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OCCIDENTAL PETROLEUM CORP /DE/  
Form 8-K  
January 24, 2005

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

FORM 8-K

CURRENT REPORT

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) JANUARY 24, 2005

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

DELAWARE (State or other jurisdiction of incorporation)	1-9210 (Commission File Number)	95-4035997 (I.R.S. Employer Identification No.)
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10889 WILSHIRE BOULEVARD LOS ANGELES, CALIFORNIA (Address of principal executive offices)	90024 (ZIP code)
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Registrant's telephone number, including area code:  
(310) 208-8800

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

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

SECTION 2 - FINANCIAL INFORMATION

Item 2.02. Results of Operations and Financial Condition  
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On January 24, 2005, Occidental Petroleum Corporation released information regarding its results of operations for the fiscal period ended December 31,

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2004. The exhibits to this Form 8-K and the information set forth in this Item 2.02 are being furnished pursuant to Item 2.02, Results of Operations and Financial Condition. The full text of the press release is attached to this report as Exhibit 99.1. The full text of the speeches given by Dr. Ray R. Irani and Stephen I. Chazen are attached to this report as Exhibit 99.2. Investor Relations Supplemental Schedules are attached to this report as Exhibit 99.3.

### SECTION 8 - OTHER EVENTS

#### Item 8.01. Other Events

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On January 24, 2005, Occidental Petroleum Corporation announced net income for the fourth quarter 2004 of \$665 million (\$1.67 per share), compared with \$382 million (\$0.99 per share) for the fourth quarter 2003. On January 5, 2005, Occidental issued a press release announcing that the comparability of fourth quarter 2004 earnings to prior quarters would be affected by a number of charges and a tax credit. These items have resulted in net charges totaling approximately \$69 million (\$0.17 per share). Record earnings of \$2.491 billion (\$6.30 per share) for the twelve months of 2004 were 58 percent higher than the \$1.527 billion (\$3.98 per share) the company earned in 2003.

#### Oil and Gas

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Oil and gas segment earnings were \$977 million for the fourth quarter 2004, compared with \$640 million for the fourth quarter 2003, an increase of 53 percent. The improvement in the fourth quarter 2004 earnings reflected higher worldwide crude oil and natural gas prices, partially offset by higher exploration expenses and higher operating costs. Oil and gas earnings of \$3.544 billion for the twelve months were the highest in the company's history and were 33 percent higher than the \$2.664 billion of 2003.

#### Chemicals

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Chemical segment earnings were \$130 million for the fourth quarter 2004 compared with \$72 million for the fourth quarter 2003, an increase of 81 percent. The improvement in the fourth quarter 2004 was due to higher sales prices in all major products, partially offset by higher ethylene and energy costs. The fourth quarter 2004 also included the previously announced \$12 million charge to write-off certain production facilities. Chemical earnings of \$412 million for the twelve months 2004 were 87 percent higher than the \$220 million of 2003.

Earnings from an equity investment are based on a preliminary estimate of their earnings.

See the attached schedules for a reconciliation of net income to core earnings for the fourth quarter and twelve months.

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

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capital expenditure, acquisition, or disposition. Occidental disclaims any obligation to update any forward-looking statements.

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SUMMARY OF SEGMENT NET SALES AND EARNINGS

