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OCCIDENTAL PETROLEUM CORP /DE/  
Form 8-K  
October 21, 2004

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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) OCTOBER 21, 2004

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

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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

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On October 21, 2004, Occidental Petroleum Corporation released information regarding its results of operations for the fiscal period ended September 30, 2004. The exhibits to this Form 8-K and the information set forth in this Item

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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 Dr. Ray R. Irani and Stephen I. Chazen are attached to this report as Exhibit 99.2. Investor Relations Supplemental Schedules are attached to this report as Exhibit 99.3.

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### SECTION 8 - OTHER EVENTS

#### Item 8.01. Other Events

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Occidental Petroleum Corporation announced on October 21, 2004 record net income for the third quarter 2004 of \$758 million (\$1.91 per share), compared with \$446 million (\$1.16 per share) for the third quarter 2003. Earnings of \$1.83 billion (\$4.63 per share) for the first nine months of 2004 were 55 percent higher than the \$1.15 billion (\$2.99 per share) the company earned in the comparable period last year.

Core earnings for the first nine months of 2004 were \$1.81 billion (\$4.60 per share), compared with \$1.25 billion (\$3.27 per share) for 2003. The debt-to-total capitalization at the end of the third quarter was 29 percent, compared with 37 percent at the end of last year. Interest expense of \$187 million for the first nine months of 2004 was 31 percent lower than the comparable 2003 period.

#### Oil and Gas

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Oil and gas segment earnings were \$1.0 billion for the third quarter 2004, compared with \$660 million for the third quarter 2003, an increase of 52 percent. The improvement in the third quarter 2004 earnings reflected higher worldwide crude oil and natural gas prices, partially offset by increased DD&A rates and higher operating costs.

#### Chemicals

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Chemical segment earnings were \$137 million for the third quarter 2004, compared with \$61 million for the third quarter 2003, an increase of 125 percent. The improvement in the third quarter 2004 was primarily due to higher sales prices and margins in chlorine, ethylene dichloride, polyvinyl chloride and vinyl chloride monomer, partially offset by higher ethylene and energy costs. Chemical earnings of \$272 million for the nine months were almost double that of 2003.

See the attached schedules for a reconciliation of net income to core earnings for the third quarter and nine months.

Statements in this release 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; political risk; and not successfully completing (or any material delay in) any expansion, capital expenditure, acquisition, or disposition. Occidental disclaims any obligation to update any

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forward-looking statements.

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SUMMARY OF SEGMENT NET SALES AND EARNINGS

(\$ millions, except per-share amounts)	Third Quarter		Nine Months	
	2004	2003	2004	2003
=====	=====	=====	=====	=====
SEGMENT NET SALES				
Oil and gas	\$ 2,033	\$ 1,480	\$ 5,509	\$ 4,473
Chemical	973	793	2,767	2,368
Other	27	46	87	115
	-----	-----	-----	-----
Net sales	\$ 3,033	\$ 2,319	\$ 8,363	\$ 6,956
=====	=====	=====	=====	=====
SEGMENT EARNINGS				
Oil and gas	\$ 1,003	\$ 660	\$ 2,567	\$ 2,024
Chemical	137	61	272	139
	-----	-----	-----	-----
	1,140	721	2,839	2,163
UNALLOCATED CORPORATE ITEMS				
Interest expense, net (a)-- debt and trust preferred distributions	(59)	(71)	(187)	(270)
Income taxes (b)	(274)	(160)	(673)	(505)
Other	(49)	(44)	(153)	(175)
	-----	-----	-----	-----
Income from Continuing Operations	758	446	1,826	1,213
Cumulative effect of changes in accounting principles, net	--	--	--	(68)
	-----	-----	-----	-----
NET INCOME	\$ 758	\$ 446	\$ 1,826	\$ 1,145
=====	=====	=====	=====	=====
BASIC EARNINGS PER COMMON SHARE				
Income from continuing operations	\$ 1.91	\$ 1.16	\$ 4.63	\$ 3.17
Cumulative effect of changes in accounting principles, net	--	--	--	(0.18)
	-----	-----	-----	-----
	\$ 1.91	\$ 1.16	\$ 4.63	\$ 2.99
=====	=====	=====	=====	=====
DILUTED EARNINGS PER COMMON SHARE				
Income from continuing operations	\$ 1.88	\$ 1.14	\$ 4.57	\$ 3.14
Cumulative effect of changes in accounting principles, net	--	--	--	(0.18)
	-----	-----	-----	-----
	\$ 1.88	\$ 1.14	\$ 4.57	\$ 2.96
=====	=====	=====	=====	=====
AVERAGE BASIC COMMON SHARES OUTSTANDING	396.3	385.5	394.1	382.6
=====	=====	=====	=====	=====

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See footnotes on following page.

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- (a) The third quarter 2004 includes a \$2 million pre-tax interest charge to purchase in the open market and retire \$19 million of Occidental's senior notes and a \$3 million pre-tax interest charge to redeem all the \$157 million outstanding 6.5 percent senior notes which were due in 2005. The nine months 2004 also includes an \$11 million pre-tax interest charge to redeem all the outstanding 8.16 percent Trust Preferred Redeemable Securities on January 20, 2004. The nine months 2003 includes a \$61 million pre-tax interest charge to repay a \$450 million 6.4 percent senior notes issue that had ten years of remaining life, but was subject to re-marketing on April 1, 2003.
- (b) The nine months 2004 includes a \$20 million credit related to a first quarter settlement of an issue with the Internal Revenue Service. The nine months 2004 also reflected a lower U.S. income tax rate resulting from the crediting of foreign income taxes.

