Permian Resources New Mexico Field Tour
Occidental Petroleum Corporation
August 14, 2018
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• Permian Resources

• Permian EOR

• CCUS Progress and Potential
New Mexico Improvement

Company Operated Annual Average Production

Breakeven <$50 WTI Inventory Improvement

Company Operated Operating Costs / BOE

Well Productivity
Oxy’s Competitive Advantage in Permian Unconventional

Value Based Development System

- Subsurface Characterization
- Vision Well
- 3D Modular Development
- Development Scenarios
- Portfolio Decisions
- Manufacturing Blueprint

Organization Designed for Integrated Development

Technology + Innovation

- Automation and Data Capture
- Data Analytics

Leadership in Full Cycle Returns
Enhanced Subsurface Characterization

- Characterize flow units
- Predictive modeling
- Life of field development
- Utilize expansive data integration
- Data analytics

From Appraisal to Permian Leading Well Performance

> Regional Basin Overview - Geologic Understanding
> Geochemistry of Source Rocks through Rock Samples
> Appraisal & Testing of Bench Opportunities
> Reservoir and Completion Evaluation of Development Opportunities through Drilling

Static Model
- Geology
- Geophysics
- Geochemistry
- Petrophysics
- Geomechanics
- Rock data
- Fluid data

Technical Upgrade

Dynamic Model
- Production rates
- Pressures
- Flowback and choke strategy
- Artificial lift
- Stimulation design

Optimization for Vision Well Performance
Enhanced Subsurface Characterization in Greater Sand Dunes

Oxy’s Basin-Leading Subsurface Capability Drives Customized Development

- Integrated workflows with vast Permian subsurface data
  > 10,000 mi² 3D seismic
  > 130,000 mi 2D seismic

- Greater Sand Dunes example
  > Flow units are spatially heterogeneous
  > Middle limestone present in some areas allows for additional flow unit

- Develop each section for maximum value
Enhanced Subsurface Characterization in Greater Sand Dunes

Well Landing Optimization to Maximize Section Value

• Customized landing per section

• Subsurface Integration
  > Seismic Data
  > Frac and subsurface models
  > Geomechanics
  > Petrophysics
  > Surveillance

• Vision Well
  > Customized well designs to maximize value

Seismic cross-section showing the stratigraphy of the Upper and Lower flow units and well landing options in gun barrel view
Enhanced Subsurface Characterization in Greater Sand Dunes

Well Landing Optimization to Maximize Section Value

- Landing optimization
  > Integrated subsurface workflows
  > Vast subsurface data and analytics

- Improved Results
  > 223% increase in average peak production rates
  > 205% increase in well recovery
  > 51% reduction in development cost / boe

Production Results from Landing and Spacing Optimization
Vision Well Process Drives Continuous Improvement

Oxy’s vision well process removes well productivity barriers through technical engineering, analytics, and subsurface analysis.

Customized well designs utilizing data analytics reduce development costs and maximize the value of each section.

Optimization of Key Development and Well Design Variables:
- Proppant/Fluid Loading
- Well Spacing/Landing
- Flowback
- Pumping Pressure
- Cluster Spacing
- Artificial Lift
- Infrastructure Optimization
- Casing Design
- Proppant Size
... and many more

Vision Well Process:
1. Design the System
2. Prototype & Implement
3. Optimize & Expand

Data Analytics & Integrated Technical Analysis
North Delaware Slope

- All 10 Oxy wells drilled in the last year are in the top 25 wells for this area
- Competitors pumped 50% more proppant
- Restarted development in 2018

North Delaware Basin

- Oxy has 12 of the top 25 wells in this area
- Competitors pumped 17% more proppant
- 18 wells in the top 50 best ever Permian wells
- Two well pad that produced over a total of 10,000 boed for 30 days.

