

OCCIDENTAL PETROLEUM CORP /DE/  
Form 8-K  
July 26, 2011

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) July 26, 2011

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.)

10889 Wilshire Boulevard  
Los Angeles, California  
(Address of principal executive offices)

90024  
(ZIP code)

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

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

On July 26, 2011, Occidental Petroleum Corporation released information regarding its results of operations for the three and six months ended June 30, 2011. 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 Jim Lienert 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. Earnings Conference Call Slides are attached to this report as Exhibit 99.4. Forward-Looking Statements Disclosure for Earnings Release Presentation Materials is attached to this report as Exhibit 99.5. The information in this Item 2.02 and Exhibits 99.1 through 99.5, inclusive, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

## Section 8 – Other Events

### Item 8.01. Other Events

On July 26, 2011, Occidental Petroleum Corporation announced core income of \$1.8 billion (\$2.23 per diluted share) for the second quarter of 2011, compared with \$1.1 billion (\$1.32 per diluted share) for the second quarter of 2010. Net income was \$1.8 billion (\$2.23 per diluted share) for the second quarter of 2011, compared with \$1.1 billion (\$1.31 per diluted share) for the second quarter of 2010.

## QUARTERLY RESULTS

### Oil and Gas

Oil and gas segment earnings were \$2.6 billion for the second quarter of 2011, compared with \$1.9 billion for the same period in 2010. The increase in the second quarter of 2011 earnings was due mainly to higher crude oil prices.

For the second quarter of 2011, daily oil and gas production volumes averaged 715,000 barrels of oil equivalent (BOE), compared with 701,000 BOE in the second quarter of 2010. As a result of higher year-over-year average oil prices and other factors affecting production sharing and similar contracts, production was reduced in the Middle East/North Africa and Colombia by 11,000 BOE per day, with another 1,000 BOE per day reduction at THUMS in Long Beach.

The second quarter 2011 production volume increase was a result of 42,000 BOE per day higher domestic volumes, partially offset by reduced volumes in the Middle East / North Africa. The domestic increase was mainly from the new acquisitions in South Texas and the North Dakota Williston Basin. The Middle East/North Africa was lower primarily due to the lack of production in Libya and price impacts on production sharing contracts, partially offset by production from Iraq coming on line in 2011 and higher volumes from the Mukhaizna field in Oman.

Daily sales volumes remained flat at 705,000 BOE per day in the second quarter of 2011, compared with 705,000 BOE per day in the second quarter of 2010. The 2011 sales volumes were lower than the production volumes due to the timing of liftings in Iraq, Qatar and Oman.

Second quarter realized prices improved for all products on a year-over-year basis. The price for worldwide crude oil was \$103.12 per barrel for the second quarter of 2011, compared with \$74.39 per barrel for the second quarter of 2010. The second quarter of 2011 realized oil price represents 101 percent of the average WTI price for the quarter. Worldwide NGL prices were \$57.67 per barrel in the second quarter of 2011, compared with \$44.08 per barrel in the second quarter of 2010. Domestic gas prices increased from \$4.19 per MCF in the second quarter of 2010 to \$4.27 per MCF for the second quarter of 2011.

#### Chemicals

Chemical segment earnings for the second quarter of 2011 were \$253 million, compared with \$108 million for the same period in 2010. The second quarter of 2011 results reflect continued strong export sales demand and higher margins resulting from improved supply and demand balances across most products.

#### Midstream, Marketing and Other

Midstream segment earnings were \$187 million for the second quarter of 2011, compared with \$13 million for the second quarter of 2010. Higher earnings for the second quarter of 2011 were primarily due to higher margins in the marketing business and improved earnings in our pipeline businesses.

#### SIX-MONTH RESULTS

Year-to-date 2011 core results were over \$3.4 billion (\$4.19 per diluted share), compared with \$2.2 billion (\$2.67 per diluted share) for the same period in 2010. Net income for the first six months of 2011 was \$3.4 billion (\$4.13 per diluted share), compared with \$2.1 billion (\$2.61 per diluted share) for the same period in 2010.

