS Volume (M Tons)

SECOND QUARTER	SIX MONTHS
----------------	------------

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

MAJOR PRODUCTS	2002 -----	2001 -----	2002 -----	2001 -----
Chlorine	735	786	1,436	1,491
Caustic	743	750	1,317	1,419
Ethylene Dichloride	140	154	292	376
PVC Resins	1,151	1,050	2,193	2,113

CHEMICALS Prices (Index)

	SECOND QUARTER -----		SIX MONTHS -----	
MAJOR PRODUCTS	2002 -----	2001 -----	2002 -----	2001 -----
Chlorine	0.77	0.76	0.64	0.82
Caustic	0.66	1.42	0.79	1.37
Ethylene Dichloride	1.29	0.74	0.94	0.78
PVC Resins	0.70	0.77	0.62	0.75

CHLORINE

OXYCHEM COMMENTARY

- o Demand for chlorine continued to improve through the 2nd quarter of 2002. Industry operating rates climbed further, driven by the improved demand and capacity curtailments. Rates have improved from a low of 77% in December 2001, to 87% in the 1st quarter 2002 and 92% in the 2nd quarter. Expectations are that demand will continue to improve in the 3rd quarter.
- o The supply of chlorine continues to be very tight. Many producers are having trouble meeting contract obligations leaving very little product available for the spot market.
- o The improved supply/demand situation has led to improved prices. The 1st quarter announced \$50/ton increase was implemented in April. An additional increase of \$125/ton was announced in late May with implementation expected in July.

INFLUENCING FACTORS:

Continued demand improvement requires sustained economic recovery. With no new capacity additions being announced, operating rates will improve as economic conditions

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

improve. Stronger demand and higher operating rates will support additional price increases in the long-term.

CAUSTIC

OXYCHEM COMMENTARY

- o Caustic soda demand in domestic and export markets, while still fundamentally flat, is beginning to show some signs of recovery. Caustic soda consumption in the Pulp and Paper business, a key market for liquid caustic soda, is beginning to recover. Demand into the distribution market as well as the inorganic and organic chemicals marketplace is also showing some signs of recovery. Demand is expected to strengthen further in the 2nd half.
- o Domestic pricing continued to weaken in the 2nd quarter with prices bottoming out in May. A \$50/ton price increase was announced in mid-May and has been supported by the industry.

INFLUENCING FACTORS:

Caustic soda demand is closely tied to overall economic activity and the health of the US manufacturing sector. Traditionally caustic soda demand lags the recovery of its co-product chlorine by several months. Chlorine demand has already recovered and the supply/demand balance for caustic soda is shifting, which is expected to lead to price recovery for caustic soda.

EDC

OXYCHEM COMMENTARY

- o Demand continued to improve through the 2nd quarter while supply has been extremely tight worldwide. Exports to Asia have declined due to a recent drop in PVC prices in China and higher EDC inventories in China. Overall demand may decline slightly in July but is expected to rebound by the August/September timeframe.
- o Pricing increased rapidly through the second quarter as buyers scrambled to secure available product. Market prices in May were almost 7 cents/lb higher than in March and 13 cents/lb higher than in January.

INFLUENCING FACTORS:

EDC remains in short supply, which continues to drive prices upward. Although recent declines in PVC prices in China have created some short-term downward pressure, demand is expected to rebound again.

Investor Relations Supplemental Schedules

[OXY LOGO]