South Delaware Basin

- Oxy has 14 of the top 25 wells in this area
- Competitors pumped 30% more proppant
- Improved well design in 2018 resulting in record wells

Note: Data sourced from IHS Enerdeq as of 7/31/2018 for the period 07/2017 – 07/2018. Some data for Oxy wells were sourced from internal data as records were not yet available in IHS Enerdeq.
Permian Resources Delivers Basin Leading Wells

Oxy has 25 of the top 50 Wells in the Permian

Basin Leading Wells with Less Proppant

Note: Data sourced from IHS Enerdeq as of 7/31/2018 for the period 07/2017 - 07/2018. Data for six Oxy wells were sourced from internal data as records were not yet available in IHS Enerdeq.
Maximize Portfolio Value and Sustainability

Categorize Portfolio

- Optimize
- Develop
- Upgrade
- Hold

Sequential Technical Advancements

Case 1: Simultaneous Development
- Tier 1 Flow Unit
- Tier 1 Flow Unit
- Tier 2 Flow Unit
- Tier 3 Flow Unit

Case 2: Sequencing Technical Advancements
- Tier 1 Flow Unit
- Tier 1 Flow Unit
- Upgrade to Tier 1
- Tier 2 ➔ Tier 1 Flow Unit
- Tier 3 ➔ Tier 1 Flow Unit

Portfolio Sequenced Development drives High ROCE
Area to Modular Section Development

• Maximize value through optimizing pace and sequencing

• Identify uncertainties
  > Variability of production results
  > Rate of improvement

• Recognize current limitations
  > Existing infrastructure capacity and water network
  > Land position

• Realize full cycle returns through modular field development plans

- Development Unit 1
- Development Unit 2
- Development Unit 3

- Mature land position
- Bench delineation
- Advanced BLM permitting
- Fewer unknowns
Maximize margin, EUR and capital efficiencies

- 3D Flow unit understanding enables development without vertical interference
- Horizontal pressurized “Completed Barriers” to minimize frac hits
- Drilled Uncompleted (DUC) “Buffer” eliminates lateral frac to drilling interference
- Accelerated and Optimized: Production, Facilities and EUR

Optimized Sequenced Development (OSD) Accelerates Production Efficiently

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**Optimized Sequence vs Simultaneous Development**

Three Section 2nd Bone Spring Development Example in New Mexico

- **Facilities Optimization**
  - -2,500 bopd, -3,600 BWPD, -250 MCFPD

- **Production Acceleration**
  - +2,000 boepd annual avg production
Manufacturing Blueprint

Full Cycle Cost and Time to Market Leadership

- Operationalize section development plans and remove limitations/barriers
  - Drilling
  - Completions
  - Facilities and Infrastructure
  - Logistics and commercial strategies

- Concentrated Development
  - Repetitive well architecture
  - Economies of scale
  - Multiple section infrastructure
  - Water system integration

- Oxy Drilling Dynamics
- Strategic sourcing strategy for critical resources
- Aventine Logistics and Maintenance Facility
- SandStorm trucks and well-site logistics
- Simultaneous operations (SIMOPS)
- Flowback optimization
- Unique water sourcing and recycling program

High Full Cycle Returns and Low Execution Risk
Operational Excellence Improves Well Productivity and Lowers Cost

- Early adopter of Rotary Steerables
- Oxy Drilling Dynamics
  - Unique BHA designs
  - Real-time analytics
  - Wired drill pipe
  - Targeted landing and control
- Ensure wellbore quality and integrity
  - Effective stimulation
  - Long-term operability
- Unique water programs
- Customized proppant and water volumes
- Optimized zipper frac equipment

Cement Bond Logs
5 ½” Production Casing

Green and blue indicate lower quality cement. Better cement job improves isolation for increased frac effectiveness.
Operational Highlights

- 15 x Slim 10k well designs to generate cost savings of ~ $500,000 per well against 2018 BP ($7,500,000 total savings to date)

- Drilled Sand Dunes 10k lateral, in 14 days, setting a new record for Oxy New Mexico

- Record 14 stages/day in May, and record 240 stages per month for NM frac crew

- New produced water technology reduces costs - targeting completions savings of ~ $200,000 per well and 95% recycled water in fracs for NM in 2018

