

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

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

Form 10-K
 Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2015
 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
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 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

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data 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 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.

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 <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>
Non-Accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

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

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 (CO₂) 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			
	Oil	NGLs	Gas	BOE ^(a)	Oil	NGLs	Gas	BOE ^(a)	Oil	NGLs	Gas	BOE ^(a)
Proved Reserves												
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:

Ø 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.

Ø Refusal of, or delay in, the extension or grant of exploration, development or production contracts.

Ø 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.

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	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.

Part II

ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND
5 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
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	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.

Represents the total number of shares remaining at year end under Occidental's share repurchase program of 185

(b) 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.

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 (CO₂) 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:

- Ø Invest in projects that generate long-term value;
- Ø Allocate and deploy capital with a focus on achieving returns well in excess of its cost of capital; and
- Ø 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:

- Ø 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
- Ø 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:

- Ø 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;
- Ø Using enhanced oil recovery techniques, such as CO₂, water and steam floods, in mature fields;
- Ø Focusing a sizable portion of Occidental's drilling activities on unconventional opportunities, primarily in the Permian Basin; and
- Ø 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:

- Ø Health, environmental, safety and process metrics;
- Ø Total Shareholder Return, including funding the dividend;
- Ø Return on equity (ROE) and return on capital employed (ROCE); and
- Ø 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	%
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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 CO₂ 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 CO₂ 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 CO₂ 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 CO₂ enhanced oil recovery projects. The Permian Basin's concentration of large conventional reservoirs, favorable CO₂ flooding performance and the proximity to naturally occurring CO₂ 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 CO₂ 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 CO₂ injection. Hence, even small improvements in recovery efficiency can add significant reserves. Technology improvements, such as the recent trend towards vertical expansion of the CO₂ 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 CO₂ 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 CO₂ 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 CO₂ 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 CO₂ 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 CO₂ or steam flooding depends on the geology of the formation, the evaluation of engineering data, availability and cost of either CO₂ 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 (JCRET). 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 CO₂ Fields and Facilities

Occidental processes its and third-party domestic wet gas to extract NGLs and other gas byproducts, including CO₂, 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 CO₂ 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 CO₂ content, resulting in methane gas for the market as well as a major source of CO₂ 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)	\$(2,381)	\$1,938
Foreign	(3,747)	2,935	4,581
Exploration	(162)	(126)	(108)
Oil and Gas ^(b,c,d)	(8,060)	428	6,411
Chemical ^(e)	542	420	743
Midstream and Marketing ^(f,g)	(1,194)	2,564	1,523
	(8,712)	3,412	8,677
Unallocated corporate items			
Interest expense, net	(141)	(71)	(124)
Income taxes	1,330	(1,685)	(3,214)
Other ^(h)	(623)	(1,800)	(407)
Income (loss) from continuing operations	(8,146)	(144)	4,932
Discontinued operations, net ⁽ⁱ⁾	317	760	971
Net Income attributable to common stock	\$(7,829)	\$616	\$5,903
Basic Earnings per Common Share	\$(10.23)	\$0.79	\$7.33

See footnotes following significant transactions and events affecting Occidental's earnings.

The following table sets forth significant transactions and events affecting Occidental's earnings that vary widely and unpredictably in nature, timing and amount:

Benefit (Charge) (in millions)	2015	2014	2013
OIL AND GAS			
Asset sales gains ^(b)	\$10	\$531	\$—
Asset impairments and related items domestic ^(c)	(3,457)	(4,766)	(607)
Asset impairments and related items international ^(d)	(5,050)	(1,066)	—
Total Oil and Gas	\$(8,497)	\$(5,301)	\$(607)
CHEMICAL			
Asset sales gains ^(e)	\$98	\$—	\$131

Asset impairments and related items	(121	)	(149)	—	
Total Chemical	\$(23	)	\$(149	)	\$131
MIDSTREAM AND MARKETING						
Asset sale gains ^(f)	\$—		\$1,984		\$1,044	
Asset impairments and related items ^(g)	(1,259)	31		(58)
Total Midstream and Marketing	\$(1,259	)	\$2,015		\$986
CORPORATE						
Asset sale losses	\$(8)	\$—		\$—	
Asset impairments ^(h)	(235)	(1,358)	(55)
Severance, spin-off and other	(118	)	(61)	—	
Tax effect of pre-tax and other adjustments	1,903		927		(167)
Discontinued operations, net of tax ⁽ⁱ⁾	317		760		971	
Total Corporate	\$1,859		\$268		\$749	

(a) Intersegment sales eliminate upon consolidation and are generally made at prices approximating those that the selling entity would be able to obtain in third-party transactions.

(b) The 2014 amount represented the gain on sale of the Hugoton properties.

The 2015 amount included approximately \$1.6 billion of impairment and related charges associated with non-core domestic oil and gas assets in the Williston Basin (sold in November 2015) and Piceance Basin (held for sale as of (c) December 31, 2015). The remaining 2015 charges are mainly associated with the decline in commodity prices and management changes to future development plans. The 2014 and 2013 amounts were mainly comprised of impairment and related charges on the Williston and Piceance assets.

(d) The 2015 amount included impairment and related charges of approximately \$1.7 billion for operations where Occidental is exiting or reducing its involvement in and \$3.4 billion related to the decline in commodity prices.

(e) The 2015 amount included the gain on sale of an idled facility. The 2013 amount included the gain on sale of the investment in Carbocloro, a Brazilian chemical facility.

The 2014 amount included a \$633 million gain on sale of Occidental's interest in BridgeTex Pipeline Company, (f) LLC, and a \$1.4 billion gain on sale of a portion of Occidental's investment in Plains Pipeline. The 2013 amount included a \$1.0 billion gain on sale of a portion of Occidental's investment in Plains Pipeline.

(g) The 2015 amount included an impairment charge of \$814 million related to the Century gas processing plant as a result of SandRidge's inability to provide volumes to the plant and meet its contractual obligations to deliver CO₂.

The 2015 amount included a \$227 million other-than-temporary loss on Occidental's investment in California (h) Resources. The 2014 amount included an \$805 million impairment charge for the Joslyn oil sand project and a \$553 million other-than-temporary loss on the investment in California Resources

The 2015 amount included a \$322 million pre-tax gain related to the Ecuador settlement. See Note 2 of the (i) consolidated financial statements. The 2014 and 2013 amounts include the results of Occidental's California operations.

Oil and Gas (in millions)	2015	2014	2013
Segment Sales	\$8,304	\$13,887	\$15,008
Segment Results			
Domestic	\$(4,151)	) \$(2,381)	) \$1,938
Foreign	(3,747)	) 2,935	4,581
Exploration	(162)	) (126)	) (108)
	\$ (8,060)	) \$428	\$6,411

The following tables set forth the production and sales volumes of oil, NGLs and natural gas per day for each of the three years in the period ended December 31, 2015. The differences between the production and sales volumes per day are generally due to the timing of shipments at Occidental's international locations where product is loaded onto tankers.

Production per Day (MBOE)	2015	2014	2013
United States			
Permian Resources	110	75	65
Permian EOR	145	147	147
Midcontinent and Other	57	70	72
Total	312	292	284
Latin America	37	29	31
Middle East/North Africa			
Al Hosn	35	—	—
Dolphin	41	38	37
Oman	89	76	74
Qatar	66	69	68
Other	72	67	79
Total	303	250	258
Total Production Ongoing Operations	652	571	573
Sold assets - Hugoton	—	6	18
Sold assets - Williston	16	20	18
Total Production (MBOE) ^(a)	668	597	609

(See footnote following the Average Realized Prices table)

Production per Day by Products	2015	2014	2013
United States			
Oil (MBBL)			
Permian Resources	71	43	35
Permian EOR	110	111	111
Midcontinent and Other	6	8	7
Total	187	162	153
NGLs (MBBL)			
Permian Resources	16	12	10
Permian EOR	29	30	29
Midcontinent and Other	10	12	15
Total	55	54	54
Natural gas (MMCF)			
Permian Resources	137	120	117

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Permian EOR	37	38	40
Midcontinent and Other	246	296	311
Total	420	454	468
Latin America			
Oil (MBBL) – Colombia	35	27	29
Natural gas (MMCF) – Bolivia	10	11	12
Middle East/North Africa			
Oil (MBBL)			
Al Hosn	7	—	—
Dolphin	7	7	6
Oman	82	69	66
Qatar	66	69	68
Other	32	28	39
Total	194	173	179
NGLs (MBBL)			
Al Hosn	10	—	—
Dolphin	8	7	7
Total	18	7	7
Natural gas (MMCF)			
Al Hosn	109	—	—
Dolphin	158	143	142
Oman	44	43	51
Other	237	236	241
Total	548	422	434
Total Production Ongoing Operations	652	571	573
Sold assets - Hugoton	—	6	18
Sold assets - Williston	16	20	18
Total Production (MBOE) ^(a)	668	597	609

(See footnote following the Average Realized Prices table)

Sales Volumes per Day by Products	2015	2014	2013
United States			
Oil (MBBL)	187	162	153
NGLs (MBBL)	55	54	54
Natural gas (MMCF)	420	454	468
Latin America			
Oil (MBBL) – Colombia	35	29	27
Natural gas (MMCF) – Bolivia	10	11	12
Middle East/North Africa			
Oil (MBBL)			
Al Hosn	7	—	—
Dolphin	8	7	6
Oman	82	69	68
Qatar	67	69	67
Other	36	27	38
Total	200	172	179
NGLs (MBBL)			
Al Hosn	10	—	—
Dolphin	8	7	7
Total	18	7	7
Natural gas (MMCF)	548	422	434
Total Sales Ongoing Operations	658	572	572
Sold assets - Hugoton	—	6	18
Sold assets - Williston	16	20	18
Total Sales Volumes (MBOE) ^(a)	674	598	608

(See footnote following the Average Realized Prices table)

	2015	2014	2013
Average Realized Prices			
Oil Prices (\$ per bbl)			
United States	\$45.04	\$84.73	\$92.48
Latin America	\$44.49	\$88.00	\$103.21
Middle East/North Africa	\$49.65	\$96.34	\$104.48
Total worldwide	\$47.10	\$90.13	\$98.81
NGLs Prices (\$ per bbl)			
United States	\$15.35	\$37.79	\$38.65
Middle East/North Africa	\$17.88	\$30.98	\$33.00
Total worldwide	\$15.96	\$37.01	\$38.00
Gas Prices (\$ per Mcf)			
United States	\$2.15	\$3.97	\$3.22
Latin America	\$5.20	\$8.94	\$11.17
Total worldwide ^(a)	\$1.49	\$2.55	\$2.23

^(a) Natural gas volumes have been converted to BOE based on energy content of six Mcf of gas to one barrel of oil. Barrels of oil equivalence does not necessarily result in price equivalence.

Oil and gas segment results in 2015 included pre-tax impairment and related charges of \$3.5 billion and \$5.0 billion on domestic and international assets, respectively. Approximately \$1.3 billion of the domestic impairment and related charges were due to the exit of Occidental's operations in the Williston Basin, which was sold in November 2015 and in the Piceance Basin, where assets and associated liabilities have been classified as held for sale at December 31,

2015. The remaining domestic charges were due to the significant decline in the futures price curve as well as management's decision not to pursue

development activities associated with certain non-producing acreage. Internationally, the impairments and related charges were due to a combination of Occidental's strategic plan to exit or reduce our exposure in certain Middle East and North Africa operations as well as the decline in the futures price curve, which have made certain projects in the region unprofitable. Earnings in 2014 included pre-tax charges of \$5.3 billion related to the impairment of domestic and international assets and the gain from the sale of Hugoton assets. Earnings in 2013 included pre-tax charges of \$0.6 billion for the impairment of domestic non-producing acreage.

Domestic oil and gas segment results, excluding impairment and other charges in both years, reflected a loss of approximately \$700 million in 2015 compared to income of \$1.9 billion in 2014. The decrease in domestic earnings reflected significantly lower crude oil, NGL and natural gas prices, partially offset by higher crude oil production volumes and lower operating costs from lower workover and maintenance costs and lower DD&A expenses.

International oil and gas segment earnings, excluding impairments and other charges, were \$1.2 billion in 2015 and \$4.0 billion in 2014. The decrease in international earnings reflected lower realized crude oil prices, partially offset by higher sales volumes.

Average production costs for 2015, excluding taxes other than on income, were \$11.57 per BOE, compared to \$13.50 per BOE for 2014. The decrease in average costs reflected decreased activity in downhole maintenance and lower overall cost structure.

Average daily oil and gas production volumes, excluding assets sold, increased by 81,000 BOE to 652,000 BOE in 2015. Average domestic daily production increased by 20,000 BOE to 312,000 BOE in 2015. During this same time period, domestic daily oil production increased by over 15 percent or 25,000 barrels per day to 187,000 barrels, all coming from Permian Resources. An increase in Permian Resources production was partially offset by lower natural gas and oil production in Piceance and South Texas where we have ceased all gas drilling activities. International average daily production volumes increased to 340,000 BOE in 2015 from 279,000 BOE in 2014. The increase was primarily due to the start up of production from Al Hosn and higher production in Colombia. Total company average daily sales volumes were 658,000 BOE per day in 2015 and 572,000 BOE per day in 2014.

Domestic oil and gas segment earnings, excluding impairment and other charges in both years, were \$1.9 billion in 2014 compared to \$2.5 billion in 2013. The decrease in domestic earnings reflected lower crude oil and NGLs prices, higher operating costs from increased workover and maintenance activities, and higher DD&A expenses, partially offset by higher crude oil production volumes and improved realized prices for natural gas. International oil and gas segment earnings, excluding impairments, were \$4.0 billion in 2014 and \$4.6 billion in 2013. International earnings reflected lower realized crude oil prices and sales volumes, partially offset by lower operating expenses and DD&A.

Average daily oil and gas production volumes, excluding assets sold, were 571,000 BOE and 573,000 BOE in 2014 and 2013, respectively. Average domestic daily production volumes were 292,000 BOE in 2014 and 285,000 BOE in 2013. During this same time period, domestic daily oil production increased by 6 percent or 9,000 barrels per day to 162,000 barrels, mainly coming from Permian Resources. International average daily production volumes decreased to 279,000 BOE in 2014 from 289,000 BOE in 2013. The decrease was primarily due to lower cost recovery barrels in Iraq and insurgent activities in Colombia, Libya and Yemen. Total company average daily sales volumes were 572,000 BOE in both 2014 and 2013.

Chemical (in millions)	2015	2014	2013
Segment Sales	\$3,945	\$4,817	\$4,673
Segment Results	\$542	\$420	\$743

Chemical segment earnings, excluding asset impairments of \$121 million and gain on sale of \$98 million from the sale of an idled facility, were \$565 million in 2015 compared to \$569 million, excluding asset impairments of \$149 million, in 2014. The year over year decrease was primarily due to lower caustic soda pricing and lower sales volumes across most products, offset by improved PVC margins resulting primarily from lower energy and ethylene costs. Chemical segment earnings, excluding asset impairments of \$149 million in 2014 and gain on sale of \$131 million from the sale of the Carbocloro investment in 2013, were \$569 million in 2014 compared to \$612 million in 2013. The lower earnings in 2014 were primarily a result of lower caustic soda pricing driven by new chlor-alkali capacity in the industry and higher energy and ethylene costs, partially offset by higher PVC margins and improved volumes across most product lines.

Midstream and Marketing (in millions)	2015	2014	2013
Segment Sales	\$891	\$1,373	\$1,174
Segment Results	\$(1,194)	\$2,564	\$1,523

Midstream and marketing segment earnings were \$65 million in 2015, compared to \$549 million in 2014, excluding impairments and related item charges of \$1.3 billion mainly consisting of the impairment charge of the Century Gas Processing Plant in 2015 and \$2.0 billion of gains comprised of the sale of BridgeTex Pipeline and part of Occidental's investment in Plains Pipeline in 2014. The decrease in earnings primarily reflected lower marketing margins due to the narrowing of the Midland to Gulf Coast differentials, lower domestic gas processing income due to lower NGL prices and lower pipeline income as a result of lower Dolphin Pipeline gas sales and the decrease in Occidental's interest in Plains Pipeline.

Midstream and marketing segment earnings in 2014, excluding impairments and other items and gains on sales of \$2.0 billion in 2014 and \$1.0 billion in 2013, were \$549 million in 2014, compared to \$537 million in 2013. The increase in earnings reflected higher income from the gas processing and power generation businesses, partially offset by lower marketing performance and pipeline income.

TAXES

Deferred tax liabilities, net of deferred tax assets of \$2.0 billion, were \$1.3 billion at December 31, 2015. The deferred tax assets, net of allowances, are expected to be realized through future operating income and reversal of temporary differences.

Worldwide Effective Tax Rate

The following table sets forth the calculation of the worldwide effective tax rate for income from continuing operations:

(in millions)	2015		2014		2013	
SEGMENT RESULTS						
Oil and Gas	\$(8,060	)	\$428		\$6,411	
Chemical	542		420		743	
Midstream and Marketing ^(a)	(1,194	)	2,564		1,523	
Unallocated Corporate Items	(764	)	(1,871	)	(531)
Pre-tax (loss) income	(9,476	)	1,541		8,146	
Income tax (benefit) expense						
Federal and State	(2,070	)	(157	)	1,061	
Foreign	740		1,842		2,153	
Total income tax (benefit) expense	(1,330	)	1,685		3,214	
Income (loss) from continuing operations ^(a)	\$(8,146	)	\$(144	)	\$4,932	
Worldwide effective tax rate	14	%	109	%	40	%

Represents amounts attributable to income from continuing operations after deducting a non controlling interest (a) amount of \$14 million in 2014. The non controlling interest amount has been netted in the midstream and marketing segment earnings.

Occidental's 2015 worldwide effective tax rate was 14 percent, which is lower than in 2014 mainly due to the mix of domestic operating losses and foreign operating income, domestic asset impairments that are taxed at statutory rates and foreign oil and gas asset impairments, the majority of which have no reported tax benefits. Excluding the impact of impairments and other nonrecurring items, Occidental's worldwide effective tax rate for 2015 would be 86 percent. A deferred tax liability has not been recognized for temporary differences related to unremitted earnings of certain consolidated foreign subsidiaries, as it is Occidental's intention, generally, to reinvest such earnings permanently. If the earnings of these foreign subsidiaries were not indefinitely reinvested, an additional deferred tax liability of approximately \$115 million would be required, assuming utilization of available foreign tax credits.

CONSOLIDATED RESULTS OF OPERATIONS

Changes in components of Occidental's results of continuing operations are discussed below:

Revenue and Other Income Items

(in millions)	2015	2014	2013
Net sales	\$12,480	\$19,312	\$20,170
Interest, dividends and other income	\$118	\$130	\$107
Gain on sale of equity investments and other assets	\$101	\$2,505	\$1,175

The decrease in net sales in 2015, compared to 2014, was mainly due to the significant decline in worldwide oil, NGLs and gas prices, partially offset by higher domestic and international crude oil volumes. Average WTI and Brent prices fell by nearly 50 percent and NYMEX gas prices fell by over 35 percent in 2015 as compared to 2014 prices. The decrease in net sales in 2014, compared to 2013, was due to a significant decline in the fourth quarter of 2014 in worldwide oil and NGLs prices, partially offset by higher domestic oil volumes, and higher domestic natural gas prices.

Price and volume changes in the oil and gas segment generally represent the majority of the change in oil and gas segment income which is a substantially larger portion of the overall change in net income than the chemical and midstream and marketing segments.

The 2015 gains on sale included \$98 million for the sale of an idled facility. The 2014 gains on sale included \$1.4 billion for the sale of a portion of the investment in Plains Pipeline, \$633 million for the sale of BridgeTex Pipeline and \$531 million for the sale of Hugoton properties. The 2013 gains on sale included \$1.0 billion for the sale of a portion of the investment in Plains Pipeline and \$131 million for the sale of the Carbocloro investment.

Expense Items

(in millions)	2015	2014	2013
Cost of sales	\$5,804	\$6,803	\$6,497
Selling, general and administrative and other operating expenses	\$1,270	\$1,503	\$1,544
Depreciation, depletion and amortization	\$4,544	\$4,261	\$4,203
Asset impairments and related items	\$10,239	\$7,379	\$621
Taxes other than on income	\$343	\$550	\$564
Exploration expense	\$36	\$150	\$140
Interest and debt expense, net	\$147	\$77	\$132

Cost of sales decreased in 2015, compared to 2014, due to lower energy and feedstock costs in the chemical segment, lower fuel costs in the power generation operations and lower worldwide production costs, including workovers and downhole maintenance costs.

Cost of sales increased in 2014, compared to 2013, due to higher energy and feedstock costs in the chemical segment and increased domestic down hole maintenance activities and higher costs for purchased injectants in the oil and gas segment.

Selling, general and administrative and other operating expenses decreased in 2015 compared to 2014, due to lower compensation expense.

Selling, general and administrative and other operating expenses in 2014 were approximately equivalent to 2013. DD&A increased in 2015, compared to 2014 due to higher production volumes partially offset by lower DD&A rates. Asset impairments and related items in 2015 of \$10.2 billion included charges of \$3.5 billion related to domestic oil and gas assets due to Occidental's exit from the Williston and Piceance basins as well as the decline in the futures price curve and management's decision not to pursue activities associated with certain non-producing acreage. International oil and gas charges of \$5.0 billion were due to a combination of Occidental's strategic plan to exit or reduce its exposure in certain Middle East and North Africa operations as well as the decline in the futures price curve, which

have made certain projects in the region unprofitable. Midstream charges of \$1.3 billion included the impairment of Occidental's Century gas processing plant as a result of SandRidge's inability to provide volumes to the plant and meet their contractual obligations to deliver CO₂. Occidental recorded an other-than-temporary loss of \$227 million for its available for sale investment in California Resources.

Asset impairments and related items in 2014 of \$7.4 billion included \$2.8 billion in the Williston basin, \$904 million related to Occidental's gas and NGLs assets, \$889 million for other domestic acreage and \$1.1 billion primarily related to operations in Bahrain and other international operations. Asset impairments also include charges for Joslyn oil sands of \$805 million and an other than temporary loss of \$553 million for the available for sale investment in California Resources stock.

Asset impairments and related items in 2013 of \$621 million were mostly related to the impairment of certain non-producing domestic oil and gas acreage.

Taxes other than on income in 2015 decreased from 2014 due primarily to lower oil, NGL and gas prices, which resulted in lower ad valorem and severance taxes. Taxes other than on income in 2014 were approximately equivalent to 2013.

Other Items

Income/(expense) (in millions)	2015	2014	2013
Provision for income taxes	\$1,330	\$(1,685)	\$(3,214)
Income from equity investments	\$208	\$331	\$395
Discontinued operations, net	\$317	\$760	\$971

Provision for income taxes decreased in 2015, compared to 2014, due to the pre-tax loss in 2015 as a result of the lower price environment and impairments and related charges.

