

OCCIDENTAL PETROLEUM CORPORATION

Third Quarter 2016 Conference Call
November 1, 2016



Occidental Petroleum Corporation

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Forward-Looking Statements

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Use of non-GAAP Financial Information

This presentation includes non-GAAP financial measures. You can find the reconciliations to comparable GAAP financial measures on the “Investors” section of our website.

Third Quarter 2016

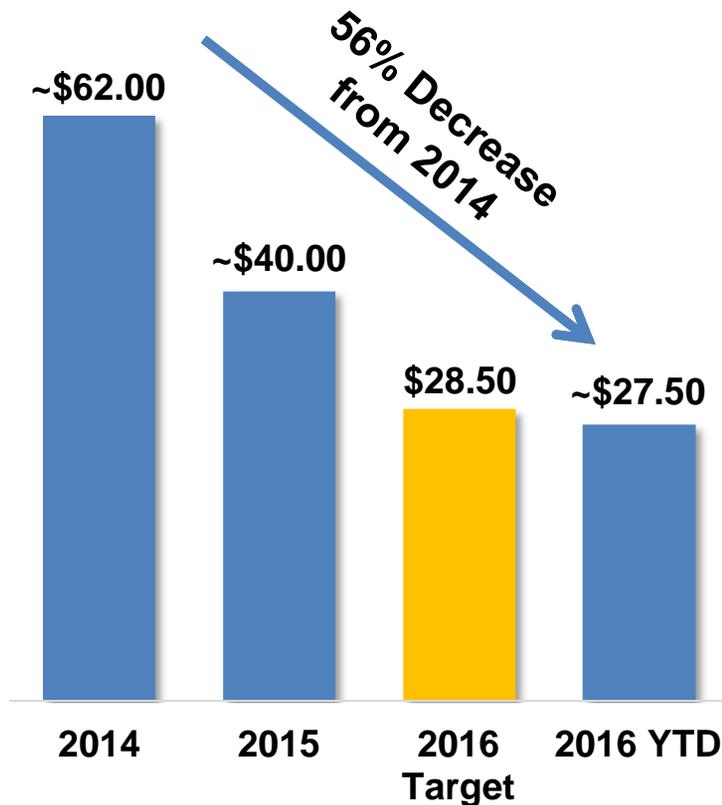
Key Messages

- **Cost reductions continue**
 - ✓ Total Spend per BOE declined to ~\$27.50 / boe Year to Date
- **Operational excellence**
 - ✓ On track to exceed high end of 4% - 6% production growth guidance
- **Optimal capital allocation**
 - ✓ On track for original ~\$3 billion 2016 capital budget*
- **Permian growth**
 - ✓ Acquisition of working interests in Permian EOR projects and Resources acreage
 - ✓ Appraisal and development in Permian Resources improved inventory

* Excludes cost of acquisitions

Third Quarter 2016 Total Spend per BOE Continued Decline

$$\text{Total Spend per BOE} = \frac{\text{Capital Spending* + G\&A + All Operating Costs}}{\text{Global Oil \& Gas Sales Volumes}}$$

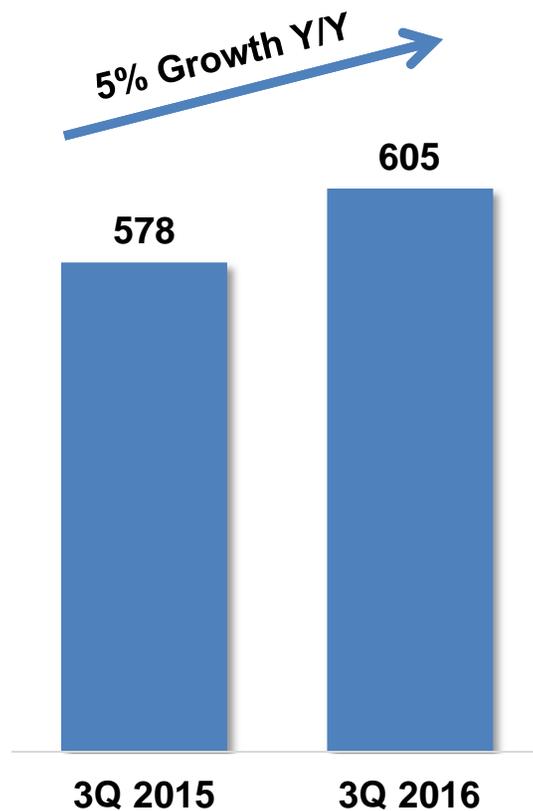


- Internal performance metric to focus on operational efficiency, especially in consideration of the sharp decline in commodity prices
- Portion of senior management's incentive compensation is directly aligned with this performance metric
- Focuses on efficiency, financial returns, and free cash flow generation
- Designed to help manage the reduction in overall spending while rewarding production growth

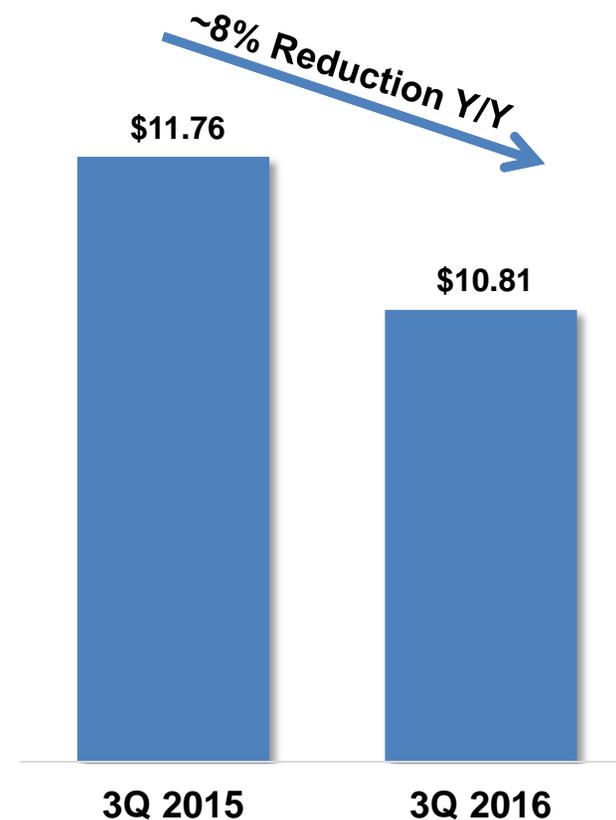
* Excludes cost of acquisitions

Third Quarter 2016 Core Production Growth & Reduced Production Costs

Total Company Production* (MBOED)



Production Costs* (\$/boe)

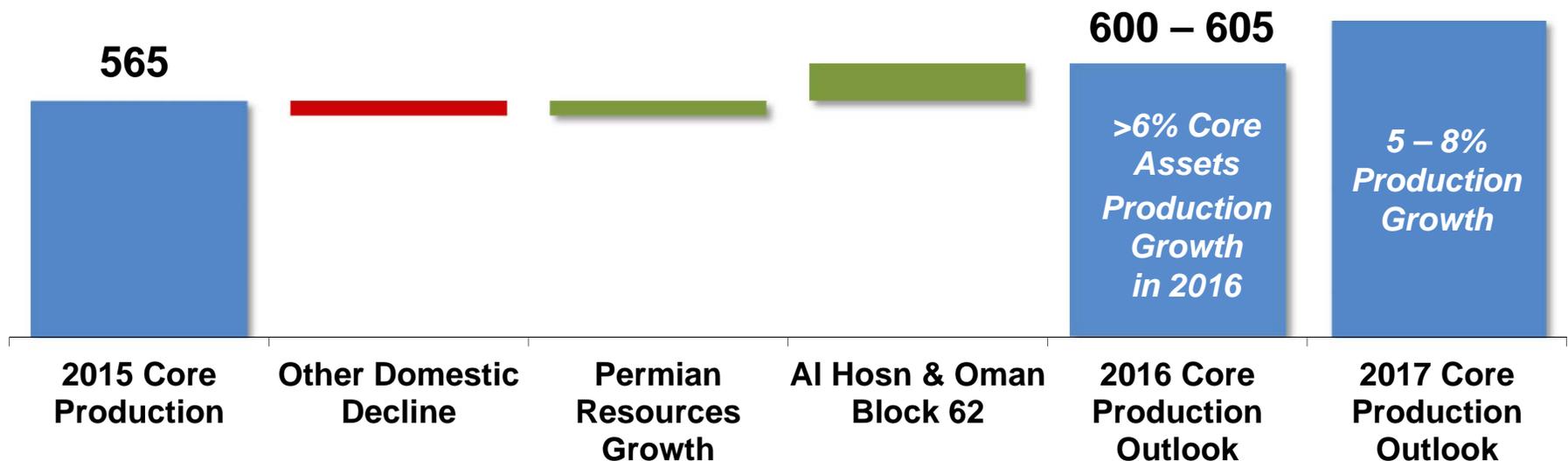


* Ongoing operations; excludes Williston and Piceance Basins, Iraq, and Bahrain

Third Quarter 2016 Production Outlook

- The increases in production from Al Hosn and Oman's Block 62, along with strong year over year production growth from Permian Resources will help us exceed the higher end of our production guidance for 2016 of 4% to 6% growth
 - Record high production at Al Hosn and Oman
 - Permian Resources 4% year over year growth

Company-wide Oil & Gas Production from Core Assets (MBOED)

