

OCCIDENTAL PETROLEUM CORP /DE/
Form 8-K
April 25, 2013

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) April 25, 2013

OCCIDENTAL PETROLEUM CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-9210
(Commission
File Number)

95-4035997
(I.R.S. Employer
Identification No.)

10889 Wilshire Boulevard
Los Angeles, California
(Address of principal executive offices)

90024
(ZIP code)

Registrant's telephone number, including area code:
(310) 208-8800

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition

On April 25, 2013, Occidental Petroleum Corporation released information regarding its results of operations for the three months ended March 31, 2013. The exhibits to this Form 8-K and the information set forth in this Item 2.02 are being furnished pursuant to Item 2.02, Results of Operations and Financial Condition. The full text of the press release is attached to this report as Exhibit 99.1. The full text of the speeches given by Cynthia L. Walker and Stephen Chazen are attached to this report as Exhibit 99.2. Investor Relations Supplemental Schedules are attached to this report as Exhibit 99.3. Earnings Conference Call Slides are attached to this report as Exhibit 99.4. Forward-Looking Statements Disclosure for Earnings Release Presentation Materials is attached to this report as Exhibit 99.5. The information in this Item 2.02 and Exhibits 99.1 through 99.5, inclusive, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Section 8 – Other Events

Item 8.01. Other Events

On April 25, 2013 -- Occidental Petroleum Corporation announced income from continuing operations of \$1.4 billion (\$1.69 per diluted share) for the first quarter of 2013, compared with \$1.6 billion (\$1.92 per diluted share) for the first quarter of 2012. Net income for the first quarter of 2013 was also \$1.4 billion (\$1.68 per diluted share).

Oil and Gas

Oil and gas segment earnings were \$1.9 billion for the first quarter of 2013, compared with \$2.5 billion for the first quarter of 2012. The current quarter results reflected higher domestic liquids volumes and lower operating costs, which were offset by lower year-over-year oil and NGL prices, lower sales volumes in the Middle East/North Africa and higher DD&A rates.

Operating costs dropped significantly during the first quarter of 2013, especially domestically. The first quarter 2013 domestic operating costs were \$14.06 per barrel, compared to \$16.44 in the first quarter 2012, \$17.17 in the fourth quarter 2012 and \$17.43 for the full year 2012. For the entire company, the first quarter 2013 costs were \$13.93 per barrel, compared to \$14.99 for all of 2012. First quarter 2013 international operating costs were higher due principally to planned maintenance turnarounds.

For the first quarter of 2013, daily oil and gas production volumes averaged 763,000 barrels of oil equivalent (BOE), compared with 755,000 BOE in the first quarter of 2012. The first quarter 2013 production increase resulted from higher volumes of 23,000 BOE per day from domestic operations while international production was 15,000 BOE per day lower. The lower international production volumes were due to the combined effect of maintenance turnarounds in Qatar and the impact of full cost recovery in Oman and our Dolphin operations. The turnarounds were executed successfully and production has returned to normal levels.

Daily sales volumes increased slightly from 745,000 BOE in the first quarter of 2012 to 746,000 BOE in the first quarter of 2013. Sales volumes were lower than production volumes due to the timing of liftings in Middle East/North Africa.

Oxy's realized price for worldwide crude oil was \$98.07 per barrel for the first quarter of 2013, compared with \$107.98 per barrel for the first quarter of 2012. NGL prices were \$40.27 per barrel in the first quarter of 2013, compared with \$52.51 per barrel in the first quarter of 2012. Domestic gas prices were higher in the first quarter of 2013 at \$3.08 per MCF, compared with \$2.84 in the first quarter of 2012.

First quarter 2013 realized prices were higher than fourth quarter 2012 prices for worldwide oil, while NGLs prices were lower and domestic natural gas prices were flat. On a sequential quarterly basis, prices increased 2 percent for oil and decreased 11 percent for NGLs.

Chemical

Chemical segment earnings for the first quarter of 2013 were \$159 million, compared with \$184 million in the first quarter of 2012. The lower earnings resulted from weaker chlorinated organics demand and pricing combined with higher natural gas costs, partially offset by higher caustic soda exports.

Midstream, Marketing and Other

Midstream segment earnings were \$215 million for the first quarter of 2013, compared with \$131 million for the first quarter of 2012. The increase mainly reflected improved marketing and trading performance.

Forward-Looking Statements

Portions of this report contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Actual results may differ from anticipated results, sometimes materially, and reported results should not be considered an indication of future performance. 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; higher-than-expected costs; the regulatory approval environment; not successfully completing, or any material delay of, field developments, expansion projects, capital expenditures, efficiency projects, acquisitions or dispositions; lower-than-expected production from development projects or acquisitions; exploration risks; general economic slowdowns domestically or internationally; political conditions and events; inability to attract trained engineers; environmental liability; litigation; disruption or interruption of production or manufacturing or facility damage due to accidents, chemical releases, labor unrest, weather, natural disasters, cyber attacks or insurgent activity; failure of risk management; changes in law or regulations; or changes in tax rates. Words such as "estimate", "project", "predict", "will", "would", "should", "could", "may", "might", "anticipate", "plan", "intend", "believe", "expect", "aim", "goal", "target", "objective", "likely" or similar expressions that convey the prospective nature of events or outcomes generally indicate forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this release. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements, as a result of new information, future events or otherwise. Material risks that may affect Occidental's results of operations and financial position appear in Part 1, Item 1A "Risk Factors" of the 2012 Form 10-K. Occidental posts or provides links to important information on its website at www.oxy.com.

