# Occidental Petroleum Corporation

## Credit Suisse 2012 Energy Summit

## Stephen I. Chazen

**President and Chief Executive Officer**

**February 6 - 7, 2012**

# Full Year 2011 Results – Summary

***($ in millions, except EPS data)***

| | FY 2011 | FY 2010 |
|---|---|---|
| • **Core Results** | **$6,828** | **$4,664** |
| • ***Core EPS (diluted)*** | ***$8.39*** | ***$5.72*** |
| • **Net Income** | **$6,771** | **$4,530** |
| • **Reported EPS (diluted)** | **$8.32** | **$5.56** |
| • ***Oil and Gas production volumes (mboe/d) +4%*** | ***733*** | ***706*** |
| • **Capital Spending** | **$7,518** | **$3,940** |
| • ***Cash Flow from Operations*** | ***$12,281*** | ***$9,566*** |
| • **Return on Equity** | **19.3%** | **14.7%** |
| • ***Return on Capital Employed*** | ***17.2%*** | ***13.2%*** |

*See attached for GAAP reconciliation*

# What Is Our Philosophy & Strategy?

## *Overriding Goal is to Maximize Total Shareholder Return*

- **We believe this can be achieved through a combination of:**
- **Growing our oil and gas production by 5 to 8% per year on average over the long term;**
- **Allocating and deploying capital with a focus on achieving well above cost-of-capital returns (ROE and ROCE);**
  - **Return Targets***
    - **Domestic – 15+%**
    - **International – 20+%**
- **Consistent dividend growth, that is superior to that of our peers.**

**Assumes Moderate Product Prices*

# Oxy's Three Main Performance Criteria – Production Growth, Returns & Dividend Growth

- ***We finished a strong year in terms of the three main performance criteria outlined last quarter.***
- ***Our domestic oil and gas production grew by about 12% for 2011 to 428 mboe/d.***
  - **4Q11 domestic production of 449 mboe/d was the highest U.S. total production volume in Oxy's history, reflecting the highest ever quarterly volume for liquids of 310 mb/d and the second highest quarterly volume for gas.**
  - **Total company production increased about 4% for the year.**
- **Our chemical business delivered exceptional results for the year, achieving one of their highest earnings levels ever.**
- ***Our return on equity was 19% for the year and return on capital was 17%.***

# Return on Assets

**(2007 – 2011)**

| | ***Net Income Return on Assets*** ***5 Year Average*** |
|---|---|
| **U.S.** | **14%** |
| **International** | **37%** |
| **Total E&P** | **20%** |

| | ***Cash Flow* Return on Assets*** ***5 Year Average*** |
|---|---|
| **U.S.** | **21%** |
| **International** | **54%** |
| **Total E&P** | **29%** |

*** Net Income + DD&A**

*See attached for GAAP reconciliation*

# Finding & Development Costs per Barrel

| | 6:1 * | Actual Prices ** | F&D Costs as a % of WTI Price |
|---|---|---|---|
| 2010 | $20.25 | $24.18 | 30% |
| 3-Year Average (2008 – 2010) | $16.38 | $20.25 | 25% |
| 5-Year Average (2006 – 2010) | $16.66 | $19.52 | 26% |
| 10-Year Average (2001 – 2010) | $12.22 | $13.48 | 24% |

* Oil / Gas Energy Content (Industry convention)
** Gas converted to BOE @ WTI Oil Price / NYMEX Gas Price

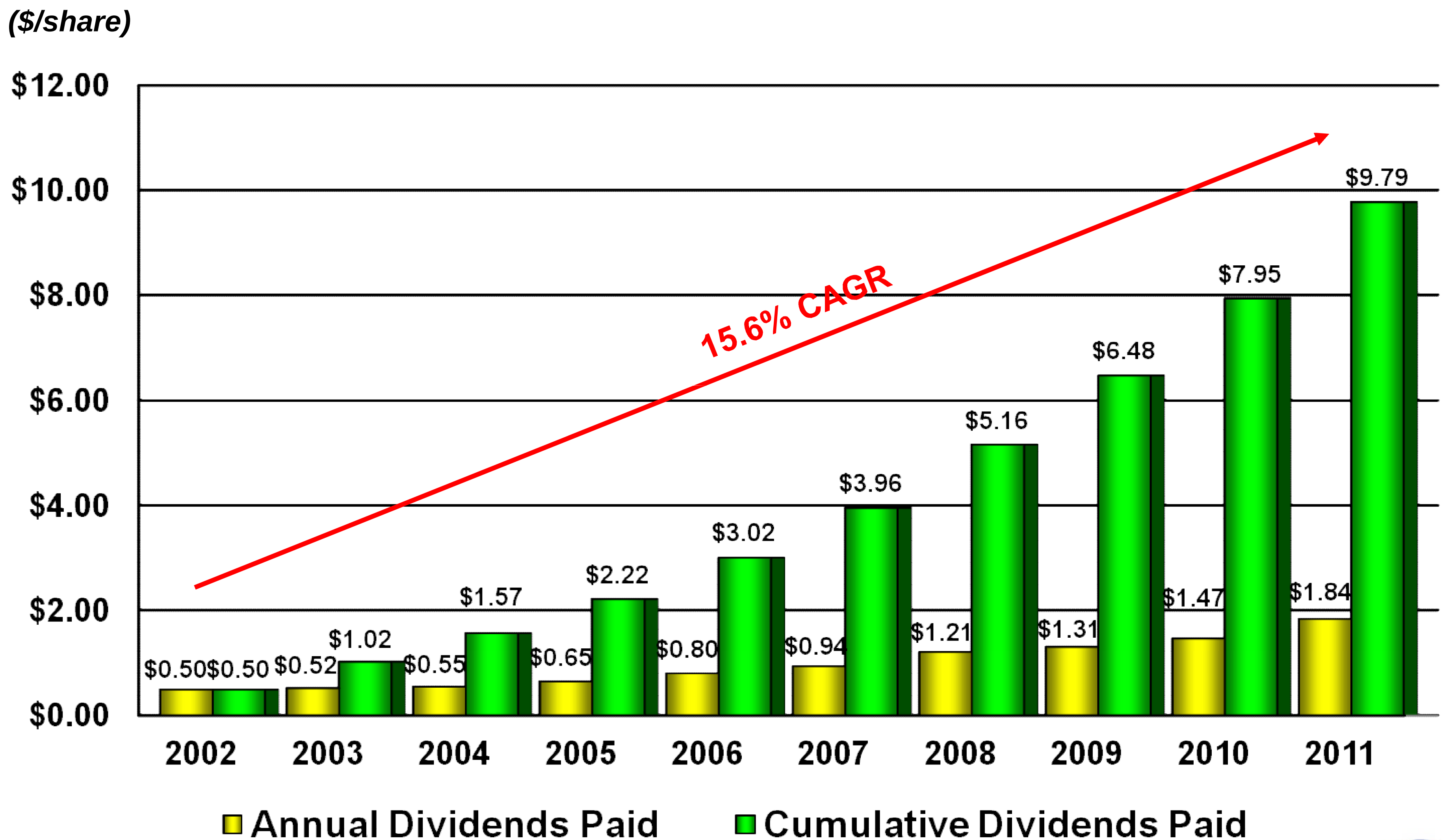
*See attached for GAAP reconciliation*

# Dividend Growth

- **Our ability to pay dividends is indicated by our free cash flow generation.**
- ***Free cash flow after interest, taxes and capital spending, but before dividends, acquisitions and debt activity for 2011 was about $3.4 billion.***
- **Oxy's annual dividend rate is currently $1.84 per share or about $1.4 billion for 2011.**
- ***Oxy has increased its dividends 10 times over the last 9 years, resulting in a compound annual dividend growth rate of 15.6%.***
- ***We expect to announce a further dividend increase this week after the meeting of our Board of Directors, which is in keeping with our philosophy to raise the dividend on a consistent basis.***