Provision for income taxes decreased in 2014, compared to 2013, due to lower pre-tax income, partially offset by certain nondeductible charges which increased the effective rate.

Income from equity investments decreased in 2015, compared to 2014, due to lower earnings from Occidental's

equity investments in pipelines as a result of the lower Dolphin gas sales, Occidental's reduced ownership in Plains Pipeline and the expiration of Occidental's contract in Yemen Block 10, where Occidental held an equity interest. Occidental's reduced ownership in the Plains Pipeline contributed to the decrease of income from equity investments from 2013 to 2014.

Discontinued operations, net in 2015 of \$317 million includes the initial settlement payments by the Republic of Ecuador. See Note 2 of the Consolidated Financial Statements.

CONSOLIDATED ANALYSIS OF FINANCIAL POSITION

The changes in select components of Occidental's balance sheet are discussed below:

(in millions)	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$3,201	\$3,789
Restricted cash	1,193	4,019
Trade receivables, net	2,970	4,206
Inventories	986	1,052
Assets held for sale	141	—
Other current assets	911	807
Total current assets	\$9,402	\$13,873
Investments in unconsolidated entities	\$1,267	\$1,171
Available for sale investment	\$167	\$394
Property, plant and equipment, net	\$31,639	\$39,730
Long-term receivables and other assets, net	\$962	\$1,091
CURRENT LIABILITIES		
Current maturities of long-term debt	\$1,450	\$—
Accounts payable	3,069	5,229
Accrued liabilities	2,213	2,601
Domestic and foreign income taxes	—	414
Liabilities of assets held for sale	110	—
Total current liabilities	\$6,842	\$8,244
Long-term debt, net	\$6,883	\$6,838
Deferred credits and other liabilities-income taxes	\$1,323	\$3,015
Deferred credits and other liabilities-other	\$4,039	\$3,203
Stockholders' equity	\$24,350	\$34,959

Assets

See "Liquidity and Capital Resources — Cash Flow Analysis" for discussion of the change in cash and cash equivalents and restricted cash.

The decline in trade receivables, net, was due to lower oil and gas prices at the end of 2015, compared to the end of 2014. Inventories decreased as a result of lower per unit values assigned to oil and gas inventories. Other current assets increased as a result of receivables recorded for the federal and state tax refunds anticipated on the net operating loss carryback. The increase in investments in unconsolidated entities was due to 2015 contributions to the ethylene cracker joint venture, partially offset by a financing distribution from Dolphin Energy. The decrease in the available for sale investment is the result of an other than temporary impairment recognized with respect to the value of Occidental's retained interest in California Resources. In February 2016, Occidental declared a special stock dividend for all of its 71.5 million shares of common stock of California Resources to stockholders of

record as of February 29, 2016, to be distributed on March 24, 2016. The decrease in PP&E, net, was due to DD&A and asset impairments, partially offset by capital expenditures.

Liabilities and Stockholders' Equity

Current maturities of long-term debt was related to Occidental's 4.125-percent and 2.5-percent Senior Notes due in 2016. The decrease in accounts payable reflected lower marketing payables as a result of lower oil and gas prices at the end of 2015, and lower accrued capital expenditures as Occidental reduced its capital budget. Liabilities of assets held for sale represented liabilities to be transferred with the Piceance field.

The decrease in deferred credits and other liabilities-income taxes was due to the decrease in the difference between the book and tax basis of Occidental's oil and gas properties. The increase in deferred credits and other liabilities was primarily due to contractual obligations related to assets held for sale. The decrease in stockholders' equity reflected the distribution of cash dividends, share repurchases, and the 2015 net loss.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2015, Occidental had approximately \$3.2 billion in cash and cash equivalents and \$1.2 billion in restricted cash. A substantial majority of this cash is held and available for use in the United States. Income and cash flows are largely dependent on the oil and gas segment's prices, sales volumes and costs.

As a result of the tax-free status of the spin-off of California Resources, Occidental's use of restricted cash is limited to the payment of dividends, repayment of debt or share repurchases. To retain the tax-free status of the spin-off, the restricted cash must be used for one of these purposes within eighteen months from the date of distribution.

Subsequent to December 31, 2015, Occidental utilized the remaining restricted cash balance to retire debt and pay dividends.

In June 2015, Occidental issued \$1.5 billion of debt that was comprised of \$750 million of 3.50-percent senior unsecured notes due 2025 and \$750 million of 4.625-percent senior unsecured notes due 2045. Occidental received net proceeds of approximately \$1.48 billion. Interest on the notes is payable semi-annually in arrears in June and December of each year for both series of notes, beginning on December 15, 2015. In February 2016, Occidental retired \$700 million of 2.5-percent senior notes that had matured.

In August 2014, Occidental entered into a new five-year, \$2.0 billion bank credit facility (Credit Facility) in order to replace its previous \$2.0 billion bank credit facility, which was scheduled to expire in October 2016. The 2014 Credit Facility does not contain material adverse change clauses or debt ratings triggers that could restrict Occidental's ability to borrow under this facility. Occidental did not draw down any amounts under the Credit Facility during 2015 and no amounts were outstanding as of December 31, 2015.

As of December 31, 2015, under the most restrictive covenants of its financing agreements, Occidental had substantial capacity for additional unsecured borrowings,

the payment of cash dividends and other distributions on, or acquisitions of, Occidental stock. Occidental, from time to time, may access and has accessed debt markets for general corporate purposes, including acquisitions.

Cash Flow Analysis

Cash provided by operating activities

(in millions)	2015	2014	2013
Operating cash flow from continuing operations	\$3,254	\$8,871	\$10,229
Operating cash flow from discontinued operations, net of taxes	97	2,197	2,549
Net cash provided by operating activities	\$3,351	\$11,068	\$12,778

Cash provided by operating activities from continuing operations in 2015 decreased \$5.6 billion to \$3.3 billion, from \$8.9 billion in 2014. Operating cash flows were negatively impacted by lower worldwide realized oil, NGLs, and natural gas prices throughout 2015, which on a year-over-year basis declined 48 percent, 57 percent, and 42 percent, respectively. The effect of lower commodity prices was partially offset by higher production and lower operating costs. The usage of working capital in 2015 reflected lower realized prices that impacted receivable collections and payments related to higher capital and operating spending accrued in the fourth quarter of 2014 and paid in 2015. Cash provided by operating activities from continuing operations decreased \$1.3 billion in 2014 to \$8.9 billion, compared to \$10.2 billion in 2013. Operating cash flows were negatively impacted by lower oil prices in the second half of 2014, which on a year-over-year basis declined 8 percent domestically and 9 percent worldwide, and higher domestic operating expenses for increased workover activity and higher prices for purchased injectants. Also in 2014, Occidental paid higher income taxes, in part related to the fourth quarter 2013 sale of a portion of the investment in Plains Pipeline and the first half of 2014 sale of Hugoton assets, while 2013 included the collection of a tax receivable. Working capital changes in receivables reflected higher collections in the first half of 2014.

Other cost elements, such as labor costs and overhead, are not significant drivers of changes in cash flow because they are relatively stable within a narrow range over the short to intermediate term. Changes in these costs had a much smaller effect on cash flows than changes in oil and gas product prices, sales volumes and operating costs.

The chemical and midstream and marketing segments cash flows are significantly smaller and their overall cash flows are generally less significant than the impact of the oil and gas segment.

Occidental booked significant non-cash adjustments to income as a result of lower product prices and management's strategic review. Asset impairments and related items were \$9.7 billion, \$7.4 billion and \$0.6 billion for 2015, 2014, and 2013, respectively. The 2015 and 2014 impairments are the result of a thorough portfolio review which resulted in the reduction of carrying values for projects which have sub-par returns in the current low oil

and gas price environment. The 2013 impairment was mostly related to non-producing domestic oil and gas acreage. Occidental recorded gains on sale of equity investments and other assets of \$0.1 billion, \$2.5 billion and \$1.2 billion in 2015, 2014, and 2013, respectively. Cash proceeds related to these gains are reported as investing activities.

In 2015, Occidental filed for an extension of time for payment of taxes by a corporation expecting a net operating loss carryback. The other operating, net, for 2015 of \$650 million represented the federal and state tax benefit on the carryback of the 2015 net operating loss, of which \$358 million will be applied to the 2014 federal balance due and the remainder will be received in cash during 2016. The \$382 million in 2013 reflected the collection of a tax refund related to the 2012 net operating loss carryback.

Cash used by investing activities

(in millions)	2015	2014	2013
Capital expenditures			
Oil and Gas	\$(4,442)	\$(6,533)	\$(5,409)
Chemical	(254)	(314)	(424)
Midstream and Marketing	(535)	(1,983)	(1,360)

Corporate	(41	)	(100	)	(164)
Total	(5,272	)	(8,930	)	(7,357)
Other investing activities, net	(151	)	2,686	)	1,040)
Net cash used by investing activities – continuing operations	(5,423	)	(6,244	)	(6,317)
Investing cash flow from discontinued operations	—	)	(2,226	)	(1,727)
Net cash used by investing activities	\$(5,423	)	\$(8,470	)	\$(8,044)

Occidental's net capital expenditures declined \$3.1 billion in 2015 to \$5.6 billion, after contributions to the OxyChem Ingleside facility which is included in other investing activities. The decline is the result of lower spending in oil and gas non-core operations in the United States and Middle East and reduced expenditures on long-term projects coming on line at the end of 2014.

Compared to \$7.2 billion in 2013, Occidental's net capital expenditures for 2014 were \$8.7 billion after netting of partner contributions for the BridgeTex pipeline, which is included in financing activities, and the Chemical joint venture. The increase in capital expenditures of \$1.5 billion from 2013 to 2014 was due to increased development activity in the domestic oil and gas operations, primarily Permian Resources. The increase in the midstream and marketing capital expenditures was due to higher spending for the Al Hosn gas project and BridgeTex pipeline. While the 2016 environment remains challenging, Occidental remains committed to allocating capital to only its highest return projects. Occidental's 2016 capital spending is expected to be no more than \$3 billion.

In 2015, cash flows used in other investing activities of \$0.1 billion is comprised primarily of changes in the capital accrual and asset purchases offset by the sales of equity investments and assets.

The 2014 other investing activities, net, included proceeds of \$1.3 billion for the sale of the Hugoton Field operations, \$1.1 billion for the sale of the BridgeTex

Pipeline and \$1.7 billion for the sale of a portion of Occidental's investment in Plains Pipeline, which was partially offset by \$1.7 billion of acquisitions primarily in the Permian Basin.

The 2013 other investing activities, net included proceeds of \$1.4 billion for the sale of a portion of the investment in Plains Pipeline and \$0.3 billion for the sale of Chemical's investment in Carbocloro, which was partially offset by acquisitions of approximately \$0.6 billion.

Capital commitments for long-term projects currently under construction in the midstream and chemicals segment in 2016 are planned to be approximately \$500 million.

Cash used by financing activities

(in millions)	2015	2014	2013
Financing cash flow from continuing operations	\$1,484	\$(2,326)	\$(2,933)
Financing cash flow from discontinued operations	—	124	—
Net cash provided (used) by financing activities	\$1,484	\$(2,202)	\$(2,933)

Cash provided by financing activities in 2015 was \$1.5 billion, as compared to cash used by financing activities in 2014 of \$2.2 billion. Financing activities in 2015 included proceeds from long term debt of \$1.5 billion. Occidental used restricted cash of \$2.8 billion to pay dividends and purchase treasury stock. Subsequent to December 31, 2015, Occidental utilized the remaining restricted cash balance to retire debt and pay dividends.

Cash used by financing activities in 2014 included special cash distributions received prior to the separation of California Resources of \$6.1 billion, of which \$4.95 billion was restricted cash. Approximately \$0.9 billion of the restricted cash was used for share repurchases and the fourth quarter dividend payment, resulting in a \$4.0 billion restricted cash balance as of December 31, 2014. The 2014 net cash used by financing activities included \$2.5 billion for purchases of treasury stock and \$2.2 billion for dividend payments, which were partially offset by \$0.4 billion for contributions received from a noncontrolling interest. A dividend payment was accelerated in 2012 which resulted in three dividend payments in 2013, whereas there were four cash dividend payments in 2014.

The 2013 net cash used by financing activities included \$0.7 billion used to retire debt and \$0.2 billion of contributions received from a noncontrolling interest. Common stock dividends paid and purchases of treasury stock were \$1.6 billion and \$0.9 billion in 2013, respectively due to the accelerated payment in 2012 of that year's fourth quarter dividend. In addition, purchases of treasury stock increased from \$0.6 billion in 2012 to over \$0.9 billion in 2013.

OFF-BALANCE-SHEET ARRANGEMENTS

The following is a description of the business purpose and nature of Occidental's off-balance-sheet arrangements.

Guarantees

Occidental has guaranteed its portion of equity method investees' debt and has entered into various other

guarantees including performance bonds, letters of credit, indemnities and commitments provided by Occidental to third parties, mainly to provide assurance that OPC or its subsidiaries and affiliates will meet their various obligations (guarantees). As of December 31, 2015, Occidental's guarantees were not material and a substantial majority consisted of limited recourse guarantees on approximately \$318 million of Dolphin's debt. The fair value of the guarantees was immaterial.

Occidental has guaranteed certain obligations of its subsidiaries for various letters of credit, indemnities and commitments.

See "Oil and Gas Segment — Business Review — Qatar" and "Segment Results of Operations" for further information about Dolphin.

Leases

Occidental has entered into various operating lease agreements, mainly for transportation equipment, power plants, machinery, terminals, storage facilities, land and office space. Occidental leases assets when leasing offers greater operating flexibility. Lease payments are generally expensed as part of cost of sales and selling, general and administrative expenses. For more information, see "Contractual Obligations."

CONTRACTUAL OBLIGATIONS

The table below summarizes and cross-references Occidental's contractual obligations. This summary indicates on- and off-balance-sheet obligations as of December 31, 2015.

Contractual Obligations (in millions)	Total	Payments Due by Year			
		2016	2017 and 2018	2019 and 2020	2021 and thereafter
On-Balance Sheet					
Long-term debt (Note 5) ^(a)	\$8,357	\$1,450	\$1,750	\$116	\$5,041
Other long-term liabilities ^(b)	2,604	983	415	393	813
Off-Balance Sheet					
Operating leases (Note 6)	1,175	179	317	171	508
Purchase obligations ^(c)	9,906	1,890	2,420	1,321	4,275
Total	\$22,042	\$4,502	\$4,902	\$2,001	\$10,637

Excludes unamortized debt discount and interest on the debt. As of December 31, 2015, interest on long-term debt (a) totaling \$2.2 billion is payable in the following years (in millions): 2016 - \$242, 2017 and 2018 - \$407, 2019 and 2020 - \$381, 2021 and thereafter - \$1,194.

(b) Includes obligations under postretirement benefit and deferred compensation plans, net fair value of derivative commodity contracts as well as certain accrued liabilities.

Amounts include payments which will become due under long-term agreements to purchase goods and services used in the normal course of business to secure terminal and pipeline capacity, drilling rigs and services, CO₂, (c) electrical power, steam and certain chemical raw materials. Amounts exclude certain product purchase obligations related to marketing and trading activities for which there are no minimum purchase requirements or the amounts are not fixed or determinable. Long-term purchase contracts are discounted at a 3.3 percent discount rate.

Delivery Commitments

Occidental has made commitments to certain refineries and other buyers to deliver oil, natural gas and NGLs. The total amount contracted to be delivered, a substantial majority of which is in the United States, is approximately 379 million barrels of oil through 2025, 7 billion cubic feet of gas through 2016 and 22 million barrels of NGLs through 2017. The price for these deliveries is set at the time of delivery of the product. Occidental has significantly more production capacity than the amounts committed and has the ability to secure additional volumes in case of a shortfall.

LAWSUITS, CLAIMS AND CONTINGENCIES

OPC or certain of its subsidiaries are involved, in the normal course of business, in lawsuits, claims and other legal proceedings that seek, among other things, compensation for alleged personal injury, breach of contract, property damage or other losses, punitive damages, civil penalties, or injunctive or declaratory relief. OPC or certain of its subsidiaries also are involved in proceedings under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and similar federal, state, local and foreign environmental laws. These environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties and injunctive relief. Usually OPC or such subsidiaries are among many companies in these environmental proceedings and have to date been successful in sharing response costs with other financially sound companies. Further, some lawsuits, claims and legal proceedings involve acquired or disposed assets with respect to which a third party or Occidental retains liability or indemnifies the other party for conditions that existed prior to the transaction.

In December 2014, a New Jersey state court approved Occidental's settlement with the State of New Jersey (the State) to resolve claims asserted by the State against Occidental arising from Occidental's acquisition of Diamond Shamrock Chemicals Company (DSCC). During 2015, pursuant to the settlement agreement (State Settlement) Occidental paid the State \$190 million. Under certain circumstances, Occidental agreed to perform or fund future work on behalf of the State along a portion of the Passaic River. When Occidental acquired the stock of DSCC in 1986, Maxus Energy Corporation, a subsidiary of YPF S.A. (Maxus), retained liability for the Lister Avenue Plant, which is part of the Diamond Alkali Superfund Site, as well as other sites. Maxus is also obligated to indemnify Occidental for the State Settlement. Occidental is pursuing Maxus to recover the settlement costs. The State Settlement does not cover any potential Occidental share of costs associated with the EPA's proposed clean-up plan of the Passaic River, announced in April 2014. Maxus is also responsible for federal clean-up or other costs associated with the Lister Avenue Plant and the Diamond Alkali Superfund Site.

Occidental accrues reserves for currently outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. Occidental has disclosed its reserve balances for environmental matters. Reserve balances for other matters as of December 31, 2015 and 2014 were not

material to Occidental's consolidated balance sheets. Occidental also evaluates the amount of reasonably possible losses that it could incur as a result of the matters mentioned above. Occidental has disclosed its range of reasonably possible additional losses for sites where it is a participant in environmental remediation. Occidental believes that other reasonably possible losses that it could incur in excess of reserves accrued on the balance sheet would not be material to its consolidated financial position or results of operations. Environmental matters are further discussed under the caption "Environmental Liabilities and Expenditures" below.

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. Although taxable years through 2009 for United States federal income tax purposes have been audited by the United States Internal Revenue Service (IRS) pursuant to its Compliance Assurance Program, subsequent taxable years are currently under review. Additionally, in December 2012, Occidental filed United States federal refund claims for tax years 2008 and 2009 which are subject to IRS review. Taxable years from 2000 through the current year remain subject to examination by foreign and state government tax authorities in certain jurisdictions. In certain of these jurisdictions, tax authorities are in various stages of auditing Occidental's income taxes. During the course of tax audits, disputes have arisen and other disputes may arise as to facts and matters of law. Occidental believes that the resolution of outstanding tax matters would not have a

material adverse effect on its consolidated financial position or results of operations.

OPC, its subsidiaries, or both, have indemnified various parties against specified liabilities those parties might incur in the future in connection with purchases and other transactions that they have entered into with Occidental. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of December 31, 2015, Occidental is not aware of circumstances that it believes would reasonably be expected to lead to indemnity claims that would result in payments materially in excess of reserves.

ENVIRONMENTAL LIABILITIES AND EXPENDITURES

Occidental's operations are subject to stringent federal, state, local and foreign laws and regulations related to improving or maintaining environmental quality. Occidental's environmental compliance costs have generally increased over time and are expected to rise in the future. Occidental factors environmental expenditures for its operations into its business planning process as an integral part of producing quality products responsive to market demand.

Environmental Remediation

The laws that require or address environmental remediation, including CERCLA and similar federal, state, local and foreign laws, may apply retroactively and, regardless of fault, the legality of the original activities or the current ownership or control of sites. OPC or certain of its subsidiaries participate in or actively monitor a range of remedial activities and government or private proceedings

under these laws with respect to alleged past practices at operating, closed and third-party sites. Remedial activities may include one or more of the following: investigation involving sampling, modeling, risk assessment or monitoring; cleanup measures including removal, treatment or disposal; or operation and maintenance of remedial systems. The environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties, injunctive relief and government oversight costs.

As of December 31, 2015, Occidental participated in or monitored remedial activities or proceedings at 149 sites. The following table presents Occidental's environmental remediation reserves as of December 31, 2015, 2014 and 2013, grouped as environmental remediation sites listed or proposed for listing by the U.S. Environmental Protection Agency on the CERCLA National Priorities List (NPL sites) and three categories of non-NPL sites — third-party sites, Occidental-operated sites and closed or non-operated Occidental sites.

(\$ amounts in millions)	2015		2014		2013	
	# of Sites	Reserve Balance	# of Sites	Reserve Balance	# of Sites	Reserve Balance
NPL sites	34	\$27	30	\$23	31	\$25
Third-party sites	66	128	67	101	74	83
Occidental-operated sites	18	107	17	107	20	118
Closed or non-operated Occidental sites	31	124	31	103	32	104
Total	149	\$386	145	\$334	157	\$330

As of December 31, 2015, Occidental's environmental reserves exceeded \$10 million each at 13 of the 149 sites described above, and 101 of the sites had reserves from \$0 to \$1 million each.

As of December 31, 2015, two sites — a landfill in western New York owned by Occidental and a remediation site in Texas — accounted for 62 percent of its reserves associated with NPL sites. In connection with the 1986 acquisition of DSCC stock, Maxus Energy Corporation has retained the liability and is indemnifying Occidental for 14 of the remaining NPL sites.

As of December 31, 2015, Maxus has also retained the liability and is indemnifying Occidental for 8 of the 66 third-party sites. Four of the remaining 58 third-party sites — a former copper mining and smelting operation in Tennessee, an active plant outside of the United States and an active refinery in Louisiana where Occidental reimburses the current owner for certain remediation activities — accounted for 50 percent of Occidental's reserves associated with these sites.

Four sites — chemical plants in Kansas, Louisiana, Texas and New York — accounted for 59 percent of the reserves associated with the Occidental-operated sites.

Five other sites — a landfill in western New York, former chemical plants in Tennessee, Delaware and Washington and a closed coal mine in Pennsylvania — accounted for 70 percent of the reserves associated with closed or non-operated Occidental sites.

Environmental reserves vary over time depending on factors such as acquisitions or dispositions, identification of additional sites and remedy selection and implementation. The following table presents environmental reserve activity for the past three years:

(in millions)	2015	2014	2013
Balance — Beginning of Year	\$334	\$330	\$344
Remediation expenses and interest accretion	117	79	60
Spin-off of California Resources	—	(7) —
Payments	(65	) (68	) (74
Balance — End of Year	\$386	\$334	\$330

Based on current estimates, Occidental expects to expend funds corresponding to approximately half of the current environmental reserves at the sites described above over the next three to four years and the balance at these sites over the subsequent 10 or more years. Occidental believes its range of reasonably possible additional losses beyond those liabilities recorded for environmental remediation at these sites could be up to \$370 million. See "Critical Accounting Policies and Estimates — Environmental Liabilities and Expenditures" for additional information.

