OCCIDENTAL PETROLEUM CORP /DE/
Form 10-K
February 26, 2016

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

þ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934	¨ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2015	For the transition period from to

Commission File Number 1-9210

Occidental Petroleum Corporation
(Exact name of registrant as specified in its charter)

State or other jurisdiction of incorporation or organization	Delaware
I.R.S. Employer Identification No.	95-4035997
Address of principal executive offices	5 Greenway Plaza, Suite 110, Houston, Texas
Zip Code	77046
Registrant's telephone number, including area code	(713) 215-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
9 1/4% Senior Debentures due 2019	New York Stock Exchange
Common Stock, $0.20 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act: (Note: Checking the box will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections). Yes ¨ No þ
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period as the registrant was required to submit and post files). Yes þ No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. (See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act).

Large Accelerated Filer þ	Accelerated Filer ¨
Non-Accelerated Filer ¨	Smaller Reporting Company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2) Yes ¨ No þ

The aggregate market value of the voting common stock held by nonaffiliates of the registrant was approximately $59.2 billion, computed by reference to the closing price on the New York Stock Exchange composite tape of $77.77 per share of Common Stock on June 30, 2015. Shares of Common Stock held by each executive officer and director have been excluded from this computation in that such persons may be deemed to be affiliates. This determination of potential affiliate status is not a conclusive determination for other purposes.
At January 31, 2016, there were 763,845,316 shares of Common Stock outstanding, par value $0.20 per share.

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the registrant's definitive Proxy Statement, relating to its April 29, 2016 Annual Meeting of Stockholders, are incorporated by reference into Part III.

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Part I

ITEMS 1 AND 2 BUSINESS AND PROPERTIES

In this report, "Occidental" means Occidental Petroleum Corporation, a Delaware corporation (OPC) incorporated in 1986, or OPC and one or more entities in which it owns a controlling interest (subsidiaries). Occidental conducts its operations through various subsidiaries and affiliates. Occidental’s executive offices are located at 5 Greenway Plaza, Suite 110, Houston, Texas 77046; telephone (713) 215-7000.

GENERAL

Occidental’s principal businesses consist of three segments. The oil and gas segment explores for, develops and produces oil and condensate, natural gas liquids (NGLs) and natural gas. The chemical segment (OxyChem) mainly manufactures and markets basic chemicals and vinyls. The midstream and marketing segment gathers, processes, transports, stores, purchases and markets oil, condensate, NGLs, natural gas, carbon dioxide (CO_2) and power. It also trades around its assets, including transportation and storage capacity. Additionally, the midstream and marketing segment invests in entities that conduct similar activities.

For information regarding Occidental's segments, geographic areas of operation and current developments, including its ongoing strategic review and actions related thereto, see the information in the "Management’s Discussion and Analysis of Financial Condition and Results of Operations" (MD&A) section of this report and Note 16 to the Consolidated Financial Statements.

OIL AND GAS OPERATIONS

General

Occidental’s domestic upstream oil and gas operations are located in New Mexico and Texas. International operations are located in Bolivia, Colombia, Oman, Qatar and the United Arab Emirates (UAE).

Proved Reserves and Sales Volumes

The table below shows Occidental’s total oil, NGLs and natural gas proved reserves and sales volumes in 2015, 2014 and 2013. See "MD&A — Oil and Gas Segment," and the information under the caption "Supplemental Oil and Gas Information" for certain details regarding Occidental’s proved reserves, the reserves estimation process, sales and production volumes, production costs and other reserves-related data.

Comparative Oil and Gas Proved Reserves and Sales Volumes

Oil, which includes condensate, and NGLs are in millions of barrels; natural gas is in billions of cubic feet (Bcf); barrels of oil equivalent (BOE) are in millions.

	2015				2014				2013			
Proved Reserves	Oil	NGLs	Gas	BOE [a]	Oil	NGLs	Gas	BOE [a]	Oil	NGLs	Gas	BOE [a]
United States [b]	915	186	1,019	1,271	1,273	222	1,714	1,781	1,131	204	2,012	1,670
International	394	144	2,349	929	497	140	2,413	1,038	482	134	2,711	1,068
Total	1,309	330	3,368	2,200	1,770	362	4,127	2,819	1,613	338	4,723	2,738
Sales Volumes												
United States [b]	73	20	155	119	67	20	173	116	64	21	193	117
International	86	7	205	127	74	2	158	102	75	3	163	105
Total	159	27	360	246	141	22	331	218	139	24	356	222

Note: The detailed proved reserves information presented in accordance with Item 1202(a)(2) to Regulation S-K under the Securities Exchange Act of 1934 (Exchange Act) is provided under the heading "Supplemental Oil and Gas Information". Proved reserves are stated on a net basis after applicable royalties.

(a) Natural gas volumes are converted to BOE at six thousand cubic feet (Mcf) of gas per one barrel of oil. Barrels of oil equivalence does not necessarily result in price equivalence. The price of natural gas on a barrel of oil equivalent basis is currently substantially lower than the corresponding price for oil and has been similarly lower for a number of years. For example, in 2015, the average prices of West Texas Intermediate (WTI) oil and New York Mercantile Exchange (NYMEX) natural gas were $48.80 per barrel and $2.75 per Mcf, respectively, resulting in an oil to gas ratio of 18 to 1.

(b) Excludes proved reserves and sales volumes for Occidental's California oil and gas operations, which were transferred to California Resources Corporation (California Resources) in November 2014, and has been treated as discontinued operations.

Competition

As a producer of oil and condensate, NGLs and natural gas, Occidental competes with numerous other domestic and foreign private and government producers. Oil, NGLs and natural gas are commodities that are sensitive to prevailing global and local, current and anticipated market conditions. Occidental competes for transportation capacity and infrastructure for the delivery of its products. They are sold at current market prices or on a forward basis to refiners and other market participants. Occidental’s competitive strategy relies on increasing production through developing conventional and unconventional fields, utilizing primary and enhanced oil recovery (EOR) techniques and strategic acquisitions in areas where Occidental has a competitive advantage as a result of its current successful operations or investments in shared infrastructure. Occidental also competes to develop and produce its worldwide oil and gas reserves cost-effectively, maintain a skilled workforce and obtain quality services.

CHEMICAL OPERATIONS

General

OxyChem owns and operates manufacturing plants at 23 domestic sites in Alabama, Georgia, Illinois, Kansas, Louisiana, Michigan, New Jersey, New York, Ohio, Pennsylvania, Tennessee and Texas and at two international sites in Canada and Chile. In early 2014, OxyChem, through a 50/50 joint venture with Mexichem S.A.B. de C.V., broke ground on a 1.2 billion pound-per-year ethylene cracker at the OxyChem Ingleside facility. The cracker remains on budget and schedule and is expected to begin operating in early 2017.

Competition

OxyChem competes with numerous other domestic and foreign chemical producers. OxyChem’s market position was first or second in the United States in 2015 for the principal products it manufactures and markets. OxyChem’s competitive strategy is to be a low-cost producer of its products in order to compete on price.

OxyChem produces the following products:

Principal Products	Major Uses	Annual Capacity
Basic Chemicals		
Chlorine	Raw material for ethylene dichloride (EDC), water treatment and pharmaceuticals	3.8 million tons
Caustic soda	Pulp, paper and aluminum production	4.0 million tons
Chlorinated organics	Refrigerants, silicones and pharmaceuticals	0.9 billion pounds
Potassium chemicals	Fertilizers, batteries, soaps, detergents and specialty glass	0.4 million tons
EDC	Raw material for vinyl chloride monomer (VCM)	2.1 billion pounds
Chlorinated isocyanurates	Swimming pool sanitation and disinfecting products	131 million pounds
Sodium silicates	Catalysts, soaps, detergents and paint pigments	0.6 million tons
Calcium chloride	Ice melting, dust control, road stabilization and oil field services	0.7 million tons
Vinyls		
VCM	Precursor for polyvinyl chloride (PVC)	6.2 billion pounds
PVC	Piping, building materials and automotive and medical products	3.7 billion pounds
Other Chemicals		
Resorcinol	Tire manufacture, wood adhesives and flame retardant synergist	50 million pounds

MIDSTREAM AND MARKETING OPERATIONS

General

Occidental's midstream and marketing operations primarily support and enhance its oil and gas and chemicals businesses and also provide similar services for third parties.

Competition

Occidental's midstream and marketing businesses operate in competitive and highly regulated markets. Occidental's domestic pipeline business competes with other midstream transportation companies to provide transportation services. The competitive strategy of Occidental's domestic pipeline business is to ensure that

its pipeline and gathering systems connect various production areas to multiple market locations. Transportation rates are regulated and tariff-based. Occidental maximizes the value of its transportation and storage assets by marketing its own and third-party production in the oil and gas business. Other midstream and marketing operations also support Occidental's domestic and international oil and gas and chemical operations. Occidental's marketing business competes with other market participants on exchange platforms and through other bilateral transactions with direct counterparties.