- Investing in infrastructure to allow flexibility of gas uses – lift, sales, injection
Operating for Higher Margins

Permian Scale and Operating Capability Reduces Costs

- Full life-cycle wellbore planning
- Operational excellence
  - Lower Costs
  - Optimize oil production
  - Maximizes Recovery
- Downhole maintenance and cost reduction
  - Organizational structure and focus
  - Root cause failure analysis
  - Chemical program
  - Variable speed drives

Oxy is Focused on the Full Life-cycle of the Well and Reservoir

Timing of EOR can vary based on subsurface and type of EOR method implemented

Some EOR methods could be earlier in the well life-cycle

New Mexico Failure Frequency

1H 2018 Base Optimization Wedge
Implemented downhole lift system to increase life-cycle well efficiency

- Mitigate slug flow for better reliability and lower opex
- Eliminate lift changes throughout well life-cycle

Results

- 80% reduction in bottomhole pressure vs conventional methods increase drawdown
- Well runtime increased from 50% to 95%

Percentage Production Improvement for Wells with New Lift System Installed

>100% Average Well Productivity Improvement
Modern fracturing technology and techniques applied to older wells

- Implement inexpensive casing patch solution without restricting the wellbore diameter
- Effectively pump frac stages on older wells with good pressure isolation

Results

- 95% of sand placed in designed stage
- Significant inventory of restimulation candidates identified
- Expect 30-40% efficiency gains from large scale program

Under-stimulation of older wells provides significant opportunity for productivity improvement

Restimulation projects provide high RORs
Occidental Petroleum – Greater Sand Dunes Field Tour

• Permian Resources

• Permian EOR

• CCUS Progress and Potential
Permian EOR

- 153.1 Mboed net production*
- 1.1 MM net acres
- ~20k operated wells
- 34 CO₂ floods
- 70 water floods
- 13 gas processing plants
- 3 operated CO₂ source fields
- 2.6 Bcf CO₂ injected daily

Differentiated Scale and Position

Over 2 Bboe Net Resource Potential
~1 Bboe in current 10yr plan @ <$6 F&D

* June 2018 YTD
Benefits of EOR Business Unit in Oxy’s Portfolio

- Long-term cash generator
  - Low capital intensity growth opportunities
  - ~5% base decline
- Provides synergies including organizational capabilities across business units

Proven History of Maximizing Recovery

**Recovery of Oil in Place***

- **Conventional Reservoirs**
  - Primary ~6-12%
  - Waterflood ~30%
  - CO₂ ~15%

- **Unconventional Reservoirs**
  - Primary ~15%

*Recovery factors listed are representative and are not specific to a field. Actual recovery factors will vary higher and lower depending on specific reservoir characteristics.*
Permian EOR Keys to Success: Long-term Life Cycle

- High-quality Reservoirs
- Contiguous Scale
- Strategic Position
- 1 Bboe < $6/boe F&D

• Technical EOR Expertise
• Infrastructure and CO₂ Supply
• Gas Processing
• Automation and Controls

• Centralized Control of Field and Plants
• Data Automation and Capture
• Data Analytics
• Hands-free Operations

• Subsurface Characterization
• Phased Development Cycles
• Surveillance and Maintenance
• Safety and Environmental
Permian EOR

Significant opportunity to grow inventory

- Subsurface characterization
- Operating efficiency
- Technology

Permian EOR

Proven Leader in Maximizing Recovery Across the Permian

Perman EOR Net Resource Potential

- High-gradable Inventory
- Water Floods + Other Infill Drilling Opportunities
- CO₂ Floods
- TZ/ROZ*

Future Development Cost ($/Boe)

Additional Conventional Inventory

Total Identified Barrels

*Transition Zone and Residual Oil Zone

Note: As of 12/31/2017
Unmatched Infrastructure Position

**Field**
- ~20,000 wells
- 1,200+ surface facilities
- 30,000 miles of pipelines
- 230+ pumps for water reinjection

**Plants**
- 13 gas processing plants
- 6 recompression facilities
- 19 compressor stations
- 920k hp compression
- 1,700 miles of gathering pipelines
- 1,100 miles of DOT pipelines
- Long-term CO₂ supply agreements