Environmental Costs

Occidental's environmental costs, some of which include estimates, are presented below for each segment for each of the years ended December 31:

(in millions)	2015	2014	2013
Operating Expenses			
Oil and Gas	\$93	\$103	\$100
Chemical	74	80	75
Midstream and Marketing	13	11	13
	\$180	\$194	\$188
Capital Expenditures			
Oil and Gas	\$122	\$143	\$67
Chemical	41	35	14
Midstream and Marketing	4	11	5
	\$167	\$189	\$86
Remediation Expenses			
Corporate	\$117	\$79	\$60

Operating expenses are incurred on a continual basis. Capital expenditures relate to longer-lived improvements in properties currently operated by Occidental. Remediation expenses relate to existing conditions from past operations. Occidental presently estimates capital expenditures for environmental compliance of approximately \$116 million for 2016.

FOREIGN INVESTMENTS

Many of Occidental's assets are located outside North America. At December 31, 2015, the carrying value of Occidental's assets in countries outside North America aggregated approximately \$9.8 billion or 23 percent of Occidental's total assets at that date. Of such assets, approximately \$8.3 billion are located in Middle East/North Africa and approximately \$1.3 billion are located in Latin America. For the year ended December 31, 2015, net sales outside North America totaled \$4.9 billion, or approximately 40 percent of total net sales.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The process of preparing financial statements in accordance with generally accepted accounting principles requires Occidental's management to make informed estimates and judgments regarding certain items and transactions. Changes in facts and circumstances or discovery of new information may result in revised estimates and judgments, and actual results may differ from these estimates upon settlement but generally not by material amounts. There has been no material change to Occidental's critical accounting policies over the past three years. The selection and development of these policies and estimates have been discussed with the Audit Committee of the Board of Directors. Occidental considers the following to be its most critical accounting policies and estimates that involve management's judgment.

Oil and Gas Properties

The carrying value of Occidental's PP&E represents the cost incurred to acquire or develop the asset, including any asset retirement obligations and capitalized interest, net of accumulated depreciation, depletion, and amortization (DD&A) and any impairment charges. For assets acquired, PP&E cost is based on fair values at the acquisition date. Asset retirement obligations and interest costs incurred in connection with qualifying capital expenditures are capitalized and amortized over the lives of the related assets.

Occidental uses the successful efforts method to account for its oil and gas properties. Under this method, Occidental capitalizes costs of acquiring properties, costs of drilling successful exploration wells and development costs. The costs of exploratory wells are initially capitalized pending a determination of whether proved reserves have been found. If proved reserves have been found, the costs of exploratory wells remain capitalized. Otherwise, Occidental charges the costs of the related wells to expense. In some cases, a determination of proved reserves cannot be made at the completion of drilling, requiring additional testing and evaluation of the wells. Occidental generally expenses the costs of such exploratory wells if a determination of proved reserves has not been made within a 12-month period after drilling is complete.

Occidental expenses annual lease rentals, the costs of injectants used in production and geological, geophysical and seismic costs as incurred.

Occidental determines depreciation and depletion of oil and gas producing properties by the unit-of-production method. It amortizes acquisition costs over total proved

reserves and capitalized development and successful exploration costs over proved developed reserves.

Proved oil and gas reserves are those quantities of oil and gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. Occidental has no proved oil and gas reserves for which the determination of economic producibility is subject to the completion of major additional capital expenditures.

Several factors could change Occidental's proved oil and gas reserves. For example, Occidental receives a share of production from PSCs to recover its costs and generally an additional share for profit. 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 at higher product prices. In other cases, particularly with long-lived properties, lower product prices may lead to a situation where production of a portion of proved

reserves becomes uneconomical. For such properties, higher product prices typically result in additional reserves becoming economical. Estimation of future production and development costs is also subject to change partially due to factors beyond Occidental's control, such as energy costs and inflation or deflation of oil field service costs. These factors, in turn, could lead to changes in the quantity of proved reserves. Additional factors that could result in a change of proved reserves include production decline rates and operating performance differing from those estimated when the proved reserves were initially recorded. In 2015, negative revisions of previous estimates of 315 million BOE were primarily price and price-related associated with domestic assets.

Additionally, Occidental performs impairment tests with respect to its proved properties whenever events or circumstances indicate that the carrying value of property may not be recoverable. If there is an indication the carrying amount of the asset may not be recovered due to declines in current and forward prices, significant changes in reserve estimates, changes in management's plans, or other significant events, management will evaluate the property for impairment. Under the successful efforts method, if the sum of the undiscounted cash flows is less than the carrying value of the proved property, the carrying value is reduced to estimated fair value and reported as an impairment charge in the period. Individual proved properties are grouped for impairment purposes at the lowest level for which there are identifiable cash flows, which is generally on a field by field basis. The fair value of impaired assets is typically determined based on the present value of expected future cash flows using discount rates believed to be consistent with those used by market participants. The impairment test incorporates a number of assumptions involving expectations of future cash flows which can change significantly over time. These assumptions include estimates of future product prices, contractual prices,

estimates of risk-adjusted oil and gas reserves and estimates of future operating and development costs. It is reasonably possible that prolonged low or further declines in commodity prices, reduced capital spending in response to lower prices or increases in operating costs could result in other additional impairments.

The most significant ongoing financial statement effect from a change in Occidental's oil and gas reserves or impairment of its proved properties would be to the DD&A rate. For example, a 5 percent increase or decrease in the amount of oil and gas reserves would change the DD&A rate by approximately \$0.65 per barrel, which would increase or decrease pre-tax income by approximately \$155 million annually at current production rates. The change in the DD&A rate over the past three years due to revisions of previous proved reserve estimates has been immaterial. A portion of the carrying value of Occidental's oil and gas properties is attributable to unproved properties. Net capitalized costs attributable to unproved properties were \$0.3 billion and \$2.0 billion at December 31, 2015 and 2014, respectively. The unproved amounts are not subject to DD&A until they are classified as proved properties. Capitalized costs attributable to the properties become subject to DD&A when proved reserves are assigned to the property. If the exploration efforts are unsuccessful, or management decides not to pursue development of these properties as a result of lower commodity prices, higher development and operating costs, contractual conditions or other factors, the capitalized costs of the related properties would be expensed. The timing of any writedowns of these unproved properties, if warranted, depends upon management's plans, the nature, timing and extent of future exploration and development activities and their results. Occidental believes its current plans and exploration and development efforts will allow it to realize its unproved property balance.

Chemical Assets

Occidental's chemical assets are depreciated using either the unit-of-production or the straight-line method, based upon the estimated useful lives of the facilities. The estimated useful lives of Occidental's chemical assets, which range from three years to 50 years, are also used for impairment tests. The estimated useful lives for the chemical facilities are based on the assumption that Occidental will provide an appropriate level of annual expenditures to ensure productive capacity is sustained. Such expenditures consist of ongoing routine repairs and maintenance, as well as planned major maintenance activities (PMMA). Ongoing routine repairs and maintenance expenditures are expensed as incurred. PMMA costs are capitalized and amortized over the period until the next planned overhaul. Additionally, Occidental incurs capital expenditures that extend the remaining useful lives of existing assets, increase their capacity or operating efficiency beyond the original specification or add value through modification for a different use. These capital expenditures are not considered in the initial determination of the useful lives of these assets at the time they are placed into service. The resulting revision, if any, of the asset's

estimated useful life is measured and accounted for prospectively.

Without these continued expenditures, the useful lives of these assets could decrease significantly. Other factors that could change the estimated useful lives of Occidental's chemical assets include sustained higher or lower product prices, which are particularly affected by both domestic and foreign competition, demand, feedstock costs, energy prices, environmental regulations and technological changes.

Occidental performs impairment tests on its chemical assets whenever events or changes in circumstances lead to a reduction in the estimated useful lives or estimated future cash flows that would indicate that the carrying amount may not be recoverable, or when management's plans change with respect to those assets. Any impairment loss would be calculated as the excess of the asset's net book value over its estimated fair value.

Occidental's net PP&E for the chemical segment is approximately \$2.4 billion and its depreciation expense for 2016 is expected to be approximately \$300 million. The most significant financial statement impact of a decrease in the estimated useful lives of Occidental's chemical plants would be on depreciation expense. For example, a reduction in the remaining useful lives of one year would increase depreciation and reduce pre-tax earnings by approximately \$50 million per year.

Midstream, Marketing and Other Assets

Derivatives are carried at fair value and on a net basis when a legal right of offset exists with the same counterparty. Occidental applies hedge accounting when transactions meet specified criteria for cash-flow hedge treatment and management elects and documents such treatment. Otherwise, any fair value gains or losses are recognized in earnings in the current period. For cash-flow hedges, the gain or loss on the effective portion of the derivative is reported as a component of other comprehensive income (OCI) with an offsetting adjustment to the basis of the item being hedged. Realized gains or losses from cash-flow hedges, and any ineffective portion, are recorded as a component of net sales in the consolidated statements of operations. Ineffectiveness is primarily created by a lack of correlation between the hedged item and the hedging instrument due to location, quality, grade or changes in the expected quantity of the hedged item. Gains and losses from derivative instruments are reported net in the consolidated statements of operations. There were no fair value hedges as of and during the years ended December 31, 2015, 2014 and 2013. A hedge is regarded as highly effective such that it qualifies for hedge accounting if, at inception and throughout its life, it is expected that changes in the fair value or cash flows of the hedged item will be offset by 80 to 125 percent of the changes in the fair value or cash flows, respectively, of the hedging instrument. In the case of hedging a forecast transaction, the transaction must be probable and must present an exposure to variations in cash flows that could ultimately affect reported net income or loss. Occidental discontinues hedge accounting when it determines that a derivative has ceased to be highly

effective as a hedge; when the hedged item matures or is sold or repaid; or when a forecast transaction is no longer deemed probable.

Occidental's midstream and marketing PP&E is depreciated over the estimated useful lives of the assets, using either the unit-of-production or straight-line method. Occidental performs impairment tests on its midstream and marketing assets whenever events or changes in circumstances lead to a reduction in the estimated useful lives or estimated future cash flows that would indicate that the carrying amount may not be recoverable, or when management's plans change with respect to those assets. Any impairment loss would be calculated as the excess of the asset's net book value over its estimated fair value.

Fair Value Measurements

Occidental has categorized its assets and liabilities that are measured at fair value in a three-level fair value hierarchy, based on the inputs to the valuation techniques: Level 1 – using quoted prices in active markets for the assets or liabilities; Level 2 – using observable inputs other than quoted prices for the assets or liabilities; and Level 3 – using unobservable inputs. Transfers between levels, if any, are recognized at the end of each reporting period.

Fair Values - Recurring

Occidental primarily applies the market approach for recurring fair value measurements, maximizes its use of observable inputs and minimizes its use of unobservable inputs. Occidental utilizes the mid-point between bid and ask prices for valuing the majority of its assets and liabilities measured and reported at fair value. In addition to using market data, Occidental makes assumptions in valuing its assets and liabilities, including assumptions about the risks inherent in the inputs to the valuation technique. For assets and liabilities carried at fair value, Occidental measures fair value using the following methods:

Ø Occidental values exchange-cleared commodity derivatives using closing prices provided by the exchange as of the balance sheet date. These derivatives are classified as Level 1.

Ø Over-the-Counter (OTC) bilateral financial commodity contracts, foreign exchange contracts, options and physical commodity forward purchase and sale contracts are generally classified as Level 2 and are generally valued using quotations provided by brokers or industry-standard models that consider various inputs, including quoted forward prices for commodities, time value, volatility factors, credit risk and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these inputs are observable in the marketplace throughout the full term of the instrument, and can be derived from observable data or are supported by observable prices at which transactions are executed in the marketplace.

Ø Occidental values commodity derivatives based on a market approach that considers various assumptions, including quoted forward commodity prices and market yield curves. The assumptions used include inputs that

are generally unobservable in the marketplace or are observable but have been adjusted based upon various assumptions and the fair value is designated as Level 3 within the valuation hierarchy.

Occidental generally uses an income approach to measure fair value when there is not a market-observable price for an identical or similar asset or liability. This approach utilizes management's judgments regarding expectations of projected cash flows, and discounts those cash flows using a risk-adjusted discount rate.

Environmental Liabilities and Expenditures

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Occidental records environmental reserves and related charges and expenses for estimated remediation costs that relate to existing conditions from past operations when environmental remediation efforts are probable and the costs can be reasonably estimated. In determining the reserves and the range of reasonably possible additional losses, Occidental refers to currently available information, including relevant past experience, remedial objectives, available technologies, applicable laws and regulations and cost-sharing arrangements. Occidental bases environmental reserves on management's estimate of the most likely cost to be incurred, using the most cost-effective technology reasonably

expected to achieve the remedial objective. Occidental periodically reviews reserves and adjusts them as new information becomes available. Occidental records environmental reserves on a discounted basis when it deems the aggregate amount and timing of cash payments to be reliably determinable at the time the reserves are established. The reserve methodology with respect to discounting for a specific site is not modified once it is established. The amount of discounted environmental reserves is insignificant. Occidental generally records reimbursements or recoveries of environmental remediation costs in income when received, or when receipt of recovery is highly probable. Occidental had accruals to income for highly probable reimbursements or recoveries of \$13 million in 2015 and no accruals in 2014 and 2013.

Many factors could affect Occidental's future remediation costs and result in adjustments to its environmental reserves and range of reasonably possible additional losses. The most significant are: (1) cost estimates for remedial activities may be inaccurate; (2) the length of time, type or amount of remediation necessary to achieve the remedial objective may change due to factors such as site conditions, the ability to identify and control contaminant sources or the discovery of additional contamination; (3) a regulatory agency may ultimately reject or modify Occidental's proposed remedial plan; (4) improved or alternative remediation technologies may change remediation costs; (5) laws and regulations may change remediation requirements or affect cost sharing or allocation of liability; and (6) changes in allocation or cost-sharing arrangements may occur.

Certain sites involve multiple parties with various cost-sharing arrangements, which fall into the following three categories: (1) environmental proceedings that result in a

negotiated or prescribed allocation of remediation costs among Occidental and other alleged potentially responsible parties; (2) oil and gas ventures in which each participant pays its proportionate share of remediation costs reflecting its working interest; or (3) contractual arrangements, typically relating to purchases and sales of properties, in which the parties to the transaction agree to methods of allocating remediation costs. In these circumstances, Occidental evaluates the financial viability of other parties with whom it is alleged to be jointly liable, the degree of their commitment to participate and the consequences to Occidental of their failure to participate when estimating Occidental's ultimate share of liability. Occidental records reserves at its expected net cost of remedial activities and, based on these factors, believes that it will not be required to assume a share of liability of such other potentially responsible parties in an amount materially above amounts reserved.

In addition to the costs of investigations and cleanup measures, which often take in excess of 10 years at NPL sites, Occidental's reserves include management's estimates of the costs to operate and maintain remedial systems. If remedial systems are modified over time in response to significant changes in site-specific data, laws, regulations, technologies or engineering estimates, Occidental reviews and adjusts its reserves accordingly.

If Occidental were to adjust the environmental reserve balance based on the factors described above, the amount of the increase or decrease would be recognized in earnings. For example, if the reserve balance were reduced by 10 percent, Occidental would record a pre-tax gain of \$39 million. If the reserve balance were increased by 10 percent, Occidental would record an additional remediation expense of \$39 million.

Other Loss Contingencies

Occidental is involved, in the normal course of business, in lawsuits, claims and other legal proceedings and audits. Occidental accrues reserves for these matters when it is probable that a liability has been incurred and the liability can be reasonably estimated. In addition, Occidental discloses, in aggregate, its exposure to loss in excess of the amount recorded on the balance sheet for these matters if it is reasonably possible that an additional material loss may be incurred. Occidental reviews its loss contingencies on an ongoing basis.

Loss contingencies are based on judgments made by management with respect to the likely outcome of these matters and are adjusted as appropriate. Management's judgments could change based on new information, changes in, or interpretations of, laws or regulations, changes in management's plans or intentions, opinions regarding the outcome of legal proceedings, or other factors. See "Lawsuits, Claims and Contingencies" for additional information.

SIGNIFICANT ACCOUNTING AND DISCLOSURE CHANGES

See Note 3, Accounting and Disclosure Changes, in the Notes to Condensed Consolidated Financial Statements in Part II Item 8 of this Form 10-K.

SAFE HARBOR DISCUSSION REGARDING OUTLOOK AND OTHER FORWARD-LOOKING DATA

Portions of this report, including Items 1 and 2, "Business and Properties," Item 3, "Legal Proceedings," Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. 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 report. 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. Factors that may cause Occidental's results of operations and financial position to differ from expectations include the factors discussed in Item 1A, "Risk Factors" and elsewhere.

ITEM 7A

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

General

Occidental's results are sensitive to fluctuations in oil, NGLs and natural gas prices. Price changes at current global prices and levels of production affect Occidental's pre-tax annual income by approximately \$120 million for a \$1 per barrel change in oil prices and \$30 million for a \$1 per barrel change in NGLs prices. If domestic natural gas prices varied by \$0.50 per Mcf, it would have an estimated annual effect on Occidental's pre-tax income of approximately \$45 million. These price-change sensitivities include the impact of PSC and similar contract volume changes on income. If production levels change in the future, the sensitivity of Occidental's results to prices also will change. The marketing and trading results are sensitive to price changes of oil, natural gas and, to a lesser degree, other commodities. These sensitivities are additionally dependent on marketing and trading volumes and cannot be predicted reliably.

Occidental's results are also sensitive to fluctuations in chemical prices. A variation in chlorine and caustic soda prices of \$10 per ton would have a pre-tax annual effect on income of approximately \$10 million and \$30 million, respectively. A variation in PVC prices of \$0.01 per lb. would have a pre-tax annual effect on income of approximately \$25 million. Historically, over time, product price changes have tracked raw material and feedstock product price changes, somewhat mitigating the effect of price changes on margins. According to IHS Chemical, 2015 average contract prices were: chlorine—\$265 per ton; caustic soda—\$580 per ton; and PVC—\$0.64 per lb.

Occidental uses derivative instruments, including a combination of short-term futures, forwards, options and swaps, to obtain the average prices for the relevant production month and to improve realized prices for oil and gas. Occidental only occasionally hedges its oil and gas production, and, when it does so, the volumes are usually insignificant.

Risk Management

Occidental conducts its risk management activities for marketing and trading activities under the controls and governance of its risk control policy. The controls under this policy are implemented and enforced by a risk management group which manages risk by providing an independent and separate evaluation and check. Members of the risk management group report to the Corporate Vice President and Treasurer. Controls for these activities include limits on value at risk, limits on credit, limits on total notional trade value, segregation of duties, delegation of authority, daily price verifications, daily reporting to senior management of positions together with various risk measures and a number of other policy and procedural controls. Additionally, these operations maintain highly liquid positions, as a result of which the market risk typically can be neutralized or mitigated on short notice.

Fair Value of Marketing and Trading Derivative Contracts

Occidental carries derivative contracts it enters into in connection with its marketing and trading activities at fair value. Fair values for these contracts are derived principally from Level 1 and Level 2 sources.

The following table shows the fair value of Occidental's derivatives (excluding collateral), segregated by maturity periods and by methodology of fair value estimation:

Source of Fair Value Assets/(liabilities) (in millions)	Maturity Periods				Total
	2016	2017 and 2018	2019 and 2020	2021 and thereafter	
Prices actively quoted	\$13	\$(1)	\$—	\$—	\$12
Prices provided by other external sources	(51)	(120)	(101)	(44)	(316)
Total	\$(38)	\$(121)	\$(101)	\$(44)	\$(304)

Note: Includes cash-flow hedges further discussed below.

Cash-Flow Hedges

Occidental's marketing and trading operations, from time to time, store natural gas purchased from third parties at Occidental's North American leased storage facilities. At December 31, 2015, Occidental had approximately 13 billion cubic feet of natural gas held in storage, and had cash-flow hedges for the forecast sale, to be settled by physical delivery, of approximately 14 billion cubic feet of stored natural gas. As of December 31, 2014, Occidental did not have any cash-flow hedges on stored volumes of natural gas.

Quantitative Information

Occidental uses value at risk to estimate the potential effects of changes in fair values of commodity-based and commodity contracts used in marketing and trading activities. This method determines the maximum potential negative short-term change in fair value with at least a 95 percent level of confidence. Additionally, Occidental uses trading limits, including, among others, limits on total notional trade value, and maintains liquid positions as a result of which market risk typically can be neutralized or mitigated on short notice. As a result of these controls, Occidental has determined that the market risk of the marketing and trading activities is not reasonably likely to have a material adverse effect on its operations.

Interest Rate Risk

General

Occidental's exposure to changes in interest rates is not expected to be material and relates to its variable-rate long-term debt obligations. As of December 31, 2015, variable-rate debt constituted approximately 1 percent of Occidental's total debt.

Tabular Presentation of Interest Rate Risk

The table below provides information about Occidental's debt obligations. Debt amounts represent principal payments by maturity date.

Year of Maturity (in millions of U.S. dollars)	U.S. Dollar Fixed-Rate Debt	U.S. Dollar Variable-Rate Debt	Grand Total ^(a)
2016	\$1,450	\$—	1,450
2017	1,250	—	1,250
2018	500	—	500
2019	116	—	116
2020	—	—	—
Thereafter	4,973	68	5,041
Total	\$8,289	\$68	\$8,357
Weighted-average interest rate	3.33	% 0.15	% 3.30
Fair Value	\$8,357	\$68	\$8,425

(a) Excludes unamortized debt discounts of \$24 million.

Credit Risk

The majority of Occidental's counterparty credit risk is related to the physical delivery of energy commodities to its customers and their inability to meet their settlement commitments. Occidental manages this credit risk by selecting counterparties that it believes to be financially strong, by entering into master netting arrangements with counterparties and by requiring collateral, as appropriate. Occidental actively reviews the creditworthiness of its counterparties and monitors credit exposures against assigned credit limits by adjusting credit limits to reflect counterparty risk, if necessary. Occidental also enters into future contracts through regulated exchanges with select clearinghouses and brokers, which are subject to minimal credit risk as a significant portion of these transactions

settle on a daily margin basis.

Certain of Occidental's OTC derivative instruments contain credit-risk-contingent features, primarily tied to credit ratings for Occidental or its counterparties, which may affect the amount of collateral that each would need to post. Occidental believes that if it had received a one-notch reduction in its credit ratings, it would not have resulted in a material change in its collateral-posting requirements as of December 31, 2015 and 2014.

As of December 31, 2015, the substantial majority of the credit exposures were with investment grade counterparties. Occidental believes its exposure to credit-related losses at December 31, 2015 was not material and losses associated with credit risk have been insignificant for all years presented.