#### Oil and Gas

Oil and gas segment earnings were \$5.1 billion for the six months of 2011, compared with \$3.7 billion for the same period of 2010. The \$1.4 billion increase in the 2011 results reflected higher crude oil and NGL prices and higher sales volumes, partially offset by higher operating costs and DD&A rates.

Daily oil and gas production volumes for the six months were 723,000 BOE per day for 2011, compared with 701,000 BOE per day for the 2010 period. Higher year-over-year average oil prices and other factors affecting our production sharing and similar contracts lowered our Middle East/North Africa, Long Beach and Colombia production by 14,000 BOE per day.

Domestic volumes increased primarily due to new operations in South Texas and the Williston Basin, partially offset by lower gas volumes in California. The Middle East/North Africa's production declined due to impacts of price and other factors on production sharing contracts, lower production in Libya and planned maintenance in Dolphin. Partially offsetting these declines were increases from the new production in Iraq and higher production in the Mukhaizna field in Oman.

Daily sales volumes were 717,000 BOE in the first six months of 2011, compared with 695,000 BOE for 2010.



Oxy's realized prices improved for crude oil and NGLs but declined for natural gas on a year-over-year basis. Worldwide crude oil prices were \$97.38 per barrel for the six months of 2011, compared with \$74.24 per barrel for the six months of 2010. Worldwide NGL prices were \$55.38 per barrel for the six months of 2011, compared with \$45.73 per barrel in the six months of 2010. Domestic gas prices declined from \$4.90 per MCF in the six months of 2010 to \$4.24 per MCF in the six months of 2011.

#### Chemicals

Chemical segment earnings were \$472 million for the six months of 2011, compared with \$138 million for the same period in 2010. The 2011 six-month results reflect strong export sales demand and higher margins resulting from improved supply and demand balances across most products.

#### Midstream, Marketing and Other

Midstream segment earnings were \$301 million for the six months of 2011, compared with \$107 million for the same period in 2010. The 2011 results reflect higher margins in the marketing and trading business and improved results in the pipeline business.

#### Forward-Looking Statements

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. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; supply and demand considerations for Occidental's products; general domestic political and regulatory approval conditions; international political conditions; not successfully completing, or any material delay of, any development of new fields, expansion projects, capital expenditures, efficiency-improvement projects, acquisitions or dispositions; potential failure to achieve expected production from existing and future oil and gas development projects; exploration risks such as drilling unsuccessful wells; any general economic recession or slowdown domestically or internationally; higher-than-expected costs; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; potential disruption or interruption of Occidental's production or manufacturing or damage to facilities due to accidents, chemical releases, labor unrest, weather, natural disasters, political events or insurgent activity; failure of risk management; changes in law or regulations; or changes in tax rates. Words such as "estimate", "project", "predict", "will", "would", "should", "could", "may", "anticipate", "plan", "intend", "believe", "expect" or similar expressions that convey the uncertainty of future 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 1, Item 1A "Risk Factors" of the 2010 Form 10-K.