The midstream and marketing operations are conducted in the locations described below:

Location	Description	Capacity
Gas Plants		
Texas, New Mexico and Colorado	Occidental- and third-party-operated natural gas gathering, compression and processing systems, and CO_2 processing	2.4 billion cubic feet per day
United Arab Emirates	Natural gas processing facilities for the Al Hosn gas project.	1.0 billion cubic feet per day
Pipelines		
Texas, New Mexico, and Oklahoma	Common carrier oil pipeline and storage system	720,000 barrels of oil per day 7 million barrels of oil storage 2,900 miles of pipeline
Texas, New Mexico and Colorado	CO_2 fields and pipeline systems transporting CO_2 to oil and gas producing locations	2.4 billion cubic feet per day
Dolphin Pipeline - Qatar and United Arab Emirates	Equity investment in a natural gas pipeline	3.2 billion cubic feet of natural gas per day (a)
Western and Southern United States and Canada	Equity investment in entity involved in pipeline transportation, storage, terminalling and marketing of oil, gas and related petroleum products	19,200 miles of pipeline and gathering systems (b) Storage for 135 million barrels of oil and other petroleum products and 97 billion cubic feet of natural gas (b)
Marketing and Trading		
Texas and Singapore	Trades around its assets, including transportation and storage capacity, and purchases, markets and trades oil, NGLs, natural gas and power	Not applicable
Power Generation		
Texas and Louisiana	Occidental-operated power and steam generation facilities	1,200 megawatts per hour and 1.6 million pounds of steam per hour

(a) Pipeline currently transports 2.3 Bcf per day. Additional customer contracts and gas supply are required to reach capacity.
(b) Amounts are gross, including interests held by third parties.

CAPITAL EXPENDITURES

For information on capital expenditures, see the information under the heading "Liquidity and Capital Resources" in the MD&A section of this report.

EMPLOYEES

Occidental employed approximately 11,100 people at December 31, 2015, 7,100 of whom were located in the United States. Occidental employed approximately 7,100 people in the oil and gas and midstream and marketing segments and 3,000 people in the chemical segment. An additional 1,000 people were employed in administrative and headquarters functions. Approximately 700 U.S.-based employees and 1,000 foreign-based employees are represented by labor unions.

ENVIRONMENTAL REGULATION

For environmental regulation information, including associated costs, see the information under the heading "Environmental Liabilities and Expenditures" in the MD&A section of this report and "Risk Factors."

AVAILABLE INFORMATION

Occidental makes the following information available free of charge on its website at www.oxy.com:

Ø Forms 10-K, 10-Q, 8-K and amendments to these forms as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission (SEC);

Ø Other SEC filings, including Forms 3, 4 and 5; and

Ø Corporate governance information, including its Corporate Governance Policies, board-committee charters and Code of Business Conduct.

Information contained on Occidental's website is not part of this report.

ITEM 1A RISK FACTORS

Volatile global and local commodity pricing strongly affect Occidental's results of operations.

Occidental's financial results correlate closely to the prices it obtains for its products, particularly oil and, to a lesser extent, natural gas and NGLs, and its chemical products.

Prices for crude oil, natural gas and NGLs fluctuate widely. Historically, the markets for crude oil, natural gas, NGLs and refined products have been volatile and may continue to be volatile in the future. Prolonged or further declines in crude oil, natural gas and NGLs prices would continue to reduce Occidental's operating results and cash flows, and could impact its future rate of growth and further impact the recoverability of the carrying value of its assets.

Prices are set by global and local market forces which are not in Occidental's control. These factors include, among others:

Ø Worldwide and domestic supplies of, and demand for, crude oil, natural gas, NGLs and refined products.

Ø The cost of exploring for, developing, producing, refining and marketing crude oil, natural gas, NGLs and refined products.

Ø Operational impacts such as production disruptions, technological advances and regional market conditions, including available transportation capacity and infrastructure constraints in producing areas.

Ø Changes in weather patterns and climatic changes.

Ø The impacts of the members of OPEC and other producing nations that may agree to and maintain production levels.

Ø The worldwide military and political environment, uncertainty or instability resulting from an escalation or outbreak of armed hostilities or acts of terrorism in the United States, or elsewhere.

Ø The price and availability of alternative and competing fuels.

Ø Domestic and foreign governmental regulations and taxes.

Ø Additional or increased nationalization and expropriation activities by foreign governments.

Ø

General economic conditions worldwide.

The long-term effects of these and other conditions on the prices of crude oil, natural gas, NGLs and refined products are uncertain. Generally, Occidental's practice is to remain exposed to market prices of commodities; however, management may elect to hedge the price risk of crude oil, natural gas, NGLs and refined products in the future. Recent global economic and political conditions have driven oil and gas prices down significantly. These conditions may continue for an extended period. Continued reductions in commodity prices could require Occidental to further reduce capital spending, share repurchases and impair the carrying value of assets.
The prices obtained for Occidental’s chemical products correlate strongly to the health of the United States and global economies, as well as chemical industry expansion and contraction cycles. Occidental also depends on feedstocks and energy to produce chemicals, which are commodities subject to significant price fluctuations.

Occidental's restructuring activities may affect its stock price.
Occidental has performed a strategic review of its operations, which has resulted in the restructuring and the separation or divestiture of various assets. This activity and further implementation of the strategic review may affect the market value of Occidental's common stock. For example, Occidental may take different actions than expected, receive less proceeds or retain more liabilities than anticipated in connection with any divestitures.

Occidental may experience delays, cost overruns, losses or other unrealized expectations in development efforts and exploration activities.
Occidental bears the risks of equipment failures, construction delays, escalating costs or competition for services, materials, supplies or labor, property or border disputes, disappointing drilling results or reservoir performance and other associated risks that may affect its

ability to profitably grow production, replace reserves and achieve its targeted returns.
Exploration is inherently risky and is subject to delays, misinterpretation of geologic or engineering data, unexpected geologic conditions or finding reserves of disappointing quality or quantity, which may result in significant losses.

Governmental actions and political instability may affect Occidental’s results of operations.
Occidental’s businesses are subject to the decisions of many federal, state, local and foreign governments and political interests. As a result, Occidental faces risks of:

- New or amended laws and regulations, or interpretations of such laws and regulations, including those related to drilling, manufacturing or production processes (including well stimulation techniques such as hydraulic fracturing and acidization), labor and employment, taxes, royalty rates, permitted production rates, entitlements, import, export and use of raw materials, equipment or products, use or increased use of land, water and other natural resources, safety, security and environmental protection, all of which may restrict or prohibit activities of Occidental or its contractors, increase Occidental's costs or reduce demand for Occidental's products.
- Refusal of, or delay in, the extension or grant of exploration, development or production contracts.
- Development delays and cost overruns due to approval delays for, or denial of, drilling and other permits and authorizations.

In addition, Occidental has and may continue to experience adverse consequences, such as risk of loss or production limitations, because certain of its international operations are located in countries affected by political instability, nationalizations, corruption, armed conflict, terrorism, insurgency, civil unrest, security problems, labor unrest, OPEC production restrictions, equipment import restrictions and sanctions. Exposure to such risks may increase if a greater percentage of Occidental’s future oil and gas production or revenue comes from international sources.

Occidental's oil and gas business operates in highly competitive environments, which affect, among other things, its ability to make acquisitions to grow production and replace reserves.
Results of operations, reserves replacement and growth in oil and gas production depend, in part, on Occidental’s ability to profitably acquire additional reserves. Occidental has many competitors (including national oil companies), some of which: (i) are larger and better funded, (ii) may be willing to accept greater risks or (iii) have special competencies. Competition for reserves may make it more difficult to find attractive investment opportunities or require delay of reserve replacement efforts. In addition, during periods of low product prices, any cash conservation efforts may delay production growth and reserve replacement efforts.
Occidental’s acquisition activities also carry risks that it may: (i) not fully realize anticipated benefits due to less-than-expected reserves or production or changed circumstances, such as the deterioration of natural gas prices in recent years and the more recent significant decline in crude oil prices; (ii) bear unexpected integration costs or experience other integration difficulties; (iii) experience share price declines based on the market’s evaluation of the activity; or (iv) assume liabilities that are greater than anticipated.

