OCCIDENTAL PETROLEUM CORP /DE/
Form 8-K
July 23, 2009

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) July 23, 2009**

# 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**

| **Los Angeles, California** | **90024** |
|---|---|
| (Address of principal executive offices) | (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 8 Other Events**

Item 8.01. Other Events

On July 23, 2009, Occidental Petroleum Corporation announced net income of $682 million ($0.84 per diluted share) for the second quarter of 2009, compared with $2.3 billion ($2.78 per diluted share) for the second quarter of 2008.

QUARTERLY RESULTS

Oil and Gas

Oil and gas segment earnings were $1.1 billion for the second quarter of 2009, compared with $3.8 billion for the same period in 2008. The decrease in the second quarter 2009 segment earnings reflected lower crude oil and natural gas prices and higher DD&A rates, partially offset by higher oil and gas sales volumes and lower operating expenses.

For the second quarter of 2009, daily oil and gas sales volumes averaged 649,000 barrels of oil equivalent (BOE), compared with 588,000 BOE sold in the second quarter of 2008. Volumes increased by approximately 3 percent domestically, mainly from California and Midcontinent/Rockies, by about 37 percent in Latin America mostly in Argentina, and by 16 percent in the Middle East/North Africa largely in Oman and Dolphin. California volumes included increases in Long Beach resulting from economic arrangements similar to a production sharing contract and production from new exploration wells in Elk Hills.

Oxy's realized price for worldwide crude oil was $52.97 per barrel for the second quarter of 2009, compared with $110.12 per barrel for the second quarter of 2008. Domestic realized gas prices decreased from $9.99 per MCF in the second quarter of 2008 to $2.87 per MCF for the second quarter of 2009.

Chemicals

Chemical segment earnings for the second quarter 2009 were $115 million, compared with $144 million for the same period in 2008. The second quarter of 2009 results reflect the continued weakness in the U.S. housing, automotive and durable goods sectors resulting in lower volumes for chlorine, caustic soda and polyvinyl chloride. The lower volumes were partially offset by lower feedstock and energy costs.

Midstream, Marketing and Other

Midstream segment earnings were $63 million for the second quarter of 2009, compared with $161 million for the second quarter of 2008. The second quarter of 2009 earnings reflect lower margins in the gas processing, marketing, and power generation businesses.

SIX MONTH RESULTS

Net income for the six months of 2009 was $1.1 billion ($1.29 per diluted share), compared with $4.1 billion ($5.00 per diluted share) for the six months of 2008.

Core results were $1.1 billion ($1.34 per diluted share) for the six months of 2009, compared with $4.1 billion ($4.97 per diluted share) for the six months of 2008.

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Oil and Gas

Oil and gas segment earnings were $1.6 billion for the six months of 2009, compared with $6.7 billion for the same period of 2008. The decrease in segment earnings reflected lower crude oil and natural gas prices and higher DD&A rates, partially offset by increased sales volumes and lower operating and administrative costs.

Daily oil and gas sales volumes for the first six months was 651,000 BOE for 2009, compared with 598,000 BOE per day for the same 2008 period. Volumes increased by approximately 4 percent domestically mainly from California and Midcontinent/Rockies, by about 26 percent in Latin America mostly in Argentina, and by 11 percent in the Middle East/North Africa largely due to Oman and Dolphin. Higher volumes in domestic assets included production from new exploration wells in California.

Oxy's worldwide crude oil realized price was $46.05 per barrel for the six months of 2009, compared with $98.16 per barrel for the six months of 2008. Domestic realized gas prices decreased from $9.09 per MCF in the six months of 2008 to $3.20 per MCF in the six months of 2009.

Chemicals

Chemical segment earnings for the six months of 2009 were $284 million, compared with $323 million for the same period of 2008. The 2009 six month results reflect lower volumes for chlorine, caustic soda and polyvinyl chloride due to the economic slowdown, partially offset by lower feedstock and energy costs.

Midstream, Marketing and Other

Midstream segment earnings were $77 million for the six months of 2009, compared with $284 million for the same period in 2008. The earnings decline in 2009 reflects lower margins in the gas processing, power generation, and marketing businesses.

