OCCIDENTAL PETROLEUM CORP /DE/
Form 8-K
April 25, 2002

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) APRIL 25, 2002

OCCIDENTAL PETROLEUM CORPORATION
(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| DELAWARE | 1-9210 | 95-4035997 |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

| | |
|---|---|
| 10889 WILSHIRE BOULEVARD<br>LOS ANGELES, CALIFORNIA | 90024 |
| (Address of principal executive offices) | (ZIP code) |

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

Item 5. Other Events and Regulation FD Disclosure

On April 25, 2002, Occidental Petroleum Corporation announced earnings before special items including changes in accounting principles for the first quarter 2002 were $129 million ($0.34 per share), compared with $510 million ($1.38 per share) for the first quarter of 2001 and $35 million ($0.09 per share) for the fourth quarter of 2001.

In announcing the results, Dr. Ray R. Irani, chairman and chief executive officer, said, "Oxy's first quarter oil and gas earnings were nearly 85 percent higher than the fourth quarter 2001 due to higher oil prices and volumes. Oil and gas production of 525,000 barrels of oil equivalent per day was 9 percent higher than our fourth quarter production. Earnings from our chloro-vinyls chemical business were relatively flat with the fourth quarter, but we see encouraging signs of improvement in the months ahead in the form of rising demand and prices and better margins. The key to a strong recovery in chemicals is the continued strengthening of the economy. Our loss in chemicals before special items was due to our Equistar petrochemical joint venture. The expected third quarter closing of the sale of our Equistar interest to Lyondell will substantially reduce our future exposure to petrochemicals."

Net income for the first quarter of 2002 was $25 million ($0.07 per share), compared with $484 million ($1.31 per share) for first quarter of 2001.

Changes in accounting principles relating to goodwill impairment in the chemicals segment resulted in an after-tax charge of $95 million, reducing earnings by $0.25 per share. There is no remaining goodwill on the balance sheet. In addition, the chemicals segment took a $14 million pre-tax charge for severance expense which, after-taxes, reduced earnings by $0.02 per share.

## OIL AND GAS

Oil and gas segment earnings were $306 million for the first quarter 2002, compared with $946 million for the same period in 2001. Lower prices for worldwide crude oil and domestic natural gas accounted for approximately $670 million of the decline in earnings, partially offset by higher crude oil volumes. Production volumes were 525,000 barrels of oil equivalent in the first quarter of 2002 compared with 478,000 in the first quarter of 2001.

## CHEMICALS

Chemical segment results before special items were a loss of $21 million for the first quarter 2002, compared with a loss of $53 million for the first quarter 2001. The improvement in results reflects lower energy and feedstock costs, partially offset by lower sales prices for caustic, chlorine and PVC and higher Equistar petrochemical joint venture losses.

Chemical segment results for the first quarter 2002 were a loss of $35 million, compared with a loss of $79 million for the first quarter 2001. The first quarter 2002 results included a $14 million pre-tax expense for employee severance. The first quarter 2001 results included $26 million pre-tax expense for employee severance, plant write-down costs and plant shut-down costs.



Statements in this presentation that contain words such as "will" or "expect", or otherwise relate to the future, are forward-looking and involve risks and uncertainties that could significantly affect expected results. Factors that could cause results to differ materially include, but are not limited to, not successfully completing (or any material delay in) any expansion, capital expenditure, acquisition, or disposition. Occidental disclaims any obligation to update any forward-looking statements.



SUMMARY OF SEGMENT NET SALES AND EARNINGS
(Millions, except per-share amounts)