SUMMARY OF SEGMENT NET SALES AND EARNINGS

(\$ millions, except per-share amounts)	First Quarter 2013	2012
SEGMENT NET SALES		
Oil and Gas	\$ 4,440	\$ 4,902
Chemical	1,175	1,148
Midstream, Marketing and Other	453	393
Eliminations	(196)	(175)
Net Sales	\$ 5,872	\$ 6,268
SEGMENT EARNINGS		
Oil and Gas	\$ 1,920	\$ 2,504
Chemical	159	184
Midstream, Marketing and Other	215	131
	2,294	2,819
Unallocated Corporate Items		
Interest expense, net	(30)	(28)
Income taxes	(844)	(1,139)
Other	(61)	(92)
Income from Continuing Operations	1,359	1,560
Discontinued operations, net	(4)	(1)
NET INCOME	\$ 1,355	\$ 1,559
BASIC EARNINGS PER COMMON SHARE		
Income from continuing operations	\$ 1.69	\$ 1.92
Discontinued operations, net	(0.01)	-
	\$ 1.68	\$ 1.92
DILUTED EARNINGS PER COMMON SHARE		
Income from continuing operations	\$ 1.69	\$ 1.92
Discontinued operations, net	(0.01)	-
	\$ 1.68	\$ 1.92
AVERAGE COMMON SHARES OUTSTANDING		
BASIC	804.7	810.5
DILUTED	805.2	811.3

SUMMARY OF CAPITAL EXPENDITURES AND DD&A EXPENSE

(\$ millions)	First Quarter	
	2013	2012
CAPITAL EXPENDITURES	\$ 2,070	\$ 2,412
DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS	\$ 1,259	\$ 1,085

SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS

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

(\$ millions, except per-share amounts)	First Quarter		2012	Diluted EPS
	2013			
TOTAL REPORTED EARNINGS	\$ 1,355		\$ 1,559	\$ 1.92
Oil and Gas Segment Earnings	\$ 1,920		\$ 2,504	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	1,920		2,504	
Chemicals Segment Earnings	159		184	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	159		184	
Midstream, Marketing and Other Segment Earnings	215		131	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	215		131	
Total Segment Core Results	2,294		2,819	
Corporate Corporate Results -- Non Segment *	(939)		(1,260)	
Add:				
Discontinued operations, net **	4		1	

Corporate Core Results - Non Segment	(935)		(1,259)	
TOTAL CORE RESULTS	\$ 1,359	\$ 1.69	\$ 1,560	\$ 1.92

* Interest expense, income taxes, G&A expense and other.

** Amounts shown after tax.

SUMMARY OF OPERATING STATISTICS - PRODUCTION

	First Quarter 2013	2012
NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY		
United States		
Oil (MBBL)		
California	88	86
Permian	148	139
Midcontinent and Other	28	19
Total	264	244
NGLs (MBBL)		
California	20	15
Permian	40	39
Midcontinent and Other	18	18
Total	78	72
Natural Gas (MMCF)		
California	260	267
Permian	174	155
Midcontinent and Other	383	412
Total	817	834
Latin America		
Oil (MBBL) - Colombia		
	29	24
Natural Gas (MMCF) - Bolivia		
	13	14
Middle East / North Africa		
Oil (MBBL)		
Bahrain	3	4
Dolphin	6	8
Oman	65	64
Qatar	59	72
Other	42	42
Total	175	190
NGLs (MBBL)		
Dolphin	7	9
Natural Gas (MMCF)		
Bahrain	244	219
Dolphin	134	173
Oman	54	57
Total	432	449

Barrels of Oil Equivalent (MBOE)

763

755

6

SUMMARY OF OPERATING STATISTICS - SALES

	First Quarter 2013	2012
NET OIL, GAS AND LIQUIDS SALES PER DAY		
United States		
Oil (MBBL)	264	244
NGLs (MBBL)	78	72
Natural Gas (MMCF)	819	834
Latin America		
Oil (MBBL) - Colombia	30	24
Natural Gas (MMCF) - Bolivia	13	14
Middle East / North Africa		
Oil (MBBL)		
Bahrain	3	4
Dolphin	6	8
Oman	72	64
Qatar	51	70
Other	24	34
Total	156	180
NGLs (MBBL)		
Dolphin	7	9
Natural Gas (MMCF)	432	449
Barrels of Oil Equivalent (MBOE)	746	745

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 Press release dated April 25, 2013.

99.2 Full text of speeches given by Cynthia L. Walker and Stephen Chazen.

99.3 Investor Relations Supplemental Schedules.

99.4 Earnings Conference Call Slides.

99.5 Forward-Looking Statements Disclosure for Earnings Release Presentation Materials.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OCCIDENTAL PETROLEUM CORPORATION
(Registrant)

DATE: April 25, 2013

/s/ ROY PINECI
Roy Pineci, Vice President, Controller
and Principal Accounting Officer

EXHIBIT INDEX

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