Occidental’s oil and gas reserves are estimates based on professional judgments and may be subject to revision.
Reported oil and gas reserves are an estimate based on periodic review of reservoir characteristics and recoverability, including production decline rates, operating performance and economic feasibility at the prevailing commodity prices, assumptions concerning future crude oil and natural gas prices, future operating costs and capital expenditures, as well as assumed effects of regulation by governmental agencies. The procedures and methods for estimating the reserves by our internal engineers were reviewed by independent petroleum consultants; however, there are inherent uncertainties in estimating reserves. Actual production, revenues, and expenditures with respect to our reserves may vary from estimates, and the variance may be material. If Occidental were required to make significant negative reserve revisions, its results of operations and stock price could be adversely affected. In addition, the discounted cash flows included in this Form 10-K should not be construed as the fair value of the reserves attributable to our properties. The estimated discounted future net cash flows from proved reserves are based on an unweighted 12-month average first-day-of-the-month prices in accordance with SEC regulations. Actual future prices and costs

may differ materially from SEC regulation-compliant prices used for purposes of estimating future discounted net cash flows from proved reserves.

Concerns about climate change and other air quality issues may affect Occidental’s operations or results.

The adoption of legislation or regulatory programs to reduce emissions of greenhouse gases could require Occidental to incur increased operating costs, such as costs to purchase and operate emissions control systems, to acquire emissions allowances or comply with new regulatory or reporting requirements, or they could promote the use of alternative sources of energy and thereby decrease demand for products that Occidental’s businesses produce. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for products produced by Occidental’s businesses. Consequently, legislation and regulatory programs designed to reduce emissions of greenhouse gases could have an adverse effect on Occidental’s business, financial condition and results of operations. However, the certainty and timing of these potential effects are unknown.

Occidental's businesses may experience catastrophic events.
The occurrence of events such as hurricanes, floods, droughts, earthquakes, other acts of nature, well blowouts, fires, explosions, chemical releases, material or mechanical failure, industrial accidents, physical attacks and other events that cause operations to cease or be curtailed may negatively affect Occidental's businesses and the communities in which it operates. Third-party insurance may not provide adequate coverage or Occidental may be self-insured with respect to the related losses.

Cyber attacks could significantly affect Occidental.
Cyber attacks on businesses have escalated in recent years. Occidental relies on electronic systems and networks to control and manage its oil and gas, chemicals, trading and pipeline operations and has multiple layers of security to mitigate risks of cyber attack. If, however, Occidental were to experience an attack and its security measures were compromised, the potential consequences to its businesses and the communities in which it operates could be significant.

Occidental's oil and gas reserve additions may not continue at the same rate and a failure to replace reserves may negatively affect our business.
Unless we conduct successful exploration or development activities, acquire properties containing proved reserves, or both, proved reserves will generally decline. Management expects improved recovery, extensions and discoveries to continue as main sources for reserve additions but factors, such as geology, government regulations and permits and the effectiveness of development plans, are partially or fully outside management's control and could cause results to differ materially from expectations.

Other risk factors.
Additional discussion of risks and uncertainties related to price and demand, litigation, environmental matters, oil and gas reserves estimation processes, impairments, derivatives, market risks and internal controls appears under the headings: "MD&A — Oil & Gas Segment — Proved Reserves" and "— Industry Outlook," "— Chemical Segment — Industry Outlook," "— Midstream and Marketing Segment — Industry Outlook," "— Lawsuits, Claims and Contingencies," "— Environmental Liabilities and Expenditures," "— Critical Accounting Policies and Estimates," "— Quantitative and Qualitative Disclosures About Market Risk," and "Management's Annual Assessment of and Report on Internal Control Over Financial Reporting."
The risks described in this report are not the only risks facing Occidental and other risks, including risks deemed immaterial, may have material adverse effects.

ITEM 1B UNRESOLVED STAFF COMMENTS
Occidental has not received any written comments from the SEC staff that were issued 180 days or more preceding December 31, 2015 and that remain unresolved.
ITEM 3 LEGAL PROCEEDINGS
In the fourth quarter of 2014, the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration sent a notice to an OPC subsidiary that it is seeking penalties of $165,900 related to a routine, comprehensive inspection of the subsidiary's records, procedures and facilities, covering a multi-year period. The subsidiary contested the penalties and is awaiting a decision.
In the third quarter of 2014, the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration sent a notice to an OPC subsidiary that it is seeking penalties of $165,600 related to a crude oil pipeline incident in Scurry County, Texas. The subsidiary contested the penalties and is awaiting a decision.
For information regarding other legal proceedings, see the information under the caption "Lawsuits, Claims and Contingencies" in the MD&A section of this report and in Note 9 to the Consolidated Financial Statements.
ITEM 4 MINE SAFETY DISCLOSURES
Not applicable.

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EXECUTIVE OFFICERS

The current term of office of each executive officer of Occidental will expire at the April 29, 2016 meeting of the Board of Directors or when a successor is selected. The following table sets forth the executive officers of Occidental:

Name Current Title	Age at February 26, 2016	Positions with Occidental and Subsidiaries and Employment History
Stephen I. Chazen Chief Executive Officer	69	Chief Executive Officer since 2011 and President 2007-2015; Chief Operating Officer, 2010-2011; Director since 2010.
Vicki A. Hollub Chief Operating Officer and President	56	President, Chief Operating Officer and Director since December 2015; Senior Executive Vice President and President, Oxy Oil and Gas 2015; Executive Vice President and President Oxy Oil and Gas - Americas 2014-2015; Vice President and Executive Vice President, U.S. Operations, Oxy Oil and Gas 2013-2014; Executive Vice President - California Operations 2012-2013; Oxy Permian CO_2 President and General Manager 2011-2012.
Edward A. “Sandy” Lowe Executive Vice President	64	Executive Vice President since 2015, Vice President 2008-2015; President - Oxy Oil & Gas, International since 2009.
Marcia E. Backus Senior Vice President	61	Senior Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary since 2015, Vice President, General Counsel and Corporate Secretary 2014-2015, Vice President and General Counsel 2013-2014; Vinson & Elkins: Partner, 1990-2013.
Christopher G. Stavros Senior Vice President	52	Senior Vice President since 2015; Chief Financial Officer since 2014; Executive Vice President 2014-2015; Vice President, Investor Relations and Treasurer 2012-2014; Vice President, Investor Relations 2006-2012.
Cynthia L. Walker Senior Vice President	39	Senior Vice President - Marketing and Midstream Operations & Development, since 2016, Senior Vice President, Strategy and Development 2015; Executive Vice President, Strategy and Development 2014-2015; Executive Vice President and Chief Financial Officer 2012-2014; Goldman, Sachs & Co.: Managing Director 2010-2012.
Jennifer M. Kirk Vice President	41	Vice President and Controller since 2014; Controller, Occidental Oil and Gas Corporation 2012-2014; Finance Director 2008-2012.

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Part II

ITEM 5 MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

TRADING PRICE RANGE AND DIVIDENDS

This section incorporates by reference the quarterly financial data appearing under the caption "Quarterly Financial Data (Unaudited)" after the Notes to the Consolidated Financial Statements, and the information appearing under the caption "Liquidity and Capital Resources" in the MD&A section of this report. Occidental’s common stock was held by approximately 27,000 stockholders of record at January 31, 2016, and by approximately 600,000 additional stockholders whose shares were held for them in street name or nominee accounts. The common stock is listed and traded on the New York Stock Exchange. The quarterly financial data set forth the range of trading prices for the common stock as reported on the composite tape of the New York Stock Exchange and quarterly dividend information.

Dividends declared on the common stock were $0.72 for the first quarter of 2015 and $0.75 for each quarter thereafter ($2.97 for the year). On February 18, 2016, a quarterly dividend of $0.75 per share was declared on the common stock, payable on April 15, 2016 to stockholders of record on March 10, 2016. The current annual dividend rate of $3.00 per share has increased by 500 percent since 2002. The declaration of future dividends is a business decision made by the Board of Directors from time to time, and will depend on Occidental’s financial condition and other factors deemed relevant by the Board.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

All of Occidental's stock-based compensation plans for its employees and non-employee directors have been approved by the stockholders. The aggregate number of shares of Occidental common stock authorized for issuance under such plans is approximately 35 million, of which approximately 1.7 million had been reserved for issuance through December 31, 2015. The following is a summary of the securities available for issuance under such plans:

a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	b) Weighted-average exercise price of outstanding options, warrants and rights	c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a))
3,763,156 (1)	77.58 (2)	33,461,851 (3)

(1) Includes shares reserved to be issued pursuant to stock options (Options), stock appreciation rights (SARs) and performance-based awards. Shares for performance-based awards are included assuming maximum payout, but may be paid out at lesser amounts, or not at all, according to achievement of performance goals.

(2) Price applies only to the Options and SARs included in column (a). Exercise price is not applicable to the other awards included in column (a).

