

Occidental Petroleum Corporation

Second Quarter 2010 Earnings Conference Call

July 27, 2010



Second Quarter 2010 Earnings – Highlights

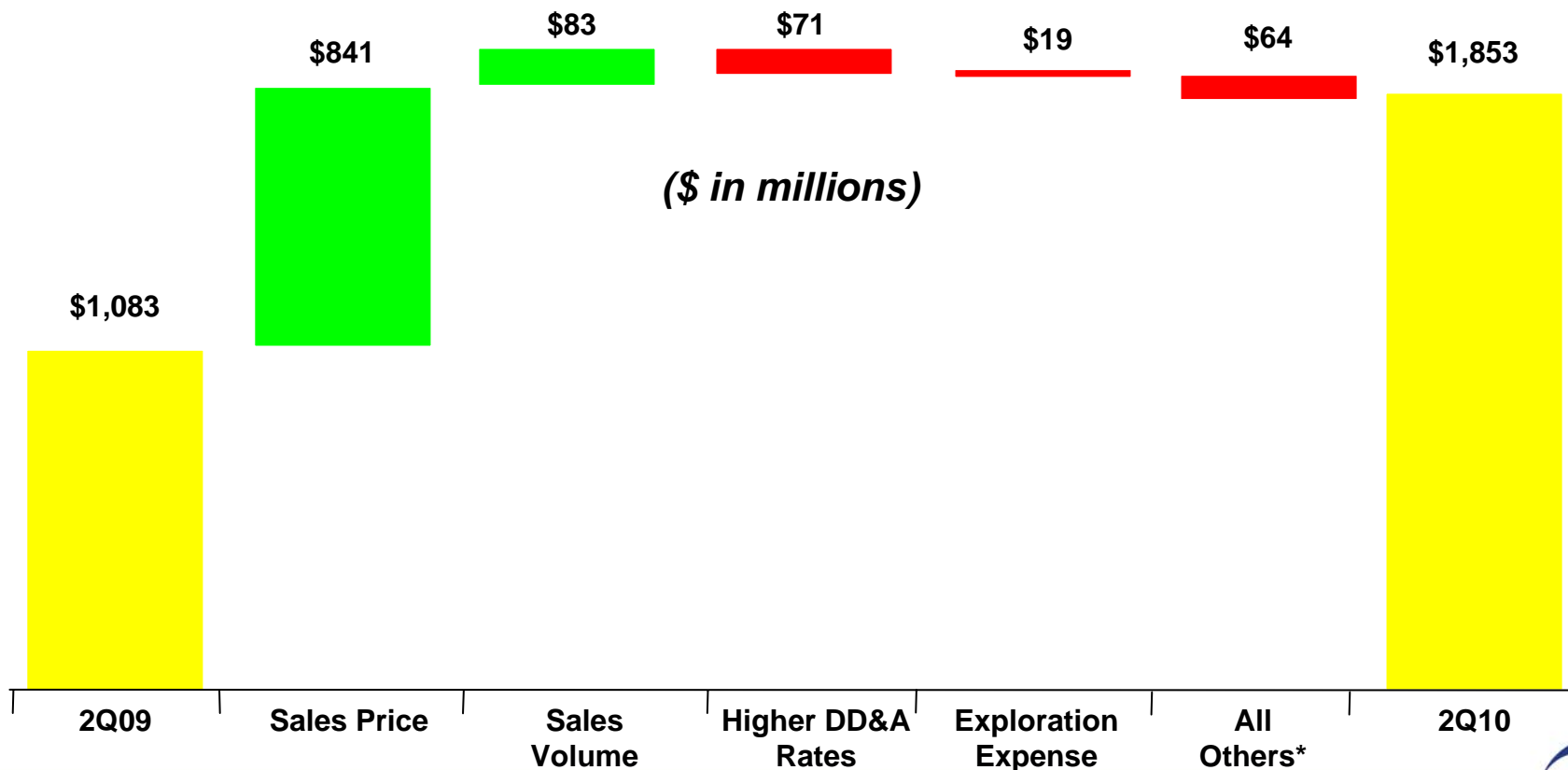
- ***Core Results - \$1.1 Billion vs. \$689 Million in 2Q09***
 - ***Core EPS \$1.31 (diluted) vs. \$0.85 in 2Q09.***