Forward-Looking Statements

Statements in this report that contain words such as "will," "should," "expect," or "estimate," or otherwise relate to the future, are forward-looking and involve risks and uncertainties that could significantly affect expected results. Factors that could cause actual results to differ materially include, but are not limited to: global commodity price fluctuations and supply/demand considerations for oil, gas and chemicals; exploration risks, such as drilling of unsuccessful wells; not successfully completing (or any material delay in) any expansions, field development, capital projects, acquisitions, or dispositions; higher-than-expected costs; political risk; operational interruptions and changes in tax rates. You should not place undue reliance on these forward-looking statements which speak only as of the date of this release. 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. U.S. investors are urged to consider carefully the disclosures in our Form 10-K, available through the following toll-free telephone 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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**SUMMARY OF SEGMENT NET SALES AND EARNINGS**

| (Millions, except per-share amounts) | Second Quarter **2009** | 2008 | Six Months **2009** | 2008 |
|---|---|---|---|---|
| **SEGMENT NET SALES** | | | | |
| Oil and Gas | **$ 2,726** | $ 5,501 | **$ 4,863** | $ 10,019 |
| Chemical | **811** | 1,386 | **1,603** | 2,653 |
| Midstream, Marketing and Other | **250** | 418 | **478** | 823 |
| Eliminations | **(100)** | (189) | **(184)** | (359) |
| Net sales | **$ 3,687** | $ 7,116 | **$ 6,760** | $ 13,136 |
| **SEGMENT EARNINGS** | | | | |
| Oil and Gas (a), (b) | **$ 1,083** | $ 3,806 | **$ 1,628** | $ 6,694 |
| Chemical | **115** | 144 | **284** | 323 |
| Midstream, Marketing and Other | **63** | 161 | **77** | 284 |
| | **1,261** | 4,111 | **1,989** | 7,301 |
| **Unallocated Corporate Items** | | | | |
| Interest expense, net | **(23)** | (7) | **(43)** | (7) |
| Income taxes | **(455)** | (1,671) | **(696)** | (2,965) |
| Other (c) | **(99)** | (133) | **(195)** | (210) |
| **Income from Continuing Operations (a)** | **684** | 2,300 | **1,055** | 4,119 |
| Discontinued operations, net | **(2)** | (3) | **(5)** | 24 |
| **NET INCOME** (a) | **$ 682** | $ 2,297 | **$ 1,050** | $ 4,143 |
| **BASIC EARNINGS PER COMMON SHARE** | | | | |
| Income from continuing operations | **$ 0.84** | $ 2.79 | **$ 1.30** | $ 5.00 |
| Discontinued operations, net | | | **(0.01)** | 0.03 |
| | **$ 0.84** | $ 2.79 | **$ 1.29** | $ 5.03 |
| **DILUTED EARNINGS PER COMMON SHARE (d)** | | | | |
| Income from continuing operations | **$ 0.84** | $ 2.78 | **$ 1.30** | $ 4.97 |
| Discontinued operations, net | | | **(0.01)** | 0.03 |
| | **$ 0.84** | $ 2.78 | **$ 1.29** | $ 5.00 |
| **AVERAGE BASIC COMMON SHARES OUTSTANDING (d)** | | | | |
| BASIC | **811.0** | 821.3 | **810.8** | 822.5 |
| DILUTED | **814.0** | 825.2 | **813.7** | 826.6 |

See footnotes on following page.

(a) **Net Income** - Net income and income from continuing operations represent amounts attributable to Common Stock, after deducting non-controlling interest of $12 million and $37 million for the second quarter and $21 million and $66 million for the six months ended June 30, 2009 and 2008, respectively. Oil and gas segment earnings are also presented net of these non-controlling interest amounts.

(b) **Oil and Gas** - The six months of 2009 includes an $8 million pre-tax charge for rig contract termination costs.

(c) **Unallocated Corporate Items - Other** - The second quarter of 2009 includes a pre-tax charge of $8 million related to severance. The first six months of 2009 includes additional pre-tax charges of $32 million for severance and $15 million for railcar leases.

(d) **Earnings Per Share** - The 2008 earnings per share amounts reflect the adoption on January 1, 2009 of FSP NO. EITF 03-06-1 dealing with participating securities.