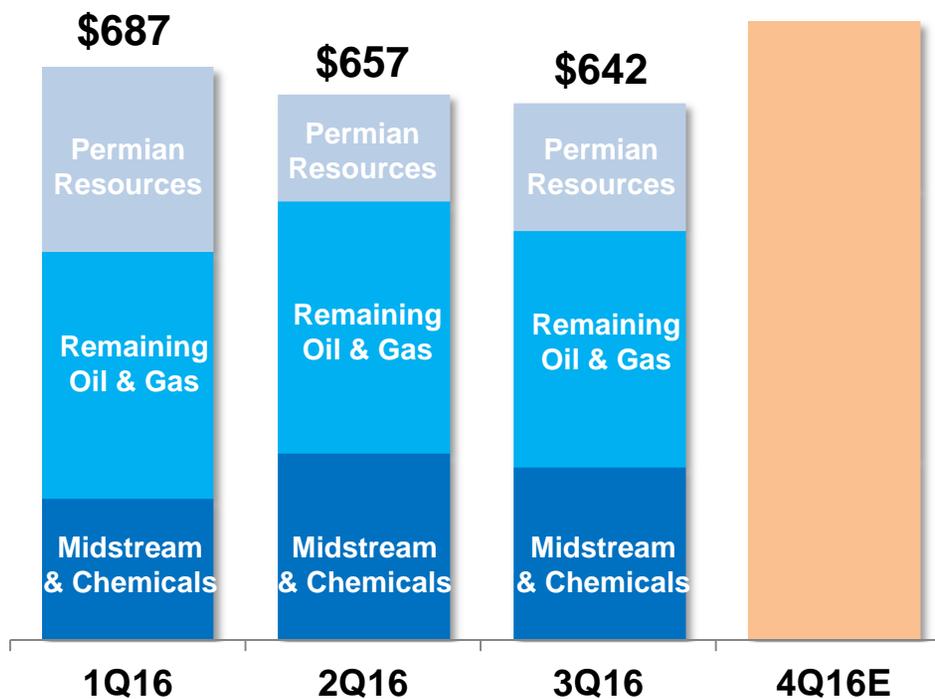


Note: Core assets exclude Bahrain, Iraq, Yemen, Williston and Piceance Basins

Third Quarter 2016 Capital Program

2016 Capital Budget

(\$ in millions)



- On track to meet ~\$3 billion capital budget*
- Increased activity in Permian Resources
- Seasonal maintenance in Chemicals and project spending in Midstream will increase in 4Q16 but decline in 1Q17
- Expect \$3.3 - \$3.8 billion capital program in 2017

* Excludes cost of acquisitions

Third Quarter 2016 Ingleside Ethylene Cracker

- **Ingleside Ethylene LLC**
 - 50% / 50% JV with Mexichem
 - \$1.5 Billion for a 1.2 Billion lb/yr cracker, pipeline to Markham and storage
 - 20-year supply agreement with Mexichem
- **Commercial operation in Q1 2017**
 - All systems turned over for commissioning

Ingleside Ethylene Cracker – September 2016



Third Quarter 2016 Ingleside Oil Terminal

- Terminal will have total oil storage capacity of ~2 million barrels and throughput capacity of ~300 thousand barrels per day
- Three loadings of crude oil have shipped since commissioning

First Shipments in October



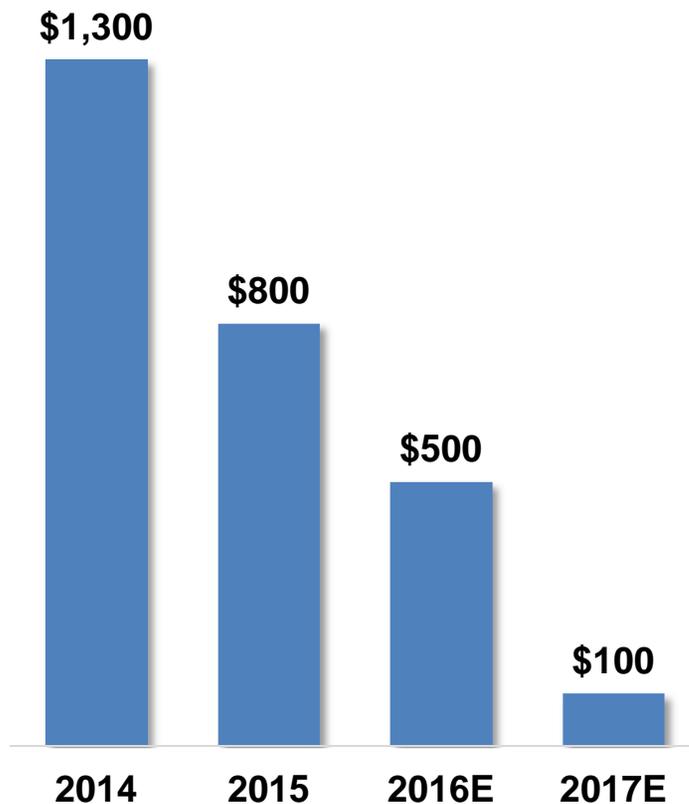
Ingleside Export Facility Phase One



Third Quarter 2016 Committed Project Capital Declining

Committed Project Capital

(\$ in millions)



- Multiple long-term investments to drive cash flow and earnings growth
 - Al Hosn
 - Ethylene cracker JV
 - Ingleside terminal
 - Gas processing
- Increased flexibility on capital budget in 2017 with less than 3% of capital program to committed projects
- Expect \$3.3 - \$3.8 billion capital program in 2017

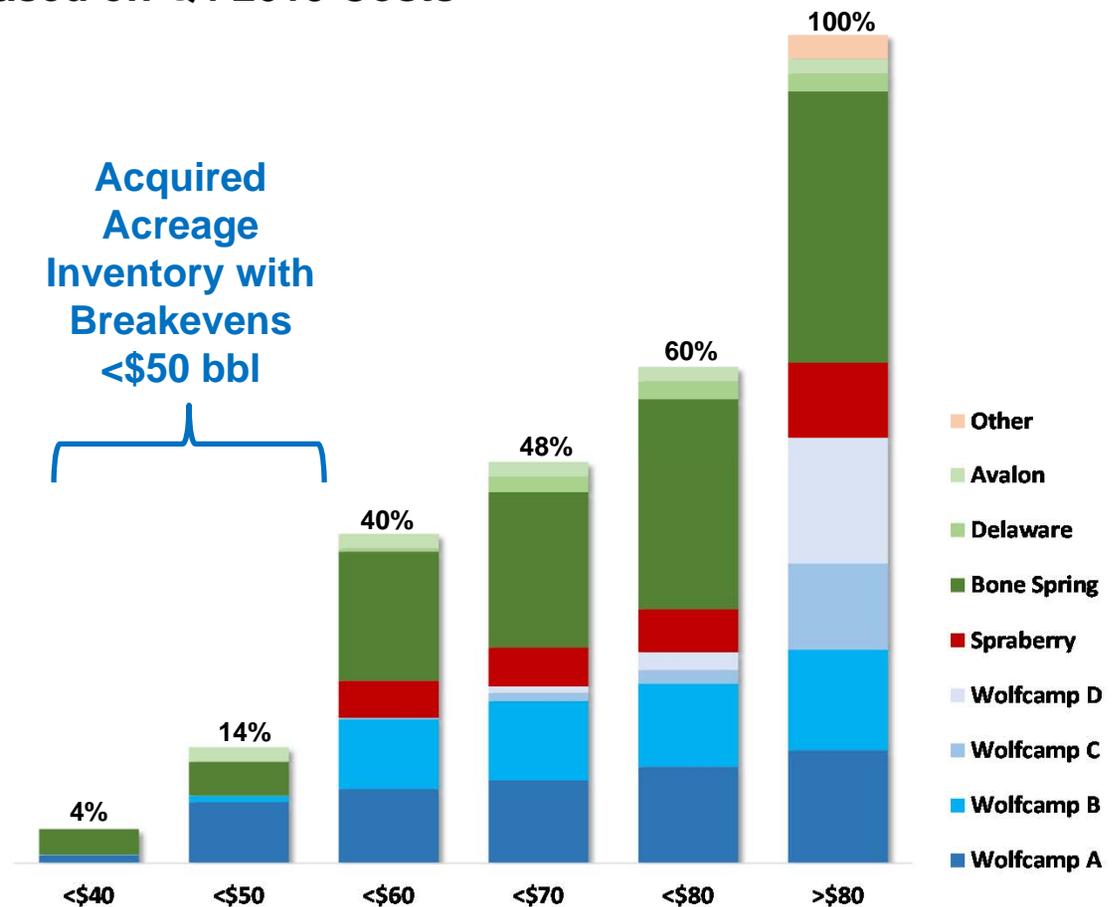
Third Quarter 2016 Permian Resources Acquisitions

- **35,000 net acres in Reeves and Pecos counties, Texas, in the Southern Delaware Basin**
 - ~7,000 BOED of net production (72% oil) from 68 horizontal wells
- **Including this transaction, Occidental's overall position in the leasehold area encompasses nearly 59,000 acres with an aggregate acquisition cost inclusive of value given to current production and infrastructure of ~\$2 billion.**
- **Acquired infrastructure value estimated at >\$100 million**
 - Electrical substation and distribution
 - Saltwater disposal wells and associated facilities and piping
 - Frac water storage, distribution and water recycling
 - Gas compression and gathering lines, including gas lift trunk lines

Third Quarter 2016 Permian Resources Acquisitions

- Proximity to other key development areas, such as Barilla Draw, allows for infrastructure efficiencies and contiguous position enables longer lateral well development
 - Total net acreage in Barilla Draw Area increased to ~100,000 acres
- Enables efficient development by gaining operatorship and provides capital flexibility as a high percentage of the acreage is held by production
 - Over 700 gross estimated horizontal drilling locations targeting the Wolfcamp A, Wolfcamp B and Bone Spring
 - Upside potential on additional benches

Permian Resources Drilling Inventory – Year End 2015*
Based on Q4 2015 Costs



* Inventory does not include acquisitions.