(3) A plan provision requires each share covered by an award (other than Options and SARs) to be counted as if three shares were issued in determining the number of shares that are available for future awards. Accordingly, the number of shares available for future awards may be less than the amount shown depending on the type of award granted. Additionally, under the plan, the amount shown may increase, depending on the award type, by the number of shares currently unvested or forfeitable, or three times that number as applicable, that (i) fail to vest, (ii) are forfeited or canceled, or (iii) correspond to the portion of any stock-based awards settled in cash.

SHARE REPURCHASE ACTIVITIES

Occidental’s share repurchase activities for the year ended December 31, 2015, were as follows:

Period	Total Number	Average Price Paid	Total Number of Shares Purchased as Part of Publicly	Maximum Number of Shares that May Yet Be Purchased Under the

	of Shares Purchased		per Share	Announced Plans or Programs	Plans or Programs	
First Quarter 2015	2,750,835	(a)	$75.07	2,650,000		
Second Quarter 2015	4,769,624		$78.05	4,769,624		
Third Quarter 2015	105,386	(a)	$65.73	—		
October 1 - 31, 2015	—		$—	—		
November 1 - 30, 2015	104,291	(a)	$75.10	—		
December 1 - 31, 2015	—		$—	—		
Fourth Quarter 2015	104,291		$75.10	—		
Total 2015	7,730,136		$76.78	7,419,624	63,756,544	(b)

(a) Includes purchases from the trustee of Occidental's defined contribution savings plan that are not part of publicly announced plans or programs.

(b) Represents the total number of shares remaining at year end under Occidental's share repurchase program of 185 million shares. The program was initially announced in 2005. The program does not obligate Occidental to acquire any specific number of shares and may be discontinued at any time.

PERFORMANCE GRAPH

The following graph compares the yearly percentage change in Occidental’s cumulative total return on its common stock with the cumulative total return of the Standard & Poor's 500 Stock Index (S&P 500) and with that of Occidental’s peer group over the five-year period ended on December 31, 2015. The graph assumes that $100 was invested at the beginning of the five-year period shown in the graph below in: (i) Occidental common stock, (ii) the stock of the companies in the S&P 500, and (iii) each of the peer group companies' common stock weighted by their relative market values within the peer group, and that all dividends were reinvested.

Occidental's peer group consists of Anadarko Petroleum Corporation, Apache Corporation, Canadian Natural Resources Limited, Chevron Corporation, ConocoPhillips, Devon Energy Corporation, EOG Resources Inc., ExxonMobil Corporation, Hess Corporation, Marathon Oil Corporation, Total S.A. and Occidental.

12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
$ 100	$ 97	$ 82	$ 104	$ 95	$ 83
100	109	111	136	127	104
100	102	118	157	178	181

The information provided in this Performance Graph shall not be deemed "soliciting material" or "filed" with the SEC or subject to Regulation 14A or 14C under the Exchange Act, other than as provided in Item 201 to Regulation S-K under the Exchange Act, or subject to the liabilities of Section 18 of the Exchange Act and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act except to the extent Occidental specifically requests that it be treated as soliciting material or specifically incorporates it by reference.

(1) The cumulative total return of the peer group companies' common stock includes the cumulative total return of Occidental's common stock.

ITEM 6 SELECTED FINANCIAL DATA

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA
(in millions, except per-share amounts)

As of and for the years ended December 31,	2015	2014	2013	2012	2011
RESULTS OF OPERATIONS [a]					
Net sales	$12,480	$19,312	$20,170	$20,100	$20,001
Income (loss) from continuing operations	$(8,146)	$(130)	$4,932	$3,829	$5,527
Net income (loss) attributable to common stock	$(7,829)	$616	$5,903	$4,598	$6,771
Basic earnings (loss) per common share from continuing operations	$(10.64)	$(0.18)	$6.12	$4.72	$6.79
Basic earnings (loss) per common share	$(10.23)	$0.79	$7.33	$5.67	$8.32
Diluted earnings (loss) per common share	$(10.23)	$0.79	$7.32	$5.67	$8.32
FINANCIAL POSITION [a]					
Total assets	$43,437	$56,259	$69,443	$64,210	$60,044
Long-term debt, net	$6,883	$6,838	$6,939	$7,023	$5,871
Stockholders’ equity	$24,350	$34,959	$43,372	$40,048	$37,620
MARKET CAPITALIZATION [b]	$51,632	$62,119	$75,699	$61,710	$75,992
CASH FLOW FROM CONTINUING OPERATIONS					
Operating:					
Cash flow from continuing operations	$3,254	$8,871	$10,229	$9,050	$9,740
Investing:					
Capital expenditures	$(5,272)	$(8,930)	$(7,357)	$(7,874)	$(5,354)
Cash provided (used) by all other investing activities, net	$(151)	$2,686	$1,040	$(1,989)	$(3,530)
Financing:					
Cash dividends paid	$(2,264)	$(2,210)	$(1,553) [c]	$(2,128) [c]	$(1,436)
Purchases of treasury stock	$(593)	$(2,500)	$(943)	$(583)	$(274)
Cash provided (used) by all other financing activities, net	$4,341	$2,384	$(437)	$1,865	$535
DIVIDENDS PER COMMON SHARE	$2.97	$2.88	$2.56	$2.16	$1.84
WEIGHTED AVERAGE BASIC SHARES OUTSTANDING (millions)	766	781	804	809	812

Note: Argentine operations were sold in February 2011 and are presented as discontinued operations. The statements of income and cash flows related to California Resources have been treated as discontinued operations for all periods presented. The assets and liabilities of California Resources were removed from Occidental's consolidated balance sheet as of November 30, 2014.

(a) See the MD&A section of this report and the Notes to Consolidated Financial Statements for information regarding acquisitions and dispositions, discontinued operations and other items affecting comparability.

(b) Market capitalization is calculated by multiplying the year-end total shares of common stock outstanding, net of shares held as treasury stock, by the year-end closing stock price.

(c) The 2012 amount includes an accelerated fourth quarter dividend payment, which normally would have been accrued as of year-end 2012 and paid in the first quarter of 2013.

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ITEM 7
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A)

In this report, "Occidental" means Occidental Petroleum Corporation (OPC), or OPC and one or more entities in which it owns a controlling interest (subsidiaries). Occidental's principal businesses consist of three segments. The oil and gas segment explores for, develops and produces oil and condensate, natural gas liquids (NGLs) and natural gas. The chemical segment (OxyChem) mainly manufactures and markets basic chemicals and vinyls. The midstream and marketing segment gathers, processes, transports, stores, purchases and markets oil, condensate, NGLs, natural gas, carbon dioxide (CO_2) and power. It also trades around its assets, including transportation and storage capacity. Additionally, the midstream and marketing segment invests in entities that conduct similar activities.

STRATEGY
General
Through its operations, Occidental aims to maximize total returns to stockholders using the following strategies:
- Invest in projects that generate long-term value;
- Allocate and deploy capital with a focus on achieving returns well in excess of its cost of capital; and
- Maintain financial discipline and a strong balance sheet.

In conducting its business, Occidental accepts commodity, engineering and limited exploration risks. Capital is employed to operate all assets in a safe and environmentally sound manner. Occidental seeks to limit its financial and political risks.
Price volatility is inherent in the oil and gas business, and in 2015, oil, natural gas and NGLs prices continued the downward trend started in the fourth quarter of 2014. In order to manage this risk, Occidental strives to retain sufficient cash on hand and maintain a low debt to capitalization ratio, which allows Occidental access to capital markets.
In connection with Occidental's strategic review initiatives, Occidental:
- Sold its interest in the Williston Basin in November 2015 and entered into an agreement to sell its Piceance Basin assets, which is expected to close March 2016; and
- Minimized or ceased its involvement in non-core operations in the Middle East and North Africa, including Bahrain, Iraq, Libya and Yemen.

As a result of exiting non-core operations, Occidental expects improved margins through lower cash operating costs, selling, general and administrative costs and reduced capital spending in the future.

The following describes the application of Occidental’s overall strategy for each of its operating segments:

Oil and Gas
The oil and gas business implements Occidental's strategy primarily by:
- Operating and developing areas where reserves are known to exist and to increase production from core areas, primarily in the Permian Basin, Colombia and parts of the Middle East;
- Using enhanced oil recovery techniques, such as CO_2, water and steam floods, in mature fields;
- Focusing a sizable portion of Occidental's drilling activities on unconventional opportunities, primarily in the Permian Basin; and
- Maintaining a disciplined approach towards domestic acquisitions and divestitures and the execution of international contracts, with an emphasis on creating value and further enhancing Occidental's existing positions.

In 2015, oil and gas capital expenditures were approximately $4.4 billion, and were mainly comprised of expenditures in the Permian Basin and the Middle East. This activity reflects Occidental's strategy to focus on achieving returns above the cost of capital even in a low price environment.

Management believes Occidental's oil and gas segment growth will occur primarily through exploitation and development opportunities in the Permian Basin and Colombia and focused international projects in the Middle East.

