



For Immediate Release: October 27, 2011

## Occidental Petroleum Announces Third Quarter and Nine Months of 2011 Income

- Q3 2011 earnings from continuing operations of \$1.8 billion (\$2.18 per diluted share)
- Q3 2011 daily domestic oil and gas production of 436,000 BOE, highest in Company's history
- Q3 2011 total daily oil and gas sales of 743,000 BOE

LOS ANGELES, October 27, 2011 -- [Occidental Petroleum Corporation](#) (NYSE:OXY) announced earnings from continuing operations of \$1.8 billion (\$2.18 per diluted share) for the third quarter of 2011, compared with \$1.2 billion (\$1.48 per diluted share) for the third quarter of 2010. Net income was \$1.8 billion (\$2.17 per diluted share) for the third quarter of 2011, compared with the \$1.2 billion (\$1.46 per diluted share) for the third quarter of 2010.

In announcing the results, Stephen I. Chazen, President and Chief Executive Officer, said, "The third quarter 2011 income of \$1.8 billion was 48 percent higher than the same period of 2010. The third quarter 2011 domestic production was 436,000 BOE per day, the highest in Occidental's history, and total sales were 743,000 BOE per day.

"We continue to generate strong financial results with cash flow from operations of \$8.6 billion for the first nine months of 2011 and annualized ROE of 20 percent."

### **QUARTERLY RESULTS**

#### **Oil and Gas**

Oil and gas segment earnings were \$2.6 billion for the third quarter of 2011, compared with \$1.8 billion for the same period in 2010. The increase in the third quarter of 2011 earnings was due to higher volumes and liquids prices.

For the third quarter of 2011, daily oil and gas production volumes averaged 739,000 barrels of oil equivalent (BOE), compared with 706,000 BOE in the third 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 13,000 BOE per day, with another 1,000 BOE per day reduction at THUMS in Long Beach.

The third quarter 2011 production volume increase was a result of 56,000 BOE per day higher domestic volumes, partially offset by lower volumes in the Middle East/North Africa and Colombia. The domestic increase was from Midcontinent and Other, including the new acquisitions in South Texas and the North Dakota Williston Basin, and California. 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 higher production from our traditional areas in Oman and Mukhaizna and Iraq production that came on line in 2011. Colombia production was lower due to pipeline interruptions caused by insurgent activity.

Daily sales volumes increased from 713,000 BOE per day in the third quarter of 2010 to 743,000 BOE per day in the third quarter of 2011. The 2011 sales volumes were higher than the production volumes due to the timing of liftings.

Oxy's realized price for worldwide crude oil was \$97.24 per barrel for the third quarter of 2011, compared with \$72.31 per barrel for the third quarter of 2010. The third quarter of 2011 realized oil price represents 108 percent of the average WTI and 87 percent of the average Brent price for the quarter. About 60 percent of Oxy's oil production tracks world oil prices and 40 percent is indexed to WTI. Worldwide NGL prices were \$56.06 per barrel in the third quarter of 2011, compared with \$39.70 per barrel in the third quarter of 2010. Domestic gas prices increased slightly from \$4.20 per MCF in the third quarter of 2010 to \$4.23 per MCF for the third quarter of 2011.

### **Chemicals**

Chemical segment earnings for the third quarter of 2011 were \$245 million, compared to \$189 million in the third quarter of 2010. The improvement in third quarter results on a year-over-year basis reflects higher pricing across most product lines, which more than offset higher feedstock costs.

### **Midstream, Marketing and Other**

Midstream segment earnings were \$77 million for the third quarter of 2011, compared with \$163 million for the third quarter of 2010. The decline in earnings for the third quarter of 2011 was primarily due to lower trading results, partially offset by higher income from our pipeline and power generation businesses.

## **NINE-MONTH RESULTS**

Year-to-date 2011 core income was over \$5.2 billion (\$6.37 per diluted share), compared with \$3.4 billion (\$4.14 per diluted share) for the same period in 2010. Net income for the first nine months of 2011 was \$5.1 billion (\$6.31 per diluted share), compared with \$3.3 billion (\$4.07 per diluted share) for the same period in 2010.

### **Oil and Gas**

Oil and gas segment earnings were \$7.7 billion for the nine months of 2011, compared with \$5.5 billion for the same period of 2010. The \$2.2 billion increase in the 2011 results reflected higher crude oil and NGL prices and sales volumes, partially offset by higher operating costs and DD&A rates.

Oil and gas production volumes for the nine months were 728,000 BOE per day for 2011, compared with 703,000 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. Middle East/North Africa production declined due to impacts of price and other factors on production sharing contracts and lower production in Libya, partially offset by new production in Iraq and higher production in Oman's Mukhaizna field.

Daily sales volumes were 726,000 BOE in the first nine months of 2011, compared with 701,000 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 \$97.33 per barrel for the nine months of 2011, compared with \$73.58 per barrel for the nine months of 2010. Worldwide NGL prices were \$55.63 per barrel for the nine months of 2011, compared with \$43.66 per barrel in the nine months of 2010. Domestic gas prices declined from \$4.67 per MCF in the nine months of 2010 to \$4.24 per MCF in the nine months of 2011.