Third Quarter 2016 Core Results

- **Total oil production (Bbl/d)**
- **Total production (BOED)**
- **Core results****
- **Core diluted EPS****
- **3Q16 CFFO before Working Capital & Other*****
- **3Q16 Capital Expenditures**
- **Cash balance @ 9/30/2016**

| <u>Results</u> |
|------------------------------|
| 371,000 ~(3%) YoY* |
| 605,000 |
| (\$112) million |
| (\$0.15) |
| \$860 million |
| \$642 million |
| \$3.2 billion |

*Excludes Williston and Piceance Basins, Iraq, and Bahrain production volumes

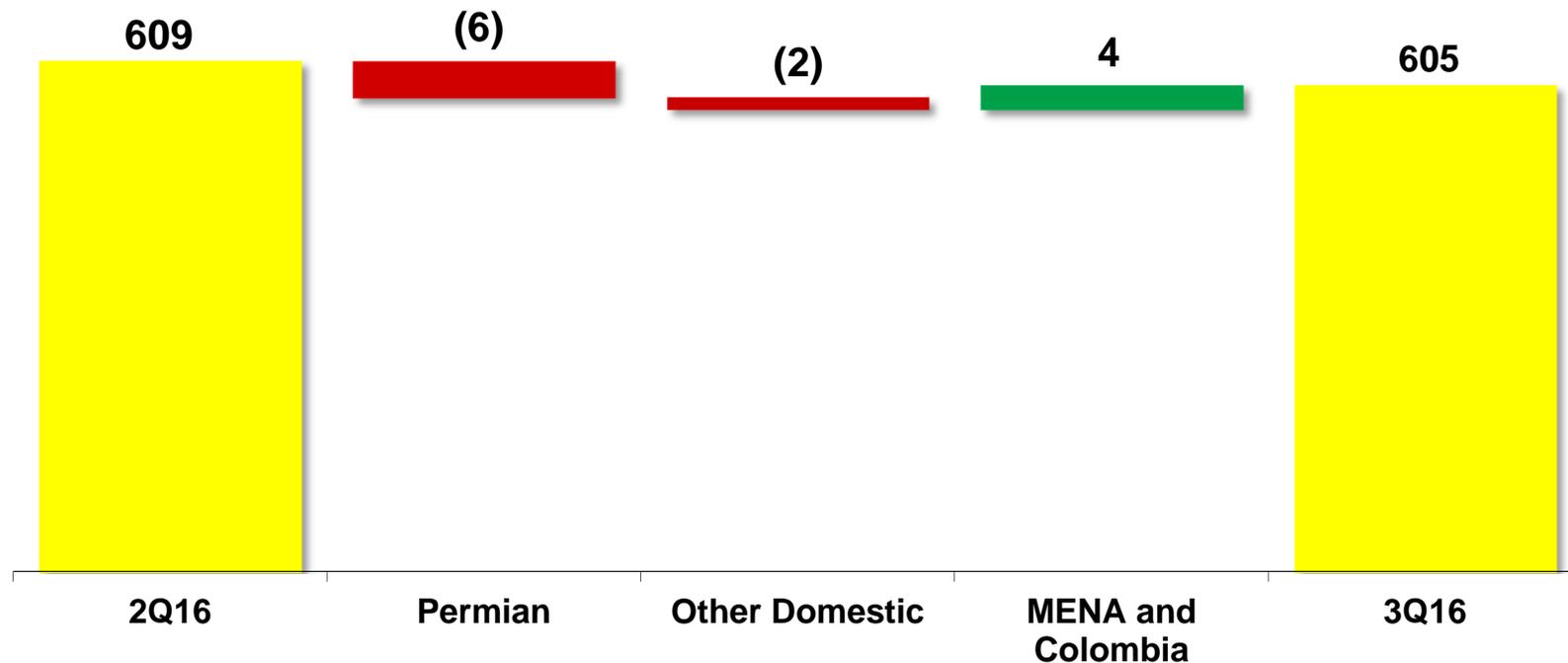
**For a reconciliation to GAAP, See Significant Items Affecting Earnings in the Earnings Release Attachments

***The third quarter of 2016 operating cash flow before working capital is adjusted for one-time charges for the termination of crude oil supply contracts of \$160 million and the timing of the recognition of a portion of the 2016 NOL receivable of \$86 million.

Third Quarter 2016 Oil and Gas Total Company Production – Ongoing Operations

- In 3Q 2016, total company oil and gas production volumes averaged 605,000 BOED, a decrease of 4,000 BOE in daily production from 2Q 2016.

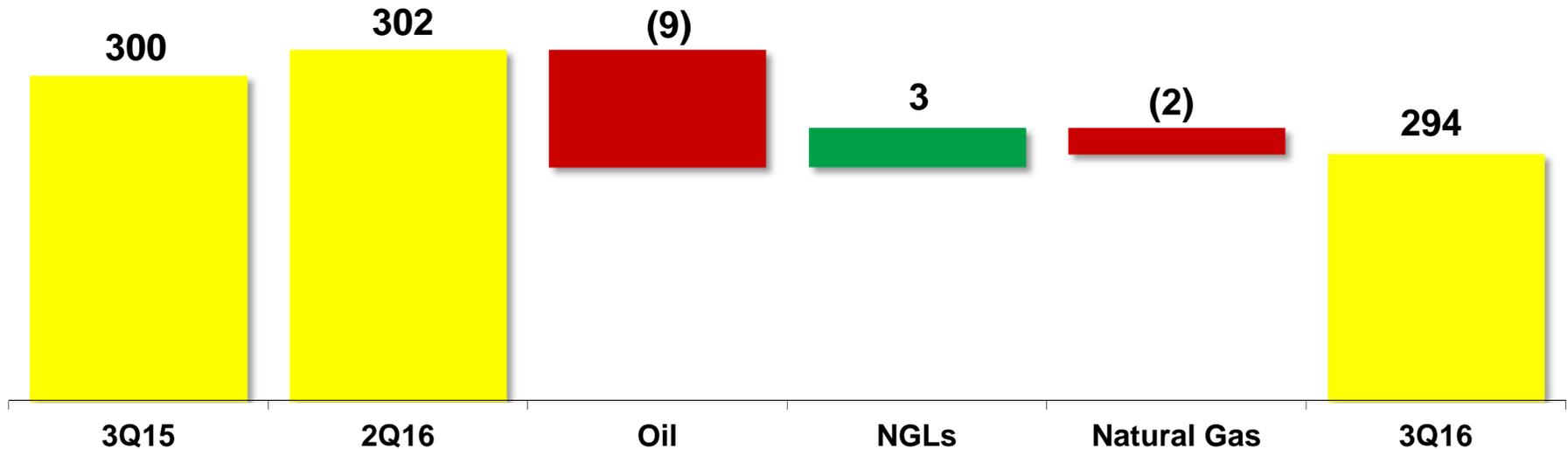
Company-wide Oil & Gas Production* (MBOED)



*Excludes Bahrain production volumes

Third Quarter 2016 Oil and Gas Domestic Production

Domestic Oil & Gas Production* (MBOED)

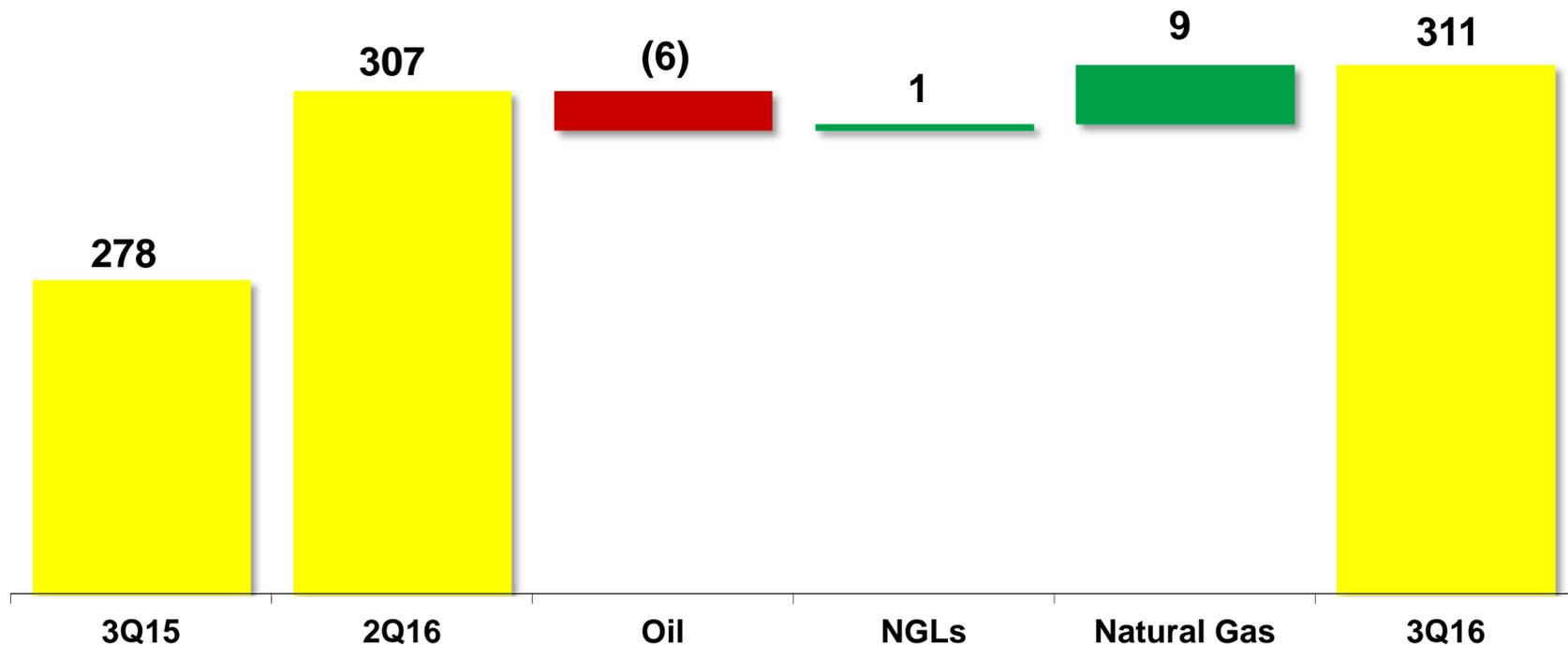


*Excludes Williston and Piceance production volumes

Third Quarter 2016 Oil and Gas International Production

- International production was up 4,000 BOED in 3Q 2016 with Al Hosn running at full capacity and the Block 62 in Oman ramp-up, offset by Colombia.