- **Net Income - \$1.1 Billion vs. \$682 Million in 2Q09**
 - **EPS \$1.31 (diluted) vs. \$0.84 in 2Q09.**

Second Quarter 2010 Earnings – Oil & Gas Segment Variance Analysis – 2Q10 vs. 2Q09

- Core Results for 2Q10 of \$1.853 B vs. \$1.083 B in 2Q09**

- Improvement in 2010 driven mostly by higher commodity prices with additional contributions from higher volumes. Partially offsetting these gains were higher DD&A rates and higher operating expenses, partly resulting from fully expensing CO₂ costs in 2010.



*Higher operating costs and CO₂ expense

Second Quarter 2010 Earnings – Oil & Gas Segment

	<u>2Q10</u>	<u>2Q09</u>
Reported Segment Earnings (\$ mm)	\$1,853	\$1,083
WTI Oil Price (\$/bbl)	\$78.03	\$59.62
NYMEX Gas Price (\$/mcf)	\$4.18	\$3.83

Oxy's Realized Prices

<i>Worldwide Oil (\$/bbl)</i>	<i>\$72.13</i>	<i>\$52.97</i>
<i>US Natural Gas (\$/mcf)</i>	<i>\$4.19</i>	<i>\$2.87</i>



Second Quarter 2010 Earnings – Oil & Gas Segment

	<u>2Q10</u>	<u>2Q09</u>
Oil and Gas Production Volumes (mboe/d)	743	717

– *Year-over-year increase of over 3.5%.*

- 2Q10 production was lower than our guidance due primarily to shortfalls in California and adjustments resulting from the mechanics of PSCs in the Middle East. Our production in California continues to be affected by the gas plants' and related infrastructures' inability to process all gas that could be produced.
- Year-over-year production was negatively impacted by 29 mboe/d in MENA, Long Beach and Colombia, as a result of higher oil prices affecting our PSC and similar contracts.
- 2Q10 includes volumes in Bahrain of 3,000 bbls of oil and 161 mmcf of gas and 16 mboe of higher volumes in the Mukhaizna field of Oman. Our domestic operations added 11 mboe. Volume gains in the Kern County discovery area were moderated by production declines in Elk Hills, which were caused by gas gathering and processing issues.