## SUMMARY OF SEGMENT NET SALES AND EARNINGS

|  | Second Quarter |          | Six Months |          |
|--|----------------|----------|------------|----------|
| (\$ millions, except per-share amounts)  | 2011           | 2010     | 2011       | 2010     |
| <b>SEGMENT NET SALES</b>                 |                |          |            |          |
| Oil and Gas                              | \$ 4,591       | \$ 3,518 | \$ 8,958   | \$ 7,009 |
| Chemical                                 | 1,325          | 1,013    | 2,490      | 1,969    |
| Midstream, Marketing and Other           | 441            | 236      | 853        | 605      |
| Eliminations                             | (184)          | (164)    | (402)      | (364)    |
| Net Sales                                | \$ 6,173       | \$ 4,603 | \$ 11,899  | \$ 9,219 |
| <b>SEGMENT EARNINGS</b>                  |                |          |            |          |
| Oil and Gas (a), (b)                     | \$ 2,624       | \$ 1,867 | \$ 5,092   | \$ 3,728 |
| Chemical                                 | 253            | 108      | 472        | 138      |
| Midstream, Marketing and Other           | 187            | 13       | 301        | 107      |
|  | 3,064          | 1,988    | 5,865      | 3,973    |
| <b>Unallocated Corporate Items</b>       |                |          |            |          |
| Interest expense, net (c)                | (22)           | (20)     | (236)      | (55)     |
| Income taxes (d)                         | (1,111)        | (809)    | (2,165)    | (1,555)  |
| Other                                    | (112)          | (82)     | (240)      | (189)    |
| Income from Continuing Operations (a)    | 1,819          | 1,077    | 3,224      | 2,174    |
| Discontinued operations, net (e)         | (2)            | (14)     | 142        | (47)     |
| NET INCOME (a)                           | \$ 1,817       | \$ 1,063 | \$ 3,366   | \$ 2,127 |
| <b>BASIC EARNINGS PER COMMON SHARE</b>   |                |          |            |          |
| Income from continuing operations        | \$ 2.23        | \$ 1.32  | \$ 3.96    | \$ 2.67  |
| Discontinued operations, net             | -              | (0.01)   | 0.18       | (0.06)   |
|  | \$ 2.23        | \$ 1.31  | \$ 4.14    | \$ 2.61  |
| <b>DILUTED EARNINGS PER COMMON SHARE</b> |                |          |            |          |
| Income from continuing operations        | \$ 2.23        | \$ 1.32  | \$ 3.96    | \$ 2.67  |
| Discontinued operations, net             | -              | (0.01)   | 0.17       | (0.06)   |
|  | \$ 2.23        | \$ 1.31  | \$ 4.13    | \$ 2.61  |
| <b>AVERAGE COMMON SHARES OUTSTANDING</b> |                |          |            |          |
| BASIC                                    | 812.5          | 812.6    | 812.5      | 812.3    |

|         |       |       |       |       |
|---------|-------|-------|-------|-------|
| DILUTED | 813.3 | 813.8 | 813.3 | 813.7 |
|---------|-------|-------|-------|-------|

(a) Earnings and Income - Represent amounts attributable to Common Stock, after deducting non-controlling interest amounts of \$12 million for the second quarter of 2010 and \$36 million for the six months of 2010.

(b) Oil and Gas - The first six months of 2011 include pre-tax charges of \$35 million related to exploration write-offs in Libya and \$29 million related to Colombia net worth tax. Also, included in the first six months of 2011 results is a pre-tax gain for sale of an interest in a Colombia pipeline of \$22 million.

(c) Unallocated Corporate Items - Interest Expense, net - The first six months of 2011 include a pre-tax charge of \$163 million related to the premium on debt extinguishment.

(d) Unallocated Corporate Items - Taxes - The first six months of 2011 include a net \$21 million charge for out-of-period state income taxes.

(e) Discontinued Operations, net - The first six months of 2011 include a \$144 million after-tax gain from the sale of the Argentina operations.

Attachment 2

SUMMARY OF CAPITAL EXPENDITURES AND DD&A EXPENSE

| (\$ millions)  | Second Quarter |        | Six Months |          |
|--|----------------|--------|------------|----------|
|  | 2011           | 2010   | 2011       | 2010     |
| CAPITAL EXPENDITURES                                     | \$ 1,633       | \$ 792 | \$ 2,958   | \$ 1,560 |
| DEPRECIATION, DEPLETION<br>AND<br>AMORTIZATION OF ASSETS | \$ 839         | \$ 798 | \$ 1,729   | \$ 1,561 |