International Oil & Gas Production* (MBOED)



*Core production excludes Iraq and Bahrain production volumes

Third Quarter 2016 Oil & Gas Realized Prices

Realized Prices

Benchmark Prices

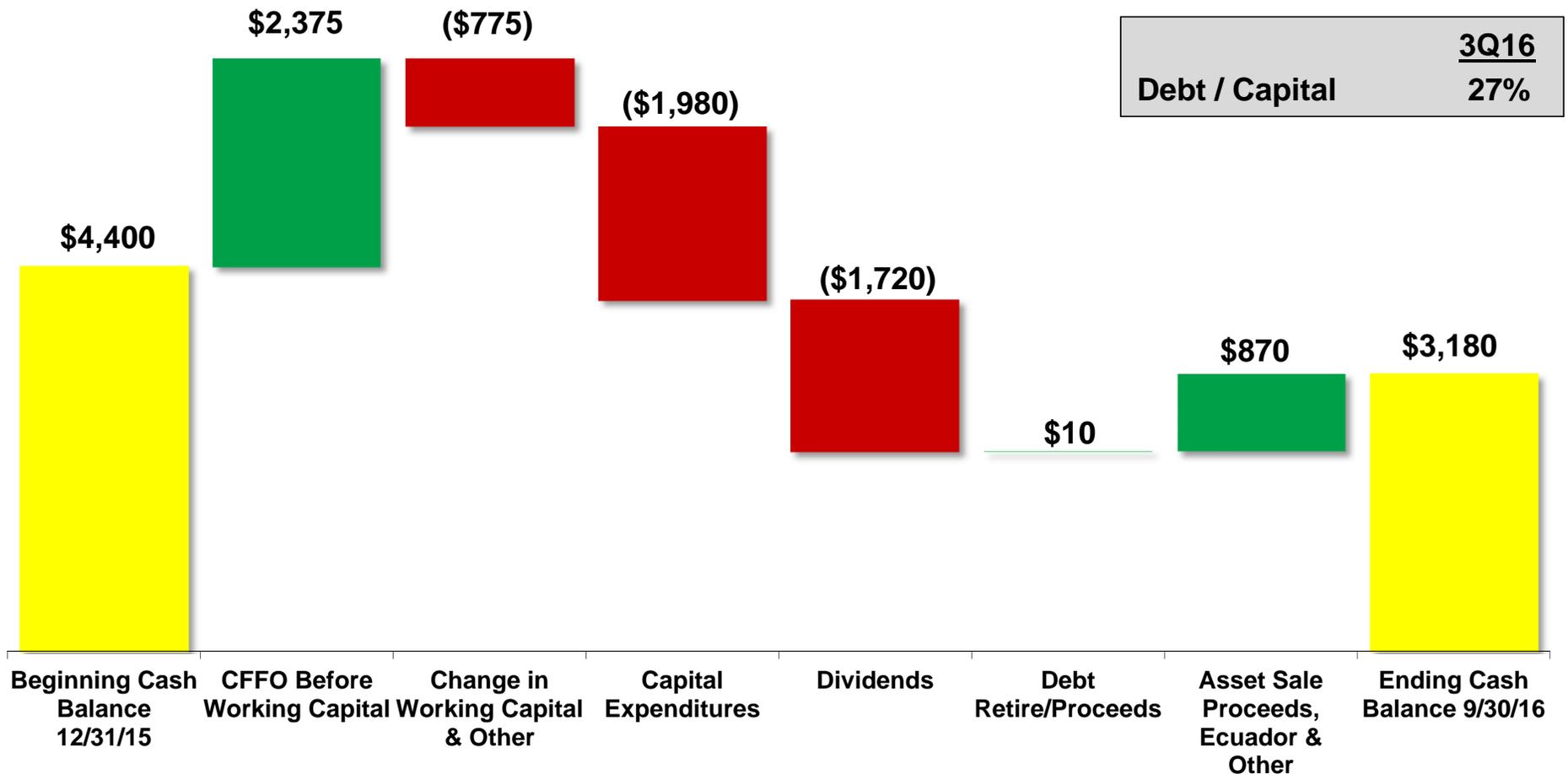
| | <u>Worldwide Oil (\$/bbl)</u> | <u>Worldwide NGLs (\$/bbl)</u> | <u>Domestic Nat. Gas (\$/mmbtu)</u> | <u>WTI</u> | <u>Brent</u> | <u>NYMEX</u> |
|----------------|-----------------------------------|------------------------------------|---|------------|--------------|--------------|
| 3Q16 | \$41.49 | \$14.99 | \$2.30 | \$44.94 | \$46.98 | \$2.70 |
| <i>WTI %</i> | 92% | 33% | 85%* | | | |
| <i>Brent %</i> | 88% | 32% | | | | |
| 2Q16 | \$39.66 | \$14.59 | \$1.46 | \$45.59 | \$46.97 | \$1.97 |
| <i>WTI %</i> | 87% | 32% | 74%* | | | |
| <i>Brent %</i> | 84% | 31% | | | | |
| 3Q15 | \$47.78 | \$14.68 | \$2.24 | \$46.43 | \$51.17 | \$2.78 |
| <i>WTI %</i> | 103% | 32% | 81%* | | | |
| <i>Brent %</i> | 93% | 29% | | | | |

* As a % of NYMEX



Third Quarter 2016 YTD (as of 9/30/2016) Cash Flow

(\$ in millions)



Third Quarter 2016 FY and 4Q 2016 Production Outlook

- **FY 2016 Total Production Outlook – Core Assets (Excludes Iraq, Bahrain & Piceance)**
 - Total volumes of 600,000 – 605,000 BOED
- **4Q16 Total Production Outlook – Core Assets**
 - Total production of 600,000 – 610,000 BOED
 - Domestic production
 - Permian EOR flat
 - Permian Resources flat
 - International production of 310,000 – 315,000 BOED

Third Quarter 2016

4Q16 & FY 2016 Guidance Summary

Oil & Gas Segment

- **FY 2016E Total Production – Core Assets**
 - 600,000 – 605,000 BOED
- **4Q16E Production – Core Assets**
 - Total production of 600,000 – 610,000 BOED
 - Permian EOR production flat
 - Permian Resources production flat
 - International production of 310,000 – 315,000 BOED

Cash Flow Sensitivities

- **A \$1 / bbl change in WTI oil price affects annual operating cash flows by ~\$100 million**
- **A \$0.50 / Mmbtu change in domestic natural gas prices affects annual operating cash flows by ~\$45 million**

DD&A – FY 2016E

- **Oil & Gas: ~\$15.50 / BOE**
- **Chemicals and Midstream: \$655 mm**

Exploration Expense

- **~\$25 mm in 4Q16E**

Midstream

- **(\$20) – (\$40) mm pre-tax loss in 4Q16E**

Chemical Segment

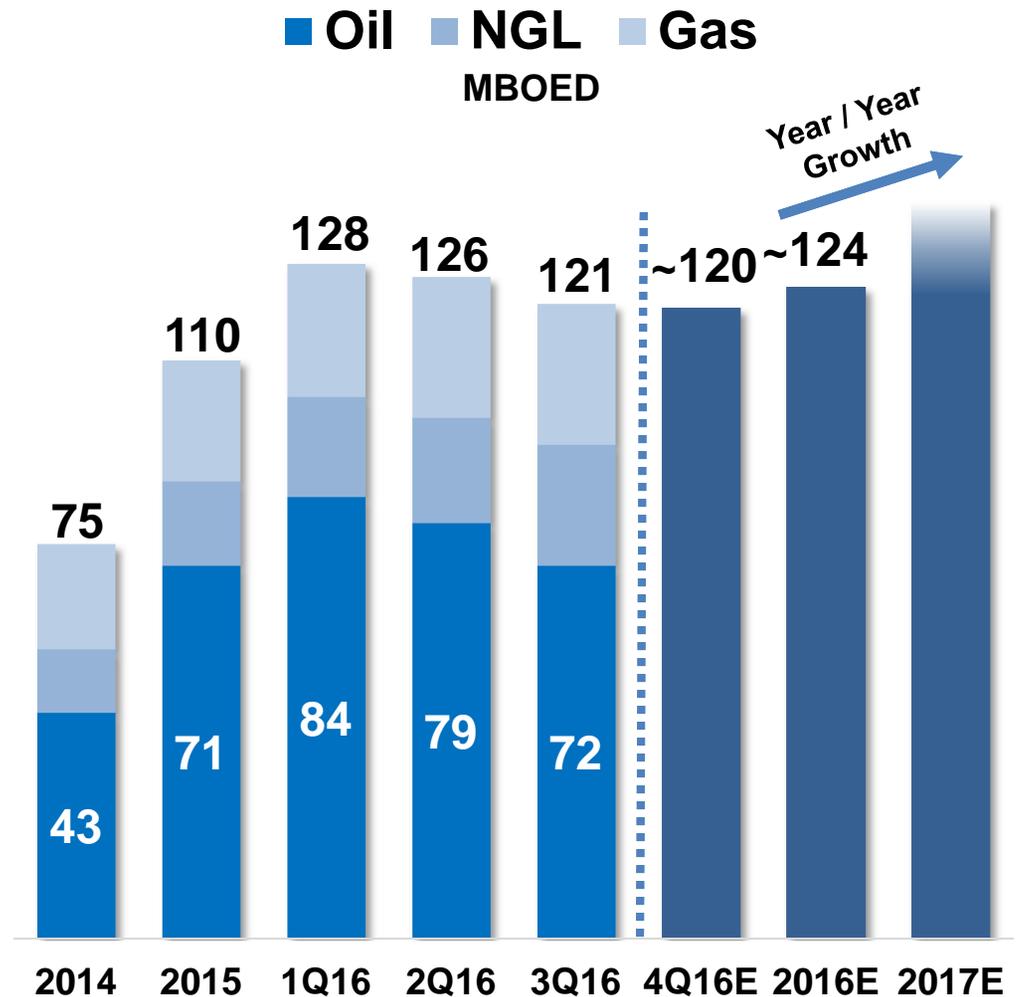
- **~\$100 mm pre-tax income in 4Q16E**

Corporate

- **FY 2016E Domestic tax rate: 36%**
- **FY 2016E Int'l tax rate: 55%**
- **Interest expense of \$75 mm in 4Q16E**