SUMMARY OF CAPITAL EXPENDITURES AND DD&A EXPENSE

(\$ millions)	Third Quarter		Nine Months	
	2004	2003	2004	2003
CAPITAL EXPENDITURES	\$ 467	\$ 360	\$ 1,271	\$ 1,151
DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS	\$ 322	\$ 295	\$ 972	\$ 866

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SUMMARY OF OPERATING STATISTICS

	Third Quarter		Nine Months	
	2004	2003	2004	2003
NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY				
United States				
Crude oil and liquids (MBBL)	77	80	77	79
California				

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Permian	154	151	155	150
Horn Mountain	17	24	22	19
Hugoton	3	4	3	4
	-----	-----	-----	-----
Total	251	259	257	252
Natural Gas (MMCF)				
California	228	248	235	254
Hugoton	124	136	128	141
Permian	122	134	131	128
Horn Mountain	14	16	15	12
	-----	-----	-----	-----
Total	488	534	509	535
Latin America				
Crude oil (MBBL)				
Colombia	38	31	37	35
Ecuador	49	27	46	20
	-----	-----	-----	-----
Total	87	58	83	55
Middle East				
Crude oil (MBBL)				
Oman	14	13	13	12
Qatar	44	44	44	47
Yemen	28	34	33	36
	-----	-----	-----	-----
Total	86	91	90	95
Natural Gas (MMCF)				
Oman	88	--	52	--
Other Eastern Hemisphere				
Crude oil (MBBL)				
Pakistan	7	10	8	10
Natural Gas (MMCF)				
Pakistan	73	71	74	74
BARRELS OF OIL EQUIVALENT (MBOE)				
Subtotal consolidated subsidiaries	539	519	544	514
Other Interests				
Colombia-minority interest	(4)	(4)	(5)	(4)
Russia-Occidental net interest	27	30	29	30
Yemen-Occidental net interest	1	1	1	1
	-----	-----	-----	-----
TOTAL WORLDWIDE PRODUCTION (MBOE)	563	546	569	541
=====	=====	=====	=====	=====

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 earnings", which excludes those items. This non-GAAP measure is not meant to disassociate those items from management's performance, but rather is meant to

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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 earnings is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

The following table sets forth the core earnings and significant items affecting earnings for each operating segment and corporate:

(\$ millions, except per-share amounts)	Third Quarter			
	2004	EPS	2003	EPS
TOTAL REPORTED EARNINGS	\$ 758	\$ 1.91	\$ 446	\$ 1.16
OIL AND GAS				
Segment Earnings	\$ 1,003		\$ 660	
No significant items affecting earnings	--		--	
Segment Core Earnings	1,003		660	
CHEMICALS				
Segment Earnings	137		61	
No significant items affecting earnings	--		--	
Segment Core Earnings	137		61	
CORPORATE				
Results	(382)		(275)	
No significant items affecting earnings	--		--	
TOTAL CORE EARNINGS	\$ 758	\$ 1.91	\$ 446	\$ 1.16

\* These amounts are shown after-tax.

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### SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (CONTINUED)

(\$ millions, except per-share amounts)	Nine Months			
	2004	EPS	2003	EPS
TOTAL REPORTED EARNINGS	\$ 1,826	\$ 4.63	\$ 1,145	\$ 2.99
OIL AND GAS				
Segment Earnings	\$ 2,567		\$ 2,024	
No significant items				

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affecting earnings	--		--	
	-----		-----	
Segment Core Earnings	2,567		2,024	
	-----		-----	
CHEMICALS				
Segment Earnings	272		139	
No significant items affecting earnings	--		--	
	-----		-----	
Segment Core Earnings	272		139	
	-----		-----	
CORPORATE				
Results	(1,013)		(1,018)	
Less:				
6.4% senior note remarket fee	--		(61)	
Trust preferred redemption charge	(11)		--	
IRS settlement	20		--	
Tax effect of pre-tax adjustment	4		21	
Changes in accounting principles, net*	--		(68)	
	-----		-----	
TOTAL CORE EARNINGS	\$ 1,813	\$ 4.60	\$ 1,253	\$ 3.27
=====	=====	=====	=====	=====

\* These amounts are shown after-tax.

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ITEMS AFFECTING COMPARABILITY OF CORE EARNINGS BETWEEN PERIODS

(\$ millions)	Third Quarter		Nine Months	
	2004	2003	2004	2003
=====	=====	=====	=====	=====
PRE-TAX INCOME / (EXPENSE)				
OIL AND GAS				
Gain on sale of GOM assets (a)	\$ --	\$ --	\$ --	\$ 14
CHEMICALS				
Chlorine derivatives asset impairment	--	--	--	(9)
Reorganizations/severance	--	--	--	(15)
CORPORATE				
Environmental remediation	--	--	--	(13)
Equity earnings	15	(6)	13	(42)
Interest expense - early debt extinguishments - 2004/ consolidation of variable interest entity - 2003	(5)	--	(5)	6

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(a) Net of tax.

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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 21, 2004

S. P. Dominick, Jr.

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

EXHIBIT INDEX

- 99.1 Press release dated October 21, 2004.
- 99.2 Full text of speeches given by Dr. Ray R. Irani and Stephen I. Chazen
- 99.3 Investor Relations Supplemental Schedules