### **Chemicals**

Chemical segment earnings were \$717 million for the nine months of 2011, compared with \$327 million for the same period in 2010. The 2011 nine month results reflect strong export sales and higher margins resulting from higher demand across most products.

### **Midstream, Marketing and Other**

Midstream segment earnings were \$378 million for the nine months of 2011, compared with \$270 million for the same period in 2010. The 2011 results reflect higher pipeline income and increased margins in our power generation business.

### **About Oxy**

[Occidental Petroleum Corporation](#) is an international oil and gas exploration and production company with operations in the United States, Middle East/North Africa and Latin America regions. Oxy is the fourth largest U.S. oil and gas company, based on equity market capitalization. Oxy's wholly owned subsidiary, OxyChem, manufactures and markets chlor-alkali products and vinyls. Occidental is committed to safeguarding the environment, protecting the safety and health of employees and neighboring communities and upholding high standards of social responsibility in all of the company's worldwide operations.

### **Forward-Looking Statements**

Portions of this press release 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", "might", "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.

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**SUMMARY OF SEGMENT NET SALES AND EARNINGS**

(\$ millions, except per-share amounts)	Third Quarter		Nine Months	
	2011	2010	2011	2010
<b>SEGMENT NET SALES</b>				
Oil and Gas	\$ 4,677	\$ 3,508	\$ 13,635	\$ 10,517
Chemical	1,231	1,051	3,721	3,020
Midstream, Marketing and Other	256	388	1,109	993
Eliminations	(158)	(184)	(560)	(548)
<b>Net Sales</b>	<b>\$ 6,006</b>	<b>\$ 4,763</b>	<b>\$ 17,905</b>	<b>\$ 13,982</b>
<b>SEGMENT EARNINGS</b>				
Oil and Gas (a), (b)	\$ 2,612	\$ 1,757	\$ 7,704	\$ 5,485
Chemical	245	189	717	327
Midstream, Marketing and Other	77	163	378	270
	2,934	2,109	8,799	6,082
<b>Unallocated Corporate Items</b>				
Interest expense, net (c)	(23)	(18)	(259)	(73)
Income taxes (d)	(1,087)	(822)	(3,252)	(2,377)
Other	(49)	(66)	(289)	(255)
<b>Income from Continuing Operations (a)</b>	<b>1,775</b>	<b>1,203</b>	<b>4,999</b>	<b>3,377</b>
Discontinued operations, net (e)	(4)	(12)	138	(59)
<b>NET INCOME (a)</b>	<b>\$ 1,771</b>	<b>\$ 1,191</b>	<b>\$ 5,137</b>	<b>\$ 3,318</b>
<b>BASIC EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 2.18	\$ 1.48	\$ 6.14	\$ 4.15
Discontinued operations, net	(0.01)	(0.02)	0.17	(0.07)
	\$ 2.17	\$ 1.46	\$ 6.31	\$ 4.08
<b>DILUTED EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 2.18	\$ 1.48	\$ 6.14	\$ 4.14
Discontinued operations, net	(0.01)	(0.02)	0.17	(0.07)
	\$ 2.17	\$ 1.46	\$ 6.31	\$ 4.07
<b>AVERAGE COMMON SHARES OUTSTANDING</b>				
BASIC	812.5	812.7	812.6	812.4
DILUTED	813.2	813.9	813.3	813.8

(a) **Earnings and Income** - Represent amounts attributable to Common Stock, after deducting non-controlling interest amounts of \$22 million for the third quarter of 2010 and \$58 million for the nine months of 2010.

(b) **Oil and Gas** - The first nine 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 nine 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 nine 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 nine months of 2011 include a net \$21 million charge for out-of-period state income taxes.

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

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

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(\$ millions)	Third Quarter		Nine Months	
	2011	2010	2011	2010
<b>CAPITAL EXPENDITURES</b>	<b>\$ 2,011</b>	<b>\$ 1,020</b>	<b>\$ 4,969</b>	<b>\$ 2,580</b>
<b>DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS</b>	<b>\$ 924</b>	<b>\$ 792</b>	<b>\$ 2,653</b>	<b>\$ 2,353</b>