## SUMMARY OF OPERATING STATISTICS - PRODUCTION

|   | Second Quarter |      | Six Months |      |
|---|----------------|------|------------|------|
|   | 2011           | 2010 | 2011       | 2010 |
| NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY |                |      |            |      |
| United States                               |                |      |            |      |
| Crude Oil (MBBL)                            |                |      |            |      |
| California                                  | 78             | 75   | 77         | 76   |
| Permian                                     | 132            | 135  | 132        | 136  |
| Midcontinent and other                      | 16             | 7    | 15         | 7    |
| Total                                       | 226            | 217  | 224        | 219  |
| NGL (MBBL)                                  |                |      |            |      |
| California                                  | 15             | 17   | 15         | 17   |
| Permian                                     | 40             | 28   | 38         | 27   |
| Midcontinent and other                      | 16             | 7    | 12         | 6    |
| Total                                       | 71             | 52   | 65         | 50   |
| Natural Gas (MMCF)                          |                |      |            |      |
| California                                  | 252            | 293  | 247        | 294  |
| Permian                                     | 143            | 196  | 154        | 197  |
| Midcontinent and other                      | 366            | 192  | 347        | 187  |
| Total                                       | 761            | 681  | 748        | 678  |
| Latin America                               |                |      |            |      |
| Crude Oil (MBBL)                            |                |      |            |      |
| Colombia                                    | 30             | 32   | 31         | 33   |
| Natural Gas (MMCF)                          |                |      |            |      |
| Bolivia                                     | 16             | 15   | 16         | 13   |
| Middle East / North Africa                  |                |      |            |      |
| Crude Oil (MBBL)                            |                |      |            |      |
| Bahrain                                     | 3              | 3    | 3          | 3    |
| Dolphin                                     | 10             | 11   | 10         | 12   |
| Iraq  | 5              | -    | 7          | -    |
| Libya                                       | -              | 14   | 8          | 14   |
| Oman  | 68             | 60   | 67         | 58   |
| Qatar                                       | 68             | 78   | 72         | 76   |
| Yemen                                       | 23             | 31   | 28         | 33   |
| Total                                       | 177            | 197  | 195        | 196  |
| NGL (MBBL)                                  |                |      |            |      |
| Dolphin                                     | 11             | 12   | 10         | 12   |
| Libya                                       | -              | 1    | -          | 1    |

|                                  |     |     |     |     |
|----------------------------------|-----|-----|-----|-----|
| Total                            | 11  | 13  | 10  | 13  |
| Natural Gas (MMCF)               |     |     |     |     |
| Bahrain                          | 172 | 161 | 172 | 163 |
| Dolphin                          | 203 | 235 | 199 | 232 |
| Oman                             | 49  | 48  | 50  | 50  |
| Total                            | 424 | 444 | 421 | 445 |
| Barrels of Oil Equivalent (MBOE) | 715 | 701 | 723 | 701 |

## SUMMARY OF OPERATING STATISTICS - SALES

|   | Second Quarter |      | Six Months |      |
|---|----------------|------|------------|------|
|   | 2011           | 2010 | 2011       | 2010 |
| NET OIL, GAS AND LIQUIDS<br>SALES PER DAY |                |      |            |      |
| United States                             |                |      |            |      |
| Crude Oil (MBBL)                          | 226            | 217  | 224        | 219  |
| NGL (MBBL)                                | 71             | 52   | 65         | 50   |
| Natural Gas (MMCF)                        | 761            | 681  | 748        | 678  |
| Latin America                             |                |      |            |      |
| Crude Oil (MBBL)                          |                |      |            |      |
| Colombia                                  | 30             | 27   | 31         | 30   |
| Natural Gas (MMCF)                        |                |      |            |      |
| Bolivia                                   | 16             | 15   | 16         | 13   |
| Middle East / North Africa                |                |      |            |      |
| Crude Oil (MBBL)                          |                |      |            |      |
| Bahrain                                   | 3              | 3    | 3          | 3    |
| Dolphin                                   | 10             | 11   | 10         | 11   |
| Libya                                     | -              | 22   | 8          | 13   |
| Oman                                      | 66             | 58   | 69         | 57   |
| Qatar                                     | 65             | 78   | 71         | 76   |
| Yemen                                     | 23             | 32   | 28         | 33   |
| Total                                     | 167            | 204  | 189        | 193  |
| NGL (MBBL)                                |                |      |            |      |
| Dolphin                                   | 11             | 12   | 10         | 12   |
| Libya                                     | -              | 3    | -          | 1    |
| Total                                     | 11             | 15   | 10         | 13   |
| Natural Gas (MMCF)                        | 424            | 444  | 421        | 445  |
| Barrels of Oil Equivalent<br>(MBOE)       | 705            | 705  | 717        | 695  |