**Integrated Communications**
- Microwave backbone across Permian Basin
Permian EOR – Maximizing Recovery at High Margins

Field Operating Costs

- Maintenance programs to predict failures and minimize costs
  - Less than 25 of 7,000 beam units fail each year
  - 20,000 maintenance activities per month
- Field and Plant Automation Results in High Uptime
  - Real-time remote monitoring and controls for operations, safety and environment
  - 98% Plant Uptime 2018 YTD
- Surveillance Programs provide opportunities for improvement

Injectant and Energy Costs

- Some contracts tied to WTI
  - ~$0.30 change in opex/boe for every $10 change in WTI
- Efforts to offset increasing energy costs include load shedding during peak cost periods and assessing solar power
- Pursuing Anthropogenic opportunities for lower cost injectant opportunities that reduce net emissions
  - FEED study with White Energy to capture and transport anthropogenic CO₂ to Permian EOR fields

Oxy’s Scale, Expertise and Infrastructure Position is Advantaged and Enables More Oil at Lower Costs
Creating Value at the Seminole San Andres Unit

**Increased Production 3,600 Boed or 16%**
- Increased plant inlet volume 32%
- Reduced flaring by 60%
- Implemented surveillance workflows

**Reduced Redrill Capital Costs by 36%**
- Savings utilizing Permian scale
- Implemented Oxy well design
- Operating capability improved efficiency

**Greater than $7/Boe Opex Reduction**
- Optimized Purchased Injectant
- Well Enhancement Execution
- Optimized Resource Deployment

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**SSAU Gross Production**
- Jan-Jul 2017 Avg: 25 Mboed
- Sep-2017: 27 Mboed
- Jul-2018: 30 Mboed

\[ \text{Mboed} \]

**SSAU Redrill Well Cost**
- Prior Operator AFE: $1.50 MM
- Oxy Planned: $1.00 MM
- Oxy Actual: $0.60 MM

\[ \text{Prior Operator AFE} > \text{Oxy Planned} > \text{Oxy Actual} \]

**SSAU Redrill Well Productivity**
- Prior Operator AFE: 300 IP/30 Boed
- Oxy Planned: 350 IP/30 Boed
- Oxy Actual: 400 IP/30 Boed

\[ \text{Prior Operator AFE} < \text{Oxy Planned} < \text{Oxy Actual} \]

**SSAU Lift Revision Cost**
- Oxy Planned: $300 MM
- Oxy Actual: $150 MM

\[ \text{Oxy Planned} > \text{Oxy Actual} \]

**SSAU Opex**
- Prior Operator Opex: $30/Boe
- Oxy Current Opex: $20/Boe
- Oxy Opex Target: $10/Boe

\[ \text{Prior Operator Opex} > \text{Oxy Current Opex} > \text{Oxy Opex Target} \]

**Value of Operating Cost Synergies ($MM PV10)**
- Base Case: $5/Boe
- Target: $7/Boe
- Upside Case: $10/Boe

\[ \text{Value of Operating Cost Synergies} \]
Residual Oil Zone Provides Significant Future Development Potential

Permian EOR ROZ development is a vertical expansion of the CO₂ flooded area

Underlies most of our major EOR properties

ROZ provides high-value opportunity for Permian EOR

- Low development cost of ~$4/boe
- Significant resource potential greater than 500 MMBOE
- New technology to improve economics under patent and being piloted in the field
• Permian Resources

• Permian EOR

• CCUS Progress and Potential
Occidental has Utilized and Stored CO₂ Safely and Reliably for Over 40 Years

CO₂ Enhanced Oil Recovery (EOR) using anthropogenic CO₂ is a form of carbon capture, utilization and storage (CCUS) technology that results in the permanent sequestration of CO₂

Global EOR Scale & Capability
- Permian Basin – CO₂ EOR
- Colombia
- Qatar
- Oman

