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OCCIDENTAL PETROLEUM CORP /DE/
Form 8-K
October 16, 2001

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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) OCTOBER 16, 2001

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.)
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10889 WILSHIRE BOULEVARD LOS ANGELES, CALIFORNIA (Address of principal executive offices)	90024 (ZIP code)
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Registrant's telephone number, including area code:
(310) 208-8800

Item 9. Regulation FD Disclosure

The following is a presentation made by Dr. Ray R. Irani, Chairman and Chief Executive Officer of Occidental Petroleum Corporation, and Stephen I. Chazen, Chief Financial Officer and Executive Vice President - Corporate Development of Occidental.

Occidental Petroleum Corporation

[graphic omitted]

Dr. Ray R. Irani
Chairman and Chief Executive Officer

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

October 2001

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Outline

- o Strategic Overview
- o Financial Review
- o Operations Review
- o Growth Initiatives
- o Summary

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Business Strategy

- o Focus on large, long-lived oil and gas assets with growth potential
- o Maintain financial discipline; strengthen balance sheet
- o Harvest cash from chemicals

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Oil & Gas Growth Strategy

- o Three-part strategy - no single part dominates
 - > Exploration
 - o Quality of exploration projects defines budget allocations
 - > Seek EOR projects with superior returns
 - > Acquire assets with upside potential at attractive prices & divest assets with limited earnings potential
- o Opportunity & disciplined investment drive business success

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Debt Reduction

Total Debt

Pro-Forma Post Altura		
(+ Oxy Permian Debt) ----->	\$ 9,175	
Net Asset Sales		
2000 ----->	(1,447)	(1)
2001 ----->	(758)	(2)
Cash From Operation		
2000-2001 ----->	(1,841)	
Pro-Forma 6/30/01	\$ 5,129	

(1) CanOxy, Gulf of Mexico, Netherlands, Durez & Other

(2) Indonesia, Texas Pipeline & Other

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Total Debt

[the following is a tabular representation of graphical materials]

\$ Millions

	12/31/99	Pro-Forma Post Altura	12/31/00	6/30/01	Pro-Forma 6/30/01
Oxy Public Debt	4,372	5,766	3,541	3,536	3,536
Other Recourse Debt	1,076	1,009	915	843	843
Permian Non-recourse Debt	--	2,400	1,900	1,500	750
Total	5,448	9,175	6,356	5,879	5,129

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Capitalization

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[the following is a tabular representation of graphical materials]

\$ Millions

	12/31/99	Pro-Forma Post Altura	12/31/00	6/30/01	Pro-Forma 6/30/01
Shareholders' Equity	3,523	3,748	4,774	5,595	5,720
Permian Non-recourse Debt	--	2,400	1,900	1,500	750
Oxy Public Debt	5,448	6,775	4,456	4,379	4,379
Total	8,971	12,923	11,130	11,474	10,849

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Debt/Capitalization Ratio

[the following is a tabular representation of graphical materials]

\$ Millions

	12/31/99	Pro-Forma Post Altura	12/31/00	6/30/01	Pro-Forma 6/30/01
Debt/Capitalization Ratio	61%	71%	57%	51%	48%

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Total Debt/Capitalization Ratio

[the following is a tabular representation of graphical materials]

\$ Millions

	1995	1996	1997	1998	1999	2000	Pro-Forma 6/30/01
Total Debt/Capitalization Ratio	68%	62%	67%	66%	61%	57%	48%

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Interest & Preferred Dividends

[the following is a tabular representation of graphical materials]

\$ Millions

	1995	1996	1997	1998	1999	2000
	----	----	----	----	----	----
Oxy Public Debt	540	451	407	451	468	368
Permian Non-recourse Debt						118
Preferred Dividends	93	93	88	17	7	
Capital Trust Preferred					41	40
	----	----	----	----	----	----
Total	633	544	495	468	516	526

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Oil Companies' Total Debt

	2001*	1997
	----	----
British Petroleum	\$20,500	\$ 7,238
Chevron/Texaco	14,100	13,608
Exxon	11,200	9,952
Conoco	10,800	2,272
Phillips	9,900	6,659
Devon	8,500	150
Amerada Hess	5,300	2,127
Oxy	5,000	6,378
Anadarko	4,800	956
Burlington Resources	4,000	1,748
Kerr McGee	3,700	579
Unocal	3,500	2,692
Apache	2,900	1,519

* 2001 second quarter adjusted for subsequent events; numbers rounded to nearest 000.