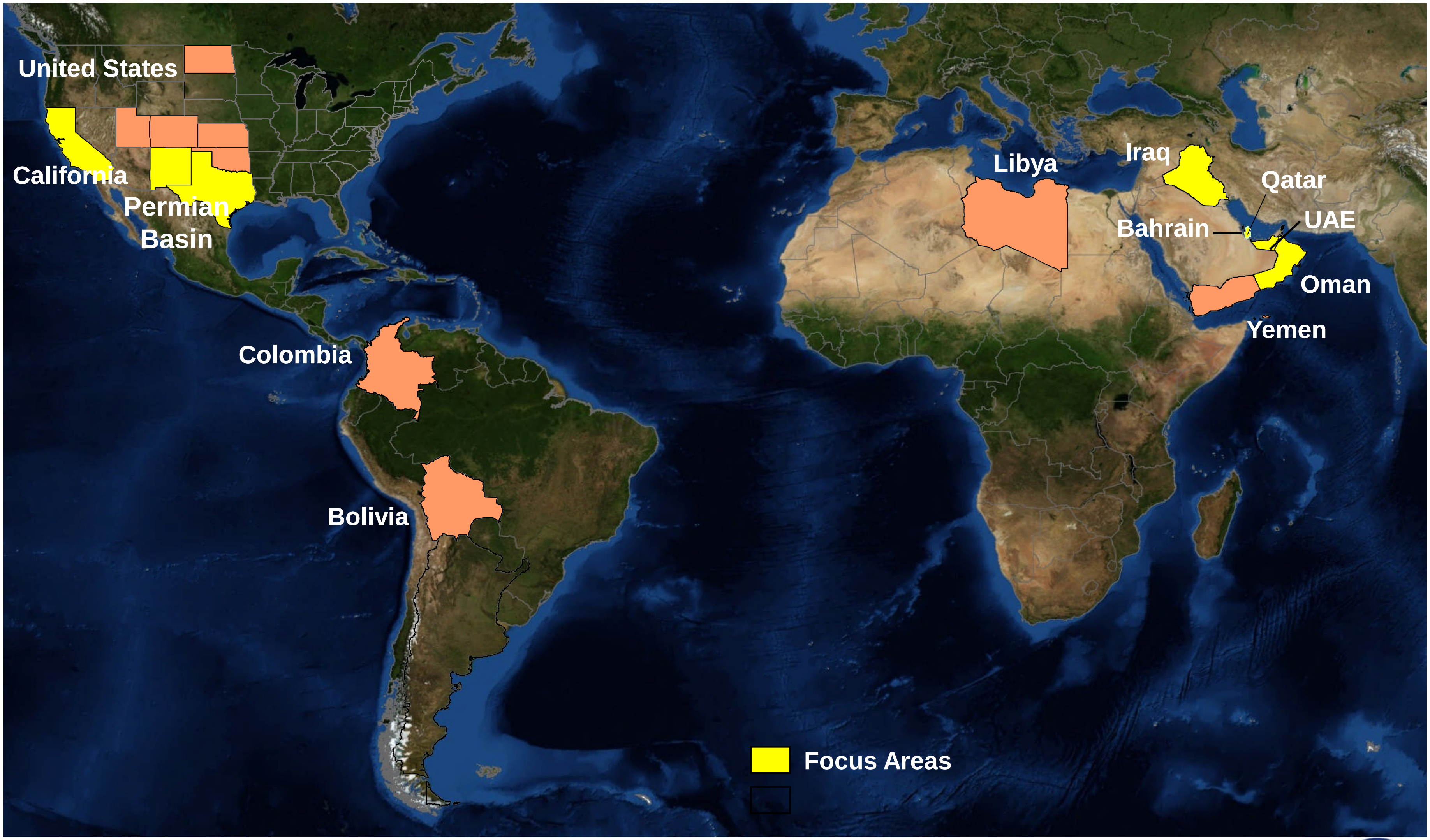
*See attached for GAAP reconciliation*

# Dividend Growth



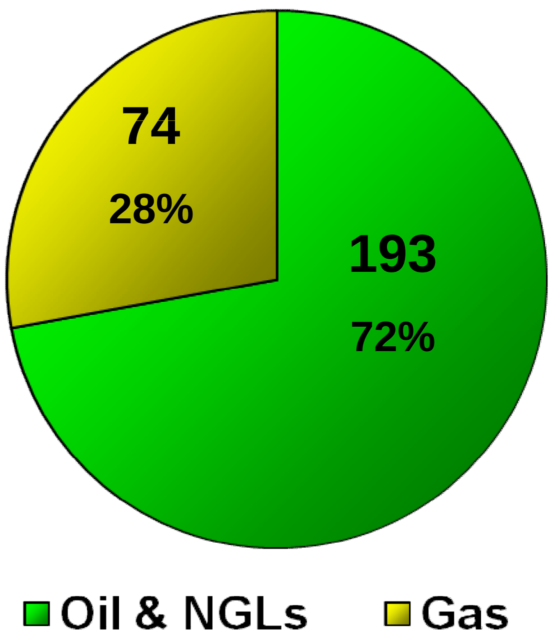

*Note: Dividends paid as per the Record Date*

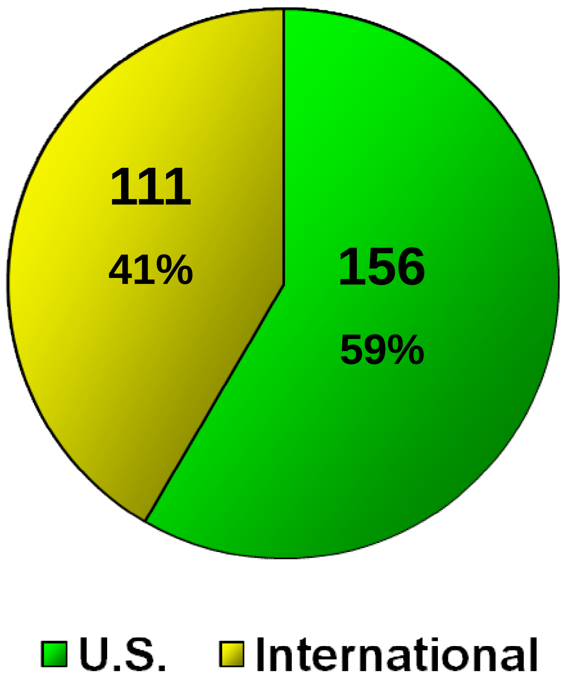
# Worldwide Oil & Gas Producing Areas



# Oxy Is Primarily An Oil Company

**Oil & Gas Production ***
**Full Year 2011**
(Million barrels of oil equivalent)




*Excludes Argentina

# Realized Prices & Differentials

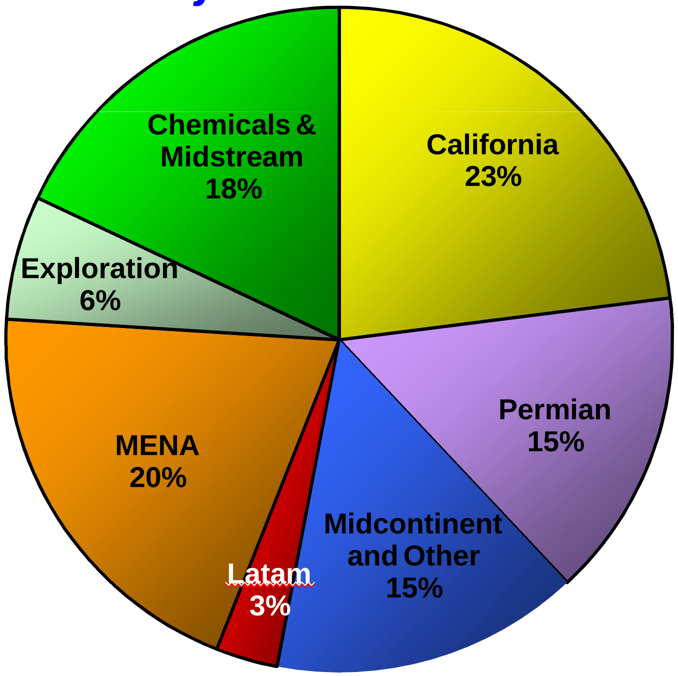
- ***About 60% of Oxy's oil production tracks world oil prices and 40% is indexed to WTI.* For example:**
  - ***In California our realized price was 109% of WTI and 94% of Brent in 2011.***
  - ***In Oman our average price was 104% of WTI and 89% of Brent.***
- ***Our overall differentials for 2011, resulted in realized oil prices representing 103% of the average WTI and 88% of the average Brent price.***

# Capital Spending – 2012 Outlook

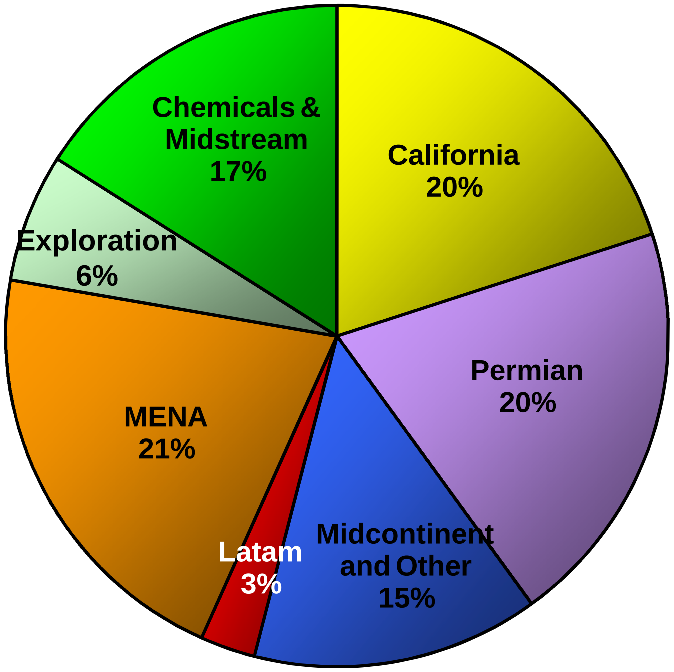
- ***We have ample legitimate opportunities in our domestic oil and gas business where we could deploy capital.***
- ***We try to manage the program to a level that is realistic at current price levels, and as a result, have deferred some projects that otherwise would have met our hurdle rates.***
- ***We continue to have substantial inventory of high return projects going forward to fulfill our growth objectives.***

# Capital Spending – 2012E vs. 2011 Actual

- ***We are increasing our capital program approximately 10% in 2012 to $8.3 billion from the $7.5 billion spent in 2011.***
- ***About $500 million of this increase will be in the US, mainly in the Permian basin, and the rest in international projects including the Al Hosn sour gas project and Iraq.***
- ***We will review our capital program around mid-year and adjust as conditions dictate.***