| | First Quarter | |
|---|---|---|
| Periods ended March 31 | 2002 | 2001 |

| | | |
|---|---|---|
| SEGMENT NET SALES | | |
| Oil and gas | $ 1,937 | $ 3,612 |
| Chemical | 588 | 863 |
| Net sales | $ 2,525 | $ 4,475 |
| SEGMENT EARNINGS (LOSSES) | | |
| Oil and gas | $ 306 | $ 946 |
| Chemical | (35) | (79) |
| | 271 | 867 |
| UNALLOCATED CORPORATE ITEMS | | |
| Interest expense, net (a) | (56) | (76) |
| Income taxes (b) | (43) | (175) |
| Trust preferred distributions & other | (11) | (16) |
| Other (c) | (41) | (89) |
| INCOME BEFORE EXTRAORDINARY ITEMS AND EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES | 120 | 511 |
| Extraordinary loss, net | -- | (3) |
| Cumulative effect of changes in accounting principles, net (d) | (95) | (24) |
| NET INCOME | $ 25 | $ 484 |
| BASIC EARNINGS PER COMMON SHARE | | |
| Income before extraordinary items and effect of changes in accounting principles | $ 0.32 | $ 1.38 |
| Extraordinary loss, net | -- | (0.01) |
| Cumulative effect of changes in accounting principles, net | (0.25) | (0.06) |
| | $ 0.07 | $ 1.31 |
| DILUTED EARNINGS PER COMMON SHARE | | |
| Income before extraordinary items and effect of changes in accounting principles | $ 0.32 | $ 1.37 |
| Extraordinary loss, net | -- | (0.01) |
| Cumulative effect of changes in accounting principles, net | (0.25) | (0.06) |
| | $ 0.07 | $ 1.30 |
| WEIGHTED AVERAGE BASIC COMMON SHARES OUTSTANDING | 374.5 | 370.2 |

See footnotes on following page.



(a) Includes interest income on notes receivable from Occidental Permian partners of $14 million and $33 million for the first quarters of 2002 and 2001, respectively.

(b) Includes an offset for credits in lieu of U.S. federal income taxes allocated to the divisions. Divisional earnings have benefited from credits allocated by $1 million and $4 million at oil and gas and chemical, respectively, in both the first quarters of 2002 and 2001.

(c) Includes preferred distributions to the Occidental Permian partners of $15 million and $34 million for the first quarters of 2002 and 2001, respectively. This is essentially offset by the interest income discussed in (a) above. The first quarter 2001 includes a $49 million environmental remediation accrual.

(d) Effective January 1, 2002, Occidental implemented SFAS No. 142 - "Goodwill and Other Intangible Assets." Adoption of this new accounting standard resulted in a cumulative after-tax reduction in net income of $95 million. Effective January 1, 2001, Occidental implemented SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. Adoption of this new standard resulted in a cumulative after-tax reduction in net income of $24 million.



SUMMARY OF OPERATING STATISTICS

| | First Quarter | |
|---|---|---|
| Periods ended March 31 | 2002 | 2001 |
| NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY | | |
| United States | | |
| Liquids (MBBL) | | |
| California | 90 | 73 |
| Permian | 140 | 134 |
| Other | 3 | -- |
| Total | 233 | 207 |
| Natural Gas (MMCF) | | |
| California | 305 | 317 |
| Hugoton | 157 | 167 |
| Permian | 129 | 148 |
| Total | 591 | 632 |
| Latin America | | |
| Crude oil & condensate (MBBL) | | |
| Colombia | 31 | 21 |
| Ecuador | 13 | 13 |
| Total | 44 | 34 |
| Eastern Hemisphere | | |
| Crude oil and condensate (MBBL) | | |
| Oman | 17 | 11 |
| Pakistan | 8 | 6 |
| Qatar | 44 | 42 |
| Russia | 25 | 28 |
| Yemen | 47 | 36 |

| | | |
|---|---|---|
| Total | 141 | 123 |
| Natural Gas (MMCF) | | |
| Pakistan | 50 | 49 |
| Barrels of Oil Equivalent (MBOE) | 525 | 478 |
| CAPITAL EXPENDITURES (millions) | $ 274 | $ 238 |
| DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS (millions) | $ 261 | $ 245 |

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Item 9. Regulation FD Disclosure

Text of Speech by Stephen I. Chazen, Chief Financial Officer and Executive Vice President - Corporate Development

Occidental Petroleum Corporation

STEPHEN CHAZEN
Chief Financial Officer and
Executive Vice President - Corporate Development

- Conference Call -
First Quarter 2002 Earnings Announcement

April 25, 2002
Los Angeles, California

Good morning, and thank you for joining us.