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Proved Reserves

[the following is a tabular representation of graphical materials]

Billion BOE

	1997	1998	1999	2000
	----	----	----	----
Proved Reserves	1.31	1.42	1.35	2.17*

* 66% increase from 1997

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Production

[the following is a tabular representation of graphical materials]

Thousand BOE/Day

	1997	1998	1999	2000	2001 Est.
	----	----	----	----	-----
Production	395	438	425	461	465

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1999 Profitability/BOE*

[the following is a tabular representation of graphical materials]

	\$/BOE

OXY	5.30
APA	4.55
APC	3.98
BP	3.88
COC	3.73
XOM	3.53

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KMG	3.48
CHV	3.03
MRO	2.92
P	2.91
AHC	2.72
TX	2.22
UCL	1.68
BR	0.88

* Exploration and production income (per FAS 69 format) after taxes and before interest expense

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2000 Profitability/BOE*

[the following is a tabular representation of graphical materials]

	\$/BOE

OXY	11.30
APC	9.06
APA	8.92
KMG	8.76
BP	7.94
CHV	7.50
XOM	7.04
COC	7.00
TX	6.83
AHC	6.44
P	6.42
MRO	6.11
UCL	5.70
BR	5.23

* Exploration and production income (per FAS 69 format) after taxes and before interest expense. The Marathon (MRO) results exclude a non-cash charge of approximately \$900 million.

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2001 Profitability/BOE*

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[the following is a tabular representation of graphical materials]

First Half
\$/BOE

OXY	20.91 (includes 5.01 representing California Gas Premium)
APC	16.00
APA	15.87
BP	14.87
BR	14.35
KMG	14.10
MRO	13.83
XOM	12.97
COC	12.52
UCL	12.17
CHV	11.98
AHC	11.85
TX	11.84
P	11.05

* Exploration and production income before U.S. income taxes and before interest expense

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Costs Per BOE

Assumptions

- o Chemicals earnings = \$350 million
- o Interest based on current debt level
- o All costs & production based on year-to-date results through 9/30
- o Capital = \$1 billion

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Costs Per BOE

Cash Flow Break-Even

\$/BOE

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Lifting Costs/Other	\$5.82
DD&A	4.34
SG&A	2.10
Chemicals	(2.61)
Interest Expense	2.28
Dividends	2.17
Taxes	0.95
Total	\$15.04

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Middle East

[map of Middle East]

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Middle East

[map of Middle East]

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Middle East - Arabian Peninsula

[map of Arabian Peninsula]

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Middle East - Arabian Peninsula

[map of Arabian Peninsula]

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Middle East - Arabian Peninsula

[map of Arabian Peninsula]

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Saudi Arabia - Core Venture 2

[map of Saudi Arabia]

- o Explore blocks 40-49 in the Red Sea area
- o Develop Midyan & Barqan gas discoveries
- o Construct Midyan & Barqan processing plant
- o Develop petrochemical facility at Yanbu
- o Develop power & desalination projects at Dhuba

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Saudi Arabia - Core Venture 2

[map of Saudi Arabia]

- o Long-term strategic partnership
- o New phase of industrial Saudi development
- o Competitive returns on investment
- o Attractive risk/reward ratio

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Oman

[map of Oman]

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Qatar

[map of Qatar]

- o Second generation EOR will add reserves and production
- o New exploration opportunities

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Yemen

[map of Yemen]

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Abu Dhabi - Dolphin Project

[map of Arabian Gulf Region]

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Ecuador

[map of Northern Ecuador]

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Horn Mountain

[map of Horn Mountain project in the Gulf of Mexico]

- o 60 miles offshore/
 - > Water depth = 5,400 feet
- o Gross reserves = 150 million BOE
- o On Schedule/under budget
 - > First production (Late 2002)
 - > Peak production (2004)
 - o Oxy net 21,000 BOE/Day

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California Gas Exploration

[map of California gas-producing areas]

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Business Review - U.S.