**2011A Capital - $7.5 Billion**




**2012E Capital - $8.3 Billion**

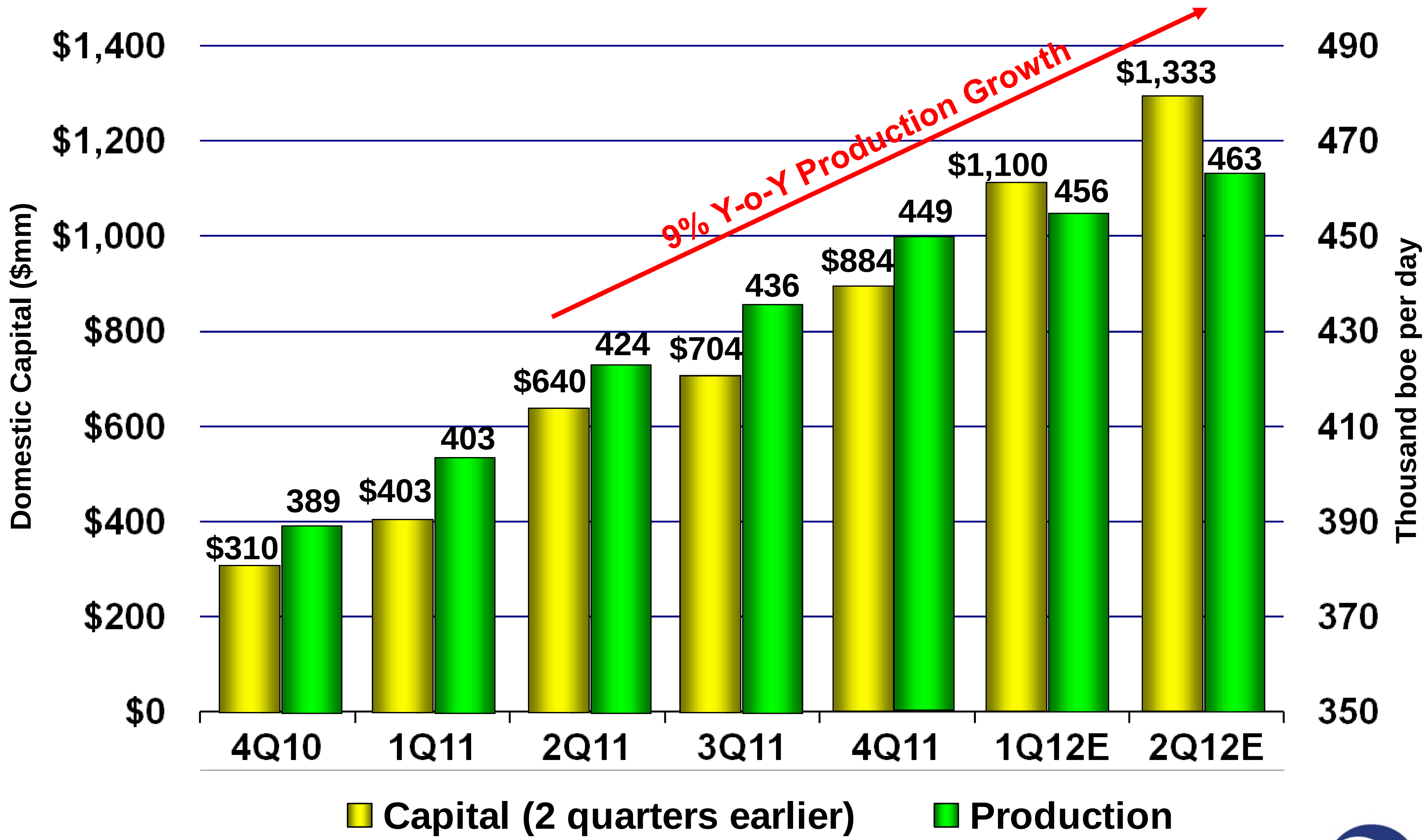
# Oil & Gas Volume Growth Drivers

- **Base 5 – 8% Compounded Average Annual Growth**
  - Current California risked prospects
  - Non-$CO_2$ & $CO_2$ in the Permian
  - Williston Basin
  - Oman
  - Iraq
- **Upside from Existing Holdings**
  - New California conventional and unconventional prospects
  - Permian exploration
  - Rockies
  - Oman exploration
- **Additional opportunities from balance sheet and cash generation**
  - Domestic properties acquisitions
  - New Middle East projects

# US Oil & Gas Production – 1H12 Outlook

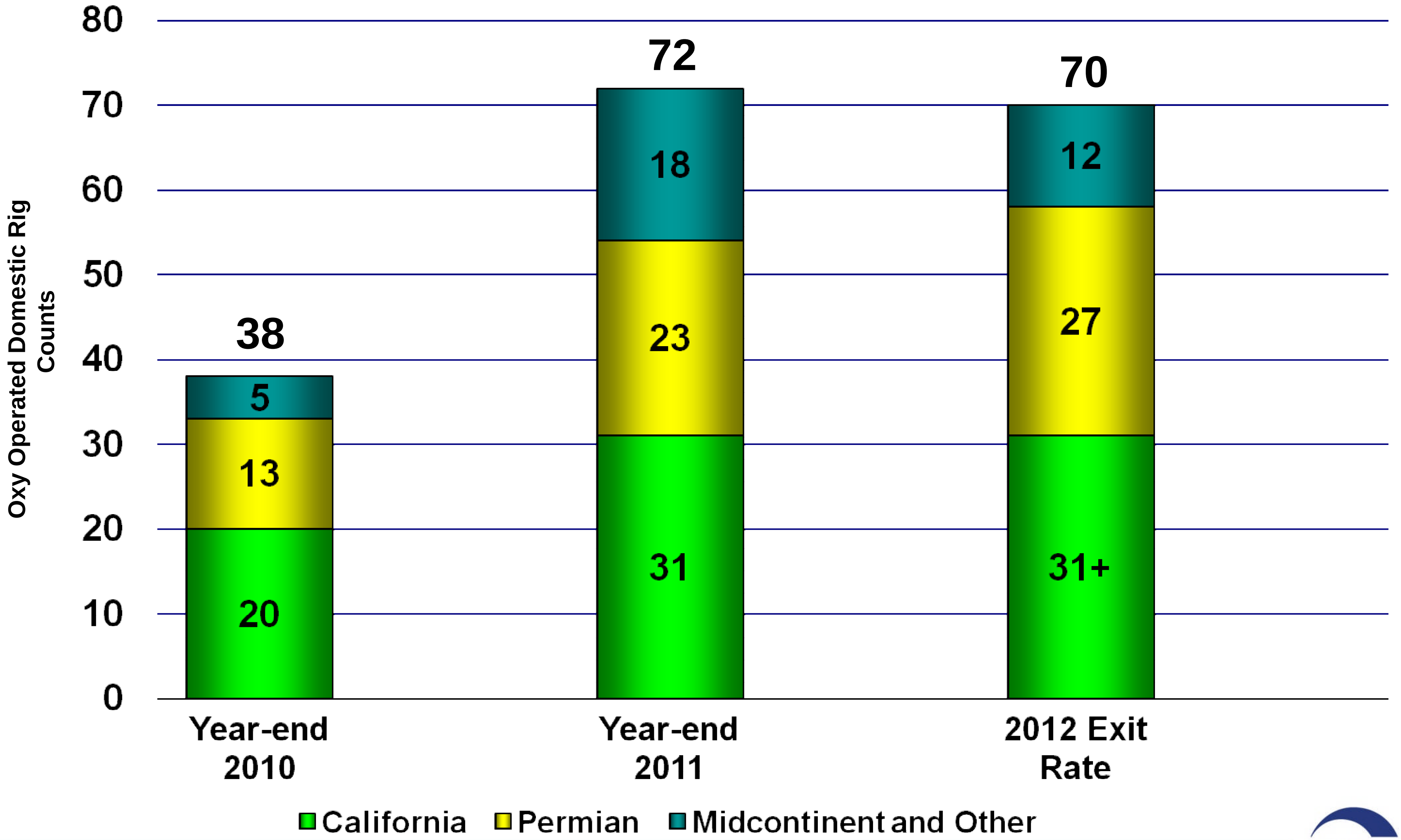
- **US oil and gas production –**
  - ***In 1H12, we expect our domestic production to grow 3 to 4 mboe/d each month from the current quarterly average of 449 mboe/d, which would correspond to a 6 to 8 mboe/d increase per quarter.***
  - ***4Q11 was relatively free of significant operational disruptions resulting in better than expected domestic production.  A more typical experience with respect to such issues could moderate the growth somewhat in 1Q12.***
  - ***If the production growth rate continued at a comparable pace in 2H12, our year-over-year average domestic production growth would be between 8 and 10% in 2012.***

# US Oil & Gas Capital and Production



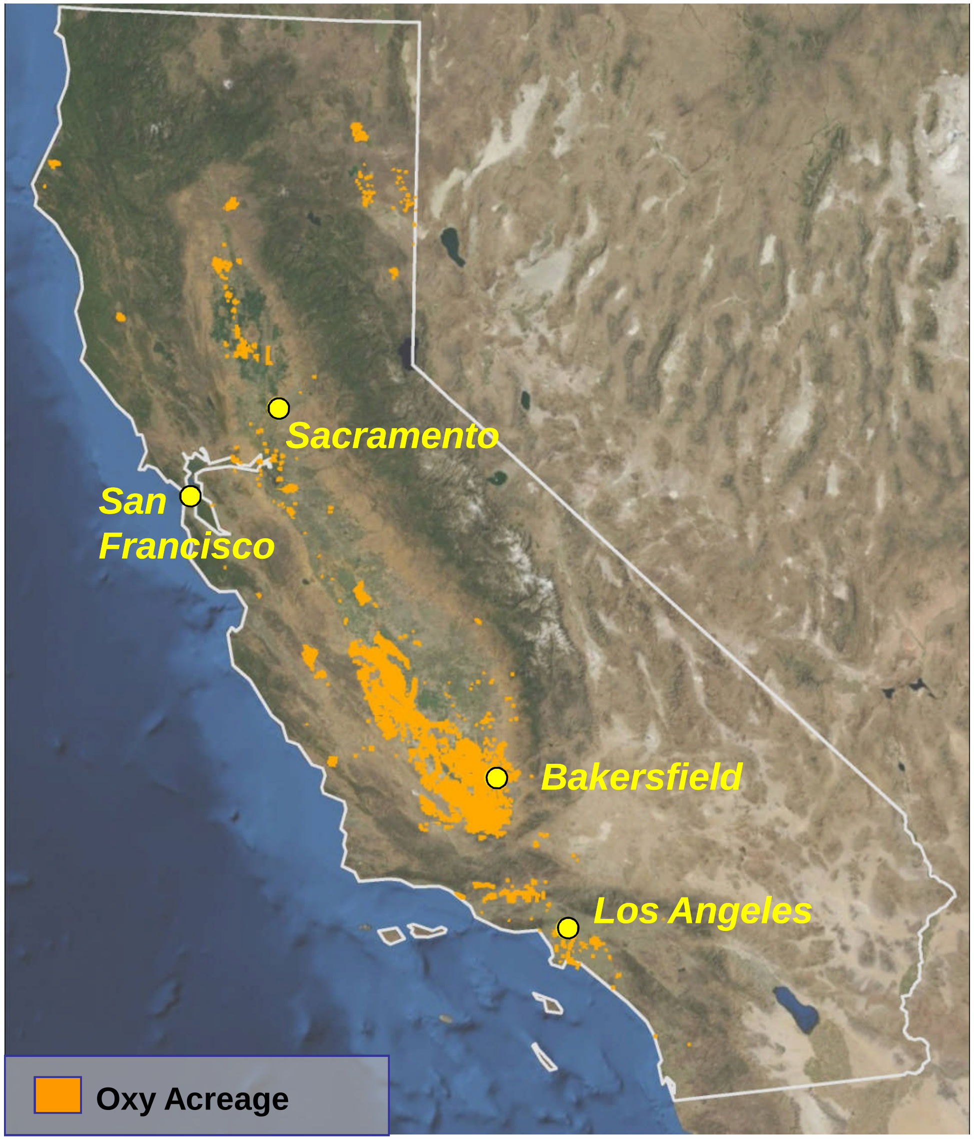

*Note: 1Q12E and 2Q12E production based on midpoint of guidance range of 6 to 8 mboe/d of production growth.*

# Oxy's US Operated Rig Activity




Oxy's US operated rigs represent approximately 6% of the total Liquids directed rigs operating in the Lower 48.

