

OCCIDENTAL PETROLEUM CORP /DE/
Form 8-K
April 24, 2007

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) April 24, 2007

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 April 24, 2007, Occidental Petroleum Corporation released information regarding its results of operations for the three months ended March 31, 2007. 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 Dr. Ray R. Irani and Stephen I. Chazen is 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.

Section 8 Other Events

Item 8.01. Other Events

On April 24, 2007, Occidental Petroleum Corporation announced net income for the first quarter 2007 was \$1.212 billion (\$1.43 per diluted share), compared with \$1.231 billion (\$1.43 per diluted share) for the first quarter 2006. Core results for the first quarter 2007 were \$831 million (\$0.98 per diluted share), compared with \$1.153 billion (\$1.34 per diluted share) for the same period in 2006. See the attached schedule for a reconciliation of net income to core results.

Oil and Gas

Oil and gas segment earnings were \$2.070 billion for the first quarter 2007, compared with \$1.910 billion for the same period in 2006. Oil and gas earnings were \$1.549 billion for the first quarter 2007, after excluding gains from the sale of Oxy's investment in the Russian Vanyoganneft joint venture and litigation settlements, compared with \$1.910 billion for the first quarter 2006. See the attached schedule for a reconciliation of segment earnings to core results. The decline in the first quarter 2007 reflected \$233 million of decreases from lower crude oil and natural gas prices, increased DD&A rates and higher operating expenses, partially offset by higher crude oil production.

The average price for West Texas Intermediate crude oil in the first quarter 2007 was \$58.24 per barrel compared to \$63.48 per barrel in the first quarter 2006. Oxy's realized price for worldwide crude oil was \$51.78 per barrel for the first quarter 2007, compared with \$55.38 per barrel for the first quarter 2006. The average price for NYMEX gas in the first quarter 2007 was \$7.17 per MCF, compared with \$11.42 per MCF in the first quarter 2006. Domestic realized gas prices decreased from \$8.36 per MCF in the first quarter 2006 to \$6.38 per MCF for the first quarter 2007.

Production

For the first quarter 2007, daily oil and gas production from continuing operations averaged 587,000 barrels of oil equivalent (BOE), a 24,000 BOE increase over the 563,000 equivalent barrels per day produced in the first quarter 2006. The improvement was a result of the Vintage and Plains acquisitions and higher Middle East production in the first quarter, partially offset by an incident at Elk Hills involving the natural gas gathering lines. The Elk Hills incident negatively impacted Oxy's net production for the quarter by 14,000 barrels per day.

Chemicals

Chemical first quarter 2007 segment earnings were \$137 million, compared with first quarter 2006 segment earnings of \$250 million. The first quarter 2007 results reflect lower margins for caustic soda and polyvinyl chloride.

Items Affecting Net Income

The first quarter 2007 core results of \$831 million excludes, net of tax: a \$109 million gain for litigation settlements, a \$412 million gain resulting from the sale of Oxy's 50-percent investment in the Russian Vanyoganneft joint venture, a \$110 million charge for the completion of a cash tender offer for various debt issues, and a \$30 million provision for a plant closure and related environmental remediation reserve.

Forward-Looking Statements

Statements in this release that contain words such as "will," "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 results to differ materially include, but are not limited to: exploration risks, such as drilling of unsuccessful wells; global commodity pricing fluctuations and supply/demand considerations for oil, gas and chemicals; higher-than-expected costs; political risk; changes in tax rates and not successfully completing (or any material delay in) any expansion, capital expenditure, acquisition, or disposition. 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 disclosure 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.

SUMMARY OF SEGMENT NET SALES AND EARNINGS

	First Quarter	
(In millions, except per-share amounts)	2007	2006
SEGMENT NET SALES		
Oil and Gas	\$ 3,009	\$ 3,125
Chemical	1,060	1,241
Other	39	30
Net sales	\$ 4,108	\$ 4,396
SEGMENT EARNINGS		
Oil and Gas (a)	\$ 2,070	\$ 1,910
Chemical	137	250
	2,207	2,160
Unallocated Corporate Items		
Interest expense, net (b)	(181)	(29)
Income taxes	(703)	(907)
Other (c)	(111)	(71)
Income from Continuing Operations	1,212	1,153
Discontinued operations, net	--	78
NET INCOME	\$ 1,212	\$ 1,231
BASIC EARNINGS PER COMMON SHARE		
Income from continuing operations	\$ 1.44	\$ 1.36
Discontinued operations, net	--	0.09
	\$ 1.44	\$ 1.45
DILUTED EARNINGS PER COMMON SHARE		
Income from continuing operations	\$ 1.43	\$ 1.34
Discontinued operations, net	--	0.09
	\$ 1.43	\$ 1.43
AVERAGE BASIC COMMON SHARES OUTSTANDING		
BASIC	841.0	848.5
DILUTED	846.5	860.9

See footnotes on following page.