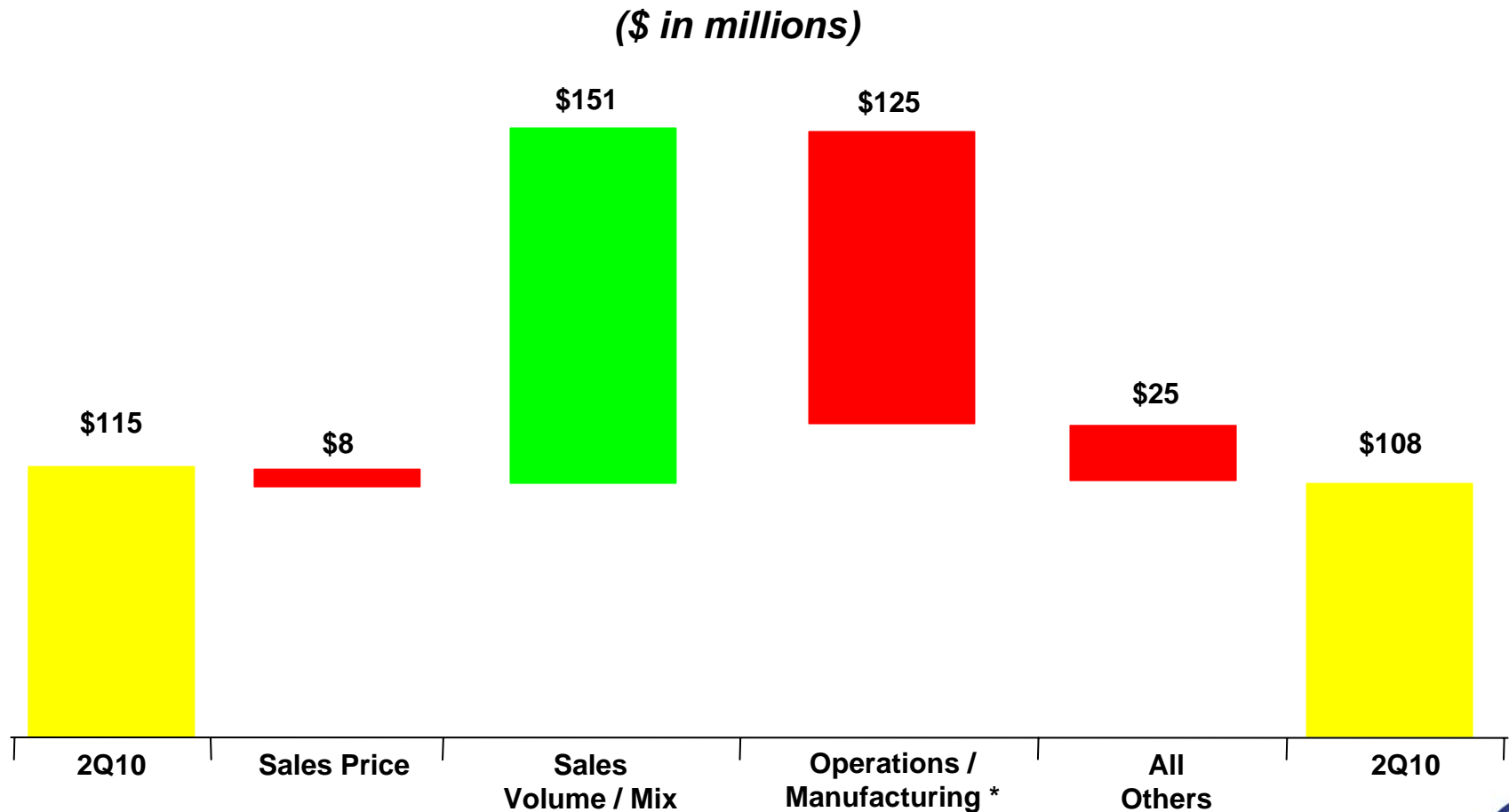
Second Quarter 2010 Earnings – Oil & Gas Segment – Cash Production Costs and Taxes

- **Oil and gas cash production costs, excluding production and property taxes, were \$9.90 per boe for 1H10.**
 - 2Q10 per boe production costs were slightly lower than this figure.
 - Full-year 2009 costs were \$9.37 a boe.
 - The increase reflects \$0.30 per boe higher CO₂ costs, due to our decision to expense 100% of injected CO₂ beginning in 2010, and higher field support operations and maintenance costs.
- **Taxes – other than on income were \$1.80 per boe for the first six months of 2010 compared to \$1.60 per barrel for all of 2009. These costs, which are sensitive to product prices, reflect the effect of higher crude oil and gas prices in 2010.**
- **Exploration expense was \$73 million in 2Q10.**

Second Quarter 2010 Earnings – Chemical Segment Variance Analysis – 2Q10 vs. 2Q09

- **Core Results for 2Q10 of \$108 mm vs. \$115 mm in 2Q09**

- Results reflect improvement from the first quarter 2010 in margins and volumes across most product lines.