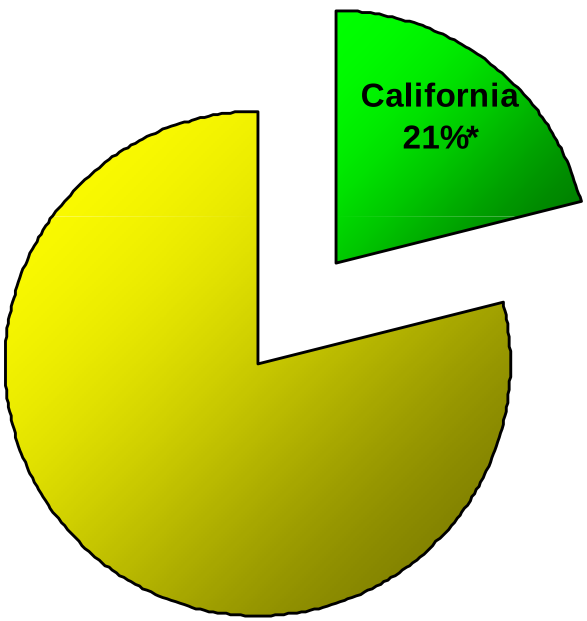
# California Overview




- ***Largest acreage holder in CA with ~1.7 mm acres, majority of which are net mineral interests.***
- **~768 mm BOE of proved reserves at year end 2010, of which 73% are oil.**
- ***2011 production of 138 mboe/d.***
- **78% interest in the Elk Hills Field — the largest producer of gas and NGLs in CA.**
- ***Currently operating 31 drilling rigs in the state.***
- **Construction of first new gas processing plant to be brought on line in 2012; building a second plant in the next two years.**

# California Capital Program

- *In CA, we expect to spend about 21% of our total capital program.*

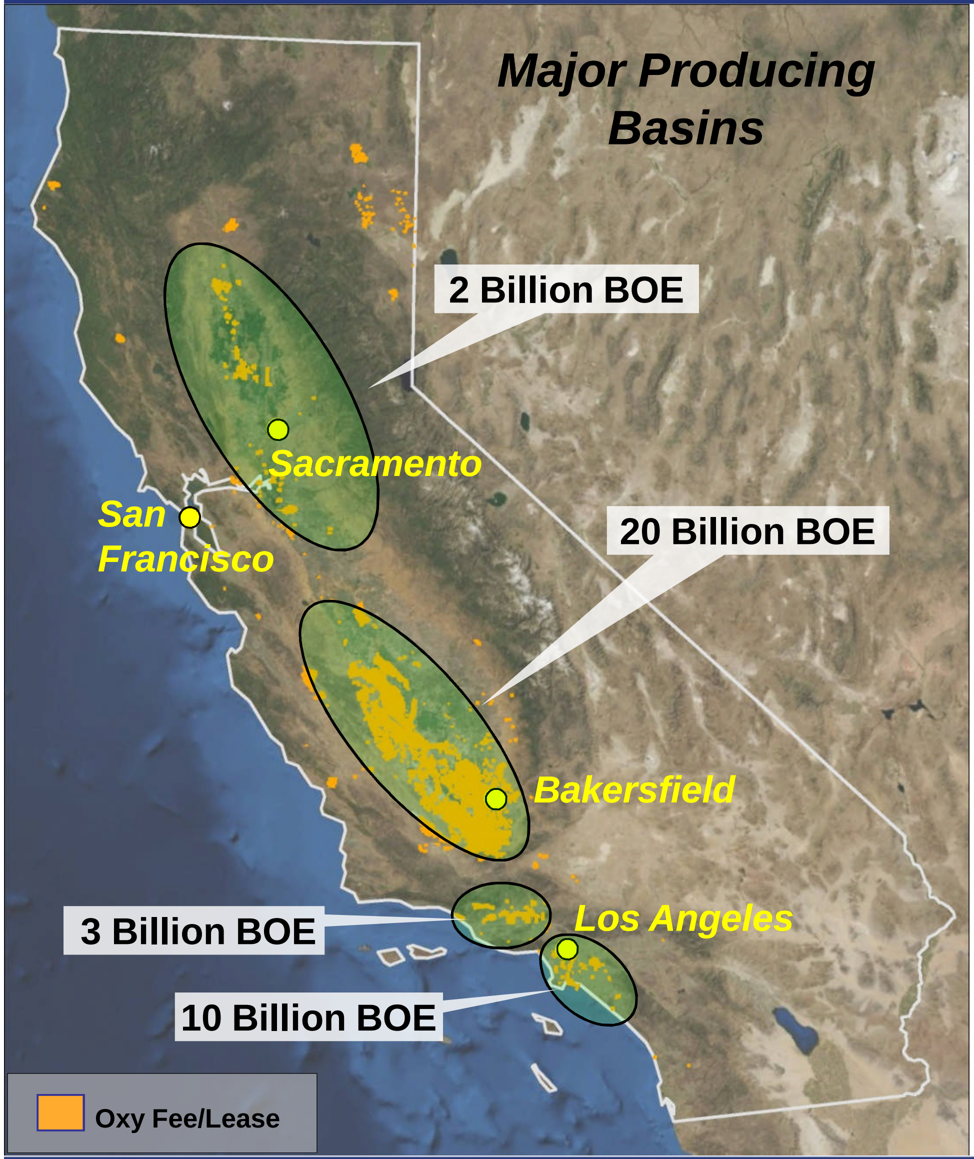



**2012E Total Capital - $8.3 Billion**

- **We currently expect the rig count to remain constant in 1H12 at 31, the same as what we were running at YE-2011;**
- ***We are seeing improvement with respect to permitting issues in the state;***
- ***We have received approved field rules and new permits for both injection wells and drilling locations;***
- ***The regulatory agency is responsive and committed to working through the backlog of permits;***
- **We expect to maintain our capital program at current levels for about 1H12, which will enable us to continue to grow our production volumes;**
- **We will reassess our capital program when the number of permits in hand allows it.**

**Includes both oil & gas development and midstream capital.*

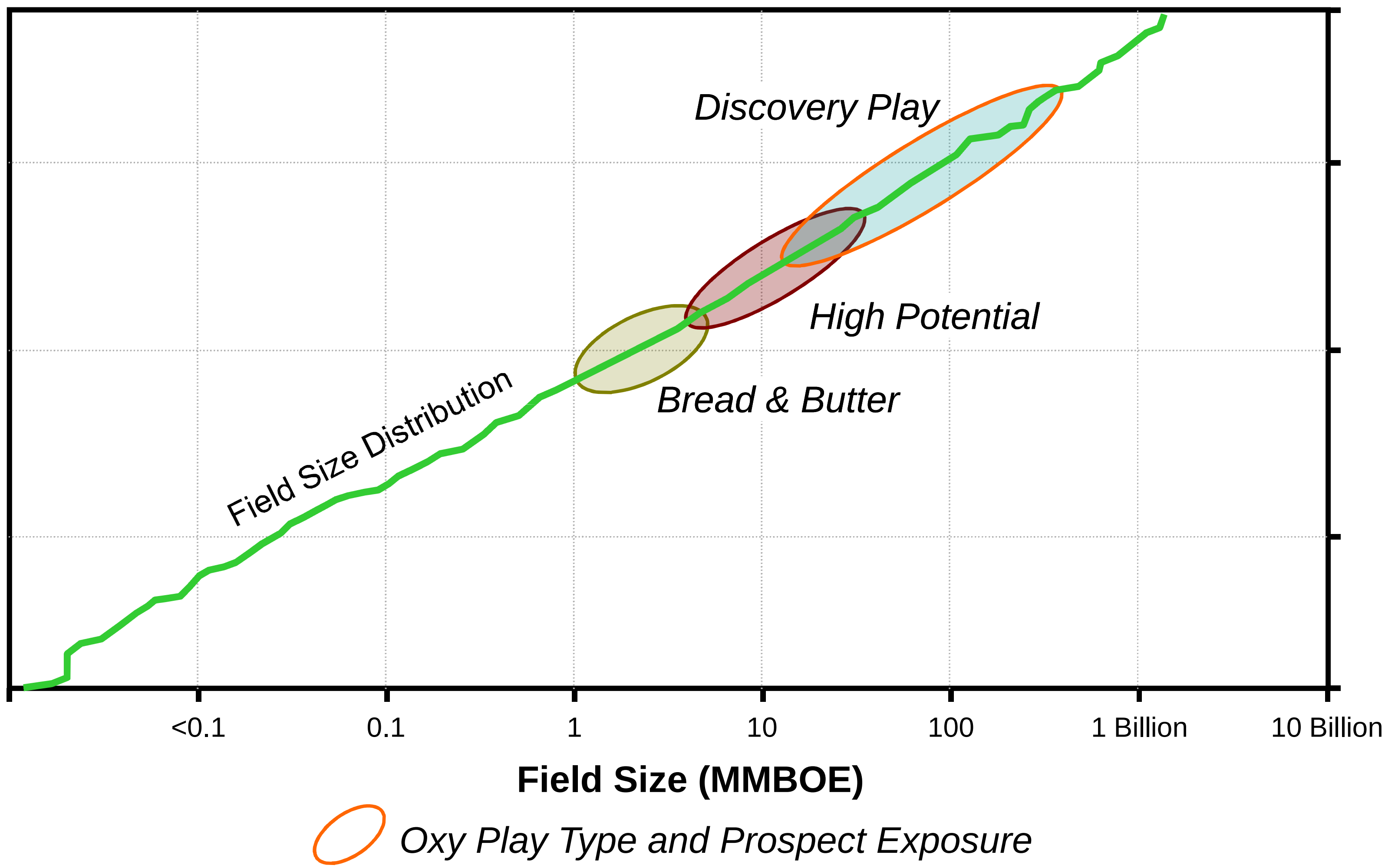
# California Conventional Exploration




- **World Class Province**
  - **35+ Billion BOE discovered**
  - **5 of top 12 U.S. oil fields**
- **Significant Remaining Potential**
  - **Large undiscovered resources**
  - **Multiple play and trap types**
- **Underexplored**
- **Oxy**
  - **Major producer**
  - **Largest acreage holder**
  - **Successful explorer**
  - **Multi-year prospect inventory**