Chemical

The primary objective of OxyChem is to generate cash flow in excess of its normal capital expenditure requirements and achieve above-cost-of-capital returns. The chemical segment's strategy is to be a low-cost producer in order to maximize its cash flow generation. OxyChem concentrates on the chlorovinyls chain beginning with chlorine, which is co-produced with caustic soda, and markets both to third parties. In addition, chlorine, together with ethylene, is converted through a series of intermediate products into polyvinyl chloride (PVC). OxyChem's focus on chlorovinyls allows it to maximize the benefits of integration and take advantage of economies of scale. Capital is employed to sustain production capacity and to focus on projects and developments designed to improve the competitiveness of segment assets. Acquisitions and plant development opportunities may be pursued when they are expected to enhance the existing core chlor-alkali and PVC businesses or take advantage of other specific opportunities. In early

2014, OxyChem, through a 50/50 joint venture with Mexichem S.A.B. de C.V., broke ground on a 1.2 billion pound-per-year ethylene cracker at the OxyChem Ingleside facility. The joint venture provides an opportunity to capitalize on the advantage that U.S. shale gas development has presented to U.S. chemical producers by providing low-cost ethane as a raw material. The construction of the ethylene cracker remains on budget and schedule and is expected to begin operating in early 2017. In 2015, capital expenditures for OxyChem totaled $594 million, approximately two-thirds of which was spent on the Mexichem joint venture. In the third quarter, OxyChem sold an idled facility.

Midstream and Marketing

The midstream and marketing segment strives to maximize realized value by optimizing use of its assets, including its transportation and storage capacity, and by providing access to multiple markets. In order to generate returns, the segment evaluates opportunities across the value chain and uses its assets to provide services to other Occidental segments as well as third parties. The segment invests and operates pipeline systems, gas plants, co-generation facilities, and storage facilities. The segment also seeks to minimize the costs of gas, power and other commodities used in Occidental's businesses, while limiting credit risk exposure. Capital is employed to sustain or, where appropriate, increase operational and transportation capacity and to improve the competitiveness of Occidental's assets. In 2015, capital expenditures totaled $535 million of which a majority was related to the Al Hosn gas processing facilities, crude oil terminal and Permian Basin gas processing and gathering infrastructure.

Key Performance Indicators

Occidental seeks to meet its strategic goals by continually measuring its success in its key performance metrics that drive total stockholder return. In addition to production growth and capital allocation and deployment discussed above, Occidental believes the following are its most significant metrics:

- Health, environmental, safety and process metrics;
- Total Shareholder Return, including funding the dividend;
- Return on equity (ROE) and return on capital employed (ROCE); and
- Segment specific measures such as per-unit profit, production cost, cash flow, finding and development costs and reserves replacement percentages.

OIL AND GAS SEGMENT

Oil and gas information related to California Resources have been treated as discontinued operations for all periods presented.

Business Environment

Oil and gas prices are the major variables that drive the industry’s financial performance. The following table presents the average daily West Texas Intermediate (WTI), Brent and New York Mercantile Exchange (NYMEX) prices for 2015 and 2014:

	2015	2014
WTI oil ($/barrel)	$48.80	$93.00
Brent oil ($/barrel)	$53.64	$99.51
NYMEX gas ($/Mcf)	$2.75	$4.34

The following table presents Occidental's average realized prices as a percentage of WTI, Brent and NYMEX for 2015 and 2014:

	2015	2014
Worldwide oil as a percentage of average WTI	97 %	97 %
Worldwide oil as a percentage of average Brent	88 %	91 %
Worldwide NGLs as a percentage of average WTI	33 %	40 %

Domestic natural gas as a percentage of NYMEX	78 %	91 %

The WTI and Brent oil price indexes declined significantly in the fourth quarter of 2015, closing at $37.04 per barrel and $37.28 per barrel, respectively, as of December 31, 2015. The WTI and Brent oil price indexes were $53.27 per barrel and $57.33 per barrel, respectively, as of December 31, 2014. Average worldwide realized oil prices fell $43.03, or 48 percent, in 2015 compared to 2014. The average realized domestic natural gas price in 2015 decreased 46 percent from 2014. Average WTI and Brent oil price indexes declined 48 percent and 46 percent, from $93.00 and $99.51 in 2014 to $48.80 and $53.64 in 2015, respectively. Average NYMEX natural gas prices declined 37 percent, from $4.34 in 2014 to $2.75 in 2015.

Prices and differentials can vary significantly, even on a short-term basis, making it impossible to predict realized prices with a reliable degree of certainty.

The decline in oil and gas prices during 2015, as well as the decision to sell or exit non-core assets caused Occidental to assess the carrying value of all of its oil and gas producing assets and assess development plans for its non-producing assets. As a result, in 2015, Occidental recorded total pre-tax impairment and related charges of $3.5 billion for its domestic assets and $5.0 billion for its international assets. To assess carrying value of its oil and gas assets, Occidental uses oil and gas price curves settled on the last trading day of each quarter. Any further sustained declines in commodity prices may result in additional impairments in the future.

Operations

2015 Developments

In November 2015, Occidental sold its Williston Basin assets in North Dakota for approximately $590 million. Occidental's share of production for the Williston operations was approximately 16,000 BOE per day in 2015.

In December 2015, Occidental entered into an agreement to sell its Piceance Basin operations in Colorado for approximately $155 million. The transaction is expected to close in March 2016. The assets and liabilities of the Piceance operations are classified as held for sale at December 31, 2015.

Occidental has exited or significantly reduced its involvement in non-core operations in the Middle East and North Africa. In Iraq, Occidental has issued a notice of withdrawal and is working to reassign its interest in the Zubair Field in accordance with the contract terms. In Yemen, Occidental’s non-operated interest in Block 10 East Shabwa Field expired in December 2015, and in February 2016, Occidental sold its interests in Block S-1, An Nagyah Field. In addition, Occidental has been reducing its activity and exposure in Bahrain and Libya. Occidental has suspended exploration activities due to civil unrest in Libya, and production disruptions continued throughout 2015 due to oil field and export terminal strikes and closures. Less than 5 percent of the total capital spending in 2015 was allocated to these Middle East operations. Collectively, Occidental’s share of production from these operations in the Middle East was 72,000 BOE per day in 2015.

Domestic Interests

Occidental conducts its domestic operations through land leases, subsurface mineral rights it owns or a combination of both surface land and subsurface mineral rights it owns. Occidental's domestic oil and gas leases have a primary term ranging from one to ten years, which is extended through the end of production once it commences. Of the total 3.6 million net acres in which Occidental has interests, approximately 85 percent is leased, 14 percent is owned subsurface mineral rights and 1 percent is owned land with mineral rights.

Production-Sharing Contracts

Occidental's interests in Oman and Qatar are subject to production sharing contracts (PSC). Under such contracts, Occidental records a share of production and reserves to recover certain production costs and an additional share for profit. In addition, certain contracts in Colombia are subject to contractual arrangements similar to a PSC. These contracts do not transfer any right of ownership to Occidental and reserves reported from these arrangements are based on Occidental’s economic interest as defined in the contracts. Occidental’s share of production and reserves from these contracts decreases when product prices rise and increases when prices decline. Overall, Occidental’s net economic benefit from these contracts is greater when product prices are higher.

Business Review

The following chart shows Occidental’s total volumes for the last five years:

Worldwide Production Volumes
(thousands BOE/day)

Notes:

- Excludes volumes from the Argentine operations sold in 2011 and California Resources which was separated on November 30, 2014. Both operations have been reflected as discontinued operations for all applicable periods.
- Excludes Williston (sold in November 2015) average daily production volumes of 16 MBOE, 20 MBOE, 18 MBOE, 14 MBOE and 7 MBOE for 2015, 2014, 2013, 2012 and 2011, respectively.
- Excludes Hugoton (sold in April 2014), average daily production volumes of 6 MBOE, 18 MBOE, 19 MBOE and 20 MBOE for 2014, 2013, 2012 and 2011, respectively.

United States Assets

United States

1. Permian Basin
2. South Texas and Other interests

Permian Basin

Occidental's Permian Basin production is diversified across a large number of producing areas. The basin extends throughout southwest Texas and southeast New Mexico and is one of the largest and most active oil basins in the United States, accounting for approximately 16 percent of the total United States oil production. Occidental is the largest operator and the largest producer of oil in the Permian Basin with an approximate 13 percent net share of the total oil production in the basin. Occidental also produces and processes natural gas and NGLs in the basin.