## 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 results," 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 results is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

| (\$ millions, except per-share amounts)         | Second Quarter |             |          |             |
|---|----------------|-------------|----------|-------------|
|   | 2011           | Diluted EPS | 2010     | Diluted EPS |
| <b>TOTAL REPORTED EARNINGS</b>                  | \$ 1,817       | \$ 2.23     | \$ 1,063 | \$ 1.31     |
| Oil and Gas Segment Earnings                    | \$ 2,624       |             | \$ 1,867 |             |
| Add:  |                |             |          |             |
| No significant items affecting earnings         | -              |             | -        |             |
| Segment Core Results                            | 2,624          |             | 1,867    |             |
| Chemicals Segment Earnings                      | 253            |             | 108      |             |
| Add:  |                |             |          |             |
| No significant items affecting earnings         | -              |             | -        |             |
| Segment Core Results                            | 253            |             | 108      |             |
| Midstream, Marketing and Other Segment Earnings | 187            |             | 13       |             |
| Add:  |                |             |          |             |
| No significant items affecting earnings         | -              |             | -        |             |
| Segment Core Results                            | 187            |             | 13       |             |
| Total Segment Core Results                      | 3,064          |             | 1,988    |             |
| Corporate Results --                            |                |             |          |             |
| Non Segment *                                   | (1,247)        |             | (925)    |             |
| Add:  |                |             |          |             |
| Discontinued operations, net **                 | 2              |             | 14       |             |

Corporate Core Results - Non  
Segment

(1,245)

(911)

TOTAL CORE RESULTS

\$ 1,819

\$ 2.23

\$ 1,077

\$ 1.32

\* Interest expense, income taxes, G&A expense and other.

\*\* Amounts shown after tax.

## SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)

| (\$ millions, except per-share amounts)         | Six Months |             |          |             |
|---|------------|-------------|----------|-------------|
|   | 2011       | Diluted EPS | 2010     | Diluted EPS |
| TOTAL REPORTED EARNINGS                         | \$ 3,366   | \$ 4.13     | \$ 2,127 | \$ 2.61     |
| Oil and Gas Segment Earnings                    | \$ 5,092   |             | \$ 3,728 |             |
| Add:  |            |             |          |             |
| Libya exploration write-off                     | 35         |             | -        |             |
| Gain on sale of Colombia pipeline interest      | (22)       |             | -        |             |
| Foreign tax                                     | 29         |             | -        |             |
| Segment Core Results                            | 5,134      |             | 3,728    |             |
| Chemicals Segment Earnings                      | 472        |             | 138      |             |
| Add:  |            |             |          |             |
| No significant items affecting earnings         | -          |             | -        |             |
| Segment Core Results                            | 472        |             | 138      |             |
| Midstream, Marketing and Other Segment Earnings | 301        |             | 107      |             |
| Add:  |            |             |          |             |
| No significant items affecting earnings         | -          |             | -        |             |
| Segment Core Results                            | 301        |             | 107      |             |
| Total Segment Core Results                      | 5,907      |             | 3,973    |             |
| Corporate Corporate Results -- Non Segment *    | (2,499)    |             | (1,846)  |             |
| Add:  |            |             |          |             |
| Premium on debt extinguishments                 | 163        |             | -        |             |
| State income tax charge                         | 33         |             | -        |             |
| Tax effect of pre-tax adjustments               | (50)       |             | -        |             |
| Discontinued operations, net **                 | (142)      |             | 47       |             |
| Corporate Core Results - Non Segment            | (2,495)    |             | (1,799)  |             |

|                    |          |         |          |         |
|--------------------|----------|---------|----------|---------|
| TOTAL CORE RESULTS | \$ 3,412 | \$ 4.19 | \$ 2,174 | \$ 2.67 |
|--------------------|----------|---------|----------|---------|

\* Interest expense, income taxes, G&A expense and other

\*\* Amounts shown after tax.

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

- 99.1 Press release dated July 26, 2011.
- 99.2 Full text of speeches given by Jim Lienert and Stephen I. Chazen.
- 99.3 Investor Relations Supplemental Schedules.
- 99.4 Earnings Conference Call Slides.
- 99.5 Forward-Looking Statements Disclosure for Earnings Release Presentation Materials.



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: July 26, 2011

/s/ ROY PINECI  
Roy Pineci, Vice President, Controller  
and Principal Accounting Officer

EXHIBIT INDEX

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