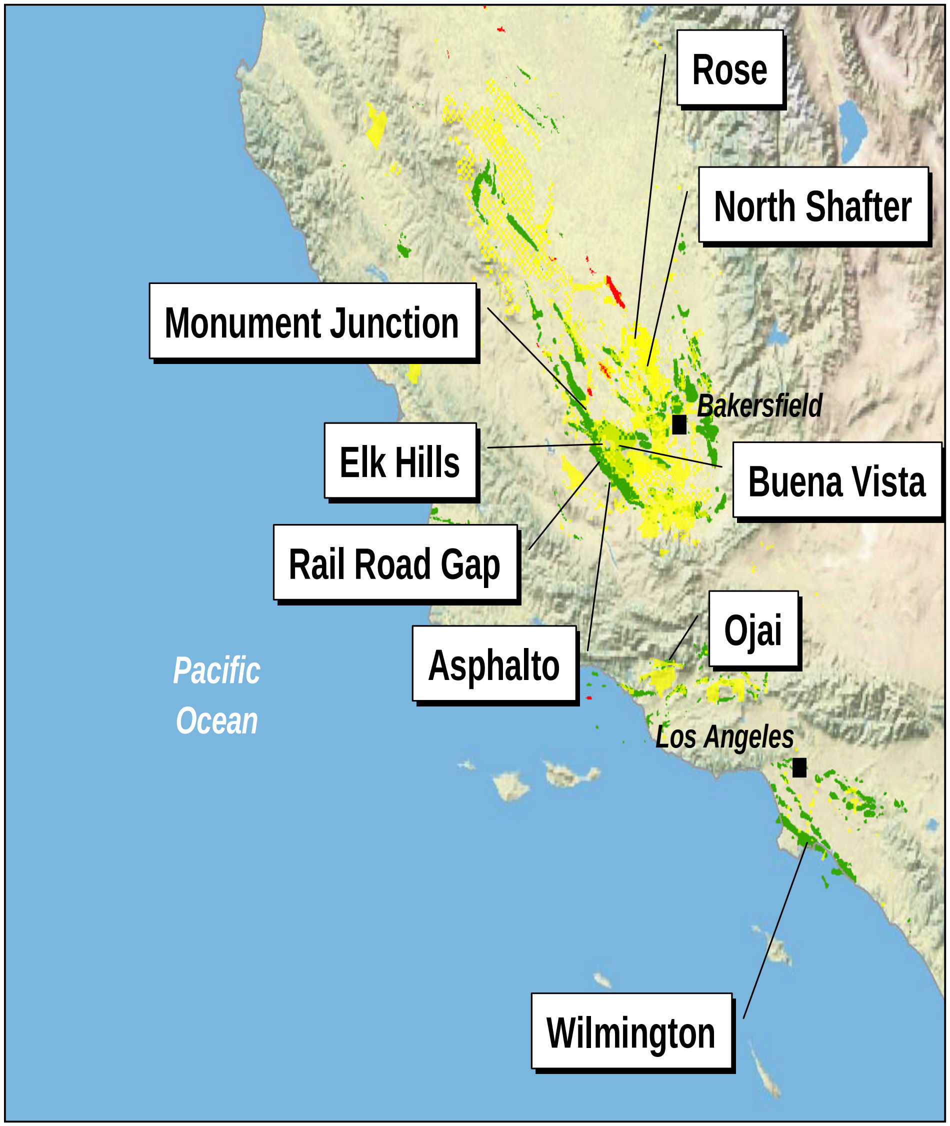
*Sources:*
*California Division of Oil, Gas & Geothermal Resources*
*Gibson Consulting*

# California Field Sizes



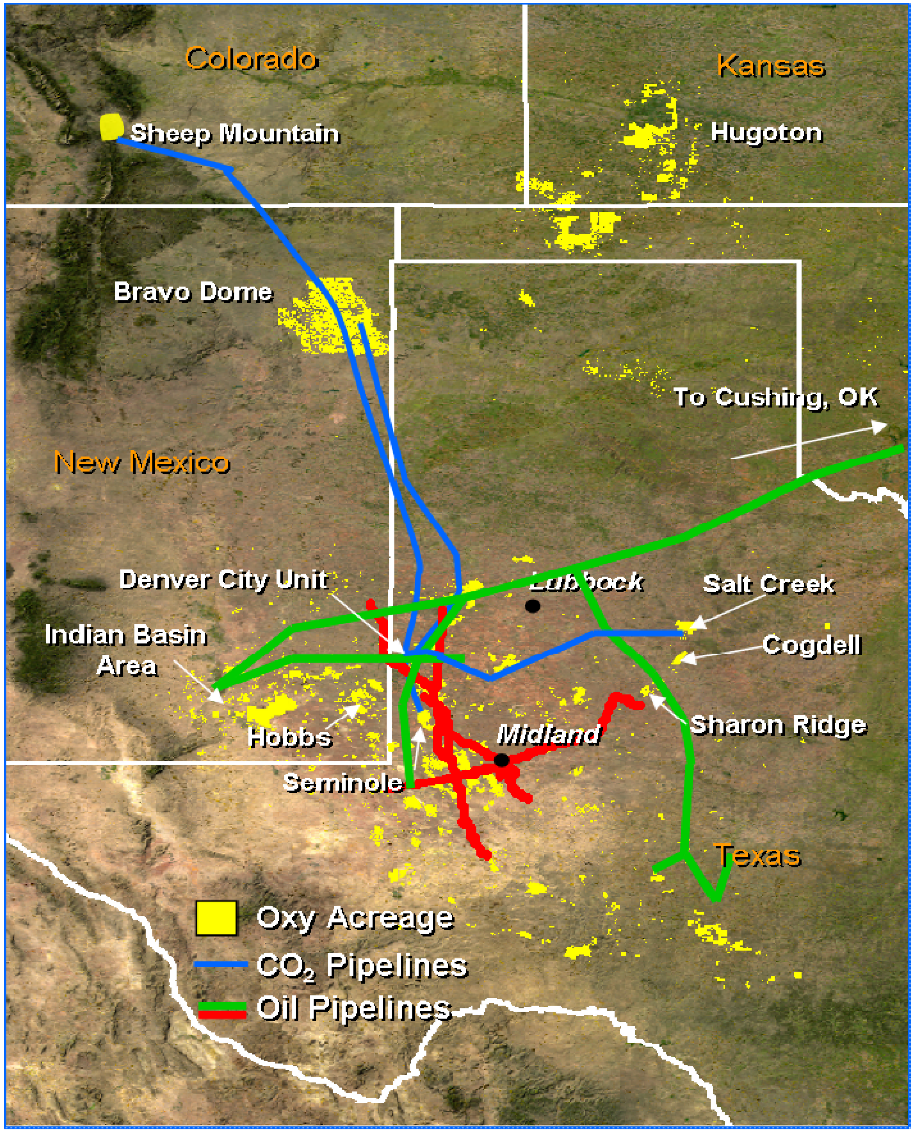

*Sources:*
*California Division of Oil, Gas & Geothermal Resources*
*Occidental Estimates*

# California Unconventional "Shale" Program




- Multi-year inventory of drill sites in CA, many of which are both outside of Elk Hills proper & the Kern County Discovery Area
- Expect to drill 80+ shale wells outside Elk Hills proper, and ~140 total shale wells including Elk Hills in 1H12
- 30-day initial production rate for these wells is between 300 and 400 BOE per day
- For the shale wells outside Elk Hills, ~80% of the BOE production is a combination of black oil and high-value condensate
- Cost of drilling and completing the wells has run ~$3.5 million per well, which we expect to decline over time

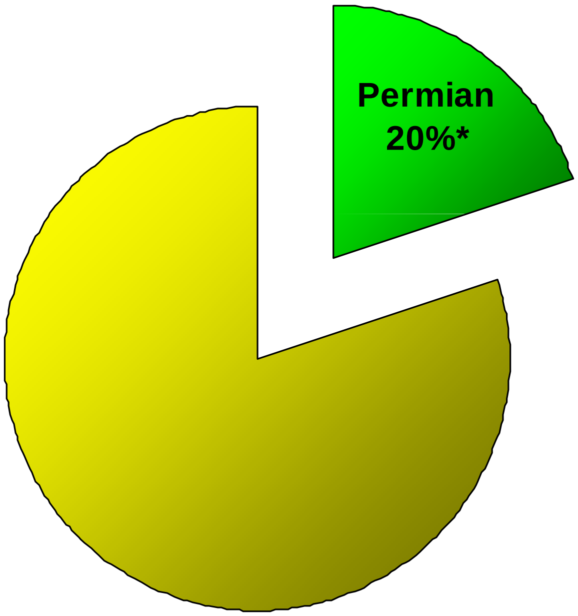
# Permian Basin Overview




- **Approximately 1.2 billion BOE of proved reserves at year end 2010**
- **2011 production of 198,000 boe/d**
- ***Largest oil producer in Permian (~15% net share of total)***
- ***Largest operator in Permian (of 1,500+ operators)***
- **~64% of Oxy's Permian oil production is from $CO_2$ related EOR projects**
- ***Have another 2.5 BBOE of likely recoverable resource***
- **1.7 bcf/d (0.5 tcf/year) of $CO_2$**
- **Ample supply of $CO_2$ accelerates project implementations**

# Permian Basin Capital Program

- ***In the Permian operations, we expect to spend about 20% of our total capital.***




