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Occidental Petroleum Announces Fourth Quarter and Twelve Months of 2011 Income

- Q4 2011 earnings from continuing operations of \$1.6 billion (\$2.02 per diluted share)
- Q4 2011 daily domestic oil and gas production of 449,000 BOE, highest in Company's history
- Q4 2011 total daily oil and gas production of 748,000 BOE
- Total year net income of \$6.8 billion (\$8.32 per diluted share)

LOS ANGELES, January 25, 2012 -- [Occidental Petroleum Corporation](#) (NYSE:OXY) announced net income of \$1.6 billion (\$2.01 per diluted share) for the fourth quarter of 2011, compared with the \$1.2 billion (\$1.49 per diluted share) for the fourth quarter of 2010. Core income was \$1.6 billion (\$2.02 per diluted share) for the fourth quarter of 2011, compared with \$1.3 billion (\$1.58 per diluted share) for the fourth quarter of 2010.

Net income for the twelve months of 2011 was \$6.8 billion (\$8.32 per diluted share), compared with \$4.5 billion (\$5.56 per diluted share) for the same period in 2010. Core income for the year 2011 exceeded \$6.8 billion (\$8.39 per diluted share), compared with \$4.7 billion (\$5.72 per diluted share) for the same period in 2010.

In announcing the results, Stephen I. Chazen, President and Chief Executive Officer, said, "The 2011 net income of \$6.8 billion was 49-percent higher than 2010. For the year, we continued to generate strong financial results with cash flow from operations of \$12.3 billion and ROE of 19 percent. We increased our annual dividend by 21 percent to \$1.84 per share.

"Our domestic fourth quarter oil and gas production of 449,000 barrels of oil equivalent per day was the highest in Occidental's history, breaking the previous record achieved last quarter. The domestic production also reflected our highest ever quarterly volume for liquids. Total company production was 748,000 BOE per day for the fourth quarter, an increase of nearly 5 percent from the fourth quarter of 2010. Total company production for the full year of 2011 was 733,000 BOE per day, an increase of nearly 4 percent from 2010."

QUARTERLY RESULTS

Oil and Gas

Oil and gas segment earnings were \$2.5 billion for the fourth quarter of 2011, compared with \$1.7 billion for the fourth quarter of 2010. After excluding 2010 domestic

asset impairments, the fourth quarter of 2010 core segment earnings were \$1.9 billion. The increase in the fourth quarter of 2011 earnings was due to higher liquids volumes and prices, partially offset by higher operating costs and DD&A rates.

For the fourth quarter of 2011, daily oil and gas production volumes averaged 748,000 barrels of oil equivalent (BOE), compared with 714,000 BOE in the fourth 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 17,000 BOE per day.

The fourth quarter 2011 production volume increase was a result of 61,000 BOE per day higher domestic volumes, partially offset by lower volumes in the Middle East/North Africa and Colombia. The domestic increase was from South Texas, the Williston Basin and California. The Middle East/North Africa was lower due to the decline of production in Libya and the effect of price and other factors on production sharing contracts.

Daily sales volumes increased from 699,000 BOE per day in the fourth quarter of 2010 to 749,000 BOE per day in the fourth quarter of 2011.

Oxy's realized price for worldwide crude oil was \$99.62 per barrel for the fourth quarter of 2011, compared with \$79.96 per barrel for the fourth quarter of 2010. The fourth quarter of 2011 realized oil price represents 106 percent of the average WTI and 91 percent of the average Brent price for the quarter. Worldwide NGL prices were \$55.25 per barrel in the fourth quarter of 2011, compared with \$49.17 per barrel in the fourth quarter of 2010. Domestic gas prices decreased from \$4.13 per MCF in the fourth quarter of 2010 to \$3.59 per MCF for the fourth quarter of 2011.

Chemicals

Chemical segment earnings for the fourth quarter of 2011 were \$144 million, compared to \$111 million in the fourth quarter of 2010. The improvement in fourth quarter results on a year-over-year basis was primarily due to higher caustic soda pricing, which more than offset higher feedstock costs.

Midstream, Marketing and Other

Midstream segment earnings were \$70 million for the fourth quarter of 2011, compared with \$202 million for the fourth quarter of 2010. The decline in earnings for the fourth quarter of 2011 was primarily due to lower marketing and trading results.

TWELVE-MONTH RESULTS

Oil and Gas

Oil and gas segment earnings were \$10.2 billion for the twelve months of 2011, compared with \$7.2 billion for the same period of 2010. Oil and gas core earnings, after excluding asset impairments, were \$10.3 billion for the twelve months of 2011, compared with \$7.4 billion for the same period of 2010. The \$2.9 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 twelve months were 733,000 BOE per day for 2011, compared with 706,000 BOE per day for 2010. Higher year-over-year average oil prices and other factors affecting production sharing and similar contracts lowered the Middle East/North Africa, Colombia and Long Beach production by 18,000 BOE per day.

Domestic volumes increased primarily due to new operations in South Texas, California 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 higher production in Oman's Mukhaizna field and Iraq.