Occidental manages its Permian Basin operations through two business units: Permian Resources, which includes growth-oriented unconventional opportunities and Permian EOR (enhanced oil recovery), which utilizes enhanced oil recovery techniques such as CO_2 floods and waterfloods. During 2015, focused on capital efficiency, the Permian operations reduced well drilling and completion costs by 33 percent per well. In the Permian Basin, Occidental spent over $2.7 billion of capital in 2015, with 84 percent spent on Permian Resources assets. In 2016, Occidental expects to allocate approximately 21 percent of the 2016 capital budget to Permian Resources, which will focus on areas in both the Midland and Delaware Basins where infrastructure currently exists to achieve higher returns, and approximately 17 percent to Permian EOR in order to add to existing facilities to increase CO_2 production and injection capacity for future projects.

Occidental's Permian Resources operations are among its fastest growing assets with over 8,500 drilling locations in its horizontal inventory, a sizable portion of which can be developed in a low price environment. Continued completion optimization, the application of enhanced manufacturing principles, combined with projected commercial savings is expected to increase the well inventory even further. The development program, largely began in 2010, continued to increase in 2015. In 2015, Permian Resources drilled 231 wells, which included 195 horizontal wells. Production from Permian Resources comes from approximately 13,200 gross wells, of which 62 percent are operated by other producers. On a net basis, this represents approximately 5,550 wells, of which only 23 percent are operated by others.

Permian EOR operates a combination of CO_2 floods and waterfloods which have similar development characteristics and ongoing monitoring and maintenance requirements. Due to a unique combination of characteristics, the Permian Basin has been a leader in the implementation of CO_2 enhanced oil recovery projects. The Permian Basin's concentration of large conventional reservoirs, favorable CO_2 flooding performance and the proximity to naturally occurring CO_2 supply has resulted in decades of steady growth in enhanced oil production. With 31 active floods and 40 years of experience, Permian EOR is the industry leader in Permian Basin CO_2 flooding.

Occidental is an industry leader in applying this technology, which can increase ultimate oil recovery by 10 to 25 percent in the fields where it is employed. Significant opportunity remains to expand Occidental's existing projects into new portions of reservoirs that thus far have only been water flooded, leaving opportunity for significant additional recovery with new CO_2 injection. Hence, even small improvements in recovery efficiency can add significant reserves. Technology improvements, such as the recent trend towards vertical expansion of the CO_2 flooded interval into residual oil zone targets continue to yield more recovery from existing projects. Over the last few years, Occidental has had an ongoing program of deepening wells, with 95 wells deepened in 2015 and 67 wells planned for 2016. Occidental utilizes workover rigs to drill the extra depth into additional CO_2 floodable sections of the reservoir. These are low cost projects which can add reserves even in a low price environment. Permian EOR has a large inventory of future CO_2 projects which could be developed over the next 20 years or accelerated, depending on market conditions.

The current strategy for Permian EOR is to invest sufficient capital to maintain current production and provide cash flow. By exploiting natural synergies between Permian EOR and Permian Resources, Occidental is able to deliver unique advantages, efficiencies and expertise across its Permian Basin operations. Occidental's share of production in the Permian Basin was approximately 255,000 BOE per day in 2015 with 110,000 BOE per day coming from Permian Resources and 145,000 BOE per day from Permian EOR.

South Texas and Other

Occidental holds approximately 174,000 net acres in South Texas, including 4,000 net acres in the Eagle Ford Shale.

Middle East/North Africa Assets

Middle East/North Africa

1. Qatar
2. United Arab Emirates

3. Oman

Oman

In Oman, Occidental is the operator of Block 9 and Block 27, with a 50-percent and 65-percent working interest in each block, respectively; Block 53, with a 45-percent working interest; and Block 62, with an 80-percent working interest.

In December 2015, the existing production sharing contract for Block 9 expired and Occidental agreed to operate Block 9 under modified operating terms until a new contract is approved. The term for Block 27 expires in 2035.

A 30-year PSC for the Mukhaizna Field (Block 53) was signed with the Government of Oman in 2005, pursuant to which Occidental assumed operation of the field. By the end of 2015, Occidental had drilled more than 2,600 new wells and continued implementation of a major steamflood project. In 2015, the average gross daily production was 122,000 BOE per day, which was over 15 times higher than the production rate in September 2005 when Occidental assumed operations.

In 2008, Occidental was awarded a 20-year contract for Block 62, subject to declaration of commerciality, where it is pursuing development and exploration opportunities

targeting natural gas and condensate resources. In 2014, Occidental signed a five year extension for the initial phase for the discovered non associated gas area (natural gas not in contact with crude oil in a reservoir) for Block 62. Production commenced in Block 62 in January 2016.
Occidental's share of production from Oman was approximately 89,000 BOE per day in 2015.

Qatar
In Qatar, Occidental is the operator at Idd El Shargi North Dome (ISND) and Idd El Shargi South Dome (ISSD), with a 100-percent working interest in each, and Al Rayyan (Block 12), with a 92.5-percent working interest. The terms for ISND, ISSD and Block 12 expire in 2019, 2022 and 2017, respectively.
Occidental's Dolphin investment comprises two separate economic interests through which Occidental owns: (i) a 24.5-percent undivided interest in the upstream operations under a Development and Production Sharing Agreement with the Government of Qatar to develop and produce natural gas and NGLs in Qatar’s North Field through mid-2032, with a provision to request a five-year extension; and (ii) a 24.5-percent interest in the stock of Dolphin Energy Limited (Dolphin Energy), which operates a pipeline and is discussed further in "Midstream and Marketing Segment - Pipeline Transportation."
Occidental's share of production from Qatar was approximately 107,000 BOE per day in 2015.

United Arab Emirates
In 2011, Occidental acquired a 40-percent participating interest in the Al Hosn gas project, joining with the Abu Dhabi National Oil Company (ADNOC) in a 30-year joint venture agreement. The Al Hosn gas project became fully operational in 2015, and produced over 460 MMcf per day of natural gas and 74,000 barrels per day of NGLs and condensate in the fourth quarter of 2015, of which Occidental’s net share is 185 MMcf per day and 29,000 barrels per day, respectively.
Additionally, the Al Hosn gas project includes gas processing facilities which are discussed further in "Midstream and Marketing Segment - Gas Processing Plants and CO_2 Fields and Facilities".
Occidental conducts a majority of its Middle East business development activities through its office in Abu Dhabi, which also provides various support functions for Occidental’s Middle East/North Africa oil and gas operations.

Latin America Assets

Latin America

1. Colombia

Colombia
Occidental has working interests in the La Cira-Infantas and Teca areas and has operations within the Llanos Norte Basin. Occidental's interests range from 39 to 61 percent and certain interests expire between 2023 and 2038, while others extend through the economic limit of the areas. Occidental's share of production was approximately 35,000 BOE per day in 2015.
Occidental also holds working interests in the Tarija, Chuquisaca and Santa Cruz regions of Bolivia, which produce gas. Occidental's share of production from Bolivia was 2,000 BOE per day in 2015.

Proved Reserves
Proved oil, NGLs and gas reserves were estimated using the unweighted arithmetic average of the first-day-of-the-month price for each month within the year, unless prices were defined by contractual arrangements. Oil, NGLs and natural gas prices used for this purpose were based on posted benchmark prices and adjusted for price differentials including gravity, quality and transportation costs. For the 2015, 2014 and 2013 disclosures, the calculated average West Texas Intermediate oil prices were $50.28, $94.99 and $96.94 per barrel, respectively. The calculated average Brent oil prices for 2015, 2014 and 2013 disclosures were $55.57, $99.51 and $108.76, per barrel,

respectively. The calculated average Henry Hub gas prices for 2015, 2014 and 2013 were $2.66, $4.42 and $3.65 per MMBtu, respectively.

Occidental had proved reserves at year-end 2015 of 2,200 million BOE, compared to the year-end 2014 amount of 2,819 million BOE. Proved reserves at year-end 2015 and 2014 consisted of, respectively, 59 percent and 63 percent oil, 15 percent and 13 percent NGLs and 26 percent and 24 percent natural gas. Proved developed reserves represented approximately 79 percent and 71 percent, respectively, of Occidental's total proved reserves at year-end 2015 and 2014.

Occidental does not have any reserves from non-traditional sources. For further information regarding

Occidental's proved reserves, see "Supplemental Oil and Gas Information" following the "Financial Statements."

Changes in Proved Reserves
Occidental's total proved reserves decreased 166 million BOE in 2015, which included additions of 149 million BOE from Occidental's development program, reduced by 315 million BOE comprised primarily of price and price related revisions.
Changes in reserves before production and sales of proved reserves were as follows:

(in millions of BOE)	2015	
Improved recovery	144	
Extensions and discoveries	5	
Purchases	—	
Revisions of previous estimates	(315	)
Total	(166	)

Occidental's ability to add reserves, other than through purchases, depends on the success of improved recovery, extension and discovery projects, each of which depends on reservoir characteristics, technology improvements and oil and natural gas prices, as well as capital and operating costs. Many of these factors are outside management's control, and may negatively or positively affect Occidental's reserves.