Those of you who haven't received a copy of the press release announcing our first quarter earnings, along with the Investor Relations Supplemental Schedules, can find them on our website oxy.com or through the SEC's EDGAR system.

Our first quarter income before special items and changes in accounting principles, was $129 million, or $0.34 per share - compared to $35 million, or $0.09 per share, we earned in the fourth quarter of 2001. The change was primarily due to the following factors:

- Oil and natural gas production increased from 482,000 BOE per day to 525,000 barrels - an increase of 9 percent.
- The average price for West Texas Intermediate crude oil increased from $20.43 per barrel to $21.64 - an increase of 6-percent.
- Chemical earnings before special items went from negative $4 million to negative $21 million.

o Interest expense, including distributions on trust preferred securities, decreased from $86 million to $82 million - for a decline of 5-percent.

Changes in accounting principles relating to goodwill impairment in our chemicals segment resulted in an after-tax charge of $95 million, reducing earnings by $0.25 per share. We have no remaining goodwill on our balance sheet.

In addition, our chemicals segment took a $14 million pre-tax charge for severance expense which, after-taxes, reduced earnings by $0.02 per share. Therefore, our net income for the quarter was $25 million, or $.07 per share, compared with last year's fourth quarter loss of $247 million, or $.66 per share.



Oil and gas segment earnings for the quarter were $306 million compared with $166 million in the fourth quarter. Exploration expense was $27 million compared to $54 million in the fourth quarter.

The most significant change in the oil and gas results from the fourth to the first quarter was the increase in production and prices. The rise in production from 482,000 to 525,000 BOE per day was due to four factors.

First, production from Yemen averaged 47,000 barrels per day compared to 32,000 in the fourth quarter. Because of the cost recovery mechanisms in our Yemen production-sharing contracts, we typically see adjustments in the first quarter.

Second, our production from Colombia averaged 31,000 barrels per day compared to 17,000 in the fourth quarter due to less downtime on the Cano Limon pipeline.

Third, California liquids production is 8,000 barrels per day higher than the fourth quarter primarily due to the continued success of our Elk Hills development program - including success in drilling and acidizing the lower shales.

And finally, we caught up on a fourth quarter under-lift in Oman that increased first quarter production to 17,000 barrels per day compared to 14,000 barrels in the fourth quarter.

We expect second quarter production to be approximately 495,000 BOE per day.

Our sensitivity to changes in oil and gas prices is similar to prior quarters. The average WTI price in the first quarter was $21.64 per barrel and our average price realization for natural gas was $2.38 per thousand cubic feet. A swing of 25-cents per million BTUs in NYMEX gas prices impacts our quarterly oil and gas segment earnings by $13.5 million while a $1.00 per barrel change in oil prices has a quarterly impact of $28 million.

The downward pressure on chemicals that depressed fourth quarter results continued into the first quarter. Chemical earnings before special items were a loss of $21 million compared to a loss of $4 million in the fourth quarter. The fourth and first quarters are typically sluggish quarters for the commodity chemicals business due to seasonal factors.

Our core chemical operations had earnings before special items of $15 million for the quarter, but these results were more than offset by $36 million from our share of Equistar losses. Since the Equistar transactions will not close until the third quarter, the depressed state of the petrochemicals business will continue to negatively impact our results during the second quarter.

As our chairman will discuss with you shortly, there are encouraging signs of improvement in our core cholovinyls and chloralkali businesses.

Cash flow from operations for the quarter was approximately $200 million. Our debt-to-capitalization ratio remains at 46 percent.

Capital spending for the quarter was $274 million, with total spending for the year expected to be $1.1 billion - with oil and gas accounting for approximately $1 billion.



Finally, we expect interest and exploration expense to remain flat from the first through the second quarters.

Now I'd like to turn the conference call over to Dr. Ray Irani, Chairman and CEO.

Text of Speech by Dr. Ray R. Irani, Chairman and Chief Executive Officer

Occidental Petroleum Corporation

DR. RAY R. IRANI
Chairman and Chief Executive Officer

- Conference Call -
First Quarter 2002 Earnings Announcement

April 25, 2002
Los Angeles, California

Thank you, Steve.

There are several items I want to cover this morning - beginning with the outlook for our chemical operations where we see encouraging signs of recovery.