(\$ millions, except per-share amounts)	Fourth Quarter		Twelve Months	
	2004	2003	2004	2003
=====	=====	=====	=====	=====
SEGMENT NET SALES				
Oil and gas	\$ 2,073	\$ 1,530	\$ 7,582	\$ 6,003
Chemical	985	790	3,675	3,092
Other	24	30	111	145
	-----	-----	-----	-----
Net sales	\$ 3,082	\$ 2,350	\$ 11,368	\$ 9,240
=====	=====	=====	=====	=====
SEGMENT EARNINGS				
Oil and gas	\$ 977	\$ 640	\$ 3,544	\$ 2,664
Chemical	130	72	412	220
	-----	-----	-----	-----
	1,107	712	3,956	2,884
UNALLOCATED CORPORATE ITEMS				
Interest expense, net (a)-- debt and trust preferred distributions	(53)	(63)	(240)	(333)
Income taxes (b)	(218)	(157)	(895)	(666)
Other	(139)	(109)	(292)	(284)
	-----	-----	-----	-----
Income from continuing operations	697	383	2,529	1,601
Discontinued operations, net (c)	(32)	(1)	(38)	(6)
Cumulative effect of changes in accounting principles, net	--	--	--	(68)
	-----	-----	-----	-----
NET INCOME	\$ 665	\$ 382	\$ 2,491	\$ 1,527
=====	=====	=====	=====	=====
BASIC EARNINGS PER COMMON SHARE				
Income from continuing operations	\$ 1.75	\$ 0.99	\$ 6.40	\$ 4.17
Discontinued operations, net	(0.08)	--	(0.10)	(0.01)
Cumulative effect of changes in accounting principles, net	--	--	--	(0.18)
	-----	-----	-----	-----
	\$ 1.67	\$ 0.99	\$ 6.30	\$ 3.98
=====	=====	=====	=====	=====
DILUTED EARNINGS PER COMMON SHARE				
Income from continuing operations	\$ 1.72	\$ 0.97	\$ 6.31	\$ 4.12
Discontinued operations, net	(0.08)	--	(0.10)	(0.01)
Cumulative effect of changes in accounting principles, net	--	--	--	(0.18)
	-----	-----	-----	-----
	\$ 1.64	\$ 0.97	\$ 6.21	\$ 3.93
=====	=====	=====	=====	=====

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### AVERAGE BASIC COMMON SHARES

OUTSTANDING	399.1	387.7	395.6	383.9
=====	=====	=====	=====	=====

See footnotes on following page.

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- (a) The fourth quarter 2004 includes a \$1 million pre-tax interest charge to purchase in the open market and retire \$32 million of Occidental's senior notes. The twelve months 2004 also includes \$16 million pre-tax interest charges to redeem or repurchase various debt issues during the year. The twelve months 2003 includes a \$61 million pre-tax interest charge to repay a \$450 million 6.4 percent senior notes issue that had ten years of remaining life, but was subject to re-marketing on April 1, 2003.
  
- (b) The twelve months 2004 includes a \$27 million credit related to a fourth quarter settlement and a \$20 million credit related to a first quarter settlement of issues with the Internal Revenue Service. The twelve months 2004 also reflected a lower U.S. income tax rate resulting from the crediting of foreign income taxes.
  
- (c) The fourth quarter 2004 includes a \$32 million, net of tax, charge reported as discontinued operations to reflect Occidental's decision to exit the specialty vinyls resins chemical business. Details of the charge are as follows:

	Fourth Quarter	Twelve Months
	-----	-----
Pre-tax charge	\$ (51)	\$ (61)
Tax benefit	19	23
	-----	-----
	\$ (32)	\$ (38)
	=====	=====

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

(\$ millions)	Fourth Quarter		Twelve Months	
	2004	2003	2004	2003
=====	=====	=====	=====	=====
CAPITAL EXPENDITURES	\$ 573	\$ 449	\$ 1,843	\$ 1,600
	=====	=====	=====	=====
DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS	\$ 333	\$ 311	\$ 1,303	\$ 1,175
=====	=====	=====	=====	=====

## SUMMARY OF OPERATING STATISTICS

	Fourth Quarter		Twelve Months	
	2004	2003	2004	2003
NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY				
United States				
Crude oil and liquids (MBBL)				
California	81	82	78	81
Permian	152	152	154	150
Horn Mountain	13	25	19	21
Hugoton	3	4	3	4
Total	249	263	254	256
Natural Gas (MMCF)				
California	242	246	237	252
Hugoton	125	130	127	138
Permian	125	133	130	129
Horn Mountain	7	16	13	13
Total	499	525	507	532
Latin America				
Crude oil (MBBL)				
Colombia	37	44	37	37
Ecuador	44	39	46	25
Total	81	83	83	62
Middle East				
Crude oil (MBBL)				
Oman	13	12	13	12
Qatar	48	40	45	45
Yemen	30	33	32	35
Total	91	85	90	92
Natural Gas (MMCF)				
Oman	66	--	55	--
Other Eastern Hemisphere				
Crude oil (MBBL)				
Pakistan	6	9	7	9
Natural Gas (MMCF)				
Pakistan	79	72	75	74
BARRELS OF OIL EQUIVALENT (MBOE)				
Subtotal consolidated subsidiaries	534	540	540	520