Improved Recovery
In 2015, Occidental added proved reserves of 144 million BOE mainly associated with the Permian Basin and Oman operations. These properties comprise both conventional projects, which are characterized by the deployment of EOR development methods, largely employing application of CO_2 flood, waterflood or steam flood, and unconventional projects. These types of conventional EOR development methods can be applied through existing wells, though additional drilling is frequently required to fully optimize the development configuration. Waterflooding is the technique of injecting water into the formation to displace the oil to the offsetting oil production wells. The use of either CO_2 or steam flooding depends on the geology of the formation, the evaluation of engineering data, availability and cost of either CO_2 or steam and other economic factors. Both techniques work similarly to lower viscosity causing the oil to move more easily to the producing wells. Many of Occidental's projects, including unconventional projects, rely on improving permeability to increase flow in the wells. In addition, some improved recovery comes from drilling infill wells that allow recovery of reserves that would not be recoverable from existing wells.

Extensions and Discoveries
Occidental also added proved reserves from extensions and discoveries, which are dependent on successful exploration and exploitation programs. In 2015, extensions and discoveries added 5 million BOE related primarily to the recognition of proved developed reserves in Oman.

Purchases of Proved Reserves
Occidental continues to seek opportunities to add reserves through acquisitions when properties are available at prices it deems reasonable. As market conditions change, the available supply of properties may increase or decrease accordingly.

Revisions of Previous Estimates
Revisions can include upward or downward changes to previous proved reserve estimates for existing fields due to the evaluation or interpretation of geologic, production decline or operating performance data. In addition, product price changes affect proved reserves recorded by Occidental. For example, lower prices may decrease the economically recoverable reserves, particularly for domestic properties, because the reduced margin limits the expected life of the operations. Offsetting this effect, lower prices increase Occidental's share of proved reserves under PSCs because

more oil is required to recover costs. Conversely, when prices rise, Occidental's share of proved reserves decreases for PSCs and economically recoverable reserves may increase for other operations. In 2015, negative revisions of previous estimates of 315 million BOE were primarily price and price-related revisions associated with domestic assets.
Reserve estimation rules require that estimated ultimate recoveries be much more likely to increase or remain constant than to decrease as changes are made due to increased availability of technical data.

Proved Undeveloped Reserves
In 2015, Occidental had proved undeveloped reserve additions of 76 million BOE from improved recovery and extensions and discoveries. Of the total additions, over 80 percent represented additions from improved recovery in the Permian Basin. These proved undeveloped reserve additions were offset by transfers of 106 million BOE to the proved developed category as a result of the 2015 development programs. Permian Basin and Oman accounted for approximately 92 percent of the reserve transfers from proved undeveloped to proved developed in 2015. Proved undeveloped reserves were reduced by 332 million BOE primarily due to price and price-related revisions and the sale of Williston. Occidental incurred approximately $1.3 billion in 2015 to convert proved undeveloped reserves to proved developed reserves. A substantial portion of the proved undeveloped reserves as of December 31, 2015 was the result of the development program in the Permian Basin, which represents 68 percent of total year-end proved undeveloped reserves.
Global oversupply continues to suppress oil and gas prices significantly. These conditions may continue for an extended period. Prolonged or further declines in commodity prices could require Occidental to further reduce capital spending, potentially impacting either the quantity or the development timing of proved undeveloped reserves.

Reserves Evaluation and Review Process
Occidental's estimates of proved reserves and associated future net cash flows as of December 31, 2015, were made by Occidental’s technical personnel and are

the responsibility of management. The estimation of proved reserves is based on the requirement of reasonable certainty of economic producibility and funding commitments by Occidental to develop the reserves. This process involves reservoir engineers, geoscientists, planning engineers and financial analysts. As part of the proved reserves estimation process, all reserve volumes are estimated by a forecast of production rates, operating costs and capital expenditures. Price differentials between benchmark prices (the unweighted arithmetic average of the first-day-of-the-month price for each month within the year) and realized prices and specifics of each operating agreement are then used to estimate the net reserves. Production rate forecasts are derived by a number of methods, including estimates from decline curve analysis, type-curve analysis, material balance calculations that take into account the volumes of substances replacing the volumes produced and associated reservoir pressure changes, seismic analysis and computer simulation of the reservoir performance. These field-tested technologies have demonstrated reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation. Operating and capital costs are forecast using the current cost environment applied to expectations of future operating and development activities.

Net proved developed reserves are those volumes that are expected to be recovered through existing wells with existing equipment and operating methods for which the incremental cost of any additional required investment is relatively minor. Net proved undeveloped reserves are those volumes that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

The current Senior Vice President, Reserves for Oxy Oil and Gas is responsible for overseeing the preparation of reserve estimates, in compliance with U.S. Securities and Exchange Commission (SEC) rules and regulations, including the internal audit and review of Occidental's oil and gas reserves data. The Senior Vice President has over 30 years of experience in the upstream sector of the exploration and production business, and has held various assignments in North America, Asia and Europe. He is a three-time past Chair of the Society of Petroleum Engineers Oil and Gas Reserves Committee. He is an American Association of Petroleum Geologists (AAPG) Certified Petroleum Geologist and currently serves on the AAPG Committee on Resource Evaluation. He is a member of the Society of Petroleum Evaluation Engineers, the Colorado School of Mines Potential Gas Committee and the UNECE Expert Group on Resource Classification. He is also an active member of the Joint Committee on Reserves Evaluator Training (JCORET). The Senior Vice President has Bachelor of Science and Master of Science degrees in geology from Emory University in Atlanta.

Occidental has a Corporate Reserves Review Committee (Reserves Committee), consisting of senior corporate officers, to review and approve Occidental's oil and gas reserves. The Reserves Committee reports to the Audit Committee of Occidental's Board of Directors during the year. Since 2003, Occidental has retained Ryder Scott Company, L.P. (Ryder Scott), independent petroleum

engineering consultants, to review its annual oil and gas reserve estimation processes.

In 2015, Ryder Scott conducted a process review of the methods and analytical procedures utilized by Occidental’s engineering and geological staff for estimating the proved reserves volumes, preparing the economic evaluations and determining the reserves classifications as of December 31, 2015, in accordance with the SEC regulatory standards. Ryder Scott reviewed the specific application of such methods and procedures for selected oil and gas properties considered to be a valid representation of Occidental’s 2015 year-end total proved reserves portfolio. In 2015, Ryder Scott reviewed approximately 19 percent of Occidental’s proved oil and gas reserves. Since being engaged in 2003, Ryder Scott has reviewed the specific application of Occidental’s reserve estimation methods and procedures for approximately 80 percent of Occidental’s existing proved oil and gas reserves. Management retains Ryder Scott to provide objective third-party input on its methods and procedures and to gather industry information applicable to Occidental’s reserve estimation and reporting process. Ryder Scott has not been engaged to render an opinion as to the reasonableness of reserves quantities reported by Occidental. Occidental has filed Ryder Scott's independent report as an exhibit to this Form 10-K.

Based on its reviews, including the data, technical processes and interpretations presented by Occidental, Ryder Scott has concluded that the overall procedures and methodologies Occidental utilized in estimating the proved reserves volumes, documenting the changes in reserves from prior estimates, preparing the economic evaluations and determining the reserves classifications for the reviewed properties are appropriate for the purpose thereof and comply with current SEC regulations.

Industry Outlook

The petroleum industry is highly competitive and subject to significant volatility due to various market conditions. The WTI and Brent oil price indexes declined further in 2015, closing at $37.04 per barrel and $37.28 per barrel, respectively, as of December 31, 2015. Commodity prices continued their decline in early 2016. The WTI and Brent oil price indexes were $53.27 per barrel and $57.33 per barrel, respectively, as of December 31, 2014.

Oil prices will continue to be affected by: (i) global supply and demand, which are generally a function of global economic conditions, inventory levels, production disruptions, technological advances, regional market conditions and the actions of OPEC, other significant producers and governments; (ii) transportation capacity, infrastructure constraints, and cost in producing areas; (iii) currency exchange rates; and (iv) the effect of changes in these variables on market perceptions.

NGLs prices are related to the supply and demand for the components of products making up these liquids. Some of them more typically correlate to the price of oil while others are affected by natural gas prices as well as the demand for certain chemical products for which they are used as feedstock. In addition, infrastructure constraints magnify the pricing volatility from region to region.

Domestic natural gas prices and local differentials are strongly affected by local supply and demand fundamentals, as well as government regulations and availability of transportation capacity from producing areas.
These and other factors make it impossible to predict the future direction of oil, NGLs and domestic gas prices reliably. International gas prices are generally fixed under long-term contracts. Occidental continues to respond to economic conditions by adjusting capital expenditures in line with current economic conditions with the goal of keeping returns well above its cost of capital.