Daily sales volumes were 731,000 BOE in 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. Realizations for crude oil and NGLs rose 30 percent and 23 percent, respectively, and fell 10 percent for natural gas. Worldwide crude oil prices were \$97.92 per barrel for the twelve months of 2011, compared with \$75.16 per barrel for 2010. Worldwide NGL prices were \$55.53 per barrel for the twelve months of 2011, compared with \$45.08 per barrel in 2010. Domestic gas prices declined from \$4.53 per MCF in 2010 to \$4.06 per MCF in 2011.

Chemicals

Chemical segment earnings were \$861 million for the twelve months of 2011, compared with \$438 million for the same period in 2010. The 2011 results reflect strong export sales and higher margins resulting from higher demand across most products.

Midstream, Marketing and Other

Midstream segment earnings were \$448 million for the twelve months of 2011, compared with \$472 million for the same period in 2010. The 2011 results reflect lower marketing and trading income, partially offset by higher pipeline income.

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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For further analysis of Occidental's quarterly performance, please visit the website: www.oxy.com

SUMMARY OF SEGMENT NET SALES AND EARNINGS

(\$ millions, except per-share amounts)	Fourth Quarter		Twelve Months	
	2011	2010	2011	2010
SEGMENT NET SALES				
Oil and Gas	\$ 4,784	\$ 3,759	\$ 18,419	\$ 14,276
Chemical	1,094	996	4,815	4,016
Midstream, Marketing and Other	338	478	1,447	1,471
Eliminations	(182)	(170)	(742)	(718)
Net Sales	<u>\$ 6,034</u>	<u>\$ 5,063</u>	<u>\$ 23,939</u>	<u>\$ 19,045</u>
SEGMENT EARNINGS				
Oil and Gas (a), (b)	\$ 2,537	\$ 1,666	\$ 10,241	\$ 7,151
Chemical	144	111	861	438
Midstream, Marketing and Other	70	202	448	472
	<u>2,751</u>	<u>1,979</u>	<u>11,550</u>	<u>8,061</u>
Unallocated Corporate Items				
Interest expense, net (c)	(25)	(20)	(284)	(93)
Income taxes (d)	(949)	(618)	(4,201)	(2,995)
Other	(136)	(149)	(425)	(404)
Income from Continuing Operations (a)	<u>1,641</u>	<u>1,192</u>	<u>6,640</u>	<u>4,569</u>
Discontinued operations, net (e)	<u>(7)</u>	<u>20</u>	<u>131</u>	<u>(39)</u>
NET INCOME (a)	<u>\$ 1,634</u>	<u>\$ 1,212</u>	<u>\$ 6,771</u>	<u>\$ 4,530</u>
BASIC EARNINGS PER COMMON SHARE				
Income from continuing operations	\$ 2.02	\$ 1.47	\$ 8.16	\$ 5.62
Discontinued operations, net	(0.01)	0.02	0.16	(0.05)
	<u>\$ 2.01</u>	<u>\$ 1.49</u>	<u>\$ 8.32</u>	<u>\$ 5.57</u>
DILUTED EARNINGS PER COMMON SHARE				
Income from continuing operations	\$ 2.02	\$ 1.47	\$ 8.16	\$ 5.61
Discontinued operations, net	(0.01)	0.02	0.16	(0.05)
	<u>\$ 2.01</u>	<u>\$ 1.49</u>	<u>\$ 8.32</u>	<u>\$ 5.56</u>
AVERAGE COMMON SHARES OUTSTANDING				
BASIC	810.7	812.6	812.1	812.5
DILUTED	<u>811.5</u>	<u>813.7</u>	<u>812.9</u>	<u>813.8</u>

(a) **Earnings and Income** - Represent amounts attributable to Common Stock, after deducting non-controlling interest amounts of \$14 million for the fourth quarter of 2010 and \$72 million for the twelve months of 2010.

(b) **Oil and Gas** - The twelve 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 twelve months of 2011 results is a pre-tax gain for sale of an interest in a Colombia pipeline of \$22 million. The fourth quarter and twelve months of 2010 include pre-tax charges for asset impairments of \$275 million.

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

(d) **Unallocated Corporate Items - Taxes** - The twelve months of 2011 include a net \$21 million charge for out-of-period state income taxes. The fourth quarter and twelve months of 2010 include an \$80 million benefit related to foreign tax credit carry-forwards.