Foreign Currency Risk

Occidental's foreign operations have limited currency risk. Occidental manages its exposure primarily by balancing monetary assets and liabilities and limiting cash positions in foreign currencies to levels necessary for operating purposes. A vast majority of international oil sales are denominated in United States dollars. Additionally, all of Occidental's consolidated foreign oil and gas subsidiaries have the United States dollar as the functional currency. As of December 31, 2015, the fair value of foreign currency derivatives used in the trading operations was immaterial. The effect of exchange rates on transactions in foreign currencies is included in periodic income.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON CONSOLIDATED
FINANCIAL STATEMENTS

To the Board of Directors and Stockholders
Occidental Petroleum Corporation:

We have audited the accompanying consolidated balance sheets of Occidental Petroleum Corporation and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule II - valuation and qualifying accounts. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Occidental Petroleum Corporation and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Occidental Petroleum Corporation's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 26, 2016 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Houston, Texas
February 26, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Stockholders

Occidental Petroleum Corporation:

We have audited Occidental Petroleum Corporation's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Occidental Petroleum Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Assessment of and Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Occidental Petroleum Corporation and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Occidental Petroleum Corporation and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and our report dated February 26, 2016 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Houston, Texas

February 26, 2016

Consolidated Balance Sheets
(in millions)Occidental Petroleum Corporation
and Subsidiaries

	2015	2014
Assets at December 31,		
CURRENT ASSETS		
Cash and cash equivalents	\$3,201	\$3,789
Restricted cash	1,193	4,019
Trade receivables, net of reserves of \$17 in 2015 and 2014	2,970	4,206
Inventories	986	1,052
Assets held for sale	141	—
Other current assets	911	807
Total current assets	9,402	13,873
INVESTMENTS		
Investment in unconsolidated entities	1,267	1,171
Available for sale investment	167	394
Total investments	1,434	1,565
PROPERTY, PLANT AND EQUIPMENT		
Oil and gas segment	55,025	59,061
Chemical segment	6,717	6,574
Midstream and marketing	8,899	8,304
Corporate	417	576
	71,058	74,515
Accumulated depreciation, depletion and amortization	(39,419)	(34,785)
	31,639	39,730
LONG-TERM RECEIVABLES AND OTHER ASSETS, NET	962	1,091
TOTAL ASSETS	\$43,437	\$56,259

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets
(in millions, except share and per-share amounts)

Occidental Petroleum Corporation
and Subsidiaries

Liabilities and Stockholders' Equity at December 31,	2015	2014
CURRENT LIABILITIES		
Current maturities of long-term debt	\$1,450	\$—
Accounts payable	3,069	5,229
Accrued liabilities	2,213	2,601
Domestic and foreign income taxes	—	414
Liabilities of assets held for sale	110	—
Total current liabilities	6,842	8,244
LONG-TERM DEBT, NET	6,883	6,838
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred domestic and foreign income taxes	1,323	3,015
Other	4,039	3,203
	5,362	6,218
STOCKHOLDERS' EQUITY		
Common stock, \$0.20 per share par value, authorized shares: 1.1 billion, issued shares: 2015 — 891,360,091 and 2014 — 890,557,537	178	178
Treasury stock: 2015 — 127,681,335 shares and 2014 — 119,951,199 shares	(9,121	) (8,528
Additional paid-in capital	7,640	7,599
Retained earnings	25,960	36,067
Accumulated other comprehensive loss	(307	) (357
Total stockholders' equity	24,350	34,959
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$43,437	\$56,259

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations (in millions, except per-share amounts)	Occidental Petroleum Corporation and Subsidiaries		
For the years ended December 31, REVENUES AND OTHER INCOME	2015	2014	2013
Net sales	\$12,480	\$19,312	\$20,170
Interest, dividends and other income	118	130	107
Gain on sale of equity investments and other assets	101	2,505	1,175
	12,699	21,947	21,452
COSTS AND OTHER DEDUCTIONS			
Cost of sales (excludes depreciation, depletion, and amortization of \$4,540 in 2015, \$4,257 in 2014, and \$4,197 in 2013)	5,804	6,803	6,497
Selling, general and administrative and other operating expenses	1,270	1,503	1,544
Depreciation, depletion and amortization	4,544	4,261	4,203
Asset impairments and related items	10,239	7,379	621
Taxes other than on income	343	550	564
Exploration expense	36	150	140
Interest and debt expense, net	147	77	132
	22,383	20,723	13,701
INCOME (LOSS) BEFORE INCOME TAXES AND OTHER ITEMS	(9,684)	1,224	7,751
(Provision for) benefit from domestic and foreign income taxes	1,330	(1,685)	(3,214)
Income from equity investments	208	331	395
INCOME (LOSS) FROM CONTINUING OPERATIONS	(8,146)	(130)	4,932
Income from discontinued operations	317	760	971
NET INCOME (LOSS)	\$(7,829)	\$630	\$5,903
Less: Net income attributable to noncontrolling interest	—	(14)	—
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCK	\$(7,829)	\$616	\$5,903
BASIC EARNINGS (LOSS) PER COMMON SHARE (attributable to common stock)			
Income (loss) from continuing operations	\$(10.64)	\$(0.18)	\$6.12
Discontinued operations, net	0.41	0.97	1.21
BASIC EARNINGS (LOSS) PER COMMON SHARE	\$(10.23)	\$0.79	\$7.33
DILUTED EARNINGS (LOSS) PER COMMON SHARE (attributable to common stock)			
Income (loss) from continuing operations	\$(10.64)	\$(0.18)	\$6.12
Discontinued operations, net	0.41	0.97	1.20
DILUTED EARNINGS (LOSS) PER COMMON SHARE	\$(10.23)	\$0.79	\$7.32
DIVIDENDS PER COMMON SHARE	\$2.97	\$2.88	\$2.56

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income
(in millions)Occidental Petroleum Corporation
and Subsidiaries

For the years ended December 31,	2015	2014	2013
Net income (loss) attributable to common stock	\$ (7,829)	\$ 616	\$ 5,903
Other comprehensive income (loss) items:			
Foreign currency translation (losses) gains	(2)	(2)	2)
Realized foreign currency translation losses	—	—	28
Unrealized gains (losses) on derivatives ^(a)	3	(5)	(3)
Pension and postretirement gains (losses) ^(b)	48	(77)	176)
Distribution of California Resources to shareholders ^(c)	—	22	—
Reclassification to income of realized losses (gains) on derivatives ^(d)	1	8	(4)
Other comprehensive income (loss), net of tax ^(e)	50	(54)	199
Comprehensive income (loss)	\$ (7,779)	\$ 562	\$ 6,102

(a) Net of tax of \$(2), \$3 and \$2 in 2015, 2014 and 2013, respectively. The 2015 amount includes a lower of cost or market inventory adjustment for hedged natural gas of \$(2).

(b) Net of tax of \$(27), \$44 and \$(101) in 2015, 2014 and 2013, respectively. See Note 13, Retirement and Postretirement Benefit Plans, for additional information.

(c) Net of tax of \$(14) in 2014.

(d) Net of tax of \$(1), \$(5) and \$2 in 2015, 2014 and 2013, respectively.

(e) There were no other comprehensive income (loss) items related to noncontrolling interests in 2015, 2014 and 2013.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Stockholders' Equity
(in millions)

	Equity Attributable to Common Stock							Total Equity
	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest		
Balance, December 31, 2012	\$ 178	\$ (5,091)	\$ 7,441	\$ 37,990	\$ (502)	\$ 32		\$ 40,048
Net income	—	—	—	5,903	—	—		5,903
Other comprehensive income, net of tax	—	—	—	—	199	—		199
Dividends on common stock	—	—	—	(2,062)	—	—		(2,062)
Issuance of common stock and other, net	—	—	74	—	—	—		74
Noncontrolling interest distributions and other	—	—	—	—	—	214	(a)	214
Purchases of treasury stock	—	(1,004)	—	—	—	—		(1,004)
Balance, December 31, 2013	\$ 178	\$ (6,095)	\$ 7,515	\$ 41,831	\$ (303)	\$ 246		\$ 43,372
Net income	—	—	—	616	—	—		616
Other comprehensive loss, net of tax	—	—	—	—	(76)	—		(76)
Dividends on common stock	—	—	—	(2,252)	—	—		(2,252)
Issuance of common stock and other, net	—	—	84	—	—	—		84
Distribution of California Resources stock to shareholders	—	—	—	(4,128)	22	—		(4,106)
Noncontrolling interest contributions	—	—	—	—	—	(246)	(a)	(246)
Purchases of treasury stock	—	(2,433)	—	—	—	—		(2,433)
Balance, December 31, 2014	\$ 178	\$ (8,528)	\$ 7,599	\$ 36,067	\$ (357)	\$ —		\$ 34,959
Net loss	—	—	—	(7,829)	—	—		(7,829)
Other comprehensive income, net of tax	—	—	—	—	50	—		50
Dividends on common stock	—	—	—	(2,278)	—	—		(2,278)
Issuance of common stock and other, net	—	—	41	—	—	—		41
Purchases of treasury stock	—	(593)	—	—	—	—		(593)
Balance, December 31, 2015	\$ 178	\$ (9,121)	\$ 7,640	\$ 25,960	\$ (307)	\$ —		\$ 24,350

(a) Reflects contributions (disposition) from the noncontrolling interest in BridgeTex Pipeline which was sold in the fourth quarter 2014.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows in millions	Occidental Petroleum Corporation and Subsidiaries		
For the years ended December 31,	2015	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES			
Net income (loss)	\$(7,829)	\$630	\$5,903
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Income from discontinued operations	(317)	(760)	(971)
Depreciation, depletion and amortization of assets	4,544	4,261	4,203
Deferred income tax provision (benefit)	(1,372)	(1,178)	914
Other noncash charges to income	159	101	261
Asset impairments and related items	9,684	7,379	621
Gain on sale of equity investments and other assets	(101)	(2,505)	(1,175)
Undistributed earnings from equity investments	6	38	(3)
Dry hole expenses	10	99	70
Changes in operating assets and liabilities:			
Decrease (increase) in receivables	1,431	1,413	(747)
Decrease (increase) in inventories	(24)	(112)	79
Decrease in other current assets	33	89	58
(Decrease) increase in accounts payable and accrued liabilities	(1,989)	(530)	265
(Decrease) increase in current domestic and foreign income taxes	(331)	(54)	369
Other operating, net	(650)	—	382
Operating cash flow from continuing operations	3,254	8,871	10,229
Operating cash flow from discontinued operations, net of taxes	97	2,197	2,549
Net cash provided by operating activities	3,351	11,068	12,778
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditures	(5,272)	(8,930)	(7,357)
Change in capital accrual	(592)	542	149
Payments for purchases of assets and businesses	(109)	(1,687)	(606)
Sales of equity investments and assets, net	819	4,177	1,619
Other, net	(269)	(346)	(122)
Investing cash flow from continuing operations	(5,423)	(6,244)	(6,317)
Investing cash flow from discontinued operations	—	(2,226)	(1,727)
Net cash used by investing activities	(5,423)	(8,470)	(8,044)
CASH FLOW FROM FINANCING ACTIVITIES			
Change in restricted cash	2,826	(4,019)	—
Special cash distributions from California Resources	—	6,100	—
Proceeds from long-term debt	1,478	—	—
Payments of long-term debt	—	(107)	(690)
Proceeds from issuance of common stock	37	33	30
Purchases of treasury stock	(593)	(2,500)	(943)
Contributions from noncontrolling interest	—	375	214
Cash dividends paid	(2,264)	(2,210)	(1,553)
Other, net	—	2	9
Financing cash flow from continuing operations	1,484	(2,326)	(2,933)
Financing cash flow from discontinued operations	—	124	—
Net cash provided (used) by financing activities	1,484	(2,202)	(2,933)

Increase (decrease) in cash and cash equivalents	(588	) 396	1,801
Cash and cash equivalents — beginning of year	3,789	3,393	1,592
Cash and cash equivalents — end of year	\$3,201	\$3,789	\$3,393

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

Occidental Petroleum Corporation
and Subsidiaries

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

In this report, "Occidental" means Occidental Petroleum Corporation, a Delaware corporation (OPC), 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 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 (CO₂) 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.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared in conformity with United States generally accepted accounting principles (GAAP) and include the accounts of OPC, its subsidiaries and its undivided interests in oil and gas exploration and production ventures. Occidental accounts for its share of oil and gas exploration and production ventures, in which it has a direct working interest, by reporting its proportionate share of assets, liabilities, revenues, costs and cash flows within the relevant lines on the balance sheets, income statements and cash flow statements. Certain financial statements, notes and supplementary data for prior years have been reclassified to conform to the 2015 presentation.

As a result of the spin-off of California Resources Corporation (California Resources) the statements of income and cash flows 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. See Note 17 Spin-off of California Resources for additional information.

INVESTMENTS IN UNCONSOLIDATED ENTITIES

Occidental's percentage interest in the underlying net assets of affiliates as to which it exercises significant influence without having a controlling interest (excluding oil and gas ventures in which Occidental holds an undivided interest) are accounted for under the equity method. Occidental reviews equity-method investments for impairment whenever events or changes in circumstances indicate that an other-than-temporary decline in value may have occurred. The amount of impairment, if any, is based on quoted market prices, when available, or other valuation techniques, including discounted cash flows.

REVENUE RECOGNITION

Revenue is recognized from oil and gas production when title has passed to the customer, which occurs when the product is shipped. In international locations where oil is shipped by tanker, title passes when the tanker is loaded or product is received by the customer, depending on the shipping terms. This process occasionally causes a difference between actual production in a reporting period and sales volumes that have been recognized as revenue. Revenues from the production of oil and gas properties in which Occidental has an interest with other producers are recognized on the basis of Occidental's net revenue interest.

Revenue from chemical product sales is recognized when the product is shipped and title has passed to the customer. Certain incentive programs may provide for payments or credits to be made to customers based on the volume of product purchased over a defined period. Total customer incentive payments over a given period are estimated and recorded as a reduction to revenue ratably over the contract period. Such estimates are evaluated and revised as warranted.

Revenue from marketing and trading activities is recognized on net settled transactions upon completion of contract terms and, for physical deliveries, upon title transfer. For unsettled transactions, contracts are recorded at fair value and changes in fair value are reflected in net sales. Revenue from all marketing and trading activities is reported on a net basis.

Occidental records revenue net of any taxes, such as sales taxes, that are assessed by governmental authorities on Occidental's customers.

RISKS AND UNCERTAINTIES

The process of preparing consolidated financial statements in conformity with GAAP requires Occidental's management to make informed estimates and judgments regarding certain types of financial statement balances and disclosures. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements and judgments on expected outcomes as well as the materiality of transactions and balances. Changes in facts and circumstances or discovery of new information relating to such transactions and events may result in revised estimates and judgments and actual results may differ from estimates upon settlement. Management believes that these estimates and judgments provide

a reasonable basis for the fair presentation of Occidental's financial statements. Occidental establishes a valuation allowance against net operating losses and other deferred tax assets to the extent it believes the future benefit from these assets will not be realized in the statutory carryforward periods. Realization of deferred tax assets, including any net operating loss carryforwards, is dependent upon Occidental generating sufficient future taxable income and reversal of temporary differences in jurisdictions where such assets originate.

The accompanying consolidated financial statements include assets of approximately \$9.8 billion as of December 31, 2015, and net sales of approximately \$4.9 billion for the year ended December 31, 2015, relating to Occidental's operations in countries outside North America. Occidental operates some of its oil and gas business in countries that have experienced political instability, nationalizations, corruption, armed conflict, terrorism, insurgency, civil unrest, security problems, labor unrest, OPEC production restrictions, equipment import restrictions and sanctions, all of which increase Occidental's risk of loss, delayed or restricted production or may result in other adverse consequences. Occidental attempts to conduct its affairs so as to mitigate its exposure to such risks and would seek compensation in the event of nationalization.

Because Occidental's major products are commodities, significant changes in the prices of oil and gas and chemical products may have a significant impact on Occidental's results of operations.

Also, see "Property, Plant and Equipment" below.

CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are readily convertible to cash. Cash equivalents were approximately \$2.9 billion and \$3.4 billion at December 31, 2015 and 2014, respectively.

RESTRICTED CASH

Restricted cash is the result of the separation of California Resources. As of December 31, 2015 and 2014, there was \$1.2 billion and \$4.0 billion of cash restricted, respectively, for the payment of dividends, payment of debt or share repurchases. Restricted cash must be used within 18 months of the date of distribution. Subsequent to December 31, 2015, Occidental utilized the remaining restricted cash balance to retire debt and pay dividends.

INVESTMENTS

Available-for-sale securities are recorded at fair value with any unrealized gains or losses included in accumulated other comprehensive income/loss (AOCI). Trading securities are recorded at fair value with unrealized and realized gains or losses included in net sales.

A decline in market value of any available-for-sale securities below cost that is deemed to be other-than-temporary results in an impairment to reduce the carrying amount to fair value. To determine whether an impairment is other than temporary, Occidental considers all available information relevant to the investment, including past events and current conditions. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year end, and the general market condition in the geographic area or industry the investee operates in.

INVENTORIES

Materials and supplies are valued at weighted-average cost and are reviewed periodically for obsolescence. Oil, NGLs and natural gas inventories are valued at the lower of cost or market.

For the chemical segment, Occidental's finished goods inventories are valued at the lower of cost or market. For most of its domestic inventories, other than materials and supplies, the chemical segment uses the last-in, first-out (LIFO) method as it better matches current costs and current revenue. For other countries, Occidental uses the first-in, first-out method (if the costs of goods are specifically identifiable) or the average-cost method (if the costs of goods are not specifically identifiable).

PROPERTY, PLANT AND EQUIPMENT

Oil and Gas

The carrying value of Occidental's property, plant and equipment (PP&E) represents the cost incurred to acquire or develop the asset, including any asset retirement obligations and capitalized interest, net of accumulated depreciation, depletion and amortization (DD&A) and any impairment charges. For assets acquired, PP&E cost is based on fair values at the acquisition date. Asset retirement obligations and interest costs incurred in connection with qualifying capital expenditures are capitalized and amortized over the lives of the related assets.

Occidental uses the successful efforts method to account for its oil and gas properties. Under this method, Occidental capitalizes costs of acquiring properties, costs of drilling successful exploration wells and development costs. The costs of exploratory wells are initially capitalized pending a determination of whether proved reserves have been found. If proved reserves have been found, the costs of exploratory wells remain capitalized. Otherwise, Occidental charges the costs of the related wells to expense. In some cases, a determination of proved reserves cannot be made at the completion of drilling, requiring additional testing and evaluation of the wells. Occidental generally expenses the costs of such exploratory wells if a determination of proved reserves has not been made within a 12-month period after drilling is complete.

The following table summarizes the activity of capitalized exploratory well costs for continuing operations for the years ended December 31:

in millions	2015	2014	2013
Balance — Beginning of Year	\$141	\$140	\$124
Additions to capitalized exploratory well costs pending the determination of proved reserves	82	462	337
Reclassifications to property, plant and equipment based on the determination of proved reserves	(78)	(423)	(271)
Spin-off of California Resources	—	(17)	—
Capitalized exploratory well costs charged to expense	(75)	(21)	(50)
Balance — End of Year	\$70	\$141	\$140

Occidental expenses annual lease rentals, the costs of injectants used in production and geological, geophysical and seismic costs as incurred.

Occidental determines depreciation and depletion of oil and gas producing properties by the unit-of-production method. It amortizes acquisition costs over total proved reserves, and capitalized development and successful exploration costs over proved developed reserves.

Proved oil and gas reserves are those quantities of oil and gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. Occidental has no proved oil and gas reserves for which the determination of economic producibility is subject to the completion of major additional capital expenditures.

Occidental performs impairment tests with respect to its proved properties whenever events or circumstances indicate that the carrying value of property may not be recoverable. If there is an indication the carrying amount of the asset may not be recovered due to declines in current and forward prices, significant changes in reserve estimates, changes in management's plans, or other significant events, management will evaluate the property for impairment. Under the successful efforts method, if the sum of the undiscounted cash flows is less than the carrying value of the proved property, the carrying value is reduced to estimated fair value and reported as an impairment charge in the period. Individual proved properties are grouped for impairment purposes at the lowest level for which there are identifiable cash flows, which is generally on a field by field basis. The fair value of impaired assets is typically determined based on the present value of expected future cash flows using discount rates believed to be consistent with those used by market participants. The impairment test incorporates a number of assumptions involving expectations of future cash flows which can change significantly over time. These assumptions include estimates of future product prices, contractual prices, estimates of risk-adjusted oil and gas reserves and estimates of future operating and development costs. See Note 15 and below for further discussion of asset impairments.

A portion of the carrying value of Occidental's oil and gas properties is attributable to unproved properties. Net capitalized costs attributable to unproved properties were \$0.3 billion and \$2.0 billion at December 31, 2015 and 2014, respectively. The unproved amounts are not subject to DD&A until they are classified as proved properties. Capitalized costs attributable to the properties become subject to DD&A when proved reserves are assigned to the property. If the exploration efforts are unsuccessful, or management decides not to pursue development of these properties as a result of lower commodity prices, higher development and operating costs, contractual conditions or other factors, the capitalized costs of the related properties would be expensed. The timing of any writedowns of these unproved properties, if warranted, depends upon management's plans, the nature, timing and extent of future exploration and development activities and their results.

Chemical

Occidental's chemical assets are depreciated using either the unit-of-production or the straight-line method, based upon the estimated useful lives of the facilities. The estimated useful lives of Occidental's chemical assets, which range from three years to 50 years, are also used for impairment tests. The estimated useful lives for the chemical facilities are based on the assumption that Occidental will provide an appropriate level of annual expenditures to ensure productive capacity is sustained. Such expenditures consist of ongoing routine repairs and maintenance, as well as planned major maintenance activities (PMMA). Ongoing routine repairs and maintenance expenditures are expensed as incurred. PMMA costs are capitalized and amortized over the period until the next planned overhaul. Additionally, Occidental incurs capital expenditures that extend the remaining useful lives of existing assets, increase their capacity or operating efficiency beyond the original specification or add value through modification for a different use. These capital expenditures are not considered in the initial determination of the useful lives of these assets at the time they are placed into service. The resulting revision, if any, of the asset's estimated useful life is measured and accounted for prospectively.

Without these continued expenditures, the useful lives of these assets could decrease significantly. Other factors that could change the estimated useful lives of Occidental's chemical assets include sustained higher or lower product prices, which are particularly affected by both domestic and foreign competition, demand, feedstock costs, energy prices, environmental regulations and technological changes.