CHEMICAL SEGMENT

Business Environment

Despite the continued modest pace of United States economic growth, demand for domestically produced energy and feedstocks decreased slightly as the global economic slowdown broadened and the strength of the U.S. dollar hindered exports. Vinyls margins improved during the second half of 2015 as the cost of feedstocks, primarily ethylene and natural gas, improved significantly from 2014 levels.

Business Review

Basic Chemicals

During 2015, the United States economy continued its slow recovery with full-year growth expected to be below the 2.4 percent growth rate experienced in 2014. The lower U.S. growth rate was reflected in lower domestic demand as the industry chlorine operating rate decreased 1 percent to 83 percent from 84 percent in 2014. The slightly lower operating rate resulted in only a moderate improvement in chlorine pricing. Exports of downstream chlorine derivatives into the vinyls chain were competitive for the balance of the year as ethylene costs decreased in line with falling energy costs. However, total derivative export volume was down versus 2014 as global demand softened particularly in Asia and Latin America. Liquid caustic soda prices experienced downward price pressure during the first three quarters of 2015 as the industry continued to absorb the additional chlor-alkali capacity that has come on line in the U.S. during the last 2 years. Domestic caustic soda prices rose in the fourth quarter of 2015 as the industry pushed to expand margins from historically depressed levels. Export demand and pricing remains under pressure due to global over capacity and lower growth in major consuming regions and the strength of the U.S. dollar impacted demand for U.S. products. Businesses such as calcium chloride and especially muriatic acid, were down due to substantially reduced oil and gas drilling activity and demand.

Vinyls

Industry PVC margins improved slightly in 2015 compared to 2014 as record high spot ethylene costs declined sharply throughout the year and offset declines in PVC pricing. Year-over-year domestic PVC demand increased only 0.9 percent due to the slow start to 2015 housing construction following extended winter conditions as well as the slower pace of growth in single family home sales. As the world economy stalled, export demand

decreased 2.5 percent in 2015 compared to 2014. The PVC industry operating rate in 2015 of 83.7 percent was 0.6 percent lower than 2014 largely due to increased industry capacity coming on-line. Export volume remained a significant portion of PVC sales representing 30 percent of total North American producer’s production. The U.S. ethylene cost advantage of prior years has been reduced as world oil prices continued to decline in 2015. In early 2014, OxyChem, through a 50/50 joint venture with Mexichem S.A.B. de C.V., broke ground on a 1.2 billion pound-per-year ethylene cracker at the OxyChem Ingleside facility. Construction on the ethylene cracker remains on budget and on schedule and the facility is expected to begin operating in early 2017.

Industry Outlook

Industry performance will depend on the health of the global economy, specifically in the housing, construction, automotive and durable goods markets. Margins also depend on market supply and demand balances and feedstock and energy prices. Long-term weakness in the petroleum industry may negatively affect the demand and pricing of a number of Occidental’s products that are consumed by industry participants.

Basic Chemicals

Occidental expects that if the United States housing, automotive and durable goods markets continue to improve, domestic demand for basic chemical products should be moderately higher in 2016. Overall, the low chlor-alkali operating rates driven by capacity increases may limit significant price improvement but expected demand coupled with low energy costs should allow the margin gains secured at the end of 2015 to remain in place. The continued competitiveness of downstream chlorine derivatives in global markets is contingent on United States feedstock costs, primarily natural gas and ethylene, remaining favorable compared to other feedstock costs in global markets.

Vinyls

North American demand and operating rates should improve in 2016 as growth in both housing starts and commercial construction continues. Occidental expects U.S. export demand to improve modestly and for margins to be on par with 2015.

MIDSTREAM AND MARKETING SEGMENT

Business Environment

Midstream and marketing segment earnings are affected by the performance of its marketing and trading businesses and its processing, transportation and power generation assets. Marketing and trading performance is affected primarily by commodity price changes and margins in oil and gas transportation and storage programs. Processing and transportation results are affected by the volumes that are processed and transported through the segment's plants and pipelines, as well as the margins obtained on related services.

Business Review

Pipeline Transportation
Margin and cash flow from pipeline transportation operations mainly reflect volumes shipped. Dolphin Energy owns and operates a 230-mile-long, 48-inch-diameter natural gas pipeline (Dolphin Pipeline), which transports dry natural gas from Qatar to the UAE and Oman. The Dolphin Pipeline has capacity to transport up to 3.2 Bcf of natural gas per day and currently transports approximately 2.3 Bcf per day.
Occidental owns an oil common carrier pipeline and storage system with approximately 2,900 miles of pipelines from southeast New Mexico across the Permian Basin of southwest Texas to Cushing, Oklahoma. The system has a current throughput capacity of about 720,000 barrels per day, 7.0 million barrels of active storage capability and 127 truck unloading facilities at various points along the system, which allow for additional volumes to be delivered into the pipeline.
Occidental's 2015 pipeline transportation earnings declined from 2014 primarily due to lower income from its investment in Plains Pipeline as a result of Occidental's November 2014 sale of a portion of its Plains Pipeline interest.

Gas Processing Plants and CO_2 Fields and Facilities
Occidental processes its and third-party domestic wet gas to extract NGLs and other gas byproducts, including CO_2, and delivers dry gas to pipelines. Margins primarily result from the difference between inlet costs of wet gas and market prices for NGLs.
Occidental, together with ADNOC, completed the Al Hosn gas processing facilities in Abu Dhabi at the end of 2014 and became fully operational in 2015. The Al Hosn gas processing facilities are designed to process 1.0 bcf per day of natural gas and separate it into sales gas, condensate, NGLs and sulfur. The Al Hosn gas processing facilities include facilities to extract sulfur from natural gas and process it for sale. The facility produces approximately 8,700 tons per day of sulfur, of which Occidental's share is approximately 3,500 tons of sulfur per day.

Occidental relies upon several sources to ensure an adequate supply of CO_2 for its Permian EOR operations, including the Occidental operated Bravo Dome field in northeastern New Mexico and additional supplies from methane fields in the southwestern Permian Basin. Occidental’s Century Plant in Pecos County, Texas, further expands its EOR infrastructure in the Permian Basin. The plant processes natural gas with high CO_2 content, resulting in methane gas for the market as well as a major source of CO_2 for our Permian operations.
Occidental’s 2015 earnings from these operations decreased compared to 2014 due to lower realized NGL prices, partially offset by the commencement of Al Hosn sulfur sales.

Power Generation Facilities
Earnings from power and steam generation facilities are derived from sales to affiliates and third parties. The decrease in earnings in 2015 compared to 2014 was due to lower margins in lower spark spreads and decreased production resulting from increased planned outages.

Marketing
The marketing group markets substantially all of Occidental’s oil, NGLs and gas production, and trades around its assets, including its transportation and storage capacity. Occidental’s third-party marketing and trading activities focus on purchasing oil, NGLs and gas for resale from parties whose oil and gas supply is located near its transportation and storage assets. These purchases allow Occidental to aggregate volumes to better utilize and optimize its assets.
Marketing performance in 2015 declined compared to 2014 due to the narrowing of the Midland to Gulf Coast oil price differentials.

Industry Outlook

The pipeline transportation and power generation businesses are expected to remain relatively stable. The gas processing plant operations could have volatile results depending mostly on NGLs prices, which cannot reasonably be predicted. Generally, higher NGLs prices result in higher profitability. The marketing business in isolation can be volatile in periods of severe price swings. Occidental continues to actively focus on marketing its commodity production to generate maximum value for its stakeholders.

SEGMENT RESULTS OF OPERATIONS AND SIGNIFICANT ITEMS AFFECTING EARNINGS

Segment earnings exclude income taxes, interest income, interest expense, environmental remediation expenses, unallocated corporate expenses and discontinued operations, but include gains and losses from dispositions of segment assets and income from the segments' equity investments. Seasonality is not a primary driver of changes in Occidental's consolidated quarterly earnings during the year.
The statements of income and cash flows, and supplemental oil and gas information related to California Resources have been treated as discontinued operations for the years ended December 31, 2014 and 2013. The assets and liabilities of California Resources were removed from Occidental's consolidated balance sheet as of November 30, 2014 because of the spin-off from Occidental.
The following table sets forth the sales and earnings of each operating segment and corporate items:

(in millions, except per share amounts)

For the years ended December 31,	2015	2014	2013
NET SALES [(a)]			
Oil and Gas	$8,304	$13,887	$15,008
Chemical	3,945	4,817	4,673
Midstream and Marketing	891	1,373	1,174
Eliminations [(a)]	(660)	(765)	(685)
	$12,480	$19,312	$20,170
SEGMENT RESULTS			
Domestic	$(4,151		