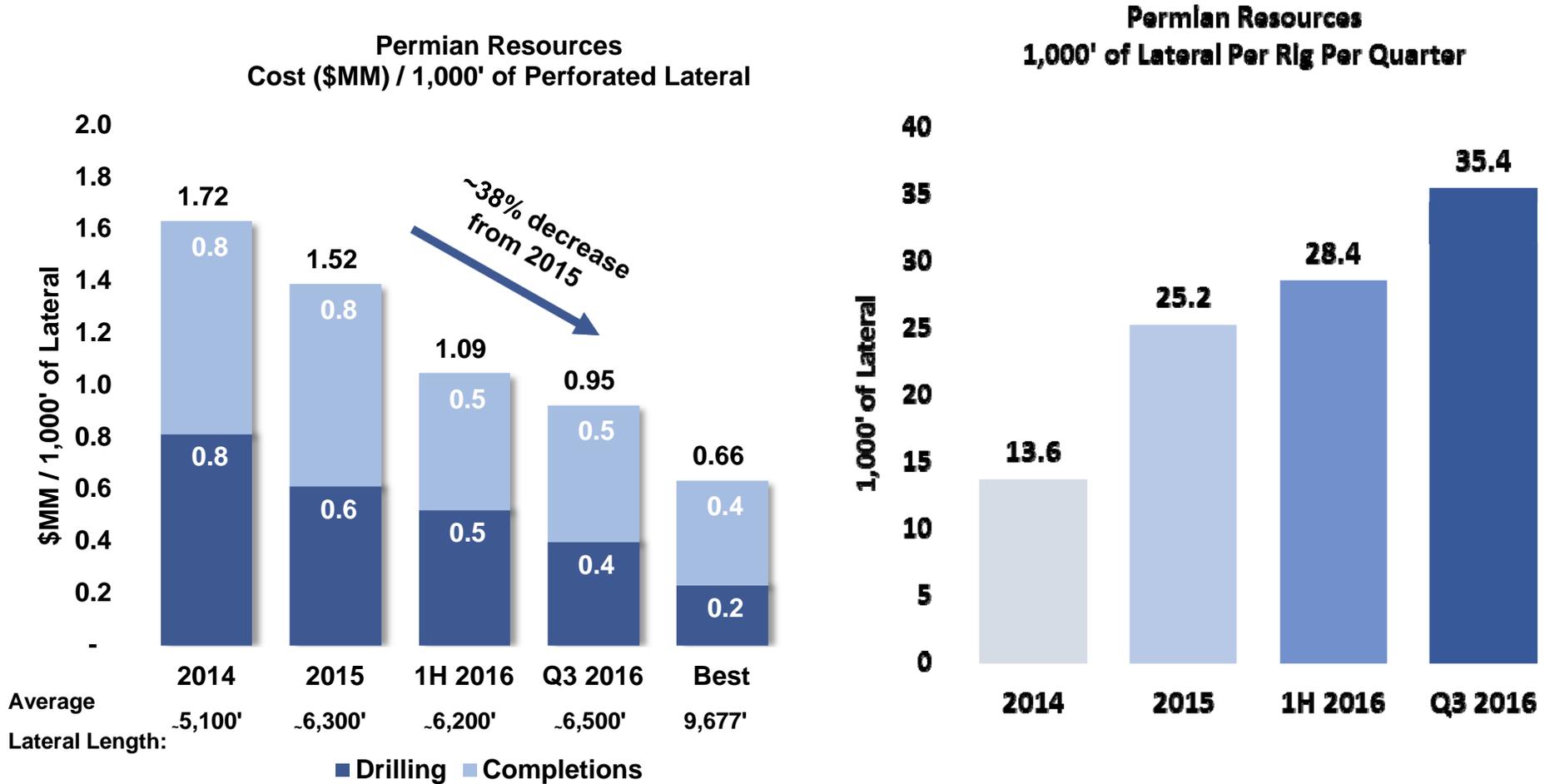
Third Quarter 2016 Permian Resources Production

- Total production grew 4% year-over-year to 121 MBOED
- 3Q 2016 activity was down compared to 2Q 2016
 - 9 wells online in 3Q vs 14 in 2Q
 - Improved well productivity and base management contributing to moderate production decline
- Increase in activity expected in 4Q16
 - 5 rigs drilling a mix of development and appraisal wells
 - Production will start increasing before year-end



Third Quarter 2016 – Permian Resources Manufacturing Mode: Drilling / Completions

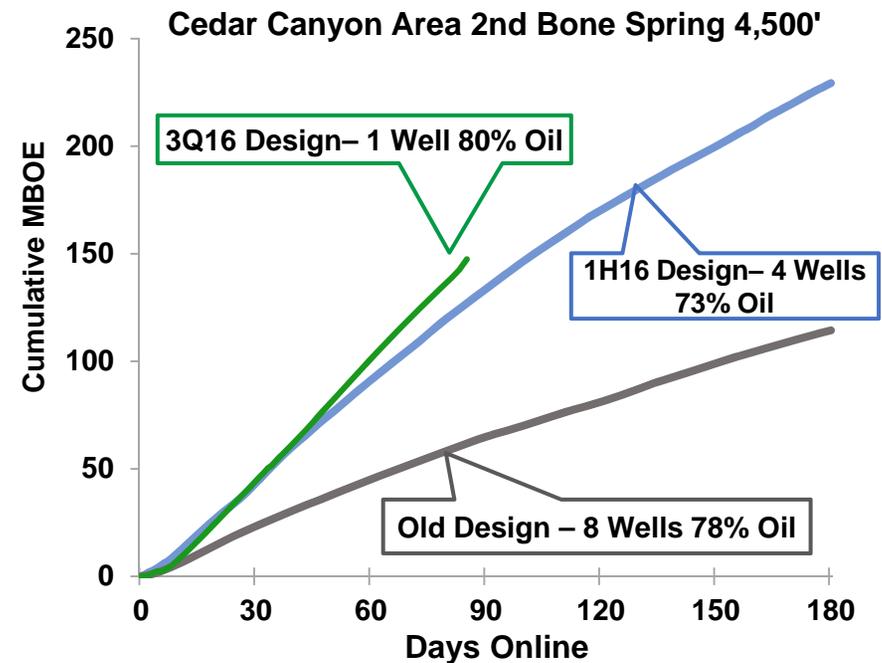
Move to Manufacturing Mode Significantly Reduced Well Cost



Third Quarter 2016 – Permian Resources Southeast New Mexico Recent Performance

Optimization efforts have significantly increased value

- 3rd Quarter – New frac design includes increasing proppant, tighter cluster spacing, and slickwater to increase reservoir stimulation and complexity
- 1st Half 2016 – Increased frac design increased proppant to 1,500 lbs/ft
 - 3Q design 2,000 lbs/ft
- Produced water fracs will further reduce well costs



Increased focus on New Mexico

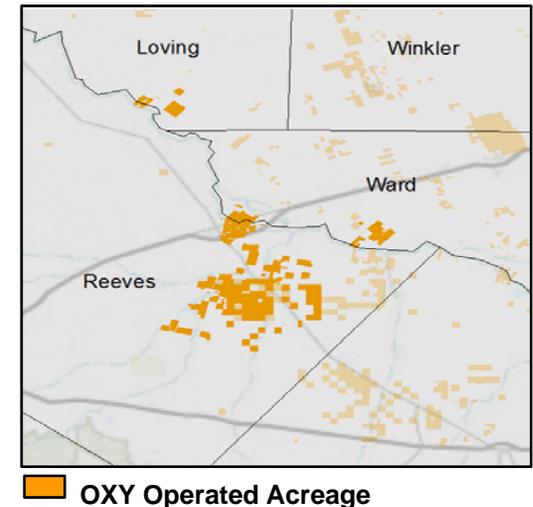
- Shift development towards longer lateral wells
- Continuing to appraise and delineate multiple benches in core areas
 - Tested 3rd Bone Spring and Wolfcamp A – 3 wells over 1,000 bopd peak 30 day average
- Integrated field development planning will guide execution for maximum value
 - Development pace, bench sequencing, maximize facility utilization, pad drilling

Third Quarter 2016 – Permian Resources Texas Delaware Basin Recent Performance

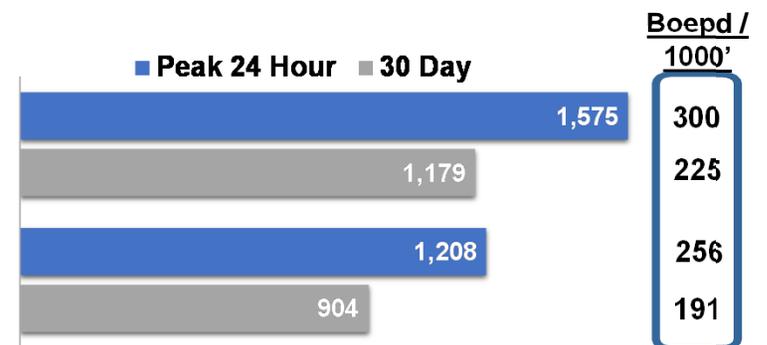
Increasing value through subsurface characterization and well design optimization

- ✓ **Optimizing completion design and lateral length**
 - Testing various proppant loads and decreased cluster spacing
 - Increasing lateral length
 - 2016 average effective lateral length ~5,200 ft
 - 2017 estimated average lateral length ~ 9,000 ft

- ✓ **Appraisal activities and technology testing underway to realize max value of stacked pay**
 - Roan State 24 51H – 2nd Bone Spring 4,500 ft lateral, 30 day average IP 702 BOEPD with 90% oil
 - Testing technology that will significantly reduce well costs of secondary benches



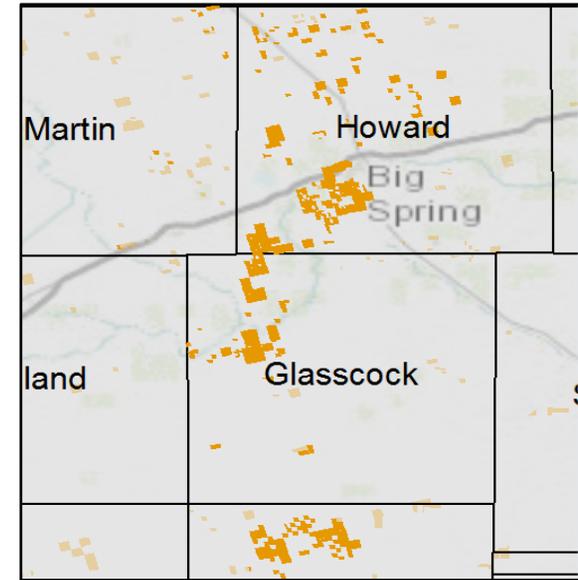
Well Performance: Wolfcamp A



Third Quarter 2016 – Permian Resources East Midland Basin Recent Performance

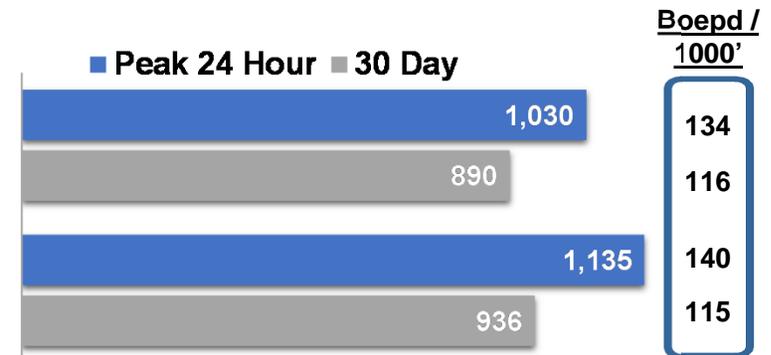
Adapting Operational Efficiencies to Stacked Pay