**SUMMARY OF CAPITAL EXPENDITURES AND DD&A EXPENSE**

| | Second Quarter | | Six Months | |
|---|---|---|---|---|
| ($ millions) | **2009** | 2008 | **2009** | 2008 |
| **CAPITAL EXPENDITURES** | **$ 831** | $ 1,038 | **$ 1,902** | $ 1,871 |
| **DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS** | **$ 742** | $ 621 | **$ 1,528** | $ 1,274 |

**ITEMS AFFECTING COMPARABILITY OF CORE EARNINGS BETWEEN PERIODS**

| Income/(Expense) | Second Quarter | | Six Months | |
|---|---|---|---|---|
| ($ millions) | **2009** | 2008 | **2009** | 2008 |
| **Foreign exchange gains and (losses)*** | **$ (6)** | $ (4) | **$ 31** | $ (5) |

*Amounts shown after tax.

**SUMMARY OF OPERATING STATISTICS**

| | Second Quarter | | Six Months | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| **NET OIL, GAS AND LIQUIDS SALES PER DAY** | | | | |
| United States | | | | |
| Crude Oil and Liquids (MBBL) | | | | |
| California | **90** | 84 | **93** | 86 |
| Permian | **167** | 169 | **168** | 170 |
| Midcontinent/Rockies | **10** | 5 | **10** | 4 |
| Total | **267** | 258 | **271** | 260 |
| Natural Gas (MMCF) | | | | |
| California | **232** | 238 | **224** | 241 |
| Permian | **197** | 190 | **196** | 184 |
| Midcontinent/Rockies | **192** | 174 | **201** | 166 |
| Total | **621** | 602 | **621** | 591 |
| Latin America | | | | |
| Crude Oil (MBBL) | | | | |
| Argentina | **37** | 22 | **41** | 29 |
| Colombia | **48** | 43 | **47** | 43 |
| Total | **85** | 65 | **88** | 72 |
| Natural Gas (MMCF) | | | | |
| Argentina | **30** | 14 | **32** | 18 |
| Bolivia | **19** | 21 | **17** | 21 |
| Total | **49** | 35 | **49** | 39 |
| Middle East/North Africa | | | | |
| Crude Oil and Liquids (MBBL) | | | | |
| Oman | **38** | 21 | **36** | 20 |
| Dolphin | **25** | 19 | **23** | 20 |
| Qatar | **50** | 45 | **49** | 46 |
| Yemen | **23** | 20 | **27** | 23 |
| Libya | **8** | 27 | **7** | 23 |
| Total | **144** | 132 | **142** | 132 |
| Natural Gas (MMCF) | | | | |
| Oman | **23** | 25 | **23** | 23 |
| Dolphin | **242** | 163 | **224** | 182 |
| Total | **265** | 188 | **247** | 205 |
| **Barrels of Oil Equivalent (MBOE)** | | | | |
| Subtotal consolidated subsidiaries | **652** | 593 | **654** | 603 |
| Colombia-minority interest | **(6** ) | (7 ) | **(6** ) | (7 ) |
| Yemen-Occidental net interest | **3** | 2 | **3** | 2 |
| **Total Worldwide Sales Volumes - MBOE** | **649** | 588 | **651** | 598 |

**SUMMARY OF OPERATING STATISTICS - PRODUCTION**

| | Second Quarter | | Six Months | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| **NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY** | | | | |
| United States | | | | |
| Crude Oil and Liquids (MBBL) | **267** | 258 | **271** | 260 |
| Natural Gas (MMCF) | **621** | 602 | **621** | 591 |
| | | | | |
| Latin America | | | | |
| Crude Oil (MBBL) | | | | |
| Argentina | **38** | 24 | **38** | 30 |
| Colombia | **47** | 43 | **47** | 42 |
| Total | **85** | 67 | **85** | 72 |
| Natural Gas (MMCF) | **49** | 35 | **49** | 39 |
| | | | | |
| Middle East/North Africa | | | | |
| Crude Oil and Liquids (MBBL) | | | | |
| Oman | **38** | 21 | **36** | 20 |
| Dolphin | **25** | 19 | **23** | 20 |
| Qatar | **46** | 48 | **49** | 47 |
| Yemen | **26** | 20 | **27** | 23 |
| Libya | **7** | 20 | **8** | 21 |
| Total | **142** | 128 | **143** | 131 |
| Natural Gas (MMCF) | **265** | 188 | **247** | 205 |
| | | | | |
| **Barrels of Oil Equivalent (MBOE)** | | | | |
| Subtotal consolidated subsidiaries | **650** | 590 | **652** | 602 |
| Colombia-minority interest | **(6** ) | (6 ) | **(6** ) | (6 ) |
| Yemen-Occidental net interest | **3** | 2 | **3** | 2 |
| **Total Worldwide Production Volumes - MBOE** | **647** | 586 | **649** | 598 |

**SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS**

Occidental's results of operations often include the effects of significant transactions and events affecting earnings that vary widely and unpredictably in nature, timing and amount. Therefore, management uses a measure called "core results," which excludes those items. This non-GAAP measure is not meant to disassociate those items from management's performance, but rather is meant to provide useful information to investors interested in comparing Occidental's earnings performance between periods. Reported earnings are considered representative of management's performance over the long term. Core results is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

**SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS**

| ($ millions, except per-share amounts) | Second Quarter 2009 | Diluted EPS | 2008 | Diluted EPS |
|---|---|---|---|---|
| **TOTAL REPORTED EARNINGS*** | **$ 682** | **$ 0.84** | $ 2,297 | $ 2.78 |
| **Oil and Gas*** | | | | |
| Segment Earnings | **$ 1,083** | | $ 3,806 | |
| Add: | | | | |
| No significant items affecting earnings | | | | |
| Segment Core Results | **1,083** | | 3,806 | |
| **Chemicals** | | | | |
| Segment Earnings | **115** | | 144 | |
| Add: | | | | |
| No significant items affecting earnings | | | | |
| Segment Core Results | **115** | | 144 | |
| **Midstream, marketing and other** | | | | |
| Segment Earnings | **63** | | 161 | |
| Add: | | | | |
| No significant items affecting earnings | | | | |
| Segment Core Results | **63** | | 161 | |
| **Total Segment Core Results** | **1,261** | | 4,111 | |
| **Corporate** | | | | |
| Corporate Results Non Segment** | **(579)** | | (1,814) | |
| Add: | | | | |
| Severance accrual | **8** | | | |
| Tax effect of pre-tax adjustments | **(3)** | | | |
| Discontinued operations, net*** | **2** | | 3 | |
| Corporate Core Results Non Segment | **(572)** | | (1,811) | |
| **TOTAL CORE RESULTS** | **$ 689** | **$ 0.85** | $ 2,300 | $ 2.78 |

* Represents amounts attributable to common stock, after deducting non-controlling interest of $12 million and $37 million for the second quarter 2009 and 2008, respectively.

** Net interest expense, income taxes, G&A expense and other.

*** Amounts shown after tax.

**SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)**

| ($ millions, except per-share amounts) | Six Months 2009 | Diluted EPS | 2008 | Diluted EPS |
|---|---|---|---|---|
| **TOTAL REPORTED EARNINGS*** | **$ 1,050** | **$ 1.29** | $ 4,143 | $ 5.00 |
| **Oil and Gas*** | | | | |
| Segment Earnings | **$ 1,628** | | $ 6,694 | |
| Add: | | | | |
| Rig terminations | **8** | | | |
| Segment Core Results | **1,636** | | 6,694 | |
| **Chemicals** | | | | |
| Segment Earnings | **284** | | 323 | |
| Add: | | | | |
| No significant items affecting earnings | | | | |
| Segment Core Results | **284** | | 323 | |
| **Midstream, marketing and other** | | | | |
| Segment Earnings | **77** | | 284 | |
| Add: | | | | |
| No significant items affecting earnings | | | | |
| Segment Core Results | **77** | | 284 | |
| **Total Segment Core Results** | **1,997** | | 7,301 | |
| **Corporate** | | | | |
| Corporate Results Non Segment** | **(939)** | | (3,158) | |
| Add: | | | | |
| Severance accruals | **40** | | | |
| Railcar leases | **15** | | | |
| Tax effect of pre-tax adjustments | **(22)** | | | |
| Discontinued operations, net*** | **5** | | (24) | |
| Corporate Core Results Non Segment | **(901)** | | (3,182) | |
| **TOTAL CORE RESULTS** | **$ 1,096** | **$ 1.34** | $ 4,119 | $ 4.97 |

* Represents amounts attributable to common stock, after deducting non-controlling interest of $21 million and $66 million for the six months 2009 and 2008, respectively.

** Net interest expense, income taxes, G&A expense and other.

*** Amounts shown after tax.

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: July 23, 2009

/s/ ROY PINECI
Roy Pineci, Vice President, Controller

and Principal Accounting Officer

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