We entered 2002 on the heels of the worst year in two decades for the chlorovinyls and chloralkali businesses, but we're now looking at the beginning of a modest recovery - with PVC leading the way. PVC demand and price increases are being driven by improved economic conditions and re-stocking of inventories that have also led to a surge in demand for the key intermediates - ethylene dichloride and vinyl chloride monomer. Margins for these products have increased - with additional price increases likely if this trend continues.

It's also important to note that due to seasonal factors, the first quarter is generally the weakest quarter and is typically followed by a stronger second quarter due to a seasonal upturn in demand.

Overall, we expect 2002 to be a period of gradual recovery for our base chemical business - with significant improvement in 2003.

Let's shift now to oil and gas. We recently completed a comparative study of finding and development costs using data reported in SEC 10-K filings for 1999 through 2001. For 2001, Occidental's F&D costs of $4.54 per BOE excluding purchases, and $4.80 including purchases, are the second lowest among our industry competitors. For the three year period 1999 through 2001, average annual F&D costs of $3.84 excluding purchases, and $3.90 including purchases, also are the second lowest among our industry peers. These results show that we're succeeding in keeping our F&D costs low whether we're adding proven reserves through exploration, enhanced oil recovery projects or acquisitions.

The Government of Pakistan is moving forward with its privatization initiative in the energy sector and we're pleased to be able to participate in that initiative. Occidental has been



active in Pakistan for nearly 40 years and post September 11 events have had no impact on our investment interests.

Occidental and BP are awaiting final word on our joint bid for the Government's interests in Badin-1 and Badin-2R. Gross production from these blocks currently account for 50 percent of Pakistan's oil production and 7 percent of its gas production.

The Government has a 40 percent interest in Badin-1 and a 25 percent interest Badin-2R. Occidental and BP each currently have a 30 percent interest in Badin-1 and a 25.5 percent interest in the much smaller Badin-2R. We expect to learn the Government's decision within a few days.

Occidental's first quarter production in Pakistan averaged approximately 16,000 BOE per day - and if our bid is accepted it will result in net incremental production to Occidental of an additional 8,300 barrels per day.

Today, I'm announcing the successful testing of our first deep gas well in California. Last week the 18,000 foot deep Thunderball well, which was drilled on property adjacent to Elk Hills, achieved a flow rate of 14 million cubic feet per day with a choke of 18/64th inch at a flowing tubing pressure of approximately 9,000 pounds per square inch. The well has been shut in and development plans are moving forward to bring the well on production. Occidental has a 100 percent working interest in the well.

Thank you - and we're now ready to answer questions.

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Statements in this presentation that contain words such as "will" or "expect", or otherwise relate to the future, are forward-looking and involve risks and uncertainties that could significantly affect expected results. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations, and supply/demand considerations, for oil, gas and chemicals; higher-than-expected costs; and not successfully completing (or any material delay in) any expansion, capital expenditure, acquisition, or disposition. Occidental disclaims any obligation to update any forward-looking statements.

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Supplemental Investor Information

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
2002 First Quarter
Net Income (Loss)
($ millions)

| | REPORTED INCOME | ADJUSTMENTS | |
|---|---|---|---|
| Oil & Gas | $ 306 | $ -- | |
| Chemical | (35) | 14 | Severance |
| Corporate | | | |
| Interest | (70) | | |
| Trust Pfd Distributions & Other | (12) | | |
| Other | (26) | | |
| Taxes | (43) | (5) | Tax effect of adju |
| Income before cumulative effect of changes in accounting principles | 120 | 9 | |
| Cumulative effect of changes in accounting principles, net | (95) | 95 | Goodwill impairmen |
| NET INCOME | $ 25 | $ 104 | |
| BASIC EARNINGS PER SHARE | | | |
| Income before cumulative effect of changes in accounting principles | $ 0.32 | | |
| Cumulative effect of changes in accounting principles | (0.25) | | |
| NET INCOME | $ 0.07 | | |