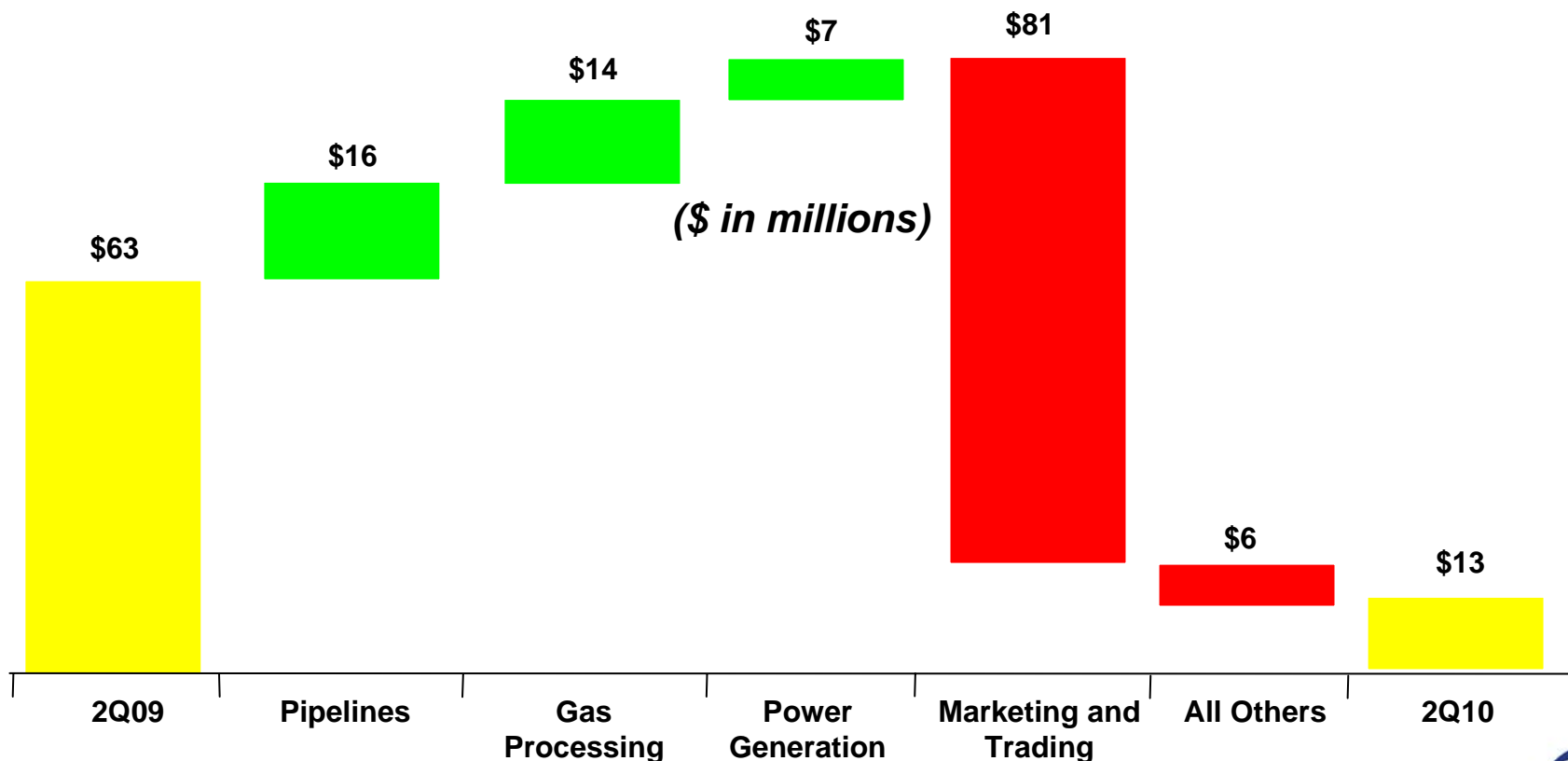
*Higher feedstock costs



Second Quarter 2010 Earnings – Midstream Segment Variance Analysis – 2Q10 vs. 2Q09

- **Core Results for 2Q10 of \$13 mm vs. \$63 mm in 2Q09**

- The decrease in earnings was mainly due to a pre-tax \$104 million (\$0.07 after-tax per diluted share) loss at Phibro, the bulk of which resulted from marking its quarter-end open positions to market. This was partially offset by higher margins in the marketing, gas processing and pipeline businesses.