**2012E Total Capital - $8.3 Billion**

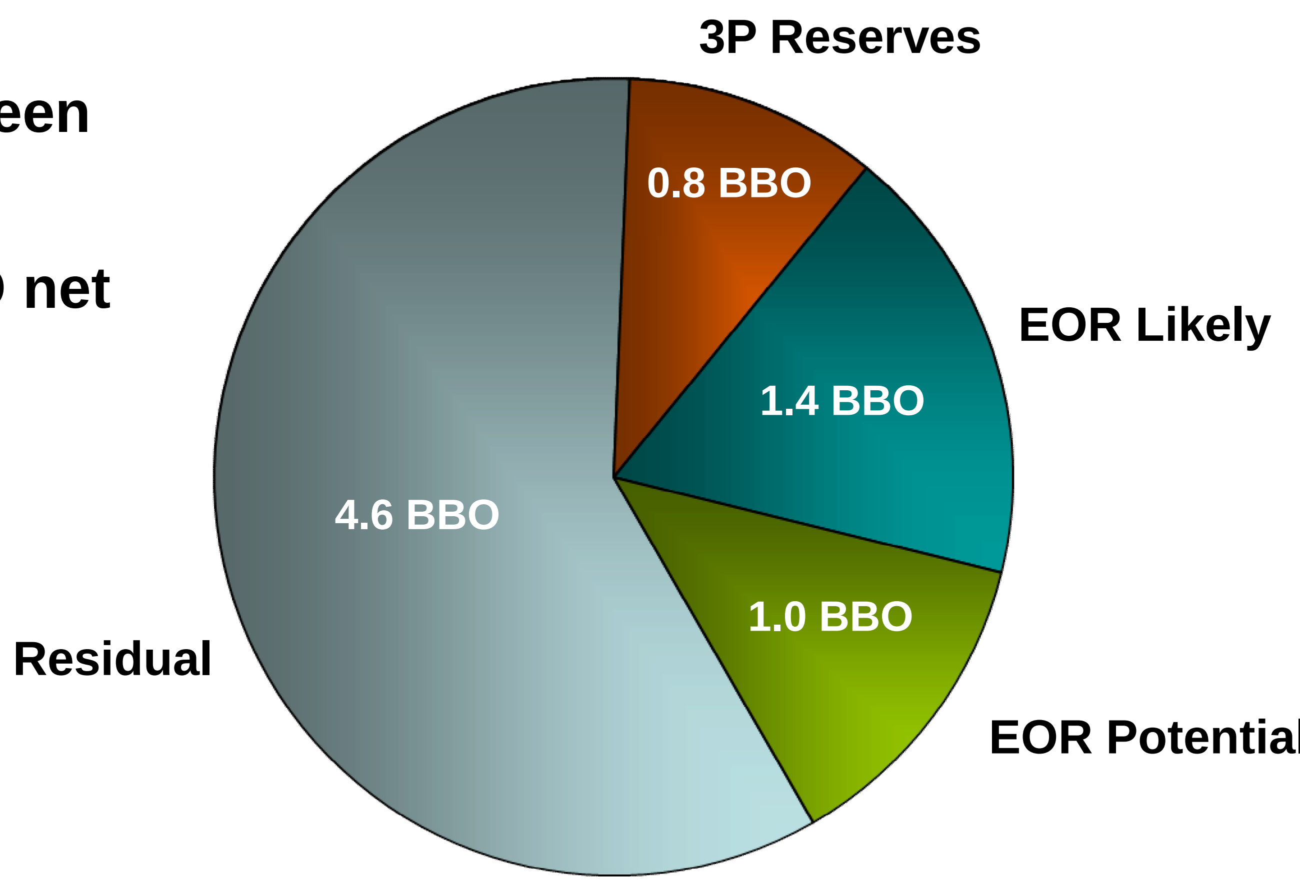
- ***Our rig count at year-end 2011 was 23;***
- ***We expect our rig count to ramp up during the year to around 27 rigs by year end;***
- **Our $CO_2$ flood capital should remain comparable to the 2011 levels;**
- **In our non-$CO_2$ operations we are seeing additional opportunities for good return projects;**
- **This includes an extensive Wolfberry drilling program, as well as Delaware/Bone Springs sands and Avalon Shale;**
- ***As a result, we have stepped up their development program and 2012 capital will be about 75% higher than the 2011 levels.***

**Includes both oil & gas development and midstream capital.*

# Permian EOR Opportunities

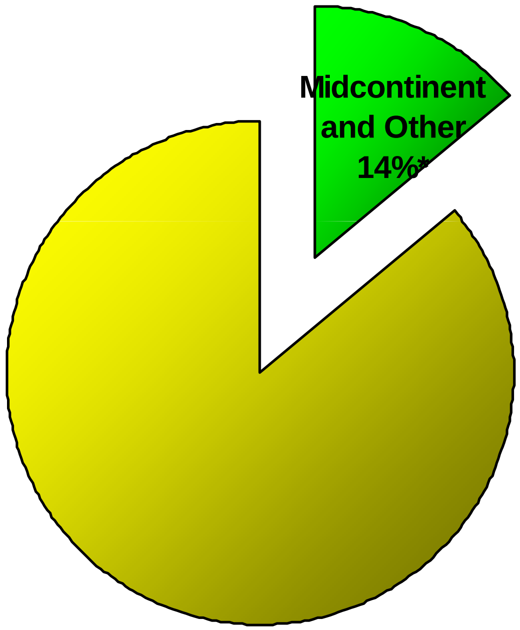
- Permian properties initially had 11.9 BBO net in place
- 4.1 BBO have been produced,
- leaving 7.8 BBO net remaining

*7.8 BBO Net Remaining*



# Midcontinent and Other Capital Program

- ***In the Midcontinent and Other operations, we plan to spend about 14% of our total capital program.***



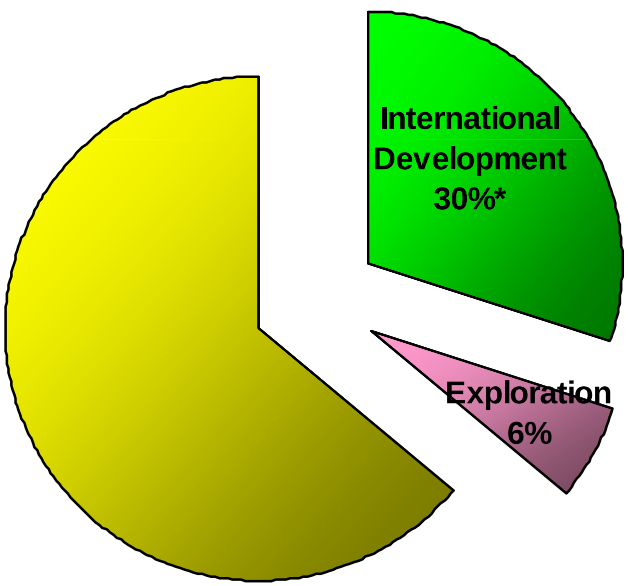

**2012E Total Capital - $8.3 Billion**

- ***2011 production of 92,000 boe/d;***
- ***Oxy holds over 2.4 mm net acres in the midcontinent region;***
- ***In Williston we increased our acreage in 2011 from 204,000 to 277,000 acres;***
- ***We expect that our rig count will be about 6 by the end of 2012;***
- ***Additional capital that could reasonably be deployed here has been shifted to higher return opportunities in California and the Permian; This may also encourage Bakken well costs to decline;***
- ***Due to extremely weak US natural gas prices, we are cutting back our pure gas drilling in the Midcontinent, South Texas and the Permian.***

**Includes both oil & gas development and midstream capital.*

# International Development and, Exploration Capital Program

- ***Total international development capital will be about 30% of the total company capital program.***




**2012E Total Capital - $8.3 Billion**

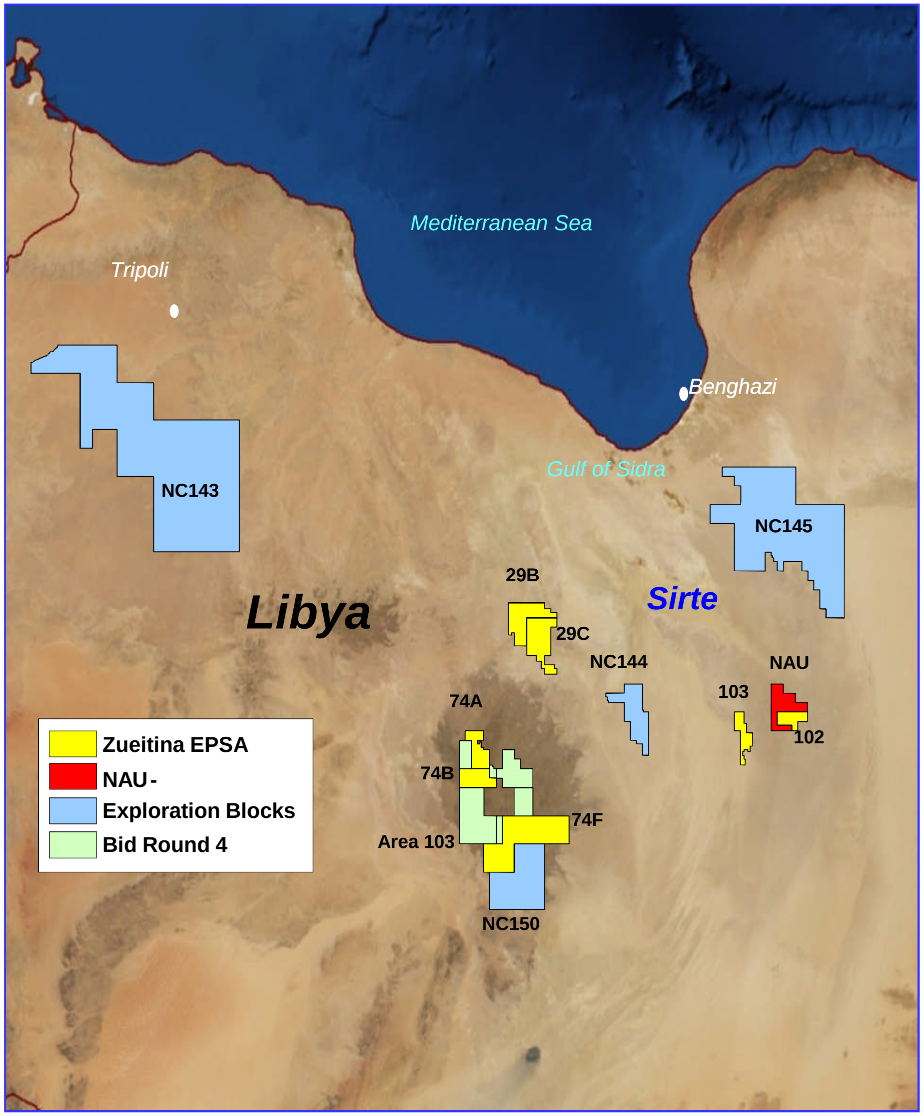
- ***The Al Hosn Shah gas project will continue to increase spending in 2012 as originally planned, making up about 7% of our total capital program.***
- ***The rest of the international operations capital will be comparable to 2011, with modest increases expected in Iraq and Libya.***
- ***Exploration capital should increase about 10% over the 2011 spending levels and represent 6% of the total capital program.***
- ***The focus of the exploration program domestically will continue to be in CA and in the Permian & Williston basins, with additional activity in Oman and Bahrain.***