- (a) In January 2007, Occidental sold its 50-percent interest in the Russian Vanyoganneft joint venture to TNK-BP for approximately \$485 million and recorded an after-tax gain of \$412 million. Also in the first quarter 2007, Occidental resolved certain legal disputes that resulted in an after-tax gain of \$109 million.
- (b) The first quarter 2007 includes a \$172 million pre-tax interest charge for the cash tender offer of \$659 million principal of various debt issues.
- (c) The first quarter 2007 includes a \$47 million pre-tax charge for a plant closure and related environmental remediation reserve.

SUMMARY OF CAPITAL EXPENDITURES AND DD&A EXPENSE

(\$ millions)	First Quarter	
	2007	2006
CAPITAL EXPENDITURES	\$ 784	\$ 596
DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS	\$ 588	\$ 463

SUMMARY OF OPERATING STATISTICS

First Quarter

	2007	2006
--	------	------

NET OIL, GAS AND LIQUIDS**PRODUCTION PER DAY**

United States

Crude oil and liquids (MBBL)

California

85 82

Permian

165 166

Horn Mountain

10 15

Hugoton and other

4 3

Total

264 266

Natural Gas (MMCF)

California

232 250

Hugoton and other

150 133

Permian

198 189

Horn Mountain

5 10

Total

585 582

Latin America

Crude Oil (MBBL)

Argentina

33 24

Colombia

42 39

Total

75 63

Natural Gas (MMCF)

Argentina

21 13

Bolivia

14 13

Total

35 26

Middle East/North Africa

Crude Oil (MBBL)

Oman

22 17

Qatar

46 44

Yemen

32 32

Libya

26 22

Total

126 115

Natural Gas (MMCF)

Oman

26 25

Other Eastern Hemisphere

Crude Oil (MBBL)

Pakistan

4 4

Natural Gas (MMCF)

Pakistan

73 75

Barrels of Oil Equivalent (MBOE)

Subtotal consolidated subsidiaries

589 566

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Colombia-minority interest	(5) (5)
Yemen-Occidental net interest	3	2	
	-----	-----	
Total Worldwide Production (MBOE) (a)	587	563	
	=====	=====	=====

(a) Occidental sold its interest in the Russian Vanyoganneft joint venture in January 2007. Russian production has been excluded from both periods for comparability.

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.

	First Quarter			
	Diluted		Diluted	
(\$ millions, except per-share amounts =====	2007	EPS	2006	EPS
=====	=====	=====	=====	=====
TOTAL REPORTED EARNINGS	\$ 1,212	\$ 1.43	\$ 1,231	\$ 1.43
Oil and Gas				
Segment Earnings	\$ 2,070		\$ 1,910	
Less:				
Russia-Vanyoganneft sale**	412		--	
Legal settlements**	109		--	
	-----		-----	
Segment Core Results	1,549		1,910	
	-----		-----	
Chemicals				
Segment Earnings	137		250	
No significant items affecting earnings	--		--	
	-----		-----	
Segment Core Results	137		250	
	-----		-----	
Total Segment Core Results	1,686		2,160	
	-----		-----	
Corporate				
Corporate Results --				
Non Segment*	(995)		(929)	
Less:				
Debt purchase expense	(172)		--	
Facility closure	(47)		--	
Tax effect of pre-tax adjustments	79		--	
Discontinued operations, net**	--		78	
	-----		-----	
Corporate Core Results --				
Non Segment	(855)		(1,007)	
	-----		-----	

TOTAL CORE RESULTS	\$ 831	\$ 0.98	\$ 1,153	\$ 1.34
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* Interest expense, income taxes, G&A expense and other, and non-core items.

** Amounts shown after 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.

DATE: April 24, 2007

OCCIDENTAL PETROLEUM CORPORATION
(Registrant)
/s/ Jim A. Leonard
Jim A. Leonard, Vice President and Controller
(Principal Accounting and Duly Authorized Officer)

EXHIBIT INDEX

- 99.1 Press release dated April 24, 2007.
- 99.2 Full text of speeches given by Dr. Ray R. Irani and Stephen I. Chazen.
- 99.3 Investor Relations Supplemental Schedules.
- 99.4 Earnings Conference Call Slides.