Occidental performs impairment tests on its chemical assets whenever events or changes in circumstances lead to a reduction in the estimated useful lives or estimated future cash flows that would indicate that the carrying amount may not be

recoverable, or when management's plans change with respect to those assets. Any impairment loss would be calculated as the excess of the asset's net book value over its estimated fair value.

Midstream and Marketing

Occidental's midstream and marketing PP&E is depreciated over the estimated useful lives of the assets, using either the unit-of-production or straight-line method.

Occidental performs impairment tests on its midstream and marketing assets whenever events or changes in circumstances lead to a reduction in the estimated useful lives or estimated future cash flows that would indicate that the carrying amount may not be recoverable, or when management's plans change with respect to those assets. Any impairment loss would be calculated as the excess of the asset's net book value over its estimated fair value.

IMPAIRMENTS AND RELATED ITEMS

In 2015, Occidental recorded impairment and related charges on oil and gas assets due to the decline in oil and gas prices, the decision to sell or exit non-core assets and changes in development plans for its non-producing assets. In November 2015, Occidental sold its Williston Basin assets in North Dakota and in December 2015, Occidental entered into an agreement to sell its Piceance Basin operations in Colorado. 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.

The midstream and marketing segment recorded an impairment charge for the Century gas processing plant as a result of SandRidge's inability to provide volumes to the plant and meet its contractual obligations to deliver CO₂.

In 2014, Occidental recorded impairment and related charges mainly for Williston, Bahrain, the Joslyn oil sands project and other non-core domestic gas properties due to declining prices and changes in development plans.

Impairment and related charges in 2013 were mostly related to the impairment of nonproducing domestic oil and gas acreage.

For the years ended December 31, (in millions)	2015	2014	2013
OIL AND GAS			
United States			
Impairments and related charges of exiting operations	\$1,862	(a) \$3,253	\$485
Impairments related to decline in commodity prices and changes in future development plans	1,428	1,381	122
Rig termination charges	192	—	—
Other asset impairment related charges	204	119	—
Latin America			
Impairments related to decline in commodity prices	559	57	—
Middle East and North Africa			
Impairments of exiting operations	1,658	918	—
Impairments related to decline in commodity prices	2,833	91	—
CHEMICAL			
Impairments of assets	121	149	—
MIDSTREAM AND MARKETING			
Century gas processing plant	814	—	—
Other asset impairment related charges	216	40	14

CORPORATE

Other-than-temporary impairment of investment in California Resources	227	553	—
Joslyn impairment	—	805	—
Severance, spin-off and other	125	13	—
	\$10,239	\$7,379	\$621

(a) A portion of the 2015 charges are reported in the Midstream and Marketing segment.

It is reasonably possible that prolonged low or further declines in commodity prices, reduced capital spending in response to lower prices or increases in operating costs could result in other additional impairments.

FAIR VALUE MEASUREMENTS

Occidental has categorized its assets and liabilities that are measured at fair value in a three-level fair value hierarchy, based on the inputs to the valuation techniques: Level 1 – using quoted prices in active markets for the assets or liabilities; Level 2 – using observable inputs other than quoted prices for the assets or liabilities; and Level 3 – using unobservable inputs. Transfers between levels, if any, are reported at the end of each reporting period.

Fair Values - Recurring

Occidental primarily applies the market approach for recurring fair value measurements, maximizes its use of observable inputs and minimizes its use of unobservable inputs. Occidental utilizes the mid-point between bid and ask prices for valuing the majority of its assets and liabilities measured and reported at fair value. In addition to using market data, Occidental makes assumptions in valuing its assets and liabilities, including assumptions about the risks inherent in the inputs to the valuation technique. For assets and liabilities carried at fair value, Occidental measures fair value using the following methods:

Ø Occidental values exchange-cleared commodity derivatives using closing prices provided by the exchange as of the balance sheet date. These derivatives are classified as Level 1.

Over-the-Counter (OTC) bilateral financial commodity contracts, foreign exchange contracts, options and physical commodity forward purchase and sale contracts are generally classified as Level 2 and are generally valued using quotations provided by brokers or industry-standard models that consider various inputs, including quoted forward prices for commodities, time value, volatility factors, credit risk and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these inputs are observable in the marketplace throughout the full term of the instrument, and can be derived from observable data or are supported by observable prices at which transactions are executed in the marketplace.

Ø Occidental values commodity derivatives based on a market approach that considers various assumptions, including quoted forward commodity prices and market yield curves. The assumptions used include inputs that are generally unobservable in the marketplace, or are observable but have been adjusted based upon various assumptions and the fair value is designated as Level 3 within the valuation hierarchy.

Occidental generally uses an income approach to measure fair value when there is not a market-observable price for an identical or similar asset or liability. This approach utilizes management's judgments regarding expectations of projected cash flows, and discounts those cash flows using a risk-adjusted discount rate.

ACCRUED LIABILITIES—CURRENT

Accrued liabilities include accrued payroll, commissions and related expenses of \$188 million and \$361 million at December 31, 2015 and 2014, respectively.

ENVIRONMENTAL LIABILITIES AND EXPENDITURES

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Occidental records environmental reserves and related charges and expenses for estimated remediation costs that relate to existing conditions from past operations when environmental remediation efforts are probable and the costs can be reasonably estimated. In determining the reserves and the range of reasonably possible additional losses, Occidental refers to currently available information, including relevant past experience, remedial objectives, available technologies, applicable laws and regulations and cost-sharing arrangements. Occidental bases environmental reserves on management's estimate of the most likely cost to be incurred, using the most cost-effective technology reasonably expected to achieve the remedial objective. Occidental periodically reviews reserves and adjusts them as new information becomes available. Occidental records environmental reserves on a discounted basis when it deems the aggregate amount and timing of cash payments to be reliably determinable at the time the reserves are established. The reserve methodology with respect to discounting for a specific site is not modified once it is established. The

amount of discounted environmental reserves is insignificant. Occidental generally records reimbursements or recoveries of environmental remediation costs in income when received, or when receipt of recovery is highly probable. Occidental had accruals to income for highly probable reimbursements or recoveries of \$13 million in 2015 and no accruals in 2014 and 2013.

Many factors could affect Occidental's future remediation costs and result in adjustments to its environmental reserves and range of reasonably possible additional losses. The most significant are: (1) cost estimates for remedial activities may be inaccurate; (2) the length of time, type or amount of remediation necessary to achieve the remedial objective may change due to factors such as site conditions, the ability to identify and control contaminant sources or the discovery of additional contamination; (3) a regulatory agency may ultimately reject or modify Occidental's proposed remedial plan; (4) improved or alternative remediation technologies may change remediation costs; (5) laws and regulations may change remediation requirements or affect cost sharing or allocation of liability; and (6) changes in allocation or cost-sharing arrangements may occur.

Certain sites involve multiple parties with various cost-sharing arrangements, which fall into the following three categories: (1) environmental proceedings that result in a negotiated or prescribed allocation of remediation costs among Occidental and other alleged potentially responsible parties; (2) oil and gas ventures in which each participant pays its proportionate share of remediation costs reflecting its working interest; or (3) contractual arrangements, typically relating to purchases and sales of properties, in which the parties to the transaction agree to methods of allocating remediation costs. In these circumstances, Occidental evaluates the financial viability of the other parties with whom it is alleged to be jointly liable, the degree of their commitment to participate and the consequences to Occidental of their failure to participate when estimating Occidental's ultimate share of liability. Occidental records reserves at its expected net cost of remedial activities and, based on these factors, believes that it will not be required to assume a share of liability of such other potentially responsible parties in an amount materially above amounts reserved.

In addition to the costs of investigations and cleanup measures, which often take in excess of 10 years at Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) National Priorities List (NPL) sites, Occidental's reserves include management's estimates of the costs to operate and maintain remedial systems. If remedial systems are modified over time in response to significant changes in site-specific data, laws, regulations, technologies or engineering estimates, Occidental reviews and adjusts its reserves accordingly.

ASSET RETIREMENT OBLIGATIONS

Occidental recognizes the fair value of asset retirement obligations in the period in which a determination is made that a legal obligation exists to dismantle an asset and reclaim or remediate the property at the end of its useful life and the cost of the obligation can be reasonably estimated. The liability amounts are based on future retirement cost estimates and incorporate many assumptions such as time to abandonment, technological changes, future inflation rates and the risk-adjusted discount rate. When the liability is initially recorded, Occidental capitalizes the cost by increasing the related PP&E balances. If the estimated future cost of the asset retirement obligation changes, Occidental records an adjustment to both the asset retirement obligation and PP&E. Over time, the liability is increased and expense is recognized for accretion, and the capitalized cost is depreciated over the useful life of the asset.

At a certain number of its facilities, Occidental has identified conditional asset retirement obligations that are related mainly to plant decommissioning. Occidental does not know or cannot estimate when it may settle these obligations. Therefore, Occidental cannot reasonably estimate the fair value of these liabilities. Occidental will recognize these conditional asset retirement obligations in the periods in which sufficient information becomes available to reasonably estimate their fair values.

The following table summarizes the activity of the asset retirement obligation, of which \$1 billion is included in deferred credits and other liabilities - other, with the remaining current portion in accrued liabilities at both December 31, 2015 and 2014.

For the years ended December 31, (in millions)	2015	2014
Beginning balance	\$1,091	\$1,332
Liabilities incurred – capitalized to PP&E	46	57
Liabilities settled and paid	(35)	(78)
Accretion expense	54	69
Acquisitions, dispositions and other – changes in PP&E	(209)	(11)
Spin-off of California Resources	—	(399)
Revisions to estimated cash flows – changes in PP&E	177	121
Ending balance	\$1,124	\$1,091

DERIVATIVE INSTRUMENTS

Derivatives are carried at fair value and on a net basis when a legal right of offset exists with the same counterparty. Occidental applies hedge accounting when transactions meet specified criteria for cash-flow hedge treatment and management elects and documents such treatment. Otherwise, any fair value gains or losses are recognized in earnings in the current period. For cash-flow hedges, the gain or loss on the effective portion of the derivative is reported as a

component of other comprehensive income (OCI) with an offsetting adjustment to the basis of the item being hedged. Realized gains or losses from cash-flow hedges, and any ineffective portion, are recorded as a component of net sales in the consolidated statements of operations. Ineffectiveness is primarily created by a lack of correlation between the hedged item and the hedging instrument due to location, quality, grade or changes in the expected quantity of the hedged item. Gains and losses from derivative instruments are reported net in the consolidated statements of operations. There were no fair value hedges as of and during the years ended December 31, 2015, 2014 and 2013. A hedge is regarded as highly effective such that it qualifies for hedge accounting if, at inception and throughout its life, it is expected that changes in the fair value or cash flows of the hedged item will be offset by 80 to 125 percent of the changes in the fair value or cash flows, respectively, of the hedging instrument. In the case of hedging a forecast transaction, the transaction must be probable and must present an exposure to variations in cash flows that could ultimately affect reported net income or loss. Occidental discontinues hedge accounting when it determines that a derivative has ceased to be highly

effective as a hedge; when the hedged item matures or is sold or repaid; or when a forecast transaction is no longer deemed probable.

STOCK-BASED INCENTIVE PLANS

Occidental has established several stockholder-approved stock-based incentive plans for certain employees and directors (Plans) that are more fully described in Note 12. A summary of Occidental's accounting policy for awards issued under the Plans is as follows.

For cash- and stock-settled restricted stock units or incentive award shares (RSUs) and capital employed incentive awards and return on assets (ROCEI/ROAI), compensation value is initially measured on the grant date using the quoted market price of Occidental's common stock and the estimated payout at the grant date. For total shareholder return incentives (TSRIs), compensation value is initially measured on the grant date using estimated payout levels derived from a Monte Carlo valuation model. Compensation expense for RSUs, ROCEI/ROAI and TSRIs is recognized on a straight-line basis over the requisite service periods, which is generally over the awards' respective vesting or performance periods. Compensation expense for the dividends accrued on unvested awards is adjusted quarterly for any changes in stock price and the number of share equivalents expected to be paid based on the relevant performance and market criteria, if applicable. All such performance or stock-price-related changes are recognized in periodic compensation expense. The stock-settled portion of these awards is expensed using the initially measured compensation value.

EARNINGS PER SHARE

Occidental's instruments containing rights to nonforfeitable dividends granted in stock-based awards are considered participating securities prior to vesting and, therefore, have been deducted from earnings in computing basic and diluted EPS under the two-class method.

Basic EPS was computed by dividing net income attributable to common stock, net of income allocated to participating securities, by the weighted-average number of common shares outstanding during each period, net of treasury shares and including vested but unissued shares and share units. The computation of diluted EPS reflects the additional dilutive effect of stock options and unvested stock awards.

RETIREMENT AND POSTRETIREMENT BENEFIT PLANS

Occidental recognizes the overfunded or underfunded amounts of its defined benefit pension and postretirement plans, which are more fully described in Note 13, in its financial statements using a December 31 measurement date.

Occidental determines its defined benefit pension and postretirement benefit plan obligations based on various assumptions and discount rates. The discount rate assumptions used are meant to reflect the interest rate at which the obligations could effectively be settled on the measurement date. Occidental estimates the rate of return on assets with regard to current market factors but within the context of historical returns. Occidental funds and expenses negotiated pension increases for domestic union employees over the terms of the applicable collective bargaining agreements. Pension and any postretirement plan assets are measured at fair value. Common stock, preferred stock, publicly registered mutual funds, U.S. government securities and corporate bonds are valued using quoted market prices in active markets when available. When quoted market prices are not available, these investments are valued using pricing models with observable inputs from both active and non-active markets. Common and collective trusts are valued at the fund units' net asset value (NAV) provided by the issuer, which represents the quoted price in a non-active market. Short-term investment funds are valued at the fund units' NAV provided by the issuer.

SUPPLEMENTAL CASH FLOW INFORMATION

Occidental paid United States federal, state and foreign income taxes for continuing operations of approximately \$1.0 billion, \$2.9 billion and \$1.8 billion during the years ended December 31, 2015, 2014 and 2013, respectively.

Occidental also paid production, property and other taxes of approximately \$445 million, \$610 million and \$606 million during the years ended December 31, 2015, 2014 and 2013, respectively, substantially all of which was in the United States. Interest paid totaled approximately \$246 million, \$219 million and \$238 million, net of capitalized

interest of \$138 million, \$180 million and \$137 million, for the years 2015, 2014 and 2013, respectively.

FOREIGN CURRENCY TRANSACTIONS

The functional currency applicable to all of Occidental's foreign oil and gas operations is the United States dollar since cash flows are denominated principally in United States dollars. In Occidental's other operations, Occidental's use of non-United States dollar functional currencies was not material for all years presented. The effect of exchange rates on transactions in foreign currencies is included in periodic income. Occidental reports the exchange rate differences arising from translating foreign-currency-denominated balance sheet accounts to the United States dollar as of the reporting date in other comprehensive income. Exchange-rate gains and losses for continuing operations were not material for all years presented.

NOTE 2 ACQUISITIONS, DISPOSITIONS AND OTHER TRANSACTIONS

SUBSEQUENT EVENT

In January 2016, Occidental completed the sale of its Occidental Tower building in Dallas, Texas for net proceeds of approximately \$85 million. The building was classified as held for sale as of December 31, 2015.

2015

In January 2016, Occidental reached an understanding on the terms of payment for the approximate \$1.0 billion payable to Occidental by the Republic of Ecuador under a November 2015 International Center for the Settlement of Investment Disputes arbitration award. This award relates to Ecuador's 2006 expropriation of Occidental's Participation Contract for Block 15. As of December 31, 2015, Occidental recorded a pre-tax gain of \$322 million. As of February 26, 2016, Occidental has received approximately \$322 million in proceeds. The result of this settlement with Ecuador has been presented as discontinued operations.

In December 2015, Occidental entered a sales agreement to sell its Piceance Basin operations in Colorado for approximately \$155 million. The transaction is expected to be completed in March 2016. As a result of exiting the Piceance Basin operations Occidental recorded certain contractual liabilities which are included in deferred credits and other liabilities - other on the consolidated balance sheet. The assets and liabilities related to these operations are presented as held for sale at December 31, 2015 and primarily include property, plant and equipment and current accrued liabilities and asset retirement obligations.

In November 2015, Occidental sold its Williston Basin assets in North Dakota for approximately \$590 million.

In October 2015, Occidental completed the sale of its Westwood building in Los Angeles, California for net proceeds of \$65 million.

In June 2015, Occidental issued \$1.5 billion of debt that was comprised of \$750 million of 3.50-percent senior unsecured notes due 2025 and \$750 million of 4.625-percent senior unsecured notes due 2045. Occidental received net proceeds of approximately \$1.48 billion. Interest on the notes is payable semi-annually in arrears in June and December of each year for both series of notes, beginning on December 15, 2015.

2014

In December 2014, Occidental spent \$1.3 billion on an acquisition in the Permian Basin totaling approximately 100,000 net acres. The assets acquired include primarily unproved oil and gas property leases and the related existing lease contracts, permits, licenses, easements, and equipment located on the properties.

On November 30, 2014, Occidental's California oil and gas operations and related assets was spun-off through the pro rata distribution of 81.3 percent of the outstanding shares of common stock of California Resources, creating an independent, publicly traded company. See Note 17 Spin-off of California Resources Corporation.

In November 2014, Occidental entered into an agreement with Plains All American Pipeline, L.P., Plains GP Holdings, L.P. (Plains Pipeline), and Magellan Midstream Partners, L.P. (Magellan) to sell its interest in the BridgeTex Pipeline Company, LLC (BridgeTex), which owns the BridgeTex Pipeline. The sale of Occidental's interest in BridgeTex included two transactions: Plains Pipeline purchased Occidental's interest in BridgeTex for \$1.075 billion, and Magellan acquired Occidental's interest in the southern leg of the BridgeTex Pipeline for \$75 million. Occidental recognized a pre-tax gain of \$633 million.

Concurrent with the sale of its interest in the BridgeTex Pipeline Company, LLC, Occidental sold a portion of Plains Pipeline for pre-tax proceeds of \$1.7 billion, resulting in a pre-tax gain of \$1.4 billion.

In February 2014, Occidental entered into an agreement to sell its Hugoton Field operations in Kansas, Oklahoma and Colorado for pre-tax proceeds of \$1.4 billion. The transaction was completed in April 2014 and, after taking into account purchase price adjustments, it resulted in pre-tax proceeds of \$1.3 billion. Occidental recorded a pre-tax gain on sale of \$531 million.

2013

During the year ended December 31, 2013, Occidental paid approximately \$0.5 billion to acquire certain domestic oil and gas properties.

In October 2013, Occidental sold a portion of its equity interest in Plains Pipeline for approximately \$1.4 billion, resulting in a pre-tax gain of approximately \$1.0 billion. In addition, Occidental and Mexichem, S.A.B. de C.V. (Mexichem) formed Ingleside Ethylene, LLC (Ingleside) to build and operate an ethane steam cracking unit capable of producing 1.2 billion pounds of ethylene per year (Cracker), which is expected to begin operating in 2017. With the ethylene produced from the Cracker, Occidental will produce vinyl chloride monomer (VCM), of which Mexichem has contracted to purchase a substantial majority. Through December 31, 2015, Occidental had invested approximately \$530 million in Ingleside for its portion of construction costs.

In May 2013, Occidental sold its investment in Carbocloro, a Brazilian chemical facility. Occidental received net proceeds of approximately \$270 million and recorded a pre-tax gain of \$131 million.

Dr. Ray Irani submitted his resignation as a director, effective as of May 15, 2013, and ceased serving as an executive of Occidental. In addition, certain other employees and several consulting arrangements were terminated during the second quarter. As a result of these developments and actions, Occidental recorded a \$55 million pre-tax charge in the second quarter

for the estimated costs of Dr. Irani's employment and post-employment benefits, and the termination of other employees and consulting arrangements. Dr. Irani and Occidental have settled all matters relating to his separation. The cost of the settlement was consistent with the estimated charge recorded in the second quarter. Dr. Irani's employment terminated in December 2013.

NOTE 3 ACCOUNTING AND DISCLOSURE CHANGES

RECENTLY ADOPTED ACCOUNTING AND DISCLOSURE CHANGES

In January 2016, the Financial Accounting Standards Board (FASB) issued rules modifying certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The rules require equity investments, except for those accounted for as equity method or those that lead to consolidation of the investee, to be measured at fair value and any change to fair value be recognized through net income. If the equity investments do not have a readily determinable fair value, the entity can elect to measure at cost minus impairment plus or minus any changes in observable price for similar investments of the same issuer. In addition, the rules simplify the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to measure impairment. If the assessment indicates impairment exist, the entity is required to measure the investment at fair value. The rules become effective for interim and annual periods beginning after December 15, 2017. The rules are not expected to have a significant impact on Occidental's financial statements upon adoption.

In November 2015, the FASB issued rules modifying how entities present deferred income tax liabilities. Under current GAAP, an entity is required to separate deferred income tax liabilities and assets into current and noncurrent amounts in the statement of financial position. In order to simplify presentation, the new rules require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The rules become effective for interim and annual periods beginning after December 15, 2016 and may be adopted earlier on a voluntary basis. Occidental adopted these rules prospectively as of December 31, 2015.

In September 2015, the FASB issued rules removing the obligation for a business acquirer to retrospectively recognize adjustments to provisional amounts that were identified during the measurement period of a business combination. Under the new rules, the acquirer is required to record in the same period's financial statements the effect on earnings as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The rules become effective for interim and annual periods beginning after December 15, 2015. The rules do not have a material impact on Occidental's financial statements upon adoption but will require assessment on an ongoing basis.

In August 2015, the FASB issued rules to defer the effective date of the new revenue recognition standard, previously issued in May 2014, to interim and annual periods beginning after December 15, 2017. Under the new rules, an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects to receive in exchange for the goods and services. The new rules also require more detailed disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Occidental is currently evaluating the impact of these rules on its financial statements.

In May 2015, the FASB issued rules modifying how entities measure certain investments at net asset value as well as how they are categorized within the fair value hierarchy. The new rules remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share. The update also removes the requirement for certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practice, and instead requires it for only those investments the entity elects to measure as such. The rules become effective for interim and annual periods beginning after December 15, 2015. The rules will not have a significant impact on Occidental's financial statements.

In April 2015, the FASB issued rules simplifying the presentation of debt issuance costs. The new rules require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The rules become effective for interim and annual periods beginning after December 15, 2015. The rules will not have a significant impact on Occidental's

financial statements.

In February 2015, the FASB issued rules modifying how an entity should evaluate certain legal entities for consolidation. The modifications change how limited partnerships and similar legal entities are evaluated, eliminate the presumption that a general partner should consolidate limited partnerships, change the consolidation analysis for reporting entities that are involved with variable interest entities, and change the scope exception for certain legal entities, among other things. The rules become effective for interim and annual periods beginning after December 15, 2015. The rules do not have a material impact on Occidental's financial statements upon adoption but will require assessment on an ongoing basis.