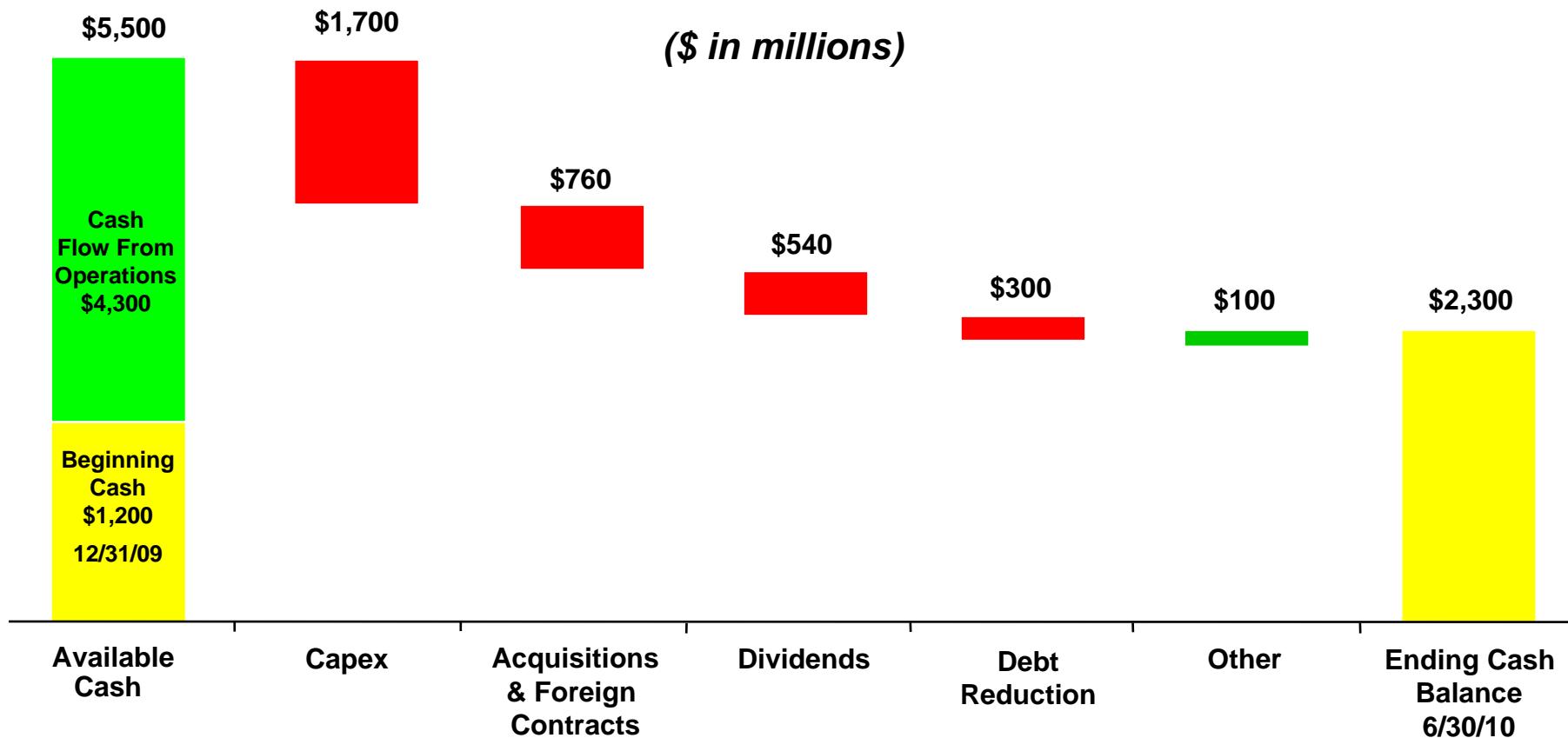


Second Quarter 2010 Earnings – Six Months Results & Capital Spending

	<u>YTD2010</u>	<u>YTD2009</u>
• Net Income (\$ mm)	\$2,127	\$1,050
• EPS (diluted)	\$2.61	\$1.29
• Capital spending for 2Q10 was about \$865 million and \$1.7 billion for 1H10.		
– Year to-date capital expenditures by segment were 81% in Oil and Gas, 13% in Midstream with the remainder in Chemicals.		
– Our total year capital is expected to be about \$4.5 billion.		
– The capital spending rate will increase in the second half of the year largely resulting from Iraq, Bahrain and California.		