**Includes both oil & gas development and midstream capital.*

# Abu Dhabi – Al Hosn Gas Project (Shah Field)

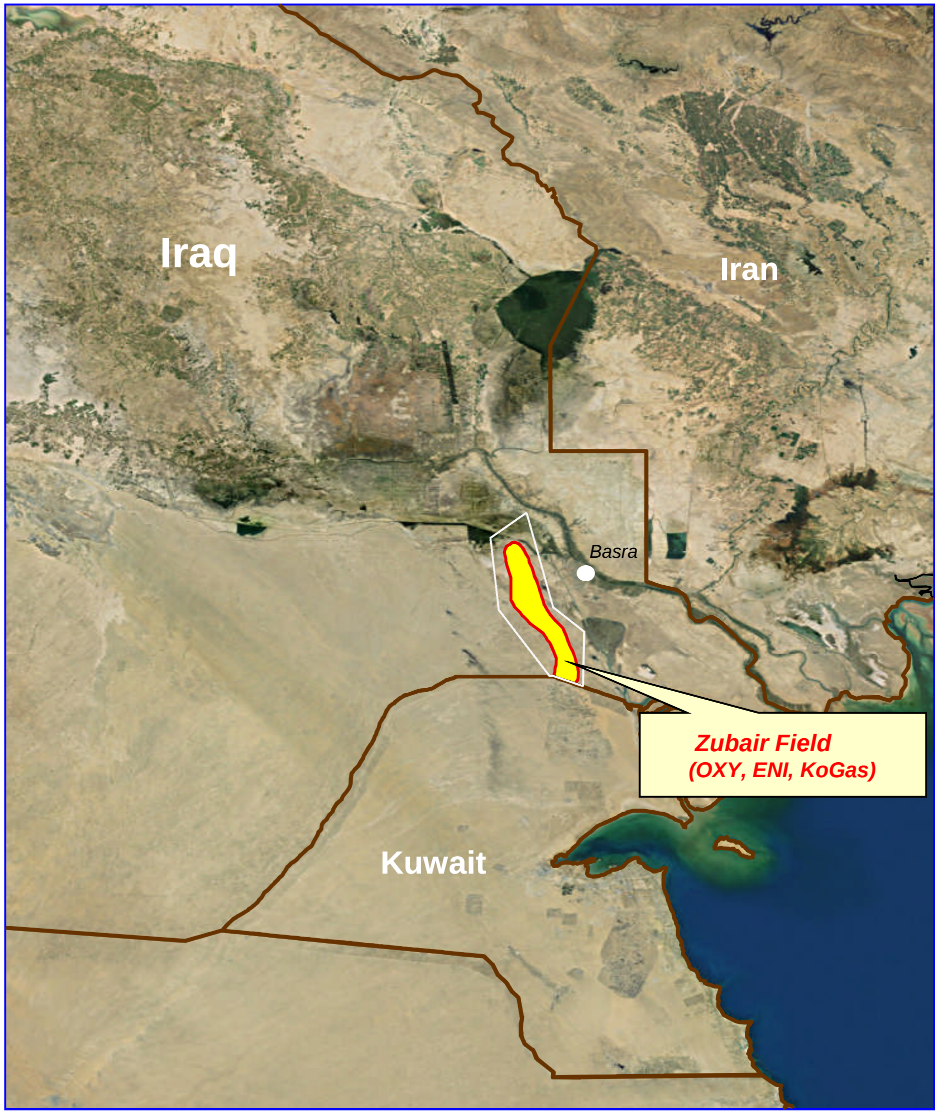
- **Shah Gas Field one of the largest in the Middle East;**
- **Oxy holds a 40% participating interest under a 30-year contract;**
- **The project involves development of high-sulfur content reservoirs within the Shah field, located onshore ~180 km so. west of Abu Dhabi;**
- **Production start-up is scheduled in late 2014;**
- ***Anticipated to produce ~500 mmcf/d of sales gas – providing net to Oxy approximately 62 mboe/d of gas, NGLs and condensate;***
- ***Spending for the project will continue to rise in 2012 as planned, making up ~7% of our total capital program.***

# Libya Operations



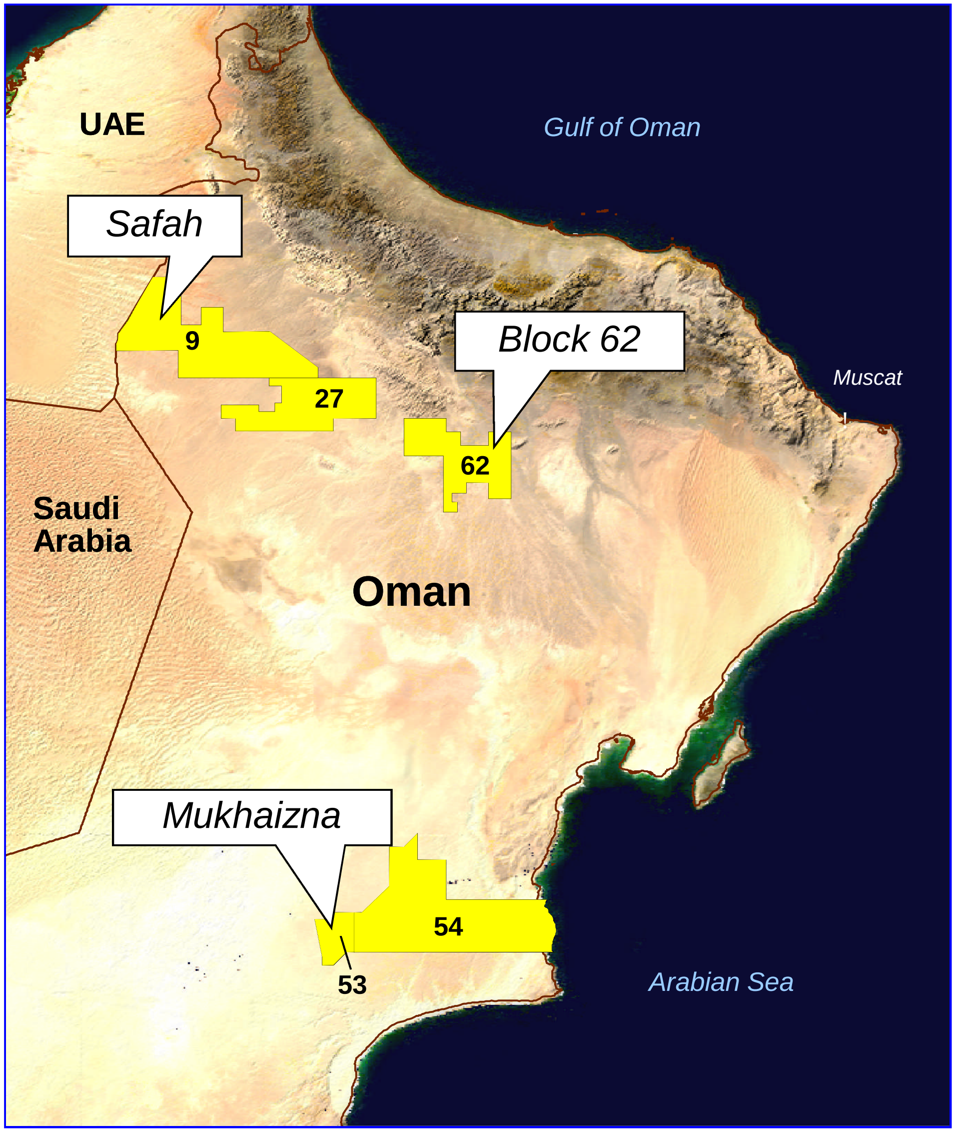

- ***Oxy's 2011 and 2010 production in Libya was approximately 4 mboe/d and 13 mboe/d, respectively;***
- ***We expect modest increases to our capital program this year in Libya compared to 2011;***
- ***Production has resumed at our operations, and at this point, we expect about 5 mboe/d of production in 1H12, with further growth to come later in the year;***
- ***At this point we reasonably expect that total year Libya production will be about half the level that existed prior to the cessation of operations.***