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Other Interests				
Colombia-minority interest	(5)	(7)	(4)	(5)
Russia-Occidental net interest	27	30	29	30
Yemen-Occidental net interest	2	2	1	2
	-----	-----	-----	-----
TOTAL WORLDWIDE PRODUCTION (MBOE)	558	565	566	547
=====	=====	=====	=====	=====

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SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS

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

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

(\$ millions, except per-share amounts)	Fourth Quarter			
	2004	EPS	2003	EPS
=====	=====	=====	=====	=====
TOTAL REPORTED EARNINGS	\$ 665	\$ 1.67	\$ 382	\$ 0.99
	=====	=====	=====	=====
OIL AND GAS				
Segment Earnings	\$ 977		\$ 640	
No significant items affecting earnings	--		--	
	-----		-----	
Segment Core Earnings	977		640	
	-----		-----	
CHEMICALS				
Segment Earnings	130		72	
No significant items affecting earnings	--		--	
	-----		-----	
Segment Core Earnings	130		72	
	-----		-----	
CORPORATE				
Results	(442)		(330)	
Less:				
IRS settlements	27		--	
Discontinued operations, net*	(32)		(1)	
	-----		-----	
TOTAL CORE EARNINGS	\$ 670	\$ 1.68	\$ 383	\$ 0.99
=====	=====	=====	=====	=====

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\* These amounts are shown after-tax.

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SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (CONTINUED)

(\$ millions, except per-share amounts)	Twelve Months			
	2004	EPS	2003	EPS
TOTAL REPORTED EARNINGS	\$ 2,491	\$ 6.30	\$ 1,527	\$ 3.98
OIL AND GAS				
Segment Earnings	\$ 3,544		\$ 2,664	
No significant items affecting earnings	--		--	
Segment Core Earnings	3,544		2,664	
CHEMICALS				
Segment Earnings	412		220	
No significant items affecting earnings	--		--	
Segment Core Earnings	412		220	
CORPORATE				
Results	(1,465)		(1,357)	
Less:				
6.4% senior note remarket fee	--		(61)	
Trust preferred redemption charge	(11)		--	
IRS settlements	47		--	
Tax effect of pre-tax adjustments	4		21	
Discontinued operations, net*	(38)		(6)	
Changes in accounting principles, net*	--		(68)	
TOTAL CORE EARNINGS	\$ 2,489	\$ 6.29	\$ 1,641	\$ 4.27

\* These amounts are shown after-tax.

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ITEMS AFFECTING COMPARABILITY OF CORE EARNINGS BETWEEN PERIODS

	Fourth Quarter	Twelve Months
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(\$ millions)	2004	2003	2004	2003
=====	=====	=====	=====	=====
PRE-TAX INCOME / (EXPENSE)				
OIL AND GAS				
Insurance and litigation reserves	\$ (6)	\$ --	\$ (6)	\$ --
Property tax refund	--	38	--	38
Gain on sale of GOM assets (a)	--	--	--	14
CHEMICALS				
Production process write-off	(12)	--	(12)	--
Insurance reserves	(2)	--	(2)	--
Reorganizations/severance	--	--	--	(15)
Chlorine derivatives asset impairment	--	--	--	(9)
CORPORATE				
Environmental remediation	(59)	(50)	(59)	(63)
Equity earnings	9	(16)	22	(58)
Insurance and litigation reserves	(31)	--	(31)	--
Interest expense - early debt extinguishments - 2004/ consolidation of variable interest entity - 2003	(1)	--	(6)	6

(a) Net of tax.

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SIGNATURE

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

OCCIDENTAL PETROLEUM CORPORATION  
(Registrant)

DATE: January 24, 2005

S. P. Dominick, Jr.

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

EXHIBIT INDEX

99.1 Press release dated January 24, 2005.



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- 99.2 Full text of speeches given by Dr. Ray R. Irani and Stephen I. Chazen
- 99.3 Investor Relations Supplemental Schedules