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**SUMMARY OF OPERATING STATISTICS - PRODUCTION**

	Third Quarter		Nine Months	
	2011	2010	2011	2010
<b>NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY</b>				
<b>United States</b>				
Crude Oil (MBBL)				
California	80	75	78	75
Permian	133	134	132	136
Midcontinent and other	17	7	16	7
Total	230	216	226	218
NGL (MBBL)				
California	16	17	15	17
Permian	37	30	38	28
Midcontinent and other	20	7	14	7
Total	73	54	67	52
Natural Gas (MMCF)				
California	269	276	254	288
Permian	151	186	153	194
Midcontinent and other	379	194	357	189
Total	799	656	764	671
<b>Latin America</b>				
Crude Oil (MBBL)				
Colombia	27	33	29	33
Natural Gas (MMCF)				
Bolivia	15	19	16	15
<b>Middle East / North Africa</b>				
Crude Oil (MBBL)				
Bahrain	4	3	4	3
Dolphin	10	12	10	12
Iraq	4	-	6	-
Libya	-	11	5	13
Oman	69	63	68	60
Qatar	73	78	72	77
Yemen	28	30	28	32
Total	188	197	193	197
NGL (MBBL)				
Dolphin	11	13	11	12
Libya	-	1	-	1
Total	11	14	11	13
Natural Gas (MMCF)				
Bahrain	169	181	171	169
Dolphin	215	250	205	238
Oman	59	47	53	49
Total	443	478	429	456
<b>Barrels of Oil Equivalent (MBOE)</b>	<b>739</b>	<b>706</b>	<b>728</b>	<b>703</b>

**SUMMARY OF OPERATING STATISTICS - SALES**

	Third Quarter		Nine Months	
	2011	2010	2011	2010
<b>NET OIL, GAS AND LIQUIDS SALES PER DAY</b>				
<b>United States</b>				
Crude Oil (MBBL)	230	216	226	218
NGL (MBBL)	73	54	67	52
Natural Gas (MMCF)	799	656	764	671
<b>Latin America</b>				
Crude Oil (MBBL)				
Colombia	24	36	29	32
Natural Gas (MMCF)				
Bolivia	15	19	16	15
<b>Middle East / North Africa</b>				
Crude Oil (MBBL)				
Bahrain	4	3	4	3
Dolphin	9	12	9	11
Iraq	7	-	2	-
Libya	-	12	5	12
Oman	71	66	70	60
Qatar	76	79	73	77
Yemen	28	30	28	32
Total	195	202	191	195
NGL (MBBL)				
Dolphin	11	13	11	13
Libya	-	-	-	1
Total	11	13	11	14
Natural Gas (MMCF)	443	478	429	456
<b>Barrels of Oil Equivalent (MBOE)</b>	<b>743</b>	<b>713</b>	<b>726</b>	<b>701</b>

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**SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS**


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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)	Third Quarter			
	2011	Diluted EPS	2010	Diluted EPS
<b>TOTAL REPORTED EARNINGS</b>	<u>\$ 1,771</u>	<u>\$ 2.17</u>	<u>\$ 1,191</u>	<u>\$ 1.46</u>
<b>Oil and Gas</b>				
Segment Earnings	\$ 2,612		\$ 1,757	
Add:				
No significant items affecting earnings	<u>-</u>		<u>-</u>	
Segment Core Results	<u>2,612</u>		<u>1,757</u>	
<b>Chemicals</b>				
Segment Earnings	245		189	
Add:				
No significant items affecting earnings	<u>-</u>		<u>-</u>	
Segment Core Results	<u>245</u>		<u>189</u>	
<b>Midstream, Marketing and Other</b>				
Segment Earnings	77		163	
Add:				
No significant items affecting earnings	<u>-</u>		<u>-</u>	
Segment Core Results	<u>77</u>		<u>163</u>	
<b>Total Segment Core Results</b>	<u>2,934</u>		<u>2,109</u>	
<b>Corporate</b>				
Corporate Results --				
Non Segment *	(1,163)		(918)	
Add:				
Discontinued operations, net **	<u>4</u>		<u>12</u>	
Corporate Core Results - Non Segment	<u>(1,159)</u>		<u>(906)</u>	
<b>TOTAL CORE RESULTS</b>	<u>\$ 1,775</u>	<u>\$ 2.18</u>	<u>\$ 1,203</u>	<u>\$ 1.48</u>

\* 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)	Nine Months			
	2011	Diluted EPS	2010	Diluted EPS
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 5,137</b>	<b>\$ 6.31</b>	<b>\$ 3,318</b>	<b>\$ 4.07</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 7,704		\$ 5,485	
Add:				
Libya exploration write-off	35		-	
Gain on sale of Colombia pipeline interest	(22)		-	
Foreign tax	29		-	
Segment Core Results	<u>7,746</u>		<u>5,485</u>	
<b>Chemicals</b>				
Segment Earnings	717		327	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	<u>717</u>		<u>327</u>	
<b>Midstream, Marketing and Other</b>				
Segment Earnings	378		270	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	<u>378</u>		<u>270</u>	
<b>Total Segment Core Results</b>	<b><u>8,841</u></b>		<b><u>6,082</u></b>	
<b>Corporate</b>				
Corporate Results --				
Non Segment *	(3,662)		(2,764)	
Add:				
Premium on debt extinguishments	163		-	
State income tax charge	33		-	
Tax effect of pre-tax adjustments	(50)		-	
Discontinued operations, net **	(138)		59	
Corporate Core Results - Non Segment	<u>(3,654)</u>		<u>(2,705)</u>	
<b>TOTAL CORE RESULTS</b>	<b><u>\$ 5,187</u></b>	<b><u>\$ 6.37</u></b>	<b><u>\$ 3,377</u></b>	<b><u>\$ 4.14</u></b>

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

\*\* Amounts shown after tax.