PVC/VCM

OXYCHEM COMMENTARY

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

- o PVC resin demand outweighed production capability through the second quarter and resin inventories continued to decline. The tightness of the market is due to seasonal increases in demand, low beginning inventories and a moderate export market.
- o OxyVinyls' PVC operating rates for the 2nd quarter improved to 98%. Rates in the 3rd quarter are expected to remain at this level. The estimated industry average operating rate for the 2nd quarter was 94% as some producers were constrained by a lack of chlorine. Capacities have been modified to exclude both the Borden Geismar and the former Borden Addis facilities, which are currently idle.
- o Domestic PVC resin prices increased \$.02/lb in April, \$.02/lb in May, and \$.04/lb in June. Further increases of \$0.02/lb have been announced for July and August.
- o U.S. export PVC resin prices into Asia peaked at the end of May at \$700/MT, up from \$580/MT in March but declined to \$580/MT in June as purchases from China decreased. Prices to Latin America held at \$720 - \$750/MT.
- o Strong demand for VCM continued through the 2nd quarter and it is expected to remain strong through the balance of the year. VCM inventory levels remain very low due to strong domestic PVC demand and numerous planned and unplanned plant outages. More outages are scheduled for the 3rd quarter, which should keep inventory levels low.
- o Demand for VCM overseas remains strong in Mexico and Latin America. Asian demand has fallen due to reduced PVC demand in China but is expected to improve. Export demand is expected to remain strong into the 3rd quarter as several maintenance shutdowns in Europe and Asia have kept inventories at low-to-moderate levels.
- o Export VCM pricing started the year in the \$250-\$260/MT range but increased to \$440 - \$460/MT at the end of the 1st quarter and has increased further to the \$500-\$520/MT range for June shipments. Pricing for July shipments is expected to be in the \$500-\$540/MT range.

INFLUENCING FACTORS:

Normal seasonal downturns in the 2nd half PVC market will be strongly moderated by a tight VCM market, idled PVC plants, and very low VCM and PVC inventories.

22

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM Chemical Segment Historical Financials Excluding Petrochemicals

	1993	1994	1995	1996	1997	1998	1999	2000	2001
EBIT	\$ 194	\$ 251	\$ 650	\$ 445	\$ 353	\$ 261	\$ 136	\$ 245	\$ 245
DD&A	194	189	184	151	167	160	190	190	190

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

EBITDA	388	440	834	596	520	421	326	435	
Capital Spending (1)	(134)	(159)	(200)	(221)	(356)	(311)	(115)	(155)	
Free Cash Flow (2)	\$ 254	\$ 281	\$ 634	\$ 375	\$ 164	\$ 110	\$ 211	\$ 280	\$
	=====	=====	=====	=====	=====	=====	=====	=====	=====

(1) Excludes divestiture proceeds and acquisitions

(2) Excludes working capital changes

23

Investor Relations Supplemental Schedules

[OXY LOGO]

SUMMARY OF OPERATING STATISTICS

	SECOND QUARTER		SIX MONTHS	
	2002	2001	2002	2001
Capital Expenditures (\$MM)				
Oil & Gas				
California	\$ 64	\$ 64	\$ 128	\$ 123
Permian	44	76	103	126
Other - U.S.	36	44	58	67
Latin America	48	17	61	38
Eastern Hemisphere	98	78	187	144
Chemicals	23	27	38	45
Corporate	13	3	25	4
TOTAL	\$ 326	\$ 309	\$ 600	\$ 547
	=====	=====	=====	=====
DEPRECIATION, DEPLETION & AMORTIZATION OF ASSETS (\$MM)				
Oil & Gas				
Domestic	\$ 147	\$ 130	\$ 296	\$ 262
Latin America	9	4	18	10
Eastern Hemisphere	48	45	101	93
Chemicals	48	48	96	97
Corporate	2	10	4	20
TOTAL	\$ 254	\$ 237	\$ 515	\$ 482
	=====	=====	=====	=====

24

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM CORPORATE (\$ millions)		
	30-JUN-02 -----	31-DEC-01 -----
CAPITALIZATION		
Oxy Long-Term Debt (including current maturities)	\$ 4,090	\$ 4,065
Gas Sales Obligation (current and non-current)	215	282
Trust Preferred Securities	459	463
Others	26	80
	-----	-----
TOTAL DEBT	\$ 4,790 =====	\$ 4,890 =====
EQUITY		
	\$ 5,832 =====	\$ 5,634 =====
Total Debt To Total Capitalization	45% =====	46% =====

25

Investor Relations Supplemental Schedules

[OXY LOGO]

Portions of this presentation are "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995, and involve risks and uncertainties that could significantly affect expected results. No assurance can be given that the results or statement of expectations or beliefs will be attained. Factors that may cause actual results to differ materially are contained in the March 13, 2002 form 10-K on file with the SEC.

26

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the

Edgar Filing: OCCIDENTAL PETROLEUM CORP /DE/ - Form 8-K

Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OCCIDENTAL PETROLEUM CORPORATION
(Registrant)

DATE: July 19, 2002

S. P. Dominick, Jr.

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