✓ Proven Capability
✓ Capture Technology
✓ Infrastructure
✓ Reservoir + Sequestration

Carbon Capture, Utilization, and Storage
Key Drivers to Achieving De-carbonization by 2040

International Energy Agency

EV Deployment
40% passenger cars worldwide

Renewables
20% electric generation

Nuclear
Capacity doubles

Biofuels
17% of world transport demand

Carbon Capture & Sequestration
80% of coal-fired generation capacity equipped

Oxy Permian EOR stores ~1 Bcfd CO$_2$ = 18 MM Tonnes Per Year

The IEA assumes ~4 Gigatonnes CO$_2$ per year needs to be sequestered by 2040 =

Over 200 Years of Oxy Permian EOR Injection

Source: International Energy Agency
Occidental Is The Leader In CO₂ Enhanced Oil Recovery and Sequestration

**Capability**
Over 1,200 employees with deep history of enhanced oil recovery and sequestration

**Reservoir**
Largest acreage position with the most CO₂ and waterfloods

**Supply**
Inject 2.6 Bcfd of naturally occurring CO₂

**Infrastructure**
13 gas processing plants and thousands of miles of pipelines

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1Source: 2016 Oil & Gas Journal, EOR Survey, adjusted for recent Oxy EOR acquisition
Anthropogenic CO₂ sources include power generation, refining and industrial sources

- Current strategy targets primarily ethanol and coal-fired electric generation plants
- Excludes plants with low utilization rates and high probabilities of retirement

Largest potential for anthropogenic CO₂ is in Central Texas and Gulf Coast

- High concentration of coal-fired electric generation plants
How Does Carbon Capture and Sequestration Work?

**Impactful**
Oxy stores the equivalent CO$_2$ emissions of over 4 million cars every year

Over multiple injection cycles, 100% of CO$_2$ is stored in EOR reservoir

**Reliable**
Oxy has the first two EPA approved Monitoring, Reporting and Verification Plans with storage capacities over 300 million tonnes of CO$_2$ with substantially more potential
Monitoring, Reporting, and Verification

Measurement System Verifies Containment in Closed Loop System

- **Surface Containment**
- **Subsurface Containment**
- **Accounting System**
Low Carbon Ventures Team Formed to Capitalize on Strategic EOR Position

Reducing Oxy’s Carbon Footprint While Developing Economic Reserves

- Dedicated business unit formed to develop carbon capture, utilization and storage (CCUS) of anthropogenic CO₂
- Mission is to accelerate CO₂ EOR development through sourcing of competitively priced anthropogenic CO₂
- Sequestration of CO₂ in oil reservoirs incentivized by extension and increase of 45Q tax credits

Low Carbon Ventures Strategy

- Leverage and grow Oxy’s CO₂ enhanced oil recovery (EOR) infrastructure and expertise for economic and social benefit
- Partner with existing CO₂ emitting industrial sources to economically capture CO₂ with commercially available technology for Oxy EOR use
- Lead and support the development of innovative new carbon capture technologies to drive cost efficiency
- Develop and commercialize synergistic new products and technologies using captured CO₂
- Economically lower Oxy’s carbon footprint from its operations by utilizing renewable power sources
Oxy’s next step: CO₂ capture, utilization and storage project for emissions from two ethanol plants in Texas

<table>
<thead>
<tr>
<th>Carbon Sequestered</th>
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<tbody>
<tr>
<td>~1,000,000 Tonnes Per Year</td>
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**Summary**

<table>
<thead>
<tr>
<th>CO₂ Source</th>
<th>Post-Combustion</th>
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<tbody>
<tr>
<td>CO₂ Stream</td>
<td>~97%</td>
</tr>
<tr>
<td>Technology</td>
<td>Proven; dehydration/compression</td>
</tr>
<tr>
<td>Stage</td>
<td>Study/Commercial</td>
</tr>
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**Projects Key Drivers**

- High CO₂ content of emissions from ethanol plant
- Proximity to CO₂ transportation infrastructure and reservoirs
- Continued demand for renewable biofuels