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM

2001 First Quarter
Net Income (Loss)
($ millions)

| | REPORTED INCOME | ADJUSTMENTS | |
|---|---|---|---|
| Oil & Gas | $ 946 | $ -- | |
| Chemical | (79) | 26 | Severance & plant |
| Corporate | | | |
| Interest - Permian Non-recourse debt | (33) | | |
| Interest - all others | (76) | | |
| Trust Pfd Distributions & Other | (17) | | |
| Other | (55) | 49 | Environmental reme |
| | | (6) | OIL insurance divi |
| Taxes | (175) | (70) | State tax reserve |
| Income before extraordinary loss and cumulative effect of changes in accounting principles | 511 | (1) | |
| Extraordinary loss, net | (3) | 3 | Early debt defeasa |
| Cumulative effect of changes in accounting principles, net | (24) | 24 | Derivative & hedge |
| NET INCOME | $ 484 | $ 26 | |
| BASIC EARNINGS PER SHARE | | | |
| Income before extraordinary loss and cumulative effect of changes in accounting principles | $ 1.38 | | |
| Extraordinary loss, net | (0.01) | | |
| Cumulative effect of changes in accounting principles, net | (0.06) | | |
| NET INCOME | $ 1.31 | | |



Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
2002 First Quarter Net Income (Loss)
Reported Income Comparison

| FIRST | FOURTH |
|---|---|

| | QUARTER 2002 | QUARTER 2001 | B / (W |
|---|---|---|---|
| Oil & Gas | $ 306 | $ 166 | $ 1 |
| Chemical | (35) | (413) | 3 |
| Corporate | | | |
| Interest - Permian Non-recourse debt | -- | (5) | |
| Interest - all others | (70) | (68) | |
| Trust Pfd Distributions & Other | (12) | (13) | |
| Other | (26) | (96) | |
| Taxes | (43) | 187 | (2 |
| Income Before Extraordinary Loss and Cumulative Effect of Changes in Accounting Principles, Net | 120 | (242) | 3 |
| Extraordinary Loss | -- | (5) | |
| Cumulative Effect of Changes in Accounting Principles, Net | (95) | -- | ( |
| Net Income | $ 25 | $ (247) | $ 2 |
| Basic Earnings Per Share | $ 0.07 | $ (0.66) | $ 0. |
| Effective Tax Rate | 24% | 42% | 1 |

OCCIDENTAL PETROLEUM
2002 First Quarter Net Income (Loss)
Income Before Special Items Comparison

| | FIRST QUARTER 2002 | FOURTH QUARTER 2001 | B / (W |
|---|---|---|---|
| Oil & Gas | $ 306 | $ 166 | $ 1 |
| Chemical | (21) | (4) | ( |
| Corporate | | | |
| Interest - Permian Non-recourse debt | -- | (5) | |
| Interest - all others | (70) | (68) | |
| Trust Pfd Distributions & Other | (12) | (13) | |
| Other | (26) | (36) | |
| Taxes | (48) | (5) | ( |
| Net Income | $ 129 | $ 35 | $ |
| Basic Earnings Per Share | $ 0.34 | $ 0.09 | $ 0. |
| Effective Tax Rate | 25% | 0% | -2 |

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
Oil & Gas
Segment Earnings Before Special Items Variance Analysis
($ millions)

| | | |
|---|---|---|
| 2002 1st Quarter | $ | 306 |
| 2001 4th Quarter | | 166 |
| | $ | 140 |
| Price Variance | $ | 63 |
| Volume Variance | | 32 |
| Exploration Expense Variance | | 27 |
| All Other | | 18 |
| TOTAL VARIANCE | $ | 140 |

OCCIDENTAL PETROLEUM
Chemical
Segment Earnings Before Special Items Variance Analysis
($ millions)

| | | |
|---|---|---|
| 2002 1st Quarter | $ | (21) |
| 2001 4th Quarter | | (4) |
| | $ | (17) |
| Sales Price | $ | (29) |
| Sales Volume/Mix | | (2) |
| Operations/Manufacturing | | 18 |
| All Other | | (4) |
| TOTAL VARIANCE | $ | (17) |