In January 2015, the FASB issued rules which eliminate from GAAP the concept of extraordinary item. The presentation and disclosure guidance for items that are unusual in nature or occur infrequently will be retained and will be expanded to include items that are both unusual in nature and infrequently occurring. The rules do not have an impact on Occidental's financial statements upon adoption.

In June 2014, the FASB issued rules affecting entities that grant their employees share-based payment awards in which the terms of the awards provide that a performance target can be achieved after the requisite service period. The new rules require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. Entities may apply the update either: (a) prospectively to all awards granted or modified after the effective date; or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. These rules are effective for annual periods beginning on or after December 15, 2015. The rules do not have a material impact on Occidental's financial statements upon adoption but will require assessment on an ongoing basis.

NOTE 4 INVENTORIES

Net carrying values of inventories valued under the LIFO method were approximately \$189 million and \$199 million at December 31, 2015 and 2014, respectively. Inventories consisted of the following:

Balance at December 31, (in millions)	2015	2014
Raw materials	\$73	\$71
Materials and supplies	568	585
Finished goods	395	485
	1,036	1,141
Revaluation to LIFO	(50	) (89
Total	\$986	\$1,052

NOTE 5 LONG-TERM DEBT

Long-term debt consisted of the following:

Balance at December 31, (in millions)	2015	2014
2.50% senior notes due 2016	\$700	\$700
4.125% senior notes due 2016	750	750
1.75% senior notes due 2017	1,250	1,250
1.50% senior notes due 2018	500	500
9.25% senior debentures due 2019	116	116
4.10% senior notes due 2021	1,249	1,249
3.125% senior notes due 2022	813	813
2.70% senior notes due 2023	1,191	1,191
8.75% medium-term notes due 2023	22	22
3.50% senior notes due 2025	750	—
7.2% senior debentures due 2028	82	82
8.45% senior debentures due 2029	116	116
4.625% senior notes due 2045	750	—
Variable rate bonds due 2030 (0.15% and 0.04% as of December 31, 2015 and 2014, respectively)	68	68
	8,357	6,857
Less:		
Unamortized discount, net	(24) (19
Current maturities	(1,450) —

Total	\$6,883	\$6,838
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Current maturities of long-term debt are the result of Occidental's 4.125-percent and 2.5-percent Senior Notes due in 2016. In February 2016, Occidental used cash on hand to retire \$700 million of these current maturities.

Occidental has a bank credit facility (Credit Facility) with a \$2.0 billion commitment expiring in 2019. No amounts have been drawn under this Credit Facility. Up to \$1.0 billion of the Credit Facility is available in the form of letters of credit. Borrowings

under the Credit Facility bear interest at various benchmark rates, including LIBOR, plus a margin based on Occidental's senior debt ratings. Additionally, Occidental paid average annual facility fees of 0.08 percent in 2015 on the total commitment amounts of the Credit Facility.

The Credit Facility provides for the termination of loan commitments and requires immediate repayment of any outstanding amounts if certain events of default occur. The Credit Facility and other debt agreements do not contain material adverse change clauses or debt ratings triggers that could restrict Occidental's ability to borrow or that would permit lenders to terminate their commitments or accelerate debt.

As of December 31, 2015, under the most restrictive covenants of its financing agreements, Occidental had substantial capacity for additional unsecured borrowings, the payment of cash dividends and other distributions on, or acquisitions of, Occidental stock.

In June 2015, Occidental issued \$1.5 billion of debt that was comprised of \$750 million of 3.50-percent senior unsecured notes due 2025 and \$750 million of 4.625-percent senior unsecured notes due 2045. Occidental received net proceeds of approximately \$1.48 billion. Interest on the notes is payable semi-annually in arrears in June and December of each year for both series of notes.

In 2014, Occidental repurchased approximately \$107 million of various senior notes due in 2022 and later.

In December 2013, all \$600 million of the outstanding 1.45-percent senior notes due 2013 matured. In addition, Occidental repurchased approximately \$90 million of various senior notes due in 2021 and later.

Occidental has provided guarantees on Dolphin Energy's debt, which are limited to certain political and other events.

At December 31, 2015 and 2014, Occidental's total guarantees were not material and a substantial majority of the amounts consisted of limited recourse guarantees on approximately \$318 million and \$336 million, respectively, of Dolphin's debt. The fair value of the guarantees was immaterial.

At December 31, 2015, principal payments on long-term debt aggregated approximately \$8.4 billion, of which \$1.5 billion is due in 2016, \$1.3 billion is due in 2017, \$0.5 billion is due in 2018, \$0.1 billion is due in 2019, zero is due in 2020 and \$5 billion is due in 2021 and thereafter.

Occidental estimates the fair value of fixed-rate debt based on the quoted market prices for those instruments or on quoted market yields for similarly rated debt instruments, taking into account such instruments' maturities. The estimated fair values of Occidental's debt at December 31, 2015 and 2014, substantially all of which were classified as Level 1, were approximately \$8.4 billion and \$7.0 billion, respectively, compared to carrying values of approximately \$8.3 billion and \$6.9 billion, respectively. Occidental's exposure to changes in interest rates relates primarily to its variable-rate, long-term debt obligations, and is not material. As of December 31, 2015 and 2014, variable-rate debt constituted approximately one percent of Occidental's total debt.

NOTE 6 LEASE COMMITMENTS

Operating lease agreements include leases for transportation equipment, power plants, machinery, terminals, storage facilities, land and office space. Occidental's operating lease agreements frequently include renewal or purchase options and require the Company to pay for utilities, taxes, insurance and maintenance expenses. At December 31, 2015, future net minimum lease payments for noncancelable operating leases (excluding oil and gas and other mineral leases, utilities, taxes, insurance and maintenance expense) were the following:

(in millions)	Amount
2016	\$179
2017	148
2018	169
2018	90
2020	81
Thereafter	508
Total minimum lease payments	\$1,175

Rental expense for operating leases was \$197 million in 2015, \$155 million in 2014 and \$196 million in 2013.

NOTE 7 DERIVATIVES

Objective & Strategy

Occidental uses a variety of derivative instruments, including cash-flow hedges and derivative instruments not designated as hedging instruments, to obtain the average prices for the relevant production month and to improve realized prices for oil and gas. Occidental only occasionally hedges its oil and gas production, and, when it does so, the volumes are usually insignificant.

Refer to Note 1 for Occidental's accounting policy on derivatives.

Cash-Flow Hedges

Occidental's marketing and trading operations, from time to time, store natural gas purchased from third parties at Occidental's North American leased storage facilities. Derivative instruments are used to fix margins on the future sales of the stored volumes through March 2017. As of December 31, 2015, Occidental had approximately 13 billion cubic feet of natural gas held in storage, and had cash-flow hedges for the forecasted sales, to be settled by physical delivery, of approximately 14 billion cubic feet of stored natural gas. As of December 31, 2014, Occidental did not have any cash-flow hedges.

The following table presents the after-tax gains and losses recognized in, and reclassified to income from, Accumulated Other Comprehensive Income (AOCI), for derivative instruments classified as cash-flow hedges for the years ended December 31, 2015 and 2014:

As of December 31, (in millions)	After-tax	
	2015	2014
Unrealized gains (losses) recognized in AOCI	\$5	\$(5)
Losses reclassified to income	\$—	\$8

The amount of the ineffective portion of cash-flow hedges was immaterial for the years ended December 31, 2015 and 2014.

Derivatives Not Designated as Hedging Instruments

The following table summarizes Occidental's net volumes of outstanding commodity derivatives contracts not designated as hedging instruments, including both financial and physical derivative contracts as of December 31, 2015 and 2014:

Commodity	Net Outstanding Position	
	Long /	(Short)
Oil (million barrels)	83	(9)
Natural gas (billion cubic feet)	(58)	(32)
CO ₂ (billion cubic feet)	603	621

The volumes in the table above exclude contracts tied to index prices, for which the fair value, if any, is minimal at any point in time. These excluded contracts do not expose Occidental to price risk because the contract prices fluctuate with index prices.

Occidental fulfills its short positions through its own production or by third-party purchase contracts. Subsequent to December 31, 2015, Occidental entered into purchase contracts for a substantial portion of the outstanding positions at year-end and has sufficient production capacity and the ability to enter into additional purchase contracts to satisfy the remaining positions.

Approximately \$213 million net loss and \$71 million net loss from derivatives not designated as hedging instruments were recognized in net sales for the years ended December 31, 2015 and 2014, respectively.

Fair Value of Derivatives

The following table presents the gross and net fair values of Occidental's outstanding derivatives as of December 31, 2015 and 2014:

(in millions)

December 31, 2015	Asset Derivatives Balance Sheet Location	Fair Value	Liability Derivatives Balance Sheet Location	Fair Value
Cash-flow hedges ^(a)	Other current assets	\$9	Accrued liabilities	\$1
Commodity contracts	Long-term receivables and other assets, net	— \$9	Deferred credits and other liabilities	— \$1
Derivatives not designated as hedging instruments ^(a)	Other current assets	\$626	Accrued liabilities	\$672
Commodity contracts	Long-term receivables and other assets, net	9 635 644	Deferred credits and other liabilities	275 947 948
Total gross fair value		644		948
Less: counterparty netting and cash collateral ^{(b) (d)}		(535)		(525)
Total net fair value of derivatives		\$109		\$423

(in millions)

December 31, 2014	Asset Derivatives Balance Sheet Location	Fair Value	Liability Derivatives Balance Sheet Location	Fair Value
Cash-flow hedges ^(a)	Other current assets	\$—	Accrued liabilities	\$—
Commodity contracts	Long-term receivables and other assets, net	— \$—	Deferred credits and other liabilities	— \$—
Derivatives not designated as hedging instruments ^(a)	Other current assets	\$828	Accrued liabilities	\$886
Commodity contracts	Long-term receivables and other assets, net	11 839 839	Deferred credits and other liabilities	110 996 996
Total gross fair value		839		996
Less: counterparty netting and cash collateral ^{(c) (d)}		(742)		(756)
Total net fair value of derivatives		\$97		\$240

(a) Fair values are presented at gross amounts, including when the derivatives are subject to master netting arrangements and presented on a net basis in the consolidated balance sheets.

(b)

As of December 31, 2015, collateral received of \$14 million has been netted against derivative assets and collateral paid of \$4 million has been netted against derivative liabilities.

(c) As of December 31, 2014, collateral received of zero has been netted against derivative assets and collateral paid of \$8 million has been netted against derivative liabilities.

(d) Select clearinghouses and brokers require Occidental to post an initial margin deposit. Collateral, mainly for initial margin, of \$3 million and \$44 million as of December 31, 2015 and 2014, respectively, deposited by Occidental, has not been reflected in these derivative fair value tables. This collateral is included in other current assets in the consolidated balance sheets.

See Note 15 for fair value measurement disclosures on derivatives.

Credit Risk

The majority of Occidental's counterparty credit risk is related to the physical delivery of energy commodities to its customers and their inability to meet their settlement commitments. Occidental manages this credit risk by selecting counterparties that it believes to be financially strong, by entering into master netting arrangements with counterparties and by requiring collateral, as appropriate. Occidental actively reviews the creditworthiness of its counterparties and monitors credit exposures against assigned credit limits by adjusting credit limits to reflect counterparty risk, if necessary. Occidental also enters into

future contracts through regulated exchanges with select clearinghouses and brokers, which are subject to minimal credit risk as a significant portion of these transactions settle on a daily margin basis.

Certain of Occidental's OTC derivative instruments contain credit-risk-contingent features, primarily tied to credit ratings for Occidental or its counterparties, which may affect the amount of collateral that each would need to post. Occidental believes that if it had received a one-notch reduction in its credit ratings, it would not have resulted in a material change in its collateral-posting requirements as of December 31, 2015 and 2014.

Foreign Currency Risk

Occidental's foreign operations have limited currency risk. Occidental manages its exposure primarily by balancing monetary assets and liabilities and limiting cash positions in foreign currencies to levels necessary for operating purposes. A vast majority of international oil sales are denominated in United States dollars. Additionally, all of Occidental's consolidated foreign oil and gas subsidiaries have the United States dollar as the functional currency. As of December 31, 2015, the fair value of foreign currency derivatives used in the trading operations was immaterial. The effect of exchange rates on transactions in foreign currencies is included in periodic income.

NOTE 8 ENVIRONMENTAL LIABILITIES AND EXPENDITURES

Occidental's operations are subject to stringent federal, state, local and foreign laws and regulations related to improving or maintaining environmental quality.

ENVIRONMENTAL REMEDIATION

The laws that require or address environmental remediation, including CERCLA and similar federal, state, local and foreign laws, may apply retroactively and regardless of fault, the legality of the original activities or the current ownership or control of sites. OPC or certain of its subsidiaries participate in or actively monitor a range of remedial activities and government or private proceedings under these laws with respect to alleged past practices at operating, closed and third-party sites. Remedial activities may include one or more of the following: investigation involving sampling, modeling, risk assessment or monitoring; cleanup measures including removal, treatment or disposal; or operation and maintenance of remedial systems. The environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties, injunctive relief and government oversight costs.

As of December 31, 2015, Occidental participated in or monitored remedial activities or proceedings at 149 sites. The following table presents Occidental's environmental remediation reserves as of December 31, 2015, 2014 and 2013, the current portion of which is included in accrued liabilities (\$70 million in 2015, \$79 million in 2014, and \$78 million in 2013) and the remainder in deferred credits and other liabilities — other (\$316 million in 2015, \$255 million in 2014, and \$252 million in 2013). The reserves are grouped as environmental remediation sites listed or proposed for listing by the U.S. Environmental Protection Agency on the CERCLA NPL sites and three categories of non-NPL sites — third-party sites, Occidental-operated sites and closed or non-operated Occidental sites.

(\$ amounts in millions)	2015		2014		2013	
	Number of Sites	Reserve Balance	Number of Sites	Reserve Balance	Number of Sites	Reserve Balance
NPL sites	34	\$27	30	\$23	31	\$25
Third-party sites	66	128	67	101	74	83
Occidental-operated sites	18	107	17	107	20	118
Closed or non-operated Occidental sites	31	124	31	103	32	104
Total	149	\$386	145	\$334	157	\$330

As of December 31, 2015, Occidental's environmental reserves exceeded \$10 million each at 13 of the 149 sites described above, and 101 of the sites had reserves from \$0 to \$1 million each.

As of December 31, 2015, two sites — a landfill in western New York owned by Occidental and a remediation site in Texas — accounted for 62 percent of its reserves associated with NPL sites. In connection with the 1986 acquisition of Diamond Shamrock Chemicals Company (DSCC) stock, Maxus Energy Corporation has retained the liability and is indemnifying Occidental for 14 of the remaining NPL sites.

As of December 31, 2015, Maxus has also retained the liability and is indemnifying Occidental for 8 of the 66 third-party sites. Three of the remaining 58 third-party sites — a former copper mining and smelting operation in Tennessee, an active plant outside of the United States and an active refinery in Louisiana where Occidental reimburses the current owner for certain remediation activities — accounted for 50 percent of Occidental's reserves associated with these sites.

Four sites — chemical plants in Kansas, Louisiana, Texas and New York — accounted for 59 percent of the reserves associated with the Occidental-operated sites.

Five other sites — a landfill in western New York, former chemical plants in Tennessee, Delaware and Washington and a closed coal mine in Pennsylvania — accounted for 70 percent of the reserves associated with closed or non-operated Occidental sites.

Environmental reserves vary over time depending on factors such as acquisitions or dispositions, identification of additional sites and remedy selection and implementation. The following table presents environmental reserve activity for the past three years:

(in millions)	2015	2014	2013
Balance — Beginning of Year	\$334	\$330	\$344
Remediation expenses and interest accretion	117	79	60
Spin-off of California Resources	—	(7) —
Payments	(65	) (68	) (74
Balance — End of Year	\$386	\$334	\$330

Based on current estimates, Occidental expects to expend funds corresponding to approximately half of the current environmental reserves at the sites described above over the next three to four years and the balance at these sites over the subsequent 10 or more years. Occidental believes its range of reasonably possible additional losses beyond those liabilities recorded for environmental remediation at these sites could be up to \$370 million.

ENVIRONMENTAL COSTS

Occidental's environmental costs, some of which include estimates, are presented below for each segment for each of the years ended December 31:

(in millions)	2015	2014	2013
Operating Expenses			
Oil and Gas	\$93	\$103	\$100
Chemical	74	80	75
Midstream and Marketing	13	11	13
	\$180	\$194	\$188
Capital Expenditures			
Oil and Gas	\$122	\$143	\$67
Chemical	41	35	14
Midstream and Marketing	4	11	5
	\$167	\$189	\$86
Remediation Expenses			
Corporate	\$117	\$79	\$60

Operating expenses are incurred on a continual basis. Capital expenditures relate to longer-lived improvements in properties currently operated by Occidental. Remediation expenses relate to existing conditions from past operations.

NOTE 9 LAWSUITS, CLAIMS, COMMITMENTS AND CONTINGENCIES

OPC or certain of its subsidiaries are involved, in the normal course of business, in lawsuits, claims and other legal proceedings that seek, among other things, compensation for alleged personal injury, breach of contract, property damage or other losses, punitive damages, civil penalties, or injunctive or declaratory relief. OPC or certain of its subsidiaries also are involved in proceedings under CERCLA and similar federal, state, local and foreign environmental laws. These environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties and injunctive relief. Usually OPC or such subsidiaries are among many companies in these environmental proceedings and have to date been successful in sharing response costs with other financially sound companies. Further, some lawsuits, claims and legal proceedings involve acquired or disposed assets with respect to which a third party or Occidental retains liability or

indemnifies the other party for conditions that existed prior to the transaction.

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In December 2014, a New Jersey state court approved Occidental's settlement with the State of New Jersey (the State) to resolve claims asserted by the State against Occidental arising from Occidental's acquisition of DSCC. During 2015, pursuant to the settlement agreement (State Settlement) Occidental paid the State \$190 million. Under certain circumstances, Occidental agreed to perform or fund future work on behalf of the State along a portion of the Passaic River. When Occidental acquired the stock of DSCC in 1986, Maxus Energy Corporation, a subsidiary of YPF S.A. (Maxus), retained liability for the Lister Avenue Plant, which is part of the Diamond Alkali Superfund Site, as well as other sites. Maxus is also obligated to indemnify Occidental for the State Settlement. Occidental is pursuing Maxus to recover the settlement costs. The State Settlement does not cover any potential Occidental share of costs associated with the EPA's proposed clean-up plan of the Passaic River, announced in April 2014. Maxus is also responsible for federal clean-up or other costs associated with the Lister Avenue Plant and the Diamond Alkali Superfund Site. Occidental accrues reserves for currently outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. Occidental has disclosed its reserve balances for environmental matters. Reserve balances for other matters as of December 31, 2015 and 2014 were not material to Occidental's consolidated balance sheets. Occidental also evaluates the amount of reasonably possible losses that it could incur as a result of the matters mentioned above. Occidental has disclosed its range of reasonably possible additional losses for sites where it is a participant in environmental remediation. Occidental believes that other reasonably possible losses that it could incur in excess of reserves accrued on the balance sheet would not be material to its consolidated financial position or results of operations.

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. Although taxable years through 2009 for United States federal income tax purposes have been audited by the United States Internal Revenue Service (IRS) pursuant to its Compliance Assurance Program, subsequent taxable years are currently under review. Additionally, in December 2012, Occidental filed United States federal refund claims for tax years 2008 and 2009 which are subject to IRS review. Taxable years from 2000 through the current year remain subject to examination by foreign and state government tax authorities in certain jurisdictions. In certain of these jurisdictions, tax authorities are in various stages of auditing Occidental's income taxes. During the course of tax audits, disputes have arisen and other disputes may arise as to facts and matters of law. Occidental believes that the resolution of outstanding tax matters would not have a material adverse effect on its consolidated financial position or results of operations.

OPC, its subsidiaries, or both, have entered into agreements providing for future payments to secure terminal and pipeline capacity, drilling rigs and services, electrical power, steam and certain chemical raw materials. Occidental has certain other commitments under contracts, guarantees and joint ventures, including purchase commitments for goods and services at market-related prices and certain other contingent liabilities. At December 31, 2015, total purchase obligations were \$9.9 billion, which included approximately \$1.9 billion, \$1.4 billion, \$1.0 billion, \$0.8 billion and \$0.6 billion that will be paid in 2016, 2017, 2018, 2019 and 2020, respectively. Included in the purchase obligations are commitments for major fixed and determinable capital expenditures during 2016 and thereafter, which were approximately \$0.8 billion.

OPC, its subsidiaries, or both, have indemnified various parties against specified liabilities those parties might incur in the future in connection with purchases and other transactions that they have entered into with Occidental. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of December 31, 2015, Occidental is not aware of circumstances that it believes would reasonably be expected to lead to indemnity claims that would result in payments materially in excess of reserves.

NOTE 10 DOMESTIC AND FOREIGN INCOME TAXES

The domestic and foreign components of income from continuing operations before domestic and foreign income taxes were as follows:

For the years ended December 31, (in millions)	Domestic	Foreign	Total
2015	\$(5,810)	\$(3,666)	\$(9,476)
2014	\$(732)	\$2,273	\$1,541

2013	\$3,399	\$4,747	\$8,146
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The provisions (credits) for domestic and foreign income taxes on continuing operations consisted of the following:

For the years ended December 31, (in millions)	United States Federal	State and Local	Foreign	Total
2015				
Current	\$ (810	) \$ (31	) \$ 883	\$ 42
Deferred	(1,146	) (83	) (143	) (1,372
	\$ (1,956	) \$ (114	) \$ 740	\$ (1,330
2014				
Current	\$ 870	\$ 81	\$ 1,912	\$ 2,863
Deferred	(1,037	) (71	) (70	) (1,178
	\$ (167	) \$ 10	\$ 1,842	\$ 1,685
2013				
Current	\$ 113	\$ 17	\$ 2,170	\$ 2,300
Deferred	883	48	(17	) 914
	\$ 996	\$ 65	\$ 2,153	\$ 3,214

The following reconciliation of the United States federal statutory income tax rate to Occidental's worldwide effective tax rate on income from continuing operations is stated as a percentage of pre-tax income:

For the years ended December 31,	2015	2014	2013	
United States federal statutory tax rate	35	% 35	% 35	%
Other than temporary loss on available for sale investment in California Resources stock	(1	) 12	—	
Operations outside the United States	(21	) 65	5	
State income taxes, net of federal benefit	1	1	1	
Other	—	(4	) (1)
Worldwide effective tax rate	14	% 109	% 40	%

The tax effects of temporary differences resulting in deferred income taxes at December 31, 2015 and 2014 were as follows:

Tax effects of temporary differences (in millions)	2015		2014	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Property, plant and equipment differences	\$—	\$ 3,232	\$—	\$ 4,081
Equity investments, partnerships and foreign subsidiaries	—	12	—	—
Environmental reserves	136	—	123	—
Postretirement benefit accruals	346	—	379	—
Deferred compensation and benefits	179	—	208	—
Asset retirement obligations	372	—	307	—
Foreign tax credit carryforwards	2,034	—	1,765	—
Federal benefit of state income taxes	11	—	85	—
All other	677	—	274	221
Subtotal	3,755	3,244	3,141	4,302
Valuation allowance	(1,834	) —	(1,744) —
Total deferred taxes	\$ 1,921	\$ 3,244	\$ 1,397	\$ 4,302

The current portion of total deferred tax assets was \$110 million as of December 31, 2014 which was reported in other current assets. Total deferred tax assets were \$1.9 billion and \$1.4 billion as of December 31, 2015 and 2014,

respectively, the noncurrent portion of which is netted against deferred tax liabilities. Occidental expects to realize the recorded deferred tax assets, net of any allowances, through future operating income and reversal of temporary differences. The reduction in net deferred tax liabilities from 2014 to 2015 was primarily due to asset impairments. Occidental had, as of December 31, 2015, foreign tax credit carryforward of \$2.0 billion, which expire in varying amounts through 2025, and various state operating loss carryforwards, which have varying carryforward periods through 2025. Occidental's valuation allowance provides for substantially all of the foreign tax credit and state operating loss carryforwards.