COMBINED WEIGHTED AVERAGE RETURN ON CAPITAL = 20%

Elk Hills Acquisition (2/8/98)
Price = \$3.5 Billion

Free Cash Flow (After Capital)
(2/8/98 - 6/30/01)

Altura Acquisition (4/19/00)
Price = \$3.6 Billion

Free Cash Flow (After Capital)
(4/19/00 - 6/30/01)

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\$2.14 Billion
Return on Capital = 18%

\$992 Million
Return on Capital = 22%

THUMS Acquisition (4/28/00)
Price = \$110 Million

Free Cash Flow (After Capital)
(4/28/00 - 6/30/01)
\$107 Million
Return on Capital = 89%

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Return on Equity

Ten - Year Trend
(%)

10 Yrs	Average - Years			Annual	Est.
	7 Yrs	5 Yrs	3 Yrs	2000	2001
10.4	16.0	15.4	26.6	37.9	29.0

* Results are based on reported earnings through 2000 and First Call's average earnings estimate of \$4.18 per share for 2001.

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Return on Equity

[the following is a tabular representation of graphical materials]

	2000 (%) ----
APA	56.4
KMG	40.8
OXY	37.9
COC	37.4
P	35.0
UCL	32.2
AHC	29.6

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CHV	27.5
XOM	26.4
TX	20.4
APC	20.1
BP	19.7
BR	19.3
MRO	9.0

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Return on Capital Employed

Ten - Year Trend
(%)

10 Yrs	Average - Years			Annual	Est.
	7 Yrs	5 Yrs	3 Yrs	2000	2001
7.7	9.7	10.0	14.8	19.0	16.7

* Results are based on reported earnings through 2000 and First Call's average earnings estimate of \$4.18 per share for 2001.

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Return on Capital Employed

[the following is a tabular representation of graphical materials]

	2000 (%)
XOM	24.2
COC	23.1
CHV	22.8
KMG	22.0
AHC	20.0
P	19.5
OXY	19.0
BP	17.5
UCL	16.4

TX 14.6
 BR 13.3
 APA 13.0
 APC 12.5
 MRO 7.9

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Summary

Restructuring Has Worked

- o Stronger competitive position
 - > Improved risk profile
 - o Improved base earnings and cash flow
 - o Improved coverage ratios over wide range of financial results
 - o Improved debt to capitalization ratio
 - * Lowest absolute debt level since 1985
 - o Low maturities over next several years
 - > Improved liquidity

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Summary

Growth Initiatives

	First Production	Peak Production	Peak Production Rate
Ecuador	1Q/2003	2004	30,000 bd
Gulf of Mexico Horn Mountain	4/Q/2002	2004	21,000 bd
Qatar			
ISND Phase 2	2002	2004	18,000 bd
ISSD	2002	2004	7,000 bd
Saudi Arabia			
Midyan/Barqan	2003	2004	20 mmcf/d
Red Sea	?	?	?
Dolphin Project	2005	2005	500 mmcf/d

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- o Portions of this presentation 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 for oil, gas and chemicals; competitive pricing pressures; higher than expected costs including feedstocks; the supply/demand considerations for Occidental's products; any general economic recession domestically or internationally; and not successfully completing any expansion, capital expenditure or acquisition.
- o The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves demonstrated by actual production or conclusive formation tests to be economically producible under existing economic and operating conditions. We use certain terms in this presentation, such as probable and possible reserves, that the SEC's guidelines strictly prohibit us from using in filings with the SEC. U.S. investors are urged to consider closely the disclosure in our Form 10-K, available from us through the following toll-free number, 1-888-OXYPETE (1-888-699-7383) or on the Internet at <http://www.oxy.com>. You also can obtain a copy from the SEC by calling 1-800-SEC-0330.

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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: October 16, 2001

S. P. Dominick, Jr.

S. P. Dominick, Jr., Vice President and Controller
(Chief Accounting and Duly Authorized Officer)