- ✓ **Transfer Drilling Dynamics and Improved Completions Designs to multiple bench development**
 - Record drilling performance of 12.5 days for Wolfcamp B 7,500' horizontal
 - Reduced completion costs by >17% per 1000' of lateral from 1H 2016 across all benches
 - Record completion performance of 10 stages in one day
 - Record well cost for two Wolfcamp A horizontals at \$4.6MM and \$4.9MM
- **Spraberry**
 - Powell 1720 1H appraisal of Spraberry 7,500 ft laterals, 30 day average IP 931 BOEPD
- **Wolfcamp B**
 - Wells drilled for \$0.33 MM / 1000' of Lateral
 - 7,500 ft laterals, 30 day average IP 855 BOEPD
- ✓ **Continued increase in stimulated rock volume**



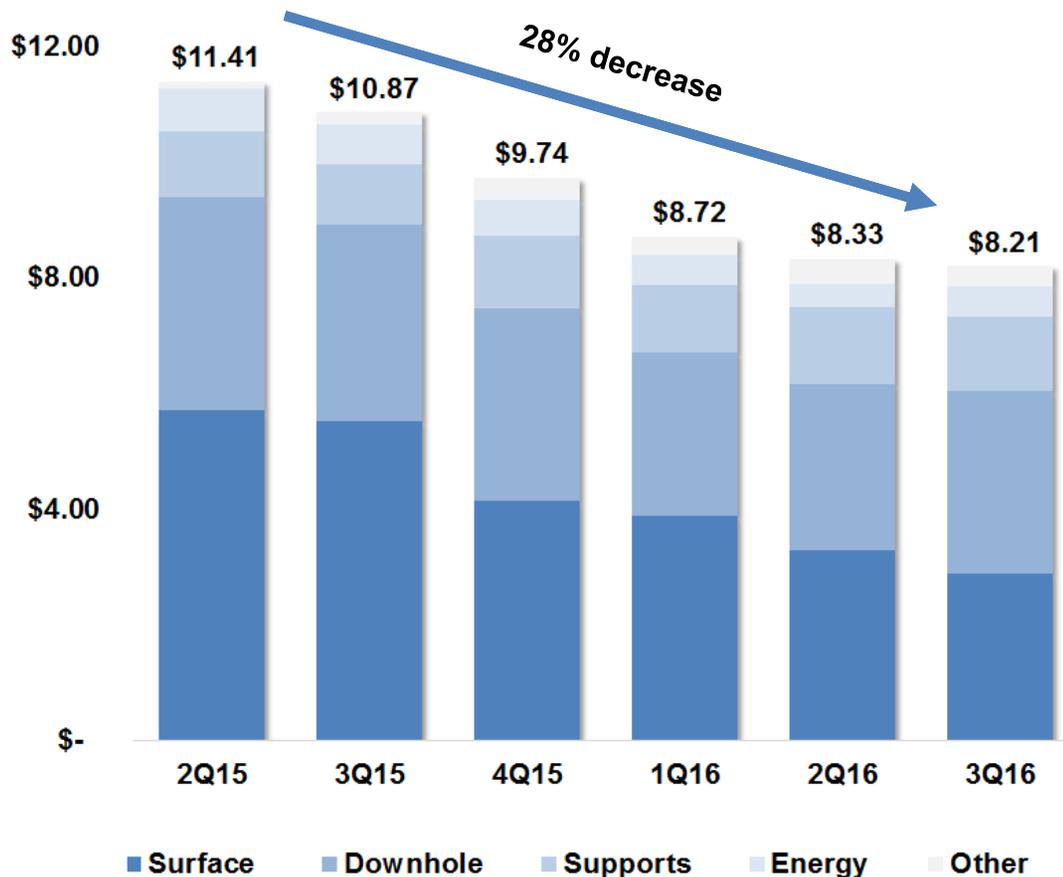
■ OXY Operated Acreage

Well Performance: Wolfcamp A



Third Quarter Earnings 2016 – Permian Resources Continued Opex Reduction

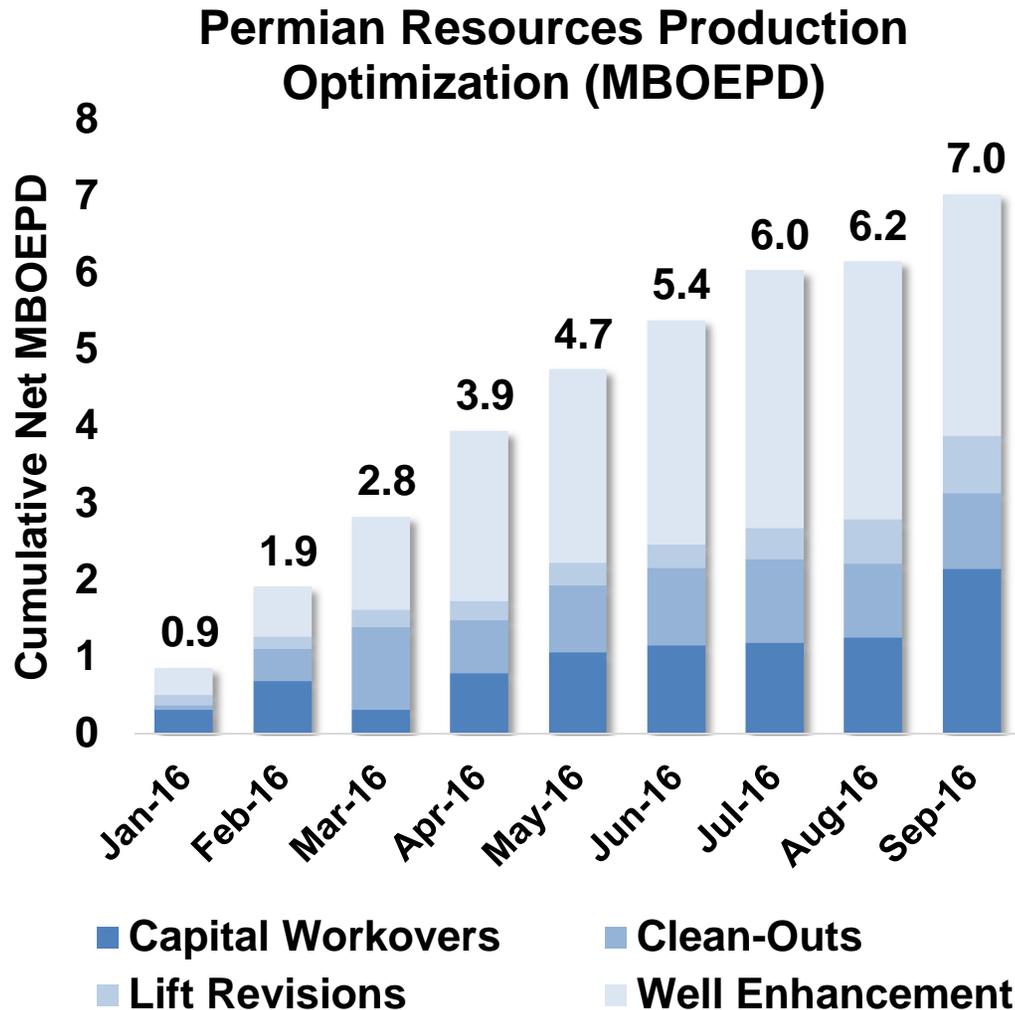
Permian Resources Opex/BOE



- Continued focus on reducing field operating costs during 2016

- Surface expense \$/boe reduced 50% from Q2 2015
- Company operated operating expense down 28% (\$/boe) from Q2 2015
- Reduced Opex/BOE for 8 consecutive quarters.
- Taken action on over 1,000 “Cost Stand Down Day” ideas (75%) resulting in significant savings in opex, capex, and G&A

Third Quarter 2016 – Permian Resources Production Optimization

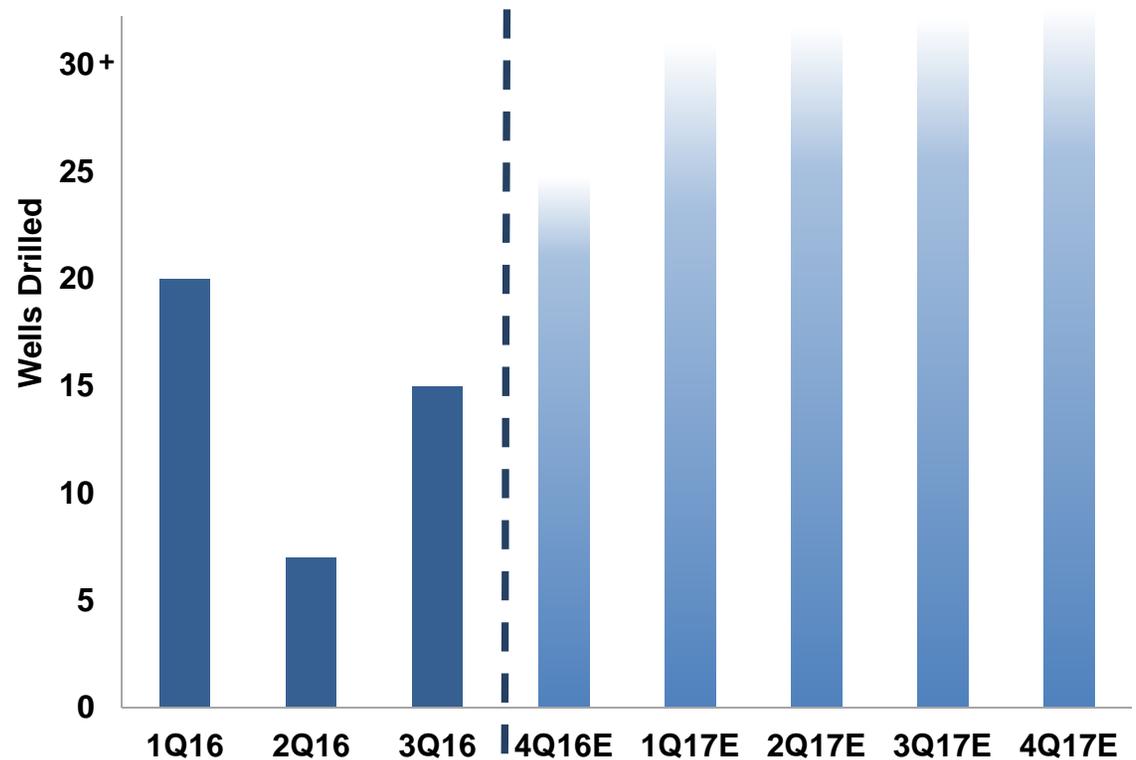


- Focused on maximizing production from existing wells.
 - High return, quick payback projects with low development cost
 - Developing additional knowledge of reservoirs to enhance future development opportunities
 - Expecting 2016 annual average uplift over 6,000 net BOEPD