A deferred tax liability has not been recognized for temporary differences related to unremitted earnings of certain consolidated foreign subsidiaries aggregating approximately \$9.9 billion, net of foreign taxes, at December 31, 2015, as it is Occidental's intention, generally, to reinvest such earnings permanently. If the earnings of these foreign subsidiaries were not indefinitely reinvested, an additional deferred tax liability of approximately \$115 million would be required, assuming utilization of available foreign tax credits.

Discontinued operations include income tax charges of \$1 million, \$454 million, and \$550 million in 2015, 2014, and 2013 respectively.

Additional paid-in capital was credited zero in 2015, \$4 million in 2014 and \$6 million in 2013 for an excess tax benefit from the exercise of certain stock-based compensation awards.

As of December 31, 2015, Occidental had liabilities for unrecognized tax benefits of approximately \$22 million included in deferred credits and other liabilities – other, all of which, if subsequently recognized, would favorably affect Occidental's effective tax rate.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

For the years ended December 31, (in millions)	2015	2014
Balance at January 1,	\$61	\$61
Reductions based on tax positions related to prior years and settlements	(39)) —
Balance at December 31,	\$22	\$61

Management believes it is unlikely that Occidental's liabilities for unrecognized tax benefits related to existing matters would increase or decrease within the next 12 months by a material amount. Occidental cannot reasonably estimate a range of potential changes in such benefits due to the unresolved nature of the various audits.

Occidental is subject to audit by various tax authorities in varying periods. See Note 9 for a discussion of these matters.

Occidental records estimated potential interest and penalties related to liabilities for unrecognized tax benefits in the provisions for domestic and foreign income taxes and these amounts were not material for the years ended December 31, 2015, 2014 and 2013.

NOTE 11 STOCKHOLDERS' EQUITY

The following is a summary of common stock issuances:

	Common Stock
Shares in thousands	
Balance, December 31, 2012	888,801
Issued	826
Options exercised and other, net	292
Balance, December 31, 2013	889,919
Issued	584
Options exercised and other, net	55
Balance, December 31, 2014	890,558
Issued	782
Options exercised and other, net	20
Balance, December 31, 2015	891,360

TREASURY STOCK

On October 2, 2014, Occidental increased the total number of shares authorized for its share repurchase program by 60 million shares to 185 million shares total; however, the program does not obligate Occidental to acquire any specific number of shares and may be discontinued at any time. In 2015 and 2014, respectively, Occidental purchased 7.4 million and 25.8 million shares under the program at an average cost of \$76.99 and \$93.40 per share, respectively. Additionally, Occidental purchased shares from the trustee of its defined contribution savings plan during each year.

As of December 31, 2015, 2014 and 2013, treasury stock shares numbered 127.7 million, 120.0 million and 93.9 million, respectively.

NONREDEEMABLE PREFERRED STOCK

Occidental has authorized 50,000,000 shares of preferred stock with a par value of \$1.00 per share. At December 31, 2015, 2014 and 2013, Occidental had no outstanding shares of preferred stock.

EARNINGS PER SHARE

The following table presents the calculation of basic and diluted EPS for the years ended December 31:
(in millions, except per-share amounts)

	2015	2014	2013
Income (loss) from continuing operations	\$ (8,146)	\$ (130)	\$ 4,932
Less: Income from continuing operations attributable to noncontrolling interest	—	(14)	—
Income (loss) from contributing operations attributable to common stock	(8,146)	(144)	4,932
Income from discontinued operations	317	760	971
Net income (loss)	(7,829)	616	5,903
Less: Net income allocated to participating securities	—	—	(13)
Net income (loss), net of participating securities	\$ (7,829)	\$ 616	\$ 5,890
Weighted average number of basic shares	765.6	781.1	804.1
Basic earnings (loss) per common share	\$ (10.23)	\$ 0.79	\$ 7.33
Net income (loss), net of participating securities	\$ (7,829)	\$ 616	\$ 5,890
Weighted average number of basic shares	765.6	781.1	804.1
Dilutive securities	—	—	0.5
Total diluted weighted average common shares	765.6	781.1	804.6
Diluted earnings (loss) per common share	\$ (10.23)	\$ 0.79	\$ 7.32

ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss consisted of the following after-tax amounts:

Balance at December 31, (in millions)	2015	2014
Foreign currency translation adjustments	\$ (9)	\$ (7)
Unrealized losses on derivatives	(7)	(11)
Pension and post-retirement adjustments ^(a)	(291)	(339)
Total	\$ (307)	\$ (357)

(a) See Note 13 for further information.

NOTE 12 STOCK-BASED INCENTIVE PLANS

Occidental has established several plans that allow it to issue stock-based awards including in the form of RSUs, stock options (Options), stock appreciation rights (SARs), ROCEI/ROAI and TSRIs. An aggregate of 35 million shares of Occidental common stock were authorized for issuance and approximately 1.7 million shares had been allocated to employee awards through December 31, 2015. In accordance with the terms of the shareholder approved 2015 Long-Term Incentive Plan (LTIP), awards issued under the superseded 2005 LTIP and subsequently forfeited after adoption of the 2015 LTIP increase the shares available for issuance under the 2015 LTIP. As of December 31, 2015, approximately 33 million shares were available for grants of future awards. The plan 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 33 million depending on the type of award granted. Additionally, under the plan, the shares available for future awards 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, including awards that were issued under a previous plan that remain outstanding.

During 2015, non-employee directors were granted awards for 28,554 shares of common stock. Compensation expense for these awards was measured using the closing quoted market price of Occidental's common stock on the grant date and was fully recognized at that time.

The following table summarizes total share-based compensation expense recognized in income related to continuing and discontinued operations and the associated tax benefit for the years ended December 31:

For the years ended December 31, (in millions)	2015	2014	2013
Compensation expense	\$49	\$129	\$152
Income tax benefit recognized in the income statement	17	46	55
Intrinsic value of options and stock-settled SARs exercised	—	5	24
Cash paid ^(a)	41	95	96
Fair value of RSUs and TSRI's vested during the year ^(b)	42	56	83

(a) Includes cash paid under the cash-settled portion of the SARs, RSUs and TSRI's.

(b) As measured on the vesting date for the stock-settled portion of the RSUs and TSRI's.

As of December 31, 2015, unrecognized compensation expense for all unvested stock-based incentive awards was \$142 million. This expense is expected to be recognized over a weighted-average period of 2.2 years.

RSUs

Certain employees are awarded the right to receive RSUs, some of which have performance criteria based on net income or earnings per share, and are in the form of, or equivalent in value to, actual shares of Occidental common stock. Depending on their terms, RSUs are settled in cash or stock at the time of vesting. These awards vest from one to four years following the grant date, however, certain of the RSUs are forfeitable if performance objectives are not satisfied by the seventh anniversary of the grant date. For certain RSUs, dividend equivalents are paid during the vesting period. For those awards that cliff vest between one to three years, dividend equivalents are accumulated during the vesting or performance period, as appropriate, and are paid upon certification of the award.

The weighted-average, grant-date fair values of cash-settled RSUs granted in 2015, 2014 and 2013 were \$72.64, \$100.95, and \$89.70 per share, respectively. The weighted-average, grant-date fair values of the stock-settled RSUs granted in 2015, 2014, and 2013 were \$72.54, \$101.77, and \$90.35, respectively.

A summary of changes in Occidental's unvested cash- and stock-settled RSUs during the year ended December 31, 2015 is presented below:

	Cash-Settled		Stock-Settled	
	RSUs (000's)	Weighted-Average Grant-Date Fair Value	RSUs (000's)	Weighted-Average Grant-Date Fair Value
Unvested at January 1	1,117	\$89.42	1,425	\$88.98
Granted	678	72.64	885	72.54
Vested	(540)	87.06	(388)	87.99
Forfeitures	(125)	84.17	(164)	86.11
Unvested at December 31	1,130	81.06	1,758	81.19

TSRI's

Certain executives are awarded TSRI's that vest at the end of a three-year period following the grant date. Payout is based upon Occidental's total shareholder return performance relative to its peers and the S&P 500. TSRI's granted in 2015 have payouts that range from 0 to 200 percent of the target award. TSRI's granted in July 2014 and 2013 have payouts that range from 0 to 150 percent of the target award; all outstanding TSRI's settle fully in stock once certified. Dividend equivalents for TSRI's are accumulated and paid upon certification of the award.

The fair values of TSRI's are initially determined on the grant date using a Monte Carlo simulation model based on Occidental's assumptions, noted in the following table, and the volatility from corresponding peer group companies. The expected life is based on the vesting period (Term). The risk-free interest rate is the implied yield available on zero coupon T-notes (US Treasury Strip) at the time of grant with a remaining term equal to the Term. The dividend yield is the expected annual dividend yield over the Term, expressed as a percentage of the stock price on the grant date. Estimates of fair value may not accurately predict the value ultimately realized by the employees who receive the

awards, and the ultimate value may not be indicative of the reasonableness of the original estimates of fair value made by Occidental.

The grant-date assumptions used in the Monte Carlo simulation models for the estimated payout level of TSRI's were as follows:

Year Granted	TSRI's			
	2015	2014	2013	
Assumptions used:				
Risk-free interest rate	0.9	% 1.0	% 0.6	%
Dividend yield	4.1	% 2.8	% 2.8	%
Volatility factor	37	% 27	% 30	%
Expected life (years)	3	3	3	
Grant-date fair value of underlying Occidental common stock	\$72.54	\$101.95	\$91.97	

A summary of Occidental's unvested TSRI's as of December 31, 2015, and changes during the year ended December 31, 2015, is presented below:

	TSRI's	
	Awards (000's)	Weighted-Average Grant-Date Fair Value of Occidental Stock
Unvested at January 1 ^(a)	573	\$84.22
Granted ^(a)	147	72.54
Vested ^(a)	(70)	80.40
Forfeitures	(304)	79.99
Unvested at December 31	346	83.75

(a) Presented at the target or mid-point payouts.

STOCK OPTIONS AND SARs

Certain employees have been granted Stock Appreciation Rights (SAR) or Options that are settled in stock. Exercise prices of the Options were equal to the quoted market value of Occidental's stock on the grant date. Options granted in 2015 vest ratably over three years from the grant date with a maximum term of seven years. These Options and SARs may be forfeited or accelerated under certain circumstances.

The fair value of each Option or stock-settled SAR is initially measured on the grant date using the Black Scholes option valuation model. The expected life is estimated based on the vesting and expiration terms of the award. The volatility factors are based on the historical volatilities of Occidental common stock over the expected lives as estimated on the grant date. The risk-free interest rate is the implied yield available on US Treasury Strips at the grant date with a remaining term equal to the expected life of the measured instrument. The dividend yield is the expected annual dividend yield over the expected life, expressed as a percentage of the stock price on the grant date. Estimates of fair value may not accurately predict the value ultimately realized by employees who receive stock-based incentive awards, and the ultimate value may not be indicative of the reasonableness of the original estimates of fair value made by Occidental.

The following is a summary of Option and SAR transactions during the year ended December 31, 2015:

	SARs & Options (000's)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (yrs)	Aggregate Intrinsic Value (000's)
Beginning balance, January 1	61	\$ 45.78		
Exercised	(14)	38.72		
Granted	669	79.98		
Forfeited	(87)	79.98		
Ending balance, December 31	629	77.58	5.7	\$936
Exercisable at December 31	64	45.78	2.0	\$936

ROCEI / ROAI

Occidental grants share-equivalents to certain employees that vest at the end of a three-year period if performance targets based on return on assets of the applicable segment or return on capital employed are certified as being met. These awards are settled in stock at the time of vesting, with payouts that range from 0 to 200 percent of the target award. Dividend equivalents are accumulated and paid upon certification of the award.

	ROCEI / ROAI	
	Awards (000's)	Weighted-Average Grant-Date Fair Value of Occidental Stock
Unvested at January 1	282	\$92.25
Granted	136	72.54
Forfeited	(26)	91.98
Unvested at December 31	392	85.43

California Resources Spin-off Adjustments

In connection with the separation of California Resources, Occidental entered into an Employee Matters Agreement with California Resources, which provided that employees of California Resources no longer participate in incentive programs sponsored or maintained by Occidental. Pursuant to the Employee Matters Agreement, Occidental made certain adjustments to the exercise price and number of share-based compensation awards, with the intention of preserving the intrinsic value of the awards immediately prior to the separation for all Occidental employees. The separation-related adjustments did not have a material impact on either compensation expense for the year ended December 31, 2014, or the number of potentially dilutive securities as of December 31, 2014.

NOTE 13 RETIREMENT AND POSTRETIREMENT BENEFIT PLANS

Occidental has various benefit plans for its salaried, domestic union and nonunion hourly, and certain foreign national employees.

DEFINED CONTRIBUTION PLANS

All domestic employees and certain foreign national employees are eligible to participate in one or more of the defined contribution retirement or savings plans that provide for periodic contributions by Occidental based on plan-specific criteria, such as base pay, level and employee contributions. Certain salaried employees participate in a supplemental retirement plan that restores benefits lost due to governmental limitations on qualified retirement benefits. The accrued liabilities for the supplemental retirement plan were \$175 million and \$163 million as of December 31, 2015 and 2014, respectively, and Occidental expensed \$136 million in 2015, \$146 million in 2014 and \$140 million in 2013 under the provisions of these defined contribution and supplemental retirement plans.

DEFINED BENEFIT PLANS

Participation in defined benefit plans is limited and approximately 600 domestic and 1,200 foreign national employees, mainly union, nonunion hourly and certain employees that joined Occidental from acquired operations with grandfathered benefits, are currently accruing benefits under these plans.

Pension costs for Occidental's defined benefit pension plans, determined by independent actuarial valuations, are generally funded by payments to trust funds, which are administered by independent trustees.

POSTRETIREMENT AND OTHER BENEFIT PLANS

Occidental provides medical and dental benefits and life insurance coverage for certain active, retired and disabled employees and their eligible dependents. Occidental generally funds the benefits as they are paid during the year. These benefit costs, including the postretirement costs, were approximately \$200 million in 2015, \$215 million in 2014 and \$229 million in 2013.

SPIN-OFF OF CALIFORNIA RESOURCES

In connection with the spin-off of California Resources in 2014, Occidental entered into an Employee Matters Agreement with California Resources, see Note 17, which provides that employees of California Resources no longer

participate in benefit plans sponsored or maintained by Occidental as of the separation date. In 2014, the Occidental pension and postretirement plans transferred assets and obligations to the California Resources plans resulting in a net decrease in sponsored pension and postretirement plan obligations of \$15 million and \$72 million, respectively. Additionally, as a result of the transfer of unrecognized losses to California Resources, deferred income taxes and other comprehensive income decreased \$14 million and \$36 million, respectively.

OBLIGATIONS AND FUNDED STATUS

The following tables show the amounts recognized in the consolidated balance sheets of Occidental related to its pension and postretirement benefit plans and their funding status, obligations and plan asset fair values:

(in millions) As of December 31,	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
Amounts recognized in the consolidated balance sheet:				
Other assets	\$45	\$57	\$—	\$—
Accrued liabilities	(7	) (6	) (58	) (57
Deferred credits and other liabilities — other	(65	) (68	) (921	) (980
	\$ (27	) \$ (17	) \$ (979	) \$ (1,037
AOCI included the following after-tax balances:				
Net loss	\$93	\$83	\$197	\$255
Prior service cost	—	—	1	1
	\$93	\$83	\$198	\$256

For the years ended December 31,

Changes in the benefit obligation:

Benefit obligation — beginning of year	\$453	\$523	\$1,036	\$1,016
Service cost — benefits earned during the period	7	11	26	24
Interest cost on projected benefit obligation	18	23	40	44
Actuarial (gain) loss	(16	) 53	(66	) 83
Foreign currency exchange rate (gain) loss	(9	) (9) —	—
Spin-off of California Resources	—	(105	) —	(72
Benefits paid	(42	) (43	) (57	) (59
Settlements	—	—	—	—
Benefit obligation — end of year	\$411	\$453	\$979	\$1,036

Changes in plan assets:

Fair value of plan assets — beginning of year	\$436	\$538	\$—	\$—
Actual return on plan assets	(21	) 24	—	—
Employer contributions	—	7	—	—
Spin-off of California Resources	11	(90) —	—
Benefits paid	(42	) (43) —	—
Settlements	—	—	—	—
Fair value of plan assets — end of year	\$384	\$436	\$—	\$—
Funded/(Unfunded) status:	\$ (27	) \$ (17	) \$ (979	) \$ (1,036

The following table sets forth details of the obligations and assets of Occidental's defined benefit pension plans:

(in millions)	Accumulated Benefit		Plan Assets	
	Obligation in Excess of	Obligation in Excess of	in Excess of Accumulated	Benefit Obligation
	Plan Assets	Plan Assets	Benefit Obligation	
As of December 31,	2015	2014	2015	2014
Projected Benefit Obligation	\$160	\$173	\$251	\$280
Accumulated Benefit Obligation	\$156	\$168	\$251	\$280
Fair Value of Plan Assets	\$88	\$100	\$296	\$336

Occidental does not expect any plan assets to be returned during 2016.

COMPONENTS OF NET PERIODIC BENEFIT COST

The following table sets forth the components of net periodic benefit costs:

For the years ended December 31, (in millions)	Pension Benefits			Postretirement Benefits		
	2015	2014	2013	2015	2014	2013
Net periodic benefit costs:						
Service cost — benefits earned during the period	\$7	\$11	\$13	\$26	\$24	\$29
Interest cost on projected benefit obligation	18	23	24	40	44	43
Expected return on plan assets	(27)	(33)	(31)	—	—	—
Recognized actuarial loss	10	6	19	27	20	38
Other costs and adjustments	(4)	(8)	(13)	1	1	1
Net periodic benefit cost	\$4	\$(1)	\$12	\$94	\$89	\$111

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized from AOCI into net periodic benefit cost over the next fiscal year are \$13 million and zero, respectively. The estimated net loss and prior service cost for the defined benefit postretirement plans that will be amortized from AOCI into net periodic benefit cost over the next fiscal year are \$20 million and \$1 million, respectively.

ADDITIONAL INFORMATION

The following table sets forth the weighted-average assumptions used to determine Occidental's benefit obligation and net periodic benefit cost for domestic plans:

For the years ended December 31, Benefit Obligation Assumptions:	Pension Benefits				Postretirement Benefits			
	2015		2014		2015		2014	
Discount rate	4.14	%	3.81	%	4.36	%	3.99	%
Rate of compensation increase	—		(a) —		—		—	
Net Periodic Benefit Cost Assumptions:								
Discount rate	3.81	%	4.45	%	3.99	%	4.75	%
Assumed long term rate of return on assets	6.50	%	6.50	%	—		—	
Rate of compensation increase	—		(a) 4.00	%	—		—	

(a) Plans requiring a salary increase assumption were separated with California Resources in 2014.

For domestic pension plans and postretirement benefit plans, Occidental based the discount rate on the Aon/Hewitt AA-AAA Universe yield curve in 2015 and 2014. The assumed long term rate of return on assets is estimated with regard to current market factors but within the context of historical returns for the asset mix that exists at year end. In 2015, Occidental adopted the Society of Actuaries 2015 Mortality Improvement Scale, which updated the mortality assumptions that private defined benefit retirement plans in the United States use in the actuarial valuations that determine a plan sponsor's pension obligations. The new mortality improvement scale reflects additional data that the Social Security Administration has released since the 2014 Mortality Tables Report and Mortality Improvement Scale released in 2014. This additional data shows a lower degree of mortality improvement than previously reflected. The changes in the mortality table results in a decrease of \$5 million and \$23 million in the pension and postretirement benefit obligation at December 31, 2015.

For pension plans outside the United States, Occidental based its discount rate on rates indicative of government or investment grade corporate debt in the applicable country, taking into account hyperinflationary environments when necessary. The discount rates used for the foreign pension plans ranged from 1.5 percent to 10 percent at both December 31, 2015 and 2014. The average rate of increase in future compensation levels ranged from 1.5 percent to 10 percent in 2015, depending on local economic conditions.

The postretirement benefit obligation was determined by application of the terms of medical and dental benefits and life insurance coverage, including the effect of established maximums on covered costs, together with relevant actuarial assumptions and health care cost trend rates projected at an assumed U.S. Consumer Price Index (CPI)

increase of 1.60 percent and 1.79 percent as of December 31, 2015 and 2014, respectively. Since 1993, participants other than certain union employees have paid for all medical cost increases in excess of increases in the CPI. For those union employees, Occidental projected that health care cost trend rates would decrease 0.25 percent per year from 7.5 percent in 2015 until they reach 5.0 percent in 2025, and remain at 5.0 percent thereafter. A 1 percent increase or a 1 percent decrease in these assumed health care cost trend rates would result in an increase of \$55 million or a reduction of \$46 million, respectively, in the postretirement benefit obligation as of December 31, 2015. The annual service and interest costs would not be materially affected by these changes.

The actuarial assumptions used could change in the near term as a result of changes in expected future trends and other factors that, depending on the nature of the changes, could cause increases or decreases in the plan assets and liabilities.