Second Quarter 2010 Earnings – Cash Flow 2010 YTD

- *Free Cash Flow for 1H10 after capex and dividends but before acquisition activity and debt retirements was about \$2.1 billion.*



Second Quarter 2010 Earnings – Shares Outstanding and Debt

Shares Outstanding (mm)	<u>YTD10</u>	<u>6/30/10</u>
Weighted Average Basic	812.3	
Weighted Average Diluted	813.7	
Basic Shares Outstanding		812.8
Diluted Shares Outstanding		814.2
	<u>6/30/10</u>	<u>12/31/09</u>
Debt/Capital	8%	9%

Second Quarter 2010 Earnings – Oil and Gas Production – 3Q10 Outlook

- **We expect oil and gas production and sales volumes to be in the range of 750 to 760 mboe/d at about current oil prices.**
- **Volume increases in 3Q10 are expected to come from California, Oman's Mukhaizna field and Dolphin.**

Second Quarter 2010 Earnings – 3Q10 Outlook

- **Commodity Price Sensitivity – Earnings**

- At current market prices, a \$1.00 per barrel change in oil prices impacts oil and gas quarterly earnings before income taxes by about \$37 mm;
- A swing of \$0.50 per mm BTU in domestic gas prices has a \$30 mm impact on quarterly pretax income; the current NYMEX gas price is around \$4.80 p/mcf.

- **We expect 3Q10 exploration expense to be about \$90 mm for seismic and drilling for our exploration programs.**

Second Quarter 2010 Earnings – 3Q10 Outlook

- **For the Chemical segment:**
 - Modest volume and margin improvement is expected over 2Q10 levels for chlor-alkali and vinyl products.
 - The Chemical segment is expected to provide earnings for 3Q10 of about \$125 million.
 - While the domestic market continues to be lackluster, export volumes are up about 13% compared to 2009.
 - Chlorine exports are averaging about 42% of total production.
- **We successfully renegotiated and extended our hydrocarbon concessions in the Santa Cruz province of Argentina, increasing our oil and gas proved reserves from 129 mm to 202 mm barrels.**
 - The current quarter DD&A expense reflects the resulting decrease in the DD&A rate.

Second Quarter 2010 Earnings – Acquisitions – 3Q10 Outlook

- **We have recently negotiated a number of asset acquisitions in the Oil and Gas business that in aggregate would be about \$1.5 billion.**
 - These expected acquisitions are mainly from private individuals largely in the gassier parts of the Permian basin where there have been several much more expensive deals announced.
 - When the acquisitions are concluded they will add to production mostly in the Midcontinent Gas business unit, which includes these parts of the Permian basin.
 - Virtually *all* of the improvement in the production rate will be in subsequent years.
- **We expect our combined worldwide tax rate in the third quarter of 2010 to be about 42 percent.**

Second Quarter 2010 Earnings – California Update

- **Conventional Drilling Opportunities:**

- During 1H10, we drilled 6 conventional exploration and extension wells in California.
- Of these, 5 were outside of the Kern County Discovery area.
- Two of these new wells are currently being tested.
- In 2H10, we are planning to drill 2 conventional exploration wells in the Kern County Discovery area and one exploration well outside this area.
- In addition, we have drilled 10 conventional exploitation wells in the Kern County Discovery area in 1H10 and plan to drill 23 more during 2H10.

Second Quarter 2010 Earnings – California Update

- **Unconventional Drilling Opportunities:**
 - We also drilled 7 unconventional exploration wells in 1H10, of which 2 were successful and 2 are being tested.
 - We plan to drill 15 additional unconventional exploration wells during 2H10.
 - We have also drilled 10 unconventional exploitation wells in California in 1H10, with 25 more expected to be drilled during 2H10.