Third Quarter 2016 – Permian Resources Increasing Activity

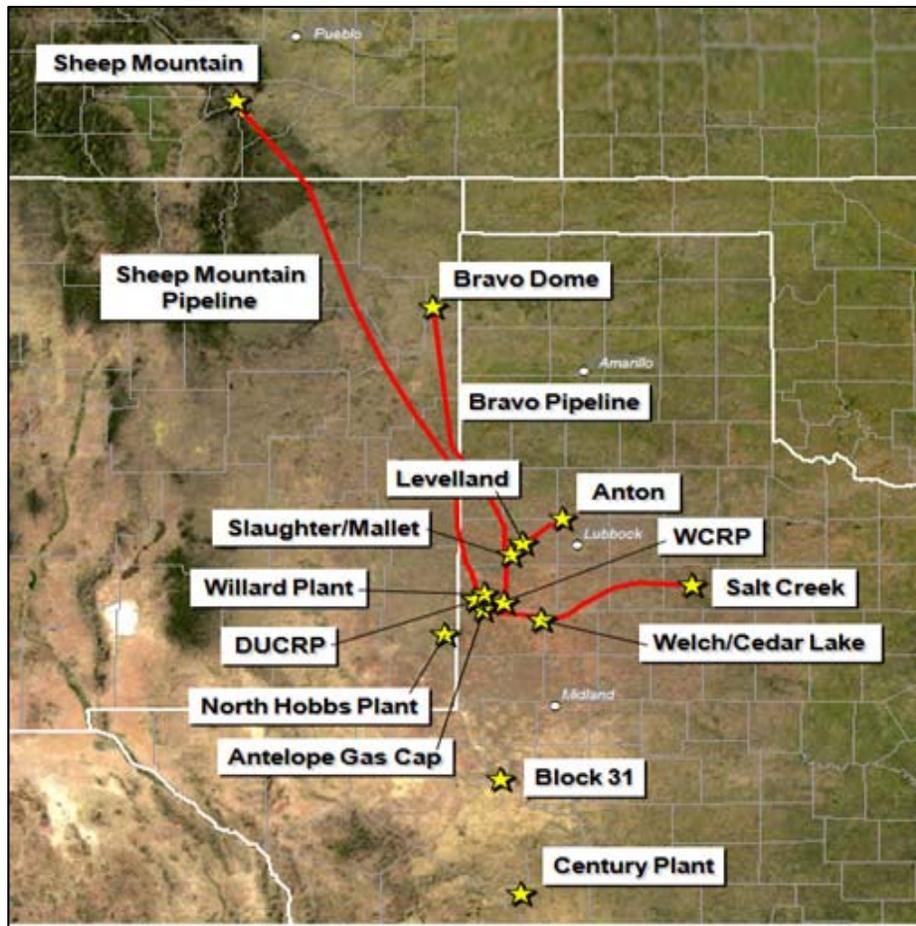
- Expect to drive double digit production growth in Permian Resources
- Actively trading and swapping acreage to core up position
- ~10,000 acres traded to enable longer-lateral development
- Expect to drill more wells and more than double the total lateral length drilled in 2016
- Expect to exit 2016 with 5 rigs in Resources

Permian Resources Drilling Activity



Third Quarter 2016 Permian EOR

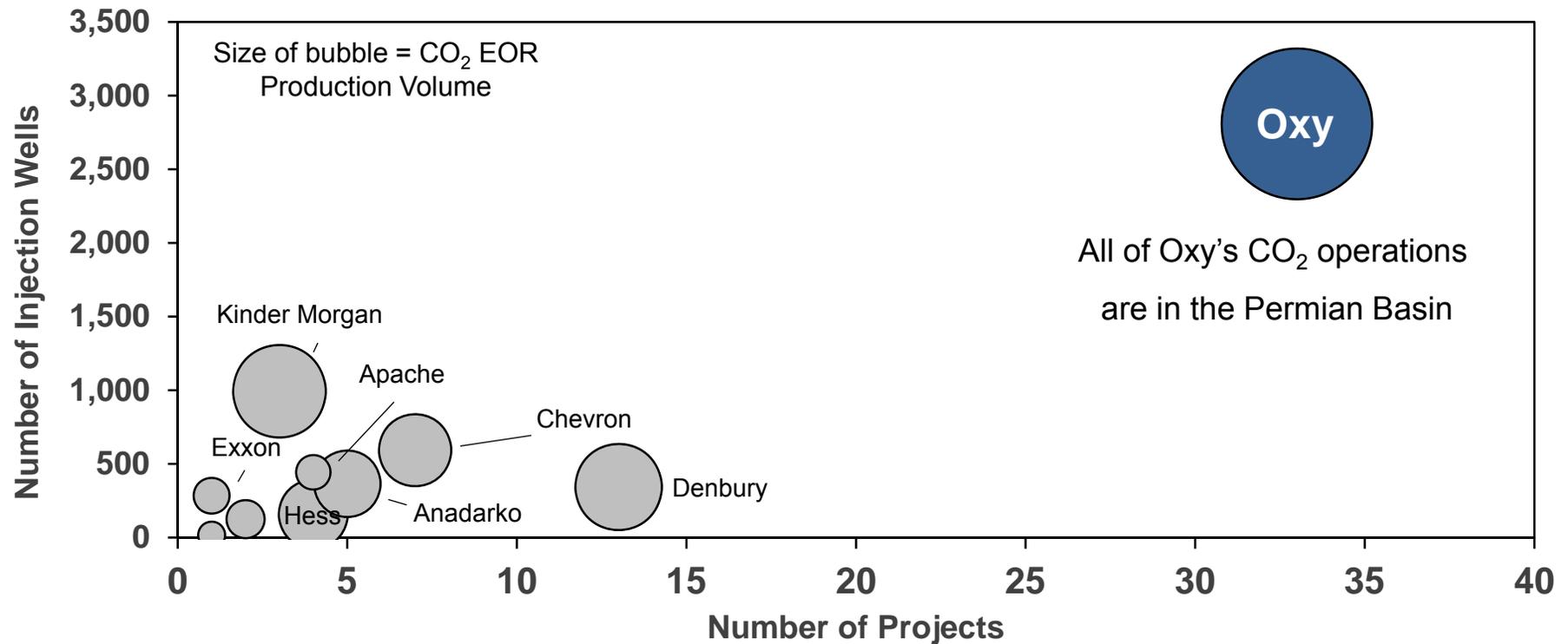
CO₂ Supply & Processing



- Stable and low-decline base production at an advantaged cost
- Permian EOR business remains profitable in the current downturn.
- EOR business expected to generate free cash flow this year in the current oil price environment.
- Drilling costs are running 22% below our benchmark target.
- Capital savings will be reinvested into additional wells and CO₂ flood expansions.

Third Quarter 2016 World Leader in Enhanced Oil Recovery

U.S. CO₂ EOR Projects



- **Oxy is the largest handler of CO₂ in the Permian**
 - **Injects 1.9 billion cubic feet a day**
 - **Operates 31 CO₂ EOR projects**