FAIR VALUE OF PENSION PLAN ASSETS

Occidental employs a total return investment approach that uses a diversified blend of equity and fixed-income investments to optimize the long-term return of plan assets at a prudent level of risk. The investments are monitored by Occidental's Pension and Retirement Trust and Investment Committee (Investment Committee) in its role as fiduciary. The Investment Committee, consisting of senior Occidental executives, selects and employs various external professional investment management firms to manage specific investments across the spectrum of asset classes. Equity investments are diversified across United States and non-United States stocks, as well as differing styles and market capitalizations. Other asset classes, such as private equity and real estate, may be used with the goals of enhancing long-term returns and improving portfolio diversification. The target allocation of plan assets is 65 percent equity securities and 35 percent debt securities. Investment performance is measured and monitored on an ongoing basis through quarterly investment portfolio and manager guideline compliance reviews, annual liability measurements and periodic studies.

The fair values of Occidental's pension plan assets by asset category are as follows:

(in millions)	Fair Value Measurements at December 31, 2015 Using			
Description	Level 1	Level 2	Level 3	Total
Asset Class:				
U.S. government securities	\$16	\$—	\$—	\$16
Corporate bonds ^(a)	—	78	—	78
Common/collective trusts ^(b)	—	12	—	12
Mutual funds:				
Bond funds	33	—	—	33
Blend funds	48	—	—	48
Common and preferred stocks ^(c)	169	—	—	169
Other	—	29	—	29
Total pension plan assets ^(d)	\$266	\$119	\$—	\$385

(in millions)	Fair Value Measurements at December 31, 2014 Using			
Description	Level 1	Level 2	Level 3	Total
Asset Class:				
U.S. government securities	\$15	\$—	\$—	\$15
Corporate bonds ^(a)	—	76	—	76
Common/collective trusts ^(b)	—	13	—	13
Mutual funds:				
Bond funds	42	—	—	42
Blend funds	68	—	—	68
Common and preferred stocks ^(c)	196	—	—	196
Other	—	38	1	39
Total pension plan assets ^(d)	\$321	\$127	\$1	\$449

(a) This category represents investment grade bonds of U.S. and non-U.S. issuers from diverse industries.

(b) This category includes investment funds that primarily invest in U.S. and non-U.S. common stocks and fixed-income securities.

(c) This category represents direct investments in common and preferred stocks from diverse U.S. and non-U.S. industries.

(d)

Amounts exclude net payables of approximately \$1 million and \$13 million as of December 31, 2015 and 2014, respectively.

The activity during the years ended December 31, 2015 and 2014, for the assets using Level 3 fair value measurements was insignificant. Occidental expects to contribute \$8 million in cash to its defined benefit pension plans during 2016.

Estimated future benefit payments, which reflect expected future service, as appropriate, are as follows:

For the years ended December 31, (in millions)	Pension Benefits	Postretirement Benefits
2016	\$42	\$59
2017	\$35	\$60
2018	\$34	\$60
2019	\$34	\$60
2020	\$35	\$60
2021 - 2025	\$226	\$301

NOTE 14 INVESTMENTS AND RELATED-PARTY TRANSACTIONS

EQUITY INVESTMENTS

As of December 31, 2015 and 2014, investments in unconsolidated entities comprised \$1.3 billion and \$1.2 billion of equity-method investments, respectively.

As of December 31, 2015, Occidental's equity investments consisted mainly of a 13-percent interest in Plains Pipeline, a 24.5-percent interest in the stock of Dolphin Energy, and various other partnerships and joint ventures. Equity investments paid dividends of \$438 million, \$396 million, and \$447 million to Occidental in 2015, 2014 and 2013, respectively. As of December 31, 2015, cumulative undistributed earnings of equity-method investees since they were acquired was immaterial. As of December 31, 2015, Occidental's investments in equity investees exceeded the underlying equity in net assets by approximately \$625 million, of which almost \$542 million represented goodwill and the remainder comprised intangibles amortized over their estimated useful lives.

The following table presents Occidental's interest in the summarized financial information of its equity-method investments:

For the years ended December 31, (in millions)	2015	2014	2013
Revenues	\$1,050	\$3,090	\$3,373
Costs and expenses	827	2,774	2,987
Net income	\$223	\$316	\$386

As of December 31, (in millions)	2015	2014
Current assets	\$896	\$1,127
Non-current assets	\$3,589	\$2,925
Current liabilities	\$536	\$771
Long-term debt	\$2,141	\$1,701
Other non-current liabilities	\$148	\$83
Stockholders' equity	\$1,659	\$1,498

Occidental's investment in Dolphin, which was acquired in 2002, consists of two separate economic interests through which Occidental owns (i) a 24.5-percent undivided interest in the upstream operations under an agreement which is proportionately consolidated in the financial statements; and (ii) a 24.5-percent interest in the stock of Dolphin Energy, which operates a pipeline and is accounted for as an equity investment.

In November 2014 and October 2013, Occidental sold a portion of its equity interest in Plains Pipeline for approximately \$1.7 billion and \$1.4 billion, resulting in pre-tax gains of approximately \$1.4 billion and \$1.0 billion, respectively.

AVAILABLE FOR SALE INVESTMENT IN CALIFORNIA RESOURCES STOCK

As part of Occidental's spin-off of its California oil and gas operations and related assets, Occidental retained 71.5 million shares of, or approximately 18.7 percent interest in, California Resources stock, which is recorded as an available for sale investment. In February 2016, Occidental declared a special stock dividend for all of its 71.5 million

shares of common stock of California Resources to stockholders of record as of February 29, 2016, to be distributed on March 24, 2016.

Occidental recorded an other-than-temporary loss of \$227 million for this available for sale investment as of December 31, 2015. At December 31, 2015 and 2014, Occidental's available for sale investment in California Resources was \$167 million and \$394 million, respectively.

RELATED-PARTY TRANSACTIONS

From time to time, Occidental purchases oil, NGLs, power, steam and chemicals from and sells oil, NGLs, natural gas, chemicals and power to certain of its equity investees and other related parties at market-related prices. During 2015, 2014 and 2013, Occidental entered into the following related-party transactions and had the following amounts due from or to its related parties:

For the years ended December 31, (in millions)	2015	2014	2013
Sales ^(a)	\$555	\$835	\$663
Purchases	\$26	\$6	\$—
Services	\$32	\$27	\$30
Advances and amounts due from	\$60	\$26	\$67
Amounts due to	\$5	\$15	\$3

In 2015, 2014 and 2013, sales of Occidental-produced oil and NGLs to Plains Pipeline accounted for 87 percent, 46 percent and 72 percent of these totals, respectively. Additionally, Occidental conducts marketing and trading (a) activities with Plains Pipeline for oil and NGLs. These transactions are reported in Occidental's income statement on a net margin basis. The sales amounts above include the net margins on such transactions, which were negligible.

NOTE 15 FAIR VALUE MEASUREMENTS

FAIR VALUES – RECURRING

The following tables provide fair value measurement information for assets and liabilities that are measured on a recurring basis:

(in millions)	Fair Value Measurements at December 31, 2015				Total Fair Value
	Using			Netting and Collateral	
Description	Level 1	Level 2	Level 3		
Assets:					
Commodity derivatives	\$557	\$87	\$—	\$(535)	) \$109
Available for sale investment	\$167	\$—	\$—	\$—	) \$167
Liabilities:					
Commodity derivatives	\$544	\$404	\$—	\$(525)	) \$423
(in millions)	Fair Value Measurements at December 31, 2014				Total Fair Value
	Using			Netting and Collateral	
Description	Level 1	Level 2	Level 3		
Assets:					
Commodity derivatives	\$712	\$127	\$—	\$(742)	) \$97
Available for sale investment	\$394	\$—	\$—	\$—	) \$394
Liabilities:					
Commodity derivatives	\$750	\$246	\$—	\$(756)	) \$240

FAIR VALUES – NONRECURRING

As a result of the sharp decline of the forward price curve during 2015, as well as the decision to sell or exit non-core operations. Occidental recognized approximately \$6.5 billion in pre-tax impairment charges related to proved oil and gas properties. Internationally, Occidental recognized \$4.7 billion in pre-tax impairment charges related to \$1.8 billion in charges in Oman, \$1.3 billion in Iraq and Libya, \$1 billion in Qatar, and \$550 million in Colombia and Bolivia. Domestically, Occidental recognized approximately \$763 million pre-tax impairment charges related to the sale of the Williston assets, \$460 million pre-tax impairment charges for assets in the Piceance Basin as well as a \$554 million

pre-tax impairment charges related to proved oil and gas properties in South Texas.

The impairment tests, including the fair value estimation, incorporated a number of assumptions involving expectations of future cash flows. These assumptions included estimates of future product prices, which Occidental based on forward price curves and, where applicable, contractual prices, estimates of oil and gas reserves, estimates of future expected operating and development costs and a risk adjusted discount rate of 8-20 percent. These properties were impacted by persistently worldwide low oil and natural gas prices and changing management's development plans. Occidental used the income approach to measure the fair value of these properties, using inputs categorized as Level 3 in the fair value hierarchy.

In the fourth quarter 2015, Occidental recognized approximately \$814 million in pre-tax impairment charges for a Midstream CO₂ treatment plant related to recurring CO₂ shortfalls and unpaid penalty fees.

In 2015, Occidental recognized approximately \$121 million pre-tax charges related to the impairments of Chemical assets.

(in millions)	Fair Value Measurements at December 31, 2015			Net Book Value ^(a)	Total Pre-tax (Non-cash) Impairment Loss
	Using				
Description	Level 1	Level 2	Level 3		
Assets:					
Impaired proved oil and gas assets - international	\$—	\$—	\$2,666	\$7,359	\$4,693
Impaired proved oil and gas assets - domestic	\$—	\$—	\$625	\$1,655	\$1,030
Impaired Midstream assets	\$—	\$—	\$50	\$891	\$841
Impaired Chemical property, plant, and equipment	\$—	\$—	\$3	\$124	\$121

(in millions)	Fair Value Measurements at September 30, 2015			Net Book Value ^(a)	Total Pre-tax (Non-cash) Impairment Loss
	Using				
Description	Level 1	Level 2	Level 3		
Williston proved oil and gas assets ^(b)	\$—	\$—	\$615	\$1,378	\$763

(in millions)	Fair Value Measurements at December 31, 2014			Net Book Value ^(a)	Total Pre-tax (Non-cash) Impairment Loss
	Using				
Description	Level 1	Level 2	Level 3		
Assets:					
Impaired proved oil and gas assets - domestic	\$—	\$—	\$2,249	\$5,008	\$2,759
Impaired proved oil and gas assets - international	\$—	\$—	\$45	\$1,084	\$1,039
Impaired Chemical property, plant, and equipment	\$—	\$—	\$18	\$129	\$111

(a) Amount represents net book value at date of assessment.

(b) Williston assets sold in November 2015, classified as held for sale and written down to the sales price at September 30, 2015.

FINANCIAL INSTRUMENTS FAIR VALUE

The carrying amounts of cash and cash equivalents and other on-balance sheet financial instruments, other than fixed-rate debt, approximate fair value. See Note 5 for the fair value of Long-term Debt.

NOTE 16 INDUSTRY SEGMENTS AND GEOGRAPHIC AREAS

Occidental conducts its continuing operations through three segments: (1) oil and gas; (2) chemical; and (3) midstream and marketing. The oil and gas segment explores for, develops and produces oil and condensate, NGLs, and natural gas. The chemical segment 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, CO₂ 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.

Results of industry segments and geographic areas 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 and geographic area assets and income from the segments' equity investments. Intersegment sales eliminate upon consolidation and are generally made at prices approximating those that the selling entity would be able to obtain in third-party transactions.

Identifiable assets are those assets used in the operations of the segments. Corporate assets consist of cash and restricted cash, certain corporate receivables and PP&E.

Industry Segments

(in millions)

	Oil and Gas	Chemical	Midstream and Marketing	Corporate and Eliminations	Total
Year ended December 31, 2015					
Net sales	\$8,304	(a) \$3,945	(b) \$891	(c) \$(660)	\$12,480
Pretax operating profit (loss)	\$(8,060)	(d) \$542	(e) \$(1,194)	(f) \$(764)	(g) \$(9,476)
Income taxes	—	—	—	1,330	(h) 1,330
Discontinued operations, net	—	—	—	317	(i) 317
Net income (loss) attributable to common stock	\$(8,060)	\$542	\$(1,194)	\$883	\$(7,829)
Investments in unconsolidated entities	\$4	\$550	\$708	\$5	\$1,267
Property, plant and equipment additions, net (k)	\$4,485	\$271	\$611	\$42	\$5,409
Depreciation, depletion and amortization	\$3,886	\$371	\$249	\$38	\$4,544
Total assets	\$23,591	\$3,982	\$10,175	\$5,689	\$43,437
Year ended December 31, 2014					
Net sales	\$13,887	(a) \$4,817	(b) \$1,373	(c) \$(765)	\$19,312
Pretax operating profit (loss)	\$428	(d) \$420	(e) \$2,578	(f) \$(1,871)	(g) \$1,555
Net income attributable to noncontrolling interest	—	—	(14)	—	(14)
Income taxes	—	—	—	(1,685)	(h) (1,685)
Discontinued operations, net	—	—	—	760	(i) 760
Net income (loss) attributable to common stock	\$428	\$420	\$2,564	\$(2,796)	\$616
Investments in unconsolidated entities	\$11	\$202	\$948	\$10	\$1,171
Property, plant and equipment additions, net (k)	\$6,589	\$325	\$2,093	\$103	\$9,110
Depreciation, depletion and amortization	\$3,701	\$367	\$160	\$33	\$4,261
Total assets	\$31,072	\$3,917	\$12,283	\$8,987	\$56,259
Year ended December 31, 2013					

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Net sales	\$15,008	(a) \$4,673	(b) \$1,174	(c) \$(685)	\$20,170
Pretax operating profit (loss)	\$6,411	(d) \$743	(e) \$1,523	(f) \$(531) (g)	\$8,146
Income taxes	—	—	—	(3,214	) (h)	(3,214)
Discontinued operations, net	—	—	—	971	(i)	971
Net income (loss) attributable to common stock	\$6,411	\$743	\$1,523	\$(2,774	)	\$5,903
Investments in unconsolidated entities	\$108	\$34	\$1,307	\$10		\$1,459
Property, plant and equipment additions, net ^(k)	\$5,456	\$435	\$1,437	\$166		\$7,494
Depreciation, depletion and amortization	\$3,676	\$346	\$149	\$32		\$4,203
Total assets	\$46,213	\$3,947	\$14,374	\$4,909		\$69,443

(See footnotes on next page)

Footnotes:

(a) Oil sales represented approximately 90 percent, 90 percent and 91 percent of the oil and gas segment net sales for the years ended December 31, 2015, 2014 and 2013, respectively.

(b) Net sales for the chemical segment comprised the following products:

	Basic Chemicals	Vinyls	Other Chemicals
Year ended December 31, 2015	56%	40%	4%
Year ended December 31, 2014	54%	43%	3%
Year ended December 31, 2013	55%	42%	3%

(c) Net sales for the midstream and marketing segment comprised the following:

	Gas Processing	Power	Marketing, Transportation and other *
Year ended December 31, 2015	70%	31%	(1)%
Year ended December 31, 2014	49%	31%	20%
Year ended December 31, 2013	54%	30%	16%

* Revenue from all marketing and trading activities is reported on a net basis.

The 2015 amount includes pre-tax charges of \$5 billion for impairment of international oil and gas assets and related items and \$3.5 billion for the impairment of domestic oil and gas assets and related items. The 2014 amount includes pre-tax charges of \$4.7 billion for the impairment of domestic oil and gas assets, pre-tax charges of \$1.1 billion for the impairment of foreign oil and gas assets, and pre-tax gain of \$531 million for the sale of the Hugoton field. The 2013 amount includes pre-tax charges of \$607 million for the impairment of domestic non-producing acreage.

The 2015 amount includes the pre-tax charge of \$121 million related to asset impairment partially offset by a \$98 million gain on sale of an idled facility. The 2014 amount includes the pre-tax charge of \$149 million related to asset impairment. The 2013 amount includes a pre-tax gain of \$131 million for the sale of an investment in Carbocloro.

The 2015 amount includes pre-tax charges of \$1.3 billion related asset impairments and related items. The 2014 amount includes pre-tax gains of \$633 million and \$1,351 million for the sales of BridgeTex Pipeline and a portion of an investment in Plains Pipeline, respectively, and other charges of \$31 million. The 2013 amount includes a pre-tax gain of \$1,044 million for the sale of a portion of an investment in Plains Pipeline and other items of \$58 million.

(g) Includes unallocated net interest expense, administration expense, environmental remediation and other pre-tax items noted in footnote (j) below.

(h) Includes all foreign and domestic income taxes from continuing operations.

(i) Includes discontinued operations from Ecuador and California Resources.

(j) Includes the following significant items affecting earnings for the years ended December 31:

Benefit (Charge) (in millions)	2015	2014	2013
CORPORATE			
Pre-tax operating profit (loss)			
Asset sale losses	\$ (8)	\$ —	\$ —
Asset impairments	(235)	(1,358)	—
Severance, spin-off and other items	(118)	(61)	(55)

	\$(361	)	\$(1,419	)	\$(55)
Income taxes						
Tax effect of pre-tax and other adjustments *	\$1,903		\$927		\$(167)

* Amounts represent the tax effect of the pre-tax adjustments listed in this note, as well as those in footnotes (d), (e) and (f).

(k) Includes capital expenditures and capitalized interest, but excludes acquisition and disposition of assets.

GEOGRAPHIC AREAS

(in millions) For the years ended December 31,	Net sales ^(a)			Property, plant and equipment, net		
	2015	2014	2013	2015	2014	2013
United States	\$7,479	\$11,943	\$11,724	\$23,265	\$26,673	\$42,956
Foreign						
Oman	1,631	2,524	2,567	1,292	2,876	2,509
Qatar	1,449	2,803	2,995	1,354	2,605	2,605
Colombia	570	938	1,022	821	1,396	1,259
United Arab Emirates	477	—	—	4,484	4,312	3,131
Other Foreign	874	1,104	1,862	423	1,868	3,361
Total Foreign	5,001	7,369	8,446	8,374	13,057	12,865
Total	\$12,480	\$19,312	\$20,170	\$31,639	\$39,730	\$55,821

(a) Sales are shown by individual country based on the location of the entity making the sale.

NOTE 17 SPIN-OFF OF CALIFORNIA RESOURCES CORPORATION

On November 30, 2014, Occidental's California oil and gas operations and related assets was spun-off through the pro rata distribution of 81.3 percent of the outstanding shares of common stock of California Resources, creating an independent, publicly traded company. Occidental shareholders at the close of business on the record date of November 17, 2014 received 0.4 shares of California Resources for every share of Occidental common stock held. In connection with the spin-off, California Resources distributed to Occidental \$4.95 billion in restricted cash and \$1.15 billion in unrestricted cash. Occidental retained 71.5 million shares in California Resources, see Note 14. In February 2016, Occidental declared a special stock dividend for all of its 71.5 million shares of common stock of California Resources to stockholders of record as of February 29, 2016, to be distributed on March 24, 2016. As indicated by a private letter ruling from the IRS, the \$4.95 billion distribution will be used solely to pay dividends, repurchase common stock, repay debt, or a combination of the foregoing, within eighteen months following the distribution. At December 31, 2015, the remaining balance of the restricted cash distribution was \$1.2 billion. Subsequent to December 31, 2015, Occidental utilized the remaining restricted cash balance to retire debt and pay dividends.

Sales and other operating revenues and income from discontinued operations related to California Resources were as follows:

For the years ended December 31, (in millions)	2014	2013
Sales and other operating revenue from discontinued operations	\$3,951	\$4,285
Income from discontinued operations before-tax	1,205	1,531
Income tax expense	440	541
Income from discontinued operations	\$765	\$990

2015 Quarterly Financial Data (Unaudited)
in millions, except per-share amountsOccidental Petroleum Corporation
and Subsidiaries

Three months ended	March 31	June 30	September 30	December 31
Segment net sales				
Oil and gas	\$2,009	\$2,342	\$2,054	\$1,899
Chemical	1,000	1,030	1,008	907
Midstream, marketing and other	197	294	231	169
Eliminations	(117)	(197)	(177)	(169)
Net sales	\$3,089	\$3,469	\$3,116	\$2,806
Gross profit	\$396	\$766	\$501	\$126
Segment earnings				
Oil and gas	\$(266)	(a) \$355	\$(3,128)	(a) \$(5,021)
Chemical	139	136	272	(b) (5)
Midstream, marketing and other	(15)	87	24	(1,290)
	(142)	578	(2,832)	(6,316)
Unallocated corporate items				
Interest expense, net	(28)	(7)	(47)	(59)
Income taxes	19	(324)	445	1,190
Other	(64)	(67)	(172)	(d) (320)
Income (loss) from continuing operations	(215)	180	(2,606)	(5,505)
Discontinued operations, net	(3)	(4)	(3)	327
Net income (loss) attributable to common stock	\$(218)	\$176	\$(2,609)	(5,178)
Basic earnings per common share				
Income (loss) from continuing operations	\$(0.28)	\$0.23	\$(3.41)	\$(7.21)
Discontinued operations, net	—	—	(0.01)	0.43
Basic earnings per common share	\$(0.28)	\$0.23	\$(3.42)	\$(6.78)
Diluted earnings per common share				
Income (loss) from continuing operations	\$(0.28)	\$0.23	\$(3.41)	\$(7.21)
Discontinued operations, net	—	—	(0.01)	0.43
Diluted earnings per common share	\$(0.28)	\$0.23	\$(3.42)	\$(6.78)
Dividends per common share	\$0.72	\$0.75	\$0.75	\$0.75
Market price per common share				
High	\$83.74	\$82.06	\$77.76	\$77.37
Low	\$71.70	\$73.35	\$63.60	\$64.89

(a) Includes pre-tax charges of \$310 million in the first quarter, \$3.3 billion in the third quarter and \$4.9 billion related to oil and gas asset impairments and related items.

(b) Includes third quarter pre-tax asset sale gain of \$98 million related to an idled facility and the fourth quarter includes pre-tax charges of \$121 million related to asset impairments.

(c) Includes fourth quarter pre-tax charges of \$1.2 billion related to asset impairments and related items.

(d) Includes pre-tax charges of \$100 million related to severance and other items.

(e) Includes fourth quarter pre-tax charges of an other than temporary loss of \$227 million for available for sale investment in California Resources stock.

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2014 Quarterly Financial Data (Unaudited)
in millions, except per-share amountsOccidental Petroleum Corporation
and Subsidiaries

Three months ended	March 31	June 30	September 30	December 31
Segment net sales				
Oil and gas	\$3,602	\$3,703	\$3,586	\$2,996
Chemical	1,220	1,242	1,232	1,123
Midstream, marketing and other	340	440	261	332
Eliminations	(194)	(252)	(175)	(144)
Net sales	\$4,968	\$5,133	\$4,904	\$4,307
Gross profit	\$2,197	\$2,274	\$1,977	\$1,254
Segment earnings				
Oil and gas	\$1,719	\$1,767	(a) \$1,568	\$(4,626) (a)
Chemical	136			