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
2002 First Quarter Net Income (Loss)
Reported Income Comparison

| | FIRST QUARTER 2002 | FIRST QUARTER 2001 | B / (W) |
|---|---|---|---|
| Oil & Gas | $ 306 | $ 946 | $ (640 |
| Chemical | (35) | (79) | 44 |
| Corporate | | | |
| Interest - Permian Non-recourse debt | -- | (33) | 33 |
| Interest - all others | (70) | (76) | 6 |
| Trust Pfd Distributions & Other | (12) | (17) | 5 |
| Other | (26) | (55) | 29 |
| Taxes | (43) | (175) | 132 |
| Income Before Extraordinary Loss and Cumulative Effect of Changes in Accounting Principles | 120 | 511 | (391 |
| Extraordinary Loss, net | -- | (3) | 3 |
| Cumulative Effect of Changes in Accounting Principles, net | (95) | (24) | (71 |
| Net Income | $ 25 | $ 484 | $ (459 |
| Basic Earnings Per Share | $ 0.07 | $ 1.31 | $ (1.24 |
| Effective Tax Rate | 24% | 25% | 1% |

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OCCIDENTAL PETROLEUM
2002 First Quarter Net Income (Loss)
Income Before Special Items Comparison

| | FIRST QUARTER 2002 | FIRST QUARTER 2001 | B / (W) |
|---|---|---|---|
| Oil & Gas | $ 306 | $ 946 | $ (640 |
| Chemical | (21) | (53) | 32 |

| | | | |
|---|---|---|---|
| Corporate | | | |
| Interest - Permian non-recourse debt | -- | (33) | 33 |
| Interest - all others | (70) | (76) | 6 |
| Trust Pfd Distributions & Other | (12) | (17) | 5 |
| Other | (26) | (12) | (14 |
| Taxes | (48) | (245) | 197 |
| Net Income | $ 129 | $ 510 | $ (381 |
| Basic Earnings Per Share | $ 0.34 | $ 1.38 | $ (1.04 |
| Effective Tax Rate | 25% | 32% | 7% |



Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
Oil & Gas
Segment Earnings Before Special Items Variance Analysis
($ Millions)

| | |
|---|---|
| 2002 1st Quarter | $ 306 |
| 2001 1st Quarter | 946 |
| | $ (640) |
| Price Variance | $ (672) |
| Volume Variance | 41 |
| Exploration Expense Variance | (6) |
| All Other | (3) |
| TOTAL VARIANCE | $ (640) |

OCCIDENTAL PETROLEUM
Chemical
Segment Earnings Before Special Items Variance Analysis
($ Millions)

| | |
|---|---|
| 2002 1st Quarter | $ (21) |

| | |
|---|---|
| 2001 1st Quarter | (53) |
| | $ 32 |

| | | |
|---|---|---|
| Sales Price | $ (124) | |
| Sales Volume/Mix | (6) | |
| Operations/Manufacturing | 168 | * |
| All Other | (6) | ** |
| TOTAL VARIANCE | $ 32 | |

* Lower energy and lower feedstock costs.
** Includes lower equity earnings offset by lower costs



Investor Relations Supplemental Schedules

[OXY LOGO]

SUMMARY OF OPERATING STATISTICS

| | FIRST QUARTER 2002 | FIRST QUARTER 2001 |
|---|---|---|
| NET PRODUCTION PER DAY: | | |
| UNITED STATES | | |
| CRUDE OIL AND LIQUIDS (MBL) | | |
| California | 90 | 73 |
| Permian | 140 | 134 |
| Other | 3 | -- |
| TOTAL | 233 | 207 |
| NATURAL GAS (MMCF) | | |
| California | 305 | 317 |
| Hugoton | 157 | 167 |
| Permian | 129 | 148 |
| TOTAL | 591 | 632 |
| LATIN AMERICA | | |
| CRUDE OIL (MBL) | | |
| Colombia | 31 | 21 |
| Ecuador | 13 | 13 |
| TOTAL | 44 | 34 |
| EASTERN HEMISPHERE | | |
| CRUDE OIL (MBL) | | |

| | | |
|---|---|---|
| Oman | 17 | 11 |
| Pakistan | 8 | 6 |
| Qatar | 44 | 42 |
| Russia | 25 | 28 |
| Yemen | 47 | 36 |
| TOTAL | 141 | 123 |
| NATURAL GAS (MMCF) | | |
| Pakistan | 50 | 49 |
| BARRELS OF OIL EQUIVALENT (MBOE) | 525 | 478 |