Source: Oil & Gas Journal 2014 Biennial EOR Survey

Third Quarter 2016

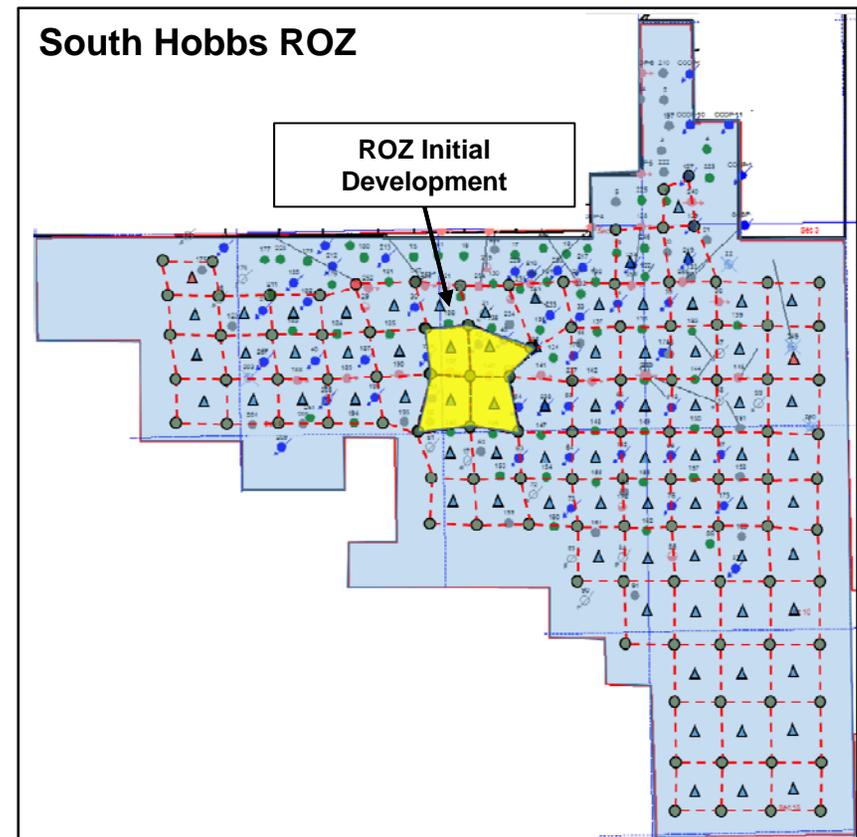
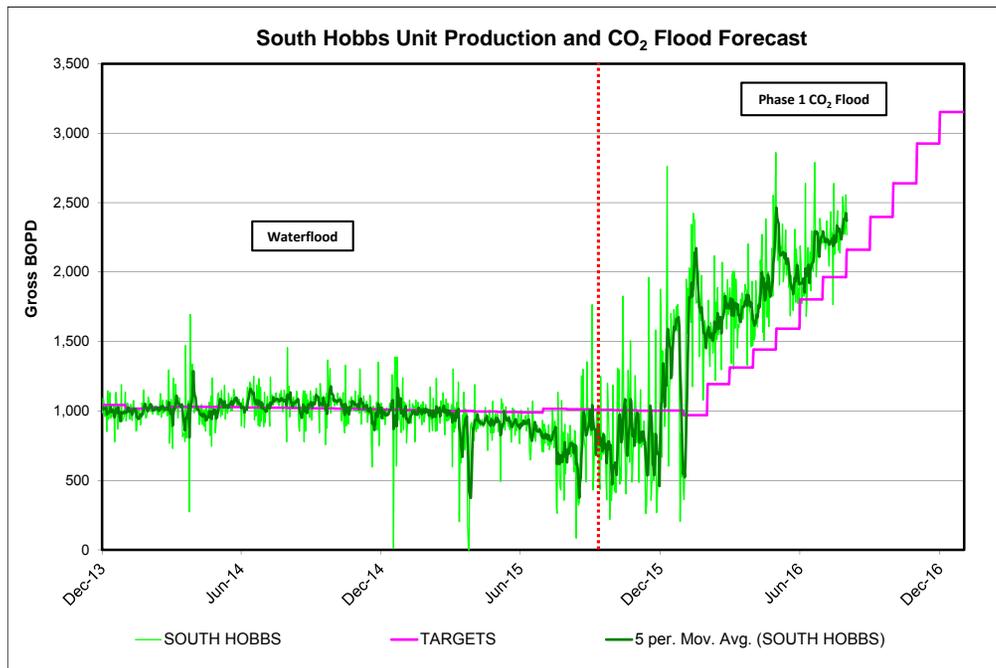
South Hobbs: CO₂ Flood and Expansion Areas

Main Oil Column CO₂ Flood:

- Started CO₂ injection into Phase 1 in September 2015 (ahead of schedule)
- Phase 1 and Phase 2 will develop 28 MMBOE at just over \$10 / BOE

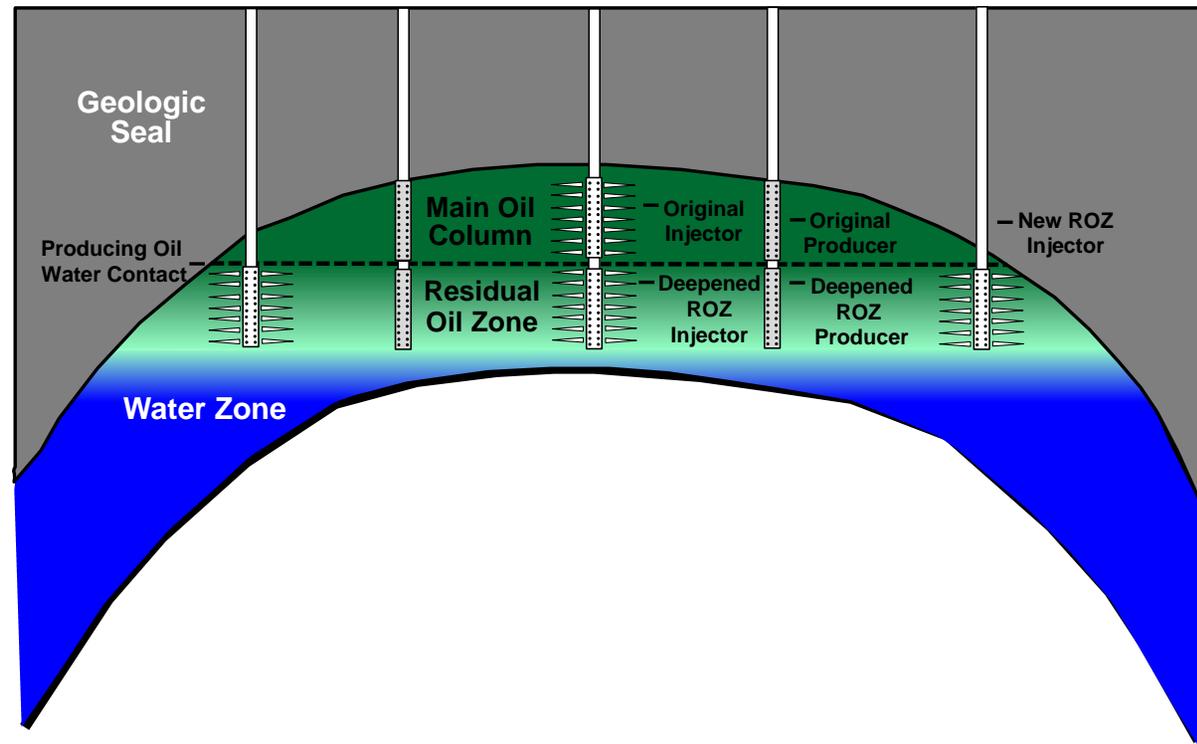
Residual Oil Zone (“ROZ”) Potential:

- Four pattern initial development to begin in 2016
- Full ROZ expansion ~50 patterns; 80 MMBOE



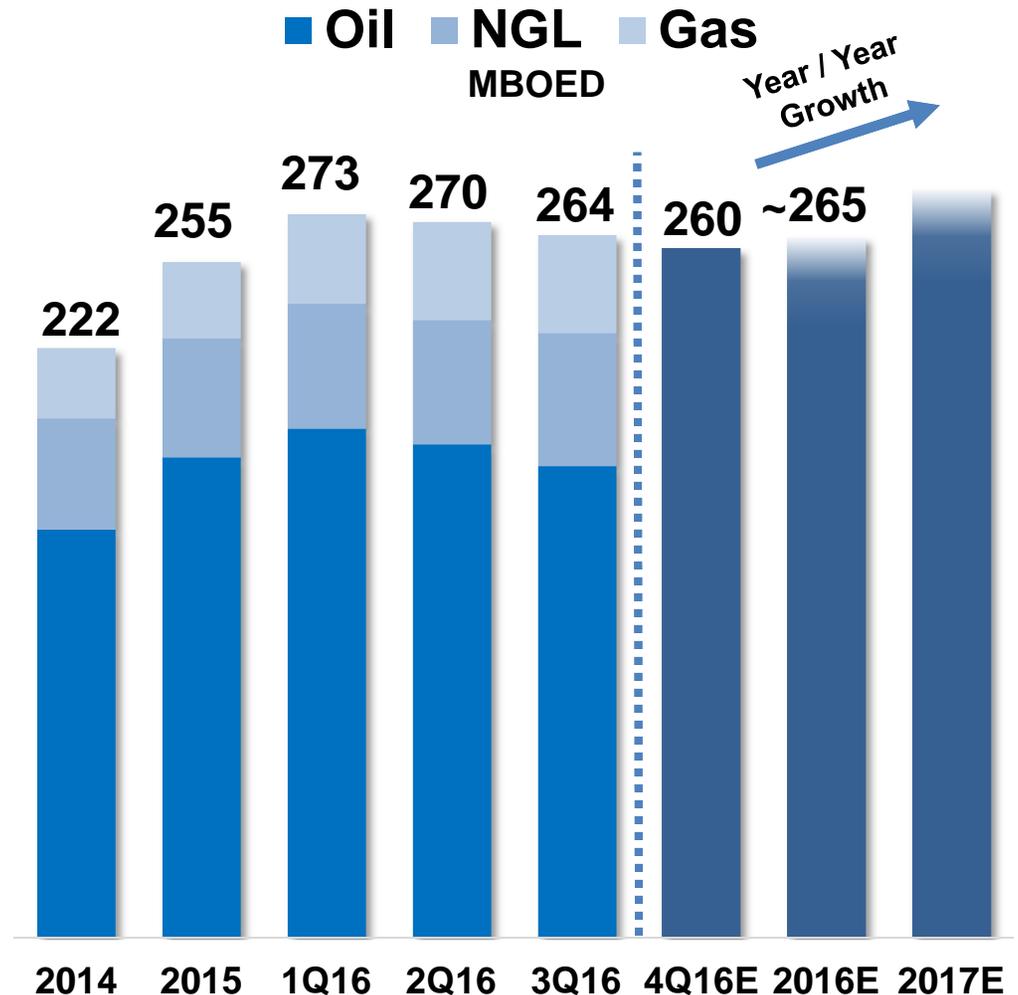
Third Quarter 2016 Residual Oil Zone Development

- The ROZ development is a vertical expansion of the CO₂ flooded interval.
- The ROZ underlies most of our major EOR properties with current projects in South Hobbs and West Seminole and can be developed between \$3 and \$7 per BOE.
- Completed 94 well deepening and recompletions along with 36 new wells year-to-date
- Anticipate an additional 50 deepening and recompletions and 10 new wells in 4Q16



Third Quarter 2016 Permian Summary

- Expect to increase to 8 rigs in 4Q16
- Successfully enhancing completion methods across Permian Resources acreage position
- Achieving better than expected results in both Permian businesses which will allow us to invest the savings into additional wells in each respective business
- Expect production growth in 2017 with added rigs in Permian Resources and additional investment in Permian EOR



THIRD QUARTER 2016 CONFERENCE CALL Q&A

