

OCCIDENTAL PETROLEUM CORP /DE/  
Form 8-K  
January 25, 2012

UNITED STATES  
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) January 25, 2012

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

Delaware  
(State or other jurisdiction  
of incorporation)

1-9210  
(Commission  
File Number)

95-4035997  
(I.R.S. Employer  
Identification No.)

10889 Wilshire Boulevard  
Los Angeles, California  
(Address of principal executive offices)

90024  
(ZIP code)

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

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## Section 2 – Financial Information

### Item 2.02. Results of Operations and Financial Condition

On January 25, 2012, Occidental Petroleum Corporation released information regarding its results of operations for the three and twelve months ended December 31, 2011. The exhibits to this Form 8-K and the information set forth in this Item 2.02 are being furnished pursuant to Item 2.02, Results of Operations and Financial Condition. The full text of the press release is attached to this report as Exhibit 99.1. The full text of the speeches given by James M. Lienert and Stephen Chazen are attached to this report as Exhibit 99.2. Investor Relations Supplemental Schedules are attached to this report as Exhibit 99.3. Earnings Conference Call Slides are attached to this report as Exhibit 99.4. Forward-Looking Statements Disclosure for Earnings Release Presentation Materials is attached to this report as Exhibit 99.5. The information in this Item 2.02 and Exhibits 99.1 through 99.5, inclusive, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

## Section 8 – Other Events

### Item 8.01. Other Events

On January 25, 2012, Occidental Petroleum Corporation 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.

## 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.

#### 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", "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.

## SUMMARY OF SEGMENT NET SALES AND EARNINGS

(\$ millions, except per-share amounts)	Fourth Quarter		Twelve Months	
	2011	2010	2011	2010
<b>SEGMENT NET SALES</b>				
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)
<b>Net Sales</b>	<b>\$ 6,034</b>	<b>\$ 5,063</b>	<b>\$ 23,939</b>	<b>\$ 19,045</b>
<b>SEGMENT EARNINGS</b>				
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
	2,751	1,979	11,550	8,061
<b>Unallocated Corporate Items</b>				
Interest expense, net (c)	(25)	(20)	(284)	(93)
Income taxes (d)	(949)	(618)	(4,201)	(2,995)
Other	(136)	(149)	(425)	(404)
<b>Income from Continuing Operations (a)</b>	<b>1,641</b>	<b>1,192</b>	<b>6,640</b>	<b>4,569</b>
<b>Discontinued operations, net (e)</b>	<b>(7)</b>	<b>20</b>	<b>131</b>	<b>(39)</b>
<b>NET INCOME (a)</b>	<b>\$ 1,634</b>	<b>\$ 1,212</b>	<b>\$ 6,771</b>	<b>\$ 4,530</b>
<b>BASIC EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 2.02	\$ 1.47	\$ 8.16	\$ 5.62
Discontinued operations, net	(0.01)			