Investor Relations Supplemental Schedules

[OXY LOGO]

SUMMARY OF OPERATING STATISTICS

| | FIRST QUARTER 2002 | FIRST QUARTER 2001 |
|---|---|---|
| OIL & GAS: | | |
| PRICES | | |
| UNITED STATES | | |
| Crude Oil ($/BBL) | 18.83 | 24.32 |
| Natural gas ($/MCF) | 2.38 | 10.01 |
| LATIN AMERICA | | |
| Crude oil ($/BBL) | 18.22 | 22.69 |
| EASTERN HEMISPHERE | | |
| Crude oil ($/BBL) | 18.47 | 22.04 |
| Natural Gas ($/MCF) | 2.51 | 2.20 |

| | FIRST QUARTER 2002 | FIRST QUARTER 2001 |
|---|---|---|
| EXPLORATION EXPENSE | | |
| Domestic | $ 10 | $ 13 |
| Latin America | 7 | 2 |
| Eastern Hemisphere | 10 | 6 |
| TOTAL | $ 27 | $ 21 |

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
CHEMICALS
Volume (M Tons)

| MAJOR PRODUCTS | FIRST QUARTER 2002 | FIRST QUARTER 2001 |
|---|---|---|
| Chlorine | 701 | 705 |
| Caustic | 574 | 669 |
| Ethylene Dichloride | 152 | 222 |
| PVC Resins * | 1,042 | 1,063 |

* Restated to include OxyVinyls plant production

CHEMICALS
Prices (Index)

| MAJOR PRODUCTS | FIRST QUARTER 2002 | FIRST QUARTER 2001 |
|---|---|---|
| Chlorine | 0.50 | 0.92 |
| Caustic | 0.95 | 1.31 |
| Ethylene Dichloride | 0.61 | 0.81 |
| PVC Resins | 0.54 | 0.72 |

CHLORINE

OXYCHEM COMMENTARY

- Demand for chlorine improved steadily through the first quarter of 2002. Industry operating rates climbed from 77% in December to 84% in January and again to 88% in February. The total year 2002 is expected to be greater than 90% due to the increased demand and the idling of facilities such as the OxyVinyls Deer Park chlor-alkali plant and Pioneer's plant in Tacoma, WA.
- 1st quarter prices declined early in the first quarter as compared to the 4th quarter 2001. However, a rapid change in the supply/demand balance led to the announcement of price increases later in the quarter. The industry announced increases totaling $50/ton at the end of February.
- The supply of chlorine has become extremely tight since mid-to-late

February. Several producers are operating at reduced rates due to their inability to sell and store caustic soda. A few modest capacity curtailments recently have added to the severity of the





problem. While the announced curtailments represent only 4% of the total U.S. capacity, it actually represents 15% of the merchant market.

INFLUENCING FACTORS:

We have seen improvement in markets related to the constructions sector. Further improvement depends on the recovery of the economy, particulary the sustained health of the vinyls market.

CAUSTIC

OXYCHEM COMMENTARY

- Caustic soda demand in domestic and export markets remain weak, which is not unusual during the early phase of an economic recovery.
- Market prices continued to weaken in the 1st quarter. Spot prices declined by approximately $100 per ton (70%) between early January and late March 2002.

INFLUENCING FACTORS:

Caustic soda demand is closely related to economic activity in the manufacturing sector but typically lags recovery of the chlorine market by several months. Chlorine demand has begun to recover, which has negatively influenced the supply/demand fundamentals for caustic soda due to its co-product nature.

EDC

OXYCHEM COMMENTARY

- Demand has improved through the first quarter as the Far Eastern PVC producers have been running hard to meet demand in China. Supply remains extremely tight worldwide.
- Pricing has steadily improved as a result of the tight supply/demand balance. Market prices in March were almost 7.5 cents per pound higher than in January. Further improvement is expected.

INFLUENCING FACTORS:

EDC is in short supply, which is driving prices upward. Sustainability of long-term pricing depends upon the continued higher demand for PVC in Asia.