# Iraq – The Zubair Field



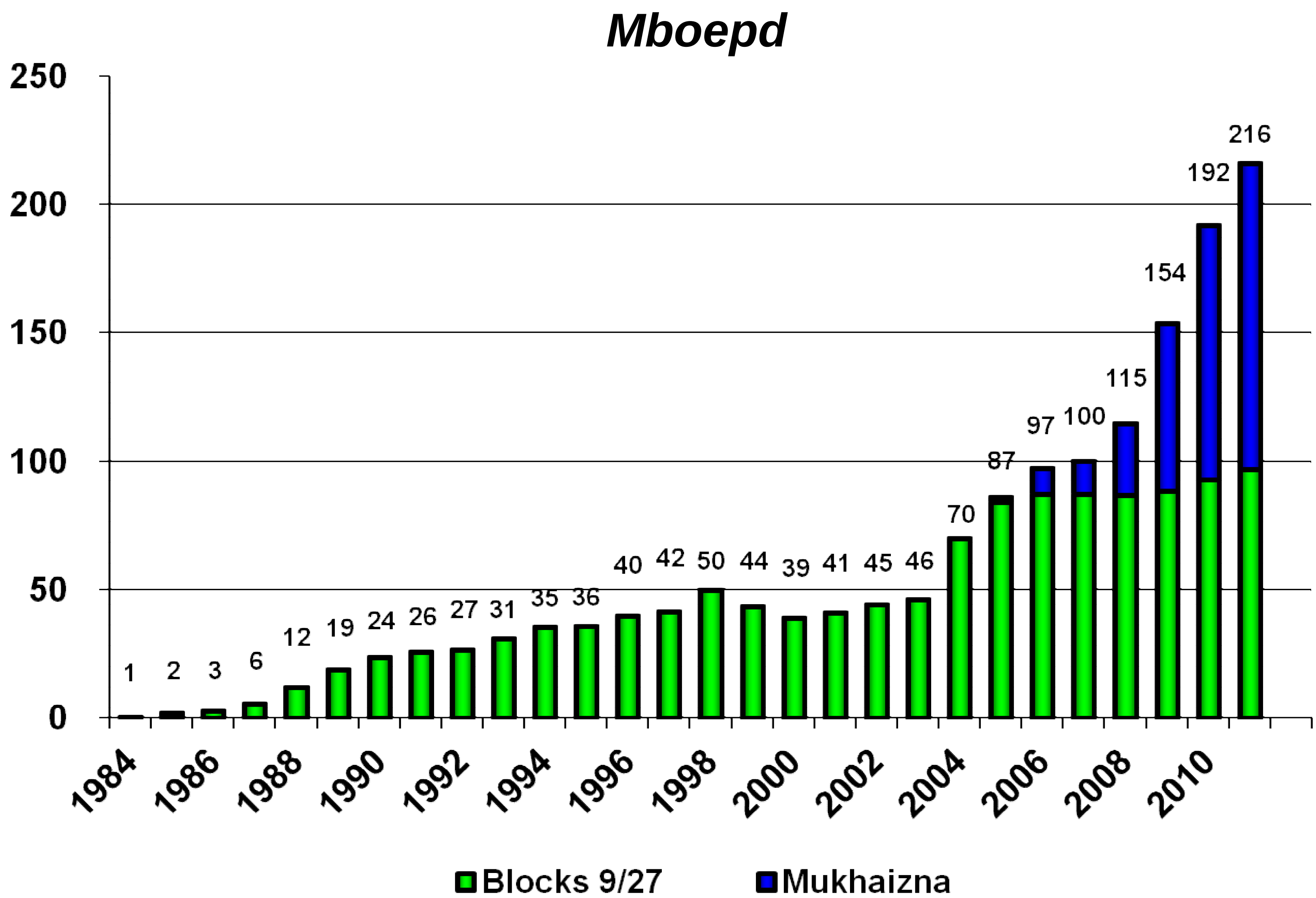

- *Oxy and its partners signed a 30-year contract with the South Oil Company of Iraq to develop the Zubair Field;*
- *Oxy has a 23.44% interest in this contract;*
- *Oxy's share of production was ~7 mboe/d in 2011;*
- *Production levels depend on capital spending levels;*
- *We expect modest increases to our capital program this year in Iraq compared to 2011;*
- *The planned spending level should generate about 11 mb/d of production in 2012. Each additional $100 mm spending, incurred evenly during the year, would generate about 2,700 b/d of production at current price levels.*

# Oxy Oman – Mukhaizna Project




- ***World Class Steam flood project;***
- ***2 B bo ROIP;***
- ***Discovered in 1975 in South Central Oman;***
- ***Oxy assumed operation September 1, 2005 at 8,500 b/d;***
- ***Steam flood commenced May 2007, and had drilled 1,400+ new wells through 2011;***
- ***Gross Production: ~124,000 b/d at year-end 2011;***
- ***Oxy plans to steadily increase production through continued expansion of the steam flood project.***

# Oxy Oman Gross Production Growth

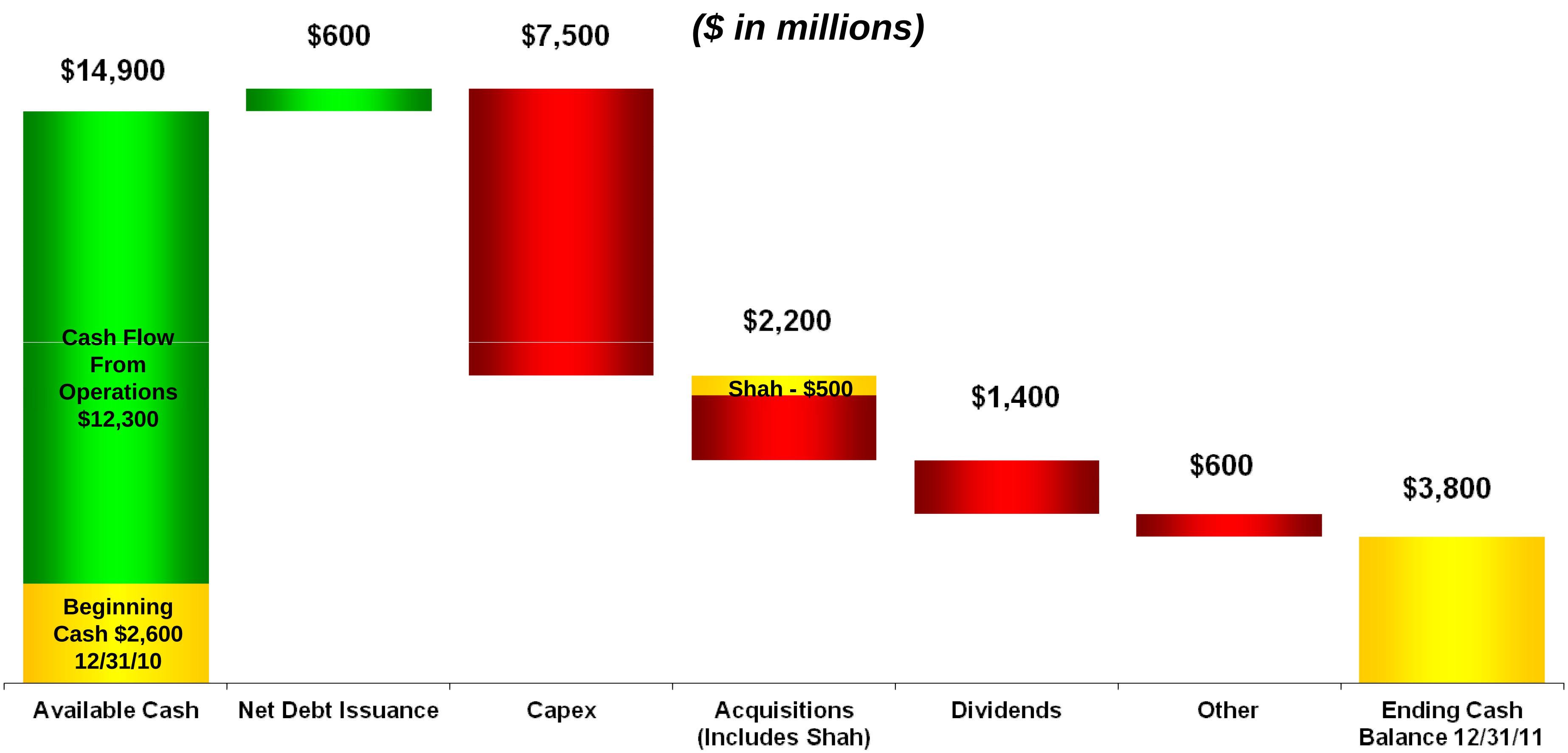


# Cash Flow Priorities

1. Base/Maintenance Capital
2. Dividends
3. Growth Capital
4. Acquisitions
5. Share Repurchase

# Summary – 2011 Cash Flow

– ***Free cash flow from continuing operations after capex and dividends, but before acquisition and debt activity, was about $3.4 billion.***




Note: See attached GAAP reconciliation.

# Acquisition Strategy

- **Company's *core business* is acquiring assets that can provide future growth through improved recovery.**
  - **Foreign contracts**
  - **Domestic add-ons**
  - **Small incremental additions to production in short term**
- **Generate returns of at least 15% in the US and 20% overseas.**
- **Overall average finding & development costs of less than 25% of selling price.**
- **Even with the additional capital shown, program will generate a significant amount of free cash flow.**
- **Acquisitions are measured against reinvesting in the existing business with the goal of enhancing company value.**
- **Large number of opportunities over 5-year period.**

# Oxy – Investment Attributes

- 5 - 8% base annual production growth
- Opportunity for additional volume growth
- Returns on invested capital significantly in excess of Company's cost of capital
- Annual increases in dividends
- Significant financial flexibility for opportunities in distressed periods
- Conservative financial statements
- Committed to generating stock market value which is greater than earnings retained
- We believe this will generate top quartile returns for our shareholders

# Creating Shareholder Value

## Oxy's Shareholder Equity versus Equity Market Value

***A History of Generating Shareholder Value***

| *($ in millions)* | Change in Equity Market Value / Change in Shareholder Equity | Market Value per $ of Equity Retained |
|---|---|---|
| **3 – Year** | **$27,385** / **$10,303** | **2.7** |
| **5 – Year** | **$34,978** / **$18,092** | **1.9** |
| **10 – Year** | **$66,066** / **$31,994** | **2.1** |

**Financial Data for period ended December 31, 2011.**

# Cautionary Statement

Portions of this presentation contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; supply and demand considerations for Occidental's products; general domestic political and regulatory approval conditions; political events; not successfully completing, or any material delay of, any development of new fields, expansion projects, capital expenditures, efficiency-improvement projects, acquisitions or dispositions; potential failure to achieve expected production from existing and future oil and gas development projects; exploration risks such as drilling unsuccessful wells; any general economic recession or slowdown domestically or internationally; higher-than-expected costs; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; general domestic and international political conditions; potential disruption or interruption of Occidental's production or manufacturing or damage to facilities due to accidents, chemical releases, labor unrest, weather, natural disasters or insurgent activity; failure of risk management; changes in law or regulations; or changes in tax rates. Finding and Development costs calculations inherently compare costs and reserves from separate periods. The United States Securities and Exchange Commission (SEC) permits oil and natural gas companies, in their SEC filings, to disclose only reserves anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. We use certain terms in this presentation, such as resource potential, net risked reserves, de-risked, geologically viable, EUR (expected ultimate recovery), discovery volumes, likely recoverable resources and oil in place, that the SEC's guidelines strictly prohibit us from using in our SEC filings. These terms represent our internal estimates of volumes of oil and gas that are not proved reserves but are potentially recoverable through exploratory drilling or additional drilling or recovery techniques and are not intended to correspond to probable or possible reserves as defined by SEC regulations. By their nature these estimates are more speculative than proved, probable or possible reserves and subject to greater risk they will not be realized. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. 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 2010 Form 10-K, available 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 form the SEC by calling 1-800-SEC-0330. We post or provide links to important information on our website including investor and analyst presentations, certain board committee charters and information that SEC requires companies and certain of its officers and directors to file or furnish. Such information may be found in the "Investor Relations" and "Social Responsibility" portions of the website.

# Occidental Petroleum Corporation