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

SUMMARY OF CAPITAL EXPENDITURES AND DD&A EXPENSE

(\$ millions)	Fourth Quarter		Twelve Months	
	2011	2010	2011	2010
CAPITAL EXPENDITURES	\$ 2,549	\$ 1,360	\$ 7,518	\$ 3,940
DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS	\$ 938	\$ 800	\$ 3,591	\$ 3,153

SUMMARY OF OPERATING STATISTICS - PRODUCTION

	Fourth Quarter		Twelve Months	
	2011	2010	2011	2010
NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY				
United States				
Crude Oil (MBBL)				
California	84	75	80	76
Permian	137	135	134	136
Midcontinent and Other	19	9	16	7
Total	240	219	230	219
NGLs (MBBL)				
California	15	15	15	16
Permian	37	31	38	29
Midcontinent and Other	18	7	16	7
Total	70	53	69	52
Natural Gas (MMCF)				
California	276	259	260	280
Permian	167	215	157	199
Midcontinent and Other	390	225	365	198
Total	833	699	782	677
Latin America				
Crude Oil (MBBL)				
Colombia	28	30	29	32
Natural Gas (MMCF)				
Bolivia	14	18	15	16
Middle East / North Africa				
Crude Oil (MBBL)				
Bahrain	5	3	4	3
Dolphin	9	11	9	11
Iraq	9	11	7	3
Libya	1	11	4	12
Oman	67	67	67	62
Qatar	76	75	73	76
Yemen	23	27	27	31
Total	190	205	191	198
NGLs (MBBL)				
Dolphin	9	12	10	13
Libya	-	1	-	1
Total	9	13	10	14
Natural Gas (MMCF)				
Bahrain	180	170	173	169
Dolphin	181	232	199	236
Oman	58	47	54	48
Total	419	449	426	453
Barrels of Oil Equivalent (MBOE)	748	714	733	706

SUMMARY OF OPERATING STATISTICS - SALES

	Fourth Quarter		Twelve Months	
	2011	2010	2011	2010
NET OIL, GAS AND LIQUIDS SALES PER DAY				
United States				
Crude Oil (MBBL)	240	219	230	219
NGLs (MBBL)	70	53	69	52
Natural Gas (MMCF)	833	699	782	677
Latin America				
Crude Oil (MBBL)				
Colombia	32	31	29	32
Natural Gas (MMCF)				
Bolivia	14	18	15	16
Middle East / North Africa				
Crude Oil (MBBL)				
Bahrain	5	3	4	3
Dolphin	9	11	9	12
Iraq	6	-	3	-
Libya	1	9	4	12
Oman	66	63	69	61
Qatar	75	74	73	76
Yemen	24	27	27	30
Total	186	187	189	194
NGLs (MBBL)				
Dolphin	10	12	10	12
Libya	-	3	-	1
Total	10	15	10	13
Natural Gas (MMCF)				
	419	449	426	453
Barrels of Oil Equivalent (MBOE)	749	699	731	701

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)	Fourth Quarter			
	2011	Diluted EPS	2010	Diluted EPS
TOTAL REPORTED EARNINGS	<u>\$ 1,634</u>	<u>\$ 2.01</u>	<u>\$ 1,212</u>	<u>\$ 1.49</u>
Oil and Gas				
Segment Earnings	\$ 2,537		\$ 1,666	
Add:				
Asset impairments	-		275	
Segment Core Results	<u>2,537</u>		<u>1,941</u>	
Chemicals				
Segment Earnings	144		111	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	<u>144</u>		<u>111</u>	
Midstream, Marketing and Other				
Segment Earnings	70		202	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	<u>70</u>		<u>202</u>	
Total Segment Core Results	<u>2,751</u>		<u>2,254</u>	
Corporate				
Corporate Results --				
Non Segment *	(1,117)		(767)	
Add:				
Tax effect of adjustments	-		(100)	
Benefit from foreign tax credit carry-forwards	-		(80)	
Discontinued operations, net **	7		(20)	
Corporate Core Results - Non Segment	<u>(1,110)</u>		<u>(967)</u>	
TOTAL CORE RESULTS	<u>\$ 1,641</u>	<u>\$ 2.02</u>	<u>\$ 1,287</u>	<u>\$ 1.58</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)	Twelve Months			
	2011	Diluted EPS	2010	Diluted EPS
TOTAL REPORTED EARNINGS	\$ 6,771	\$ 8.32	\$ 4,530	\$ 5.56
Oil and Gas				
Segment Earnings	\$ 10,241		\$ 7,151	
Add:				
Libya exploration write-off	35		-	
Gain on sale of Colombia pipeline interest	(22)		-	
Foreign tax	29		-	
Asset impairments	-		275	
Segment Core Results	<u>10,283</u>		<u>7,426</u>	
Chemicals				
Segment Earnings	861		438	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	<u>861</u>		<u>438</u>	
Midstream, Marketing and Other				
Segment Earnings	448		472	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	<u>448</u>		<u>472</u>	
Total Segment Core Results	<u>11,592</u>		<u>8,336</u>	
Corporate				
Corporate Results --				
Non Segment *	(4,779)		(3,531)	
Add:				
Premium on debt extinguishments	163		-	
State income tax charge	33		-	
Tax effect of pre-tax adjustments	(50)		(100)	
Benefit from foreign tax credit carry-forwards	-		(80)	
Discontinued operations, net **	(131)		39	
Corporate Core Results - Non Segment	<u>(4,764)</u>		<u>(3,672)</u>	
TOTAL CORE RESULTS	\$ 6,828	\$ 8.39	\$ 4,664	\$ 5.72

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

** Amounts shown after tax.