PVC/VCM

OXYCHEM COMMENTARY

- PVC resin demand increased significantly in the 1st quarter due to domestic economic improvement, low beginning inventories and a strong export market.

Investor Relations Supplemental Schedules

[OXY LOGO]

- OxyVinyls' PVC operating rates for the 1st quarter improved to 93%. Rates in the 2nd quarter are expected to remain at this level. The estimated industry average operating rate by the end of the quarter was 89%. This includes both the Borden Geismar and the former Borden Addis facilities, which were operating for most of the quarter but are currently idle. With both of these facilities down and excluded from the calculation, operating rates in the 2nd quarter for the industry are expected to be 94%.
- Domestic PVC resin prices increased $.02/lb in February and $.02/lb in March, halting 11 months of price erosion. Further increases of $0.02/lb have been announced for April and May respectively.
- Demand for VCM has steadily improved throughout the 1st quarter and is expected to be strong throughout the 2nd quarter. The domestic VCM market rebounded from the low levels seen in the 4th quarter, driven by higher PVC demand. Plant outages and operating problems at several U.S. VCM producers have exacerbated the supply issues and helped drive prices as the quarter progressed.
- Demand for VCM overseas is very strong to Asia, Europe and South America. The tightness in overseas markets is being driven by a shortage of chlorine and EDC in the Asian market as chlorine operating rates are curtailed due to low caustic prices. This trend is expected to continue throughout the 2nd quarter. There has also been a series of planned and unplanned VCM outages in other regions, most notably Asia and Europe, which have contributed to the shortage. Inventory levels are very low across the board.

INFLUENCING FACTORS:

A tight VCM domestic market, strengthening export VCM and PVC markets, idled plants and very low VCM and PVC inventories will continue to drive improving performance.



Investor Relations Supplemental Schedules

[OXY LOGO]

SUMMARY OF OPERATING STATISTICS

| | FIRST QUARTER | |
| --- | --- | --- |
| | 2002 | 2001 |
| CAPITAL EXPENDITURES ($MM) | | |
| Oil & Gas | | |

| | | |
|---|---|---|
| California | $ 64 | $ 59 |
| Permian | 59 | 50 |
| Other - U.S. | 22 | 23 |
| Latin America | 13 | 21 |
| Eastern Hemisphere | 89 | 66 |
| Chemicals | 15 | 18 |
| Corporate | 12 | 1 |
| TOTAL | $ 274 | $ 238 |

| | | |
|---|---|---|
| DEPRECIATION, DEPLETION & AMORTIZATION OF ASSETS ($MM) | | |
| Oil & Gas | | |
| Domestic | $ 149 | $ 132 |
| Latin America | 9 | 6 |
| Eastern Hemisphere | 53 | 48 |
| Chemicals | 48 | 49 |
| Corporate | 2 | 10 |
| TOTAL | $ 261 | $ 245 |

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
CORPORATE
($ millions)

| | 31-MAR-02 | 31-DEC-01 |
|---|---|---|
| CAPITALIZATION | | |
| Oxy Long-Term Debt (including current maturities) | $ 4,051 | $ 4,065 |
| Gas Sales Obligation (current and non-current) | 249 | 282 |
| Trust Preferred Securities | 461 | 463 |
| Others | 26 | 80 |
| TOTAL DEBT | $ 4,787 | $ 4,890 |
| EQUITY | $ 5,579 | $ 5,634 |
| Total Debt To Total Capitalization | 46% | 46% |

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Investor Relations Supplemental Schedules

[OXY LOGO]

Statements in this presentation that contain words such as "will" or "expect", or otherwise relate to the future, are forward-looking and involve risks and uncertainties that could significantly affect expected results. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations, and supply/demand considerations, for oil, gas and chemicals; higher-than-expected costs; and not successfully completing (or any material delay in) any expansion, capital expenditure, acquisition, or disposition. Occidental disclaims any obligation to update any forward-looking statements.

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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: April 24, 2002

Stephen I. Chazen
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Stephen I. Chazen, Chief Financial Officer and
Executive Vice President - Corporate Development